



SMS PHARMACEUTICALS LIMITED

CIN: L24239TG1987PLC008066

Regd. Office: Plot No. 72, H.No.: 8-2-334/3&4, Road No. 5,
Opp. SBI Executive Enclave, Banjara Hills,
Hyderabad, Telangana – 500034.

Contact No.:040 -35359999 | Email: complianceofficer@smspharma.com

Website: www.smspharma.com

NOTICE OF 01/2023-24 EXTRA-ORDINARY GENERAL MEETING

NOTICE is hereby given that 01/2023-24 Extra-Ordinary General Meeting (“EGM”) of the Members of SMS Pharmaceuticals Limited (the “Company”) will be held on **Wednesday, 06th March, 2024 at 11.00 a.m.** through Video Conferencing (“VC”) or Other Audio Video Means (“OAVM”) to transact the following businesses. The venue of the EGM shall be deemed to be the Registered Office of the Company at Plot No. 72, H.No: 8-2-334/3&4, Road No. 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad, Telangana – 500034:

SPECIAL BUSINESS:

ITEM NO.1:

ISSUE OF CONVERTIBLE WARRANTS ON A PREFERENTIAL BASIS TO PROMOTERS/ PROMOTERS GROUP OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Sections 23(1)(b), 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended (the “Act”), the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof), for the time being in force, and in accordance with, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the “SEBI ICDR Regulations”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations”), as amended from time to time, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the “SEBI Takeover Code”), and the Foreign Exchange Management Act, 1999, as amended or restated (“FEMA”), and rules, circulars, notifications, regulations and guidelines issued under FEMA and subject to any other rules, regulations, guidelines, notifications, circulars and clarifications issued thereunder from time to time by the Ministry of Corporate Affairs, the Registrar of Companies, the Reserve Bank of India, the Securities and Exchange Board of India (“SEBI”) and/or any other statutory or regulatory authorities, including the BSE Limited and

National Stock Exchange of India Limited (collectively, the “Stock Exchanges”) on which the equity shares of the Company having face value of Rs. 1/- (Indian Rupees one) each (“Equity Shares”) are listed (hereinafter collectively referred to as “Applicable Regulatory Authorities”) from time to time to the extent applicable, and the enabling provisions of the Memorandum of Association and Articles of Association of the Company, and subject to such approval(s), consent(s) and permission(s) as may be necessary or required, from Applicable Regulatory Authorities (including the Stock Exchanges) and subject to such conditions and modifications as may be imposed or prescribed while granting such approvals, consents and permissions, which the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to mean and include one or more committee(s) constituted by the Board to exercise its powers including the powers conferred by this resolution), is hereby authorised to accept, the consent of the members of the Company be and is hereby accorded to offer, issue and allot from time to time in one or more tranches, up to 90,00,000 (Ninety Lakhs) warrants, each convertible into, or exchangeable for, 1 (one) fully paid-up equity share of the Company of face value of Rs. 1/- each (“Warrants”) at an issue price of Rs. 127/- (Rupees One Hundred and Twenty Seven Rupees only) each payable in cash (“Warrants Issue Price”), aggregating up to Rs. 114,30,00,000/- (One Hundred Fourteen Crores and Thirty Lakhs), which may be exercised in one or more tranches during the period commencing from the date of allotment of the Warrants until expiry of 18 (Eighteen) months, in accordance with the terms of the Warrants as set out herein, and in the explanatory statement to this Notice calling EGM, and on such other terms and conditions as set out herein, subject to applicable laws and regulations, including the provisions of Chapter V of the SEBI ICDR Regulations and the Act, as the Board may think fit, by way of preferential allotment on a private placement basis to the following allottee(s) each being a part of the promoters/promoters group of the Company (hereinafter referred to as “Proposed Allottees”),

Sr. No.	Name of the Allottee	Number of Convertible Warrants	Category
1	Mr. Ramesh Babu Potluri	25,00,000	Promoter/Promoter Group
2	Mr. Vamsi Krishna Potluri	25,00,000	Promoter/Promoter Group
3	Mr. Trilok Potluri	25,00,000	Promoter/Promoter Group
4	M/s. Potluri Infra Projects LLP	15,00,000	Promoter/Promoter Group
Total		90,00,000	

RESOLVED FURTHER THAT in terms of the provisions of Chapter V of the SEBI ICDR Regulations, the “Relevant Date” for the purpose of determination of the floor price for the issue and allotment of Warrants is **Monday, 05th February, 2024**, being the date 30 (thirty) days prior to the date of this EGM.

RESOLVED FURTHER THAT the Preferential Issue of Warrants and allotment of equity shares on the exercise of the Warrants, shall be subject to the following terms and conditions, apart

from others as detailed in the explanatory statement to this Notice and as prescribed under applicable laws:

- a) the Warrant holder shall, subject to the SEBI ICDR Regulations and other applicable rules and regulations, be entitled to apply for and be allotted 1 (one) equity share against each Warrant.
- b) the minimum amount of Rs. 31.75/- per warrant, which is equivalent to 25% (twenty-five percent) of the Warrants Issue Price shall be paid at the time of subscription and allotment of each Warrant. The Warrant holder will be required to make further payments of Rs. 95.25/- per warrant, which is equivalent to 75% (seventy-five percent) of the Warrants Issue Price at the time of exercise of the right attached to the Warrant(s), to convert the Warrant(s) and subscribe to equity share(s) of the Company ("Warrant Exercise Amount").
- c) the Warrants shall be allotted in dematerialized form within a period of 15 (fifteen) days from the date of passing of the special resolution by the shareholders of the Company for their issuance, provided that where the allotment of Warrants is subject to receipt of any approval or permission from any regulatory authority, the allotment shall be completed within a period of 15 (fifteen) days from the date of receipt of last of such approval, or permission;
- d) the equity shares to be allotted on exercise of the Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank *pari passu* with the then existing equity shares of the Company in all respects including the payment of dividend and voting rights;
- e) the equity shares allotted upon conversion of the Warrants shall be listed on the Stock Exchange(s) where the existing equity shares of the Company are listed, subject to the receipt of necessary permissions or approvals as the case may be;
- f) the Warrants shall not carry any voting rights until they are converted into equity shares and the Warrants by itself, until exercised and converted into equity shares, shall not give the Warrant holders any rights with respect to that of an equity shareholder of the Company;
- g) the right attached to the Warrants may be exercised by the Warrant holder, in one or more tranches, at any time on or before the expiry of 18 (eighteen) months from the date of allotment of the Warrants by issuing a written notice ("Conversion Notice") to the Company specifying the number of Warrants proposed to be converted and the date designated as the specified conversion date ("Conversion Date"). The Company shall accordingly, without any further approval from the Members, allot the corresponding number of equity shares in dematerialized form on the Conversion Date mentioned in the Conversion Notice, subject to receipt of the relevant Warrant Exercise Amount by the Warrant holder to the designated bank account of the Company;
- h) the tenure of the Warrants shall not exceed 18 (eighteen) months from the date of allotment of the Warrants. If the entitlement against the Warrants to apply for the

equity shares of the Company is not exercised by the Warrant holder within the aforesaid period of 18 (eighteen) months, the entitlement of the Warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid by the Warrant holder on such Warrants shall stand forfeited by the Company;

- i) the Warrants allotted in terms of this resolution and the resultant equity shares arising on exercise of rights attached to such Warrants shall be subject to lock-in as specified in the provisions of Chapter V of the SEBI ICDR Regulations;
- j) the pre-preferential allotment shareholding of the Proposed Allottees, if any, in the Company shall be subject to lock-in as specified in the provisions of Chapter V of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT pursuant to the provisions of the Act, the name of the Proposed Allottees be recorded for the issuance of invitation to subscribe to the Warrants and a private placement offer letter in Form No. PAS-4 together with an application form be issued to the Proposed Allottees inviting them to subscribe to the Warrants.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, and the Key Managerial Personnel, be and is hereby jointly/ severally authorised on behalf of the Company to do all such other acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, without being required to seek any further consent or approval of the members of the Company, including but not limited to the following:

- i. to issue and allot the Warrants and such number of equity shares as may be required to be issued and allotted upon exercise/ conversion/ exchange of the Warrants, without requiring any further approval of the Members;
- ii. to negotiate, finalize and execute all necessary agreements/ documents/ form filings/ applications to effect the above resolutions, including to make applications to Applicable Regulatory Authorities, like applications to the Stock Exchanges for obtaining in-principle approval for the Warrants to be allotted pursuant to the Preferential Issue, and for obtaining listing approval and trading approval for the equity shares to be allotted upon conversion of the Warrants;
- iii. to vary, modify or alter any of the relevant terms and conditions, attached to the Warrants to be allotted to the Proposed Allottees, and to effect any modifications, changes, variations, alterations, additions and/or deletions to the Preferential Issue, as may be required by any regulatory or other authorities involved in or concerned with the issue and allotment of the Warrants;
- iv. to resolve and settle any matter, question, difficulty or doubt that may arise in regard to the issuance and allotment of Warrants and the equity shares to be allotted pursuant to the conversion of the Warrants, without requiring any further approval of the Members, and to authorize all such persons as may be deemed necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit;

- v. to issue clarifications on the offer, issue and allotment of the equity shares to be allotted pursuant to the conversion of the Warrants and listing of the equity shares to be allotted pursuant to the conversion of the Warrants on the Stock Exchanges, without limitation, as per the terms and conditions of the SEBI ICDR Regulations, the SEBI Listing Regulations, and other applicable guidelines, rules and regulations;
- vi. to execute the necessary documents and enter into contracts, arrangements, agreements, documents (including appointment of agencies, intermediaries, monitoring agency and advisors for the Preferential Issue of the Warrants and the equity shares to be allotted pursuant to the conversion of Warrants on a preferential and private placement basis);
- vii. to undertake all such actions and compliances as may be necessary, desirable or expedient for the purpose of giving effect to this resolution in accordance with applicable law including the SEBI ICDR Regulations and the SEBI Listing Regulations and to take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing, and the decision of the Board shall be final and conclusive.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers conferred upon it by this resolution, as it may deem fit in its absolute discretion, to any director(s), committee(s), executive(s), officer(s), company secretary or authorized signatory(ies) to give effect to this resolution, including execution of any documents on behalf of the Company and to represent the Company before any governmental or regulatory authorities and to appoint any professional advisors, bankers, consultants, advocates and advisors to give effect to this resolution and further to take all other steps which may be incidental, consequential, relevant or ancillary in this regard.

RESOLVED FURTHER THAT all actions taken by the Board or committee(s) duly constituted for this purpose in connection with any matter(s) referred to or contemplated in the foregoing resolution be and are hereby approved, ratified and confirmed in all respects.”

By order of the Board of Directors
For SMS Pharmaceuticals Limited

Thirumalesh Tumma
Company Secretary
Membership No.: 35824

Date: 08.02.2024
Place: Hyderabad

Regd. Office:

Plot No. 72, H.No: 8-2-334/3&4, Road No. 5,
Opp. SBI Executive Enclave, Banjara Hills,
Hyderabad, Telangana – 500034
CIN: L24239TG1987PLC008066

NOTES:

1. The Ministry of Corporate Affairs (“MCA”) has vide its General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 21/2021, 2/2022, 10/2022 and 09/2023 dated 08th April, 2020, 13th April, 2020, 05th May, 2020, 13th January, 2021, 14th December, 2021, 05th May, 2022, 28th December, 2022 and 25th September 2023 (collectively referred to as “MCA Circulars”) and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October 2023 read with SEBI Circular Nos. SEBI/ HO/ CFD/ CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October, 2023 (“SEBI Circulars”) permitted the holding of an Extra Ordinary General Meeting (“EGM”) through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), MCA Circulars and SEBI Circulars, the EGM of the Company is proposed to be held through VC/OAVM. The deemed venue for the EGM shall be at the Registered Office of the Company, i.e. Plot. No.72, H.No. 8-2-334/3&4, Road No. 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad, Telangana, India – 500034.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this EGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the EGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.
3. In compliance with the aforesaid MCA Circulars, this Notice is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ RTA/ Depositories as on 09th February, 2024. Members may note that the Notice will also be available on the Company’s website <https://smspharma.com/>, websites of the Stock Exchanges i.e. BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL www.cdslindia.com.

It is however clarified that, all Members of the Company as on the Cut-Off date (including those Members who may not have received this Notice due to non-registration of their email addresses with the Company / RTA / Depositories) shall be entitled to vote in relation to the aforementioned resolution in accordance with the process specified in this Notice.

4. Members are entitled to receive the Notice in physical form, upon request sent through registered email ID to RTA at info@aarthiconsultants.com and/or the Company at cs@smspharm.com.
5. Members attending the EGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the EGM.
7. Corporate Members are required to send a certified copy of the Board Resolution to scrutinizer pursuant to Section 113 of the Act, authorising their representative to attend and vote at the EGM to the Company, while sending mark a copy to cs@smspharm.com.
8. An Explanatory Statement pursuant to Section 102 of the Act ("Explanatory Statement"), relating to the Special Businesses as set out in the Notice.
9. Any information with regards to this Notice will be available for inspection on the Company's website at <https://smspharma.com/> from the date of dispatch of this Notice upto the date of declaration of the results of EGM. Any Member who may desire to inspect such documents physically shall write from their registered email ID along with their respective Client ID and DP ID/Folio No. to the Company on cs@smspharm.com.
10. Members desirous of obtaining any information with regards to this Notice are requested to write to the Company at least one week before the EGM to enable the Company to make available the required information at the EGM. The same will be replied by the Company.
11. As the EGM is being conducted through VC/OAVM, for the smooth conduct of proceedings of the EGM, Members who would like to express their views or ask questions during the EGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at cs@smspharm.com on or before 06.00 p.m, 28th February, 2024. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the EGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the EGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.
12. When a pre-registered speaker is invited to speak at the EGM but does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with good internet speed.

13. The Board of Directors has appointed Mr. C. Sudhir Babu, (FCS 2724 & CP No. 7666), Practicing Company Secretary, Hyderabad as the Scrutinizer (“Scrutinizer”) to scrutinize the voting during the EGM and remote e-voting process in a fair and transparent manner.
14. The Scrutinizer will submit his report to the Chairman of the Company (“the Chairman”) or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes casted during the EGM and votes casted through remote e-voting) with in the stipulated time as per the SEBI Listing Regulations. The result declared along with the Scrutinizer’s report shall be communicated to the BSE, NSE and CDSL and will also be displayed on the Company’s website at <https://smspharma.com/>, websites of the Stock Exchanges i.e. BSE and NSE at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL www.cdslindia.com.
15.
 - a) Pursuant to Regulation 40 of Listing Regulations read with SEBI Circular Nos. SEBI/HO/MIRSD/MIRSDPoD- 1/P/CIR/2023/37 dated 16th March 2023 and SEBI/HO/ MIRSD/ MIRSD_ RTAMB/P/CIR/2022/8 dated 25th January 2022 as may be amended from time to time (“Investor Requests Circulars”), the Members holding shares in physical mode are requested to update their PAN, address with pin code, email address, mobile number, bank account details, specimen signature and nomination by holders of physical securities (“KYC Details”) with M/s. Aarthi Consultants Private Limited (“RTA”) and/or the Company. Members holding shares in electronic form are requested to furnish details for change/updation of KYC Details to their respective Depository Participant.
 - b) In order to update KYC Details and/or process investor requests, the physical Members are required to submit duly signed relevant forms ISR-1, ISR-2, ISR-3, ISR-4, ISR-5, SH-13 and/or SH-14 as may be amended from time to time (“Forms”) along with required supporting documents as stated in the respective Forms, if any. The Forms are available on Company’s website link at <https://smspharma.com/>.
16. Since the EGM will be held through VC/ OAVM, the Route Map is not annexed in this Notice.
17. **Voting through remote e-Voting:**
 - a) The Members can join the EGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the EGM through VC/OAVM will be made available for 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination, Remuneration and Compensation Committee, Stakeholders Relationship Committee and

Auditors etc., who are allowed to attend the EGM without restriction on account of first come first serve basis.

- b) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended), read with MCA Circulars and SEBI Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the EGM. For this purpose, the Company has entered into an agreement with CDSL for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-Voting system as well as venue voting on the date of the EGM will be provided by CDSL.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on **Saturday, 02nd March, 2024 at 09:00 a.m (IST) and ends on Tuesday 05th March, 2024 at 05:00 p.m (IST)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **Wednesday, 28th February, 2024** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholder's/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast

their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsl website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at cdsl website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-

	<p>Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
<p>Individual Shareholders holding securities in demat mode with NSDL Depository</p>	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for</p>

	casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) **Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.**

1. The shareholders should log on to the e-voting website www.evotingindia.com.
2. Click on "Shareholders" module.
3. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.

Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.
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- (vi) After entering these details appropriately, click on **“SUBMIT”** tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant SMS Pharmaceuticals Limited on which you choose to vote.
- (x) On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/NO”** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- (xiii) Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on **“Click here to print”** option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on **Forgot Password &** enter the details as prompted by the system.

(xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cDSLindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@smspharma.com (designated email address by Company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Members who would like to express their views/ ask questions as a speaker at the Meeting may preregister themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at cs@smspharma.com before 6.00 p.m. (IST) **on 28th February, 2024**. Only those Members who have preregistered themselves as a speaker will be allowed to express their views/ask questions during the EGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the EGM.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. **For Physical shareholders-** please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to cs@smspharma.com/info@aarthiconsultants.com.
2. **For Demat shareholders-**, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. **For Individual Demat shareholders –** Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

Information at glance:

Day, Date and time of EGM	Wednesday, 06th March, 2024, 11.00 a.m (IST)
Cut-off date for e-voting and attending EGM	Wednesday, 28th February, 2024
E-voting Start date & time	Saturday, 02 nd March, 2024, 9.00 a.m (IST)
E-voting end date & time	Tuesday, 05 th March, 2024, 5.00 p.m (IST)
Company	M/s.SMS PHARMACEUTICALS LIMITED Regd. Office: Plot No. 72, H.No: 8-2-334/3&4, Road No. 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad, Telangana – 500034 Phone: 040-35359999 / 9100123244 Email: cs@smspharma.com ; complianceofficer@smspharma.com
Registrar & Transfer Agent	M/s.Aarthi Consultants Private Limited Phone: 040-27638111 / 27634445 Email: info@arthiconsultants.com ; arthiconsultants@gmail.com
e-voting Agency	M/s.Central Depository Services (India) Limited Phone: 1800 22 55 33/ 022-23058738 and 022-23058542 / 43 Email: helpdesk.evoting@cdslindia.com
Scrutinizer	Mr. C. Sudhir Babu, Practicing Company Secretary Phone: 7981191458 / 9493676368 Email: csbassociates27@gmail.com

By order of the Board of Directors
For SMS Pharmaceuticals Limited

Thirumalesh Tumma
Company Secretary
Membership No.: 35824

Date: 08.02.2024
Place: Hyderabad

EXPLANATORY STATEMENT

PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND / OR REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The following statement sets out all material facts relating to the resolution to be passed as mentioned in the accompanying Notice.

ITEM NO. 1:

The Board of Directors of the Company ("Board") at their meeting held on 08th February, 2024, approved raising of funds aggregating upto Rs.114,30,00,000 (Rupees One Hundred Fourteen Crores Thirty Lakhs) by way of issuance upto 90,00,000 (Ninety Lakhs) warrants, each convertible into, or exchangeable for, 1 (one) fully paid-up equity share of the Company of face value of Rs. 1/- each ("Warrants") at an issue price of Rs.127/- each payable in cash ("Warrants Issue Price"), which may be exercised in one or more tranches during the period commencing from the date of allotment of the Warrants until expiry of 18 (eighteen) months, to the persons belonging to "Promoter, Promoter Group as per the details disclosed in the respective resolution.

The Proposed Allottees have also confirmed their eligibility in terms of Regulation 159 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations"), to subscribe to the Warrants to be issued pursuant to the Preferential Issue.

In accordance with Sections 23(1)(b), 42 and 62(1)(c) and other applicable provisions, if any, of the Act and the rules made thereunder and in accordance with the SEBI ICDR Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), as amended from time to time, approval of the Members of the Company by way of special resolution is required to issue securities by way of private placement on a preferential basis.

Accordingly, in terms of the Act and the SEBI ICDR Regulations, consent of the members is being sought for the raising of funds aggregating upto Rs.114,30,00,000 (Rupees One Hundred Fourteen Crore Thirty Lakhs) by way of issuance upto 90,00,000 (Ninety Lakhs) warrants, each convertible into, or exchangeable for, 1 (one) fully paid-up equity share of the Company of face value of Rs. 1/- each at a price of Rs. 127/- each payable in cash, on a preferential basis to the Proposed Allottees as the Board of the Company may determine in the manner detailed hereafter.

The salient features of the Preferential Issue, including disclosures required to be made in accordance with Chapter V of the SEBI ICDR Regulations and the Act, are set out below:

I. Objects of the Issue

The Company intends to utilize the proceeds raised through the Preferential Issue (“**Issue Proceeds**”) towards the following objects:

1. Capital Expenditure: Expansion of production capacities in phased manner and installation of additional utility equipments as well as recovery systems. Proposed to start backward integration of Key Starting Materials (KSM) for existing as well as new products under pipeline at R&D by setting up new production blocks.
2. Working Capital: We are planning to expanding the production capacities, backward integration of KSM, which led to an increased requirement of Working Capital, operational expenditure and other related expenses.
3. General Corporate Purposes, which includes, inter alia, meeting ongoing general corporate exigencies and contingencies, expenses of the Company as applicable in such a manner and proportion as may be decided by the Board from time to time, and/or any other general purposes as may be permissible under applicable laws. (collectively referred to herein after as the “**Objects**”)

By addressing these objectives, the organization seeks to strengthen its financial position, improve operational capabilities, and pursue growth opportunities.

Utilization of Issue Proceeds

Given that the funds to be received against Warrant conversion will be in tranches and the quantum of funds required on different dates may vary, therefore, the broad range of intended use of the Issue Proceeds for the above Objects is set out herein below:

S. No.	Particulars	Total estimated amount to be utilised for each of the Objects* (Rs. In crore)	Percentage	Tentative timelines for utilization of Issue Proceeds from the date of receipt of funds
1	Capital Expenditure	62.87	55 %	Within 24 months from receipt of funds for the Warrants (as set out herein)
2	Working Capital	40.00	35 %	
3	General Corporate Purposes	11.43	10 %	
	Total	114.30	100 %	

*considering 100% conversion of Warrants into equity shares within the stipulated time.

Given that the Preferential Issue is for convertible Warrants, the Issue Proceeds shall be received by the Company within 18 (eighteen) months from the date of allotment of the Warrants in terms of Chapter V of the SEBI ICDR Regulations, and as estimated by our management, the entire Issue Proceeds would be utilized for the all the aforementioned Objects, in phases, as per the Company’s business requirements and availability of Issue Proceeds, within 24 months from the date of receipt of funds for the Warrants (as set out herein).

In terms of the NSE Circular No. NSE/CML/2022/56 dated December 13, 2022 and the BSE Circular No. 20221213-47 dated December 13, 2022, the amount specified for the aforementioned Objects may deviate +/- 10% depending upon the future circumstances, given that the Objects are based on management estimates and other commercial and technical factors. Accordingly, the same is dependent on a variety of factors such as financial, market and sectoral conditions, business performance and strategy, competition and other external factors, which may not be within the control of the Company and may result in modifications to the proposed schedule for utilization of the Issue Proceeds at the discretion of the Board, subject to compliance with applicable laws.

If the Issue Proceeds are not utilised (in full or in part) for the Objects during the period stated above due to any such factors, the remaining Issue Proceeds shall be utilised in subsequent periods in such manner as may be determined by the Board, in accordance with applicable laws.

This may entail rescheduling and revising the planned expenditure and funding requirements and increasing or decreasing the expenditure for a particular purpose from the planned expenditure as may be determined by the Board, subject to compliance with applicable laws.

Interim Use of Issue Proceeds / Mode of funds will be kept pending utilization

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Issue Proceeds. Pending complete utilization of the Issue Proceeds for the Objects described above, our Company intends to, inter alia, invest the Issue Proceeds in money market instruments including money market mutual funds, deposits in scheduled commercial banks, securities issued by government of India, temporary deployment of working capital or any other investments as permitted under applicable laws.

II. Monitoring of utilisation of funds:

- a) Given that the issue size exceeds Rs. 100 Crore (Indian Rupees One Hundred Crore), in terms of Regulation 162A of the SEBI ICDR Regulations, the Company has appointed M/s. CARE Ratings Limited, a SEBI registered Credit Rating Agency as the monitoring agency to monitor the use of the proceeds of the Preferential Issue (“Monitoring Agency”).
- b) The Monitoring Agency shall submit its report to the Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% (One Hundred Percent) of the Issue Proceeds have been utilized. The Board and the management of the Company shall provide their comments on the findings of the Monitoring Agency in the format as specified in Schedule XI of the SEBI ICDR Regulations. The Company shall, within 45 (forty-five) days from the end of each quarter, upload the report of the Monitoring Agency on its website and also submit the same to the Stock Exchanges.

III. Relevant Date:

The “Relevant Date” as per Chapter V of the SEBI ICDR Regulations, for the determination of the floor price for Warrants to be issued is **Monday, 05th February, 2024** i.e. 30 (thirty) days prior to the date on which the resolution will be deemed to be passed at the 01/2023-24 Extra-Ordinary General Meeting i.e. Wednesday, 06th March, 2024.

IV. Particulars of the Preferential Issue including date of passing of Board resolution:

The Board, at its meeting held on 08th February, 2024 has, subject to the approval of the Members and such other approvals as may be required, approved the issuance of up to 90,00,000 Warrants to the Proposed Allottees, each at a price of Rs. 127/- per Warrant (including a premium of Rs. 126/- per Warrant), aggregating up to Rs. 114,30,00,000/-, for a cash consideration, by way of a preferential issue on a private placement basis.

V. Kinds of securities offered and the price at which security is being offered, and the total/ maximum number of securities to be issued:

Up to 90,00,000 Warrants, at a price of Rs. 127/- per Warrant (including a premium of Rs. 126/- per Warrant) aggregating up to Rs. 114,30,00,000/-, such price being not less than the floor price as on the relevant date (as set out below) determined in accordance with the provisions of Chapter V of the SEBI ICDR Regulations.

VI. Basis or justification for the price (including the premium, if any) has been arrived at and details of Registered Valuer:

In terms of the SEBI ICDR Regulations, the floor price at which the Warrants can be issued is Rs. 127/- per Warrant, as per the pricing formula prescribed under the SEBI ICDR Regulations for the Preferential Issue and is the highest of the following:

- a. 90 (ninety) trading days volume weighted average price (VWAP) of the equity shares of the Company preceding the Relevant Date: i.e. Rs. 125.78/- per equity share;
- b. 10 (ten) trading days volume weighted average price (VWAP) of the equity shares of the Company preceding the Relevant Date: i.e. Rs. 126.04/- per equity share.
- c. Floor price determined in accordance with the provisions of the articles of association of the Company. However, the articles of association of the Company does not provide for any method of determination for valuation of shares which results in floor price higher than determined price pursuant to SEBI ICDR Regulations.

Considering that the allotment shall be more than 5% of the post issue fully diluted share capital of the Company, to an allottee or to allottees acting in concert, the issue price of Rs. 127/- (Rupees One Hundred and Twenty Seven only) for the warrants to be issued and allotted to the proposed allottee(s) has been determined taking into account the valuation report dated 07th February, 2024, issued by Mr. Vinod Sakaram, Independent Registered Valuer, vide registration no. IBBI/RV/02/2020/13284, having office at H.No.13-15, Sri Sri Nagar, Behind HUDA Park, Venkateswara Swamy Temple Road, Uppal, Hyderabad-59 Telangana, in accordance with Regulation 166A of the ICDR Regulations (“Valuation Report”). **The Valuation Report shall be available for inspection by the members and the same may be accessed on the Company’s website at the link: <https://smspharma.com/wp-content/uploads/2024/02/valuation-report-07-02-2024.pdf>**

Further, given that the equity shares of the Company have been listed for a period of more than 90 (ninety) trading days prior to the relevant date, the Company is not required to re-compute the issue price as per Regulation 164(3) the SEBI ICDR Regulations, and therefore, the Company is not required to submit the undertakings specified under Regulations 163(1)(g) and 163(1)(h) of the SEBI ICDR Regulations.

If the Company is required to re-compute the price then it shall undertake such recomputation and if the amount payable on account of the re-computation of price is not paid by the Proposed Allottees within the time stipulated in the SEBI ICDR Regulations, the Warrants proposed to be issued pursuant to this resolution would have been continued to be locked in till the time such amount would have paid by the Proposed Allottees.

VII. Amount which the company intends to raise by way of such securities:

Aggregating up to Rs. 114,30,00,000/-.

VIII. The class or classes of persons to whom the allotment is proposed to be made:

The Preferential Issue of Warrants is proposed to be made to the Proposed Allottees, who are promoter group entities of the Company.

IX. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as the price:

The Company has not made any preferential allotment during the current financial year FY 2023- 24.

X. Maximum number of securities to be issued:

The resolution set out in the accompanying notice authorises the Board to raise funds aggregating upto Rs. 114,30,00,000/- by way of issuance of upto 90,00,000 (Ninety Lakhs) warrants, each convertible into, or exchangeable for, 1 (one) fully paid-up equity share of the Company of face value of Rs. 1/- each at a price of Rs. 127/- each payable in cash.

Minimum amount of Rs. 31.75/- (Rupees Thirty-One and Paise Seventy-Five Only), per warrant which is equivalent to 25% (twenty-five percent) of the Warrant Issue Price shall be paid at the time of subscription and allotment of each Warrant. The warrant holder will be required to make further payments of Rs. 95.25/- (Rupees Ninety Five and Paise Twenty Five Only) per Warrant, which is equivalent to 75% (seventy five percent) of the Warrant Issue Price at the time of exercise of the right attached to Warrant(s) to subscribe to equity share(s).

XI. Intent of the promoters, directors or key managerial personnel of the Company to subscribe to the offer:

Promoters/Promoters Group of the Company are subscribing to the issue to the extent of number of warrants proposed to be issued, written against their names, as detailed in the following table:

Sr. No.	Proposed Allottees	Category	No. of Warrants
1	Mr. Ramesh Babu Potluri	Promoter/ Promoter Group	25,00,000
2	Mr. Vamsi Krishna Potluri	Promoter/ Promoter Group	25,00,000
3	Mr. Trilok Potluri	Promoter/ Promoter Group	25,00,000
4	M/s. Potluri Infra Projects LLP	Promoter/ Promoter Group	15,00,000

Apart from the Proposed Allottees, none of the promoters, members of the promoter group, directors or key managerial personnel of the Company intend to subscribe to the offer.

XII. Shareholding pattern of the Company before and after the Preferential Issue:

Sr. No	Category	Pre-issue (as on 02 nd February, 2024)		Post-issue	
		No of shares held	% of shareholding	No of shares held	% of shareholding
A	PROMOTERS/PROMOTER GROUP HOLDING				
1	Indian				
	Individual	4,59,58,270	54.29	5,34,58,270	57.08
	Bodies Corporate	84,86,740	10.03	99,86,740	10.66
	Sub-total	5,44,45,010	64.32	6,34,45,010	67.75
2	Foreign Promoters/ Promoter Group	--	--	--	--
	Sub-Total (A)	5,44,45,010	64.32	6,34,45,010	67.75
B	NON-PROMOTERS'HOLDING				
	Institutional investors				
	Mutual Funds	279	0	279	0
	Venture Capital Funds	0	0	0	0
	Alternate Investment Funds	0	0	0	0
	Banks	0	0	0	0
	Insurance Companies	0	0	0	0
	NBFCs Registered with RBI	0	0	0	0
	Foreign Direct Investment	0	0	0	0
1	Foreign Venture Capital Investors	0	0	0	0
	Foreign Portfolio Investors Category I	5,73,248	0.68	5,73,248	0.61
	Foreign Portfolio Investors Category II	0	0	0	0
	Sub-Total (B)(1)	5,73,527	0.68	5,73,527	0.61

Non-Institutional Investors					
	Key Managerial Personnel	16,100	0.02	16,100	0.02
	Relatives of promoters (other than immediate relatives of promoters disclosed under Promoter and Promoter Group category)	5,67,600	0.67	5,67,600	0.61
	Investor Education and Protection Fund (IEPF)	61,530	0.07	61,530	0.07
2	Resident Individuals holding nominal share capital up to Rs. 2 lakhs	1,84,36,433	21.78	1,84,36,433	19.69
	Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	65,58,058	7.75	65,58,058	7.00
	Non Resident Indians (NRIs)	23,09,509	2.73	23,09,509	2.47
	Foreign Nationals	271	0	271	0
	Foreign Companies	0	0	0	0
	Bodies Corporate	16,78,466	1.98	16,78,466	1.79
	Clearing Member	5,026	0.01	5,026	0.01
	Unclaimed Suspense A/c	500	0	500	0
	Sub-Total (B)(2)	2,96,33,493	35.00	2,96,33,493	31.64
	Sub-Total (B)	3,02,07,020	35.68	3,02,07,020	32.25
	GRAND TOTAL	8,46,52,030	100.00	9,36,52,030	100.00

* The post preferential percentage of shareholding has been calculated assuming that all the Warrants allotted will be converted into equity shares

XIII. Time frame within which the Proposed Preferential Issue shall be completed:

In accordance with Regulation 170 of the SEBI ICDR Regulations, the allotment of the Warrants shall be completed within a period of 15 (fifteen) days from the date of passing of the resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval(s) or permission(s) from any regulatory authority / body, the allotment shall be completed by the Company within a period of 15 (fifteen) days from the date of such approval(s) or permission(s).

XIV. Principal terms of assets charged as securities:

Not applicable.

XV. Material terms of raising such securities:

The material terms for the Preferential Issue of Warrants to the Proposed Allottees is set out below:

A. Tenure:

The Warrants shall be convertible into equity shares within a period of 18 (eighteen) months from the date of allotment of the Warrants.

B. Conversion and other related matters:

- (i) The Warrant holder shall have the right to convert the Warrants into fully paid-up equity shares of the Company of face value of Rs. 1/- (Indian Rupees Ten only) each, in one or more tranches, by delivering a notice of conversion (“Conversion Notice”) to the Company requesting the conversion of the relevant number of Warrants into equity shares, on the date designated as the specified conversion date in the Conversion Notice (“Conversion Date”).
- (ii) The conversion ratio is 1 (one) equity share in lieu of 1 (one) Warrant.
- (iii) Prior to the Conversion Date, the Warrant holder shall pay the Warrant exercise amount for the relevant Warrants which are proposed to convert, and the Company shall, upon receipt of such payment in the designated bank account, on the Conversion Date, in accordance with applicable law to issue and allot equity shares (free and clear of all encumbrances other than any lock-in prescribed under applicable law) to the Warrant holder in lieu of the relevant Warrants.
- (iv) The Company shall file the certificate from its statutory auditor with the Stock Exchanges, confirming that the Company has received the Warrant exercise amount in compliance with Regulation 169(4) of the SEBI ICDR Regulations from the Warrant holder and the relevant documents thereof are maintained by the Company as on the date of certification.
- (v) The Company shall issue and allot the equity shares to the Warrant holder in dematerialized form and seek final approval from the Stock Exchanges for listing the equity shares allotted to the Warrant holder pursuant to conversion of the Warrants.
- (vi) The Warrant holder shall make the relevant disclosures required under applicable law, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended, in relation to the Preferential Issue and conversion of the Warrants.
- (vii) The procedure for conversion of warrants into equity shares set out above shall be applicable for conversion of each Warrant into equity shares, irrespective of the number of tranches in which the Warrant holder issues a Conversion Notice in accordance with Paragraph B(i) above.

C. Lock-in:

The Warrants and the equity shares issued upon conversion of the Warrants shall be locked in, in accordance with Chapter V of the SEBI ICDR Regulations.

D. Rights:

The Warrants shall not carry any voting rights until they are converted into equity shares.

XVI. Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and / or who ultimately control the Proposed Allottees:

Sr. No.	Proposed Allottees	Natural persons who are the ultimate beneficial owners	Category	No. of Warrants
1	Mr. Ramesh Babu Potluri	Self	Promoter/ Promoter group	25,00,000
2	Mr. Vamsi Krishna Potluri	Self	Promoter/ Promoter group	25,00,000
3	Mr. Trilok Potluri	Self	Promoter/ Promoter group	25,00,000
4	M/s. Potluri Infra Projects LLP	1.Trilok Potluri (39.08%) & 2. Vamsi Krishna Potluri (60.92%)	Promoter/ Promoter group	15,00,000

XVII. The percentage of the post-preferential issue capital that may be held by the Proposed Allottees (as defined hereinabove) and change in control, if any, in the Company consequent to the Preferential Issue:

Sr. No	Name of the Proposed allottees	Current Category And any Change	Pre-Issue holding (No.of shares)	Pre-Issue % of holding	Proposed Issue (No.of warrants)	Post-Issue holding (No.of shares)*	Post-Issue % of holding *
1	Mr. Ramesh Babu Potluri	Promoter/ Promoter group No Change	1,56,53,060	18.49%	25,00,000	1,81,53,060	19.38%
2	Mr. Vamsi Krishna Potluri	Promoter/ Promoter group No Change	1,33,28,370	15.74%	25,00,000	1,58,28,370	16.90%
3	Mr. Trilok Potluri	Promoter/ Promoter group No Change	21,88,000	2.58%	25,00,000	46,88,000	5.01%
4	M/s. Potluri Infra Projects LLP	Promoter/ Promoter group No Change	73,46,420	8.68%	15,00,000	88,46,420	9.45%

* The post preferential percentage of shareholding has been calculated assuming that all the Warrants allotted will be converted into equity shares of the Company.

* The Proposed Allottees are part of the promoter group of the Company. The pre-allotment shareholding held by the promoters and promoter group in the Company is 64.32%, which will increase to 67.75 % pursuant to the conversion of all the Warrants allotted into equity shares of the Company by the warrant holders. Please refer to the “Shareholding pattern of the Company before and after the Preferential Issue” above for further reference.

There will be no change in the composition of the Board nor any change in the control of the Company consequent to the Proposed Preferential Issue.

XVIII. Contribution being made by the promoters or directors either as part of the Preferential Issue or separately in furtherance of objects of the issue:

Up to Rs.114,30,00,000/-

XIX. Undertaking:

The Company hereby undertakes that:

- a) None of the Company, its Directors or Promoters have been declared as wilful defaulter or fraudulent borrower as defined under the SEBI ICDR Regulations. None of its Directors or Promoters is a fugitive economic offender as defined under the SEBI ICDR Regulations;
- b) The Company is eligible to make the Preferential Issue to the Proposed Allottees under Chapter V of the SEBI ICDR Regulations;
- c) As the Equity Shares have been listed for a period of more than ninety days as on the Relevant Date, the provisions of Regulation 164(3) of SEBI ICDR Regulations governing re-computation of the price of shares shall not be applicable;
- d) The Company shall re-compute the price of the equity shares to be allotted under the Preferential Issue, in terms of the provisions of SEBI ICDR Regulations where it is required to do so;
- e) If the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the equity shares to be allotted under the Preferential Issue shall continue to be locked-in till the time such amount is paid by the warrant holder.

XX. the Preferential Issue viz. promoter or non-promoter as mentioned above, the Proposed Allottees are Promoter Group:

Entities of the Company and such status will continue to remain the same, post Preferential Issue.

XXI. Valuation and Justification for the allotment proposed to be made for consideration other than cash:

Not applicable

XXII. Lock-in period:

The Warrants allotted pursuant to this resolution and the resultant equity shares to be issued and allotted upon exercise of right attached to the Warrants as above shall be subject to a lock-in for such period as per the provisions of Chapter V of the SEBI ICDR Regulations.

XXIII. The current and proposed status of the allottee(s) post Preferential Issue namely, promoter or non-promoter:

Promoters/Promoters Group

XXIV. Practicing Company Secretary Certificate:

The certificate from Mr. C.Sudhir Babu (FCS 2724 & CP No. 7666), Company Secretary in Practice, Proprietor of CSB Associates, certifying that the Preferential Issue is being made in accordance with the requirements contained in the SEBI ICDR Regulations shall be made available for inspection by the Members during the meeting and will also be made available on the Company's website and will be accessible at link: <https://smspharma.com/wp-content/uploads/2024/02/compliance-certificate-smspharma-8-2024.pdf>

XXV. Other disclosures:

- a) During the period from 01st April, 2023 until the date of Notice of this EGM, the Company has not made any Preferential Issue of equity shares.
- b) The Company is in compliance with the conditions for continuous listing and is eligible to make the Preferential Issue under Chapter V of the SEBI ICDR Regulations.
- c) Neither the Company nor any of its Directors or Promoters are categorized as wilful defaulter(s) by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulter(s) issued by the Reserve Bank of India. Further, neither the Company nor any of its Directors or Promoters is a fraudulent borrower as defined under the SEBI ICDR Regulations. Consequently, the disclosures required under Regulation 163(1)(i) of the SEBI ICDR Regulations are not applicable.
- d) Neither the Company nor any of its Directors and / or Promoters is a fugitive economic offender as defined under the SEBI ICDR Regulations.
- e) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer is not applicable as the allotment of equity shares under the Preferential Issue is for a cash consideration.
- f) The Proposed Allottees have confirmed that they have not sold or transferred any equity shares of the Company during the 90 trading days preceding the Relevant Date. The Proposed Allottees have further confirmed that they are eligible under SEBI ICDR Regulations to undertake the Preferential Issue.

Mr. Ramesh Babu Potluri and Mr. Vamsi Krishna Potluri (Promoter/Promoter Group of the Company), may be considered as deemed to be concerned or interested in the said resolution due to their Directorship on the Board of the Company. Except them, none of the Directors, Key Managerial Personnel or their relatives are in any way financially or otherwise concerned or interested in the passing of this Special Resolution as set out at Item No. 1 of this notice except and to the extent of their shareholding in the Company.

In accordance with the provisions of Sections 23, 42 and 62 of the Act read with applicable rules thereto and relevant provisions of the SEBI ICDR Regulations, approval of the Members for issue and allotment of the said warrants to the Proposed Allottees is being sought by way of a special resolution as set out in the said item no. 1 of the Notice. Issue of the equity shares pursuant to the exercise of the rights attached to warrants would be within the authorised share capital of the Company.

The Board of Directors believes that the proposed Preferential Issue is in the best interest of the Company and its Members and, therefore, recommends the resolution at Item No. 1 of the accompanying Notice for approval by the Members of the Company as a Special Resolution.

Documents referred to in the notice/ explanatory statement will be available for inspection by the Members of the Company as per applicable law.

By order of the Board of Directors
For SMS Pharmaceuticals Limited

Thirumalesh Tumma
Company Secretary
Membership No.: 35824

Date: 08.02.2024
Place: Hyderabad

Regd. Office:

Plot No. 72, H.No: 8-2-334/3&4, Road No. 5,
Opp. SBI Executive Enclave, Banjara Hills,
Hyderabad, Telangana – 500034
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