



NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Company will be held on Monday the 30th day of September, 2013 at 11.00 A.M. at Jubilee Hills International Centre (Jubilee Hills Club), Jubilee Hills, Hyderabad-500 033 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Statement of Profit & Loss for the year ended 31st March, 2013, Balance Sheet as on that date along with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend for the financial year 2012-13.
3. To appoint a Director in place of Dr. Mihir K. Chaudhuri, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri K.S.Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. Rambabu & Co., Chartered Accountants and M/s. P. Murali & Co., Chartered Accountants as Joint Auditors of the Company to hold office from the conclusion of this annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration for the Financial year ending 31st March, 2014.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

Re-appointment of Sri P. Ramesh Babu as Chairman and Managing Director (CMD) of the Company, for a period of Three years w.e.f. 01.12.2013.

"RESOLVED THAT:

- (a) Pursuant to the provisions of Section 198, 269, 309, 310, 311 and read with Schedule XIII and

other applicable provisions if any of the Companies Act, 1956 and subject to such other approvals as may be required, the consent and approval of the Company be and is hereby accorded for the re-appointment of Sri P. Ramesh Babu as Chairman & Managing Director of the Company for a further period of Three years with effect from 1st December, 2013 on the terms and conditions as set out in the Explanatory Statement annexed hereto.

- (b) Pursuant to the provisions of Sections 198, 310, Schedule XIII and other provisions of the Companies Act, 1956 the remuneration committee of the board, without further approvals, be and is hereby authorized to revise, alter and vary the remuneration package of the CMD as and when necessary during his tenure, provided however the overall remuneration does not exceed the ceiling of 5% of the company's net profits as prescribed by the Companies Act, 1956.
- (c) In the event of absence or inadequacy of profits in any financial year, the remuneration as set out in the Explanatory Statement annexed hereto or the revised remuneration approved by the remuneration committee, as applicable, be paid to Sri P. Ramesh Babu as minimum remuneration subject to such approvals as may be required, notwithstanding that such remuneration is in excess of the limits prescribed by Sections 198, 309 and Schedule XIII of the Companies Act, 1956.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

Re-appointment of Sri TVVSN Murthy as Vice-Chairman and Joint Managing Director (VC & JMD) of the Company for a period of Three years w.e.f. 01.12.2013.

"RESOLVED THAT:

- (a) Pursuant to the provisions of Section 198, 269,



309, 310, 311 and read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 and subject to such other approvals as may be required, the consent and approval of the Company be and is hereby accorded for the re-appointment of Sri TVVSN Murthy as Vice-Chairman & Joint Managing Director of the Company for a further period of Three years with effect from 1st December, 2013 on the terms and conditions as set out in the Explanatory Statement annexed hereto."

- (b) Pursuant to the provisions of Sections 198, 310, Schedule XIII and other provisions of the Companies Act, 1956 the remuneration committee of the board, without further approvals, be and is hereby authorized to revise, alter and vary the remuneration package of the VC & JMD as and when necessary during his tenure, provided however the remuneration does not exceed the ceiling of 5% of the company's net profits as prescribed by the Companies Act, 1956.
- (c) In the event of absence or inadequacy of profits in any financial year, the remuneration as set out in the Explanatory Statement annexed hereto or the revised remuneration approved by the remuneration committee, as applicable, be paid to Sri TVVSN Murthy as minimum remuneration subject to such approvals as may be required, notwithstanding that such remuneration is in excess of the limits prescribed by Sections 198, 309 and Schedule XIII of the Companies Act, 1956.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

Re-appointment of Sri T.V. Praveen as Vice-President (Marketing) of the Company.

"RESOLVED THAT pursuant to the provisions of sub-section (1B) of Section 314 and other applicable provisions, if any, of the

Companies Act, 1956 and subject to the approval of the Central Government and such other approvals as may be required, the consent of the company be and is hereby accorded to the re-appointment of Sri T.V. Praveen as Vice-President (Marketing) of the Company to hold office of profit for a further period of Three years from 1st January, 2014 at a remuneration mentioned as under :-

Salary : ₹ 3,00,000/- (Rupees three lakh only) per month inclusive of all perquisites and allowances with such normal increments as per the general policy of the Company as applicable to the other employees in his grade.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to effect such modifications in the remuneration or the scale or any other terms of employment to Sri T.V. Praveen (not being more advantageous to Sri T.V. Praveen) as may be approved by the Central Government and as may be agreed to by the Company and Sri T.V. Praveen."

"RESOLVED FURTHER THAT Sri T.V. Praveen shall also be entitled for the reimbursement of actual travelling, boarding and lodging expenses and other amenities as may be incurred by him from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as are provided to the senior executives of the Company and/or which may become applicable in the future and or any other allowance, perquisites as the Board may decide from time to time."

"RESOLVED FURTHER THAT the remuneration payable to Sri T.V. Praveen as aforesaid shall be subject to such modifications as the Central Government may suggest or require which the Board of Directors are hereby authorized to accept on behalf of the Company."



"RESOLVED FURTHER THAT Sri T.V. Praveen shall be in the exclusive employment of the Company and will not hold a place of profit in any other company during his employment in the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

Appointment of Sri P. Vamsi Krishna, as Vice-President (Operations) of the Company.

"RESOLVED THAT pursuant to the provisions of sub-section (1B) of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and such other approvals as may be required, the consent of the company be and is hereby accorded to the re-appointment of Sri P. Vamsi Krishna as Vice-President (Operations) of the Company to hold office of profit for a period of Three years w.e.f. 9th August, 2013 at a remuneration mentioned as under :-

Salary : ₹ 1,50,000/- (Rupees one lakh fifty thousand only) per month inclusive of all perquisites and allowances with such normal increments as per the general policy of the Company as applicable to the other employees in his grade.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to effect such modifications in the remuneration or the scale or any other terms

of employment to Sri P. Vamsi Krishna (not being more advantageous to Sri P. Vamsi Krishna) as may be approved by the Central Government and as may be agreed to by the Company and Sri P. Vamsi Krishna"

"RESOLVED FURTHER THAT Sri P. Vamsi Krishna shall also be entitled for the reimbursement of actual travelling, boarding and lodging expenses and other amenities as may be incurred by him from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as are provided to the senior executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may decide from time to time."

"RESOLVED FURTHER THAT the remuneration payable to Sri P. Vamsi Krishna as aforesaid shall be subject to such modifications as the Central Government may suggest or require which the Board of Directors are hereby authorized to accept on behalf of the Company."

"RESOLVED FURTHER THAT Sri P. Vamsi Krishna shall be in the exclusive employment of the Company and will not hold a place of profit in any other company during his employment in the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

By Order of the Board

P. Ramesh Babu
Chairman & Managing Director

Place: Hyderabad
Date : 13.08.2013

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument of proxy in order to be effective, must be deposited at the registered office of the company, duly completed and signed not less than 48 hours before the meeting.
2. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
3. The register of members and the share transfer books of the company will remain closed from 25.09.2013 to 30.09.2013 (both days inclusive) in connection with the payment of dividend for the financial year 2012-13.
4. The shareholders are requested to intimate immediately any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Share Transfer Agent M/s. Aarthy Consultants Private Limited, if the shares are held in physical form.
5. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip, which is part of the annual report. Members are requested to duly fill in and sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
6. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. The additional information on Directors, seeking re-appointment as Directors under Item Nos. 3,4, 6 and 7 above, as required by Clause 49 of the Listing Agreement is given below.

Name of the Director	Sri P. Ramesh Babu	Sri TVVSN Murthy	Dr. Mihir K. Chaudhuri	Sri K.S. Rao
Date of Birth	23.06.1990	10 .02.1990	21.07.1947	10.08.1942
Date of Appointment	30.08.1990	30.08.1990	18.11.2004	29.05.2005
Qualification	M.Sc.,	B.Sc.,	M.Sc., Ph.D.,	FCA
Expertise in specific Functional Area	In the fields of organic chemistry	In the fields of organic chemistry	In the fields of Organometallic and inorganic Chemistry	In the fields of Finance and Auditing
Details of other Directorships	1. Webcity Softech Pvt. Ltd., 2. VKT Pharma Pvt. Ltd., 3. Yeshwant Industrial Infrastructure Projects Pvt. Ltd.	None	None	1) CMH Tools Limited. 2) Auctus Pharma Ltd. 3) Yeshwant Industrial Infrastructure Projects Pvt. Limited
Details of other Committee & Membership status.	None	None	None	1) Chairman-Audit Committee. 2) Chairman - Remuneration Committee and 3) Chairman - Investors Grievances Committee



Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 6.

At the 20th Annual General Meeting held on 29.12.2008, the members had approved the re-appointment of Sri P. Ramesh Babu as Chairman and Managing Director of the Company for a period Five years w.e.f. 01.12.2008. In consequence to this the Board of Directors at their meeting held on 13.08.2013 approved the re-appointment of Sri P. Ramesh Babu as Chairman and Managing Director of the Company for a further period of Three years w.e.f. 01.12.2013 subject to approval of the members, with a remuneration, as recommended by the remuneration committee, on the following terms and conditions.

1. Salary :

₹ 4,00,000/- (₹ Four lakhs only) per month.

2. Allowances & Perquisites:

(i) Housing:

- (a) Rent Free Accommodation. If no accommodation is provided by the Company, the Chairman and Managing Director shall be entitled to House Rental Allowance for an amount of ₹ 1,50,000/- (₹ One lakh fifty thousand only) per month.
- (b) Actual expenses pertaining to maintenance of accommodation, Gas, Electricity, Water and other utilities will be / reimbursed by the Company.
- (c) The Company shall provide such furniture, furnishings, domestic servants and security guards at his residence as may required.

(ii) Provident Fund, Gratuity:

Company's contribution to the Provident Fund and payment of Gratuity shall be as per the Rules of the Company.

(iii) Medical Reimbursement:

Reimbursement of actual medical

expenses incurred in India and abroad for self and family.

(iv) Medical Insurance :

Premium will be paid by the Company as per the Company's Policy.

(v) Leave Travel Allowance (LTA):

LTA will be paid once in a year for maximum of one month salary, as per Rules of the Company.

(vi) Leave Encashment:

As per rules of the Company.

(vii) Personal Accident Insurance:

The premium shall not exceed ₹ 10,000 per annum.

(viii) Club Membership:

Subscription or reimbursement of membership fees (excluding admission and life membership) for two clubs.

(ix) Benefits if any, assigned under Keyman Insurance Policy.

(x) Other allowances as may be decided by the Board/remuneration committee from time to time, subject to the provisions of the Companies Act, 1956 and Schedule XIII thereto.

Explanation: (1) Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, Perquisites shall be evaluated at actual costs.

(2) Family mentioned above means the spouse, dependent parents and dependent children of the Chairman and the Managing Director as mentioned in the applicable rules or schemes.

3. Commission: An amount / as percentage of profits as may be decided by the Board of Directors on the recommendation of the remuneration committee, from year to year.



4. Amenities :

- (i) Conveyance facilities: The Company shall provide a Car with Driver.
- (ii) Communication facilities: The Company shall provide Telephone, Cell Phone, Internet, and other communication facilities at the Chairman and Managing Director's residence.
- (iii) Travelling expenses actually incurred on travelling and boarding and lodging for self and also spouse and attendant, if required accompanying him during domestic and overseas business trips.

Explanation : The following shall not be included for the purpose of computation of the Chairman & Managing Directors' remuneration and perquisites as aforesaid.

- (a) Company's contribution to the Provident Fund and Superannuation Fund.
- (b) Gratuity payable pursuant to the rules of the Company.
- (c) Encashment of Leave.
- (d) Amenities as mentioned above.

This may also be considered and treated as Abstract and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The Board commends the passing of Special Resolution at item no.6 of the Notice.

None of the Directors of the company except Sri P. Ramesh Babu is interested or concerned in this Resolution.

Item No. 7.

At the 20th Annual General Meeting held on 29.12.2008, the members had approved the re-appointment of Sri TVVSN Murthy as Vice-Chairman and Joint Managing Director of the Company for a period Five years w.e.f. 01.12.2008. In consequence to this the Board of Directors at their meeting held on 13.08.2013 approved the re-appointment of Sri TVVSN Murthy as Vice-Chairman and Joint Managing Director of the Company for a further period of three years w.e.f. 01.12.2013 subject to the

approval of members, with a remuneration, as recommended by the remuneration committee, on the following terms and conditions.

1. Salary :

₹ 4,00,000/- (₹ Four lakhs only) per month.

2. Allowances & Perquisites:

(i) Housing:

- (a) Rent Free Accommodation. If no accommodation is provided by the Company, the Vice-Chairman and Joint Managing Director shall be entitled to House Rental Allowance for an amount of ₹ 1,50,000/- (₹ One lakh fifty thousand only) per month.
- (b) Actual expenses pertaining to maintenance of accommodation, Gas, Electricity, Water and other utilities will be / reimbursed by the Company.
- (c) The Company shall provide such furniture, furnishings, domestic servants and security guards at his residence as may required.

(ii) Provident Fund, Gratuity:

Company's contribution to the Provident Fund and payment of Gratuity shall be as per the Rules of the Company.

(iii) Medical Reimbursement:

Reimbursement of actual medical expenses incurred in India and abroad for self and family.

(iv) Medical Insurance :

Premium will be paid by the Company as per the Company's Policy.

(v) Leave Travel Allowance(LTA):

LTA will be paid once in a year for one month salary, as per Rules of the Company.

(vi) Leave Encashment:

As per the rules of the Company.



(vii) Personal Accident Insurance:

The premium shall not exceed ₹ 10,000 per annum.

(viii) Club Membership:

Subscription or reimbursement of membership fees (excluding admission and life membership) for two clubs.

(ix) Benefits if any, assigned under Keyman Insurance Policy.

(x) Other allowances as may be decided by the Board / remuneration committee from time to time, subject to the provisions of the Companies Act, 1956 and Schedule XIII thereto.

Explanation: (1) Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, Perquisites shall be evaluated at actual costs.

(2) Family mentioned above means the spouse, dependent parents and dependent children of the Vice-Chairman and the Joint Managing Director as mentioned in the applicable rules or schemes.

3. Commission: An amount / as percentage of profits as may be decided by the Board of Directors on the recommendation of the remuneration committee, from year to year.

4. Amenities:

(a) Conveyance facilities:

The Company shall provide a Car with Driver.

(b) Communication facilities:

The Company shall provide Telephone, Cell Phone, Internet, and other communication facilities at the Vice - Chairman and Joint Managing Director's residence.

(c) Travelling expenses actually incurred on travelling and boarding and lodging for self

and also spouse and attendant, if required accompanying him during domestic and overseas business trips.

Explanation : The following shall not be included for the purpose of computation of the Vice-Chairman & Joint Managing Directors' remuneration and perquisites as aforesaid.

(a) Company's contribution to the Provident Fund and Superannuation Fund.

(b) Gratuity payable pursuant to the rules of the Company.

(c) Encashment of Leave.

(d) Amenities as mentioned above.

This may also be considered and treated as Abstract and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The Board commends the passing of Special Resolution at item no.7 of the Notice.

None of the Directors of the company except Sri TVVSN Murthy is interested or concerned in this Resolution.

Item No. 8.

Sri T.V. Praveen was appointed as Vice-President (Marketing) of the Company by the Members of the Company in 20th Annual General Meeting held on 29th December, 2008 for a period of 5 years w.e.f. 01.01.2009 with a remuneration of ₹ 1,25,000/- per month. The Central Government approved the appointment. Since then he has been working for the company in his capacity as Vice-President (Marketing) without any increase in his salary. The Board of Directors of the Company has decided in its meeting held on 13th August, 2013 to re-appoint him in the best interest of the company for a further period of Three years with effect from 1st January, 2014 subject to the approval of the Central Government as per the terms and conditions as set out in the Resolution.

In terms of the provisions of Section 314 (1) (B) of the Companies Act, 1956 read with Directors' Relatives (office of place of profit) Rules, 2003, the appointment of relative of a Director of the Company



Pharmaceuticals Ltd.

on a remuneration exceeding ₹ 50,000/- per month requires the approval of the Members by way of Special Resolution and also the Central Government.

The Explanatory Statement together with the accompanying notice is and may be treated as an abstract of the terms of appointment and memorandum of interest under Section 302 of the Companies Act, 1956.

The Board of Directors recommends the resolution for approval.

None of the Directors of the company except Sri TVVSN Murthy is interested or concerned in this Resolution.

Item No. 9.

Sri P. Vamsi Krishna, who has been selected by Selection Committee and considered by the Board of Directors to appoint him as Vice-President - (Operations) of the Company with a salary of ₹ 1,50,000/- p.m. inclusive of perquisites and other allowances as stated in the proposed Resolution.

In terms of the provisions of Section 314 (1) (B) of the Companies Act, 1956 read with Directors'

Relatives (office of place of profit) Rules, 2003, the appointment of relative of a Director of the Company on a remuneration exceeding ₹ 50,000/- per month requires the approval of the Members by way of Special Resolution and also the Central Government.

Sri P. Vamsi Krishna has studied B.Tech. (EEE) in Birla Institute of Technology and Science (BITS) Pilani, Dubai and M.S. (Engineering Management & Finance) in University of Missouri, St. Louis, Rola, U.S.A. He worked in Ranbaxy Laboratories, Jacksonville, Florida, U.S.A. for few months in their Supply Chain Management.

The Board of Directors recommends the resolutions for approval.

None of the Directors of the company except Sri P. Ramesh Babu is interested or concerned in this Resolution.

By Order of the Board

P. Ramesh Babu
Chairman & Managing Director

Place: Hyderabad
Date : 13.08.2013



Statement as required under Section II, Part II of the Schedule XIII of the Companies Act, 1956 with reference to the Resolutions at item No.6 and 7 of the Notice for the 25th Annual General Meeting of SMS Pharmaceuticals Limited.

I. General Information:

1. Nature of Industry:

Manufacturers of the Bulk Drugs and their Intermediates.

2. Date or expected date of commencement of commercial production:

Existing Company and in operation since 1990.

3. In case of new companies, expected date of commencement of activities.

Not Applicable.

4. Financial performance based on given indicators:

(₹ in lakhs)

Sl. No.	Particulars	2012-13	2011-12	2010-11
1	Turnover	23,993.38	20,692.30	22,427.43
2	Profit/(Loss) before tax	2,966.40	141.75	1,048.37
3	Net Profit/(Loss)	2,532.49	113.75	839.27
4	Paid-up share capital	1,001.52	1,001.52	1,001.52
5	Reserves & Surplus	23,404.89	21,106.75	20,993.00

5. Export performance and net foreign exchange collaborations.

The Company has achieved an export turnover of ₹ 13,333.64 Lakhs for the year ended 31st March, 2013 representing 55.57% of total turnover. Foreign exchange earnings were ₹ 11.807.07 lakhs.

6. Foreign investments or collaborators, if any :

The Company has no foreign investments and there are no foreign collaborations.

II. (a) Information about Sri P. Ramesh Babu:

1. Background details: Sri P. Ramesh Babu is a post graduate Technocrat, started his carrier in the year 1984 with Cheminor Drugs Limited. He along with MR TVVSN Murthy has acquired a sick unit in the year 1990 and turned it into a profit making company with sheer technical skills and change of product mix based on the market

demand. Since then he has been successfully managing the Company providing the right direction and leadership in developing technologies, upgrading the facilities, development of export markets etc., Under his supervision the company has developed from single unit and single product to multi locations with multi products.

Sri P. Ramesh Babu also played pivotal role in the development of Pharma Industry in Andhra Pradesh by acting as

- Joint Secretary of the Bulk Drugs Manufacturers' Association during 1999.
- Regional Chairman of CHEMIXL for Hyderabad region in 2000.
- Membership of Pharma Task Force Committee constituted by the Chief Minister of Andhra Pradesh in the year 2003.



2. Past Remuneration:

Financial Year	Amount ₹ in lakhs
2012-13	38.11
2011-12	36.27
2010-11	37.60

*excluding retrial benefits (PF and Gratuity)

3. Job profile and his suitability :

Chairman and Managing Director has an overall responsibility of the company in terms of its strategic growth and business development. Sri P. Ramesh Babu had been on the Board since inception of the Company.

4. Remuneration proposed :

As stated in the Explanatory Statement in item No. 6.

5. Comparative remuneration profile with respect to industry, size of the company, profile of the position.

Sri P. Ramesh Babu and Sri TVVSN Murthy have been on the Board since inception of the Company. They bought out a sick unit and propelled its growth. They have streamlined business operation of the company and has been a strategic managerial persons. Their skills set and experience placed them in corresponding major pharma industry in India. With their efforts the Company has grown from a single unit and a single product to multi unit and multi products. Considering general industry structure and specific company profile, the proposed remuneration is in line with industry standards and that of comparatively placed companies in India.

6. Pecuniary relationship directly with the company, or relationship with the managerial personnel, if any :

Sri P. Ramesh Babu is the Promoter Director in the Company, holding

11,35,696 equity shares of ₹ 10/- each representing 13.07% of the total paid up capital of the Company. His son Sri P. Vamsi Krishna has recently joined the organization as Vice-President (Operations)

II. (b) Information about Sri TVVSN Murthy:

- 1. Background details :** Sri TVVSN Murthy, one of the co-promoters of the company is a graduate in chemistry and has vast experience of over 20 years in bulk drugs and pharmaceutical industry. He started his carrier in 1981 with Standard Organics Limited. He is actively involved in commercialization of products by scaling up the laboratory scale process to pilot plant and up to commercial scale. He is a very dynamic leader and is the force behind the production team capable of finding solutions to any production related issues.

2. Past Remuneration:

Financial Year	Amount ₹ in lakhs
2012-13	36.27
2011-12	36.33
2010-11	36.34

*excluding retrial benefits (PF and Gratuity)

3. Job profile and his suitability :

Vice-Chairman and Joint Managing Director has undertaken overall responsibility of the company for improvement in productivity and cost reduction.

- 4. Remuneration proposed :** As stated in the Explanatory Statement in item No. 7.

5. Comparative remuneration profile with respect to industry, size of the company, profile of the position.

Sri P. Ramesh Babu and Sri TVVSN Murthy have been on the Board since inception of the Company. They bought out a sick unit and propelled its growth. They have



streamlined business operation of the company and has been a strategic managerial persons. Their skills set and experience placed them in corresponding major pharma industry in India. With their efforts the Company has grown from a single unit and a single product to multi unit and multi products. Considering general industry structure and specific company profile, the proposed remuneration is in line with industry standards and that of comparatively placed companies in India.

6. Pecuniary relationship directly with the company, or relationship with the managerial personnel, if any:

Sri TVVSN Murthy is the Promoter Director in the Company, holding 8,22,700 equity shares of ₹ 10/- each representing 9.47% of the total paid up capital of the Company. His son Sri T.V. Praveen is working with the company since last five years as Vice-President (Marketing).

III. Other Information:

I. Reasons of loss or inadequate profits :

The Company do not foresee any loss or inadequacy of profits for the next three years.

2. Steps taken or proposed to be taken for improvement:

Continued business development and expansion projects undertaken by the company are steps taken for the continuous improvement.

3. Expected increase in productivity and profits in measurable terms:

Increased productivity after completion of expansion projects and measures taken for reduction in cost of production will improve the profits.

IV. Disclosures:

The remuneration paid to the Chairman and Managing Director as stated above at point II (a) (2) and the remuneration paid to the Vice-Chairman and Joint Managing Director is as stated above at point II (b) (2). The details of elements of remuneration paid to the Chairman and Managing Director and also Vice-Chairman and Joint Managing Director are also presented in the Report on Corporate Governance which is attached to the Annual Report.

None of the Directors is interested in the Resolution except Sri Ramesh Babu Potluri, Chairman and Managing Director and Sri TVVSN Murthy, Vice-Chairman and Joint Managing Director.