Annual Report
2025-26

sms
pharmaceuticals ltd

Driving Progress with a Purpose

Innovating. Expanding. Diversifying

Driving Progress with a Purpose

Innovating. Expanding. Diversifying

Every breakthrough begins with a question: what lies beyond the familiar?

At SMS Pharmaceuticals, that question has shaped a journey from a single-product operation to a diversified API enterprise serving global pharmaceutical markets. Today, that journey is entering a new chapter, where progress is being shaped by the courage to explore new possibilities, the capacity to scale what works and the vision to venture into what lies ahead.

Innovating means looking beyond the familiar, from strengthening our R&D engine and developing differentiated APIs to advancing peptides and laying the foundations for CDMO capabilities. **Expanding** means building the capacity to turn opportunity into impact, through new manufacturing blocks, stronger integration and investments in future-ready infrastructure. **Diversifying** means broadening our horizons across therapeutic segments, products and markets, creating multiple pathways for growth.

But true progress asks a bigger question than how fast can we grow? It asks what difference can our growth make?

For us, the answer lies in advancing healthcare, strengthening partnerships, creating opportunities for our people and communities and growing with greater responsibility towards the resources that sustain us.

Innovating. Expanding. Diversifying. Three paths forward, guided by one purpose: **to make every step ahead count.**

Contents

www.smspharma.com

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Forward-looking statements

This report may contain forward-looking statements relating to the Company's expected financial performance, business plans, and prospects. Such statements are generally identified by words like "believe," "anticipate," "expect," "may," "will," and similar expressions, and are based on assumptions made in good faith. However, actual results may differ materially from those expressed or implied. The Company undertakes no obligation to update these statements in light of future developments.

SMS Pharma is a diversified and integrated pharmaceutical company specialising in Active Pharmaceutical Ingredients (API) and complex Intermediates for global customers.

FY26 Highlights

₹887 Crore
Revenue
13% YoY

₹171 Crore
EBITDA
23% YoY

₹102 Crore
PAT
47% YoY

Corporate Information

Board of Directors

Mr. Ramesh Babu Potluri
Chairman and Managing Director

Mr. Shravan Kudaravalli
Non- Executive Independent Director

Mr. Sarvepalli Srinivas
Non- Executive Independent Director

Dr. Suresh Kumar Gangavarapu
Non-Executive Independent Director

Mrs. Shanti Sree Bolleni
Non- Executive Independent Director

Mr. Vamsi Krishna Potluri
Executive Director
(re-appointed w.e.f. 01.07.2025)

Mr. Trilok Potluri
Non- Executive, Non-Independent Director

Dr. Sunkara Venkata Satya Shiva Prasad
Non-Executive, Non-Independent Director

Key Managerial Persons

Mr. Lakshmi Narayana Tammineedi
Chief Financial Officer

Mr. Thirumalesh Tumma
Company Secretary & Compliance Officer

Registered & Corporate Office

8th Floor, Trendset Jayabheri Connect,
Kondapur, Serilingampally, Ranga Reddy
Dist., Hyderabad-500084, Telangana, India.
CIN: L24239TG1987PLC008066

Contact Details:

Tel: 040-6985 9999

Email:info@smspharma.com

Web: www.smspharma.com

Registrar & Share Transfer Agent

M/s. Aarthi Consultants Private Limited

1-2-285, Domalguda, Hyderabad – 500029

Ph: 040-27638111

Email: aarthiconsultants@gmail.com,
info@aarthiconsultants.com

Bankers

State Bank of India

IDBI Bank Limited

RBL Bank Limited

Export Import Bank of India

Axis Bank Limited

Statutory Auditors

M/s. Suryanarayana & Suresh,

Chartered Accountants,

Flat. No: C2, Millennium House # 8-2-601/
B, Road No. 10, Near Zaheer Nagar Cross
Road, Banjara Hills, Hyderabad– 500034,
Telangana.

Secretarial Auditors

M/s. SVVS & Associates Company Secretaries LLP,

Company Secretaries,

#307, Babukhan Estate, Basheerbagh,
Hyderabad – 500001, Telangana.

Internal Auditors

M/s. Adusumilli and Associates,

Chartered Accountants,

Off. 7-1-390, Flat. No. 302, Sri Sai
Residency, Balkampet Main Road,
Hyderabad-500038, Telangana.

Cost Auditors:

M/s. Annapragada & Co.,
(Formerly :Harshitha Annapragada & Co.,)

Cost Accountants

Off. Add.: Plot No.127 & 128, H.No.11-65, Sai
Ram Nagar Phase-2, Nadergul, Hyderabad,
Telangana-501510

Manufacturing Facilities

Plot.No.24 & 24B and 36 & 37

S.V. Co-Operative Industrial Estate,
Buchupally, Medchal- Malkajgiri District,
Hyderabad, Telangana – 500090,

Ph.No. +91-9100072351/52/54

Email: admin_unit2@smspharma.com

Sy. No. 160, 161, 163 to 168,

Kandivalasa Village, Poosapatirega
Mandal, Vizianagaram District, Andhra
Pradesh. 535004.

Ph.No. +91- 08922 – 258051 / 53/54

Email: admin_unit7@smspharma.com

Research and Development Centre

Sy. No. 186, 189 & 190, Gagillapur Village,
Dundigal- Gandimaisamma Mandal,
Medchal-Malkajgiri District, Hyderabad,
Telangana – 500043,

Ph.No. + 91 – 8418 – 257337 / 8

Email: rnd@smspharma.com

With over three decades of experience, SMS Pharmaceuticals has evolved into a diversified manufacturer of Active Pharmaceutical Ingredients (APIs), serving customers across regulated and emerging markets. What began in 1990 as a single-product, single-facility operation has grown into a multi-location enterprise with a broad portfolio spanning diverse therapeutic segments.

About Us

Our precision-driven approach, supported by advanced manufacturing, strong process development capabilities and regulatory expertise, enables us to consistently deliver quality, reliability and innovation at scale. Amid a dynamic operating environment across several API segments, we remain focused on expanding our presence in key APIs, enhancing backward integration and broadening our product portfolio.

Today, we export to more than 75 countries and serve over 800 leading global pharmaceutical companies. Guided by our commitment to innovation and operational excellence, we strive to create enduring value for our stakeholders while advancing access to healthcare worldwide.

Vision

Being a quality conscious organisation, our vision encircles quality and customer satisfaction. SMS believes in delivering the best value to its customers in a most economical way.

Mission

Setting benchmark as a leading quality manufacturer develop cost effective process for API's, manufacture and market them in regulatory markets manufacture and supply intermediates to patent holders in US and EU forging relationships with top notch companies for contract manufacturing and contract research projects broaden our product base across various therapeutic segments.

At a Glance

36+
Years in API manufacturing and development

#1
Largest single block Ibuprofen plant in Asia

₹ 887 Cr
Revenue in FY26

20%
EBITDA Margin in FY26

₹ 102 Cr
PAT in FY26

What Sets Us Apart

Strong Regulatory Track Record

140+ DMFs filed across global markets, supported by approvals from leading regulatory authorities including USFDA, EU-GMP, PMDA, KFDA and CDSCO, enabling access to highly regulated pharmaceutical markets.

Diversified API Portfolio

Our portfolio comprises **55+** APIs across 14 therapeutic segments, spanning both high-volume and specialised molecules, reducing reliance on any single product category.

Integrated Manufacturing Platform

2 manufacturing facilities, with an installed capacity of over **3,120 KL,** are supported by backward integration, specialised production capabilities and a **₹280 crore** expansion programme to support future growth.

Reliable Global Supply Network

We export to more than **75** countries, with **88%** of FY2025-26 revenue generated from regulated markets, reflecting a well-diversified international presence.

Long-standing Customer Relationships

We serve more than **800** customers, including leading global pharmaceutical companies across regulated and emerging markets. Our long-term partnerships are built on consistent quality, regulatory compliance and reliable execution.

Marquee Customer Base

teva	SUN PHARMA	zydus Dedicated To Life	Cipla	ALKEM
ScieGen Pharmaceuticals Inc.	GRANULES	sanofi	Johnson & Johnson	Dr.Reddy's
Mylan	LAURUS Labs	glenmark A new way for a new world	CHEMO	AUROBINDO

Diversified Portfolio

Our product portfolio has been thoughtfully developed to balance scale, specialisation and future growth opportunities. Combining high-volume APIs with complex, value-added molecules, we cater to diverse therapeutic requirements while adapting to evolving market demand. Sustained investments in product development, process innovation and pipeline expansion enable us to broaden our offerings and reinforce our position across global pharmaceutical markets. Today, our portfolio comprises more than 55 APIs across 14 therapeutic segments, with a strong presence in key categories including anti-diabetic, anti-retroviral (ARV), anti-inflammatory, anti-migraine and anti-ulcer.

55+

Active Pharmaceutical Ingredients

14

Therapeutic Segments

During FY2025-26, our portfolio recorded stronger contributions from anti-retroviral and anti-inflammatory APIs, alongside continued expansion into niche therapeutic categories.

High-value APIs

Our high-value API portfolio addresses specialised therapeutic requirements while creating differentiated growth opportunities.

Key therapeutic categories	Products
Anti-diabetic	Sitagliptin, Empagliflozin, Dapagliflozin, Vildagliptin
Anti-migraine	Sumatriptan, Rizatriptan, Eletriptan
Anti-erectile dysfunction	Tadalafil, Sildenafil, Vardenafil
Anti-epileptic	Levetiracetam, Perampanel, Lamotrigine
Anti-anginal	Ranolazine

42%

Revenue contribution in FY26

High-volume APIs

Designed for scale and efficiency, our large-volume API portfolio serves domestic and global markets through backward integration and cost-efficient manufacturing.

Key therapeutic categories	Products
Anti-inflammatory	Ibuprofen
Anti Retro Viral (ARV)	Tenofovir
Anti-ulcer	Famotidine, Pantoprazol

54%

Revenue contribution in FY26

CDMO and Integrated Development Services

We are expanding our contract development and manufacturing capabilities through investments in technical expertise, development infrastructure and process capabilities. As these capabilities evolve, they will complement our API business by supporting collaborative product development and commercial manufacturing for global pharmaceutical companies.

Future Portfolio Expansion

20

DMF, CEP and dossier filings targeted over next 24 months

Strengthening our pipeline across

- Anti-inflammatory
- Anti-diabetic
- Anti-hypertensive
- Anti-psychotic
- Ulcerative colitis

Our Global Footprint

Our presence across international markets reflects a carefully developed network built over more than three decades. By serving customers across diverse geographies, we remain well positioned to respond to regional market requirements and deliver quality solutions with consistency and reliability.

● **66%**
Revenue from Export

● **34%**
Revenue from Domestic

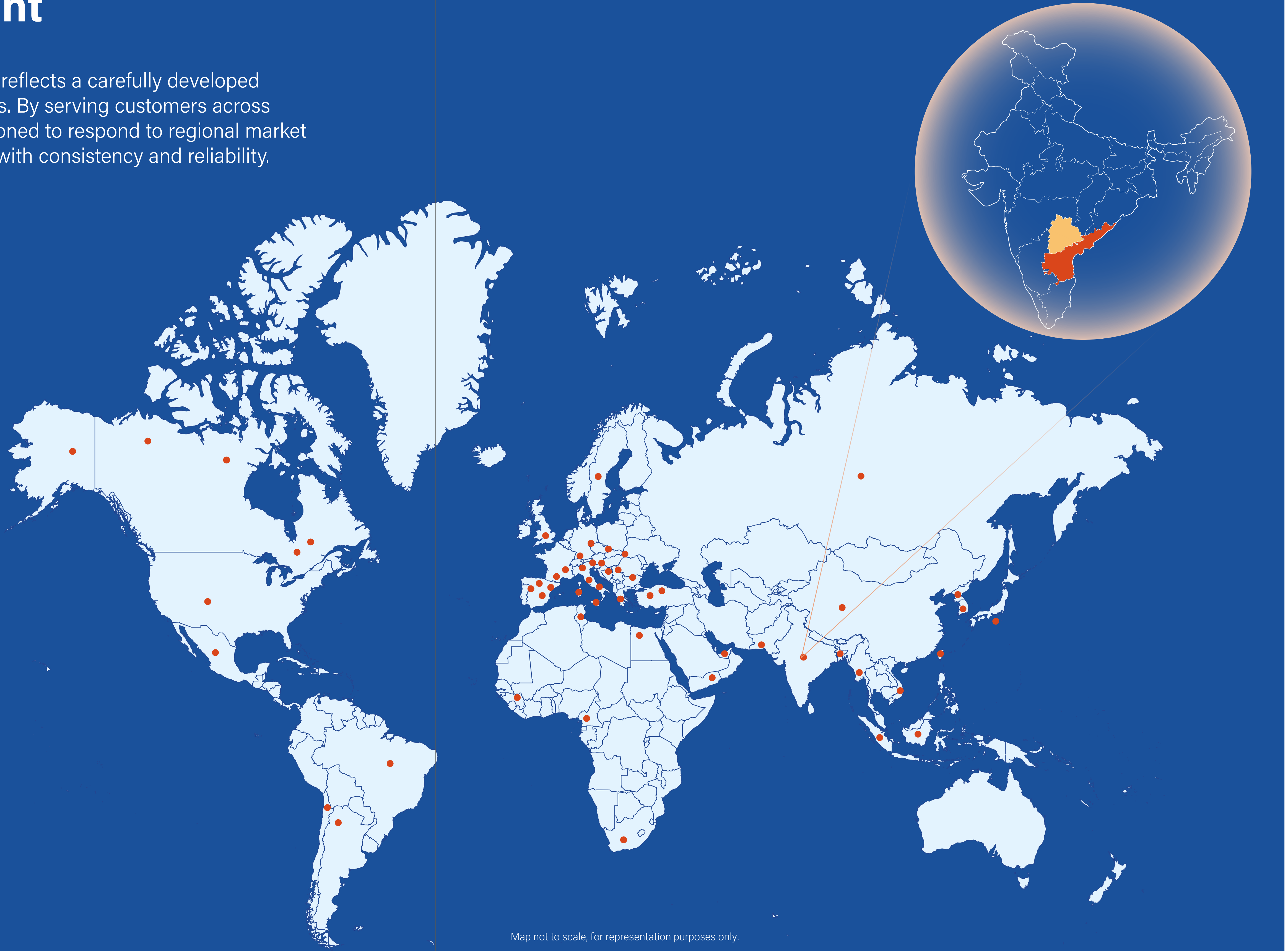
● **22%**
Europe

● **6%**
Asia (Ex. India)

● **26%**
North America

● **31%**
EOU/SEZ/DE sales

● **15%**
India



Map not to scale, for representation purposes only.

Chairman's Message

From Innovation to Expansion, Powered by Purpose

> Much of this groundwork is now in place, and we expect to see the benefits of these investments become more visible in the coming years through higher revenues, stronger volumes, and improved profitability.

Ramesh Babu Potluri
Chairman and Managing Director

Dear Shareholders,

It gives me great pleasure to present the Annual Report of SMS Pharmaceuticals Limited for the financial year 2025-26. This was an important year for our business. While the operating environment remained dynamic across several API segments, we remained focused on increasing market share in our key APIs, strengthening backward integration, and building a diversified product portfolio.

More importantly, the year was a year of building the foundation for the next phase of growth. Over the past three years, we have invested significantly in backward integration, product registrations, plant engineering and capacity expansion. Much of this groundwork is now in place, and we expect to see the benefits of these investments become more visible in the coming years through higher revenues, stronger volumes, and improved profitability.

Adapting to a Changing World

The operating environment remains positive despite global challenges arising due to shifting trade flows, geopolitical tensions and evolving policy frameworks. During the year, ongoing geopolitical developments in the Middle East affected logistics, freight movement and the predictability of supply chains for both raw materials and finished products. We responded with agility, focusing on operational continuity and disciplined execution. Our diversified sourcing strategy, complemented by an expanding domestic supplier base and prudent inventory management, strengthened the resilience of our supply chain and ensured uninterrupted service to our customers.

A significant milestone during the year was the successful commissioning of our backward integration project for key APIs. Our continued investments in backward integration have proven strategically important, enhancing supply security, improving cost competitiveness and strengthening margin resilience. More importantly, these capabilities reinforce customer confidence by enabling us to deliver reliable, high-quality products even in an increasingly uncertain global environment.

₹ 887 Crore
Revenue in FY26

₹ 102 Crore
PAT in FY26

₹ 171 Crore
EBITDA in FY26

47%
Growth in PAT Y-o-Y

> During the year, ongoing geopolitical developments in the Middle East affected logistics, freight movement and the predictability of supply chains for both raw materials and finished products. We responded with agility, focusing on operational continuity and disciplined execution. Our diversified sourcing strategy, complemented by an expanding domestic supplier base and prudent inventory management, strengthened the resilience of our supply chain and ensured uninterrupted service to our customers.

A Stronger Year, By Every Measure

FY2025-26 was a year of steady financial progress, driven by healthy demand across our anti-inflammatory and antiretroviral (ARV) portfolio, along with an improvement in margins. Revenue for the year grew by 13% to ₹887 crore, while gross profit increased by 14% to ₹303 crore, with gross margins holding firm at 34%. EBITDA rose by 23% to ₹171 crore, while Profit After Tax grew by 47% to ₹102 crore. VKT Pharma, our associate company, contributed a healthy ₹14 crores to the FY26 PAT. We anticipate its full-year contribution to be sustainable and strengthen into FY27.

New Molecules, New Possibilities

Innovation continues to be at the heart of our long-term growth strategy. We remain focused on expanding our product portfolio through sustained investments in research and development and a robust pipeline of differentiated molecules. During FY26, we filed 12 DMFs and CEPs and intend to maintain a similar pace of filings over the next two years. These molecules, spanning both our existing technology platforms and new therapeutic areas, reflect our strategic focus on building a portfolio of high-value APIs that can drive sustainable growth.

We are also making encouraging progress in peptides, an emerging area with significant long-term potential. Having established our peptide R&D capabilities, we are seeing promising early outcomes. While still at a nascent stage, we believe peptides represent an attractive growth opportunity and have the potential to become an important contributor to the Company's future growth.

Preparing for the Next Leap

Over the past three years, we have consistently invested in building the capabilities that will support the next phase of our growth. Our ongoing capex programme of approximately ₹280 crore, expected to be completed by the end of FY27, is expanding capacity for existing APIs, creating manufacturing capabilities for new APIs, enhancing our R&D and CDMO infrastructure, and supporting our entry into peptides.

9,600 MTPA

Planned ibuprofen manufacturing capacity

> We remain focused on expanding our product portfolio through sustained investments in research and development and a robust pipeline of differentiated molecules. During FY26, we filed 12 DMFs and CEPs and intend to maintain a similar pace of filings over the next two years. These molecules, spanning both our existing technology platforms and new therapeutic areas, reflect our strategic focus on building a portfolio of high-value APIs that can drive sustainable growth.

A key part of this expansion is the increase in our ibuprofen manufacturing capacity to 9,600 metric tonnes per annum. Upon completion, this will position us as among the largest ibuprofen manufacturers globally. Alongside this, the programme also includes capacity additions for multiple existing and new high-margin APIs that are expected to strengthen our product mix and improve profitability.

These investments also lay the foundation for future growth through new capabilities in peptides and CDMO services, enabling us to participate in attractive, high-value segments of the pharmaceutical value chain. Together with the capabilities of VKT Pharma, they are helping build a broader, more integrated platform with multiple growth engines that will create sustainable value for our stakeholders in the years ahead.

Growing Responsibly

As our business grows, we are equally mindful of how we use natural resources and manage the environmental impact of our operations. During the year, we invested further in energy-efficient technologies, advanced pollution control systems and process improvements across our facilities. Our Zero Liquid Discharge (ZLD), Multiple Effect Evaporator (MEE) and Reverse Osmosis (RO) systems also helped improve water recovery and reuse, while allowing us to use resources more efficiently across our manufacturing operations.

Our responsibility also extends beyond the boundaries of our plants. We continued to support communities around us through initiatives in education, healthcare and community well-being, while creating a workplace where people have the opportunity to learn, develop their capabilities and play a meaningful role in the Company's progress.

The Road Ahead

As we look ahead, our objective is clear: to build a larger, more diversified and higher-margin business while maintaining disciplined capital allocation and a sharp focus on execution. While we remain watchful of geopolitical developments and their impact on global logistics and supply chains, we are equally confident about the opportunities before us and will approach the near term with due caution. The completion of our ongoing Capex programme by FY27, along with the commercialisation of new high-value APIs, further progress in peptide research and the development of our CDMO capabilities, will open up new avenues for growth over the coming years.

I would like to thank our shareholders, customers and employees for the trust they continue to place in us and for being an important part of our progress. The investments we have made and the capabilities we have built give us confidence in what lies ahead, and I look forward to building a stronger SMS Pharmaceuticals together.

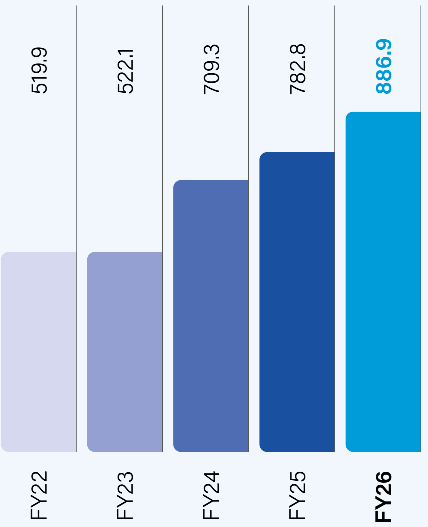
Warm regards,

Ramesh Babu Potluri
Chairman and Managing Director

Key Performance Indicators

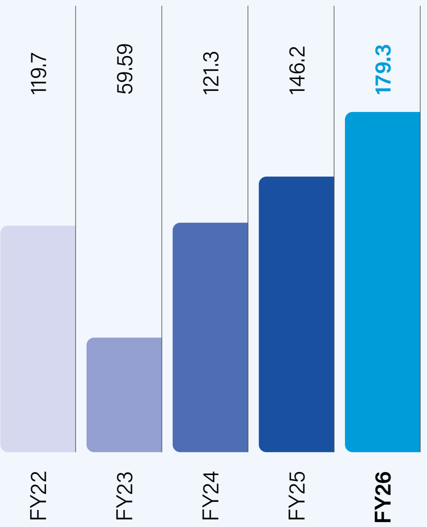
Revenue

(in ₹ Crore)



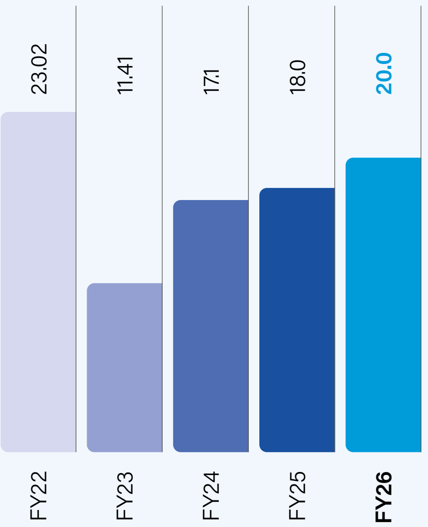
EBITDA

(in ₹ Crore)



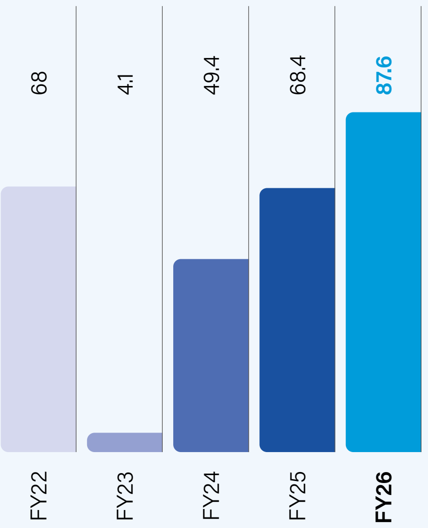
EBITDA margin

(in %)



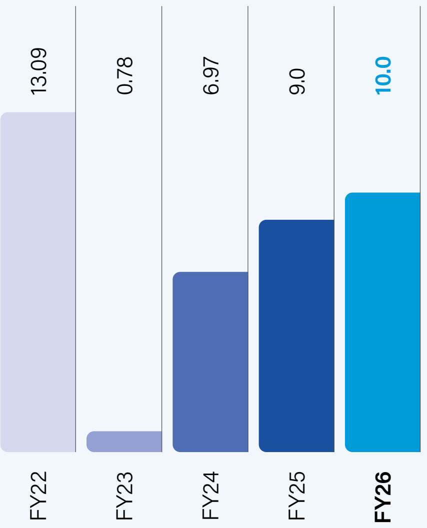
PAT

(in ₹ Crore)



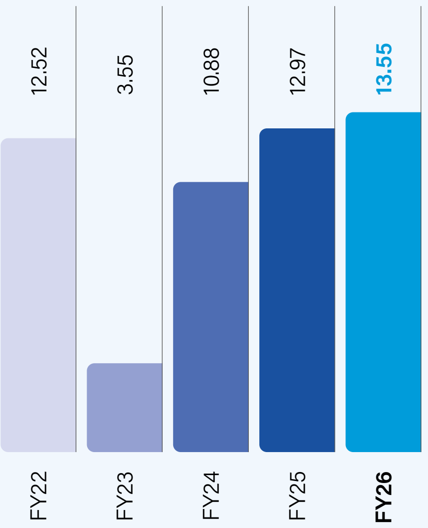
PAT margin

(in %)



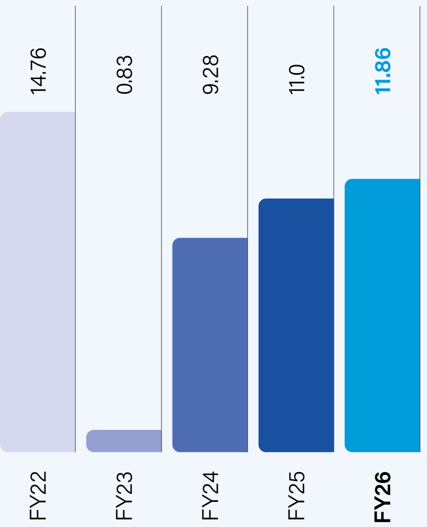
ROCE

(in %)



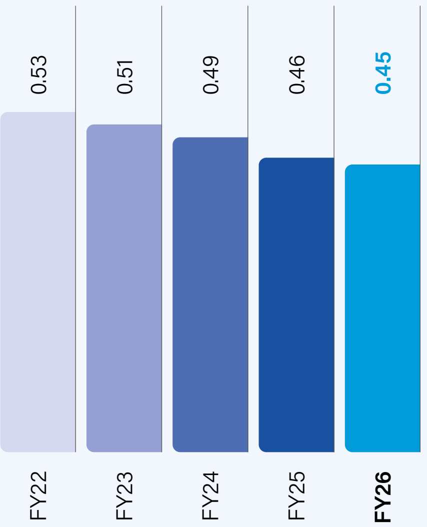
ROE

(in %)



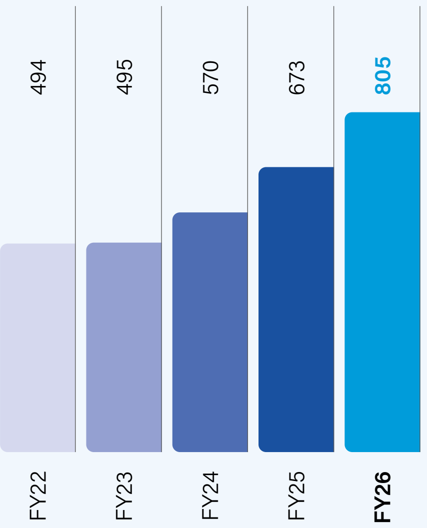
Debt to Equity ratio

(in times)



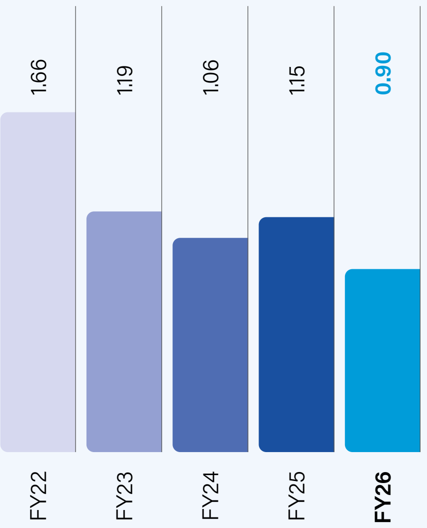
Net Worth

(in ₹ Crore)

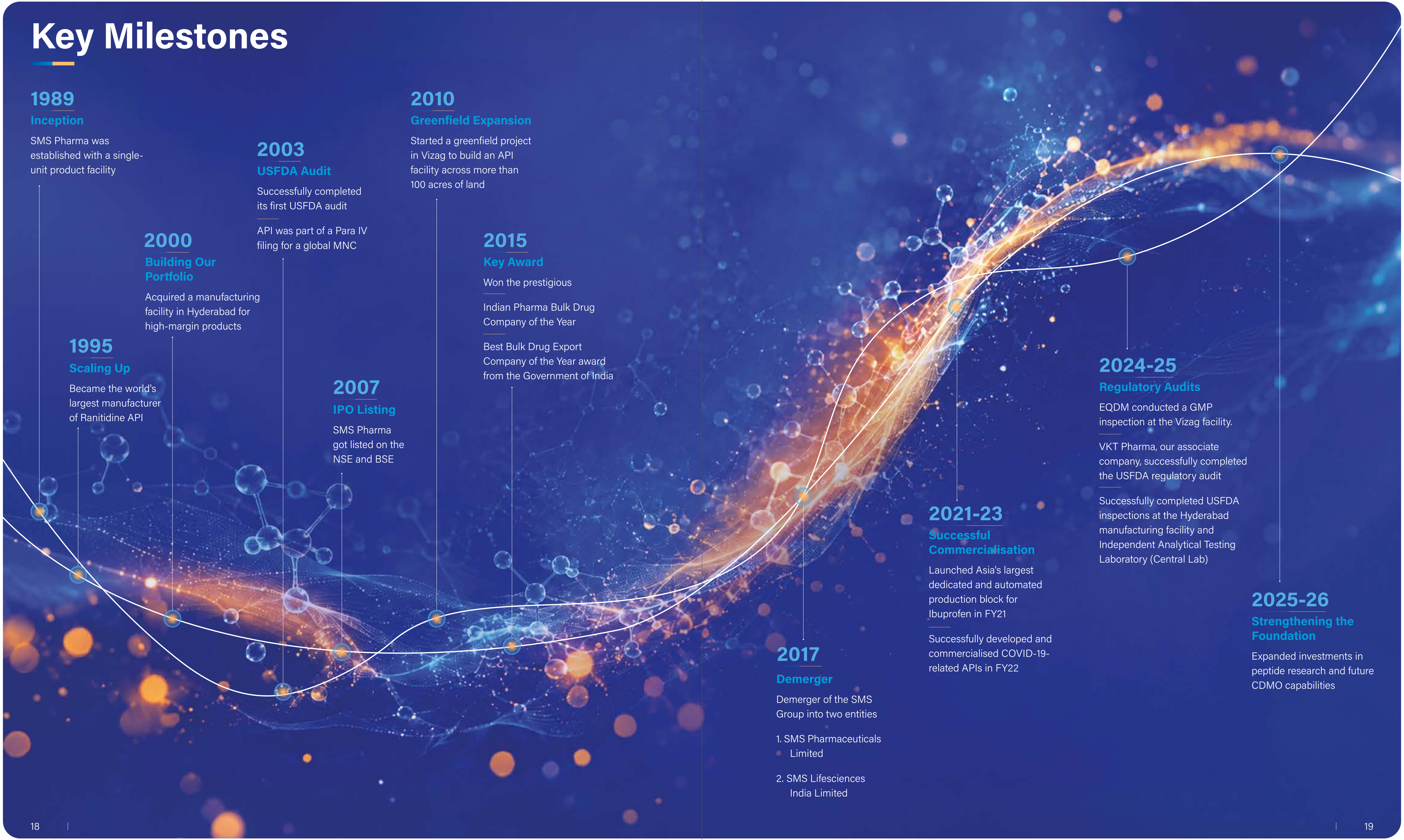


CSR Spend

(in ₹ Crore)



Key Milestones



1989
Inception
SMS Pharma was established with a single-unit product facility

1995
Scaling Up
Became the world's largest manufacturer of Ranitidine API

2000
Building Our Portfolio
Acquired a manufacturing facility in Hyderabad for high-margin products

2003
USFDA Audit
Successfully completed its first USFDA audit

API was part of a Para IV filing for a global MNC

2007
IPO Listing
SMS Pharma got listed on the NSE and BSE

2010
Greenfield Expansion
Started a greenfield project in Vizag to build an API facility across more than 100 acres of land

2015
Key Award
Won the prestigious

Indian Pharma Bulk Drug Company of the Year

Best Bulk Drug Export Company of the Year award from the Government of India

2017
Demerger
Demerger of the SMS Group into two entities

1. SMS Pharmaceuticals Limited
2. SMS Lifesciences India Limited

2021-23
Successful Commercialisation
Launched Asia's largest dedicated and automated production block for Ibuprofen in FY21

Successfully developed and commercialised COVID-19-related APIs in FY22

2024-25
Regulatory Audits
EQDM conducted a GMP inspection at the Vizag facility.

VKT Pharma, our associate company, successfully completed the USFDA regulatory audit

Successfully completed USFDA inspections at the Hyderabad manufacturing facility and Independent Analytical Testing Laboratory (Central Lab)

2025-26
Strengthening the Foundation
Expanded investments in peptide research and future CDMO capabilities

How We Create Value

INPUTS

Financial performance

₹ 9.37 crores
Equity share capital

₹ 647.04 crores
Capex

₹ 804.80 crores
Net worth

Manufactured excellence

Hyderabad
120 KL
Installed capacity

Visakhapatnam
3,000 KL
Installed capacity

Research and development

100+
Scientists

6
PHDs

₹ 14 crores
R&D expenditure in FY25

Workforce prioritisation

1,600+
Employees

1312
Employees trained on health and safety in FY25

Society and community relationships

₹ 0.90 crores
CSR expenditure

5
CSR projects undertaken

200
Employees Volunteered

Natural Capital

5,87,133 joules/ p.a
Total energy consumption

2,19,940 KL / p.a
Total water withdrawal

VALUE CREATION PROCESS

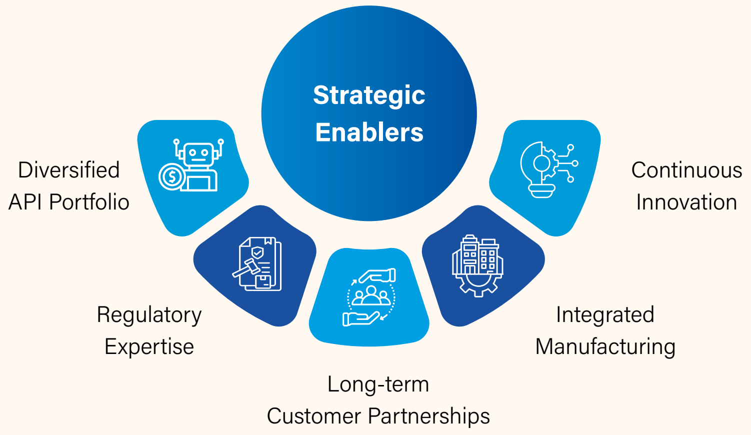
Research and development

Backward integration

Manufacturing excellence

Quality and compliance

Global supply and client partnerships



Strategic Enablers

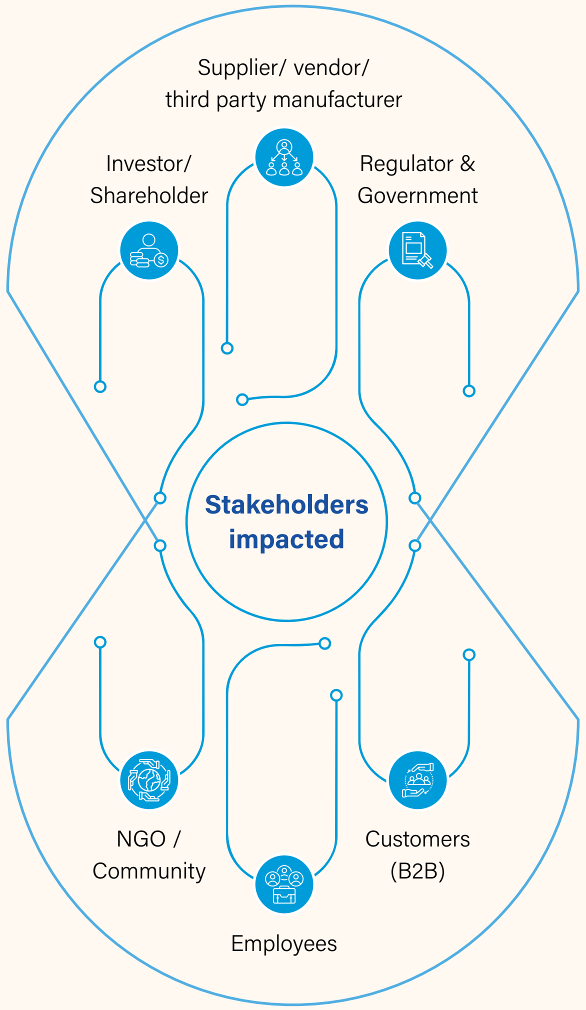
Diversified API Portfolio

Continuous Innovation

Regulatory Expertise

Integrated Manufacturing

Long-term Customer Partnerships



Stakeholders impacted

Supplier/ vendor/ third party manufacturer

Investor/ Shareholder

Regulator & Government

NGO / Community

Customers (B2B)

Employees

OUTPUTS

Financial performance

₹ 887 crores
Revenue from operations

₹ 88 crores
Profit after tax

₹ 9.58
Earnings per share

Manufactured excellence

3,600.67 M.T
Product sold

Research and development

35+
process patent held by the Company

4
New product launches

Workforce prioritisation

451
New recruits

55,423
Total training hours

Society and community relationships

1,700
CSR Beneficiaries

Natural Capital

2,67,840 units p.a
Energy saved

52,665 KL p.a
Water recycled

Stakeholders’ Engagement

Meaningful stakeholder engagement lies at the heart of how we create sustainable value. By fostering open dialogue, transparent communication and lasting relationships, we seek to understand the evolving expectations of our stakeholders and respond with accountability and purpose. These ongoing interactions provide valuable insights that shape our decisions, strengthen mutual trust and enable us to create shared value while advancing our long-term strategic objectives.

Investors and Shareholders

Why we engage	How we engage	Frequency of engagement
To communicate our business performance, strategic developments and financial results, while maintaining transparency and fostering long-term investor confidence	↗ E-mail ↗ Newspaper ↗ Company website ↗ Annual General Meetings (AGMs) ↗ Intimations to stock exchanges ↗ Annual and quarterly financial results ↗ Investor meetings and conferences	Need based

Regulators and Government

Why we engage	How we engage	Frequency of engagement
To uphold regulatory compliance, remain aligned with evolving policy and regulatory frameworks, and contribute responsibly to the advancement of the pharmaceutical industry	↗ One-on-one meetings ↗ Conferences	Need based

Suppliers, Vendors and Third-party Manufacturers

Why we engage	How we engage	Frequency of engagement
To ensure a reliable supply of quality raw materials and services, strengthen operational collaboration and driving operational efficiency and shared value	↗ Multiple communication channels – physical and digital	Frequent and need based

NGOs and Communities

Why we engage	How we engage	Frequency of engagement
To create meaningful and lasting social impact through initiatives that advance education, healthcare and community development	↗ Multiple communication channels – physical and digital	Frequent and need based

Customers (B2B)

Why we engage	How we engage	Frequency of engagement
To understand evolving customer requirements, deliver consistent product quality and service, and build enduring business partnerships founded on trust and reliability	↗ Multiple communication channels – physical and digital	Frequent

Employees

Why we engage	How we engage	Frequency of engagement
To foster a safe, inclusive and engaging workplace while supporting learning, capability development and employee well-being	↗ Direct and other communication mechanisms	Quarterly

Operational Excellence

Every advancement across our operations is guided by a simple objective: delivering quality APIs with greater efficiency, reliability and cost competitiveness. By continually enhancing our processes, improving asset utilisation and driving operational discipline, we are building a manufacturing platform that is more agile, efficient and resilient. During FY2025-26, these efforts translated into stronger operational performance, reinforcing our ability to deliver consistent value to customers while creating a scalable foundation for sustained growth.

Integrated Operating Model

In-house Manufacturing of Critical Intermediates	Chemo Iberica S.A.	VKT Pharma Pvt. Ltd.,
Commercial production of key intermediates strengthened supply assurance, improved cost competitiveness and enhanced manufacturing efficiency	Combining our API development and manufacturing capabilities with Chemo's commercial reach to unlock first-to-market opportunities in regulated markets	Strengthening our pharmaceutical value chain through finished formulations while supporting long-term value creation

Enabling

- Better control over critical intermediates
- Improved supply chain reliability
- Enhanced cost competitiveness
- Scalable manufacturing for global markets
- Consistent quality and regulatory compliance

Our Facilities

Vizag Facility

2010
Year of Establishment

3,45,007 m²
Total area

4 times
Approved by USFDA

3,000 KL
Installed Capacity for niche large volume molecules

Regulatory approvals
USFDA, KFDA, CDSCO, PMDA

Key products manufactured

Ibuprofen, Tenofavir, Ranolazine, Levetiracetam, Lamuvidine, Lamotrigine, Sitagliptin etc.,

Highlights

- 01 Flagship multipurpose API manufacturing facility
- 02 Specialised for large volume niche molecule production
- 03 Extensive CMO capabilities serving global customers
- 04 Asia's largest dedicated single-block Ibuprofen manufacturing facility

Hyderabad Facility

2000
Year of Establishment

48,158 m²
Total area

6 times
Approved by USFDA

120 KL
Installed Capacity for niche small-volume molecules

Regulatory approvals
USFDA, EU-GMP, KFDA, CDSCO, PMDA

Key products manufactured

Famotidine, Rizatriptan Benzoate, Tadalafil, Sumatriptan Succinate, Itraconazole, Eletriptan HBr

Highlights

- 01 Specialised facility for niche, small volume molecules manufacturing
- 02 One of the leading exporters of Triptans

Quality and Regulatory Excellence

Quality and compliance are integral to every stage of our operations. Through advanced analytical laboratories, robust quality systems and disciplined manufacturing practices, we ensure our APIs consistently meet stringent global regulatory and customer requirements. Continuous monitoring, comprehensive testing and a strong culture of compliance reinforce product integrity, operational reliability and customer confidence.

Building Capacity

₹280 Crore

Capacity Expansion Programme

To strengthen our manufacturing platform through

01 Expansion of existing API capacities

02 New manufacturing blocks for future molecules

03 Strengthening environmental infrastructure, including ETP capabilities

04 Dedicated facilities for peptide research

05 Development of future CDMO capabilities

Research and Development

Our R&D capabilities support every stage of the product lifecycle, from process development and regulatory filings to commercial-scale manufacturing. Through sustained scientific innovation and continuous process enhancement, we are expanding our pipeline and advancing technologies that support long-term growth. During FY2025-26, we expanded our regulatory pipeline with 12 DMF and CEP filings, while making further progress across emerging platforms, including peptides and CDMO.

100+

Scientists

12

DMF and CEP filings in FY2025-26

140+

DMFs filed to date

20

Products added since FY22

35+

Process patents

Building Future Platforms

Strengthening Core APIs

We continue to expand our portfolio of differentiated APIs across anti-diabetic, anti-epileptic, anti-anginal, anti-migraine and other specialised therapeutic categories.

Progressing in Peptides

We have established dedicated peptide R&D capabilities and initiated development across multiple products. Encouraging early outcomes reinforce the platform's long-term potential, with meaningful commercial contribution expected from FY2028-29 onwards.

Developing CDMO Capabilities

We are strengthening the technical expertise, development infrastructure and process capabilities required to participate in CDMO opportunities. This initiative is currently focused on capability building and project evaluation, with the objective of expanding our role from API manufacturing to collaborative product development and commercial supply.

Environmental Stewardship

Environmental responsibility is fundamental to how we create long-term value. We are committed to reducing our environmental footprint through the responsible use of natural resources, improved resource efficiency and sustainable operating practices. By embedding environmental considerations into our decision-making, we seek to support resilient growth while contributing to a more sustainable future.

100+
Scientists

140+
DMFs filed to date

35+
Process patents

12
DMF and CEP filings in FY2025-26

20
Products added since FY22

Energy Management

Improving energy efficiency is an integral part of our approach to sustainable manufacturing. Through targeted investments in modern technologies and continuous process optimisation, we are reducing energy consumption, enhancing operational efficiency and lowering our environmental footprint.

2,67,840 units/year
Energy saved

Key Initiatives

- Adoption of energy-efficient equipment and advanced pollution control systems
- Process improvements to optimise energy utilisation across manufacturing facilities
- Compliance with applicable environmental regulations and operational standards

Water Management

Water conservation is embedded across our manufacturing operations through advanced treatment, recovery and reuse systems. These investments enable us to optimise water utilisation, reduce freshwater dependence and enhance resource efficiency across our facilities.

52,665 KL
Water recycled

Key Initiatives

- Zero Liquid Discharge (ZLD) systems across manufacturing facilities
- Multiple Effect Evaporator (MEE), Reverse Osmosis (RO) and biological treatment systems for water recovery
- Reuse of treated water across operations to promote responsible water stewardship

Driving Inclusive Growth

We have always believed that lasting growth is built by creating opportunities for the people and communities connected to our business. Guided by this belief, we are committed to fostering an inclusive workplace where our employees are empowered to learn, grow and contribute, while investing in initiatives that advance education, healthcare and community well-being. Through these efforts, we create shared value that extends beyond business performance and contributes to sustainable, long-term progress.

Empowering Our People

We are committed to fostering a safe, inclusive and collaborative workplace where continuous learning and professional development empower our employees to build new capabilities, realise their potential and contribute to a high-performance culture.

1617
Employees

6.56%
Women employees

451
Employees joined in FY26

55,423
Training hours

220
Training initiatives undertaken

22
Safety trainings conducted

Supporting Communities

Our approach to community development is guided by the belief that lasting progress begins with local action. By investing in education, healthcare and rural development, we work alongside communities to strengthen access to opportunities and support their long-term well-being.

₹ 0.90 Crore
CSR expenditure

1700
Beneficiaries

Board of Directors

Mr. Ramesh Babu Potluri

Executive Director, Chairperson, MD

A compassionate humanitarian with a vision to bring drugs within the economic reach of millions of patients' best describes Mr. Ramesh Babu, Founder Chairman of SMS Pharmaceuticals Ltd.

He has provided strategic leadership with his never say die attitude to not just SMS but the entire Hyderabad Drug industry in general. Served on boards of organizations like Chemexcil and has been advisor to AP State Government for Pharma sector.

Mr. Ramesh Babu is widely travelled, an avid reader and an astute thinker in the Pharma industry with a rare insight into both upstream and downstream sectors.

Mr. Shravan Kudravalli

Non-Executive - Independent Director

Commerce graduate from Osmania University and a fellow member of the Institute of Chartered Accountants of India.

He is a partner in a reputed Chartered Accountancy firm and has experience in the area of Auditing, Accountancy, Company Law matters, Income tax and finance. He is involved in handling Internal and Statutory Audits for various Public and Private Companies and ERP systems designing for clients.

He worked in various organizations both in India and abroad.

Mr. Sarvepalli Srinivas

Non-Executive - Independent Director

Mr. Sarvepalli Srinivas holds a B.Com. Degree from the University of Delhi and Post-Graduation in Mass Communication from Indian Institute of Mass Communication.

He is an accomplished Business leader with over 3 decades of proven leadership experience in leading Public / Private Sector enterprises with decisive and forward thinking with a strong vision and strategic capability. He has excellent people skills and problem solving capability, exceptional blend of fiscal and management capabilities, financially astute, strategic thinking and highly analytical. He has a consistent track record of increasing sales and growing bottom line, while spearheading operational improvements in varied business verticals, cross-sector exposure with effective vision, excel in dynamic, demanding environments, while remaining pragmatic and focused.

Professional Experience: Over 35 years of experience in leading Public / Private Sectors. He served as
- National Handloom Development Corporation Ltd (NHDC) – Managing Director
- National Textile Corporation Ltd (NTC) – Chairman & Managing Director. (between 2013 to 2018)

Mr. Vamsi Krishna Potluri

Executive Director

Mr. Vamsi Krishna is a graduate from Bits Pilani – Dubai and completed his masters in engineering management from Missouri University of science and technology in United States.

Before joining SMS, he worked for OHM laboratories in supply chain to better understand the international market. Joined the SMS group at a very young age to give the much needed impetus and youthful vigor in its quest to be one of the largest API manufacturers.

He is currently looking after operations in SMS pharmaceuticals trying to mould it as per new generation requirements

Mr. Trilok Potluri

Non-Executive - Non-Independent Director

Mr. Trilok Potluri has completed his graduation in Computer Science at BITS Pilani-Dubai and has pursued his diploma in the field of Arts & Design and Game Design from Vancouver Film School. He is a passionate game designer and a serial entrepreneur with a 9+ years of management experience encompassing the avenues of Gaming, Animation, F&B & IT services.

He has expertise skills in Strategic planning, Monitoring & evaluating, financial planning. Business Management, Communication Tactical Market Planning, Organizational strategy, structure and dealt with various domestic and international clients.

Dr. Sunkara Venkata Satya Shiva Prasad

Non-Executive - Non-Independent Director

Dr. Sunkara Venkata Satya Shiva Prasad served in Indian Revenue Service from 1988 to 2021. He completed his Doctorate in Agricultural sciences from Indian Agricultural Research Institute, New Delhi. He was selected for IRS in the year 1988. He was under gone training at National Academy of Direct Taxes in Accountancy, Companies Act, and also Industrial finance and management. He worked in various capacities as Assistant commissioner, Additional commissioner, Commissioner, Principal Commissioner and Retired as Chief Commissioner of Income Tax. Throughout his carrier he dealt with Accounting issues, Corporate finance issues, Industrial management and Industrial finance issues while working in Hyderabad, Bengaluru, Kolkata, Coimbatore etc.

He had rich exposure regarding Accountancy issues, administration of Companies Act and Industrial Finance Management. He also had exposure to business restructuring of companies in accordance with Income tax act and other statutes.

Dr. Suresh Kumar Gangavarapu

Non-Executive - Independent Director

Dr. Gangavarapu Suresh Kumar holds an M.B.B.S. Degree from Gandhi Medical College Hyderabad and M.S. (General Surgery) from Gulbarga University, Karnataka.

He is a Practicing Consultant Surgeon at several Multispecialty Hospitals at Hyderabad. At Present he is also clinical Director of Robotic Surgery at KIMS group of hospitals, Hyderabad.

He has rich experience in corporate business strategies, formulating financial strategies, strategic planning, corporate affairs, especially in pharmaceutical business.

Mrs. Shanti Sree Bolleni

Non-Executive - Independent Director

Mrs. Shanti Sree Bolleni is a Fellow Member of the Institute of Chartered Accountants of India Holding Certificate of Practice since August, 1984 and Designated Partner of M/s. Tukaram& Co LLP., Chartered Accountants, Hyderabad.

She is serving as a Nominee Trustee on the Board of M/s. Pullela Gopichand Badminton Foundation Since October, 2018.

She is serving as an Executive Committee Member on the Board of Vijaya Society, running 2 Schools by the name of Vijaya Public School (English Medium and Telugu Medium) at Challapalli, Krishna District, Andhra Pradesh since 2012.

She served as a Nominee Director (nominated by SBI) on the Board of State Bank of Hyderabad from March 2015 to 31st March, 2017 i.e., up to the date of Merger with SBI. She served as Governing Council Member of The AP Tax Bar Association from 2008 to 2012 and as a President of the Association for the year 2010-11.

She also served as an External Member, Board of Studies, Department of Commerce, Osmania University College for Women (Autonomous University), Koti, Hyderabad.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

Awards and Accolades

Indo-US GCNC Award

Recognised as the first Indian pharmaceutical company to receive the Indo-US GCNC Award for implementing green chemistry practices.

Pandit Jawaharlal Nehru Silver Rolling Trophy

Honoured with the Pandit Jawaharlal Nehru Silver Rolling Trophy for excellence in productivity efforts in Andhra Pradesh.

India Pharma Bulk Drug Company of the Year

Awarded the India Pharma Bulk Drug Export Company of the Year by the Government of India.

Board’s Report

To
The Members of
SMS Pharmaceuticals Limited.

The Directors are pleased to present the 38th Annual Report of SMS Pharmaceuticals Limited (“The Company”) along with the Audited Financial Statements for the Financial Year ended 31st March, 2026. The Consolidated performance of the Company has been referred to wherever required.

FINANCIAL SUMMARY

The Audited Financial Statements of your Company as on 31st March, 2026, are prepared in accordance with the relevant applicable Indian Accounting Standards (“Ind AS”) and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and the provisions of the Companies Act, 2013 (“Act”).

The summarized financial highlight is depicted below:

(INR in Lakhs)

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Gross Sales	94,989.68	82,392.24	94,989.68	82,392.24
Net Sales	86,643.29	77,191.14	86,643.29	77,191.14
Income from Services	1,679.89	736.26	1,679.89	736.26
Other Operating Income	363.92	347.41	363.92	347.41
Net Revenue from Operations	88,687.10	78,274.81	88,687.10	78,274.81
Other Income	835.38	622.44	835.37	622.44
EBIDTA	17926.61	14619.87	17963.25	14,521.57
Finance Charges	2307.56	1854.09	2307.56	1,854.09
Depreciation	3991.93	3433.73	3991.93	3,433.73
Profit Before Tax	11627.13	9332.05	11663.76	9,233.75
Taxation	2866.20	2493.93	2863.97	2,493.93
Profit After Tax	8760.93	6838.12	10198.91	6913.50
Earnings per share - Basic/Diluted(Rs)	9.58	8.07	11.15	8.16

STATEMENT OF AFFAIRS AND COMPANY’S PERFORMANCE

Financial & Production Performance

During the FY 2025-26 the Company had achieved production of 3,600.67 M.T. of APIs and their Intermediates in comparison with replace with: 3,097.24 M.T for the previous FY 2024-25.

During the FY 2025-26 the Company recorded the net sales of ₹ 86,643.29 Lakhs as against ₹ 77,191.14 Lakhs for the previous FY 2024-25. The Company has recorded EPS of ₹ 9.58 in the FY 2025-26 as against ₹ 8.07 for the previous FY 2024-25.

Subsidiaries and Associates

Your Company is having an Associate Company i.e., “VKT Pharma Private Limited”. Your Company holds 34.83% of equity shares in the said Associate Company during the Financial Year ended 31st March, 2026 and the share of profit for your Company for the Financial Year 2025-26 was ₹ 1399.12lakhs.

Your Company is having a wholly owned subsidiary Company i.e., “SMS Colab Private Limited” incorporated on December 23, 2025. Your Company holds 100% equity shares in the said wholly owned subsidiary Company during the Financial Year ended 31st March, 2026 and the share of Loss for your Company for the Financial Year 2025-26 was ₹ 0.60 lakhs.

Your Company is having a subsidiary Company i.e., “SMS Peptides Private Limited” incorporated on November 01, 2024. Your Company holds 99.99% equity shares in the said subsidiary Company during the Financial Year ended 31st March, 2026 and the share of Loss for your Company for the Financial Year 2025-26 was ₹ 15.10 lakhs.

The Company does not have any material subsidiaries. The Policy on determination of material subsidiaries is available on the Company’s website at https://smspharma.com/corporate-governance/governance-documents-policies/

Your Company has a Joint Venture (JV) in Spain with nomenclature of “CHEMO SMS ENTERPRISES SL” in the capital ratio of 55:45 with a share of 45% contributed by your Company.

There were no transactions during the reporting period, however, all the JV product sales were routed directly from your Company to the end customers during the reporting period as per JV manufacturing arrangement.

The consolidated financial statements had been prepared as per Accounting Standard (AS) 23 "Accounting for Investment in Associates in Consolidated Financial Statements" specified under Section 133 of Companies Act, 2013 for considering the financials of Associate Company. The required form, as per the provisions of the Section 129(3) read with Rule 5 of Companies (Accounts) Rules, 2014 i.e., **Form AOC-1** forms part of the Report as **Annexure 1**.

CHANGE IN NATURE OF BUSINESS

As per the requirements of Rule 8 (5) (ii) of Companies (Accounts) Rules, 2014, your Board of Directors specify that, there is no significant change in the nature of business of the Company during the financial year under review.

TRANSFER TO RESERVES

During the year, Your Company has transferred an amount of ₹ 1000.00 Lakhs to General Reserve out of the amounts available for appropriations.

DIVIDEND

Your Directors have pleasure in recommending the dividend of Re. 0.40 (i.e. 40%) per equity share of Re. 1/- face value, aggregating to ₹ 3,74,60,812/- (Rupees Three Crores Seventy Four Lakhs Sixty Thousand Eight Hundred and Twelve only) which shall be paid within 30 days after the conclusion of the Annual General Meeting, subject to the approval of the shareholders of the Company. Payment of dividend to members will be subject to tax deduction at source (TDS) as per statutory requirement.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Dividend Distribution Policy. The policy lays down a broad framework and factors which the Board considers for deciding the distribution of dividend to its shareholders. The said policy is available on the Company's website https://smspharma.com/wp-content/uploads/2022/08/Dividend-Distribution-policy.pdf

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

The Board of Directors of the Company in its meeting held on 22nd May 2026 has approved shifting of its registered office from Plot No. 72, H.No. 8-2-334 / 3 & 4, Road No. 5, Opp. SBI Executive Enclave Banjara Hills, Hyderabad – 500034, Telangana, India to 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Ranga Reddy Dist., Hyderabad-500084, Telangana, India with effect from 25th May, 2026. Consequent thereof, all communications, correspondences, letters and writings should be made to the new Registered Office address of your Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the Company has key changes in its Directors and Key Managerial Personnel.

(i) Re-appointment:

During FY 2025-26, based on the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors, Mr. Vamsi Krishna Potluri (DIN: 06956498) was re-appointed as a Whole-Time Director designated as Executive Director of the Company for a second term of Three Years (3) with effect from 1st July, 2025 to 30th June, 2028.

The said re-appointment was approved by the Members of the Company at the Annual General Meeting held on 29th September, 2025.

On the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 31st July, 2026 has re-appointed Mr. Ramesh Babu Potluri (DIN: 00166381) as a Chairman and Managing Director of the Company for a term of Five Years (5) with effect from 1st October, 2026 to 30th September, 2031, subject to the approval of the members at the ensuing AGM.

(ii) Retirement by rotation:

In accordance with the provisions of section 152(6) of the Act and in terms of the Articles of Association of the Company, Dr. Sunkara Venkata Satya Shiva Prasad (DIN: 10404277), Non-Executive Non Independent Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

(iii) Declaration of Independence:

The Company has received declarations of independence from the Independent Directors as stipulated under Section 149 (7) of the Companies Act, 2013, that each Independent Director meets the criteria of Independence laid down in the Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. All the Independent Directors of the Company have enrolled in the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA) as per Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Management Discussion and Analysis is presented in a separate section forming part of this Annual Report for the year ended 31st March, 2026, as required under the provisions of the Listing Regulations.

SHARE CAPITAL

Equity Share Capital:

During the year under review, the authorized share capital remained unchanged at ₹ 12,00,00,000/- divided into 12,00,00,000 equity shares of Re. 1/- each. However, the paid-up share capital changed from ₹ 8,86,52,030/- to ₹ 9,36,52,030/- comprising 9,36,52,030, equity shares of Re. 1/- each, consequent to the conversion, of 50,00,000 warrants into 50,00,000 equity shares on 10th September, 2025. A report on the same i.e., 'Equity Buildup Report' forms part of this report as **Annexure – 2**.

Listing of shares: Equity shares of the Company are listed in National Stock Exchange of India (NSE) and BSE Limited (BSE) with effect from 28th February, 2007. [Listing fees has been paid for the year 2026-27 to both the Exchanges].

Conversion of Warrants into Equity Shares issued on a private placement basis

Pursuant to the approval accorded by the members at the Extra-Ordinary General Meeting held on 06 March 2023, the Securities Allotment Committee of the Board of Directors, at its meeting held on 19 March 2024, approved the allotment of 90,00,000 (Ninety Lakh) Convertible Warrants to the Promoter and Promoter Group of the Company at an issue price of ₹127 per warrant, aggregating up to ₹114.30 crore. In accordance with the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the allottees paid 25% of the issue price, being ₹31.75 per warrant, aggregating to ₹28.58 crore, at the time of allotment. The balance 75% of the issue price was payable upon exercise of the warrants.

During the previous financial year, on 27 March 2025, 40,00,000 Convertible Warrants were converted into 40,00,000 Equity Shares of Re.1 each upon receipt of the balance consideration of ₹38.10 crore, in accordance with the SEBI (ICDR) Regulations, 2018.

During the current financial year, the Company received the balance 75% of the issue price, being ₹95.25 per warrant, aggregating to ₹47.63 crore, from two allottees holding 50,00,000 Convertible Warrants. Accordingly, the Securities Allotment Committee, at its meeting held on 10 September 2025, approved the conversion of these 50,00,000 Convertible Warrants into 50,00,000 Equity Shares of Re.1 each, in accordance with the SEBI (ICDR) Regulations, 2018.

The Company completed all requisite filings with the Ministry of Corporate Affairs and submitted the necessary applications and documents to the National Stock Exchange of India Limited and BSE Limited for obtaining listing and trading approvals for the aforesaid equity shares. Subsequently, on 06 November 2025, the Company received trading approvals from the stock exchanges in respect of the said 50,00,000 Equity Shares.

Consequent to the above, the entire 90,00,000 Convertible Warrants allotted on 19 March 2024 stand fully converted into 90,00,000 Equity Shares of the Company.

MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes or commitments affecting the financial position of the Company between the end of the financial year to which the financial statements relate and the date of this Report.

EVALUATION OF PERFORMANCE OF BOARD OF DIRECTORS:

The Company is committed to maintaining high standards of corporate governance and creating sustainable value for its stakeholders. In compliance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an annual evaluation of the performance of the Board, its Committees and individual Directors was carried out during the year.

The evaluation was conducted through a structured framework based on the criteria approved by the Nomination and Remuneration Committee and aligned with the Guidance Note on Board Evaluation issued by SEBI. The Nomination and Remuneration Committee evaluated the performance of the Board and Non-Independent Directors, while the Board assessed the performance of its Committees and Independent Directors.

The Independent Directors held separate meetings on 14th June 2025 and 07th February 2026 to evaluate the performance of the Non-Independent Directors, the Chairperson and the Board as a whole. Further, at the Board Meeting held on 07th February 2026, the performance of the Board, its Committees and individual Directors was reviewed and discussed.

The evaluation process affirmed the effectiveness of the Board and its Committees in discharging their responsibilities and their continued commitment to strong governance practices.

FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS:

The Company has in place a structured familiarisation programme for Directors to enhance their understanding of the Company's business, operations, governance framework, strategic priorities, and the pharmaceutical industry. Upon appointment or re-appointment, Directors are provided with a formal letter outlining their roles, responsibilities, and terms of appointment, along with relevant documents and information to facilitate a comprehensive understanding of the Company's business and operating environment.

Independent Directors are periodically familiarised with the Company's business model, operational and regulatory landscape, governance practices, and key risks and opportunities. They are also encouraged to participate in external programmes and workshops for continuous professional development.

The Board is regularly updated on business performance, industry developments, regulatory changes, strategic initiatives, and emerging risks. These interactions enable Directors to contribute effectively to Board deliberations and decision-making processes.

The details of these familiarization programs have been placed on the Company's website at https://smspharma.com/investor-relations/download/

COMMITTEES OF THE BOARD:

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee
6. Securities Allotment Committee

The details of all the above Committees (except for Risk Management Committee) along with their composition, number of meetings and attendance at the meetings are provided in detail in the Corporate Governance Report annexed to this Board's Report.

RISK MANAGEMENT POLICY:

The Risk Management Committee of the Company have the following Directors:

Mr. Ramesh Babu Potluri – Chairman

Mr. Vamsi Krishna Potluri – Member

Mr. Shravan Kudaravalli – Member.

The Committee created a Risk Management Policy to handle various risks faced during the company's daily operations. This policy details different types of risks and the measures the Board should take to lessen them. The company has strong internal controls and procedures to combat these risks. The Audit Committee and the Board of Directors review these risk management procedures every quarter when they examine the company's financial results.

Brief description of terms of reference of the Committee, inter alia, includes the following:

- managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management in managing risk;
- providing management and employees with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks;
- regularly reporting to the Board on the status of material business risks;
- review and monitor cyber security; and
- Ensuring compliance with regulatory requirements and best practices with respect to risk management.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013 as amended, the Board of Directors confirm that:

1. in the preparation of the Financial Statements for the year ended 31st March, 2026 the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
2. they had selected such accounting policies as notified & modified by ICAI and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
3. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, as amended from time to time for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Annual Accounts had been prepared on going concern basis.
5. the Company has developed an effective mechanism for internal financial controls to be followed by the Company consistently and that such internal financial controls are adequate and operating effectively;
6. they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

THE CRITERIA FOR APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT

The appointment of Directors, Key Managerial Personnel and Senior Management is based on the qualifications, expertise, experience, integrity, competence and other attributes required for the respective position. The Nomination and Remuneration Committee evaluates the suitability of candidates and recommends their appointment to the Board.

While identifying candidates for appointment to the Board, the Committee considers merit and competence, while ensuring an appropriate balance of skills, experience, knowledge and diversity.

The Nomination and Remuneration Committee shall assess the independence of directors at the time of appointment, re-appointment and the Board shall assess the same annually. The Board shall re-assess determination of independence when any new interests or relationships are disclosed by a Director.

The criterion of independence is as prescribed in the Act and the listing regulations and the Independent Directors shall abide by the Code specified for them in Schedule IV of the Act.

The Nomination and Remuneration Committee has the criteria for appointing any Key Managerial Personnel (KMP) and nominating directors on the Board. The appointment of any KMP is made by the Nomination and Remuneration Committee based on the requirement of the position and experience and skill sets of the candidate.

COMPOSITION & NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

During the year under review, Six (6) Board Meetings and five (5) Audit Committee Meetings were duly convened and held. Detailed information regarding these meetings is provided in the Corporate Governance Report, which forms an integral part of this Report. The intervals between the meetings were in compliance with the timelines prescribed under the Companies Act, 2013, and the Listing Regulations.

ANNUAL RETURN

The Annual Return of the Company as on 31st March, 2026, in terms of the provisions of Section 92(3) and 134(3)(a) of the Act, 2013 is available on the Company's website: https://smspharma.com/annual-report/

CORPORATE GOVERNANCE

A separate section on Corporate Governance standards followed by your Company, as stipulated under Schedule V of the SEBI (LODR) Regulations, 2015, which is forming part of this report. The requisite certificate from M/s. Suryanarayana & Suresh, Chartered Accountants, confirming the compliance with the conditions of Corporate Governance is annexed to the Report on Corporate Governance.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

The 'Business Responsibility and Sustainability Report' (BRSR) of your Company for the year ended 31st March, 2026, forms part of this Annual Report as required under Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available as a separate section in this Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has established a Vigil Mechanism through its Whistle Blower Policy to provide Directors and employees with a mechanism to report genuine concerns relating to unethical conduct, actual or suspected fraud, or violations of the Company's Code of Conduct and applicable policies.

The Policy provides for fair, transparent and confidential investigation of all reported concerns and ensures that appropriate corrective actions are taken wherever necessary. It also provides adequate safeguards against victimization of whistleblowers and enables direct access to the Chairman of the Audit Committee in appropriate and exceptional cases.

During the year under review, the Company did not receive any complaints, disclosures, or concerns under the Vigil Mechanism. The Whistle Blower Policy is available on the Company's website at https://smspharma.com/company-announcements/downloads/

DEPOSITS

The Company has not accepted any deposits from the public within the purview of Chapter V of the Companies Act, 2013. Hence, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

The Company has not accepted any deposits from the public within the meaning of Chapter V of the Companies Act, 2013. Accordingly, no amount towards principal or interest on public deposits was outstanding as on the date of the balance sheet.

LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the Financial Statements provided in this Annual Report.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered by the Company during the financial year 2025-26 with related parties were in the ordinary course of business and on an arm's length basis and are in compliance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors and Key Managerial Personnel, etc., which may have potential conflict with the interest of the Company. All related party transactions are presented to the Audit Committee on quarterly basis and were also placed before the Board.

A statement of all Related Party Transactions is being presented before the Audit Committee on Quarterly basis specifying the nature, value and terms and conditions of the transactions. A Policy on Related Party Transactions approved by the Board is uploaded on the Company's website at the web link https://smspharma.com/wp-content/uploads/2024/11/updated-Policy-on-Related-Party-Transactions-08.11.2024.pdf

The particulars of contracts or arrangements entered into by the Company with related parties referred to in Section 188(1) are kept by the Company in Statutory Form AOC-2. Further details required to disclose as per Accounting Standard form part of the notes to the financial statements provided in the annual report. The Form AOC-2 is attached to the Report as **Annexure - 3**.

CORPORATE SOCIAL RESPONSIBILITY

As per the Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has duly constituted a Corporate Social Responsibility (CSR) Committee.

A brief overview of the Company's CSR Policy, details of the CSR Committee, and the initiatives undertaken by the Company during the financial year are provided in **Annexure-4** to this Report, in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014.The CSR Policy of the Company is also available on the Company's website at: https://smspharma.com/wp-content/uploads/2025/02/Corporate-Social-Responsibility-Policy.pdf

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the prescribed disclosures pertaining to remuneration and other relevant details are provided in the 'Employees Remuneration Report', which forms an integral part of this Report and is annexed herewith as **Annexure – 5**.

Further, the statement containing particulars of employees as required under Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the said Rules, has not been included in this Report. However, in terms of the provisions of Section 136 of the Act, the said statement is available for inspection by members. Any member desirous of obtaining a copy of the same may make a written request by sending an email to the Company Secretary at cs@smspharma.com

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code provides a framework for regulating, monitoring and reporting trading by designated persons and includes procedures for the handling and fair disclosure of Unpublished Price Sensitive Information (UPSI), as well as the requisite disclosures under the applicable regulations. The Board periodically reviews the Policy, as and when required. The Policy is available on the Company's website at: https://smspharma.com/company-announcements/downloads/

The Company undertakes various initiatives to educate and sensitize its employees regarding the provisions of the Insider Trading Code. These include the periodic dissemination of informative communications on the prevention of insider trading, guidelines outlining Do's and Don'ts, notifications regarding the closure of trading windows, and timely clarifications provided to designated persons. Such initiatives have significantly enhanced awareness and understanding of insider trading compliance among the designated individuals.

ENVIRONMENT, HEALTH AND SAFETY ENVIRONMENT

The Company remains committed to minimizing its environmental footprint by continuously monitoring energy consumption, regulating emissions, and ensuring the responsible management of waste. It also promotes efficient water conservation practices and continually explores opportunities to optimize the use of natural resources. Environmental protection, occupational health, and safety are integral to the Company's policies and are embedded in its operational and business practices.

The Company places significant emphasis on providing a safe and healthy working environment for its employees. Regular safety training programmes, awareness sessions, and mock drills are conducted to enhance preparedness and strengthen the safety culture across the organization. High-risk areas are identified through periodic assessments, and appropriate preventive measures, including the adoption of automation and real-time monitoring systems, are implemented to mitigate operational risks.

To further promote employee well-being, the Company undertakes ergonomic assessments to improve workplace conditions and minimize the risk of strain-related injuries. Periodic health check-up programmes, health awareness initiatives, and employee wellness activities, including fitness and stress management programmes, are also organized to encourage the overall well-being of employees.

The Company remains committed to the continuous improvement of its environmental, health, and safety practices through periodic reviews, audits, and feedback mechanisms, ensuring alignment with applicable regulatory requirements, industry standards, and evolving best practices.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The information required under Section 134(3)(m) of the Companies Act, 2013 read with the applicable Rules forms part of this report as **Annexure-6**.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

Particulars	2025-26	2024-25
Earnings		
FOB Value of Exports	26,552.02	31,268.18
Outgo		
Sales Commission	13.70	687.27
Travelling Expenses	-	-
CIF Value of Imports		
Raw Materials	7,645.87	9,342.98
Capital Goods	128.41	239.80

AUDITORS APPOINTMENT AND THEIR REPORTS

Statutory Auditors

M/s. Suranarayana & Suresh, Chartered Accountants, (Firm Registration No. 006631S), Hyderabad appointed as Statutory Auditors of the Company at the Annual General Meeting held on 30th September, 2022 for a second term of five (5) years i.e., from the conclusion 34th AGM till the conclusion of 39th Annual General Meeting to be held in the year 2027.

Further, the report of the Statutory Auditors along with notes to accounts forms part of the Annual Report. The Statutory Audit Report do not contain any qualifications, reservations, adverse remarks or disclaimer given by the Auditors in their Report.

Internal Auditor

The Board has re-appointed M/s. Adusumilli and Associates, Chartered Accountants (FRN: 006983S), as an Internal Auditors of the Company for a period of one year from 01.04.2026 to 31.03.2027 under Section 138 of the Companies Act, 2013, in accordance with the scope as defined by the Audit Committee.

Secretarial Auditor

Members of the Company at the AGM held on 29th September, 2025, approved the appointment of M/s. SVVS Associates Company Secretaries LLP, Practicing Company Secretaries (Peer Review No. 6514/2025), as the secretarial auditors of the Company to carry out the secretarial audit of the Company for a term of 5 years commencing from the conclusion of the 37th AGM held on 29th September, 2025 until the conclusion of 42nd AGM of the Company to be held in the year 2030. Secretarial Audit Report in Form MR-3 for the financial year 2025-26 forms part of this report as **Annexure – 7**.

The Secretarial Audit Report do not contain any qualifications, reservations, adverse remarks or disclaimer given by the Auditors in their Report.

Annual Secretarial Compliance Report

As per Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the Annual Secretarial Compliance Report which forms part of this Report as **Annexure-B** from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) and submitted the same to the Stock Exchanges where the shares of the Company are listed.

Cost Auditor

As per Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records & Audit) Amendment Rules, 2014, the Company maintains Cost Records. Your Board has, upon the recommendations of the Audit Committee, re-appointed M/s. Annapragada & Co., (Formerly: M/s. Harshitha Annapragada & Co.), Cost Accountants (Firm Registration No. 006031 and Membership No. 39895) as Cost Auditor of the Company for the financial year 2026-27.

The Board of Directors on the recommendations of the Audit Committee, re-appointed M/s. Annapragada & Co., (M/s. Harshitha Annapragada & Co.), Cost Accountants (Firm Registration No. 006031 and Membership No. 39895) as Cost Auditors of the Company for the financial year 2026-27. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members at a general meeting for ratification. Accordingly, a resolution seeking ratification of the remuneration payable to M/s. Annapragada & Co., (M/s. Harshitha Annapragada & Co.), Cost Accountants, by the members is included in the Notice convening 38th Annual General Meeting.

FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established and maintained an adequate system of internal financial controls commensurate with the nature, size, and complexity of its business operations. These controls are designed to ensure the orderly and efficient conduct of business, safeguard the Company's assets, maintain the accuracy and completeness of accounting records, and ensure the reliability of financial reporting.

The internal financial control framework provides reasonable assurance that transactions are authorised, recorded, and reported appropriately in accordance with applicable accounting standards, statutory requirements, and the Company's internal policies. The controls also support compliance with applicable laws and regulations, prevent unauthorised use or disposition of assets, and facilitate timely preparation of reliable financial and operational information.

Assurance regarding the effectiveness of internal financial controls is obtained through periodic management reviews, continuous monitoring by functional owners, and evaluation and testing of the internal financial control framework by the Internal Auditors as part of their audit activities. The Company believes that these systems provide reasonable assurance that internal financial controls are appropriately designed and operating effectively.

The Company continuously strengthens its control environment through regular audits, periodic reviews, and ongoing enhancements to processes and systems. These measures ensure that the internal control framework remains robust, adaptive, and aligned with emerging risks, business requirements, and evolving compliance obligations.

POLICIES

Company has following policies in place pursuant to applicable provisions of the Act and SEBI Listing Regulations and the same are published on the official website of the Company (www.smspharma.com):

Code of Business Conduct & Ethics for Other Stake Holders	Code of Regulation & Prohibition of Insider Trading
Code of Conduct for Board of Directors & Senior Management	Remuneration Criteria for Non-Executive Directors policy
Corporate Social Responsibility Policy	Document preservation policy
Familiarization program of Independent Director	Policy for evaluation performance of the Board of Directors
Policy for related party transactions	Policy on prevention, prohibition and redressal of sexual harassment of women at workplace
Vigil Mechanism (Whistle blower policy)	Staff advances policy
Dividend Distribution Policy	Risk Management Policy
Code of Practices and procedures for Fair Disclosure	
Policy for Determination of Materiality for Disclosure	
Policy on Determining material subsidiary	

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company recognizes its employees as its most valuable assets and is committed to providing a supportive, inclusive, and caring workplace environment. We strive to foster an atmosphere that encourages continuous growth, development, and collaboration, enabling employees to enhance their capabilities and achieve their full potential.

Through ongoing learning opportunities, development initiatives, and collaborative experiences, the Company continues to strengthen a work culture built on capability development, inclusion, employee wellbeing, and responsible people practices.

Our focus remains on developing effective leadership, enhancing employee skills and capabilities, promoting diversity and inclusion, supporting employee wellbeing, these efforts reinforce our commitment to building a future-ready workforce and a workplace where employees can thrive.

SHARE TRANSFER SYSTEM

Pursuant to Regulation 40(1) of SEBI (LODR) Regulations, 2015, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form.

Pursuant to Securities and Exchange Board of India ("SEBI") vide its Master Circular no. HO/38/13/(4)2026-MIRSD-POD/I/4298/2026 dated 6th February, 2026, it is mandatory for listed companies to issue shares only in demat form while processing investor service requests viz., issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal / exchange of securities certificate, endorsement, sub-division / splitting of securities certificate, consolidation of securities certificates / folios, transmission and transposition. Further, SEBI has substituted the earlier requirement of issuance of a physical 'Letter of Confirmation' ("LOC") in lieu of duplicate share certificates and the Listed entities/ RTAs are now required to directly credit the shares to the demat account in lieu of the share certificate while processing any of the aforesaid investor service requests.

In view of the above and to eliminate risk associated with physical shares and to avail various benefits of dematerialisation, shareholders are advised to dematerialize their shares held in physical form.

The Stakeholders Relationship Committee meets as often as required to consider/approve share transfers and to attend to any grievances or complaints received from the members.

GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

a) No material changes and commitments affecting the financial position of the Company between the financial year ended 31st March, 2026 and the date of this report.

b) No fraud has been reported by the Auditors to the Audit Committee or to the Board.

c) No material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future

d) Company has complied with the requirements of the Secretarial Standards issued by Institute of Company Secretaries of India.

e) There are no instances where the Board has not accepted the recommendation of Audit Committee.

f) Cost records are maintained as per the requirements of Section 148 of the Act.

g) The extract of Annual Return is disclosed on the Company's website.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company is committed to maintaining a safe, secure, and respectful workplace free from sexual harassment and has implemented a comprehensive policy aimed at preventing, prohibiting, and addressing any incidents of sexual harassment in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, along with its applicable rules. The Company upholds a strict zero-tolerance stance towards any form of sexual harassment within the work environment.

In compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, statement of complaints for the financial year ended March 31, 2026, is as follows:

Particulars	Number
Number of complaints pending as on beginning of the financial year	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of financial year	Nil

COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

MATERNITY BENEFIT ACT, 1961

The Company affirms that it has duly complied with all provisions of the Maternity Benefit Act, 1961, and has extended all statutory benefits to eligible women employees during the year.

INSURANCE:

The Company's plant, properties, equipment and stocks are adequately insured against all major risks. The Parent Company has taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them, which includes the Directors of the Company also.

RATING

CARE Rating Limited has assigned its rating of 'CARE A'; 'Positive' (Single 'A' ; Outlook Positive) on the Long Term Bank Facilities of the Company and 'CARE A1' on the Short-Term Bank Facilities of the Company

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review, there were no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

DISCLOSURE OF CERTAIN TYPES OF AGREEMENTS BINDING ON THE COMPANY:

During the period under the review the Company does not enter into any agreement(s) which were falling under clause 5A of para A of part A of schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE:

M/s. Sai Sreyas Pharmaceutical Pvt. Ltd., an Operational Creditor, has filed a petition under Section 9 of the Insolvency and Bankruptcy Code, 2016 before the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench, seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against the Company, alleging a default in payment of operational debt amounting to ₹3.02 crore. The Company has disputed the claim on the ground that the materials supplied by the Operational Creditor were defective and had requested the supplier to take back the disputed material. The Company has filed its counter before the Hon'ble NCLT, to which the Operational Creditor has filed a rejoinder. The matter is pending before the Hon'ble NCLT, Hyderabad Bench. The Company is taking all necessary legal steps to protect its interests.

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere appreciation for the continued trust, cooperation, and support extended to the Company by its Banks, Financial Institutions, Shareholders, Analysts, Business Partners, Government and Regulatory Authorities, Distributors, Suppliers, Business Associates, Medical Professionals, and Customers. Their continued confidence and association have been instrumental in the Company's growth and progress.

The Board of Directors also expresses its heartfelt appreciation to the Company's executives, employees, and workmen for their dedication, commitment, and valuable contributions, which have played a significant role in the Company's performance during the year.

The Directors further extend their gratitude to all investors for the confidence and faith they have consistently reposed in the Company and look forward to their continued support in the years ahead.

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 31.07.2026

Annexure-1

FORM AOC - 1

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Subsidiaries, Associate Companies and Joint Ventures

Part "A": Subsidiaries

(Rupees in Lakhs)

S.No.	Name of the Subsidiary	SMS Peptides Private Limited	SMS Colab Private Limited
1	Reporting Period	31.03.2026	31.03.2026
2	The date since when subsidiary was acquired	01.11.2024	23.12.2025
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees	Indian Rupees
4	Share capital	7.00	1.00
5	Reserves & surplus	(15.94)	0.60
6	Total assets	726.77	0.44
7	Total Liabilities	726.77	0.44
8	Investments	Nil	Nil
9	Turnover	Nil	Nil
10	Profit before taxation	(17.13)	0.81
11	Provision for taxation	2.03	0.21
12	Profit after taxation	15.10	0.60
13	Proposed dividend	-	-
14	Extent of Shareholding (%)	99.99%	100.00%

Part "B": Associates and Joint Ventures (Rupees in Lakhs)

(Rupees in Lakhs)

S.No.	Name of associates/Joint Ventures	VKT Pharma Private Limited (Associate Company)	Chemo SMS Enterprises SL (Joint Venture Company)
1	Latest audited Balance Sheet Date	31.03.2026	31.03.2026
2	Shares of Associate/Joint Ventures held by the company on the year end No. of Equity Shares	38,50,165 Equity Shares of ₹10/- each.	No Contribution was made
	Amount of Investment in Associates/Joint Venture	₹4499.87 Lakhs	
	Extent of Holding%	34.83%	45.00 %
3	Description of how there is significant influence	Based on the percentage of holding in the investee Company.	Based on the percentage of holding in the investee Company
4	The associate is consolidated	Financial Statement Consolidated for FY 2025-26	There were no transactions during the reporting period
5	Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 3266.13 Lakhs	NA
6	Profit/(Loss) for the year		
	i. Considered in Consolidation	₹1453.69 lakhs	Nil
	ii. Not Considered in Consolidation	₹2563.67 lakhs	Nil

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 31.07.2026

Annexure-2

Equity Buildup Report

Reason of Allotment	Nature of payment of consideration	Date on which Equity Shares were allotted/ made fully paid-up	Number of Equity Shares allotted	Cumulative Equity Shares
Subscription to Memorandum of Association	Cash	14-Nov-87	40	40
Further Allotment	Cash	13-Dec-88	34,960	35,000
Allotted to relatives , friends of promoters	Cash	15-Dec-88	15,000	50,000
Allotted to promoters, relatives, friends	Cash	20-Mar-89	25,000	75,000
Allotted to relatives, friends of promoters	Cash	28-Sep-89	25,000	100,000
Allotted to relatives, friends of promoters	Cash	7-May-90	22,900	122,900
Allotted to relatives, friends of promoters	Cash	7-Jun-90	27,100	150,000
Allotted to Promoters, relatives and employees	Cash	26-Mar-92	150,000	300,000
Bonus @ 8:3	Bonus	1-Nov-94	800,000	1,100,000
Allotted to Promoters	Cash	21-Nov-94	150,000	1,250,000
Allotted to employees, friends and relatives of Promotes and Promoters	Cash	30-Nov-94	350,000	1,600,000
Allotted to Corporate Body.	Cash	18-Feb-95	450,000	2,050,000
Sub – Division into ₹ 5/- per share		22-Mar-04	-	4,100,000
Bonus shares @ 1: 1	Bonus	27-Mar-04	4,100,000	8,200,000
Re-Consolidation into ₹ 10/- per share		29-Sep-04	-	4,100,000
Allotted to Shareholders of Sreenivasa Pharma Pvt. Limited after Sreenivasa Pharma Pvt Ltd. became a subsidiary of SMS Pharma Limited.	Issued for consideration Other than cash	28-Apr-06	2,923,000	7,023,000
Pre - IPO placement to Gulf Pharmaceutical Industries*	Cash	8-Jan-07	400,000	7,423,000
Issue shares to Public via IPO	cash	22-Feb-07	2,579,225	10,002,225
Balance as on		31-Mar-07	-	10,002,225
Allotment of shares to erstwhile Plant Organics Limited (POL) Shareholder's [@ 1 share of SMS Pharmaceuticals Ltd. for every 50 shares of POL]	Issued as per exchange ratio Other than cash	29-Nov-08	12,978	10,015,203
Balance as on		31-Mar-08	-	10,015,203
Buy Back of Shares [on various dates from 28/05/2013 to 25/07/2013]	cash		(1,550,000)	8,465,203
Balance as on		31-Mar-14	-	8,465,203
Balance as on		31-Mar-15	-	8,465,203
Sub–Division into ₹ 1/- per share [Splitting of ₹ 10 face value]**	Split @ 10:1	17-Dec-15	-	84,652,030
Allotment of Equity shares pursuant to conversion of 40,00,000 warrants in to 40,00,000 equity shares	Cash	27-Mar-25	40,00,000	88,652,030
Allotment of Equity shares pursuant to conversion of 50,00,000 warrants in to 50,00,000 equity shares	Cash	10-Sep-25	50,00,000	93,652,030
Balance as on		**31-Mar-26**	**-**	**93,652,030**

Note: *Shares allotted as per MOU dated 24.12.2006.

**Record date 18.12.2015 whereas Ex-date17.12.2015

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 31.07.2026

Annexure-3

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: **NIL**
2. Details of contracts or arrangements or transactions **at Arm's length basis**

Name (s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval/ review by the Board	Amount paid as advances, if any
VKT Pharma Private Limited	Associate Company with 34.83% stake, Common Directors & the Company along with its Promoters holding majority equity shares in VKT Pharma	Sale of material in the ordinary course of business. Purchase of material in the ordinary course of business. Receipt of Rent.	Transactions made during FY 2025-26	Sales ₹ 5465.37 Lakhs, Receipt of Rent ₹ 29.06 Lakhs, Other reimbursement ₹ 100.00 Lakhs	Since, VKT Pharma is forward integration to SMS Pharma which is value addition to the company. Considering the current business scenario, long standing relationship for sale of Company's API's to VKT Pharma, shall support to increase of its overall operations and profitability and for growth of the business of the Company.	12.02.2025 09.08.2025 18.11.2025 07.02.2026	NIL
Haleos Labs Limited (Formerly: SMS Life Sciences India Limited)	Promoters holding more than 10% of total Equity.	Sale & purchase of materials in the ordinary course of Business	Transactions made during FY 2025-26	Purchases ₹1702.33 Lakhs Sales ₹0.54 Lakhs	Long standing relationship and certain products are procured from a single approved source, as the Drug Master Files (DMFs) were originally filed prior to the demerger	12.02.2025 09.08.2025 18.11.2025 07.02.2026	NIL
Eshwar Coal Movers	Firm in which the brother of the Director, being a relative, is a Proprietor	Purchase of Coal in different grades in the ordinary course of Business	Transactions made during FY 2025-26	Purchases ₹294.57 Lakhs	Transactions are made at prevailing market rate in the ordinary course of business	12.02.2025 09.08.2025 18.11.2025 07.02.2026	NIL

Name (s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval/ review by the Board	Amount paid as advances, if any
Raghavendra Engineering Industries (India) Private Limited	Company in which Director brother is Director/ Promoter	Procurement and sale of few tools, Capital equipment at plant and taking engineering services i.e. repair of equipment and fabrication of new pipelines as well as repair of existing pipelines and maintenance.	Transactions made during FY 2025-26	Purchases: ₹1514.33 Lakhs	Expertise more than two decades in manufacturing of various pharma Stainless Steel & Mild Steel Equipment	12.02.2025 09.08.2025 18.11.2025 07.02.2026	NIL
Four's Eng Works	Proprietor firm which is relative of a Director	Availing of engineering services including fabrication works	Transactions made during FY 2025-26	Purchases ₹141.13 Lakhs	A trusted and confidential service provider, to ensure operational continuity	12.02.2025 09.08.2025 18.11.2025 07.02.2026	NIL
SMS Peptides Private Limited	Subsidiary Company with 99.99% holding	Sale/ Purchase of Pharmaceutical Bulk Drugs (APIs) & its Intermediates and Chemicals related products. Leasing of property & Investment	Transactions made during FY 2025-26	Receipt of Rent ₹12.98 Lakhs Investment ₹ 699.00 Lakhs	Since SMS Peptides is a subsidiary company of SMS pharma	12.02.2025 09.08.2025 18.11.2025 07.02.2026	NIL

*All the above related party transactions entered by the Company are in the ordinary course of business at prevailing market rates.

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 31.07.2026

Annexure-4

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2025-26

1. **A brief outline of the CSR policy of the Company:**

   SMS Pharmaceuticals Limited ("SMS Pharma" or the "Company") is committed to conducting business with the highest standards of social responsibility, ethics, and environmental stewardship. We strive to uplift the quality of life in communities surrounding our operations through focused and sustainable CSR initiatives. Central to our efforts are advancing health and education by providing essential healthcare services, promoting preventive care, and building and supporting educational infrastructure year after year. In parallel, we enhance access to safe drinking water through infrastructure development, contribute to rural development, and foster long-term community empowerment. This Policy serves as our guiding framework to ensure our CSR actions are consistent, impactful, and fully aligned with our values. The more details of the CSR Policy can be accessed on www.smspharma.com

2. **Composition of the CSR Committee:**

Sl No.	Name of the Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Ramesh Babu potluri	Chairman of the Committee- Executive Director	2	2
2.	Mr. Sarvepalli Srinivas	Member - Independent Director	2	2
3.	Mr. Shravan Kudaravalli	Member - Independent Director	2	2

3. **Web-link provided where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:**

   Composition of CSR Committee and CSR projects approved by the Board: https://smspharma.com/corporate-governance/corporate-social-responsibility/

   CSR Policy: https://smspharma.com/wp-content/uploads/2025/02/Corporate-Social-Responsibility-Policy.pdf

4. **Executive summary of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):** Not applicable for the year under review.

5. (a) Average net profit of the Company as per Section 135(5) for the last three financial years: **₹5506.61 Lakhs**

   (b) Two percent of average net profit of the Company as per Section 135(5) : **₹110.13 Lakhs**

   (c) Surplus arising out of the CSR Projects or programs or activities of the previous financial years: **Nil**

   (d) Amount required to be set off for the financial year if any: **₹26.54 Lakhs**

   (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **₹83.59 Lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹ 89.80 Lakhs**

   (b) Amount spent in Administrative Overheads: **NIL**

   (c) Amount spent on Impact Assessment, if applicable: **NIL**

   (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **₹89.80 Lakhs**

(e) CSR amount spent or unspent for the Financial Year:

Total amount spent for the financial year 2025-26	Amount unspent (₹)				
	Total amount transferred to unspent CSR account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 89.80 Lakhs	Nil	NA	NA	Nil	NA

Note: One ongoing projects related to construction of community hall has been temporarily deferred for next year due to the reallocation of funds for a newly approved project.

f) Excess amount for set off, if any

Sl No.	Particulars	Amount (₹ in Lakhs)
I	Two percent of average net profit of the Company as per section 135(5)	110.13
ii	Total amount spent for the financial year	89.80
iii	Excess/(Shortfall) amount spent for the financial year (i-ii)	(20.33)
iv	Surplus arising out of the CSR Projects or programs or activities of the previous financial years, if any	26.54
v	Amount available for set off in succeeding financial years (iii+iv)	6.21

7. Details of unspent CSR amount for the preceding three financial years:

Sl No.	Preceding financial year	Amount transferred to unspent CSR Account under Section 135(6) (in ₹ lakhs)	Amount spent in the reporting financial year (in ₹ lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹ lakhs)
				Name of the fund	Amount in ₹ lakhs	Date of transfer	
NA							

8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profits as per section 135(5): Not Applicable.

	Ramesh Babu Potluri	**Ramesh Babu Potluri**
Place: Hyderabad	(DIN: 00166381)	(DIN: 00166381)
Date: 31.07.2026	Chairman & Managing Director	Chairman of CSR Committee

Annexure-5

Information in terms of Sec. 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Designation	Remuneration for the Financial Year (₹ In Lakhs)	% increase/ decrease in remuneration during Financial Year	Ratio of remuneration of each director to the median remuneration of employees
Mr. Ramesh Babu Potluri	Executive Director (Chairman & Managing Director)	646.31	24.69	167:1
Mr. Vamsi Krishna Potluri	Executive Director	646.31	24.69	167:1
Mr. Trilok Potluri	Non-Executive & Non- Independent Director	-	-	-
Dr. Suresh Kumar G	Non-Executive & Independent Director	-	-	-
Mrs. Shanti Sree Bolleni	Non-Executive & Independent Director	-	-	-
Dr. SVSS Prasad	Non-Executive & Non- Independent Director	-	-	-
Mr. Sarath Kumar Pakalapati	Non-Executive & Independent Director	-	-	-
Dr. Neelaveni Thummala	Non-Executive & Independent Director	-	-	-
Mr. Shravan Kudaravalli	Non-Executive & Independent Director	-	-	-
Mr. Sarvepalli Srinivas	Non-Executive & Independent Director	-	-	-
Mr. Lakshmi Narayana Tammineedi	Chief Financial Officer	41.71	16.40	11:1
Mr. Thirumalesh Tumma	Company Secretary	17.93	2.46	5:1

1. The percentage increase in the median remuneration of employees: 11.59%
2. The number of permanent employees on the rolls of company: 1,617 employees as on 31st March, 2026.
3. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year was : 10.94%
4. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
5. The Non-Executive Directors of the Company are entitled for sitting fees as per the statutory provisions. Hence, ratio of remuneration and percentage increase for Non- Executive Directors Remuneration is therefore not provided.

By the order of the Board

Ramesh Babu Potluri
Chairman & Managing Director
DIN: 00166381

Place: Hyderabad
Date: 31.07.2026

Annexure-6

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

CONSERVATION OF ENERGY

Energy Conservation continues to receive priority within the Company and the Company is continuously monitoring energy Consumptions across various locations, has resulted in improvement in maintenance systems and reduction in Distribution losses.

1. **Steps taken by the Company for utilizing the alternate sources of energy:**

   SMS pharma has installed roof Top solar with the capacity of 1363 Kw DC /1000 Kw AC on the Roof Tops of Central Ware House (1094 KW DC), Power Hose -2 (42 KW DC), Engineering Stores (129 KW DC) and Ware House -1 (98 KW DC).

2. **Energy Conservation Measures taken:**

   Energy Conservation continues to receive priority within the Company. The continuous monitoring of the energy Consumptions across the Company's locations, has resulted in improvement in maintenance systems and reduction in Distribution losses

   i. a common header was installed for the compressed air circuit. This modification allowed optimum utilization of the air compressors, resulting in significant power savings. With eight reciprocating air compressors of 400 CFM capacity, the initiative achieved saving of 7,200 units per month .

   ii. In the one of the Production Blocks, centrifugal pumps used for steam condensate water pumping were replaced with pressure-powered steam condensate recovery pumps. Six pumps of 10 M^3/hr capacity were installed, leading to a saving of 4,320 units per month.

   iii. online tube cleaning systems (ECO MAX) were installed for condenser tubes in chilling plants. This ensured improved heat transfer, reduced discharge pressures, and maintained the standard KW/TR ratio. With ten auto tube cleaning machines of 500 TR capacity, the project achieved a saving of 10,800 units per month.

TECHNOLOGY ABSORPTION

1. **Efforts in brief, made towards technology absorption:**

   The Company maintains a state-of-the-art Research and Development (R&D) Centre dedicated to developing new products and continuously improving existing products and manufacturing processes. The R&D function remains focused on innovation, process excellence, product quality, and operational efficiency to support the Company's long-term growth objectives.

   The Company's sustained investment in research and development has contributed to optimizing manufacturing processes, enhancing product quality and consistency, and achieving greater cost efficiencies. The R&D Centre also facilitates the adoption of advanced technologies and environmentally responsible practices, enabling the Company to strengthen its competitiveness and effectively meet the evolving requirements of global markets.

2. **Benefits derived as a result of the above efforts:**

   The Company constantly reviews, optimizes and improves its processes for its product range. These efforts have resulted improved in quality, lower cost of production, be competitive in the global market and yield improvement in production.

3. **R&D Expenditure**

   For the details of expenditure incurred in R&D centre of the Company for the FY 2025-26 are furnished vide Note number 40.

4. Foreign Exchange Earnings and Outgo

(₹ in Lakhs)

Particulars	2025-26	2024-25
Earnings		
FOB Value of Exports	26,552.02	31,268.18
Outgo		
Sales Commission	13.70	687.27
Travelling Expenses	-	-
CIF Value of Imports		
Raw Materials	7,645.87	9,342.98
Capital Goods	128.41	239.80

By the order of the Board

Ramesh Babu Potluri
Chairman & Managing Director
DIN: 00166381

Place: Hyderabad
Date: 31.07.2026

Annexure-7

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2026

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
SMS Pharmaceuticals Limited,
Hyderabad

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SMS Pharmaceuticals Limited** ("the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by the Institute of Company Secretaries of India. The Auditing Standards require that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year from1st April, 2025 to 31st March, 2026 ("the audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2026 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations);

  (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 **(not Applicable to the Company during the Audit Period)**;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(not Applicable to the Company during the Audit Period)**;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(not Applicable to the Company during the Audit Period)**;

(h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India; and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

(vi) We further report that, having regard to the Compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof the Company has complied with the following laws applicable specifically to the Company:

(a) Drugs and Cosmetics Act, 1940

(b) Drugs (Price Control) Order, 2013

(c) Narcotic Drugs and Psychotropic Substances Act, 1985

(d) Indian Boilers Act, 1923 and Regulations

(e) Explosives Act, 1884

(f) Petroleum Act, 1934

(g) Water (Prevention and Control of Pollution) Act, 1974

(h) Air (Prevention and Control of Pollution) Act, 1981

(i) Environment Protection Act, 1986

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The agenda items are deliberated before passing the same and views/observations made by the Directors are recorded in the Minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period except the following, there were no events/ actions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

i) The Securities Allotment Committee of the Board of directors has allotted 50,00,000 Equity Shares on 10th September, 2025, upon conversion of Share Warrants issued on Preferential basis to the Promoters group namely, Mr. Trilok Potluri and Mr. Vamsi Krishna Potluri i.e., 25,00,000 and 25,00,000 Equity Shares respectively.

ii) The Company has invested an amount of ₹3,00,00,000/- (Rupees Three Crore only) in it's subsidiary, SMS Peptides Private Limited on 27th June, 2025 by subscribing to the equity shares.

iii) Further the Company has invested an amount of ₹3,99,00,000/- (Rupees Three Crore Ninety-Nine Lakh only) in it's subsidiary, SMS Peptides Private Limited on 26th December, 2025 by subscribing to the equity shares.

iv) The Company has incorporated SMS Colab Private Limited on 23rd December, 2025, as a wholly owned subsidiary with the object to carry on the business of research, development, formulating, marketing, production, manufacturing, commercialization, and distributing of all types of pharmaceuticals, intermediates, drugs, bulk drugs, medicines, Peptides and also newer medicines for various therapeutics uses.

For **SVVS & Associates Company Secretaries LLP**

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724H000446563
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 22-05-2026

Note: This letter is to be read with our letter of even date which is annexed and form an integral part of this report.

ANNEXURE

The Members,
SMS Pharmaceuticals Limited,
Hyderabad.

(1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **SVVS & Associates Company Secretaries LLP**

C. SUDHIR BABU
FCS: 2724; C P No.: 7666
UDIN: F002724H000446563
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 22-05-2026

Management Discussion and Analysis

Economic Environment

Global Economic Overview[1]

The global economy demonstrated notable resilience throughout CY 2025, sustaining a stable growth rate of 3.4% and a stabilised inflation rate of 4.1% despite persistent geopolitical friction and widespread trade uncertainty. While changing international relations and logistical vulnerabilities generated short-term pressures. Nations leveraged temporary bilateral agreements to realign logistics networks to mitigate these operational challenges.

Although the broader export market experienced a general moderation as countries strategically accelerated frontloaded shipments, overall trade activity remained moderate as organisations actively restructured their sourcing networks. Escalating tensions in West Asia continues to pose challenges across supply chain networks, particularly through rising crude oil prices that have escalated petrochemical costs. Despite these headwinds, a significant volume of trade activity was driven by technology-led exports, which successfully maintained the overall growth momentum across nations.

Central banks in major economies implemented calibrated monetary policies to safeguard macroeconomic stability, effectively managing the ongoing volatility across various international financial markets during the year. Additionally, strategic updates to trade and production systems further stimulated economic activity across multiple key regions. International trade continued to help reduce the income gap between different countries.

Outlook ▷

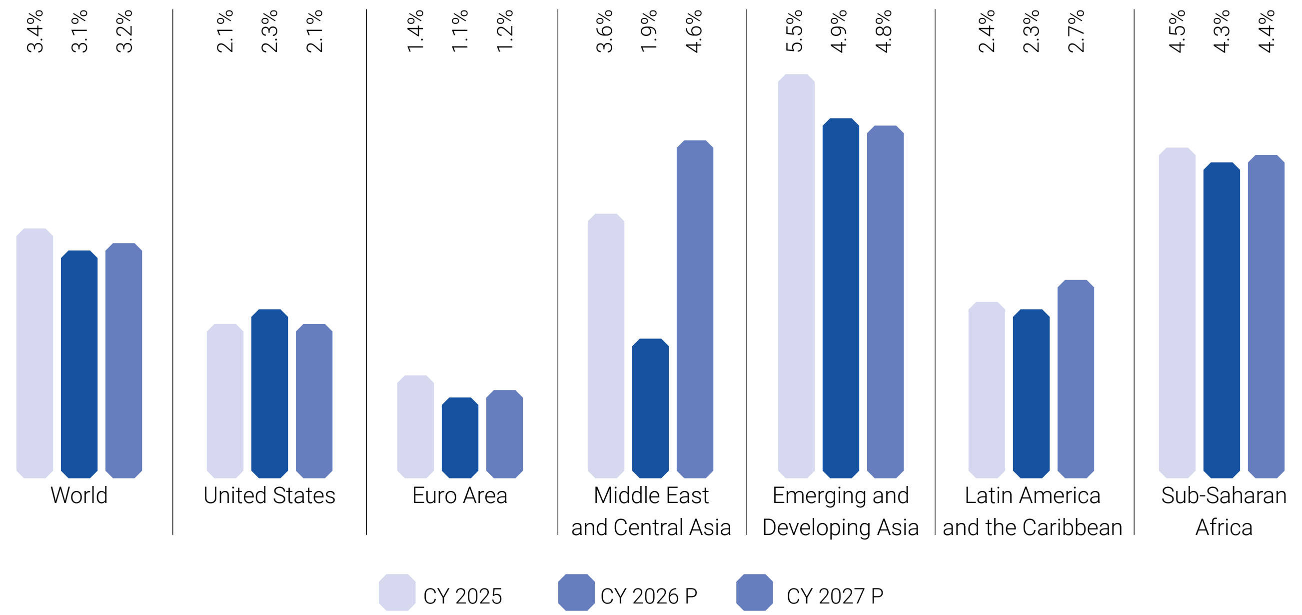
The global economic outlook is projected to maintain a steady trajectory, with global GDP growth moderating to approximately 3.1% in CY 2026 before improving slightly to 3.2% in CY 2027. This anticipated growth will be underpinned by sustained investments in technology, digital infrastructure and manufacturing.

An expected improvement in business sentiment and a reduction in trade pressures will provide significant growth. Ongoing efforts to diversify global supply chains should stimulate business activities across multiple regions. These strategic shifts could likely strengthen the financial performance over the medium term.

Despite this positive momentum, navigating political tensions in West Asia are expected to remain a significant hurdle for world markets. Shifting trade dynamics will continue to influence the overall global economic outlook moving forward.

Global Growth Projections by Regions

(Real GDP Growth, %)



P - Projected

Source: World Economic Outlook, IMF April, 2026

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[1] https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026

Indian Economic Review[2]

The Indian economy broadly demonstrated sustained resilience with an estimated growth rate of 7.7% in FY 2026.[3] This expansion was supported by vibrant economic activity, robust consumption and steady investment momentum. Additionally, strategic government initiatives targeting banking sector stability and corporate supply chain optimisation have strengthened India's macroeconomic foundation. This upward trajectory was bolstered by an adaptable service sector and progressive tax rationalisation efforts.

India maintains its position as a preferred global destination for greenfield ventures, driven by sustained Foreign Direct Investment (FDI) inflows. Price stability remains a key achievement, with CPI inflation moderating to approximately 3.4% in March 2026, a result of proactive monetary interventions by the Reserve Bank of India and steady domestic demand offsetting food and energy fluctuations.[3]

Business sentiment continues to be strong, with primary indicators reflecting expansion across the manufacturing and services sectors. The government's strategic emphasis on expanding domestic production within critical and emerging industries positions India for its future growth path. These encouraging advancements continue to bolster industrial momentum, establishing a solid framework for enduring macroeconomic advancement in the coming periods.

Outlook[4]

India's real GDP expansion is projected to reach approximately 6.6% during FY 2026-27, driven by resilient domestic demand, strengthening consumption patterns and sustained infrastructure investments.[5] Medium-term growth will be further reinforced by strategic government initiatives in manufacturing, industrial development and logistics optimisation. Urban consumption is positioned for additional gains, driven by streamlined GST frameworks and a flourishing services sector. The government's commitment to public infrastructure persists, while private business investments are anticipated to rebound, supported by elevated factory capacity utilisation, robust credit availability and encouraging financial conditions.

For FY 2026-27, CPI inflation is estimated at 5.1%[6].This trajectory faces primary upward pressures from recent increases in global energy prices driven by geopolitical tensions, which have already triggered upward price adjustments in select fuel categories. Additionally, commodity prices may influence export activity and are expected to adjust in tandem with evolving global economic pressures.

Industry Overview

Global Pharmaceutical Industry[7]

The global pharmaceutical sector continues to demonstrate substantial expansion, with the total aggregate market currently valued between $1.2 trillion and $1.6 trillion in 2025.

During CY 2025, premier multinational pharmaceutical corporations sustained strong growth momentum. These industry leaders generated approximately $800 billion in aggregate revenue. This performance underscores robust commercial execution and resilient demand across key portfolios.

The macroeconomic landscape is characterised by high granularity and strategic specialisation. Rather than broad-based competition, a concentrated cohort of leading enterprises dominates the market. These firms capture significant market share by developing targeted, high-value therapies for specific disease categories on a global scale.

Global pharmaceutical market expansion is fundamentally driven by specialised product pipelines tailored to precise international medical needs. Increased global healthcare spending and aging demographics ensure steady demand for novel treatments. Consequently, continuous scientific innovation and strategic therapeutic focus remain the core growth drivers for modern international companies, collectively shaping competitive dynamics across the sector.

The global pharmaceutical landscape is characterised by escalating medicine usage and rising international expenditures. Government policies across various nations are actively reshaping drug pricing and patient access to treatments. Ongoing trends in disease management and therapeutic innovation steadily drive-up global medicine consumption.

Geographically, China leads global market expansion, while mature economies such as North America experience much slower growth. Developed markets primarily drive spending increases through innovative therapeutics for oncology and chronic diseases. Concurrently, most geographic regions are transitioning toward advanced therapies that carry significantly higher financial costs.[8]

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[2] https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx

[3] MOSPI Report

[4] https://mospi.gov.in/uploads/latestreleasesfiles/1776078391571-Press_Release_of_CPI_March_2026.pdf

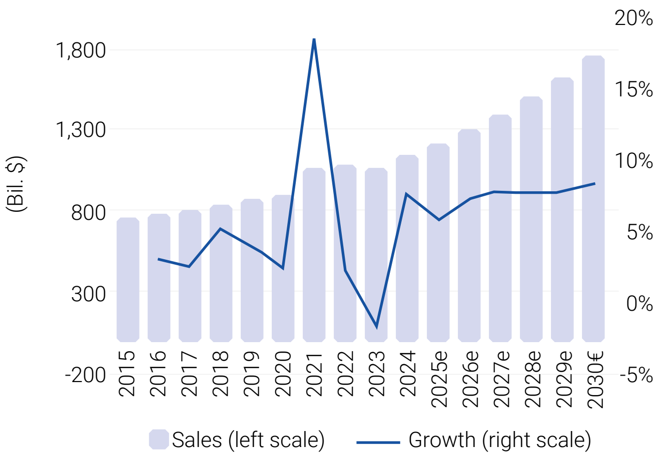
[5] https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62863

[6] https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/BULLETINJUNE22062026C6FB415DA85745E485148DAD8F0A1912.PDF

[7] https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101667417

[8] https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/global-medicine-use-trends-2026

Worldwide Total Prescription Drug Sales (2015-2030E)

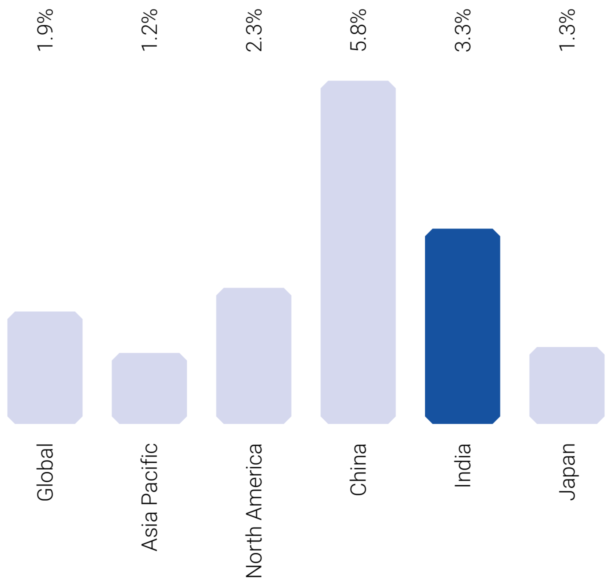


E - Expected

Source: S&P Global Sector Review

Historical and projected per capita use of medicine by region

Projected 5-year CAGR (%) *



*2025 – 2029

Source: Global Medicine Use Trends 2026

Outlook[9]

Over the next few decades, the pharmaceutical industry is positioned to assume a significantly broader and more transformative role within the healthcare ecosystem. Driven by scientific breakthroughs, global medicine consumption is expected to approach 4 trillion daily doses by 2030. The sector is increasingly equipped to develop targeted treatments and definitive cures for complex diseases that historically lacked viable therapeutic options, aided by advanced scientific developments. Simultaneously, the convergence of molecular biology, computational chemistry and AI-enabled discovery is compressing traditional R&D timelines to accelerate the delivery of novel medicines. This shift, ushering in a new era of precision, prevention and personalisation, arrives at a critical macroeconomic inflection point.

United States healthcare expenditures have surpassed $ 5 trillion annually, expanding at a rate of 8% per year. Market insights reveal that 65% of consumers now fundamentally prioritise preventative methodologies over reactive treatments, a behavioural shift that is projected to reallocate an estimated $ 1 trillion in annual healthcare spending over the next ten years. Moving forward, sustained industry leadership will belong to organisations operating at the frontier of biology, technology and data. By strategically deploying artificial intelligence to enhance human judgment and accelerate institutional learning, companies that align their capital and capabilities with this transformative vision will ultimately define the next era of pharmaceutical leadership.

Global API Market[10]

The global active pharmaceutical ingredients (API) market is projected to expand significantly from an estimated $ 245.67 billion in 2026 to $ 348.61 billion by 2031, achieving a CAGR of 7.25%. While fundamental demand remains robust due to aging demographics, escalating chronic diseases and a rise in biological drug approvals, manufacturers must navigate profitability through continuous-flow technology, merchant production and domestic on-shoring initiatives.

Governments across India, the U.S. and the EU provided over $ 4 billion in tax credits and Production Linked Incentives between 2024 and 2026 to reduce geographic supply chain vulnerabilities, successfully concentrating new capacity within localised hubs. Consequently, contract development and manufacturing organisations (CDMOs) outpaced captive facilities by adopting continuous-flow and mini-plant systems, which lower capital requirements and accelerated turnaround times for mid-volume APIs.

API Market Growth

Market Size ($, billion)

P - Projected

Source: API Market Size and Share - Mordor Intelligence

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[9] https://www.pwc.com/us/en/industries/pharma-life-sciences/pharmaceutical-industry-trends.html

[10] https://www.mordorintelligence.com/industry-reports/global-active-pharmaceutical-ingredients-api-market

Small Molecule API Market[11]

The global small molecule API market has reached a substantial size of $ 207.67 billion in 2025. This market is expected to experience strong growth in the coming years, expanding to $ 223.59 billion in 2026 at a CAGR of 7.7% and further reaching $ 299.83 billion by 2030 at a CAGR of 7.6%.

A prominent growth driver for this industry is the rising chronic and non-communicable diseases worldwide, such as cardiovascular conditions, metabolic disorders and cancer, which heavily increases the global demand for therapeutic interventions. Additionally, the industry is driven by factors such as the historic growth of generic drug manufacturing, patent expirations of major blockbuster drugs, an expansion of pharmaceutical manufacturing bases in Asia, a rising demand for oncology medications and the steady growth of contract development and manufacturing outsourcing.

Small Molecule API Market Outlook

P - Projected

Source: Small Molecule Active Pharmaceutical Ingredient Market Report 2026

Indian Pharmaceutical Industry[12]

India's pharmaceutical Industry ranks third globally by volume and eleventh by value, with its domestic market valued at $ 60 billion in 2025. The industry comprises more than 3,000 companies operating across 10,500 manufacturing units nationwide. India is widely recognised as the Pharmacy of the World, for providing assured quality at affordable prices.

India's growth trajectory demonstrates deepening integration into global pharmaceutical supply chains. It also hosts the highest number of USFDA-approved manufacturing plants outside the United States. Indian manufacturers supply approximately 60% of UNICEF's total vaccine requirements globally.

India has recently concluded several trade agreements that significantly expand pharmaceutical market access globally. The India-UK Comprehensive Economic and Trade Agreement, signed in July 2025, is particularly noteworthy. Under this deal, 56 pharmaceutical tariff lines will receive zero-duty market access in the UK. The India-EU Free Trade Agreement opens a market valued at approximately $ 572.3 billion for Indian pharmaceuticals. The India-New Zealand FTA, concluded in December 2025, provides zero-duty access across around 90 tariff lines. These pacts are anticipated to deepen healthcare trade and substantially support the ongoing expansion of India's pharmaceutical manufacturing ecosystem.

The government's Biopharma SHAKTI initiative, proposed in the Union Budget 2026-27, marks an ambitious step forward. It carries a total outlay of ₹ 10,000 crore spread over the next five years. The initiative aims to position India as a global biopharmaceutical manufacturing hub of considerable significance. It will establish 3 new and upgrade 7 existing National Institutes of Pharmaceutical Education and Research. Additionally, a network of over 1,000 accredited clinical trial sites will be created across India. FDI inflows into drugs and pharmaceuticals reached ₹ 13,193 crore for FY 2025-26, reflecting strong confidence in India's pharmaceutical future.

Growth Drivers

Cost-Efficient Manufacturing and Generic Drug Leadership

India's low-cost manufacturing model has established it as the undisputed global leader in generic medicines. The country supplies around 20% of the world's generic medicines across 60 therapeutic categories. This pricing advantage, backed by a skilled scientific workforce, makes Indian medicines preferred worldwide.

Government-Led Production Linked Incentive Schemes

PLI schemes have been transformative in strengthening domestic manufacturing and reducing India's import dependence considerably. The Pharmaceuticals PLI alone has generated total sales of ₹ 3,16,797 crore and employed approximately 97,000 persons. Investments under the scheme reached ₹ 40,890 crore. These schemes have collectively avoided imports worth ₹ 3,591 crore, meaningfully building India's self-reliance.

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[11] https://www.thebusinessresearchcompany.com/report/small-molecule-active-pharmaceutical-ingredient-global-market-report

[12] https://static.pib.gov.in/WriteReadData/specificdocs/documents/2026/mar/doc2026321831401.pdf

Indian Pharmaceutical

Market Size ($ billion)

F - Forecasted

Source: Arc Advisory - India's Pharmaceutical Industry

Outlook

India's pharmaceutical market is projected to expand to approximately $ 130 billion by 2030, with the primary catalysts being India's robust export capabilities and proactive government initiatives designed to stimulate market growth. Through these strengths, India has firmly established itself at the forefront of the global industry and is poised to maintain its prominent position as a global leader.

Looking ahead, the Indian pharmaceutical industry is well-positioned to maintain a growth rate of 7-9%. This growth is driven by high domestic demand, steady exports and a clear shift toward advanced areas like complex generics, biosimilars and specialty products. Government policies are actively driving this growth and improving quality compliance.

At the same time, national innovation is gaining momentum from the rising interest in the Promotion of Research and Innovation in Pharma MedTech scheme, as well as global licensing deals and strategic acquisitions that show growing confidence in Indian scientific capabilities.

To reach its full potential and move from manufacturing improvements to discovering new drugs, the industry is focusing on three key areas:

- Securing long-term risk capital
- Promoting deeper collaboration between industry and academia
- Expanding domestic production capacity to reduce supply chain risks and remain globally competitive

Company Overview

SMS Pharmaceuticals is a prominent pharmaceutical manufacturer in India with advanced, state-of-the-art production facilities in Hyderabad and Vizag, boasting capacities of 120 KL and 3,000 KL for niche small-scale and large-scale manufacturing, respectively. Exhibiting high strategic agility amid evolving industry dynamics, the Company has successfully positioned itself as a global player in API manufacturing, aided by strong market presence, robust backward-integrated operations, an expert research and manufacturing workforce and a sophisticated industrial infrastructure.

Leveraging over three decades of core expertise in API manufacturing, the Company has successfully transitioned from a single-product, single-unit operation into an integrated, multi-location enterprise with a well-diversified portfolio spanning over multiple therapeutic segments. Over its years of sustained operational excellence, the Company has attained Export House status, successfully expanded its commercial footprint and established a robust presence across international markets. Presently operating as a publicly listed entity, the Company maintains a steadily expanding client base across both domestic and international markets. Backed by a dual-faceted production capability.

Product Portfolio

SMS Pharmaceuticals has a well-diversified product portfolio, which contributes to its strong foothold in regulatory markets. The products can be categorised as:

Therapeutic areas	Key Products	Category
Anti-inflammatory	Ibuprofen	High-volume
Anti-Retro Viral (ARV)	Tenofovir	High-volume
Anti-diabetic	Sitagliptin, Empagliflozin, Dapagliflozin, Vildagliptin	High-value
Anti-migraine	Sumatriptan, Rizatriptan, Eletriptan	High-value
Anti-ulcer	Famotidine, Pantoprazole	High-volume
Anti-erectile dysfunction	Tadalafil, Sildenafil, Vardenafil	High-value
Anti-epileptic	Levetiracetam, Perampanel, Lamotrigine	High-value
Anti-anginal	Ranolazine	High-value

Structural cost advantage:

Through strategic backward integration, the Company has achieved exceptional cost efficiency across its product portfolio. This optimised manufacturing framework and robust supply channel ensure that SMS Pharmaceuticals maintains a highly competitive edge over other industry players

Extensive research and development:

Supported by an elite panel of scientists, the Company continuously innovates to enhance and diversify its product portfolio. These premium APIs are the direct result of an unwavering corporate commitment to research excellence and state-of-the-art manufacturing processes.

Manufacturing excellence:

Driven by robust operational efficiency and deep domain expertise, the Company utilises its advanced manufacturing capabilities as a primary engine for growth. The commissioning of the 3,000 KL Vizag facility amplifies this scaling prowess and substantially strengthens overall capacity.

Geographic diversification:

The Company commands a resilient global footprint, distributing its specialised products across an extensive network of over 75 countries. Notably, international markets generate 85% of total revenues, underscoring the deep global trust placed in SMS Pharmaceuticals.

Business Overview

Domestic API Business

SMS Pharmaceuticals is a strategically positioned domestic enterprise that leverages its robust manufacturing capabilities and strategic integration to develop and commercialise market-standard APIs. This core segment drives approximately 96% of the company's total sales, boasting a diverse portfolio of over 55 products across 14 therapeutic categories. Notably, the company stands as a leading global exporter of anti-inflammatory, anti-retroviral (ARV) and anti-diabetic therapeutics. It also features Asia's largest automated production facility for ibuprofen, an operation that has secured multiple international regulatory clearances, including three distinct approvals from the USFDA, alongside certifications from the KFDA, CDSCO and PMDA.

International Business

SMS Pharmaceuticals specialises in niche molecules and holds a strong position in the global API market with high-quality, regulatory-compliant drugs. It holds 140 plus Drug Master Files (DMFs) with agencies like USFDA, PMDA, CSDSCO and KFDA. With the initiation of ibuprofen production at the Vizag facility, SMS has captured a relatively large share of the European market. The Company generates the majority of its revenue from regions such as Europe, North America and Asia (excluding India). With strong manufacturing processes and a competent workforce, SMS Pharmaceuticals continues to enhance its reputation among European customers while striving to strengthen its presence worldwide.

55+
Product Portfolio

88%
Revenue from regulatory markets

75+
Countries associated with the business of the Company

140+
Drug Master Files

Financial Review

Consolidated financial performance for the year ended 31st March, 2026.

Particulars	FY 2025-26	FY 2024-25	YoY Changes (in %)
Net Revenue from Operations (Net of Excise) (₹ in crore)	886.87	782.75	13%
EBITDA (₹ in crore)	179.63	145.21	23%
PAT (₹ in crore)	101.98	69.14	47%
EPS (in ₹)	11.15	8.16	37%
Net worth (₹ in crore)	785.81	639.64	22.85%

Financial Ratios

(As at 31st March, 2026 vs. 31st March, 2025)

Particulars	As at 31st March, 2026	As at 31st March, 2025	% Change
Debtors Turnover Ratio	4.23	3.56	19%
Inventory Turnover Ratio	2.79	3.02	-8%
Interest Coverage Ratio (Times)	7.77	7.89	-2%
Current Ratio	1.81	1.71	6%
Debt Equity Ratio	0.45	0.46	-7%
Operating Profit Margin	20.21%	18.68%	8%
Net Profit Margin	9.88%	8.74%	13%
Return on Net Worth	12.03%	11.00%	9%

Outlook

SMS Pharmaceuticals maintains a strong business outlook centred on capacity expansion, portfolio broadening, and deeper backward integration. The company expects anti-inflammatory and ARV APIs, alongside new product introductions, to remain critical drivers of long-term growth and profitability. Backed by its on-track ₹280 crore capital expenditure program set for completion by FY27 and a target of 10 dynamic regulatory submissions (including DMF and CEP filings), SMS Pharma is structurally well-positioned.

Strategy

SMS Pharmaceuticals continues to reinforce its market position through a robust, backward-integrated operating framework. To accelerate future growth, the Company is executing a planned capital expenditure of ₹ 280 crore. This ongoing strategic investment is fully expected to be completed by the conclusion of FY 27.

- **Strategic CAPEX allocation:** Demonstrating a disciplined allocation strategy, wherein 87% of this capital is dedicated to brownfield expansion projects, while the remaining portion of the expenditure is earmarked for greenfield initiatives and crucial strategic land acquisition. This targeted capital outlay primarily focuses on scaling up the Company's existing active pharmaceutical ingredient base. Crucially, a strategic portion of this capital is allocated toward advanced research and development for peptides. This specialised peptide pipeline is projected to be fully operational by FY 29. Management views this emerging therapeutic vertical as a growth driver over the next 12 to 24 months.

- **Extensive Research and Development:** Complementing this infrastructure growth, SMS Pharmaceuticals maintains an expertise-driven research and development wing. The specialised team works extensively toward advanced process optimisation and sustainable long-term margin protection. Through these innovation initiatives, the Company has secured more than 35 proprietary process patents. These technical milestones grant the organisation substantial leverage by driving superior operational efficiency across manufacturing lines. To aggressively accelerate this pipeline, the Company intends to double its financial investment in research and development over the next 15 months.

- **Expanding global foothold:** Backed by technical capabilities, the Company maintains a strong commercial foothold in stringent regulatory API markets. To fortify this regulatory position, the Company is targeting 20 new Drug Master File (DMF) and Certificate of Suitability (CEP) filings over the next

24 months. Additionally, to expand its global footprint, the Company established a strategic joint venture with Chemo Iberica SA. The partnership with the Spanish pharmaceutical player aims to develop generic formulas and commercialise advanced APIs. Together, these aligned operational and financial milestones position the Company for sustainable and profitable future expansion.

Research and Development

SMS Pharmaceuticals is accelerating its global market presence and driving innovation through expertise-driven research and development capabilities.

A specialised research panel consisting of more than 100 scientists continuously delivers manufacturing excellence and ensures high-quality across product categories. To date, these focused innovation efforts have successfully secured more than 35 proprietary process patents.

The Company has established a formidable global regulatory presence by filing more than 140 Drug Master Files. Building on this momentum, the team completed around 12 regulatory submissions during FY26. Aiming to capitalise on this global growth, the enterprise aims to double its research investment over the next 15 months. This capital infusion will directly support to achieve the target of filing 20 new regulatory dossiers in the next 24 months.

The research cell has been extensively expanded through a strategic joint venture with Chemo Iberica SA. This collaborative partnership with the Spanish pharmaceutical giant has effectively added valuable new generic products to the pipeline. On a laboratory scale, the Company has already developed and validated an array of sophisticated therapeutic molecules. These internal advancements span vital categories including anti-hypertensive, antipsychotic, ulcerative colitis, anti-inflammatory, anti-depressant and anti-diabetic therapeutics. Together, these robust pipeline developments position the organisation for sustainable long-term growth across critical global healthcare markets.

100 +

Scientists in R&D

12

Regulatory submissions during FY26

35

Proprietary Process Patents

Human Resources (HR)

SMS Pharmaceuticals remains committed to promote a supportive, growth-centric workplace that recognizes its workforce as its most valuable asset. The Company's human resource strategy prioritizes continuous learning, comprehensive training programs, and proactive skill-enhancement initiatives. By emphasizing work-life balance, maintaining a healthy corporate culture, and adhering to rigorous health and safety standards, SMS Pharmaceuticals ensures that every employee's contribution is valued. HR plays a strategic role in aligning individual career aspirations with broader corporate objectives, driving high levels of engagement and productivity. As of March 31, 2026, the Company's operational workforce exceeded 1600 personnel.

Quality and Compliance

SMS Pharmaceuticals maintains rigorous global quality management systems to ensure its products consistently align with or exceed stringent market specifications. Through continuous operational improvements and strict adherence to regulatory compliance standards, the Company successfully preserves its market-leading position for exceptional product quality and corporate compliance.

Health, Safety and Environment (HSE)

SMS Pharmaceuticals prioritizes employee well-being and operational safety by strictly complying with international standards. The Company's integrated management system is certified to both ISO 14001 (Environmental) and ISO 45001 (Occupational Health and Safety) standards. At Unit II, regular training programs enhance workforce emergency preparedness. The facility is fully equipped with essential firefighting equipment, personal protective gear, and dedicated first-aid squads, complemented by on-site medical personnel and an on-premises ambulance for rapid emergency response.

The Company is dedicated to reducing its environmental footprint by deploying advanced technologies and optimizing resource consumption. SMS Pharmaceuticals has successfully commissioned Zero Liquid Discharge (ZLD) plants across all operational locations and actively collaborates with suppliers to uphold matching environmental standards. Driven by environmental awareness and continuous employee training, the Company's innovative green chemistry initiatives have earned formal recognition through the prestigious Indo-US Green Chemistry Network Award.

Corporate Social Responsibility (CSR)

SMS Pharmaceuticals is dedicated to driving meaningful social and environmental impact through its structured CSR framework. Prioritizing underprivileged communities, the Company promotes inclusive regional development by enhancing access to essential healthcare and quality education. Key initiatives include the construction of educational infrastructure, support for healthcare capacity building, community development infrastructure facilities in rural areas, and the stimulation of local livelihoods. Through these targeted interventions, SMS Pharmaceuticals actively contributes to holistic community advancement and sustainable, shared prosperity across its operational footprints.

Internal Control Systems

SMS Pharmaceuticals has implemented robust internal control systems and processes across all of its financial and business activities. The Company's strong control framework supports its corporate governance, providing assurance of accurate record maintenance and credible reporting of financial and business information, compliance with relevant regulations, safeguarding of assets against misuse or loss, adequate authorisation of transactions and adherence to corporate policies. To put these practices into writing, the Company has an exhaustive delegation of authority document for authorisation of expenditures and revenues and is committed to continuously enhancing its controls. The Audit Committee is central to this function. It regularly examines internal procedures, advises corrective actions when necessary and reports to the Board of Directors periodically on major findings, thus aiding in the provision of an effective and secure environment of controls.

Cautionary Statement

The management of SMS Pharmaceuticals Ltd. has carefully prepared and takes full responsibility for the financial statements included in this report. These statements comply with Indian Accounting Standards and other relevant regulations, reflecting well-considered judgments and estimates.

Some sections of this report may contain forward-looking statements intended to help investors understand potential future opportunities and make informed investment decisions. However, these statements are subject to risks and uncertainties, such as regulatory changes, political or economic developments, technological challenges and other factors that could result in actual outcomes differing from those projected.

While the Company aims to make prudent assumptions, it cannot guarantee the realisation of these forward-looking statements. Various factors, including economic conditions affecting demand, supply and pricing in domestic and international markets, changes in regulations and other unforeseen events, may impact the Company's performance. Readers should consider these factors when evaluating the statements. The Company is not obligated to publicly update or revise any forward-looking statements based on new information, future events, or other circumstances.

Report On Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Our Corporate Governance framework is built on the principles of integrity, accountability, transparency, fairness, ethical leadership, and responsible decision-making. These principles guide every aspect of our business and reinforce stakeholder trust while supporting sustainable value creation in the pharmaceutical industry.

We are dedicated to maintaining the highest standards of corporate governance by fostering an ethical culture that promotes trust, accountability, and sustainable growth. We maintain a zero-tolerance approach towards unethical conduct and ensure that our governance practices support long-term value creation for shareholders while balancing the interests of all stakeholders.

Our governance framework integrates risk management, compliance oversight, internal controls, and ethical business practices to support informed decision-making and organizational resilience. By embedding governance excellence into our business processes, we strive to enhance stakeholder confidence and deliver sustainable business performance.

At our Company, corporate governance extends beyond regulatory compliance. It represents a commitment to integrating globally recognized governance practices into every aspect of our operations. We believe that ethical conduct, responsible decision-making, and accountability must be demonstrated consistently across our relationships with employees, customers, suppliers, business partners, regulators, investors, and the communities we serve.

We integrate environmental, social, and governance (ESG) considerations into our business strategy, recognizing that responsible governance is fundamental to sustainable growth and long-term stakeholder value.

Corporate governance is embedded across our organization through policies, processes, ethical leadership, and a culture of responsibility that guides interactions with employees, customers, suppliers, regulators, investors, and communities.

Our Corporate Governance Framework Aims to:

- Drive sustainable long-term growth and strategic value creation.
- Maintain strong relationships with customers and suppliers.
- Uphold the highest standards of ethics, integrity, and responsible business conduct.
- Prioritize environmental stewardship and contribute actively to our local communities.
- Strengthen transparency, accountability, and fairness to support overall organizational sustainability.
- Ensure transparency, accountability, and fairness in all business activities and decision-making.
- Protect and enhance shareholder value while balancing the interests of all stakeholders.
- Ensure full compliance with all applicable laws, regulations, and statutory requirements.
- Promote sound risk management, robust internal controls, and financial discipline.
- Embed sustainability and responsible business practices into our corporate strategy and operations.

Good Governance Policies

The Company is dedicated to conducting its business and nurturing its relationships with dignity, distinctiveness, and responsibility. We live by our Values FIRST—Fairness, Integrity, Respect, Sincerity, and Transparency—and strive to embody these principles in every aspect of our operations and interactions. To support this commitment, we have established a suite of ethical policies and guidelines that uphold and reinforce transparent, principled conduct throughout our organization. These include: These include:

- Code of conduct for Board of Directors and Senior Management
- Code of conduct for prevention of insider trading
- Policy on Prevention of Sexual Harassment
- Minimum standards for code of conduct regulation to regulate monitor and report trading by designated employees.
- Whistle Blower Protection Policy
- Archival Policy
- Code of practice and procedures for Fair Disclosure
- Policy on Related Party Transactions.
- Code of business conduct and ethics for other stakeholders.
- Dividend Distribution Policy
- Policy on Determining Material Subsidiary

Compliances with SEBI Regulations on Corporate Governance

The Company complies with the Corporate Governance provisions as specified in Chapter IV of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015. The Company lives by the principles of corporate governance and implements them in a manner so as to achieve the following avowed objectives:

Rights of shareholders

- Right to participate in, and to be sufficiently informed of, decisions concerning fundamental corporate changes.
- Opportunity to participate effectively and vote in general meetings
- Opportunity to ask questions to the Board of Directors, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable and statutory limitations.
- Adequate mechanism to address the grievances of the shareholders
- Exercise of ownership rights by all shareholders including institutional investors

BOARD OF DIRECTORS:

The Board of Directors is responsible not only to shareholders but also to other stakeholders. Its main role is to protect and increase the company's long-term, sustainable value by making sound decisions, maintaining good governance, managing risks, ensuring compliance, and acting in the best interests of the Company. In fulfilling its responsibilities effectively, the Board of Directors of the Company:

- Guide, review and approve corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments.
- Monitor the effectiveness of the Company's governance practices, environmental practices, and social practices, and adherence to applicable laws;
- Embody high standards of business ethics and oversee the implementation of codes of conduct that engender a corporate culture of integrity;
- Oversee the management of potential conflicts of interest, such as those which may arise around related party transactions.
- Oversee the integrity of the Company's accounting and reporting systems, its compliance with internationally accepted standards, the effectiveness of its systems of internal control and independence of the external audit process.
- Conduct an objective Board Evaluation on a regular basis, consistently seeking to enhance Board Effectiveness.

The role of the Board includes responsibility for entrepreneurial leadership, strategy, securing the necessary financial and human resources and performance review. The Board also sets the Company's values and standards, and ensures it meets its obligations to shareholders and others.

GOVERNANCE STRUCTURE

The Corporate Governance structure of the Company is as follows:

1. **Board of Directors:** The Board of Directors holds the ultimate responsibility for overseeing the management, strategic direction, and overall performance of the Company. As the Board's role is primarily fiduciary in nature, it provides effective leadership, strategic guidance, and an objective and independent perspective to the Management. While discharging its duties, the Board ensures adherence to the principles of ethics, transparency, accountability, and timely disclosures.

2. **Committees of the Board:** The Board of Directors has established various Committees to oversee specific areas and matters requiring focused attention and detailed review. These Committees are constituted with the approval of the Board and operate in accordance with their respective Charters. They play a vital role in strengthening the Company's governance framework and supporting the effective management of its affairs. The Committees convene at regular intervals to review matters within their respective mandates and undertake responsibilities delegated by the Board. The proceedings and Minutes of Committee meetings are subsequently presented to the Board for its review and noting.

COMPOSITION OF BOARD

The Board of Directors of your Company consists of individuals having considerable professional expertise and a wide range of experience in their areas of specialization. The Company has an optimum combination of Executive, Non-executive and Independent Directors on its Board which is in conformity with the Companies Act, 2013 and SEBI Listing Regulations.

As on 31st March, 2026 the Company's Board consists of Eight (8) members out of which four (4) members Independent Directors, who are leading professionals in their respective fields, Two (2) Non-Executive & Non-Independent Directors and Two (2) Executive Directors who are Promoter Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013. The Board consists of one women independent director. Brief profiles of the Directors are available on the Company's website at https://smspharma.com/corporate-governance/management-team-information/

In accordance with the provisions of the Section 165 of the Companies Act, 2013, none of the Directors on the Board hold directorships in more than ten (10) public companies. Further, as per Regulation 26(1) of the SEBI (LODR) Regulations none of them is a member of more than ten (10) Committees or Chairman of more than five (5) Committees across all the public companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2026 have been made by the Directors.

The names and categories of the Directors on the Board, date of joining on the Board as current designation, and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on 31st March, 2026 are given herein below:

Name of Director & DIN	**Category (Designation)**	**Date of Joining on the Board**	**Attended Last AGM 29.09.2025**	**No. of Directorships in other Public Companies and category**	**No. of Committee Position held in Public Companies (including this company)**		**No. of shares held**
					Chairman	**Member**	
Mr. Ramesh Babu Potluri, DIN: 00166381	Executive Director (Chairman & Managing Director)	01.12.2008	Yes	0	0	0	1,81,53,060
Mr. Sarvepalli Srinivas DIN: 02292051	Non-Executive and Independent Director	12.08.2019	Yes	0	0	1	0
Mr. Shravan Kudaravalli, DIN: 06905851	Non-Executive and Independent Director	26.05.2018	Yes	M/s. CMH Tools Limited, M/s. Interactive Data Systems Limited	1	1	30000
Dr. Suresh Kumar Gangavarapu DIN: 00183128	Non-Executive and Independent Director	12.08.2024	Yes	0	0	1	10,000
Mrs. Shanti Sree Bolleni DIN: 07092258	Non-Executive and Independent Director	12.08.2024	Yes	8*	1	9	0
Mr. Trilok Potluri, DIN: 07634613	Non-Executive and Non-Independent Director	12.08.2024	Yes	0	0	1	46,88,000
Dr. Sunkara Venkata Satya Shiva Prasad, DIN: 10404277	Non-Executive and Non-Independent Director	12.08.2024	Yes	M/s. Avanti Feeds Limited-Independent Director	1	2	15,255
Mr. Vamsi Krishna Potluri, DIN: 06956498	Executive Director	05.06.2020	Yes	0	0	1	1,58,28,370

Note: Number of directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. The Chairmanships/Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

*Mrs. Shanti Sree Bolleni holding Directorships in other Public Companies and category:

Nava Limited -Independent Director

Nava Bharat Energy India Limited-Independent Director

Nava Bharat Projects Limited-Independent Director

Rain Cements Limited -Independent Director

Rain CII Carbon (Vizag) Limited-Independent Director

Rain Industries Limited-Independent Director

Nile Limited-Independent Director

Lakshmi Finance and Industrial Corporation Ltd- Independent Director

Board Procedure

The Board periodically reviews and provides oversight on the Company's strategic direction, annual business plans, performance of subsidiaries, capital expenditure plans, and key initiatives relating to risk management, safety, and environmental sustainability. It also monitors quality standards and customer-centric initiatives, while ensuring the adequacy and effectiveness of internal financial controls, financial reporting frameworks, and the timely review of quarterly, half-yearly, and annual financial results.

The Board regularly reviews the Company's compliance with applicable laws and regulations, significant observations arising from internal audits, and the proceedings and minutes of the Audit Committee and other key Board Committees.

In addition to matters specified under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, the Board is periodically apprised of significant business developments, strategic matters, and other important updates requiring its attention and oversight.

Board Meetings & Attendance:

The Board of Directors of the Company meets at least four times in a year with a maximum time gap of not more than 120 days between two consecutive meetings. Additional meetings of the Board of Directors are held as and when deemed necessary by the Board of Directors. Directors are expected to attend all Board meetings. To facilitate participation, the Company provides video conferencing and other audio-visual means for Directors who are unable to attend meetings in person.

The schedule of Board meetings is finalized based on the availability of the Directors. The agenda for the meetings, along with detailed notes, is prepared circulated to the Directors within the prescribed statutory timelines.

Directors are also provided the opportunity to suggest items for inclusion in the agenda for discussion at the meetings. During the financial year 2025-26, Six (6) Board Meeting were held at which proper quorum was present. The details of the Board meetings and the attendance of Directors at these meetings, are provided below:

Sl. No.	Name of the Director	Attendance of Board Meeting						
		30th May, 2025	1st July, 2025	9th August, 2025	16th October, 2025	8th November, 2025	7th February, 2026	Attendance %
1	Mr. Ramesh Babu Potluri	✓	✓	✓	✓	✓	✓	100
2	Mr. Sarvepalli Srinivas	✓	✓	✓	✓	✓	✓	100
3	Mr. Shravan Kudaravalli	✓	✓	✓	✓	✓	✓	100
4	Mr. Vamsi Krishna Potluri	✓	✓	✓	⊗	✓	✓	83.33
5	Mr. Trilok Potluri	✓	✓	✓	⊗	✓	✓	83.33
6	Dr. Sunkara Venkata Satya Shiva Prasad	✓	✓	✓	✓	⊗	✓	83.33
7	Dr. Suresh Kumar Gangavarapu	✓	✓	✓	✓	✓	✓	100
8	Mrs. Shanti Sree Bolleni	✓	✓	✓	✓	✓	✓	100
	Attendance %	**100**	**100**	**100**	**75**	**88**	**100**	**94**

Attendance: ✓ Present; ⊗ Absent.

During the year under review, information as mentioned in Schedule II Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, had been placed before the Board for its consideration.

The Board periodically reviews the compliance reports of all laws applicable to the Company.

The Board Members are provided with necessary documents/reports on internal policies to enable them to familiarize to the Company's procedures and practices. Periodic presentations are made at the Board and its Committee Meetings, on business and performance updates of the Company. The senior management personnel of the Company regularly make presentations to the Board members on the operations of the Company, its plans, strategy, risks involved, new initiatives etc., and seek their views and suggestions on the same. Site visits to various plant locations are organized to the Directors to enable them to understand the operations of the Company.

During the year, the Securities Allotment Committee of Board of Directors met once on 10th September, 2025.

During the year, the Company had converted balance 50,00,000 convertible warrants into 50,00,000 equity shares of ₹1/- each to the promoters and promoters' groups of the Company. Details of equity shares and convertible instruments of the Company held by the Directors as on 31st March, 2026 are given below:

Name of Director	No. of Equity Shares held as on 31-03-2026
Mr. Ramesh Babu Potluri	1,81,53,060
Mr. Vamsi Krishna Potluri	1,58,28,370
Mr. Trilok Potluri	46,88,000
Mr. Shravan Kudaravalli	30,000
Dr. Suresh Kumar Gangavarapu	10,000
Dr. Sunkara Venkata Satya Siva Prasad	15,255

Disclosure of relationships between directors inter-se:

Mr. Vamsi Krishna Potluri is the eldest son of Mr. Ramesh Babu Potluri, Chairman and Managing Director of the Company and he is also brother of Mr. Trilok Potluri Non-Executive Director of the Company.

Dr. Sunkara Venkata Satya Shiva Prasad is father-in law of Mr. Vamsi Krishna Potluri who is an Executive Director of the Company.

Other than these three directors, none of the directors are related to any other director.

Appointment / Re-appointment of Directors

As required under Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standards - 2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI), particulars of Directors seeking appointment / re-appointment at this AGM are given in the Notice of the AGM which forms part of this Annual Report.

Selection criteria for Board Members

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. The Company has adopted guidelines on selection criteria of Board members, which is available on the website of the Company at https://smspharma.com/company-announcements/downloads/

Independent Directors

The Company's Independent Directors are eminent professionals with extensive expertise and experience in their respective fields. None of the Independent Directors are Promoters of the Company or related to any Promoter in any manner. They do not have any pecuniary relationship with the Company and do not hold two percent or more of the total voting power of the Company.

Further, none of the Independent Directors of the Company serves as a Non-Independent Director of any other company on the Board of which any Non-Independent Director of the Listed Entity serves as an Independent Director.

In the opinion of the Board, all Independent Directors of the Company satisfy the conditions of independence as specified under the Companies Act, 2013, including the amendments thereto, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. They are independent of the management of the Company.

Pursuant to the provisions of Section 150 read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, under the Companies Act, 2013, the Independent Directors of the Company have registered themselves on the portal of the Indian Institute of Corporate Affairs within the prescribed timelines.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company at the following link https://smspharma.com/company-announcements/downloads/

During the year, two meetings of the Independent Directors were held on 14th June, 2025 and 07th February, 2026. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

List of Board's skills / expertise / competencies fundamental for the effective functioning of the Company:

Your Board aims to be comprised of Directors with the appropriate mix of skills, experience, expertise and diversity relevant to the Company's business and the Board's responsibilities. The skills matrix adopted by the Board vis-à-vis the skills / expertise / competencies of respective Directors are as under:-

Name of Director & Designation	Industry Expertise (Pharmaceutical Industry)	Leadership and Board Experience	Corporate Governance	Strategy and Risk Management	Expertise in Financial Matters	Health, Safety, Environment and Sustainability
Mr. Ramesh Babu Potluri	✓	✓	✓	✓	✓	✓
Mr. Sarvepalli Srinivas	✓	✓	✓	✓	✓	✓
Mr. Shravan Kudaravalli	✓	✓	✓	✓	✓	✓
Mr. Vamsi Krishna Potluri	✓	✓	✓	✓	✓	✓
Mr. Trilok Potluri		✓	✓	✓	✓	✓
Dr. Sunkara Venkata Satya Shiva Prasad	✓	✓	✓	✓	✓	✓
Dr. Suresh Kumar Gangavarapu	✓	✓	✓	✓	✓	✓
Mrs. Shanti Sree Bolleni	✓	✓	✓	✓	✓	✓

Familiarisation Programme for Independent Directors:

All Directors including Independent Directors go through a structured orientation/ familiarization programme to make them familiar with their roles, rights and responsibilities in the Company at the time of appointment and also on a recurrent basis. The details of various programmes undertaken for familiarizing the Independent Directors are available on the website of the Company at https://smspharma.com/wp-content/uploads/2026/04/Familiarization-Programme25-26.pdf

BOARD COMMITTEES

The Company has Five Board level committees, namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Risk Management Committee.

Further, the Company has formed a Securities Allotment Committee with Board members of the Board for the purpose of issue of warrants and conversion of warrants to equity shares.

The Constitution, terms of reference and the functioning of the existing Committees of the Board is explained herein.

A. AUDIT COMMITTEE:

Management is responsible for establishing and maintaining robust internal controls and ensuring the accuracy and integrity of the financial reporting process. Statutory auditors, in turn, conduct independent audits of the company's financial statements in accordance with generally accepted auditing standards, and issue their audit report based on such work. To safeguard transparency, reliability, and quality in financial reporting, the Board of Directors has formed an Audit Committee specifically tasked with overseeing and supervising these processes. The Audit Committee's composition and mandate are fully aligned with Section 177 of the Companies Act, 2013 (as read with the applicable Rules), and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Brief description of terms of Reference:

The terms of reference on the Audit Committee are as under:

a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company,

c) Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.

d) Reviewing with the management, the quarterly financial statements before submission to the Board for approval

e) Review and monitor the auditor's independence and performance and effectiveness of audit process.

f) Reviewing with the management, performance of statutory and internal auditor's adequacy of the internal control systems.

g) Discussion with internal auditors of any significant findings and follow up there on.

h) Review the statement of significant related party transactions.

During the financial year 2025-26, the Audit Committee met five (5) times, at which proper quorum was present and the gap between two meetings did not exceed one hundred and twenty days.

Audit Committee composition, meetings and attendance during the year:

The details of the meetings held by the Committee, along with the attendance of its members at each meeting, are provided below:

S. No	Name of the Director	Designation	Category	Committee meetings held on					Attendance %
				29th May, 2025	08th August, 2025	16th October, 2025	07th November, 2025	6th February, 2026	
1	Mr. Shravan Kudaravalli	Chairman	Independent Director	✓	✓	✓	✓	✓	100
2	Dr. Suresh Kumar Gangavarapu	Member	Independent Director	✓	✓	✓	✓	✓	100
3	Mr. Vamsi Krishna Potluri	Member	Executive Director	✓	✓	⊗	✓	✓	80
4	Mrs. Shanti Sree Bolleni* (w.e.f. 30.05.2025)	Member	Independent Director	N/A	✓	✓	✓	✓	100
	Attendance %			**100**	**100**	**75**	**100**	**100**	**95**

Attendance: ✓ Present; ⊗ Absent; N/A Not Applicable

Change in Committee Composition :

*Mrs. Shanti Sree Bolleni has become the member of the Audit Committee w.e.f. 30.05.2025.

The Chairman of the Committee was present at the Annual General Meeting to answer the Shareholders queries. The Company Secretary acts as the Secretary to the Committee.

The Minutes of the Audit Committee meetings were circulated to the Board, discussed and were taken note. The Audit Committee considered and reviewed the accounts for the year 2025-26, before it was placed to the Board. The Committee periodically interacts with the independent auditors, reviews the Company's financial and risk management policies and adequacy of internal controls with the management and is responsible for effective supervision of the financial reporting process and compliance with financial policies. The Internal Auditor reports directly to the Audit Committee.

B. NOMINATION AND REMUNERATION COMMITTEE

The composition of Nomination and Remuneration Committee of the Company has been constituted in accordance with Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015. The role of the Committee is to oversee the selection of Directors and Senior Management Personnel based on criteria related to the specific requirement of expertise and independence. The Committee evaluates the performance of Directors and Senior Management Personnel and recommends to the Board the remuneration payable to Directors and Senior Management Personnel of the Company.

During the financial year 2025-26, the Nomination and Remuneration Committee met one (1) time at which proper quorum was present.

Nomination and Remuneration committee Composition, meetings and attendance during the year:

The details of the meetings held by the Committee, along with the attendance of its members at each meeting, are provided below:

S. No	Name of the Director	Designation	Category	Committee meetings held on	
				14th June, 2025	Attendance %
1	Mrs. Shanti Sree Bolleni	Chairperson	Independent Director	✓	100
2	Dr. Suresh Kumar Gangavarapu	Member	Independent Director	✓	100
3	Dr. Sunkara Venkata Satya Shiva Prasad	Member	Non- Executive & Non-Independent Director	✓	100
	Attendance %			**100**	**100**

Attendance: ✓ Present; ⊗ Absent.

Changes in Committee Composition:

No Changes during the Year.

Performance Evaluation Criteria for Independent Directors:

The performance evaluation of the Independent Directors was carried out by the entire Board.

The criteria for performance evaluation is as follows:

Role & Accountability:

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Active engagement with the management and attentiveness to progress of decisions taken.

Objectivity:

- Non-partisan appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

Leadership & Initiative:

- Heading Board Sub-committees.
- Driving any function or identified initiative based on domain knowledge and experience.

Personal Attributes:

- Commitment to role and fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

REMUNERATION OF DIRECTORS

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel, and other employees, in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The said Policy is available on the Company's website at https://smspharma.com/wp-content/uploads/2024/06/Nomination-an-Remuneration-Policy.pdf

The Company has Two (2) Promoter Executive Directors, Two (2) Non-Executive Non- Independent Directors and rest of the Board Contains four (4) Non-Executive Independent Directors. Non-Executive Independent Directors & Non-Executive Non-Independent Directors were paid only sitting fee. The Company does not have any Employee Stock Option Scheme. Payments made to Directors during the FY 2025-26 are mentioned hereunder:

Remuneration to Executive Directors

₹ in lakhs

Name of the Director	Salary and Allowances	Remuneration based on profits	Perquisites	Bonus/Stock Options	Total
Mr Ramesh Babu Potluri (Chairman & Managing Director)	300.00	340.07	6.24	-	646.31
Mr. Vamsi Krishna Potluri	151.50	488.98	5.82	-	646.31

Remuneration to Non-Executive Directors:

The details of remuneration to the Non-Executive including Independent Directors for the year ended on 31st March, 2026 as given below:

₹ in lakhs

Name of the Directors	Sitting Fees
Mr. Sarvepalli Srinivas	7.50
Mr. Shravan Kudaravalli	11.50
Dr. Suresh Kumar Gangavarapu	10.00
Mrs. Shanti Sree Bolleni	8.50
Mr. Trilok Potluri	6.00
Dr. Sunkara Venkata Satya Shiva Prasad	5.00

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of Stakeholder Relationship Committee of the Company has been constituted in accordance with the provisions of Section 178(5) of the Companies Act, 2013. The Stakeholders Relationship Committee is empowered, inter alia, to review all matters connected with the Company's share transfers and transmissions and redressal of shareholders/ investors' complaints like non-transfer of shares, non-receipt of dividend, Annual Report, etc.,

The composition and the terms of reference of Committee are in line with the requirements of provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year 2025-26, the Stakeholder Relationship Committee met two (2) times at which proper quorum was present.

Stakeholders Relationship Committee composition, meetings and attendance during the year:

The details of the meetings held by the Committee, along with the attendance of its members at each meeting, are provided below:

S. No	Name of the Director	Designation	Category	Committee Meetings held on		
				08th November, 2025	7th February, 2026	Attendance %
1	Dr. Sunkara Venkata Satya Shiva Prasad	Chairman	Non-Executive - Non Independent Director	⊗	✓	50
2	Mr. Sarvepalli Srinivas	Member	Independent Director	✓	✓	100
3	Mr. Trilok Potluri	Member	Non-Executive - Non Independent Director	✓	✓	100
4	Mrs. Shanti Sree Bolleni	Member	Independent Director	✓	✓	100
	Attendance %			**75**	**100**	**88**

Attendance: ✓ Present; ⊗ Absent.

Changes in Committee Composition

No Changes During the Financial Year.

The Committee considers and resolves the grievances of shareholders, including the complaints related to transfer / transmission of shares, non-receipt of the Balance Sheet and non- receipt of declared dividends.

Mr. Thirumalesh Tumma, Company Secretary is the Compliance Officer of the Company for attending to complaints / grievances of the members.

During the year under review, all the complaints from investors were replied/resolved to the satisfaction of the investors and no complaints were outstanding.

However, a shareholder filed a case on the Company in June, 2021 in the matter of transfer of her shares and the case is pending before the Junior Civil Court, Hyderabad. Another shareholder filed a case on the Company in June, 2023 in the matter of transfer of his shares and the case is pending before the District Consumer Forum, Ahmedabad. The Company filed an FIR in Central Crime Station, Hyderabad related to fraudulent transfer of shares including the above-mentioned transfers. The police authorities have arrested one of the persons alleged involved in this matter and produced the said person before the Honorable XII additional Chief Judicial Magistrate, Hyderabad, for Judicial Remand. The matter is currently under further investigation by the police authorities

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE):

The composition of CSR Committee of the Company is constituted in accordance with the provisions of Section 135(2) of the Companies Act, 2013. The Company has formulated a “Corporate Social Responsibility Policy” in accordance to changing regulatory norms. The role of the Committee is as mentioned below:

a) Formulate and recommend the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified by law;

b) Recommend the amount of expenditure to be incurred on the activities specified; and

c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

During the financial year 2025-26, the Corporate Social Responsibility Committee met two (2) times at which proper quorum was present.

Corporate Social Responsibility Committee composition, meetings and attendance during the year:

The details of the meetings held by the Committee, along with the attendance of its members at each meeting, are provided below:

S. No	Name of the Director	Designation	Category	Committee Meetings held on		
				30th May, 2025	7th February, 2026	Attendance %
1	Mr. Ramesh Babu Potluri	Chairperson	Executive Director	✓	✓	100
2	Mr. Shravan Kudaravalli	Member	Independent Director	✓	✓	100
3	Mr. Sarvepalli Srinivas	Member	Independent Director	✓	✓	100
	Attendance %			**100**	**100**	**100**

Attendance: ✓ Present; ⊗ Absent.

Changes in Committee Composition

No Changes During the Financial Year.

E. RISK MANAGEMENT COMMITTEE

The Company has formally established a Risk Management Committee and adopted a comprehensive Risk Management Policy in line with leading standards. Currently, the Company's Risk Management approach comprises of the following:

- Governance of Risk
- Identification of Risk
- Assessment and Control of Risk
- Reporting & Continuous Improvement

The risks have been prioritized through a Companywide exercise. Members of senior management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees. The risks are identified and are discussed by representatives from various functions. The details of risks identified and mitigation measures undertaken are presented to the Board of Directors and the Audit Committee.

During the financial year 2025-26, the Risk Management Committee met two (2) times at which proper quorum was present.

Risk Management Committee composition, meetings and attendance during the year:

The details of the meetings held by the Committee, along with the attendance of its members at each meeting, are provided below:

S. No	Name of the Director	Designation	Category	Committee Meetings		
				8th August, 2025	**6th February, 2026**	**Attendance %**
1	Mr. Ramesh Babu Potluri	Chairperson	Executive Director	✓	✓	100
2	Mr. Shravan Kudaravalli	Member	Independent Director	✓	✓	100
3	Mr. Vamsi Krishna Potluri	Member	Executive Director	✓	✓	100
	Attendance %			**100**	**100**	**100**

Attendance: ✓ Present; ⊗ Absent.

Changes in Committee Composition

No Changes During the Financial Year.

F. SECURITIES ALLOTMENT COMMITTEE

The Company has constituted a Securities Allotment Committee for the convenience of operations and until the completion of the proposed preferential issue the Board have delegated powers to 'offer, issue and allot warrants' to the committee.

During the financial year 2025-26, the Securities Allotment Committee met one (1) time at which proper quorum was present.

Securities Allotment Committee composition, meetings and attendance during the year:

The details of the meetings held by the Committee, along with the attendance of its members at each meeting, are provided below:

S. No	Name of the Director	Designation	Category	Committee Meetings	
				10th September, 2025	**Attendance %**
1	Dr. Suresh Kumar Gangavarapu	Chairperson	Independent Director	✓	100
2	Mr. Shravan Kudaravalli	Member	Independent Director	✓	100
3	Mr. Srinivas Sarvepalli	Member	Independent Director	✓	100
	Attendance %			**100**	**100**

Attendance: ✓ Present; ⊗ Absent.

Particulars of Senior Management Personnel:

S. No.	Name	Designation
1.	Mr. T. Lakshmi Narayana	Chief Financial Officer
2.	Mr. T. Thirumalesh	Company Secretary and Compliance Officer
3.	Mr. NHD Prasad	Vice President - Operations
4.	Mr.G. Srinivasa Rao	AGM Production
5.	Dr. T.V. Vidya Sagar	DGM- AR&D Central Laboratory

There is no change in the senior management from the date of closure of Financial Year up to the date of this report.

Name, Designation and Address of Compliance Officer:

Mr. Thirumalesh Tumma
Company Secretary and Compliance Officer
SMS Pharmaceuticals Limited
8th Floor, Trendset Jayabheri Connect,
Kondapur, Serilingampally,
Ranga Reddy Dist., Hyderabad-500084.
E-mail: complianceofficer@smspharma.com
Phone: + 91-40-6985 9999
Website: www.smspharma.com

Status of Investor Complaints as on 31st March, 2026 and Reported Under Regulation 13(3) of the Listing Regulations

Details of investor complaints received and redressed during the year 2025-26 are as follows:

Opening Balance as on 1st April, 2025	Received during the year	Resolved during the year	Closing Balance as on 31st March, 2026
0	0	0	0

The Company has given the requisite information to the requests received from the shareholders.

SCORES: The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web-based complaints redressal system. The system processes complaints in a centralized web-based mechanism.

Nodal Officer: Mr. Thirumalesh Tumma, Company Secretary of the Company was appointed as Nodal Officer for the purpose of co-ordination with IEPF Authority in order to ensure processing and verification of claims by the Shareholders in time bound manner.

RECONCILIATION OF SHARE CAPITAL AUDIT REPORT:

Pursuant to the requirements prescribed by the Securities and Exchange Board of India (SEBI), a Practicing Company Secretary is required to conduct a Reconciliation of Share Capital Audit on a quarterly basis. The objective of this audit is to reconcile the total issued and listed share capital of the Company with the aggregate number of shares held in dematerialized form with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), along with the shares held in physical form. The audit report is submitted to the respective Stock Exchanges where the Company's equity shares are listed. The audit provides assurance that the Company's listed and paid-up share capital is accurately reconciled with the total number of shares held in dematerialized and physical form, thereby ensuring compliance with applicable regulatory requirements.

COMPLIANCE WITH GOVERNANCE FRAMEWORK

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations. This Corporate Governance Report of the Company for the year 2025-26 is incompliance with the requirements of Corporate Governance under Regulation 27(2) of Listing Regulations.

CERTIFICATION FROM MANAGING DIRECTOR AND CFO

A certificate of the Managing Director and Chief Financial Officer of the Company on Financial Statements and applicable internal controls as stipulated under Regulation 17(8) of the SEBI (LODR), Regulations, 2015, a copy of the same is attached to this Report as **Annexure-A**.

ANNUAL SECRETARIAL COMPLIANCE REPORT

Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the Annual Secretarial Compliance Report for the financial year 2025-26 from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates). A copy of the said report is annexed to this Report as **Annexure-B** and has also been submitted to the stock exchanges where the Company's shares are listed.

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTOR' UNDER REGULATION 34(3) OF SEBI (LODR) 2015

The Company has obtained a certificate from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates), confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any other statutory authority. The said certificate is annexed to this Report as **Annexure-C**.

GENERAL BODY MEETINGS:

The location and time of the Annual General Meetings held during the last 3 years are as follows:

AGM for FY	Date	Time	Venue	No. of Special Resolutions passed
2022-23	30th September, 2023	10.00 A.M.	Annual General Meeting held through Video Conferencing or other Audio-Visual means deemed venue at the Registered Office of the Company.	1
2023-24	30th September, 2024	11.00 A.M.	Annual General Meeting held through Video Conferencing or other Audio-Visual means deemed venue at the Registered Office of the Company	3
2024-25	29th September, 2025	11.00 A.M.	Annual General Meeting held through Video Conferencing or other Audio-Visual means deemed venue at the Registered Office of the Company	1

Extraordinary General Meetings

The location and time of the Extra Ordinary General Meetings held during the last 3 years as follows:

EGM for FY	Date	Time	Venue	No. of Special Resolutions passed
2023-24	06th March, 2024	11.00 A.M.	Extra Ordinary General Meeting held through Video Conferencing or other Audit-Visual means deemed venue at the Registered Office of the Company.	1
2024-25			No EGM	
2025-26			No EGM	

POSTAL BALLOT

The Company did not conduct any postal ballots during FY 2025-26.

MEANS OF COMMUNICATION

Publication of Results in Newspapers:

The Quarterly, half-yearly and annual financial results of the Company are published in leading English and vernacular (Telugu) language newspaper, viz., The Financial Express (All Editions) and Andhra Prabha (Hyderabad and Secunderabad Editions).

Website and News Papers:

As per Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly / Half yearly / Nine-months and Annual financial results along with the applicable policies of the Company are available on the Company's website https://smspharma.com/company-announcements/news-paper-publication/

No specific presentations made to the institutional investors and analysts after the declaration of the results.

Annual Results:

The Audited Annual Results form an integral part of the Annual Report, which is circulated to the Members well in advance of the Annual General Meeting (AGM), enabling them to review the Company's financial and operational performance. In compliance with regulatory requirements, the Company also disseminates these results through intimation to the Stock Exchange(s) and makes them available on its official website at www.smspharma.com for public access.

In addition to financial results, the Company ensures timely disclosure of all material information, including the Corporate Governance Report, Shareholding Pattern, and other price-sensitive disclosures, which in the opinion of the Board, are of significance to stakeholders. Such information is promptly communicated to the Stock Exchange(s) and concurrently uploaded on the Company's website.

The Company remains committed to maintaining transparency and adhering to the highest standards of corporate governance. All disclosures are made in accordance with applicable laws and regulations to ensure that shareholders and investors are well-informed and empowered to make prudent decisions.

E-voting

Pursuant to the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), 2015, Company is providing e-voting facility to its shareholders, in respect of all resolutions to be passed at the General Meetings.

Stock Exchange:

The Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI.

GENERAL SHAREHOLDERS INFORMATION

Financial calendar: 1st April 2025 to 31st March, 2026

38th Annual General Meeting

Day and Date : Wednesday, 23rd September, 2026

Financial Year : 2025-26

Time : 11:00 AM

Mode : Video Conferencing and Other Audio Visual Means

Deemed Venue : Registered Office situated at 8th Floor, Jayabheri Trendset Connect, Kondapur, Srilingampally, Hyderabad, Telangana, India 500084
For further details, please refer to the Notice of AGM.

Dividend Payment date : within 30 days from the date of approval of the shareholders.

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the AGM.

Listing on Stock Exchange & Stock Code:

BSE Limited "BSE" Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.	National Stock Exchange of India Limited "NSE" Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
Stock Code: BSE: 532815	**Stock Code:** NSE : SMSPHARMA
ISIN for equity shares: INE812G01025	

Listing Fees for the financial year 2025-26 has been paid to both the Stock Exchanges.

Stock market data: The Stock of the Company was listed in the Month of February, 2007.

Market price data - monthly high and low price on the BSE Limited during the year 2025-26.

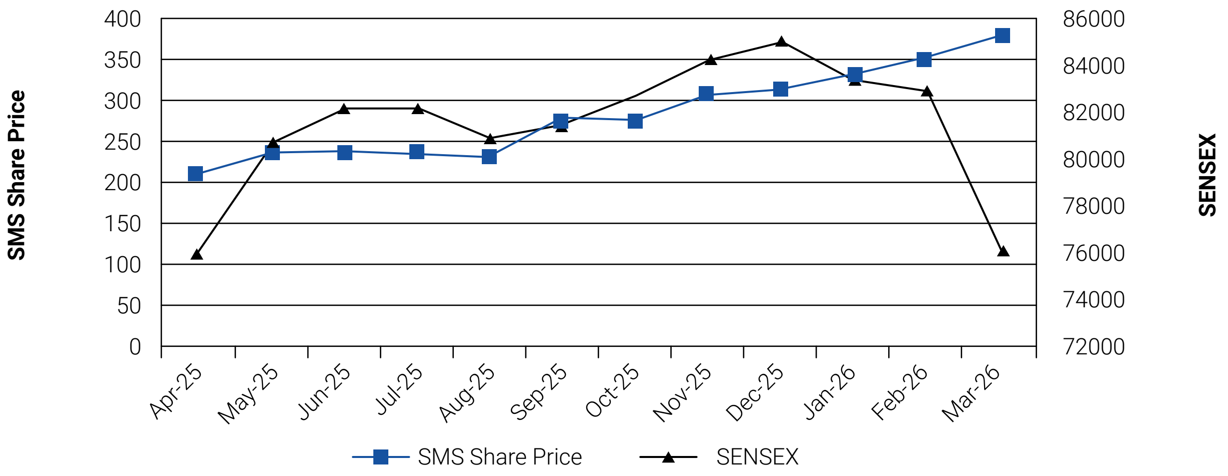
Month	BSE		
	High (₹)	Low (₹)	Volume
April, 2025	249.00	175.00	3,00,677
May, 2025	274.85	205.30	2,59,870
June, 2025	264.90	209.85	1,73,804
July, 2025	258.05	220.25	1,31,228
August, 2025	255.55	208.20	2,35,514
September, 2025	312.25	230.75	30,04,550
October, 2025	308.45	240.65	3,37,025
November, 2025	335.25	270.80	16,88,651
December, 2025	334.65	296.10	3,47,333
January, 2026	359.95	293.55	2,85,774
February, 2026	403.00	300.15	3,21,043
March, 2026	433.80	322.65	3,69,753

Market price data - the monthly high and low price on the NSE Limited during the year 2025-26.

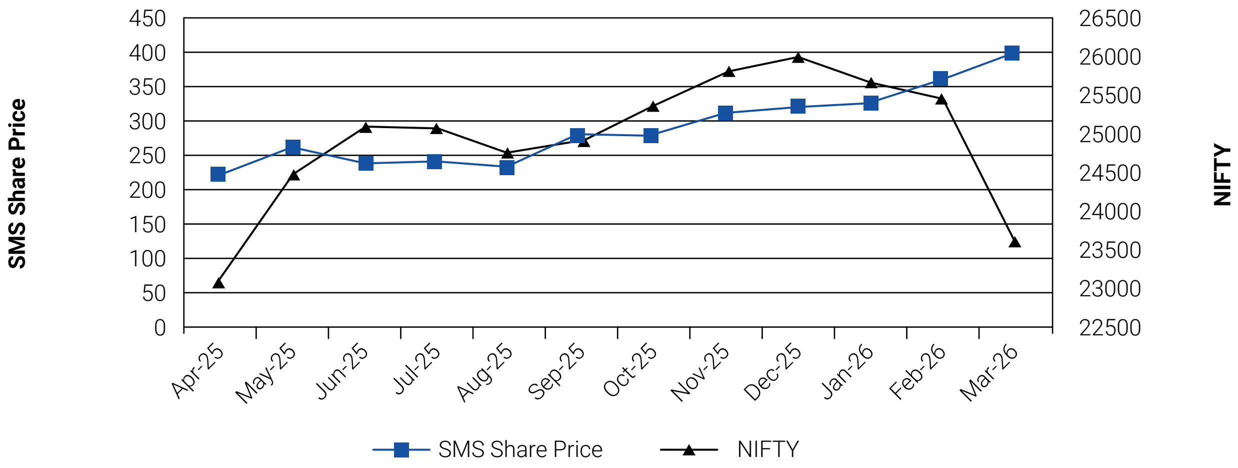
Month	**NSE**		
	High (₹)	**Low (₹)**	**Volume**
April, 2025	248.70	188.00	34,72,868
May, 2025	275.00	229.05	31,65,261
June, 2025	265.00	207.70	27,15,646
July, 2025	258.70	225.15	19,37,915
August, 2025	256.00	207.99	32,42,371
September, 2025	312.40	231.00	2,76,77,124
October, 2025	304.98	245.21	54,13,146
November, 2025	335.00	270.10	2,98,12,788
December, 2025	334.00	302.05	83,35,692
January, 2026	360.00	293.15	75,78,805
February, 2026	403.00	306.65	1,01,86,284
March, 2026	433.90	356.20	85,16,978

Performance in comparison to broad-based indices such as BSE Sensex, NSE Nifty

SMS Pharmaceuticals Limited Vs. BSE Sensex (FY 2025-26)



SMS Pharmaceuticals Limited Vs. NSE Nifty (FY 2025-26)



Share Transfer Agents:

Mr. G Jagan Mohan,
Compliance Officer
M/s. Aarthi Consultants Private Limited
1-2-285, Domalguda, Hyderabad-500 029, Telangana State
Phone: 040-27638111, 27642217, 27634445
Fax : 040-27632184
Email : info@aarthiconsultants.com

Share Transfers System

As mandated by SEBI, securities of the Company can be transferred/traded only in dematerialised form. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation.

Special window for re-lodgment of transfer requests of physical shares

Pursuant to SEBI Circulars dated July 2, 2025, the Company opened a special window for physical shareholders to facilitate the re-lodgement of transfer deeds that were originally lodged prior to April 1, 2019, and rejected/ returned, due to deficiency in the documents. The re-lodgement window started for a period of 6 months from July 7, 2025, to January 6, 2026.

In terms of SEBI Circular dated January 30, 2026, another special window has been opened for a period of 1 year from February 5, 2026, to February 4, 2027. Shareholders may note that securities transferred under the special window shall be mandatorily credited in demat mode and shall be under lock-in for a period of one year from the date of transfer. Such securities shall not be transferred/ lien marked/ pledged during the said lock-in period. Shareholders are encouraged to take advantage of this opportunity by submitting the necessary documents to the Company's RTA i.e. Aarthi Consultants Private Limited.

The Stakeholders Relationship Committee meets as often as required to approve share transfers and to attend to any grievances or complaints received from the members.

Distribution of Equity Shareholding

The table below shows the distribution of shareholding of various groups as on 31st March, 2026.

Total Nominal Value ₹ 9,36,52,030 (i.e. Re. 1/- Nominal and Paid-up value of each share comprising total Number of Shares 9,36,52,030).

S. No.	Slab of shareholdings	Shareholders	%	No. of Shares	%
1	1 - 5000	31923	98.54	6792634	7.25
2	5001 - 10000	194	0.60	1486185	1.59
3	10001 - 20000	118	0.36	1702263	1.82
4	20001 - 30000	53	0.16	1306053	1.39
5	30001 - 40000	21	0.06	763764	0.82
6	40001 - 50000	18	0.06	863650	0.92
7	50001 - 100000	29	0.09	2161613	2.31
8	100001 & Above	41	0.13	78575868	83.90
	Total:	**32397**	**100.00**	**93652030**	**100.00**

Pattern of shareholding as on 31st March, 2026

Category	No. of Shares	% of shareholding
Promoters	5,36,78,270	57.32
Other Entities of the Promoters Group	1,00,66,740	10.75
Mutual Funds and UTI	28,18,764	3.01
Banks and Financial Institutions	-	0.00
Insurance Companies	-	0.00
NBFC registered with RBI	12,450	0.01
Foreign Institutional Investors Foreign Portfolio Investors-Corporate	2,87,736	0.31
Indian Public	2,22,88,156	23.80
NRI – Repatriable& Non Repatriable	28,16,175	3.01
Bodies Corporate	16,23,319	1.73
Clearing Members	226	0.00
Foreign Nationals	271	0.00
Unclaimed Suspense Ac & Trust	500	0.00
IEPF	59,423	0.06
Total	**9,36,52,030**	**100.00**

Dematerialization of Shares and liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) for dematerialization facility. **99.76 %** of equity shares representing **9,34,30,679** equity shares have been dematerialized as on 31st March, 2026.

The breakup as on 31st March, 2026 as follows:

Particulars	No. of Shares	Percentage of shares
NSDL	2,07,31,924	22.14
CDSL	7,26,98,755	77.63
Physical	2,21,351	0.23
Total	**9,36,52,030**	**100.00**

Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ ADRs in the past. During the year, the Company has allotted 50,00,000 equity shares on 10th September, 2025 pursuant to conversion of warrants issued on 19th March, 2024 to the promoters and promoters group, which were convertible into equity shares within 18 months from the date of allotment, which may have impact upon conversion of warrants in to equity shares.

OTHER DISCLOSURES:

Related party transactions

During the year under review, no materially significant transactions entered between the Company and related parties as defined under Section 185 or 188 of the Companies Act, 2013 along with Regulation 23 of SEBI Listing Regulations, which might had/ may have potential conflict with the interest of the Company at large. All the related party transactions for the year ended on 31st March, 2026 formed part of the Board's Report in Form AOC-2. Further the Company has presented the related party transactions before the Audit Committee on quarterly basis and also before the Board. The "Policy on Related Party Transactions" is hosted on the website of the Company at the following link: https://smspharma.com/wp-content/uploads/2024/11/updated-Policy-on-Related-Party-Transactions-08.11.2024.pdf

None of the transactions with Related Parties were in conflict with the interest of Company. All the transactions are in the ordinary course of business and have no potential conflict with the interest of the Company at large and are carried out at an arm's length or fair value basis.

Auditors' Certificate on Corporate Governance

In accordance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Certificate on Corporate Governance issued by the Statutory Auditors has been appended as **Annexure-D**.

Prohibition of Insider Trading:

The Company has adopted a Code of Conduct pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. This Code governs all Directors, Senior Management Personnel, members of the Promoter/Promoter Group, and other designated employees who may have access to Unpublished Price Sensitive Information (UPSI) of the Company. During the year under review, the Company has ensured due compliance with the provisions of the said Regulations. The Code of Conduct is available on the Company's website.

Further, in accordance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and Chief Financial Officer have provided the requisite CEO/CFO certification for the financial year ended 31st March, 2026, which forms part of this Report.

The Company has complied with all mandatory requirements prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Strictures and Penalties:

No such instances.

Vigil mechanism / Whistle Blower Policy:

Pursuant to the provision of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time the Company has a Vigil Mechanism & Whistle Blower Policy under which the Employees & Directors are free to report violations of applicable laws, regulations and the Code of Conduct without fear of any retaliation. The reportable matters may be disclosed as per the procedure mentioned in the Whistle Blower Policy of the Company. During the year under review, no personnel of the Company was denied access to the Audit Committee.

The said policy is also hosted on the website of the Company at the following link: https://smspharma.com/investor-relations/download/

Fees paid for the services of Auditors

₹ in lakhs

Particulars	Current Year 2025-26	Previous Year 2024-25
Audit Fee	14.00	14.00
Certification Fee	2.00	2.00
Total Payments to Auditors	**16.00**	**16.00**

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year: **NIL**

b. number of complaints disposed of during the financial year: **NIL**

c. number of complaints pending as on end of the financial year: **NIL**

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations:

Pursuant to the approval accorded by the members, at their Extraordinary General Meeting held on 06th March, 2024 and the in-Principle approval received from both Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited, the Company has issued the following securities on preferential basis:

90,00,000 (Ninety Lakh) Convertible Warrants at an issue price of ₹127/- (Rupees One Hundred and Twenty-Seven Rupees only) each per Warrant aggregating up to ₹114,30,00,000/- (Rupees One Hundred Fourteen Crores and Thirty Lakhs only) to promoters/ promoters group of the Company.

Upon receipt of the upfront money of 25% of issue price i.e., ₹31.75/- per warrant aggregating to ₹28,57,50,000/- (Rupees Twenty-Eight Crore Fifty-Seven Lakhs Fifty Thousand only) the Company allotted 90,00,000 warrants on 19th March, 2024.

Subsequently, the Company has received balance 75% of the issue price i.e., ₹ 95.25/- per warrant amounting to ₹ 38,10,00,000/-(Rupees Thirty-Eight Crore Ten Lakhs Only) from two members of warrants holders and the Securities Allotment Committee on its meeting on 27th March, 2025 Company has allotted 40,00,000 equity shares pursuant to its conversion 40,00,000 warrants.

During the current financial year, the Company received the balance 75% of the issue price, being ₹95.25/- per warrant, aggregating to ₹47.63 crore, from two allottees holding 50,00,000 Convertible Warrants. Accordingly, the Securities Allotment Committee, at its meeting held on 10th September, 2025, approved the conversion of these 50,00,000 Convertible Warrants into 50,00,000 Equity Shares of Re.1 each, in accordance with the SEBI (ICDR) Regulations, 2018.

The proceeds of the Preferential Issue have been fully utilized for the purposes stated in the Notice/ Explanatory Statement and in accordance with the objects of the issue. The funds were utilized towards capital expenditure for expansion of production capacities in a phased manner, installation of additional utility equipment and recovery systems, backward integration of Key Starting Materials (KSMs) for existing products as well as new products under the research and development pipeline through the setting up of new production blocks, meeting working capital requirements, and general corporate purposes. There has been no deviation or variation in the utilization of the proceeds from the objects of the issue.

As on 31st March, 2026, the details of utilization of funds raised through preferential issue and utilization as follows:

(Amount in ₹)

S. No.	Amount Raised	Funds Utilized	Amount of Deviation or variation	Remarks, if any
1	28,57,50,000	28,57,00,000	Nil	-
2	38,10,00,000	38,10,00,000	Nil	-
3.	47,62,50,000	47,62,50,000	Nil	
Total	**1,14,30,00,000**	**1,14,30,00,000**	**Nil**	**-**

During the year under review, there has been no deviation or variation in the utilization of the proceeds of the preferential issue.

Compliance to requirements of corporate governance report:

The company has duly complied with the requirements of the Corporate Governance Report of Sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations.

Adoption of discretionary requirements as specified in part-e of schedule-ii of the listing regulations:

The following discretionary requirements have been adopted by the Company pursuant to Part E of Schedule II of the Listing Regulations:

Modified Opinion(s) in Audit Report: The Auditors have expressed an unmodified opinion in their report on the financial statements of the Company.

Reporting of Internal Auditor: The Internal Auditor of the Company directly reports to the Audit Committee.

Policy for Determination of Materiality for Disclosures:

The Company is following the mandatory disclosure requirement under Schedule II of the SEBI Listing Regulations.

The Company had also adopted Policy for Determination of Materiality for Disclosures. The said policy has been also hosted on the website of the Company at the following link: https://smspharma.com/investor-relations/download/

Details of Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Corporate Governance as per the Listing Regulations. Reporting of Internal Auditors to the Audit Committee has been adopted from discretionary requirements.

Disclosure with Respect to Demat Suspense Account/ Unclaimed Suspense Account

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund, established by the Central Government under the provisions of Section 125 of the Companies Act, 2013.

Shareholders of the Company who have either not received or have not en-cashed their dividend warrants, for the financial years 2018-19, 2019-2020, 2020-2021, 2021-2022, 2022-23, 2023-2024 and 2024-2025 are requested to claim the unpaid/ unclaimed dividend from the Company before effecting transfer to the fund.

Details of shares held in demat suspense account with HSE Securities Ltd. (IN302734-10034023) for the period from 01/04/2025 to 31/03/2026.

(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the **beginning of the year**.	No. of shareholders : 2 No. of shares : 500
(ii)	Number of shareholders who approached issuer for transfer of shares from suspense account **during the year**.	No. of shareholders : Nil No. of shares : Nil
(iii)	Number of shareholders to whom shares were transferred from suspense account **during the year**.	No. of shareholders : Nil No. of shares : Nil
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the **end of the year**.	No. of shareholders : 2 No. of shares : 500
(v)	That the voting rights on these shares shall remain frozen up to the rightful owner of such shares claims the shares.	Yes

Investors Correspondence : For institutional investors / analysts queries

Email : complianceofficer@smspharma.com

(For queries relating to Financial Performance and Announcement made by Management only)

Address of the Manufacturing Plants		Research and Development Center
Plot.No.24 & 24B and 36 & 37 S.V. Co-Operative Industrial Estate, Buchupally, Medchal- Malkajgiri District, Hyderabad, Telangana – 500090, Ph.No. 9100072351/52/54 Email: admin_unit2@smspharma.com	Sy. No. 160, 161, 163 to 168, Kandivalasa Village, Poosaptirega Mandal, Vizianagaram District, Andhra Pradesh. 535204. Ph.No. 91- 08922 – 258051/ 53/54 Email: admin_unit7@smspharma.com	Sy. No. 186, 189 & 190, Gagillapur Village, Dundigal- Gandimaisamma Mandal, Medchal-Malkajgiri District Telangana – 500043, Ph.No. + 91 – 8418 – 257337 / 8 email: rnd@smspharma.com

By the Order of the Board

Ramesh Babu Potluri
Chairman & Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 31.07.2026

DECLARATION ON CODE OF CONDUCT

The Members of
SMS Pharmaceuticals Limited
Hyderabad

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2026 as envisaged in Listing Regulations.

For **SMS Pharmaceuticals Limited**

Ramesh Babu Potluri
Chairman & Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 22.05.2026

Annexure-A

COMPLIANCE CERTIFICATE

[As per SEBI (LODR) Regulation 17(8)]

A) We have reviewed annual audited financial statements and cash flow statement for the year ended 31st March, 2026 and that to the best of our knowledge and belief:

1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) We are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on 31st March, 2026 which are fraudulent, illegal or violate of the Company's code of conduct.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit Committee

1) Significant changes in internal control over financial reporting during the said financial year;

2) Significant changes in accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements; and

3) There are no instances of fraud of which we have become aware and the involvement thereof by the Management or an employee having a significant role in the Company's internal control system over financial reporting.

For **SMS Pharmaceuticals Limited**

T. Lakshmi Narayana Tammineedi
Chief Financial Officer

For **SMS Pharmaceuticals Limited**

Ramesh Babu Potluri
Chairman & Managing Director
(DIN: 00166381)

Place: Hyderabad
Date: 22.05.2026

Annexure-B

Secretarial Compliance Report of SMS Pharmaceuticals Limited for the Financial Year ended 31st March, 2026

We have examined:

(a) all the documents and records made available to us and explanation provided by SMS Pharmaceuticals Limited ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the Stock Exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this Report.

for the financial year ended 31st March, 2026 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the regulations, circulars, guidelines issued thereunder by the SEBI;

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(i) other regulations as applicable and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

S. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary (PCS)	Management Response	Remarks
NIL										

(a) The listed entity has taken the following actions to comply with the observations made in previous reports:

S. No.	Observations/ Remarks of the Practicing Company Secretary (PCS) in the previous reports)	Observations made in the Secretarial Compliance report for the year ended 31-03-2025	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Details of violation / Deviations and actions taken / penalty imposed, if any, on the listed entity	Remedial actions, if any, taken by the listed entity	Comment s of the PCS on the actions taken by the listed entity
1.	Non-compliance pertaining to the composition of Nomination and Remuneration Committee of the Board for the period from 12th August, 2024 to 07th November, 2024.	Non-compliance pertaining to the composition of Nomination and Remuneration Committee of the Board for the period from 12th August, 2024 to 07th November, 2024.	Regulation 19(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Fine of ₹ 2,000/- per day by each stock exchange for the period from 12th August 2024 to 7th November, 2024.	The Company has paid the fine to Stock Exchanges for non-compliance.	The Company has paid the fine to Stock Exchanges for non-compliance.

I. We hereby report that, during the review period the compliance status of the listed entity with the following requirements:

S. No.	Particulars	Compliance Status (Yes/ No/NA)	Observations/ Remarks by PCS*
1.	Secretarial Standards: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI).	Yes	-
2.	Adoption and timely updation of the Policies: • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities. • All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/ circulars/guidelines issued by SEBI.	Yes	-
3.	Maintenance and disclosures on Website: • The listed entity is maintaining a functional website. • Timelydissemination of the documents/ information under a separate section on the website. • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website.	Yes	-
4.	Disqualification of Director(s): None of the director(s) of the listed entity is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	-
5.	Details related to subsidiaries of listed entities have been examined w.r.t.: (a) Identification of material subsidiary companies. (b) Disclosure requirement of material as well as other subsidiaries.	Yes	-
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per policy of preservation of documents and archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	-
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the board, independent directors and the committees at the start of every financial year/ during the financial year as prescribed in SEBI Regulations.	Yes	-
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; (b) In case no prior approval obtained, the listed entity shall provide detailed reasons alongwith confirmation whether the transactions were subsequently approved/ ratified/ rejected by the Audit Committee.	(a) Yes (b) Not Applicable	-
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	-
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	-

S. No.	Particulars	Compliance Status (Yes/ No/NA)	Observations/ Remarks by PCS*
11.	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder (or) The actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges are specified in the last column.	Not Applicable	
12.	Resignation of statutory auditors from the listed entity or its material subsidiaries: In case of resignation of statutory auditor from the listed entity or any of its material subsidiaries during the financial year, the listed entity and / or its material subsidiary(ies) has / have complied with paragraph 6.1 and 6.2 of Section V-D of Chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	Not Applicable	
13.	Additional Non-compliances, if any: No additional non-compliances observed for any SEBI regulation/circular/ guidance note etc. except as reported above.	Not Applicable	

We further, report that the listed entity is in compliance/ not in compliance with the disclosure requirements of Employee Benefit Scheme Documents in terms of regulation 46(2) (za) of the LODR Regulations.

Assumptions & limitation of scope and review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the listed entity.
4. This report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (LODR) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

C. Sudhir Babu
FCS No.: 2724; CP No.: 7666
UDIN: F002724H000446486
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 22-05-2026

Annexure-C

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
SMS Pharmaceuticals Limited,
Regd. Office: 8th Floor, Trendset Jayabheri Connect,
Kondapur, Serilingampally,
Ranga Reddy Dist., Hyderabad-500084.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SMS Pharmaceuticals Limited** having **CIN: L24239TG1987PLC008066** and having Registered Office at 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Ranga Reddy Dist., Hyderabad-500084, (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2026, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Shravan Kudaravalli	06905851	26-05-2018
2.	Sarvepalli Srinivas	02292051	12-08-2019
3.	Ramesh Babu Potluri	00166381	01-12-2008
4.	Vamsi Krishna Potluri	06956498	05-06-2020
5.	Suresh Kumar Gangavarapu	00183128	12-08-2024
6.	Shanti Sree Bolleni	07092258	12-08-2024
7.	Trilok Potluri	07634613	12-08-2024
8.	Sunkara Venkata Satya Shiva Prasad	10404277	12-08-2024

Ensuring the eligibility of for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

C. Sudhir Babu,
Practicing Company Secretary,
Proprietor, CSB Associates,
Membership No.: 2724, C.P. No.: 7666.
UDIN: F002724H000991602

Place: Hyderabad
Date: 31.07.2026

Annexure-D

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
SMS Pharmaceuticals Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by SMS Pharmaceuticals Limited ('the Company') for the year ended 31st March 2026, as per the relevant provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st April, 2025 to 31st March, 2026.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company had complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muralikrishna Pinamaneni
Partner
M. No. 224319
UDIN: 26224319LRUVZQ5956

Place: Hyderabad
Date: 31.07.2026

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR) – 2025-26

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	:	L24239TG1987PLC008066
2. Name of the Listed Entity	:	SMS Pharmaceuticals Limited
3. Year of incorporation	:	14th December, 1987
4. Registered office address	:	8th Floor, Trendset Jayabheri Connect, Kondapur Serilingampally, Ranga Reddy Dist., Hyderabad-500084, Telangana. India
5. Corporate address	:	8th Floor, Trendset Jayabheri Connect, Kondapur Serilingampally, Ranga Reddy Dist., Hyderabad-500084, Telangana. India
6. E-mail	:	cs@smspharma.com
7. Telephone	:	+91 - 40 – 6985 9999
8. Website	:	www.smspharma.com
9. Financial year for which reporting is being done	:	01st April, 2025 to 31st March, 2026
10. Name of the Stock Exchange(s) where shares are listed	:	BSE Limited (BSE), National Stock Exchange of India Limited (NSE)
11. Paid-up Capital	:	Rs.936.52 lakhs
12. Name and contact details telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	:	Mr. Thirumalesh Tumma, Company Secretary and Compliance Officer, Tele: +91 - 40 – 6985 9999, Email:Complianceofficer@smspharma.com
13. Reporting boundary - Are the disclosures under this Report made on a standalone basis or on a consolidated basis.	:	The disclosure under BRSR is on Standalone basis unless otherwise stated.
14. Name of assurance provider	:	-
15. Type of assurance obtained	:	-

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Manufacture of Active Pharmaceutical Ingredients (APIs)	99.21

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Manufacture of Active pharma ingredients, intermediates, custom pharmaceutical products	21001	100

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	3*	1	4
International	0	0	0

*The plants include the Company's manufacturing locations and R&D centers.

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	20
International (No. of Countries)	45

b. What is the contribution of exports as a percentage of the total turnover of the entity?

66%

c. A brief on types of customers

We serve a diverse range of pharmaceutical companies worldwide.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No (B)	% (B/A)	No (C)	% (C/A)
	EMPLOYEES					
1.	Permanent (D)	1266	1183	93.44	83	6.56
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total employees (D + E)**	1266	**1183**	**93.44**	**83**	**6.56**
	WORKERS					
4.	Permanent (F)	351	351	100	-	-
5.	Other than Permanent (G)	471	414	87.90	57	12.10
6.	**Total workers (F + G)**	**822**	**765**	**93.07**	**57**	**6.93**

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No (B)	% (B/A)	No (C)	% (C/A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	**Total differently abled employees (D + E)**	-	**-**	**-**	**-**	**-**
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	**Total differently abled workers (F + G)**	**-**	**-**	**-**	**-**	**-**

21. Participation/ Inclusion/representation of Women

Particulars	Total (A)	No. and percentage of Females	
		No (B)	% (B/A)
Board of Directors	8	1	12.5
Key Management Personnel	4	0	0

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

Particulars	Turnover rate in current FY 2025-26			Turnover rate in previous FY 2024-25			Turnover rate in the FY prior to previous FY 2023-24		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	16.37	45.33	18.16	5.68	9.58	15.26	22.99	25.24	48.23
Permanent Workers	21.07	0	21.07	8.99	0	8.99	26.75	0	26.75

V. Holding, subsidiary and Associate Companies (including Joint Ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	SMS coLab Private Limited	Wholly Owned Subsidiary	100.00	No
2	SMS Peptides Private Limited	Subsidiary	99.99	No
3	VKT Pharma Private Limited	Associate	34.83	No
4	CHEMO SMS ENTERPRISES SL (55% held by Chemo 45% held by SMS)	Joint Venture	45.00	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: **Yes**

(ii) Turnover (in Rs.) **886,87,10,488/-**

(iii) Net worth (in Rs.) **804,78,68,581/-**

VII. Transparency and Disclosures Compliances

25. Complaints/Grievance on any of the principles (Principles1 to 9) under the National Guidelines on Responsible Business conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No) (If yes, then provide web-link for grievance redress policy)*	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Y	-	-	-	-	-	-
Investors (other than shareholders)	Y	-	-	-	-	-	-
Shareholders	Y	-	-	-	-	-	-
Employees and workers	Y	-	-	-	-	-	-

Customers	Y	-	-	-	-	-	-
Value Chain Partners	Y	-	-	-	-	-	-
Other (please specify)	-	-	-	-	-	-	-

*Various policies of the Company for redressing the grievances of its stakeholders are available at https://smspharma.com/company-announcements/downloads/ In addition there are internal policies placed on intranet of the Company.

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Sustainable Supply Chain	**Risks:** Our business relies on a global supply chain for the procurement of APIs, intermediates, key raw materials and critical components. Geopolitical developments, trade restrictions, logistics disruptions, climate-related events, supplier concentration, quality issues and evolving regulatory requirements may impact the timely availability of critical inputs, business continuity and customer commitments.	Our business depends on a resilient, responsible and globally integrated supply chain for the uninterrupted sourcing of raw materials, intermediates and critical inputs. As regulatory expectations and stakeholder scrutiny continue to increase, effective supply chain governance is essential to mitigating operational, compliance and reputational risks, while ensuring product quality, uninterrupted supply to patients and long-term business sustainability.	The Company mitigates supply chain risks through supplier due diligence, supplier diversification, strategic sourcing, periodic performance and compliance assessments, and maintenance of inventory for critical materials. Supply chain risks are monitored through the Risk Management framework, with emphasis on business continuity, regulatory compliance, responsible sourcing, quality assurance and supply chain resilience.	**Financial Implications:** **Negative:** Supply chain disruptions may lead to increased procurement and logistics costs, production delays, inventory shortages, regulatory non-compliance, loss of revenue, contractual liabilities and reputational damage.
2	Occupational Health and Safety	**Risks:** The nature of our pharmaceutical manufacturing operations exposes employees and contractors to occupational health and safety risks, including chemical exposure, process safety incidents, workplace injuries and transportation-related hazards. Any significant safety incident or non-compliance with applicable health and safety regulations may result in injury or loss of life, operational disruptions, legal liabilities, regulatory action, financial losses and reputational damage, while adversely impacting employee well-being and business continuity.	Occupational Health and Safety is a material priority given the nature of our pharmaceutical manufacturing operations, which involve handling chemicals, hazardous substances and process-related risks. We are committed to providing a safe, healthy and incident-free workplace by proactively managing occupational hazards, ensuring regulatory compliance and fostering a strong safety culture. Effective health and safety management helps protect our employees and contractors, enhances operational continuity, reduces legal and financial risks, and supports sustainable business performance.	The Company adopts a proactive approach to occupational health and safety through robust EHS management systems, regular risk assessments, employee training, process safety controls, use of appropriate personal protective equipment (PPE), emergency preparedness and incident reporting. Compliance with applicable statutory requirements, periodic audits, continuous monitoring and a strong safety culture help minimize workplace risks, protect employees and contractors, and ensure safe and uninterrupted operations.	**Positive:** Strong occupational health and safety practices enhance workforce productivity, reduce incident-related costs and operational disruptions, improve regulatory compliance, and support business continuity, employee well-being and long-term sustainable performance.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Corporate Governance and Business Ethics	**Opportunities:** Strong governance and ethical business conduct enhance transparency, accountability and stakeholder trust, strengthening investor confidence, regulatory relationships and access to capital. They also support sound decision-making, attract and retain quality talent, improve operational resilience.	Corporate Governance and Business Ethics are fundamental to maintaining stakeholder trust, ensuring regulatory compliance and fostering responsible business conduct. Given the highly regulated nature of the pharmaceutical industry, strong governance and ethical practices are essential for safeguarding product quality, patient safety, regulatory compliance and business integrity.	The Company mitigates governance and ethics risks through a robust corporate governance framework, a Code of Conduct and Ethics, Board and Committee oversight, well-defined policies and internal controls, periodic compliance monitoring, risk assessments, internal and external audits, whistle-blower mechanisms, employee awareness programs and regular review of regulatory developments.	**Positive:** Strong corporate governance and ethical business practices enhance investor confidence, improve access to capital, strengthen stakeholder trust, reduce compliance and litigation costs, support sustainable business growth and contribute to long-term value creation.
4	Climate Action (Energy and Emissions)	**Opportunities:** Improving energy efficiency, increasing the use of renewable energy and adopting low-carbon technologies present opportunities to reduce energy costs, lower greenhouse gas emissions and enhance operational efficiency. Investments in cleaner technologies strengthen regulatory preparedness, improve access to environmentally conscious markets, enhance customer and investor confidence, and support the Company's long-term sustainability and climate goals.	Climate Action is a material priority as our manufacturing operations consume significant energy and contribute to greenhouse gas (GHG) emissions. We recognize the risks posed by climate change, evolving regulatory requirements and stakeholder expectations, and are committed to improving energy efficiency, reducing emissions and increasing the use of renewable energy. Our climate initiatives support operational efficiency, resource conservation, regulatory preparedness, business resilience and the transition towards a lower-carbon and more sustainable future.	The Company adopts a proactive approach to climate risk management by improving energy efficiency, increasing the use of renewable energy, monitoring greenhouse gas emissions and investing in cleaner technologies. Energy conservation initiatives, periodic monitoring of energy performance, compliance with applicable environmental regulations and integration of climate-related considerations into operational planning support emission reduction, resource efficiency, regulatory preparedness and long-term business resilience.	**Negative:** Climate related risks may increase energy and operating costs, capital expenditure for regulatory compliance, carbon reduction initiatives and cleaner technologies, while supply chain disruptions and extreme weather events may adversely impact operations and profitability.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Resource (Waste, Water and Land) Management	**Opportunities:** Efficient resource management through water conservation, recycling and reuse, responsible waste management, green chemistry and resource-efficient technologies can reduce operating costs, improve environmental performance and strengthen business resilience. Sustainable resource management also enhances regulatory compliance, supports innovation, improves stakeholder confidence, creates market differentiation and contributes to long-term sustainable growth.	Resource management is a material priority due to the resource-intensive nature of our pharmaceutical manufacturing operations. We are committed to the efficient use of water, responsible waste management, pollution prevention and conservation of natural resources across our operations.	The Company adopts a proactive approach to resource management through efficient water use, recycling and reuse initiatives, responsible waste management, pollution prevention measures and compliance with applicable environmental regulations.	**Positive:** Efficient management of water, waste and land resources improves resource productivity, reduces operating and disposal costs, enhances regulatory compliance, strengthens business continuity and supports long-term sustainable growth and value creation.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
	c. Web Link of the Policies, if available	Click on policy for web access if available on the Company website i.e., https://smspharma.com/ P1 to P9 (excluding P7) https://smspharma.com/wp-content/uploads/2024/06/Code-of-business-conduct-and-ethics-for-Directors-Sr-Mgt-Personnel-New.pdf https://smspharma.com/wp-content/uploads/2022/08/code-of-business-conduct-and-ethics-for-others.pdf P1: https://smspharma.com/wp-content/uploads/2022/08/Whistel-Blower-Protection-Policy.pdf P2: https://smspharma.com/wp-content/uploads/2026/08/EHS-Policy.pdf P3 to P5: https://smspharma.com/wp-content/uploads/2026/08/Labour-Human-Rights-Policy.pdf P4 to P8: (Excluding P7) https://smspharma.com/wp-content/uploads/2026/08/Labour-Human-Rights-Policy.pdf P6: https://smspharma.com/wp-content/uploads/2026/08/EHS-Policy.pdf P7: NA P9: IT Policy available on our intranet									
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	NA	NO	Y
4.	Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	P 2 = Y P3: The company has Environmental Management System Accreditation ISO 14001. P6: The company has Occupational Health and Safety Accreditation ISO 45001 P8: As per the CSR Rules prescribed under the Companies Act, 2013									

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5.	Specific commitments, goals and targets set by the entity with defined timelines if any.	CAPEX initiated for installation of an advanced system comprising a 15 KLPD Stripper Column, 7 KLPD Multiple Effect Evaporator (MEE), and 3.2 KLPD Agitated Thin Film Dryer (ATFD) with an estimated investment of ₹1.9 Crores. The system is proposed to improve effluent treatment and process efficiency.								
6.	Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	Installed roof Top solar with the capacity of 1363 Kw DC /1000 Kw AC on the Roof Tops of Central Ware House (1094 KW DC), Power Hose -2 (42 KW DC), Engineering Stores (129 KW DC) and Ware House -1 (98 KW DC). Now it is under Installation stage it is almost completed. After completion of can get the 15, 00,000 Kwh /Annum from Renewable energy source to our [production activities. It will reduce the Environmental Impact.								

Governance, leadership, and oversight

7. **Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure).**

As our business grows, we are equally mindful of how we use natural resources and manage the environmental impact of our operations. During the year, we invested further in energy-efficient technologies, advanced pollution control systems and process improvements across our facilities. Our Zero Liquid Discharge (ZLD), Multiple Effect Evaporator (MEE) and Reverse Osmosis (RO) systems also helped improve water recovery and reuse, while allowing us to use resources more efficiently across our manufacturing operations.

Our responsibility also extends beyond the boundaries of our plants. We continued to support communities around us through initiatives in education, healthcare and community well-being, while creating a workplace where people have the opportunity to learn, develop their capabilities and play a meaningful role in the Company's progress.

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)	Name: Ramesh Babu Potluri Designation: Chairman and Managing Director DIN: 00166381
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies	The policies of the Company are reviewed periodically / on a need basis by department heads / directors, as applicable																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Status of compliance with all applicable statutory requirements is reviewed by Director/Committee of Board ; ongoing basis																	

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No, the Company internally reviews the working of the above-mentioned policies The working of the policy is also ensured by the various department heads / director / wherever applicable								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated: NA

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership." While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

Segment	Total number of training and awareness programs held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programs
Board of Directors Key Managerial Personnel (KMP)	2	Familiarisation programs for the Board of Directors/ KMPs of the Company are done periodically. Presentations given to Board of Directors regarding the updates on Companies Act, SEBI Regulations. The topics of the programmes includes business and industry updates, risk management, important regulatory changes and compliances of various statutory requirements, updating on various Codes/ Policies of the Company, environmental, social and governance parameters etc.,	100
Employees other than BoD and KMPs and workers	220	In addition to on-the-job training programmes, all the employees including workers underwent trainings which include topics covering principles P1-6, P8, P9.	100

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.**

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed one entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases were monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available provide a web-link to the policy.

Yes, the Company have a Bribery and Facilitation Payment Policy at https://smspharma.com/wp-content/uploads/2026/08/Bribery-Facilitation-Policy.pdf

The Company's commitment to ethical business conduct is embedded in the Code of Conduct and other governance policies. Employees and persons representing the Company, including intermediaries, are prohibited from directly or indirectly offering, soliciting or accepting bribes, illegal payments or any improper advantage to obtain or retain business or secure undue benefits. The Company follows a zero-tolerance approach towards bribery and corruption and expects compliance with all applicable anti-corruption laws and ethical standards.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2025-26	FY 2024-25
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regard to conflict of interest:

	FY 2025-26		FY 2024- 25	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-		-	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-		-	

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2025-26	FY 2024-25
No. of days of accounts payable	78	85

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2025-26	FY 2024-25
Concentration of Purchases	a. Purchases from trading houses as % of the total purchases	19.60%	27.36%
	b. Number of trading houses where purchases are made from	484	617
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	54.65%	47.31%

Concentration of sales	a. Sales to dealers/ distributors as % of total sales	15.31%	11.13%
	b. Number of dealers / distributors to whom sales are made	64	24
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	65.55%	58.07%
Share of RPTs in	• Purchases (Purchases with related parties / total purchases	6.51%	7.51%
	• Sales (sales to related parties / total sales	6.16%	5.06%
	• Loans & advances (Loans & Advances given to related parties / Total Loans & Advances	-	-
	• Investments (Investments in related parties / Total investments made	99.81%	99.78%

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total Number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (By value of Business done with such partners) under the awareness programmes
0	0	0

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.**

Yes. The Company has a Code of Conduct that requires all Directors and Senior Management Personnel to act in the best interests of the Company and avoid situations that may give rise to actual, potential or perceived conflicts of interest. Board Members are expected to disclose any conflict of interest or potential conflict in accordance with applicable laws, regulatory requirements and the Company's governance framework, and to recuse themselves from deliberations or decision-making where appropriate. The Company promotes transparency, accountability and ethical decision-making through periodic affirmations and adherence to its Code of Conduct. https://smspharma.com/wp-content/uploads/2024/06/Code-of-business-conduct-and-ethics-for-Directors-Sr-Mgt-Personnel-New.pdf

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2025-26	FY 2024-25	Details of improvements in environmental and social impacts
R&D	0	0	Reduced number of process steps to reduce the carbon footprint and reduce production process life cycle
Capex	20%	69%	

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No) b. If yes, what percentage of inputs were sourced sustainably?**

No

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Due to the nature of our products and the regulatory framework governing the pharmaceutical industry, the Company does not undertake reclamation or recycling of products at the end of their lifecycle.

SMS Pharmaceuticals Ltd implements a comprehensive hazardous waste & other wastes management system across all departments and production blocks. Each department maintains a dedicated waste storage area, where waste is segregated into Separate containers based on type and source of generation.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   No

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

   No

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same**

   We have not conducted LCA for any of our products

3. **Percentage of recycled or reused input material to total material (by value) used in Products (for manufacturing industry) or providing services (for service industry).**

   Not applicable - Since we are in the pharmaceutical business, we do not recycle or reuse input material.

4. **of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:**

   Considering the nature of the pharmaceutical industry and applicable regulatory requirements, the Company does not undertake reclamation of products at the end of their lifecycle for reuse or recycling.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

   Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1183	170	14.37	1183	100	-	-	-	-	-	-
Female	83	35	42.17	83	100	-	-	-	-	-	-
Total	**1266**	**205**	**16.19**	**1266**	**100**	**-**	**-**	**-**	**-**	**-**	**-**
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

b. **Details of measures for the well-being of workers:**

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	351	325	92.59	351	100	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**351**	**325**	**92.59**	**351**	**100**	**-**	**-**	**-**	**-**	**-**	**-**
Other than Permanent workers											
Male	414	414	100	414	100	-	-	-	-	-	-
Female	57	57	100	57	100	57	100	-	-	-	-
Total	**471**	**471**	**100**	**471**	**100**	**57**	**12.10**	**-**	**-**	**-**	**-**

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:**

	FY 2025-26	FY 2024-25
Cost incurred on well- being measures as a % of the total revenue of the Company	0.29%	0.32%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

	FY 2025-26			FY 2024-25		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % Of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100.00%	100.00%	Y	100.00%	100.00%	Y
Gratuity	100.00%	100.00%	Y	100.00%	100.00%	Y
ESI	16%	96.35%	Y	26.08%	79.46%	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

For differently abled employees, the infrastructure facilities across the offices and manufacturing and R&D facilities adhere to accessibility standards wherever it is required.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

While the Company has no a formal written policy in place, it is firmly committed to the principles of equal opportunity and inclusive employment practices. The Company is dedicated to fostering a work environment that is respectful, supportive, and free from all forms of discrimination.

SMS Pharma values diversity and strives to create an inclusive culture where all individuals are treated with dignity and respect. No employee or candidate will be treated less favorably on the basis of race, sex, religion or beliefs, disability, marital or civil partnership status, age, sexual orientation, gender identity or expression, caregiving responsibilities, or any other characteristic protected under applicable laws.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	-	-	-	-
Total	**-**	**-**	**-**	**-**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

		Yes/No (If yes, then give details of the mechanism in brief)
1	Permanent Workers	The Company has always believed in open and transparent communication. Employees are encouraged to share their concerns with their business heads, HR or the members of the senior management as part of the Whistleblower Policy, the Company provides a grievance redressal mechanism and encourages its employees and workers to bring to attention any instances of unethical behavior, incidents, frauds or violation. The Company has a policy on prevention, prohibition, and redressal of sexual harassment of women at the workplace and has an Internal Complaints Committee (ICC) in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company's policy on the same is placed on the Company's website.
2	Other than Permanent Workers	Yes, the non-permanent employees and workers communicate their grievances through their respective supervisors. The grievances are further communicated to the Company for necessary action and resolution of the grievances.
3	Permanent Employees	A Grievance Redressal Mechanism has been constituted to hear and redress individual grievances. The Company has formulated Whistle Blower Policy for redressing grievances. The Policy can be accessed from https://smspharma.com/wp-content/uploads/2022/08/Whistel-Blower-Protection-Policy.pdf
4	Other than Permanent Employees	A Grievance Redressal Mechanism has been constituted to hear and redress individual grievances. The Company has formulated Whistle Blower Policy for redressing grievances. The Policy can be accessed from https://smspharma.com/wp-content/uploads/2022/08/Whistel-Blower-Protection-Policy.pdf

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY (2025-26)			FY (2024-25)		
	Total employees/ workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	**1266**	**0**	**0.00%**	**1173**	**0**	**0.00%**
Male	1183	0	0.00%	1107	0	0.00%
Female	83	0	0.00%	66	0	0.00%
Total Permanent Workers	**351**	**0**	**0.00%**	**297**	**0**	**0.00%**
Male	351	0	0.00%	297	0	0.00%
Female	0	0	0.00%	0	0	0.00%

8. Details of training given to employees and workers:

Category	FY 2025-26					FY 2024-25				
	Total (A)	On Health and safety measures		On Skill upgradation		Tota l (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1183	986	83.35	240	20.29	1107	1037	93.68	1093	98.74
Female	83	59	71.08	54	65.06	66	52	78.79	52	78.79
Total	**1266**	**1045**	**82.54**	**294**	**23.22**	**1173**	**1089**	**92.84**	**1145**	**97.61**
Workers										
Male	351	267	76.07	331	94.30	297	187	62.96	286	96.29
Female	0	0	0	-	-	0	0	0	0	0
Total	**351**	**267**	**76.07**	**331**	**94.30**	**297**	**187**	**62.96**	**286**	**96.29**

9. Details of safety related incidents, in the following format:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	1183	1024	86.56	1107	865	78.14
Female	83	75	90.36	66	35	53.03
Total	**1266**	**1099**	**86.81**	**1173**	**900**	**76.72**
Workers						
Male	351	351	100	297	152	51.18
Female	-	-	-	0	0	0
Total	**351**	**351**	**100**	**297**	**152**	**51.18**

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, all manufacturing locations under the entity have an Occupational Health and Safety management system in place, in accordance with the guidelines provided by OHSAS IS 14489 & ISO45001 :2018 standards and the legal requirements such as Factories Act, Indian Boilers Act, Environment Protection Act.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company undertakes periodic internal and external audits to evaluate the effectiveness of its Occupational Health and Safety (OHS) Management System and ensure compliance with applicable statutory requirements and recognised management system standards across its manufacturing operations. Occupational health and safety training, inspections and audits are conducted in accordance with the principles of ISO 45001:2018 and relevant Indian standards and regulatory guidelines. The Company's Process Safety Management (PSM) framework further supports the identification and control of process safety risks, continuous improvement and the adoption of best safety practices across its operations.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, the Company has established Standard Operating Procedures (SOPs) and defined processes for identifying, reporting and addressing work-related hazards. Employees and workers are encouraged to promptly report unsafe acts, unsafe conditions and potential hazards, which are assessed and addressed through appropriate corrective and preventive actions. Regular occupational health and safety training, awareness programs and periodic refresher sessions are conducted to strengthen safety awareness, promote safe work practices and foster a strong safety culture across the organisation.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the Company provides access to non-occupational healthcare and medical support for its employees and workers as part of its employee welfare initiatives. In addition, medical insurance coverage is made available to eligible employees and permanent workers. Wherever applicable, employees are provided the flexibility to avail the Company's medical insurance scheme or opt for an alternative healthcare or insurance arrangement in accordance with the Company's policy.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company has implemented robust Occupational Health and Safety (OHS) management systems across all its manufacturing facilities, supported by well-defined policies, procedures and operational controls. Periodic assessments, audits and performance reviews are conducted to evaluate the effectiveness of these systems, identify improvement opportunities and implement corrective and preventive actions. The Company remains committed to the continual enhancement of its health and safety performance through a proactive risk-based approach and a culture of continuous improvement.

13. Number of Complaints on the following made by employees and workers:

	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NIL	0	0	NIL
Health & Safety	0	0	NIL	0	0	NIL

14. Assessments for the year:

	% of your plants and offices that were assessed (By entity or statutory authorities or third parties)
Health and safety practices	0
Working Conditions	0

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

There have been no safety-related incidents or significant risks/concerns arising from assessments of health and safety practices or working conditions during the reporting period. The Company continues to maintain a robust Occupational Health and Safety Management System (OHSMS), ensuring routine hazard identification, risk assessments, and preventive measures are effectively implemented across all operations.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

No (the company has accidental death insurance PA)

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company has established processes to monitor statutory compliance by its value chain partners. As part of its vendor payment process, documentary evidence of deposit of applicable statutory dues, including payment challans and other relevant records, is obtained and verified before release of payments, wherever applicable. The Company also ensures timely deduction and remittance of all statutory dues relating to its own operations in accordance with applicable laws and regulations.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	FY 2025 -26	FY 2024 -25	FY 2025-26	FY 2024 -25
Employees	0	0	0	0
Workers	0	0	0	0

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

The Company promotes continuous learning and capability development by providing periodic skill enhancement and upskilling programs to employees. These initiatives are designed to strengthen professional competencies, improve employability, support career progression and equip employees with transferable skills that enhance their long-term career prospects, including opportunities beyond their tenure with the Company.

5. **Details on assessment of value chain partners:**

The Company expects its value chain partners to comply with applicable health and safety laws, labour standards and regulatory requirements, and to maintain safe working conditions in line with responsible business practices. Compliance is addressed through contractual expectations and engagement with partners; however, the Company does not currently undertake independent assessments or audits of their health and safety practices.

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

There were no significant risks/concerns identified during the supplier assessments.

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

The Company recognises that effective stakeholder engagement is fundamental to responsible business conduct and long-term value creation. As a pharmaceutical company, we identify and prioritise stakeholders based on their relevance to our business, the impact of our operations and products, and their influence on our strategic, operational and sustainability objectives. Stakeholders are identified and prioritised using the following criteria:

- Influence on the Company, including regulatory, operational, financial and reputational considerations.
- Dependence on the Company, including economic, social, healthcare and business relationships.
- Actual or potential impact of the Company's operations, products and value chain on stakeholders.
- Stakeholder expectations, concerns and evolving regulatory and sustainability requirements.

This approach enables the Company to engage with relevant stakeholders effectively and integrate their perspectives into business strategy, risk management and sustainability decision-making.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	**Whether identified as Vulnerable & Marginalized Group (Yes/No)**	**Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other**	**Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify)**	**Purpose and scope of engagement including key topics and concerns raised during such engagement**
Investor/ Shareholder	No	Notices, advertisements, email, annual reports, stock exchange intimations, earnings conference calls and through updates on Company's website.	Need based	Disclosure of financial information and business updates beside applicable statutory disclosures.
Regulator & Government	No	Various submissions and disclosures, meetings, emails, etc.,	Need Based	To ensure and report various compliances to discharge statutory responsibilities and to keep the policy makers informed about industry requirements.
Supplier/ vendor/ third party manufacturer	No	Multiple channels – physical and digital	Frequent and need based	For seamless supply of raw materials and maintaining healthy business relationship
NGO /Community	No	Multiple channels – physical and digital	Frequent and need based	The Company contributes to community development and societal well-being through responsible business practices and its Corporate Social Responsibility (CSR initiatives, supporting sustainable social development in the communities where it operates.
Customer B2B	No	Multiple channels – physical and digital	Frequent	The Company engages regularly with its customers to understand their evolving requirements, ensure reliable and timely product supply, communicate new product developments and strengthen long-term relationships. This engagement supports customer satisfaction, market reach, business growth and sustained value creation.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Direct & other communication mechanisms	Frequent and need based	The Company is committed to fostering a safe, healthy, diverse and inclusive workplace where employees are treated with dignity and respect, provided equal opportunities, and empowered to contribute to their full potential.

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Key energy performance indicators and significant initiatives are periodically reviewed by the Board and senior management, wherever applicable, as part of the Company's governance and sustainability oversight.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes. Stakeholder consultation forms an integral part of the Company's approach to identifying, assessing and managing material environmental, social and governance (ESG) topics. Inputs received through structured stakeholder engagement are considered in identifying material issues, strengthening risk management processes, and shaping the Company's sustainability strategy, policies, objectives and action plans. These insights also support continuous improvement in responsible business practices and long-term value creation.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The Company through its CSR policies have taken up various initiatives and activities for the benefit of different segments of the society, with focus on the marginalized, poor, needy, deprived, under-privileged and differently abled persons, for further details https://smspharma.com/wp-content/uploads/2025/02/Corporate-Social-Responsibility-Policy.pdf

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. employees' workers covered (B)	% (B / A)	Total (C)	No. employees' workers covered (D)	% (D / C)
Employees						
Permanent	1266	1266	100	1173	1173	100
Other than permanent	0	0	0	0	0	
Total Employees	**1266**	**1266**	**100**	**1173**	**1173**	**100**
Workers						
Permanent	351	351	100	297	297	100
Other than permanent	471	471	100	396	396	100
Total Workers	**822**	**822**	**100**	**693**	**693**	**100**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	1266	276	21.80	990	78.20	1173	180	15.35	993	84.65
Male	1183	253	21.39	930	78.61	1107	145	13.10	962	86.90
Female	83	23	27.71	60	72.29	66	35	53.03	31	46.97
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Workers										
Permanent	351	314	89.46	37	10.54	297	195	65.66	102	34.34
Male	351	314	89.46	37	10.54	297	195	65.66	102	34.34
Female										
Other than Permanent	471	451	95.75	20	4.25	396	244	61.62	152	38.38
Male	414	399	96.38	15	3.62	363	215	59.23	148	40.77
Female	57	52	91.23	5	8.77	33	29	87.88	4	12.12

3. Details of remuneration/salary/wages, in the following format:

a. Median remuneration/ wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (Rs. In lakhs)	Number	Median remuneration salary/wages of respective category (Rs. In lakhs)
Board of Directors (BoD)	7	10.00	1	10.00
Key Managerial Personnel	1	32.50	0	0
Employees other than BoD and KMP	942	4.53	42	4.87
Workers	253	2.36	0	0

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2025-26	FY 2024-25
Gross wages paid to females as % of total wages	3.56%	3.78%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Head – Human Resources, in coordination with the senior management team, is responsible for overseeing the identification, assessment and resolution of human rights-related issues arising from or contributed to by the Company's operations. Human rights concerns are addressed through the Company's established policies, grievance redressal mechanisms and governance processes, with appropriate oversight to ensure timely, fair and effective resolution.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company is committed to respecting and upholding human rights across its operations and maintains a structured grievance redressal mechanism to address human rights-related concerns. Employees may report concerns relating to discrimination, harassment, workplace conduct, forced or child labour, equal opportunity, or any other human rights issue through the Whistle Blower

Mechanism and other established grievance channels. The Company follows a zero-tolerance approach towards retaliation against individuals raising concerns in good faith. All grievances are treated confidentially, investigated in a fair, timely and impartial manner, and resolved in accordance with the Company's policies, applicable laws and governance framework. Refer to https://smspharma.com/wp-content/uploads/2024/06/Code-of-business-conduct-and-ethics-for-Directors-Sr-Mgt-Personnel-New.pdf

6. Number of Complaints on the following made by employees and workers:

	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2025-26	FY 2024-25
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has implemented a Whistle Blower Mechanism under which any instances of discrimination, harassment or other concerns may be directly brought to the attention of the Audit Committee of the Board of Directors. Further, in cases of sexual harassment, the Company has constituted Internal Complaints Committees (ICCs) and implemented appropriate policies and procedures to ensure that complaints are addressed fairly and that no complainant is subjected to any adverse consequences or retaliation.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

10. Assessments for the year:2025-26

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	0%
Forced/involuntary labour	0%
Sexual harassment	0%
Discrimination at workplace	0%
Wages	0%
Others – please specify	0%

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

There were no such grievances/complaints in the Company.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

No such third-party due diligence was conducted.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

The Company is committed to providing an accessible and inclusive workplace. Its offices, registered office and manufacturing facilities are equipped, wherever required and operationally feasible, with ramps, elevators and other accessibility infrastructure to facilitate access for persons with disabilities, based on the nature of the facility and job requirements.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	The Company expects its value chain partners to adhere to applicable laws, ethical business practices and the standards of conduct outlined in its supplier engagement framework. During the reporting period, no formal assessment of value chain partners was undertaken for the purpose of this disclosure. However, selected compliance, quality and operational aspects are reviewed as part of the Company's ongoing vendor evaluation, procurement and internal control processes.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2025-26	FY 2024-25
From renewable sources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption from renewable sources (A+B+C)	-	-
From non-renewable sources		
Total electricity consumption (A)	235326.63	199227
Total fuel consumption (B)	351806.57	363713.47
Energy consumption through other sources (C)		0
Total energy consumption from non- renewable sources (A+B+C)	587133.20	562940.47
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.0000662028	0.0000719185
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity PPP (Total energy consumption / revenue from operations adjusted for PPP)	0.00134655	0.001481520
Energy Intensity in terms of physical output	163.06GJ/ M.Tonne	181.76GJ/M.Tonne
Energy Intensity (optional) the relevant metric may be selected by the entity		

@ conversion factor for purchasing power parity PPP) taken is 20.34 for the year 2025-26 and 20.66 for 2024-25

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, we have done assessment internal only, not engaged any external agency.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   No, the Company does not have any sites/facilities identified as designated consumer under the Performance Achieve and Trade (PAT) Scheme of the Government of India.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kiloliters)		
(i) Surface water	Nil	Nil
(ii) Groundwater	162760	248666
(iii) Third party water	3144	3184.39
(iv) Seawater / desalinated water	Nil	Nil
(v) Others	54035.6	44726.56
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	**219939.60**	**296576.95**
Total volume of water consumption (in kiloliters)	**219939.60**	**296576.95**
Water intensity per rupee of turnover (Water consumed / turnover)	0.000024799	0.000037889
Water intensity per rupee of turnover adjusted for Purchasing Power Parity PPP (Total Water consumption /Revenue from operations adjusted for PPP)	0.0005044219	0.0007805174
Water intensity in terms of physical output	61.08 KL/M.Tonne	95.76 KL/M.Tonne
Water intensity (optional) – the relevant metric may be selected by the entity		

Intensity in terms of physical output has been calculated on the basis of MT of APIs and their Intermediates produced for the relevant year.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

4. **Provide the following details related to water discharged.**

	FY2025-26	FY2024-25
Water discharge by destination and level of treatment (in kiloliters)		
i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment1	0	0
ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment1	0	0
iii) To Seawater	12667.63	13297.31
- No treatment	0	0
- With treatment – please specify level of treatment1	12667.63	13297.31
iv) Sent to third-parties	0	0
- No treatment	0	0
- With treatment – please specify level of treatment1	0	0
v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment1	0	0
Total water discharged (in kiloliters)	**12667.63**	**13297.31**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency -No

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

   Yes. The entity has implemented a ZLD system for treating process effluents and ensuring complete reuse of treated water. The facility includes an ETP with biological treatment, Ultrafiltration UF, Reverse Osmosis, Multiple Effect Evaporator, and Agitated Thin Film Dryer. The treated water is fully reutilized within the process, ensuring zero liquid discharge.

Effluent Treatment and Reuse

We successfully treated and reused 52,664.52 KL of effluent, which directly saved an equivalent volume of groundwater. This achievement demonstrates the effectiveness of our effluent treatment and recycling systems in reducing freshwater demand.

Together, these systems ensure that treated effluent is recovered and reused, significantly lowering our reliance on external water sources.

Process Improvements

To further reduce water wastage, we replaced conventional hose pipe washings with high-pressure jet pumps. This modification has led to substantial water savings by reducing consumption during equipment and floor cleaning activities.

Steam Condensate Recovery

For boiler operations, we have implemented a steam condensate recovery system. Condensate collected from steam lines is reused as boiler feed water. This initiative reduces the need for fresh water while also saving energy, as the recovered condensate requires less reheating compared to cold water.

- **Effluent Reuse:** 52,664.52 KL of treated effluent reused, saving an equal volume of groundwater.
- **Treatment Capacity:** 360 KLD Biological Treatment Plant and 200 KLD Recycle RO Plant in operation.
- **Process Efficiency:** High-pressure jet pumps replacing hose pipes, reducing cleaning water consumption.
- **Rainwater Management:** Harvesting pits, collection tanks, and re-treatment systems maintained for reuse.
- **Boiler Efficiency:** Steam condensate recovery reduces both freshwater consumption and energy demand.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025-26	FY 2024-25
NOx	Tons	23.34	5.59
SOx	Tons	24.46	7.36
Particulate matter (PM)	Tons	18.78	8.19
Persistent organic pollutants (POP)	Tons	NA	NA
Volatile organic compounds (VOC)	PPM	11.61	12.95
Hazardous air pollutants (HAP)	Tons	NA	NA
Others– please specify	Tons	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes ofCO2 equivalent	35552.99	37300.11
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes ofCO2equivalent	62026.13	52416.47
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent	0.0000110026	0.0000114617
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)		0.0001422542	0.000236120
Total Scope 1 and Scope 2 emissions in terms of physical output.		27.10 MT eqCO2	28.97 MT eqCO2
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

8. **Does the entity have any project related to reducing Green House Gas emissions? If yes, then provide details.**

We have multiple ongoing projects aimed at reducing greenhouse gas (GHG) emissions, including renewable energy adoption, solvent recovery optimization, and process efficiency improvements. Notably, we are commissioned a 1.3 MW rooftop solar project and eliminated hazardous solvents from certain synthesis processes.

The entity has initiated projects aimed at reducing greenhouse gas emissions. These include implementation of an ODS (Ozone Depleting Substances) reduction program, installation of advanced energy-efficient screw air compressors and other energy-efficient equipment to reduce Scope 1 and Scope 2 emissions, and identification of nearby suppliers to reduce logistics distance and thereby lower Scope 3 emissions

9. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2025-26	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	38.32	42.07
E-waste **(B)**	0.22	0.01
Bio-medical waste **(C)**	1.29742	0.56
Construction and demolition waste **(D)**	2.21	1.52
Battery waste **(E)**	1.656	0.98
Radioactive waste **(F)**	NIL	Nil
Other Hazardous waste. Please specify, if any. **(G)**	3526.867	2720.99
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	39.64	32.68
Total (A+B + C + D + E + F + G+ H)	3610.2104	2799.81
Waste intensity per rupee of turnover (Total Waste generated /Revenue from operation)	0.000000407	0.000000358
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity PPP (Total Waste generated /Revenue from operations adjusted for PPP)	0.000008279	0.000007368
Waste intensity in terms of physical output	1.00 MT/MT	0.90 MT/MT
Waste intensity (optional) – the relevant metric may be selected by the entity		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	54151.52	44494.66
(ii) Re-used	36.79	29.75
(iii) Other recovery operations	NIL	Nil
Total	**54188.31**	**44524.41**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	NIL	Nil
(ii) Landfilling	33.14	39.26
(iii) Other disposal operations	3271.49	2790.57
Total	**3304.63**	**2829.83**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We implement a comprehensive hazardous waste & other wastes management system across all departments and production blocks.

Each department maintains a dedicated waste storage area, where waste is segregated into Separate containers based on type and source of generation.

We have implemented structured waste management practices focused on reduction, segregation, and recycling. Solvent handling in drums has been significantly reduced through installation of bulk storage tanks, improving safety and minimizing packaging waste. Waste is segregated at source based on its type and sent for recycling or reuse wherever possible.

To reduce the use of hazardous and toxic chemicals, the company has optimized processes and promoted safer handling systems, including bulk storage and controlled usage practices, thereby minimizing chemical exposure and hazardous waste generation.

Waste is disposed in compliance with Hazardous Waste Management Rules:

- Total for the FY-25-26 total 3298.6 MT of waste safely disposed through APEMCL Portal to co-processors/ Pre-processors/ TSDF/Cement industries.

We also conduct regular internal audits and ensure CPCB and APPCB compliance in handling, storage, and disposal.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

The Company does not have any of its manufacturing facilities in ecologically sensitive areas.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

No environmental impact assessments were undertaken in FY 2025-26.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

All the manufacturing operations and R&D centers under the entity are in compliance with the applicable environmental laws/ regulations and guidelines as per the national and state level mandates.

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters):

Not Applicable. Our facilities are not located in areas of water stress.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format.

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	4086.39	179.86
Total Scope 3 emissions per rupee of turnover		0.0000004607	0.0000000230
Total Scope 3 emission intensity – (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable.

Not applicable, as none of our facilities are located in/ near ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	**Waste Management Practices** a. The Company further strengthened its waste management framework through a combination of process optimization, resource recovery, regulatory compliance, and employee engagement.	i. Bulk storage tanks were installed for IPA and MDC solvents. ii. Implemented the reuse of the upper portion of used LDPE bags for ATFD salt unloading, reducing fresh plastic bag consumption and promoting resource efficiency through circular material utilization.	i. Eliminated the generation of approximately 1,080 waste drums annually. ii. Conserved approximately 27 KL of fresh water annually by eliminating drum cleaning. iii. Eliminated the consumption of approximately 50 kg of new LDPE bags per month. iv. Reduced plastic waste generation by approximately 0.6 metric tonnes per annum.
	b. Effluent Treatment and Wastewater Recycling High TDS Effluent treated through MEE and the MEE condensate. Low TDS Effluent treated through biological treatment plant and recycled RO Plant.	Used High TDS Effluent Storage Tanks (150 KLD), Low TDS Effluent Storage Tanks (400 KLD, Filter Press (5 KL/hr, High TDS Pre Treatment Unit (200 KLD), Multiple Effect Evaporators (MEE) with Stripper (350 KLD × 1, 150 KLD × 1), Agitated Thin Film Dryer (ATFD) (37 KLD × 2, 26 KLD × 1), Biological Treatment Units (300 KLD × 1, 60 KLD × 1), ETP RO Plant (200 KLD), Guard Ponds (1350 KLD).	i. 47950 KL of High TDS Effluent treated through MEE ii. Total 74151 KL of Low TDS Effluent treated through biological treatment plant and recycled RO Plant. iii. 52665 KL of treated water reused to cooling towers/ Boilers.
2.	**Solvent Distillation System** **ATFE Installation:** installation of the Agitated Thin Film Evaporator (ATFE), solvent recovery efficiency improved substantially	The residue generated after ATFE installation is now saleable material, not hazardous waste. Only about 10% of this residue occasionally results in waste, while the majority is recovered and sold. **Waste Reduction:** Hazardous waste disposal has been reduced by more than 80%, eliminating most of the costly disposal at ₹ 8,000 per ton.	Distilled Chloro recovery increased from 2,100–2,200 L to 3,200 L, representing a gain of nearly 45–50% Residue generated from solvent recovery block (SRB) was brought down from 3,500–3,600 L to 650–750 L. Saving of Rs.8000/- per ton on disposal of Hazardous waste by waste reduction.

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
3	**Water Conservation Measures taken:**	• Installation of flow meters and water monitoring systems to track consumption and identify leakages. • **Effluent Reuse:** 52,664.52 KL of treated effluent reused, saving an equal volume of groundwater. • **Treatment Capacity:** We have enhanced recovery controls in every stage in process, like continually improvement our recovery controls. • **Process Efficiency:** High-pressure jet pumps replacing hose pipes, reducing cleaning water consumption.	1. Reuse of Effluent 52,664.52 KL of treated effluent
		• **Rainwater Management:** Harvesting pits, collection tanks, and re-treatment systems maintained for reuse. • **Boiler Efficiency:** Steam condensate recovery reduces both freshwater consumption and energy demand.	

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
4	**A. Energy Conservation Measures** - Installation of variable frequency drives (VFDs) on motors, pumps, and HVAC systems to optimize energy use - Implementation of Building Management Systems (BMS) to control and monitor energy consumption in real-time Significantly reduced the specific energy consumption (kWh per Nm^3 of nitrogen produced), resulting in improved energy efficiency. - A common header was installed for the compressed air circuit. This modification allowed optimum utilization of the air compressors, resulting in significant power savings. - Steam condensate water pumping were replaced with pressure-powered steam condensate recovery pumps. - online tube cleaning systems (ECO MAX) were installed for condenser tubes in chilling plants.	i. Replaced the existing 20 Nm^3 nitrogen compressor (30 HP) with a 100 Nm^3 energy-efficient screw-type nitrogen compressor (40 HP) to improve operational efficiency and optimize energy consumption per unit of nitrogen produced. i. Eight reciprocating air compressors of 400 CFM capacity ii. Six pumps of 10 M^3/hr capacity were installed iii. With ten auto tube cleaning machines of 500 TR capacity,	i. Reduced 1.179 KWH/NM^3 to 0.314 KWH/NM^3 Total energy saving of 2,67,840 units annually
	B. Installation of roof Top solar:	i. Installed roof Top solar with the capacity of 1363 Kw DC /1000 Kw AC on the Roof Tops of Central Ware House (1094 KW DC), Power Hose -2 (42 KW DC), Engineering Stores (129 KW DC) and Ware House -1 (98 KW DC).	i. Installation of roof top solar on completion will result in 15, 00, 000 Kwh /Annum from Renewable energy source
5.	**Initiatives Undertaken to Improve Resource Efficiency and Reduce Emissions** - **Initiative:** Identified and qualified a domestic supplier for one of the KSMs used in the manufacture of a product in accordance with the Company's vendor qualification procedure. Shifted procurement from an overseas supplier to an approved Indian supplier to reduce transportation distance and associated environmental impacts. - Strengthened sustainable sourcing by promoting local procurement and improving supply chain efficiency.	- **Scrubber Installation:** Double stage scrubbers have been installed across production blocks to effectively control process emissions. - **SPM Analysers:** Installed on 3 TPH, 6 TPH, and 16 TPH boilers, these analysers are connected to the APPCB server for real time monitoring of Suspended Particulate Matter (SPM).	Reduced transportation-related GHG emissions from 23.14 tCO^2e to 2.10 tCO^2e, achieving an annual reduction of approximately 21.04 tCO^2e

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
6.	**Efforts Made Towards Absorption of New Technologies** ● Proposed the installation of a Retrofit Emission Control Device (RECD) on the existing diesel generator (DG) set with an estimated investment of ₹ 8 lakhs to reduce air pollutant emissions and improve environmental performance. ● • Improve ambient air quality and minimize the environmental impact of diesel combustion.		Expected to reduce SOx, NOx, and particulate matter (PM) emissions by approximately 80–90% during DG set operation.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, we have a comprehensive Business Continuity Plan (BCP) and Disaster Management Plan in place to ensure uninterrupted operations during any unexpected disruptions. The plan covers a wide range of risks including operational failures, natural disasters, fire, utility breakdowns, and other emergencies.

It includes structured risk assessment, preventive controls, and detailed contingency procedures to minimize business impact. Clearly defined roles and responsibilities are assigned to ensure quick response and effective coordination during emergencies. The plan also incorporates communication protocols, emergency evacuation procedures, and recovery strategies to restore normal operations at the earliest.

Regular training, mock drills, and periodic reviews are conducted to strengthen preparedness and continuously improve the effectiveness of the system, ensuring resilience and business sustainability.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

We have not identified any significant adverse environmental impacts arising from its value chain. However, we continuously monitor potential environmental risks across its operations and supply chain.

As a precautionary and sustainability measure, we have implemented mitigation actions such as promoting efficient resource utilization, waste segregation and recycling, adoption of Zero Liquid Discharge (ZLD) systems, and reduction of emissions through energy-efficient equipment and optimized logistics. Supplier engagement is also undertaken to encourage environmentally responsible practices and reduce overall Scope 3 impacts. Continuous improvement initiatives are in place to further minimize environmental footprint across the value chain.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

No, as of now, value chain partners have not been formally assessed for environmental impacts during the reporting period. However, a procedure is in place to identify and evaluate relevant partners in the future as part of the company's sustainability and ESG improvement initiatives.

8 How many Green Credits have been generated or procured:

a. **By the listed entity :** NIL

b. **By the top ten (in terms of value of purchases and sales, respectively) value chain partners :** NIL

PRINCIPLE 7 Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   2

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Pharmexcil	National
2	Bulk Drug Manufacturers Association	State

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   For the reporting year, there were no cases issued against the Company.

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

   The Company actively engages with industry associations, trade bodies and professional forums to contribute to the development of public policies and regulatory frameworks relevant to the pharmaceutical industry. The Company participates in consultations, deliberations and policy advocacy through these recognized industry platforms, providing constructive feedback, technical inputs and recommendations on proposed laws, regulations and policy initiatives. Such engagements are undertaken in a transparent, ethical and responsible manner, with the objective of supporting a robust regulatory environment, promoting responsible business practices, enhancing patient access to quality medicines and contributing to the sustainable growth of the pharmaceutical sector.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   In the reporting year, the Company did not undertake any Social Impact Assessment

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

   In the reporting year, the Company did not undertake any ongoing Rehabilitation and Resettlement (R&R) project.

3. **Describe the mechanisms to receive and redress grievances of the community.**

   Community members and other external stakeholders may raise their concerns or grievances through the mechanisms outlined in the Company's Code of Conduct and other designated channels available on the Company's website. The Company is committed to addressing such grievances in a fair, transparent and timely manner in accordance with its established policies and procedures.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/ small producers	1	1
Sourced directly from within the district and neighboring districts	54	41

5. **Jobs creations in small towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non- permanent / on contract basis) in the following locations, as % of total wage cost**

(place to be categorized as per RBI Classification system – rural/ semi-urban/ urban / metropolitan)

Location	FY 2025-26	FY 2024-25
Rural	61.73	59.85
Semi- Urban	14.14	16.58
Urban	9.36	9.24
Metropolitan	14.77	14.33

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

In FY 2025-26, no Social Impact Assessments conducted

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent Lakhs (In INR)
1	Andhra Pradesh	Vizianagaram	79.80
2	Telangana	Hyderabad	10.00

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

No.

(b) **From which marginalized /vulnerable groups do you procure?**

Not identifiable

(c) **What percentage of total procurement (by value) does it constitute?**

NA

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

The Company does not derive any benefits from intellectual properties owned or acquired based on traditional knowledge

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not applicable.

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Support 'Campus Challenge' (Association of Saikorian), an organization dedicated to working with disadvantaged children, particularly in the Coastal and Tribal regions of Andhra Pradesh. The primary objective of the initiative is to build capacity and empower individuals with disabilities, enabling them to lead independent and dignified lives. Organization located Konada Junction (On NH- 16), Kotha Kopperla (PO), Singavaram (SO), Vizianagaram Dist-535213.	5	100%

2	Continuing Support for open heart surgery program for children and heart and lung transplantation programme. Through Dr. Alla Gopala Krishna Gokhale, Sahrudaya Health, Medical and Educational Trust.	5	100%
3.	Deployment of drone-based surveillance equipment will assist the local law enforcement authorities in effective monitoring of public gatherings, emergency response situations, disaster management operations, and crime prevention measures, thereby contributing to the safety and welfare of the community. Provided to Superintendent of Police, Vizianagaram in the state of Andhra Pradesh.	200	70%
4.	Construction of Community Hall in Kumili Village, Pusapatirega Mandal Vizianagaram Distirict Andhra Pradesh for the usage of village people and nearby villages people for agricultural reforms, social and cultural gatherings. This village is located surrounding area of Company's Unit VII facility.- Ongoing Projects	1500	80%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The Company receives consumer complaints and feedback through email, which are escalated to the concerned team for investigation, resolution, and implementation of appropriate CAPA, wherever required.

2. **Turnover of products and/ services as a percentage of turnover from all products /service that carry information about:**

The Company complies with all the regulatory requirements in relation to the display of information on product label.

3. **Number of consumer complaints in respect of the following:**

	FY 2025-26		Remarks	FY 2024-25		Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4 **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	0	NA
Forced recalls	0	NA

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

No

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   No corrective actions were warranted during the year, as no issues or instances as stated above have occurred during the year under review.

7. **Provide the following information relating to data breaches:**

   a. Number of instances of data breaches along-with impact - NIL

   b. Percentage of data breaches involving personally identifiable information of customers - NIL

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (Provide web link, if available).**

   Information on the products and services of SMS Pharmaceuticals Limited can be accessed through the Company's website at the following links:

- https://smspharma.com/api/
- https://smspharma.com/central-laboratory-analytical-services/
- https://smspharma.com/crams/.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

   The Company informs and educates consumers about safe and responsible use of its products by providing essential product documentation such as Safety Data Sheets (SDS) and Certificates of Analysis (COA) during transit. These documents contain detailed information on product handling, safety precautions, storage conditions, and usage guidelines, ensuring users are aware of safe practices.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   SMS Pharmaceuticals Limited directly communicates with customers through email and telephone to promptly inform them of any potential disruption or discontinuation of essential services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes, the company provides relevant product information on the product container label, including the product name, batch number, date of manufacture, quantity, manufacturing site address, license details, storage and handling conditions, and approval by the Quality Department.

Independent Auditor's Report

To the members of SMS Pharmaceuticals Limited
Report on the Audit of the Ind AS Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SMS Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements, including summary of material accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances Ind AS 115 "Revenue from Contracts with Customers" - Refer note-26 to the standalone financial statements	Principal Audit Procedures We assessed the Company's process to recognise revenue as per IND AS 115 accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. • Selected a sample of continuing and new contracts and performed the following procedures: 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management is responsible for ensuring that the accounting software used has the feature of Audit Trail that captures the changes to each and every transaction of Books of accounts. Also ensure that the Audit Trail Feature is always enabled at the database level and protected from any modification through implementing controls. Ensure that Audit Trail is retained as per statutory requirements for record retention through periodic backups.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

        In our opinion the managerial remuneration for the year ended March 31, 2026 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company as detailed in note 47 to the Standalone Financial Statements, has certain contingent liabilities, including disputed income tax matters and other claims, the ultimate outcome of which is presently uncertain. The management is contesting these matters and no provision has been made in the financial statements in respect thereof and the company has disclosed the impact of pending litigations on its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2026.

iii. During the year ended March 31, 2026, the company has duly transferred unclaimed dividend to Investor Education and Protection Fund.

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 51(vii) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ulti mate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 51(viii) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(d) Based on our examination which includes test checks, the Company, in respect of financial year commencing on 1st April 2025, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled and the audit trail has been preserved by the company as per the statutory requirements for record retention.

v. The dividend declared or paid during the year by the company is in compliance with section 123 of the Act.

Place: Hyderabad
Date: May 22,2026

For **Suryanarayana & Suresh.**,
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M. No. 200247
UDIN: 26200247DYPWDL6639

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMS Pharmaceuticals Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we report that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year ended March 31, 2026.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and no discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.

In our opinion and based on the information and explanation given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations.

(b) According to the information and explanation given to us and on the basis of examination of the records of the Company, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us and the records of the company examined by us during the course of audit, the returns or statements filed by the Company with such banks or financial institutions are in agreement with the unaudited/audited books of account of the Company of the respective quarters and no material discrepancies have been observed.

iii. During the year, The company has made investments in companies in respect of which,

a) The Company has made investments **in subsidiaries and associate** and the details of which are as given below:

i)

Aggregate Amounts in	Investments in lakhs
Subsidaries	700.00

ii) Balance Outstanding as at balance sheet date in respect of above cases:

Subsidaries	700.93
Associate	4,499.87

The company has not provided any loans or security or guarantee during the year.

b) The Investments made during the year are in our opinion ,not prejudicial to the interest of the company.

c) The company not provided any loans or guarantee during the year .Hence, other sub clause are not applicable.

iv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made investments during the year. The Company has not granted any loans or advances in the nature of loans, or provided any guarantee or security to any parties covered under Sections 185 and 186 of the

Act. In respect of the investments made, the Company has complied with the provisions of Sections 185 and 186 of the Act, as applicable.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

(a) In our opinion, the Company is generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, duty of Custom, Duty of Excise, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, duty of Custom, duty of Excise, Cess and other material statutory dues in arrears as at March 31, 2026 for a period of more than six months from the date they became payable.

(b) There were no statutory dues which have not been deposited as on March 31, 2026 on account of disputes except the following:

S. No	Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ Lakhs)	Amount Unpaid (₹ Lakhs)
1	Income Tax Department	Income Tax Department	Income Tax CIT (Appeals)	2022-23	4562.55	4562.55
2	Income Tax Department	Income Tax Department	Income Tax CIT (Appeals)	2017-18	40.28	40.28

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) In our opinion, the Company has not defaulted in repayment of any loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanation given to us by the management the term loans availed by the company, were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) According to the information and explanation given to us by the management and examination of the records of the Company, the Company has not raised any funds from any entity or person on account of or to meet the obligations of its associate/subsidiary/Joint Venture. Accordingly, provisions of the clause 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanation given to us by the management and examination of the records of the Company, the Company is having investment in subsidiary and associate company. However, during the year, the Company has not raised any loan on pledge of securities held in subsidiary and associate Company. Accordingly, provisions of the clause 3(ix)(f) of the Order is not applicable to the Company.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placements of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the order is not applicable.

xi. (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, during the year the company has not received any whistle blower complaints.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to the Company during the year.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with the second proviso to sub-section (5) of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year and also at the end of the current financial year. Hence, reporting under this clause is not applicable for the year.

Place: Hyderabad
Date : May 22,2026

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M. No. 200247
UDIN: 26200247DYPWDL6639

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMS Pharmaceuticals Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to standalone financial statements of **SMS Pharmaceuticals Limited** (the "Company") as of March 31, 2026 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2026, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to standalone financial statements issued by the Institute of Chartered Accountants of India.

Place: Hyderabad
Date: May 22,2026

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M. No. 200247
UDIN: 26200247DYPWDL6639

Standalone Balance Sheet

as at March 31, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	As at 31.03.2026	As at 31.03.2025
I	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4	53,121.67	53,084.79
	(b) Capital Work-in-Progress	4	11,582.43	3,467.14
	(c) Intangible Assets	5	279.60	212.96
	(d) Financial Assets:			
	(i) Investments	6	5,210.60	4,510.60
	(ii) Bank Balances	7	396.32	294.52
	(iii) Other Financial Assets	8	723.38	694.78
	(e) Other Non-Current Assets	9	3,129.24	899.23
	Total Non-Current Assets		**74,443.24**	**63,164.02**
2	**Current Assets**			
	(a) Inventories	10	35,095.33	28,472.92
	(b) Financial Assets			
	(i) Trade Receivables	11	21,587.70	20,323.36
	(ii) Cash and Cash Equivalents	12	4,578.15	4,139.27
	(iii) Bank Balances (Other than (ii) above)	13	19.78	18.70
	(iv) Other Financial Assets	14	344.81	989.26
	(c) Other Current Assets	15	2,031.03	1,463.94
	(d) Current Tax Asset (Net)	16		38.71
	Total Current Assets		**63,656.80**	**55,446.16**
	TOTAL ASSETS		**1,38,100.04**	**1,18,610.18**
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	17	936.52	886.52
	(b) Other Equity	18	79,542.17	66,420.45
	Total Equity		**80,478.69**	**67,306.97**
2	**LIABILITIES**			
A	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	19	17,164.01	13,936.42
	(b) Provisions	20	119.86	120.65
	(c) Deferred Tax Liabilities (Net)	21	5,083.76	4,809.76
	Total Non-Current Liabilities		**22,367.63**	**18,866.83**
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	22	19,340.79	17,139.15
	(ii) Trade Payables:	23		
	(a) Trade Payables - MSME		24.67	9.64
	(b) Trade Payables Other than MSME		12,014.51	11,381.56
	(iii) Other Financial Liabilities	24	3,136.93	3,336.72
	(b) Provisions	20	92.46	110.80
	(c) Other Current Liabilities	25	582.87	458.51
	(d) Current Tax Liability (Net)	16	61.49	-
	Total Current Liabilities		**35,253.72**	**32,436.38**
	Total Liabilities		**57,621.35**	**51,303.21**
	TOTAL EQUITY AND LIABILITIES		**1,38,100.04**	**1,18,610.18**
	Summary of Material Accounting Policies	3		

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Standalone Statement of Profit and Loss

for the Year ended March 31, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	For the year ended 31-03-2026	For the year ended 31-03-2025
1	**Income**			
	Revenue from Operations	26	88,687.10	78,274.81
	Other Income	27	835.38	622.44
	Total Income		**89,522.48**	**78,897.25**
2	**Expenses**			
	Cost of Materials Consumed	28	51,687.27	49,554.19
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	29	(2,284.17)	(6,481.39)
	Manufacturing Expenses	30	9,070.22	8,635.04
	Employee Benefits Expense	31	8,792.34	8,008.42
	Finance Cost	32	2,307.56	1,854.09
	Depreciation and Amortization Expense	33	3,991.93	3,433.73
	Other Expenses	34	4,330.20	4,561.12
	Total Expenses		**77,895.35**	**69,565.20**
3	**Profit Before Tax (1-2)**		**11,627.13**	**9,332.05**
4	**Tax Expense**	35		
	(a) Current Tax			
	(i) relating to Current Year		2,598.00	1,990.00
	(ii) relating to Earlier Year		(4.69)	(25.94)
	(b) Deferred Tax		272.89	529.87
	Total Tax Expense		**2,866.20**	**2,493.93**
5	**Profit for the year (3-4)**		**8,760.93**	**6,838.12**
6	**Other Comprehensive Income / (Loss)**			
	Items that will not be reclassified to Profit/Loss	36		
	(a) Remeasurement gain/(loss) of the defined benefit plans		4.43	(67.28)
	(b) Tax on Remeasurement gain/(loss) of the defined benefit plans		(1.12)	16.93
	Other Comprehensive Income/(Loss), After Tax for the year		**3.31**	**(50.35)**
7	**Total Comprehensive Income for the Year (5+6)**		**8,764.24**	**6,787.77**
8	**Earnings Per Share (Face Value of Re.1 each)**	37		
	- Basic and Diluted		9.58	8.07
	Summary of Material Accounting Policies	3		

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Standalone Statement of Changes in Equity

for the Year Ended March 31st, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	**As at March 31st, 2026**		**As at March 31st, 2025**	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
As at the Beginning of the Year	88652030	886.52	84652030	846.52
Changes in Equity Share Capital (Refer Note No.17.1)	5000000	50.00	4000000	40.00
As at the End of the Year	**936.52**	**936.52**	**886.52**	**886.52**

b. Other Equity

Particulars	**Reserves & Surplus**					
	Securities Premium	**Capital Redemption Reserve**	**General Reserve**	**Money Received against Share warrants**	**Retained Earnings**	**Total Other Equity**
Balance as at April 01, 2024	**6,981.84**	**155.00**	**10,304.28**	**2,857.50**	**35,903.64**	**56,202.26**
Profit for the Year					6,838.12	6,838.12
Other Comprehensive Income/(Loss), After Tax for the year					(50.35)	(50.35)
Total Comprehensive Income for the Year					**6,787.77**	**6,787.77**
Transfer to General Reserve			1,000.00		(1,000.00)	-
Share warrants converted into 40,00,000 equity shares ₹1/- each fully paid up at an issue price ₹ 127/- (including premium ₹126/-)	5,040.00					5,040.00
Money Received against Share warrants				3,810.00		3,810.00
Less: Converted into shares during the current year				(5,080.00)		(5,080.00)
Issue Expenses on Share Warrants					(0.97)	(0.97)
Payment of dividends (including tax)					(338.61)	(338.61)
Balance as at March 31, 2025	**12,021.84**	**155.00**	**11,304.28**	**1,587.50**	**41,351.83**	**66,420.45**
Balance as at April 01, 2025	12,021.84	155.00	11,304.28	1,587.50	41,351.83	66,420.45
Profit for the Year					8,760.93	8,760.93
Other Comprehensive Income/(Loss), After Tax for the year					3.31	3.31
Total Comprehensive Income for the Year					**8,764.24**	**8,764.24**
Transfer to General Reserve			1000.00		(1,000.00)	-
Share warrants converted into 50,00,000 equity shares ₹1/- each fully paid up at an issue price ₹ 127/- (including premium ₹126/-)	6,300.00					6,300.00
Money Received against Share warrants				4,762.50		4,762.50
Less: Converted into shares during the current year				(6,350.00)		(6,350.00)
Issue Expenses on Share Warrants					(0.41)	(0.41)
Payment of dividends (including tax)					(354.61)	(354.61)
Balance as at March 31, 2026	**18,321.84**	**155.00**	**12,304.28**	**-**	**48,761.05**	**79,542.17**

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Standalone Statement of Cash Flow

for the Year Ended March 31, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S No	Particulars	for the Year Ended 31.03.2026	for the Year Ended 31.03.2025
A	**Cash Flow from Operating Activities**		
	Profit Before Tax	11,627.13	9,332.05
	Adjustments for:		
	Depreciation and Amortisation Expense	3,991.93	3,433.73
	Interest Income	(61.86)	(20.78)
	Interest on lease liability	-	11.05
	Interest on Borrowings	2,184.36	1,732.09
	Provision for Employee Benefits	(14.70)	(37.94)
	Amortisation of Transaction Cost on Borrowings	22.06	14.68
	Profit on Sale of Assets	-	(3.33)
	Loss on Sale of Assets	-	1.28
		17,748.92	**14,462.83**
	Change in Operating Assets and Liabilities		
	(Increase)/Decrease in Trade Receivables	(1,264.34)	3,299.96
	(Increase)/Decrease in Inventories	(6,622.41)	(5,103.14)
	(Increase)/Decrease in Other Non Current Financial Assets	(28.60)	(177.73)
	(Increase)/Decrease in Other Non Current Asset	(2,230.02)	487.89
	(Increase)/Decrease in Other Current Financial Assets	626.32	(657.31)
	(Increase)/Decrease in Other Current Assets	(567.10)	811.51
	(Increase)/Decrease in Prepaid Taxes	(83.11)	153.39
	Increase/(Decrease) in Trade Payables	647.99	(3,741.07)
	Increase/(Decrease) in Other Financial Liabilities	126.11	618.57
	Increase/(Decrease) in Other Current Liabilities	124.37	(0.34)
		(9,270.79)	**(4,308.27)**
	Cash generated from Operations	**8,478.13**	**10,154.56**
	Income Taxes Paid	(2,410.00)	(1,983.34)
	Net Cash Inflow from Operating Activities "A"	**6,068.13**	**8,171.22**
B	**Cash flow from Investing Activities**		
	Purchase of Property, Plant and Equipment	(12,510.50)	(12,337.98)
	Sale of Property, Plant and Equipment	-	5.59
	Investment in Subsidiary	(700.00)	(0.93)
	Investment in Deposits	(0.41)	(1.49)
	Margin Money Deposits	(101.79)	(25.69)
	Interest Received on Margin Money Deposit	79.99	16.68
	Net Cash Inflow (Outflow) from Investing Activities "B"	**(13,232.71)**	**(12,343.82)**

Standalone Statement of Cash Flow

for the Year Ended March 31, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S No	Particulars	for the Year Ended 31.03.2026	for the Year Ended 31.03.2025
C	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	6,231.86	6,372.38
	Repayment of Long Term Borrowings	(3,435.20)	(4,409.66)
	Proceeds from Short Term Borrowings	2,610.50	1,080.29
	Interest paid on Borrowings	(2,211.17)	(1,735.29)
	Repayment of Lease Liability	-	(70.22)
	Net Proceeds from issue / conversion of Share Warrants	4,762.08	3,809.03
	Dividend Paid to Company's Shareholders	(354.61)	(338.61)
	Net Cash Inflow (Outflow) from Financing Activities "C"	**7,603.46**	**4,707.92**
	Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	**438.88**	**535.32**
	Cash and Cash Equivalents at the beginning of the Financial Year	4,139.27	3,603.95
	Cash and Cash Equivalents at end of the Year	**4,578.15**	**4,139.27**

The accompanying notes are an integral part of the Standalone Financial Statements.

1. The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.
2. Previous year figures have been regrouped/reclassified to confirm to current year classification.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

1. Corporate Information:

SMS Pharmaceuticals Limited (SMS Pharma), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Provisions of Companies Act applicable in India. The registered office of the Company is Plot No.72, H.No.8-2-334/3&4, Road No.5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad-500 034, Telangana, India. The Equity Shares of the Company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Bachupally, Hyderabad in the State of Telangana and also at Kandivalasa Village, Poosapatirega Mandal, Vijayanagaram District in the State of Andhra Pradesh. Apart from manufacturing facilities, the Company is also having Research & Development Center at Gagillapur, Hyderabad in the State of Telangana.

2. Basis of preparation of Standalone Financial Statements

2.1 Statement of Compliance

The standalone financial statements of the Company comply in all material aspects with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015 issued by Ministry of Corporate Affairs ('MCA') and presentation requirements of Division II of Schedule III to the Companies Act,2013,(Ind AS compliant Schedule III).

These standalone financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2026. These Standalone Financial Statements for the year ended March 31, 2026 were authorized and approved for issue by the Board of Directors on May 22, 2026.

3. Summary of Material Accounting Policies:

The standalone financial statements have been prepared using the accounting policies and measurement basis summarized below. The Accounting Policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of Measurement

The standalone financial statements have been prepared on a historical cost basis and on accrual basis, except for the following material items in the balance sheet:

- Long-Term borrowings are measured at amortised cost using the effective interest rate method.
- Certain financial assets are measured either at fair value or at amortised cost depending on the classification.
- Employee defined benefit assets/ (liabilities) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.
- Right-of use the assets are recognized at the present value of lease payments that are not paid at that date.

3.2 Current and Non- Current Classification:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the schedule III (Division II) to the companies Act,2013 and Ind AS 1, Presentation of Financial Statements.

ASSETS:

i. An asset is classified as current when it satisfies any of the following criteria:

  - Expected to be realised or intended to be sold or consumed in normal operating cycle;
  - Held primarily for the purpose of trading;
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

` ii. Current assets include the current portion of non-current assets. All other Assets are classified as non-current.

LIABILITIES:

(i) A liability is classified as current when it satisfies the any of the following criteria:

  - Expected to settle the liability in normal operating cycle;
  - Held primarily for the purpose of trading;
  - Due to be settled within twelve months after the reporting period, or

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(ii) Current liabilities include the current portion of non-current liabilities. All Other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are always classified as non-current assets and liabilities.

The Operating Cycle is the time between the acquisition of assets for processing and their realisation in Cash and Cash Equivalents. The Company has identified Twelve months as its Operating Cycle.

3.3 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach:

(1) identify the contract with a customer,

(2) identify the performance obligations in the contract,

(3) determine the transaction price,

(4) allocate the transaction price to the performance obligations in the contract, and

(5) recognize revenues when a performance obligation is satisfied.

The specific recognition criteria described below must also be met before revenue is recognised.

The Company's revenue is derived from sale of goods, sale of services. Most of such revenue is generated from the sale of goods. Accounting policies relating to revenue for the periods are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

In arriving at the transaction price, the Company considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Company estimates the amount of variable consideration using the expected value method

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Export incentives:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(iv) Dividend Income:

Dividends are recognised as other income in profit or loss when the right to receive payment is established, which is generally when shareholders approve the dividend.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income, on financial assets at amortised cost and financial assets at FVOCI, is calculated using the effective interest method and the same is recognized in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.4 Foreign Currency Transactions:

(i) Functional and Presentation Currency:

The standalone financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional currency of the Company.

(ii) Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(iii) Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for initial recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

(iv) Exchange Differences:

Exchange differences arising on the settlement of monetary items, or on reporting monetary items of company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized in the statement of profit and loss in the year in which they arise.

(v) Non-Monetary Items:

Non-Monetary Items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3.5 Property, Plant and Equipment:

(i) Recognition and Initial Measurement

Property, Plant and Equipment is initially recognized at their cost of acquisition. The cost comprises purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates.

Cost includes any directly attributable costs of bringing the asset to its working condition for the intended use by management and borrowing costs if recognition criteria are met.

Assets under installation or under construction as at the Balance Sheet date are stated at cost and shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(ii) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line basis over the useful lives as estimated by management which coincides with useful life prescribed in Schedule II to the Companies Act, 2013. Freehold land is not depreciated.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/deletion as the case may be. In case of assets costing less than ₹5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

The residual values, useful lives and method of depreciation are reviewed at each financial year end by management based on the expected utility of the asset and adjusted prospectively, if appropriate.

(iii) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(iv) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(v) Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/construction as at the balance sheet date.

(vi) Impairment :

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.6 Intangible Assets:

(i) Recognition and Initial Measurement

Intangible Assets are initially recognized at their cost of acquisition. The cost comprises purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates.

Cost includes any directly attributable costs of bringing the asset to its working condition for the intended use by management and borrowing costs if recognition criteria is met.

(ii) Subsequent measurement (amortization):

The cost incurred on Intangible Assets is amortized on straight line basis over a period of estimated useful life of 6 years in case of Computer Software and 4 years for Patents.

3.7 Leases:

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

At the date of commencement of the lease, the company recognizes a right-of-use-asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low-value assets. Lease liabilities representing the lease payments to be made and right-of-use assets representing the right to control the use of underlying assets.

i) Right-of-use assets

Right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any, and adjusted for any measurement of lease liabilities. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost of right to use asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Costs incurred relating to Right-of-use assets accounted by applying other applicable standards,such as Ind AS 16 and depreciated on straight line basis over the lease period.

ii) Lease Liabilities

At the commencement date of the lease, lease liabilities initially recognized at amortized cost at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid by lessee under residual value guarantees. The lease payments also include the exercise price of a purchase option if the company is reasonably certain to be exercised that option and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate being the rate that the company would have to pay to borrow

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

the funds necessary to obtain an asset of similar value to the right- of-use asset in a similar economic environment with similar terms, security and conditions at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases in which underlying assets are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the benefit.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activity in cash flow statement.

Company as a Lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3.8 Inventories:

Raw material, packaging material, and Stores and spares are carried at cost. as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the company from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of Raw Material, packaging material is determined using the weighted average cost method.

The carrying cost of raw materials, packing materials are appropriately written down to replacement cost if the finished products in which they will be incorporated are expected to be sold below cost.

Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare Parts, Stand-by Equipment and Servicing Equipment are recognized in accordance with Ind AS-16 when they meet the definition of property, plant and Equipment. Otherwise, such items are classified as inventory and are valued at Cost.

3.9 Cash and Cash Equivalents:

Cash and Cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term, highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the purpose of the statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company's cash management.

3.10 Financial Instruments:

(i) Financial Assets

(a) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(b) Subsequent measurement

Debt instruments –

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Equity investments –

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in Associates, Subsidiaries and Joint Venture:

Investments in Subsidiaries, Associates and Joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(c) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(d) Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognized initially at the transaction price as they do not contain significant financing components. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(ii) Financial liabilities

(a) Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

(b) Subsequent Measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(c) De-recognition of Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(d) Loans and Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

(e) Trade and other Payables:

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method

(iii) Financial Guarantee Contracts

Financial Guarantee Contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.

(iv) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(v) Impairment of Trade Receivables

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables.

For this purpose, the company follows a "simplified approach" for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

As a practical expedient, the company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(vi) Impairment of other Financial Assets:

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition.

If credit risk has not increased significantly,12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

3.11 Income Taxes:

Current Tax

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with tax laws enacted or substantially enacted at the end of the reporting period. Current tax includes taxes to be paid on the profit earned during the year and adjustment to tax payable in respect of prior periods, if any.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Deferred Tax

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses except for the deductible temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss(either in other comprehensive income or in equity).Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

3.12 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The Company is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers.

3.13 Government Grants:

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

3.14 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.15 Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

3.16 Dividends

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company on or before the balance sheet date but not distributed at the balance sheet date. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3.17 Equity:

Ordinary Shares are classified as Equity share Capital. Incremental costs directly attributable to the issue of new ordinary shares or share options and buy back are recognized as a deduction from equity, net of tax effects, if any.

3.18 Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Development expenditure on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the asset
- The ability to measure reliability the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready to its intended use.

3.19 Employee Benefits:

(i) Defined Contribution Plan:

The Company's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss as and when the services are received from the employees. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan. The Company has no further obligations once the contributions have been paid to the Fund.

(ii) Defined Benefit Plan:

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) under projected unit credit method at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lump sum after deduction of necessary taxes upto a maximum limit as per the Gratuity Act, 1972. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(iii) Other Long-Term Employee Benefits

The Company also provides benefit of compensated absences to its employees which are in the nature of long -term benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date as per the requirements of IND AS ”Employee Benefits”. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arises.

(iv) Short-Term Employee Benefits

Short–term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee. Short term Employee Benefits are the obligations that are expected to be settled wholly within 12 months after the end of the period in which the employees renders the related services.

3.20 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.21 Contingent Liabilities, Contingent Assets and Commitments:

Where there is a present obligation and it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible obligations and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not in the control of the company are also disclosed as contingent liabilities.

Contingent Assets are not recognized in the Balance Sheet. A contingent asset is disclosed where an inflow of economic resources is probable. However, when realization of Income is virtually certain, related asset is recognized.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

3.22 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

3.23 Fair Value Measurement

The Company measures Financial Instruments at fair value at each Balance Sheet Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.24 Critical accounting Estimates and Judgements:

The Preparation of financial statements in conformity with Ind AS requires Management to make Judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

3.25 Recent Pronouncements:

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules, as issued from time to time. For the year ended March 31, 2026, MCA has notified Ind AS 117 – Insurance Contracts and amendments to Ind AS 116 – Leases relating to sale and leaseback transactions, applicable to the Company with effect from April 1, 2024. The Company has assessed the applicability of these new pronouncements and, based on its evaluation, has concluded that they do not have a material impact on its financial statements

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

Ind AS 21 – The Effects of Changes in Foreign Exchange Rates: In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements

In August 2025, MCA notified the following amendments to:

1) Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Group has no impact of these amendments in its classification criteria of current and noncurrent liabilities.

2) Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

3) Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. This relief is immediate and applies retrospectively. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

3.26 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Companies Act, 2013 unless otherwise stated.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4. Property, Plant and Equipment

Particulars	Land	Buidings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I Year Ended March 31, 2025											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	13,410.86	44,838.26	2,366.91	268.24	275.57	131.68	524.42	152.75	62,389.99	3,027.17
2 Additions	-	2,249.35	10,149.73	118.30	51.75	7.32	22.35	330.24	25.90	12,954.94	13,172.59
3 Disposals/Transfers	-	-	(3.91)	-	-	-	-	(33.38)	-	(37.29)	(12,732.62)
4 Closing Gross Carrying Amount as at March 31, 2025 (1+2+3)	**421.30**	**15,660.21**	**54,984.08**	**2,485.21**	**319.99**	**282.89**	**154.03**	**821.28**	**178.65**	**75,307.64**	**3,467.14**
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	2,716.99	15,134.86	212.80	195.45	135.99	109.45	332.12	133.43	18,971.09	-
6 Depreciation Charge during the Year	-	463.50	2,579.10	117.56	32.15	19.67	6.71	50.77	16.05	3,285.51	-
7 Disposals	-	-	(2.99)	-	-	-	-	(30.76)	-	(33.75)	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2025 (5+6+7)	**-**	**3,180.49**	**17,710.97**	**330.36**	**227.60**	**155.66**	**116.16**	**352.13**	**149.48**	**22,222.85**	**-**
c Net Carrying Amount as at March 31, 2025 (4-8)	**421.30**	**12,479.72**	**37,273.11**	**2,154.85**	**92.39**	**127.23**	**37.87**	**469.15**	**29.17**	**53,084.79**	**3,467.14**
II Year Ended March 31, 2026											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	15,660.21	54,984.08	2,485.21	319.99	282.89	154.03	821.28	178.65	75,307.64	3,467.14
2 Additions	97.40	870.06	2,793.23	23.94	41.86	80.97	8.11	8.96	-	3,924.53	12,039.83
3 Disposals/Transfers	-	-	-	-	-	-	-	-	-	-	(3,924.54)
4 Closing Gross Carrying Amount as at March 31, 2026 (1+2+3)	**518.70**	**16,530.27**	**57,777.31**	**2,509.15**	**361.85**	**363.86**	**162.14**	**830.24**	**178.65**	**79,232.17**	**11,582.43**
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	3,180.49	17,710.97	330.36	227.60	155.66	116.16	352.13	149.48	22,222.85	-
6 Depreciation Charge during the Year	-	535.94	3,090.07	123.81	44.75	21.82	5.35	61.40	4.51	3,887.65	-
7 Disposals	-	-	-	-	-	-	-	-	-	-	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2026 (5+6+7)	**-**	**3,716.43**	**20,801.04**	**454.17**	**272.35**	**177.48**	**121.51**	**413.53**	**153.99**	**26,110.50**	**-**
c Net Carrying Amount as at March 31, 2026 (4-8)	**518.70**	**12,813.84**	**36,976.27**	**2,054.98**	**89.50**	**186.38**	**40.63**	**416.71**	**24.66**	**53,121.67**	**11,582.43**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4. Property, Plant and Equipment (Contd..)

4.1 Property, Plant and Equipment includes relating to Research and Development activities (Refer Note. 40).

4.2 The title deeds of all immovable properties are held in the name of the Company.The Company has not revalued its property,plant and equipment during the year or in the previous year.

4.3 Refer note 48 for disclosure of contractual commitments for the acquisition of property, plant and equipment for an amount of ₹4,410.14 lakhs (31st March 2025 ₹1,045.29 lakhs)

4.4 Refer note 39 for information on Property, Plant and Equipment pledged as security by the Company

4.5 Capital work-in-progress (CWIP) ageing Schedule :

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
For the year ended March 31, 2026					
Projects in progress	10,102.90		-	1,479.53	11,582.43
Projects temporarily suspended	-	-	-	-	-

The amount of ₹1479.53 lakhs disclosed under the “More than 3 years” category represents the cost incurred towards the purchase of the building at Jubilee Hills.

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
For the year ended March 31, 2025					
Projects in progress	1,952.61	-	1,479.53	35.00	3,467.14
Projects temporarily suspended	-	-	-	-	-

The amount of ₹35.00 Lakhs shown above under ‘more than 3 years’ category is the cost incurred towards purchase of software and the same was not yet installed.

5. Intangible Assets

Particulars	Computer Software	Patents	Total
(1)	(2)	(3)	(4)
I Year Ended March 31, 2025			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2024	110.99	519.15	630.14
2 Additions	39.25	14.99	54.24
3 Closing Gross Carrying Amount as at March 31, 2025 (1+2)	**150.24**	**534.14**	**684.38**
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2024	72.88	291.31	364.19
5 Amortisation Charge during the year	12.15	95.08	107.23
6 Closing Accumulated Amortisation and Impairment as at March 31, 2025 (4+5)	**85.03**	**386.39**	**471.42**
c Closing Net Carrying Amount as at March 31, 2025 (3-6)	**65.21**	**147.75**	**212.96**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

5. Intangible Assets (Contd..)

Particulars	Computer Software	Patents	Total
(1)	(2)	(3)	(4)
II Year Ended March 31, 2026			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2025	150.24	534.14	684.38
2 Additions	71.81	99.10	170.91
3 Closing Gross Carrying Amount as at March 31, 2026 (1+2)	**222.05**	**633.24**	**855.29**
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2025	**85.03**	**386.39**	**471.42**
5 Amortisation Charge during the year	16.00	88.28	104.28
6 Closing Accumulated Amortisation and Impairment as at March 31, 2026 (4+5)	**101.03**	**474.67**	**575.70**
c Closing Net Carrying Amount as at March 31, 2026 (3-6)	**121.02**	**158.57**	**279.60**

5.1 The Company has not revalued its intangible assets during the year or in the previous year.

6. Non Current Financial Assets - Unsecured, Considered good

Particulars	As at 31.03.2026		As at 31.03.2025	
	No. of Shares	Amount	No. of Shares	Amount
Non-Current Investments				
(Unquoted)				
Investment in equity instruments – carried at cost				
(i) Investment in subsidiary				
Equity Shares of ₹10/- each fully paid up of M/s. SMS Peptides Pvt Ltd	6999300	699.93	9300	0.93
(ii) Investment in Wholly owned Subsidiary Company				
Equity Shares of ₹10/- each fully paid up of M/s. SMS Colab Pvt Ltd	10000	1.00	-	-
(iii) Investment in Associates				
Equity Shares of ₹10/- each fully paid up of M/s. VKT Pharma Private Limited	3850165	4,499.87	3850165	4,499.87
(iv) Investment in LLP Provenio Astral International LLP	4.90%	9.80	4.90%	9.80
Total		**5,210.60**		**4,510.60**
Aggregate amount of unquoted investments		5,210.60		4,510.60
Aggregate amount of quoted investments and market value thereof		-		
Aggregate amount of impairment in the value of investment		-		

6.1.a As at March 31, 2026, the Company holds 34.83% of the total paid-up equity share capital of the said Associate Company (March 31, 2025: 34.83%).

6.1.b As on March 31, 2026, the Company is holding 99.99% (March 31, 2025 93%) of the total Paid up Equity Capital of the said subsidiary Company of SMS Peptides Pvt Ltd. The increase in the Company's share holding is on account of dilution of equity consequent to fresh issuance of shares by the Subsidiary Company..

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

7. Bank Balances

Particulars	As at 31.03.2026	As at 31.03.2025
Margin Money Deposits	396.32	294.52
Total	**396.32**	**294.52**

7.1 Margin money deposits with a maturity of more than one year are subject to first charge in favour of banks against bank guarantees and/or letters of credit.

8. Other Non-Current Financial Assets

Particulars	As at 31.03.2026	As at 31.03.2025
Security Deposits	723.38	694.78
Total	**723.38**	**694.78**

9. Other Non-Current Assets

Particulars	As at 31.03.2026	As at 31.03.2025
Capital Advances	3,129.24	899.23
Total	**3,129.24**	**899.23**

9.1 Capital Advances includes an amount of ₹20.23 lakhs (March 31, 2025 ₹81.64 Lakhs) paid to M/s Raghavendra Engineering Industries India Pvt Ltd who is a related party (Refer note. 45)

9.2 An amount of ₹304.91 lakhs was included in the Capital Advances paid on account of land admeasuring AC 23.00 in JNPC, Parwada, Visakhapatnam District, and the amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacity respectively. Due to the cancellation of part of land allotted to the company in earlier, the company has filed a Writ Petition before the Hon'ble High Court and the Court has granted stay which is pending.

10 Inventories

(Cost or Net Realisable Value, whichever is lower and as valued and certified by the management)

Particulars	As at 31.03.2026	As at 31.03.2025
Raw Materials	11,066.00	7,294.16
Packing Materials	102.14	75.67
Stock-in-Process	14,349.80	12,612.76
Finished Goods	8,944.25	8,397.12
Stores & Spares, Coal and Fuel	633.14	93.21
Total	**35,095.33**	**28,472.92**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

10 Inventories (Contd..)

10.1 Raw material includes imported raw material of stock in transit of ₹214.46 lakhs (March 31,2025 ₹317.12 lakhs)

10.2 Finished Goods includes stock in transit of ₹441.70 lakhs (March 31, 2025 ₹431.18 lakhs)

11 Trade Receivables

Particulars	As at 31.03.2026	As at 31.03.2025
Current - Unsecured		
(i) Considered Good	18,514.60	17,304.81
(ii) Receivable from related parties (Refer note 45)	3,073.10	3,018.55
(iii) Credit Impaired	16.40	10.49
	21,604.10	**20,333.85**
Less: Allowance for Credit Impaired	16.40	10.49
Total	**21,587.70**	**20,323.36**

a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person

b) Of the trade receivables balance, ₹6,859.17 in aggregate (as at March 31, 2025, ₹9,206.34) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance.

c) The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking estimates. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates used in the provision matrix.

Movement in the expected credit loss allowance

Particulars	As at 31.03.2026	As at 31.03.2025
Balance at the beginning of the year	16.40	10.49
Movement in expected credit loss allowance on trade receivables	-	
Balance at the end of the year	**16.40**	**10.49**

Trade Receivables ageing Schedule for the year ended March 31, 2026

Particulars	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) Undisputed Trade Receivables - Considered Good	16,211.25	5,137.32	173.77	65.36	-	-	21,587.70
ii) Undisputed Trade Receivables - Which have significant Increase in Credit Risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit Impaired	-		16.40	-	-	-	16.40
iv) Disputed Trade Receivables	-	-	-	-	-	-	-
	16,211.25	**5,137.32**	**190.17**	**65.36**	**-**	**-**	**21,604.10**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

11 Trade Receivables (Contd..)

Trade Receivables ageing Schedule for the year ended March 31, 2025

Particulars	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) Undisputed Trade Receivables - Considered Good	15,798.77	4,278.65	245.94			-	20,323.36
ii) Undisputed Trade Receivables - Which have significant Increase in Credit Risk	-	-	-		-	-	-
iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	9.09	1.40	-	10.49
iv) Disputed Trade Receivables	-	-			-		-
	15,798.77	**4,278.65**	**245.94**	**9.09**	**1.40**	**-**	**20,333.85**

12 Cash and Cash Equivalents

Particulars	As at 31.03.2026	As at 31.03.2025
(i) Balances with Banks		
- in Current Accounts	3,776.37	3,893.97
- in EEFC account	791.12	229.55
(ii) Cash on Hand	10.66	15.75
Total	**4,578.15**	**4,139.27**

13 Bank Balances Other than Cash and Cash Equivalents

Particulars	As at 31.03.2026	As at 31.03.2025
Unclaimed Dividend	10.23	9.56
Deposit with Banks*	9.55	9.14
Total	**19.78**	**18.70**

*Balances in term deposit accounts with a remaining maturity period of more than one year

14 Other Current Financial Assets

Particulars	As at 31.03.2026	As at 31.03.2025
(unsecured, considered good)		
Export Incentive Receivable	66.62	16.47
GST Refund Receivable	238.44	914.91
Interest Receivable	39.75	57.88
Total	**344.81**	**989.26**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

15 Other Current Assets

Particulars	**As at 31.03.2026**	**As at 31.03.2025**
(unsecured, considered good)		
GST Credit Receivable	922.88	482.49
Prepaid Expenses	544.29	705.20
Advances to Suppliers	434.79	195.39
Export Incentives Receivable against RODTEP*	79.74	65.00
Other Advances and Receivables	49.33	15.86
Total	**2,031.03**	**1,463.94**

* Remission of Duties and Taxes on Exported Products

16. Current Tax Assets (Net)

Current Tax Assets/(Liabilities)

Particulars	**As at 31.03.2026**	**As at 31.03.2025**
Advance Income Tax	2,453.46	1,983.34
TDS Receivable	82.53	65.98
TCS Receivable	0.52	2.73
Less: Provision for Income Tax	2,598.00	2,013.34
Total	**(61.49)**	**38.71**

* Provision for income tax includes previous years adjustments

17 Equity Share Capital

Particulars	**As at 31.03.2026**		**As at 31.03.2025**	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Authorised Share Capital				
Equity Shares of ₹. 1/- each	12,00,00,000	1,200.00	12,00,00,000	1,200.00
Issued, Subscribed and Fully Paid Up				
Equity Shares of ₹ 1/- each	8,86,52,030	886.52	8,46,52,030	846.52
Additions				
Issued Equity Shares of ₹ 1/- each	50,00,000	50.00	40,00,000	40.00
Total	**9,36,52,030**	**936.52**	**8,86,52,030**	**886.52**

17.1 Reconciliation of Number of Equity Shares outstanding at the Beginning and at the End of the Year

Particulars	**As at 31.03.2026**		**As at 31.03.2025**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Equity Shares				
At the Beginning of the Year	8,86,52,030	886.52	8,46,52,030	846.52
Add: Issued/(Reduced) during the Year*	50,00,000	50.00	40,00,000	40.00
At the End of the Year	**9,36,52,030**	**936.52**	**8,86,52,030**	**886.52**

* During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of ₹ 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

* During the financial year 2025-26, the Company has converted 50,00,000 share warrants into 50,00,000 equity shares of ₹ 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

17 Equity Share Capital (Contd..)

17.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of ₹1 per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

17.3 Details of Shareholders holding more than 5% shares in the Company

Particulars	As at 31.03.2026		As at 31.03.2025	
	Number of shares	% holding	Number of shares	% holding
Sri. Ramesh Babu Potluri	1,81,53,060	19.38%	1,81,53,060	20.48%
Smt. Hima Bindu Potluri	1,50,08,840	16.03%	1,50,08,840	16.93%
Sri. Vamsi Krishna Potluri	1,58,28,370	16.90%	1,33,28,370	15.03%
M/s. Potluri Infra Projects LLP	88,46,420	9.45%	88,46,420	9.98%
Sri. Trilok Potluri	46,88,000	5.01%	21,88,000	2.47%

17.4 Details of shares held by the promoters of the Company:

Equity Shares held by promoters as at March 31, 2026 and March 31, 2025

Promoter Name	As at 31.03.2026			As at 31.03.2025		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Sri. Ramesh Babu Potluri#	1,81,53,060	19.38%	-	1,81,53,060	20.48%	15.97%
Smt. Hima Bindu Potluri	1,50,08,840	16.03%	-	1,50,08,840	16.93%	-
Sri. Vamsi Krishna Potluri*	1,58,28,370	16.90%	18.76%	1,33,28,370	15.03%	-
M/s. Potluri Infra Projects LLP#	88,46,420	9.45%	-	88,46,420	9.98%	20.42%
Sri. Trilok Potluri*	46,88,000	5.01%	114.26%	21,88,000	2.47%	-
M/s. Potluri Laboratories Private Limited	11,20,320	1.20%	-	11,20,320	1.26%	-
M/s. TVT Infracon LLP	1,00,000	0.11%	-	1,00,000	0.11%	-

* During the financial year 2025-26, the Company has converted 50,00,000 share warrants into 50,00,000 equity shares of ₹ 1 each, issued at a premium of ₹126 per share, and allotted the same to Sri. P. Vamsi Krishna 25,00,000 and Sri. P.Trilok 25,00,000 promoters of the Company.

During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of ₹ 1 each,issued at a premium of ₹ 126 per share, and allotted the same to Sri Ramesh Babu Potluri 25,00,000 and M/s Potluri Infra Projects LLP 15,00,000 promoters of the Company.

17.5 Dividends Paid and proposed

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2023-24:₹0.40 per Share	-	338.61
Final dividend for the financial year 2024-25:₹0.40 per Share	354.61	-
Total	**354.61**	**338.61**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

17 Equity Share Capital (Contd..)

Particulars	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
Proposed dividends on equity shares:		
Dividend for the FY 2024-25 ₹0.40 per Share	-	354.61
Dividend for the FY 2025-26 ₹0.40 per Share*	374.61	-
Total	**374.61**	**354.61**

*The Board of Directors of the Company in their meeting held on May 22, 2026 has recommended the dividend for distribution to equity shareholders of ₹ 0.40 per each equity share (face value ₹1/-) for the financial year 2025-26.

Proposed dividend on equity shares are subject to approval at the Annual General Meeting, hence, the company has not recognised it as a liability as at March 31, 2026.

18 Other Equity

Particulars	**As at 31.03.2026**	**As at 31.03.2025**
Reserves and Surplus		
Securities Premium	18,321.84	12,021.84
Capital Redemption Reserve	155.00	155.00
Money Received against Share Warrants	-	1,587.50
Retained Earnings	48761.05	41,351.83
General Reserve	12,304.28	11,304.28
Total	**79,542.17**	**66,420.45**

18.1 Securities Premium Reserve

Particulars	**As at 31.03.2026**	**As at 31.03.2025**
Opening Balance	12,021.84	6,981.84
Additions		
Security premium 50,00,000 Shares of ₹ 126/- each	6,300.00	5,040.00
Closing Balance	**18,321.84**	**12,021.84**

During the financial year 2025-26, the Company has converted 50,00,000 share warrants into 50,00,000 equity shares of ₹ 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

18.2 Capital Redemption Reserve

Particulars	**As at 31.03.2026**	**As at 31.03.2025**
Opening Balance	155.00	155.00
Adjustments	-	-
Closing Balance	**155.00**	**155.00**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18 Other Equity (Contd..)

18.3 Money Received against Share Warrants

Particulars	As at 31.03.2026	As at 31.03.2025
Opening Balance	1,587.50	2,857.50
Add: Money received during the Current year	4,762.50	3,810.00
Less: Converted into shares during the current year	6,350.00	5,080.00
Closing Balance	**-**	**1,587.50**

18.4 Retained Earnings

Particulars	As at 31.03.2026	As at 31.03.2025
(a) Opening Balance	41,351.83	35,903.64
(b) Net Profit for the Year	8,760.93	6,838.11
(c) Transferred to General Reserve	(1,000.00)	(1,000.00)
(d) Dividends (Including Tax)	(354.61)	(338.61)
(e) Issue expenses on Share Warrants	(0.42)	(0.97)
(f) Items of Other Comprehensive Income		
Remeasurement Gain/(Loss) of the defined benefit plans	3.32	(50.34)
Closing Balance	**48,761.05**	**41,351.83**

18.5 General Reserve

Particulars	As at 31.03.2026	As at 31.03.2025
Opening Balance	11,304.28	10,304.28
Transferred from Statement of Profit & Loss	1,000.00	1,000.00
Closing Balance	**12,304.28**	**11,304.28**

18.6 Nature and Purpose of Reserves

(a) Securities Premium Reserve:

Securities Premium Reserve is to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act 2013.

(b) Capital Redemption Reserve:

The Company has recognized Capital Redemption reserve on buy back of equity shares. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilized in accordance with Section 69 of the Companies Act,2013.

(c) Retained Earnings:

These are the accummulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18 Other Equity (Contd..)

(d) General Reserve:

General Reserves represent amounts transferred from retained earnings in earlier years under the provisions of the erstwhile Companies Act, 1956.Mandatory transfer to general reserve is not required under the Companies Act,2013.

(e) Re-measurement Gain/(loss) of defined benefit obligations

These are the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the company.

The re-measurement gains/(losses) are recognised in other comprehensive income and are not reclassified to profit or loss.

18.7 Share Warrants

During the year ended March 31,2024, the Board of Directors of the Company at their meeting held on February 08, 2024 approved for raising of funds through issue of Convertible Equity Share Warrants to the Promoters/Promoters Group by way of issuance upto 90,00,000 warrants convertible in one or more tranches to equity shares of Re.1/-each of the Company at an issue price of 127/-(including premium of 126/-)for each Warrant,aggregating to 11,430.00 Lakhs by way of preferential issue, which was subsequently approved by the members through special resolution in the Extra-Ordinary General Meeting dated March 06,2024.

The Securities Allotment Committee of the Board of Directors of the Company, at its meeting held on March 19, 2024, allotted 90,00,000 Convertible Warrants at an issue price of ₹ 127/- per warrant, convertible into equivalent equity shares within a period of 18 months from the date of allotment.

During the financial year 2023–24, the Company received ₹ 2,857.50 lakhs, being 25% of the total consideration payable towards subscription of the aforesaid warrants.

During the financial year 2024–25, the Company received ₹ 3,810.00 lakhs towards the balance 75% subscription amount in respect of 40,00,000 warrants, which were duly converted into equity shares and allotted to the Promoters/Promoter Group.

During the financial year 2025–26, the Company received ₹ 4762.50 lakhs towards the balance 75% subscription amount in respect of 50,00,000 warrants, which were duly converted into equity shares and allotted to the Promoters/Promoter Group. With this total 90,00,000 warrants were converted in to equity shares. Pursuant to this conversion, the paid-up equity share capital of the Company has increased to ₹9,36,52,030 comprising 9,36,52,030 equity shares of ₹1/- each, as at March 31, 2026.

19. Non Current Borrowings - Financial Liabilities

19.1 Secured (Refer Note.19.1.1)

Particulars	As at 31.03.2026	As at 31.03.2025
Term Loans from Banks		
(a) IDBI Bank Ltd Loan-2	967.55	1,613.98
(b) Export Import Bank of India Loan RTL	-	613.78
(c) State Bank of India	-	467.66
(d) IDBI Bank Limited-WCTL GECL -2	98.00	245.60
(e) Export-Import Bank of India -GECL	368.74	770.99
(f) State Bank of India- WCTL GECL	451.20	1,031.28
(g) Export-Import Bank of India RTL	8,590.51	9,073.13
(h) Export Import Bank of India Loan RTL	3,408.49	-
(i) AXIS Loan Against Property	3,159.52	-
Sub Total	**17,044.01**	**13,816.42**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Non Current Borrowings - Financial Liabilities (Contd..)

19.2 Unsecured (Refer Note.19.2.1)

Particulars	As at 31.03.2026	As at 31.03.2025
DSIR Assistance	120.00	120.00
Total	**17,164.01**	**13,936.42**

19.3 Current Maturities of Non Current Borrowings

Secured

Particulars	As at 31.03.2026	As at 31.03.2025
Term Loans from Banks		
(a) IDBI Bank Ltd Loan-2	650.00	450.00
(b) Export Import Bank of India Loan RTL	618.42	1,287.00
(c) State Bank of India	473.22	990.00
(d) RBL Bank Limited -WCTL GECL	-	282.50
(e) IDBI Bank Limited- WCTL GECL -1	-	269.80
(f) IDBI Bank Limited-WCTL GECL -2	147.60	147.60
(g) Export-Import Bank of India -GECL	402.24	402.24
(h) State Bank of India- WCTL GECL	580.08	580.08
(i) Export-Import Bank of India RTL	1,125.00	250.00
(j) AXIS Loan Against Property	253.79	-
Total	**4,250.35**	**4,659.22**
Amount disclosed under the head "Current Borrowings"	(4,250.35)	(4,659.22)
Total	**-**	**-**

19.1.1 Security Terms

(a) Term Loans availed from IDBI Bank Limited (IDBI Bank), State Bank of India (SBI) and Export-Import Bank of India (Exim Bank) are secured by first charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis. They are further secured by second charge on current assets both present and future on pari-passu basis. These facilities are guaranteed by Sri Ramesh Babu Potluri, Chairman & Managing Director and Sri Vamsi Krishna Potluri, Executive Director of the Company in their personal capacities

(b) Long Term Working Capital Term Loans (LTWCTL) availed from Exim Bank are secured by first charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis. Further secured by second charge on current assets of the Company both present and future on pari-passu basis. These facilities are guaranteed by Sri Ramesh Babu Potluri, Chairman & Managing Director of the Company in his personal capacity

(c) Working Capital Term Loans (WCTL) under Guaranteed Emergency Credit Line (GECL) availed from IDBI Bank, RBL Bank Limited (RBL Bank), Exim Bank and SBI are secured by second charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis . Further secured by second charge on current assets of the Company both present and future on pari-passu basis. These facilities are covered under GECL operated by National Credit Guarantee Trustee Company Limited (NCTC).

(d) The Loan Against Property availed from Axis Bank Limited is secured by a mortgage over the property situated at the 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Ranga Reddy District, Hyderabad – 500084, Telangana, India

(e) Refer note 39 for the carrying amounts of financial and non-financial assets pledged as security for current and non -current borrowings

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Non Current Borrowings - Financial Liabilities (Contd..)

19.1.2 Rate of Interest :

Name of the Bank	Rate of Interest Current Year
Term Loans	
State Bank of India (Converted FCNB with fully hedged)	5.73%
IDBI Bank Limited (Converted FCNB with fully hedged)	8.40%
Export Import Bank of India (Exim MCLR + 0.50% p.a)	7.80%
Export Import Bank of India (Exim MCLR + 0.70% p.a)	8.00%
AXIS Loan Against Property	7.70%
Long Term Working Capital Loan	
Export Import Bank of India Loan WCTL (LTMLR Minus 50 Basis points p.a)	8.15%
RBL Bank Limited (GECL) (1M MCLR)	9.00%
IDBI Bank Limited (GECL1) (MCLR+0.15% p.a.)	7.95%
IDBI Bank Limited (GECL2) (MCLR+0.15% p.a.)	7.75%
State Bank of India GECL (MCLR-6M+0.70% p.a.)	8.95%
Export-Import Bank of India -GECL (LTMLR Minus 40 basis points p.a.)	8.00%

19.1.3 Terms of Repayment

(a) The loan availed from IDBI Bank amounting to ₹ 2500 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 20 Structured Quarterly Installments commencing from July, 2023, as mentioned below.

First 4 Quarters	₹ 50 Lakhs each
Next 4 Quarters	₹ 75 Lakhs each
Next 4 Quarters	₹ 125 Lakhs each
Next 4 Quarters	₹ 175 Lakhs each
Next 4 Quarters	₹ 200 Lakhs each

(b) The Long Term Loan availed from Exim Bank amounting ₹ 1,8000 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 structured quarterly installments commencing from 1st April,2028, as mentioned below:

First 8 Quarters	₹ 450 Lakhs each
Next 4 Quarters	₹ 675 Lakhs each
Next 8 Quarters	₹ 900 Lakhs each
Next 4 Quarters	₹ 1125 Lakhs each

(c) The loan availed from Exim Bank amounting to ₹ 6,500 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 Structured Quarterly Installments commencing from January, 2021, as mentioned below.

First 9 Quarters	₹ 188.50 Lakhs each
Next 14 Quarters	₹ 321.75 Lakhs each
Last 1 Quarter	₹ 299.00 Lakhs each

(d) The loan availed from State Bank of India amounting to ₹5,000 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 Structured Quarterly Installments commencing from January, 2021, as mentioned below.

First 9 Quarters	₹ 145.00 Lakhs each
Next 14 Quarters	₹ 247.50 Lakhs each
Last 1 Quarter	₹ 230.00 Lakhs each

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Non Current Borrowings - Financial Liabilities (Contd..)

(e) The WCTL under GECL availed from IDBI Bank amounting ₹1,180 lakhs is to be repaid in 47 monthly equal principal repayment of ₹24.60 Lakhs and 48th monthly instalment of ₹23.80 lakhs after moratorium period of one year i.e. March 2022 onwards.

(f) The WCTL under GECL2 availed from IDBI Bank amounting ₹590 lakhs is to be repaid in 47 monthly equal principal repayment of ₹12.30 Lakhs and 48th monthly instalment of ₹11.90 lakhs after moratorium period of two years i.e. December 2023 onwards.

(g) The WCTL under GECL availed from RBL Bank amounting ₹1,130 lakhs is to be repaid in 47 monthly equal principal repayment of ₹23.54 Lakhs and 48th monthly instalment of ₹23.62 lakhs after moratorium period of one year i.e. April 2022 onwards.

(h) The WCTL under GECL availed from SBI amounting ₹2320 lakhs is to be repaid in 48 equal monthly installments commencing after a moratorium of 2 years from the date of first disbursement i.e. March 2024.

(i) The WCTL under GECL availed from Exim Bank amounting ₹1609 lakhs is to be repaid in 48 equal monthly installments commencing after a moratorium of 2 years from the date of first disbursement i.e. April 2024.

(j) The loan availed from Export-Import Bank of India amounting to ₹10,000 Lakhs for funding the Expansion project of kandivalasa unit.The loan is repayable in 20 Structured Quarterly installments Commencing from March, 2026, as mentioned below.

First 4 Quarters	₹ 250.00 Lakhs each
Next 4 Quarters	₹ 375.00 Lakhs each
Next 12 Quarters	₹ 625.00 Lakhs each

(K) The Loan Against Property availed from Axis Bank Limited amounting to ₹ 3,500 Lakhs for funding the purchase of Corporate Office Building situated at 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Hyderabad-500084, Rangareddy Dist., Telangana, India, is repayable in 120 monthly installments commencing from December 2025 on a diminishing balance method basis, the detailed repayment as under;

Year	**Amount in Lakhs**
2025-26	80.85
2026-27	253.79
2027-28	273.42
2028-29	295.85
2029-30	319.45
2030-31	344.93
2031-32	372.11
2032-33	402.13
2033-34	434.21
2034-35	468.85
2035-36	254.39
Total	**3,499.98**

19.1.4 The Company has used the borrowings for the purposes for which it was taken.

19.1.5 The quarterly returns of current assets filed by the Company with banks are in agreement with books of account.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Non Current Borrowings - Financial Liabilities (Contd..)

19.2.1 Financial Assistance received from Department of Scientific and Industrial Research (DSIR) of ₹ 120.00 Lakhs (previous year ₹ 120.00 Lakhs) sanctioned under PATSER Scheme of Technology Promotion Development and Utilization (TPDU) Programme for development of catalysts or Fine Chemicals apart from Active Pharmaceutical Ingredients (API's), and their intermediates viz. Metal Acetylacetonates, Diltiazem Hydrochloride and Taxol C-13 Side Chain. The Company has executed agreements with DSIR, NRDC, IICT Hyderabad, IICT Guwahati under the said programme.

As per the terms of agreement entered with DSIR, 1.3 times of the above amount is payable in 5 equal annual installments after commencement of commercial operations of the product(s) developed under PATSER scheme. The Company has not yet commenced the commercial operations of the said products.

However, NRDC has filed an application before the Hon'ble High Court of Delhi at New Delhi seeking the appointment of an Arbitral Tribunal. Pursuant to the said application, the Hon'ble Court has referred the disputes to the Delhi International Arbitration Centre (DIAC), and the arbitration proceedings are currently under process.

20. Provisions

Particulars	As at 31.03.2026	As at 31.03.2025
Provision for Employee Benefit Obligations		
(a) Non Current		
Gratuity	-	25.73
Leave Encashment	119.86	94.92
Sub Total	**119.86**	**120.65**
(b) Current		
Gratuity	49.35	69.73
Leave Encashment	43.11	41.07
Sub Total	**92.46**	**110.80**
(c) Total		
Gratuity	49.35	95.46
Leave Encashment	162.97	135.99
Grand Total	**212.32**	**231.45**

20.1 For details of Post Employment Benefits. Refer Note 38.

21. Deferred Tax Liabilities (net)

The Balance Comprises Temporary Differences Attributable to:

Particulars	As at 31.03.2026	As at 31.03.2025
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	5,201.94	4,904.18
(ii) Others	13.45	17.54
Total	**5,215.39**	**4,921.72**
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	53.44	58.25
(ii) Others	78.19	53.71
Total	**131.63**	**111.96**
Net Deferred Tax Liabilities (a) - (b)	**5,083.76**	**4,809.76**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

21. Deferred Tax Liabilities (net) (Contd..)

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at March 31, 2024	**4,502.39**	**33.65**	**4,536.04**
Charged/(Credited)	401.79	(16.11)	385.68
As at March 31, 2025	**4,904.18**	**17.54**	**4,921.72**
Charged/(Credited)	297.76	(4.09)	293.67
As at March 31, 2026	**5,201.94**	**13.45**	**5,215.39**

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on payment basis	Other Items	Total
As at March 31, 2024	**61.19**	**194.96**	**256.15**
Charged/(Credited)	(2.94)	(141.25)	(144.19)
As at March 31, 2025	**58.25**	**53.71**	**111.96**
Charged/(Credited)	(4.81)	24.48	19.67
As at March 31, 2026	**53.44**	**78.19**	**131.63**

22. Current Borrowings

Particulars	As at 31.03.2026	As at 31.03.2025
Secured		
Working Capital Loans from Banks		
- State Bank of India	7,050.25	6,173.60
- RBL Bank Ltd	2,000.00	895.41
- IDBI Bank Ltd	6,040.19	5,410.92
Total	**15,090.44**	**12,479.93**
Current Maturities of Long-Term Debt (refer note 19.3)	4,250.35	4,659.22
Total	**19,340.79**	**17,139.15**

22.1 Security Terms

(a) Working Capital Facilities sanctioned by State Bank of India, IDBI Bank Limited and RBL Bank Limited are secured by first charge on all current assets of the Company both present and future on pari-passu basis. These facilities are further secured by second charge on all movable and immovable fixed assets of the Company both present and future on pari-passu basis and also guaranteed by Sri Ramesh Babu Potluri, Chairman and Managing Director and Sri Vamsi Krishna Potluri, Executive Director of the Company, in their personal capacities

(b) Refer note 39 for the carrying amounts of financial and non-financial assets pledged as security for current and noncurrent borrowings.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

22. Current Borrowings (Contd..)

22.2 Rate of Interest is as follows:

Name of the Bank	Rate of Interest
State Bank of India	
Cash Credit	8.75%
Export Packing Credit	6.56%
Export Packing Credit (T Bill linked)	6.56%
Stand by Loan	6.56%
RBL Bank Limited	
Cash Credit	7.00%
WCDL	7.00%
Export Packing Credit	8.90%
IDBI Bank Limited	
Cash Credit	9.00%
Export Packing Credit	6.50%
WCDL	8.30%

22.3 Terms of Repayment: The above working capital facilities are available for one year and will be renewed thereafter. All working capital facilities are repayable on demand

22.4 The outstandings of all working capital facilities are well within the sanctioned limits.

22.5 The Company has used the borrowings for the purposes for which it was taken.

22.6 The quarterly returns of current assets filed by the Company with banks are in agreement with books of account

23. Trade Payables

Particulars	As at 31.03.2026	As at 31.03.2025
(a) Creditor for Supply of Materials		
(i) Due to Micro and Small Enterprises	24.67	9.64
(ii) Due to Related Parties	489.42	843.82
(iii) Others	11,525.09	10,537.74
(b) Creditors for Expenses		
Total	**12,039.18**	**11,391.20**

Terms and conditions of the above financial liabilities:

For explanations on the company's credit risk management processes, refer note no.43

23.1 Trade Payables includes an amount of ₹ 316.80 lakhs (March 31, 2025 ₹ 622.91 lakhs) payable to Haleos Labs Limited (formerly known as SMS Lifesciences India Limited), ₹ 92.49 lakhs (March 31, 2025 ₹ 18.29 lakhs) payable to Eshwar Coal Movers, ₹ 1.96 lakhs (March 31, 2025 ₹ 202.61 Lakhs) payable to Raghavendra Engineering Industries India Pvt Ltd ₹ 80.18 lakhs (March 31, 2025 ₹ Nil Lakhs) payable to Four'S' Engineering Workswho are related parties (Refer Note 45).

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

23.2 Trade Payables ageing schedule for the year ended March 31, 2026

Particulars	Outstanding from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	24.67	-		-	-	24.67
ii) Others	7,571.94	4,138.17	304.40	-	-	12,014.51
iii) Disputed dues - MSME & others		-		-	-	-
Total	**7,596.61**	**4,138.17**	**304.40**	**-**	**-**	**12,039.18**

Trade Payables ageing schedule for the year ended March 31, 2025

Particulars	Outstanding from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	9.64	-	-	-	-	9.64
ii) Others	6,803.50	4,578.06	-	-	-	11,381.56
iii) Disputed dues - MSME & others	-	-	-	-	-	-
Total	**6,813.14**	**4,578.06**	**-**	**-**	**-**	**11,391.20**

24. Other Financial Liabilities

Particulars	As at 31.03.2026	As at 31.03.2025
Current		
Creditors for Expenses	521.85	524.13
Capital Creditors	1,534.00	1,833.75
Employee Related Payables	1,043.36	914.98
Interest Accrued but not due	27.49	54.30
Unclaimed Dividend	10.23	9.56
Total	**3,136.93**	**3,336.72**

25 Other Current Liabilities

Particulars	As at 31.03.2026	As at 31.03.2025
Statutory dues Payable	495.69	410.34
Advance from Customers	87.18	48.17
Total	**582.87**	**458.51**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

26. Revenue from Operations

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Sale of Products		
Gross Sales (Including GST)	94,989.68	82,392.24
Less: Goods and Service Tax	8,346.39	5,201.10
Net Revenue from Sales	**86,643.29**	**77,191.14**
(b) Income from Services		
(i) Conversion Charges	790.60	318.21
Less: Goods and Service Tax	103.75	36.77
Net Conversion Charges	**686.85**	**281.44**
(ii) Sale of Services	1,008.61	497.39
Less: Goods and Service Tax	15.57	42.57
Net Revenue from Sale of Services	**993.04**	**454.82**
Net Revenue from Services	**1,679.89**	**736.26**
(c) Other Operating Income		
Export Incentives	363.92	347.41
Total Net Revenue from Operations (a+b+c)	**88,687.10**	**78,274.81**

Sales to related parties (Refer note 45)

a) Reconciliation of revenue as per contract price and as recognised in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue as per contracted price	91,903.08	79,459.15
Less: Sales Returns	3,215.98	1,184.34
Total Revenue from contracts with customers	**88,687.10**	**78,274.81**

b) The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Trade Receivables (Refer Note 11)	21,587.70	20,323.36
Contract Liabilities (Refer Note 25)	87.18	48.17

The contract liabilities primarily relate to the advance received from the customers.

c) Disaggregation of revenue:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Below is the disaggregation of the Company's revenue from contracts with customers.		
Revenue from operations - Domestic	29,088.44	23,994.00
Revenue from operations - Exports	59,598.66	54,280.81
(Exports includes Deemed Export, EOU ,SEZ and Export Incentive)		
Total	**88,687.10**	**78,274.81**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

26. Revenue from Operations (Contd..)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Timing of Revenue recognition		
Goods transferred as a point of time	87,694.06	77,819.99
Services transferred as a point of time	993.04	454.82
Total	**88,687.10**	**78,274.81**

27 Other Income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Interest Income	61.86	68.69
(ii) Power Cost Incentive Received	176.60	-
(iii) Profit on Sale of Assets	-	3.33
(iv) Net Gain on Foreign Exchange Fluctuations	559.95	507.80
(v) Miscellaneous Income (Net of GST)	36.97	42.62
Total	**835.38**	**622.44**

27.1 Miscellaneous Income includes Rent received from related parties of ₹35.62 lakhs (Previous year ₹23.83 lakhs)

28. Cost of Materials Consumed

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Raw Material & Packing Material		
Stock at the Beginning of the Year	7,294.15	8,717.56
Add: Purchases	55,459.12	48,130.78
Less: Stock at the End of the Year	11,066.00	7,294.15
Total Materials Consumed	**51,687.27**	**49,554.19**

Purchases from related parties (Refer note 45)

29. Changes in Inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Opening Stock of Inventories:		
Finished Goods	8,397.12	5,481.89
Stock in Process	12,612.75	9,046.59
Sub Total (a)	**21,009.87**	**14,528.48**
(b) Closing Stock of Inventories:		
Finished Goods	8,944.25	8,397.12
Stock in Process	14,349.79	12,612.75
Sub Total (b)	**23,294.04**	**21,009.87**
(Increase)/Decrease in Stock (a-b)	**(2,284.17)**	**(6,481.39)**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

30. Manufacturing Expenses

Particulars	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
Power and Fuel	6,273.05	5,654.83
Consumable Stores	592.22	672.25
Testing Charges	27.39	29.29
Water Charges	19.30	20.71
Conversion Charges	65.33	90.21
Repairs & Maintenance to Buildings	227.56	156.72
Repairs & Maintenance to Plant & Machinery	1,354.84	1,537.98
Factory Maintenance	209.06	222.18
Effluent Treatment Charges	301.47	250.87
Total	**9,070.22**	**8,635.04**

31. Employee Benefit Expense

Particulars	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
Salaries, Wages and Bonus	6,683.65	6,214.45
Contribution to Provident Fund	471.30	420.95
Contribution to ESI	28.65	26.73
Managerial remuneration	1,292.62	1,036.66
Staff Welfare Expenses	316.12	309.63
Total	**8,792.34**	**8,008.42**

32. Finance Cost

Particulars	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
Interest on Non Current Borrowings	1,468.08	1,049.52
Interest on Current Borrowings	716.28	682.57
Interest on Others	0.24	0.34
Interest on Lease Liability	-	11.05
Bank Charges	122.96	110.61
Total	**2,307.56**	**1,854.09**

33. Depreciation and Amortisation Expenses

Particulars	**For the year ended March 31, 2026**	**For the year ended March 31, 2025**
Depreciation of Property, Plant and Equipment (Refer Note .4)	3,887.65	3,285.52
Amortisation of Right-of-use Assets	-	40.98
Amortisation of Intangible Assets (Refer Note .5)	104.28	107.23
Total	**3,991.93**	**3,433.73**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

34. Other Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
R&D Expenditure (Note No.40)	1,396.00	1,283.06
Packing Materials	630.87	535.58
Rent	108.23	41.72
Rates and Taxes	86.48	75.09
Insurance	531.47	414.69
Travelling and Conveyance	124.96	121.73
Communication Expenses	18.82	17.27
Printing and Stationery	83.93	94.66
Repairs & Maintenance to Other Assets	28.05	25.28
Vehicle Maintenance	41.88	42.34
Payments to Auditors (Note No.34.1)	16.10	16.00
Cost Audit Fee	1.00	1.00
Professional & Consultancy	196.20	140.63
General Expenses	176.32	152.06
Corporate Social Responsbility (Note No.34.2)	89.80	115.40
Provision for Doubtful Debts	5.91	-
Interest on Indirect Taxes	26.92	-
Loss on Sale of Assets	-	1.28
Business Promotion Expenses	270.07	235.19
Regulatory Fee	78.93	108.03
Carriage Outward	381.02	417.04
Sales Commission	37.24	723.07
Total	**4,330.20**	**4,561.12**

34.1 Details of Payments to Auditors

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Audit Fee	14.10	14.00
Certification Fee	2.00	2.00
Total Payments to Auditors	**16.10**	**16.00**

34.2 Corporate Social Responsibility Expenditure

As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is ₹110.13 Lakhs (March 31, 2025 ₹.93.70 Lakhs).The nature of CSR activities undertaken by the company includes promoting education,health care ,rural development and other social welfare activities.The details of CSR expenditure is given below.

CSR Activities	for the year ended March 31,2026		
	In cash	yet to be paid in cash	Total
(i) Construction/Acquisition of any Asset	70.25	-	70.25
(ii) On Purposes other than (i) above	19.55	-	19.55
	89.80	**-**	**89.80**
	(115.40)	-	(115.40)

Amounts in bracket indicate previous year numbers

There is no shortfall at the end of March 31, 2026 in terms of amount required to be spent by the company as excess amount spent during the corresponding previous financial years ended March 31, 2025 and March 31, 2024

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

35. Income Tax Expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current Tax		
Current tax on profits for the year	2,598.00	1,990.00
Adjustments for current tax of prior periods	(4.69)	(25.94)
Total Current Tax	**2,593.31**	**1,964.06**
Deferred Tax		
Increase/(Decrease) in Deferred Tax Liabilities	293.67	385.68
Decrease/(Increase) in Deferred Tax Assets	(20.78)	144.19
Total Deferred Tax Expense/(Benefit)	**272.89**	**529.87**
Tax Expenses recognised in statement of Profit and Loss	**2,866.20**	**2,493.93**

35.1 Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Profit before Tax	11,627.13	9,332.05
(b) Enacted Tax Rate in India	25.168%	25.168%
(c) Expected Tax Expenses (a) x (b)	**2,926.32**	**2,348.69**
(d) Tax Effect of amounts which are not deductible/taxable in calculating taxable income:		
Expenses not deductible under Income Tax Act	24.10	80.78
Other Adjustments	(79.53)	90.40
Tax pertaining to earlier years	(4.69)	(25.94)
Total Adjustments	**(60.12)**	**145.24**
Total Tax Expense	**2,866.20**	**2,493.93**

36. Other Comprehensive Income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	11.03	(59.59)
Return on Plan Assets excluding net interest	(6.60)	(7.69)
Net Actuarial Gain/(Loss) on Post Employment Benefit Expenses	4.43	(67.28)
Deferred Taxes on above	(1.12)	16.93
Net Comprehensive Income	**3.31**	**(50.35)**

37. Earning Per Share (Basic and Diluted)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit attributable to equity shareholders (₹ Lakhs)	8,760.93	6,838.12
Weighted average number of equity shares – Basic	9,14,32,852	8,47,06,825
Face Value per Share (₹)	1	1
Basic EPS (₹)	9.58	8.07
Diluted EPS (₹)	9.58	8.07

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

38. Post Employment Benefits

38.1 Defined Contribution plans

Particulars	March 31,2026	March 31,2025
Contribution to Provident Fund	520.75	464.92
Contribution to Employee state Insurance	30.82	28.21

38.2 Defined Benefit Plans and Leave Encashment

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has another obligation which is Compensated Absence Plan. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

The following table summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance Sheet for both the plans:

38.2.1 Net Employee Benefit Expense

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(recognised in Employee Benefit Expenses)				
Current Service Cost	83.85	56.59	63.40	42.45
Interest Cost	1.54	7.84	0.95	6.84
Past Service Cost- (non vested benefits)	3.34			
Past Service Cost -(vested benefits)	16.30	4.39		
Curtailment Effect				
Acturial Gain/(Loss) other than OCI	-	(24.82)	-	(22.06)
	105.03	**44.00**	**64.35**	**27.23**

38.2.2 Other Comprehensive Income

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Acturial Gain/(Loss) recognized for the period	11.03	-	(59.59)	-
Return on Plan Assets excluding net interest	(6.60)	-	(7.69)	-
Total Acturial (Gain)/Loss recognized in OCI	**4.43**	**-**	**(67.28)**	**-**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

38. Post Employment Benefits (Contd..)

38.2.3 Amount recognised in the Balance Sheet

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation	805.36	162.98	736.15	135.99
Fair Value of Plan Assets	(756.02)	-	(640.68)	-
	49.34	**162.98**	**95.47**	**135.99**

38.2.4 Change in the Present Value of Employee Benefit Obligations

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Defined Benefit Obligation	736.15	136.00	599.08	117.98
Current Service Cost	83.85	56.59	63.40	42.45
Interest Cost	47.62	7.84	39.55	6.84
Past Service Cost- (non vested benefits)	3.34	-	-	-
Past Service Cost -(vested benefits)	16.30	4.39	-	-
Contribution Paid			-	-
Benefits Paid	(70.87)	(17.01)	(25.47)	(9.21)
Net Acturial (gain)/ losses on Obligation for the year recognised under OCI	(11.03)	(24.82)	59.59	(22.06)
Closing Defined Benefit Obligation	**805.36**	**162.99**	**736.15**	**136.00**

38.2.5 Change in the Fair Value of Plan Assets

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair Value of Plan Assets	640.69	-	498.02	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets Excluding Intererst Income	(6.60)	-	(7.69)	-
Interest Income	46.08	-	38.61	-
Contribution paid	146.72	17.01	137.22	9.21
Benefits Paid	(70.87)	(17.01)	(25.47)	(9.21)
Closing Fair Value of Plan Assets	**756.02**	**-**	**640.69**	**-**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31,2026	March 31,2025
Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

38. Post Employment Benefits (Contd..)

38.2.6 Acturial Assumptions:

Particulars	**March 31,2026**		**March 31,2025**	
	Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Discount rate	7.67%	7.67%	6.97%	6.97%
Attrition Rate	2.00%	2.00%	2.00%	2.00%
Expected rate of increase in Salary	2.00%	2.00%	2.00%	2.00%
Mortality Table	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Expected average remaining working service	18.02 years	18.02 years	18.16 years	18.16 years
Retirement age	58 years	58 years	58 years	58 years

38.2.7 Sensitivity Analysis

A quantitative sensitivity analysis for significant assumptions are as below:

Particulars	**March 31,2026**		**March 31,2025**	
	Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Defined Benefit Obligation	805.36	162.98	736.15	135.99
Effect of 1% change in assumed discount rate on defined benefit obligation				
Increase : +1%	746.92	126.06	151.62	126.06
Decrease: -1%	872.55	147.67	176.24	147.67
Effect of 1% change in assumed salary escalation rate on defined benefit obligation				
Increase : +1%	869.57	147.93	176.63	147.93
Decrease: -1%	748.70	125.72	151.16	125.72

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	**March 31,2026**		**March 31,2025**	
	Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
1st Year	84.36	43.11	69.73	41.07
2nd Year	71.80	7.34	38.86	4.34
3rd Year	495.39	6.66	65.37	5.83
4th Year	43.49	70.52	44.65	5.09
5th Year	1,014.90	16.41	38.13	4.52
beyond 5th Year	345.29	50.81	345.73	37.52

The Weighted Average duration of the Gratuity plan is 9.30 years(2024-25 : 9.61 years) and Leave Encashment is 9.36 years(2024-25: 9.53 years)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39. Assets Pledged as Security

For Non Current Borrowings

Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

For Current Borroiwngs

Secured by First Charge on Current Assets and Second Charge on PPE (Property, Plant and Equipment).

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings an amount of ₹36,384.80 Lakhs (Previous year ₹30,955.57 Lakhs) are as follows:

Particulars	March 31,2026	March 31,2025
Property, Plant and Equipment	53,121.67	53,084.79
Current Assets	63,656.80	55,446.16
Total Assets Pledged as Security	**1,16,778.47**	**1,08,530.95**

40. Research and Development

40.1 Details of Revenue Expenditure (expensed as and when incurred):

Particulars	March 31,2026	March 31,2025
Cost of materials consumed		
Raw Materials Consumed	161.50	133.05
Employee benefits expenses		
Salaries & Wages	682.93	619.61
Contribution to Provident Fund	49.45	43.97
Contribution to ESI	2.16	1.48
Staff Welfare Expenses	44.76	43.75
Other expenses		
Repairs and Maintenance	286.70	295.18
Power and Fuel	60.70	59.16
Testing and analysis charges	27.32	25.44
Rates and Taxes	11.82	11.24
Insurance	6.58	5.68
General Expenses	62.08	44.50
Total	**1,396.00**	**1,283.06**

40.2 Details of Property, Plant and Equipment:

Particulars		Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Intangible Assets	Total
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gross Carrying Value								
1	As at March 31, 2024 (1+2)	947.17	2,505.60	53.59	60.20	9.10	10.23	3,585.89
2	Additions (Net off Deletions)	-	602.83	-	23.15	-	6.25	632.23
3	As at March 31, 2025 (1+2)	947.17	3,108.43	53.59	83.35	9.10	16.48	4,218.12
4	Additions (Net off Deletions)	97.87	158.55	41.01	10.13	-	24.91	332.47
5	**As at March 31, 2026 (3+4)**	**1,045.04**	**3,266.98**	**94.60**	**93.48**	**9.10**	**41.39**	**4,550.59**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

40. Research and Development (Contd..)

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Intangible Assets	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Depreciation							
6 As at March 31, 2024	307.53	1,242.39	13.28	53.05	8.49	10.11	1,634.85
7 Charge for the Year	39.55	242.94	4.93	4.74	0.16	0.53	292.85
8 As at March 31, 2025 (6+7)	347.08	1,485.33	18.21	57.79	8.65	10.64	1,927.70
9 Charge for the Year	39.67	249.08	5.16	9.74	-	2.68	306.33
10 **As at March 31, 2026 (8+9)**	**386.75**	**1,734.41**	**23.37**	**67.53**	**8.65**	**13.32**	**2,234.03**
Net Carrying Value							
11 As at March 31, 2024 (1-6)	639.64	1,263.21	40.31	7.15	0.61	0.12	1,951.04
12 As at March 31, 2025 (3-8)	600.09	1,623.10	35.38	25.56	0.45	5.84	2,290.42
13 **As at March 31, 2026 (5-10)**	**658.29**	**1,532.57**	**71.23**	**25.95**	**0.45**	**28.07**	**2,316.56**

Financial Instruments and Risk Management

41. Categories of Financial Instruments

Particulars	Note	Level 1/2/3	As at March 31,2026			As at March 31,2025		
			Carrying Value			Carrying Value		
			Amortised Cost	FVTPL / FVTOCI	Total	Amortised Cost	FVTPL / FVTOCI	Total
A. Financial Assets								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Investments	7		5,210.60		5,210.60	4,510.60		4,510.60
(b) Bank Balances	8	-	396.32	-	396.32	294.52	-	294.52
(c) Other Financial Assets	9	-	723.38	-	723.38	694.78	-	694.78
Sub - Total			**6,330.30**	**-**	**6,330.30**	**5,499.90**	**-**	**5,499.90**
(ii) Current								
(a) Trade Receivables	11	-	21,587.70	-	21,587.70	20,323.36	-	20,323.36
(b) Cash and Cash Equivalents	12	-	4,578.15	-	4,578.15	4,139.27	-	4,139.27
(c) Other Bank Balances	13	-	19.78	-	19.78	18.70	-	18.70
(d) Other Financial Assets	14	-	344.81	-	344.81	989.26	-	989.26
Sub - Total			**26,530.44**	**-**	**26,530.44**	**25,470.59**	**-**	**25,470.59**
Total Financial Assets			**32,860.74**	**-**	**32,860.74**	**30,970.49**	**-**	**30,970.49**
B. Financial Liabilities								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Borrowings	19	-	17,164.01	-	17,164.01	13,936.42	-	13,936.42
			17,164.01	**-**	**17,164.01**	**13,936.42**	**-**	**13,936.42**
(ii) Current								
(a) Borrowings	22	-	19,340.79	-	19,340.79	17,139.15	-	17,139.15
(b) Trade Payables	23	-	12,039.18	-	12,039.18	11,391.20	-	11,391.20
(c) Other Financial Liabilities	24	-	3,136.93	-	3,136.93	3,336.72	-	3,336.72
Sub - Total			**34,516.90**	**-**	**34,516.90**	**31,867.07**	**-**	**31,867.07**
Total Financial Liabilities			**51,680.91**	**-**	**51,680.91**	**45,803.49**	**-**	**45,803.49**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

42. Fair Value Measurements

42.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entry specific estimates.If all significant inputs required to fair value an instrument are observable,the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

43. Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversley impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

43.1 Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in Material Concentration of credit risk, except for Trade Receivables.

Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial Assets (excluding Bank Deposits) majorly constitute deposits given to State Electricity Departments for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Expected Credit Loss for Trade Receivables under simplified approach

For Trade Receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables, treasury operations etc. The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer.

The credit risk is managed by the company by establishing credit limits and continuously monitoring the credit worthiness of the customer. The Company also provides for expected credit losses based on the past experience where it believes that there is high probability of default. All trade receivables greater than 180 days are reviewed and provided for by analysing individual receivables.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

43. Financial Risk Management Objectives and Policies (Contd..)

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	March 31, 2026	March 31, 2025
Gross Carrying Amount	21,604.10	20,333.85
Expected Credit Losses (Loss allowance Provision)	16.40	10.49
Net Carrying Amount of Trade Receivables	**21,587.70**	**20,323.36**

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding		Total
	for < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	21,348.56	255.54	21,604.10
Expected Credit Losses (Loss allowance provision)	-	16.40	16.40
Net Carrying Amount of Trade Receivables	**21,348.56**	**239.14**	**21,587.70**

43.2 Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
March 31, 2026					
Non Current Borrowings (including Current Maturities)	4,250.35	12,944.54	2,561.98	1,657.48	21,414.35
Current Borrowings	15,090.44				15,090.44
Interest Accrued but not due	27.49				27.49
Trade Payables	12,039.18				12,039.18
Capital Creditors & other payables	3,099.22				3,099.22
Total	**34,506.68**	**12,944.54**	**2,561.98**	**1,657.48**	**51,670.68**
March 31, 2025					
Non Current Borrowings (including Current Maturities)	4,659.22	7,396.18	6,420.24	120.00	18,595.64
Current Borrowings	12,479.93				12,479.93
Interest Accrued but not due	54.30				54.30
Trade Payables	11,391.20				11,391.20
Capital Creditors & other payables	3,272.87				3,272.87
Total	**31,857.52**	**7,396.18**	**6,420.24**	**120.00**	**45,793.94**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

43. Financial Risk Management Objectives and Policies (Contd..)

43.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk.

43.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of change in market interest rates. All the debt obligations of the company are with floating interest rates which is subject to exposure to risk of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected.With all other variables held constant,the company's profit before tax is affected through the impact on borrowings,as follows:

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
March 31, 2026	0.50%	0.50%	(182.52)	182.52
March 31, 2025	0.50%	0.50%	(155.38)	155.38

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

43.3.2 Foreign Currency Exchange Rate Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from goods supplied or received that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars ($). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

(a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	Amount in Foreign Currency	Amount in ₹ In Lakhs	Conversion Rate
March 31, 2026				
Trade Receivables	USD	75.02	6,943.39	92.55
	EURO	0.39	40.54	103.95
Trade Payables	USD	13.34	1,257.60	94.27
Other Financial Liabilities	USD	0.05	4.93	98.60
Loan	USD	22.90	2102.50	98.60
March 31, 2025				
Trade Receivables	USD	62.53	5352.17	85.60
	EURO	0.50	45.84	91.68
Trade Payables	USD	10.73	936.85	87.31
Other Financial Liabilities	USD	0.20	17.80	89.00

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

43. Financial Risk Management Objectives and Policies (Contd..)

(b) Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Effect on Profit before Tax	
	March 31, 2026	March 31, 2025
USD Sensitivity		
₹USD - Increases by 1%	36.19	44.43
₹USD - Decreases by 1%	(36.19)	(44.43)

43.3.3 Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company’s financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Company does not have any exposure to price risk ,as there is no market based equity investment made by the company

44. Capital Management

For the purposes of the Company's Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company intends to keep the gearing ratio less than 1. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short term deposits.

Particulars	March 31, 2026	March 31, 2025
Borrowings including Interest Accrued (Note 19,22 & 24)	36,532.29	31,129.87
Less: Cash and Short Term Deposits (Note 12)	4,578.15	4,139.27
Net Debt	**31,954.14**	**26,990.60**
Equity	936.52	886.52
Other Equity	79,542.17	66,420.45
Total Equity	**80,478.69**	**67,306.97**
Total Capital	**1,12,432.83**	**94,297.57**
Gearing Ratio (Net Debt/(Net Debt +Total Equity))	0.28	0.29

In order to achieve this overall objective, the Company’s capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

45. Related Party Transactions

(a) Key Management Personnel (KMP)

Name	Relationship
(i) Executive Directors	
Sri. Ramesh Babu Potluri	Chairman and Managing Director
Sri. Vamsi Krishna Potluri	Executive Director
(ii) Non Executive Directors	
Sri Shravan Kudravallii	Independent Director
Sri Sarvepalli Srinivas	Independent Director
Dr. Suresh Kumar Gangavarapu	Independent Director
Smt. Shanti Sree Bolleni	Independent Director
Sri. Trilok Potluri	Non- Executive, Non-Independent Director
Dr. Sunkara Venkata Satya Shiva Prasad	Non- Executive, Non-Independent Director
(iii) Others	
Sri. T Lakshmi Narayana	Chief Financial Officer
Sri. T.Thirumalesh	Company Secretary

(b) Associate Company

M/s VKT Pharma Private Limited

(c) Enterprises over which KMP are Interested

M/s. Haleos Labs Limited (formerly known as SMS Lifesciences India Limited)

(d) Other Related Parties

1 M/s Raghavendra Engineering (India) Private Limited

2. M/s Eswar Coal Movers

3. M/S. Fours Engineering Works

(e) subsidiary Company

M/s SMS Peptides private limited

M/s SMS CoLab private limited

(f) Transactions with Related Parties:

Particulars	March 31, 2026 Amount	March 31, 2025 Amount
Key Management Personnel		
Remuneration to Executive Directors (Short Term Employee Benefits)	1,292.62	1,036.66
Directors Sitting Fees	48.50	17.60
Remuneration to Others	59.65	53.34
Associate Company		
Purchase of Goods & Services		-
Sale of Goods	5,465.37	3,959.76
Other Income	29.06	34.44
Enterprises over which KMP are Interested		
Purchase of Goods & Services	1,702.33	1,924.05
Sale of Goods	0.54	1.86
Other Income	-	3.54

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

45. Related Party Transactions (Contd..)

Particulars	March 31, 2026 Amount	March 31, 2025 Amount
Other Related Parties		
Purchase of Goods & Services		
M/s Raghavendra Engineering (India) Private Limited	1,514.33	1,456.74
M/s Eswar Coal Movers	294.57	277.65
M/S. Fours Engineering Works	141.13	-
Subsidiary Company		
Other Income		
M/s SMS Peptides private limited	12.98	-
Investment		
M/s SMS Peptides private limited	699.00	-
M/s SMS Colab private limited	1.00	-
Balance (Payable)/Receivable at the year end Key Management Personnel		
Remuneration Payable to Executive Directors	506.64	414.55
Remuneration Payable to Others	3.64	2.53
Associate Company		
M/s.VKT Pharma Private Limited	3,072.02	3,018.55
Enterprises over which KMP are Interested		
M/s. Haleos Labs Limited (formerly known as SMS Lifesciences India Limited)	(316.80)	(622.91)
Other Related Parties		
M/s. Eshwar Coal Movers	(92.49)	(18.29)
M/S. Fours Engineering Works	(80.18)	-
M/s. Raghavendra Engineering India Private Ltd		
Trade Payable	1.96	(202.61)
Capital Advances	20.23	
Subsidiary Company		
M/S. SMS Peptides Pvt Ltd	1.08	-

Note:

i) The above transactions are in the ordinary course of business and are at arm's length price.

ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

46. Segment Information

In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the company, and therefore no separate disclosure on segment information is given in these financial statements.

47. Contingent Liabilities

Particulars	March 31, 2026	March 31, 2025
Letter of credits opened in favor of suppliers for which goods are yet to be received	695.98	598.05
Customs Duty against Advance Authorizations	320.51	438.48
NRDC claim against DSIR assistance (Refer No.19.2.1)	69.23	63.14
Income Tax Assessment Year 2023–24 *	4,562.55	4,562.55
Income Tax Assessment Year 2018–19	40.28	-

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

47. Contingent Liabilities (Contd..)

* Income Tax Assessment Order and Management's Position

The Company during the year 2024-25 has received Income tax assessment order with a tax demand of ₹ 45.63 crores relating to the financial year 2022-23. This demand primarily arose due to the difference in turnover. The assessing officer without seeking clarifications from the Company has arrived the turnovers aggregating from the GST Returns filed by the Company which included amendments made for updating shipping bill numbers, dates and port codes relating to export transactions. Such amendments pertained to exports already reported in earlier tax periods and did not result in any additional turnover.

Aggrieved by this order, the Company filed an appeal before the Commissioner of Income Tax (Appeals). The Company also filed a grievance petition before the High-Pitched Assessment Committee along with a stay petition against the demand. The High-Pitched Assessment Committee, Hyderabad, has admitted the matter as a high-pitched assessment. The appellate proceedings are pending before the concerned income-tax authorities, and the Company is furnishing the information and clarifications sought from time to time.

Based on the facts of the case, confirmations obtained from the GST authorities, applicable legal provisions, judicial precedents and advice received from tax consultants, the management believes based on the merits that the demand is not likely to be sustained. Accordingly, no provision has been made in the financial statements in respect of the aforesaid income tax demand.

48. Commitments

Particulars	March 31, 2026	March 31, 2025
Capital Commitments	4,410.14	1,045.29

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

49. Payables to Micro, Small & Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	March 31, 2026	March 31, 2025
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	24.67	9.64
(ii) Interest paid on payments beyond the appointed day paid to the suppliers during the year	-	-
(iii) Interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest).	-	-
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

The above information regarding Micro Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company regarding the status of registration of such vendors under the said Act,as per the intimation received from them on requests made by the company . This has been relied upon by the auditors.The balance payable to MSME creditors are not due as on March 31,2025, so interest has not been provided.

50. Ratios

The following are analytical ratios for the year ended March 31, 2026 and March 31, 2025

Particulars	March 31, 2026	March 31, 2025	Variance	Numerator	Denominator	Change in ratio in excess of 25% compared to preceeding year
Current Ratio	1.81	1.71	6%	Total Current Assets	Total Current Liabilities	
Debt-Equity Ratio	0.45	0.46	-3%	Total Debt(1)	Shareholder's Equity	
Debt Service Coverage Ratio*	2.55	2.31	11%	Earnings available for Debt Service (2)	Debt Service(3)	
Return on Equity(ROE)*	11.86%	11.00%	8%	Net Profit after Taxes	Average Shareholder's Equity	
Inventory Turnover Ratio	2.79	3.02	-8%	Revenue From Sale of Products	Average Inventory	
Trade Receivables Turnover Ratio	4.23	3.56	19%	Revenue From Operations excluding export incentives	Average Trade Receivables	
Trade Payables Turnover Ratio	4.77	3.67	30%	Purchases	Average Trade Payables	The variance is mainly due to a decrease in average trade payables during the year
Net Capital Turnover Ratio	3.12	3.40	-8%	Revenue From Operations	Working Capital(4)	
Net Profit Ratio*	9.88%	8.74%	13%	Net Profit	Revenue From Operations	
Return on Capital Employed(ROCE)*	13.55%	12.97%	4%	Earnings befor Interest and Taxes(EBIT)	Capital Employed(5)	

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

50. Ratios (Contd..)

(1) Long-Term borrowings + Short-Term borrowings +Interest accrued but not due

(2) Profit After Tax + Non-operating cash exp like depreciation + Interest

(3) Interest on Borrowings +lease payments+ Principal repayments

(4) Current assets - current liabilities

(5) Shareholder's Equity+ Total debt including interest accrued -Cash & Cash Equivalents

51. Other statutory information

i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

ii) The Company does not have any transactions with companies struck off.

iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority

vi) The Company has not utilised short term funds for long term uses. .

vii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

  (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

viii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

  (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

ix) The Company does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

x) The Company has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year

xi) The Company has complied with number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules ,2017

52. Previous year figure have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Independent Auditor's Report

To the Board of Directors of SMS Pharmaceuticals Limited
Report on the Audit of the Ind AS Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SMS Pharmaceuticals Limited (hereinafter referred to as "the holding Company") and its associate (Holding Company, its subsidiaries and its associate and Joint Venture together referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2026, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2026, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)-Refer note-26 to the **Consolidated** financial statements	Principal Audit Procedures We assessed the holding company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. • Selected a sample of continuing and new contracts and performed the following procedures: 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Consolidated Financial Statements.

The Holding company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate the respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company, its subsidiaries and its associate company which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of holding company for which we are the independent auditors. For the subsidiaries company and associate company included in the consolidated financial statements, have been audited by the other auditors, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

a) We did not audit the financial statements of two subsidiaries whose financial statements reflects total assets ₹33,271.07 as at March 31 2026, Total revenue of ₹24,426.59 and net cash inflows amounts RS 2,002.55 for the year ended in that date. These Financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion on the consolidated financial statements ,in so far as it relates to the amounts and disclosure included in respect of the subsidiaries and our report in term of sub section (3) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditor.

b) The Consolidated financial statements also include group share of profit ₹1,453.67 for the year ended march 31 2026 as considered in the financial statements ,in respect of one associate whose financial statements have been audited by other auditor, whose reports have been furnished to us by the management and our opinion on the consolidate financial statements in so far as it related to the amounts and disclosure included in respect of the associate and our report in term of subsection (3) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditor.

c) The Consolidated Financial statements results also include the unaudited financial results of one joint venture in which there is no operations during the year.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on the separate financial statements referred to in the other matter section above, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the holding company as on March 31, 2026 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiaries company and associate company incorporated in India, none of the directors of the holding company, its subsidiaries and its associate incorporated in India is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the holding company, its subsidiaries and its associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding company, its subsidiaries and such associate to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 47 to the consolidated financial statements.

ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) During the year ended March 31, 2026, the company has duly transferred unclaimed dividend to Investor Education and Protection Fund.

iv) (a) The respective Managements of the holding company, its subsidiaries and its associate which is incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds as disclosed in the note 51 (vii) to the consolidated financial statements (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries or associate to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company, its subsidiaries or any of such associate or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the holding company, its subsidiaries and associate which is incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief as disclosed in the note 51 (viii) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries or associate from any person or entity, including foreign entity ("Funding Parties"),with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries or associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and that performed by the auditors of subsidiaries and associate which are incorporated in India whose financial statements have been audited under the Act, nothing has come to our or the other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(d) (i) Based on our examination which includes test checks performed by us on the holding Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2026 which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. We have not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled.

(ii) Based on the reports of the respective auditors of subsidiaries company and associate company which are incorporated in India, the subsidiaries company and associate company have used accounting software for maintaining its books of account and the same has been operated throughout the year for all relevant transactions recorded in the software.

v) The dividend declared or paid during the year by the holding company is incompliance with Section 123 of the Act. No dividend has been declared or paid during the year by its subsidiaries or associate company.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us and auditor of subsidiaries and associate company to which CARO is applicable, as provided to us by the management of the company , we report that there are no qualifications or adverse remarks in these CARO reports.

Place: Hyderabad
Date: May 22,2026

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M. No.200247
UDIN: 26200247CLSEPS9541

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMS Pharmaceuticals Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2026, we have audited the internal financial controls with reference to financial statements of SMS Pharmaceuticals Limited (hereinafter referred to as the "the holding company"), its subsidiaries and its associate company, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Company, its subsidiaries and its Associate company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI").These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial Statements of the Company, its subsidiaries and its associate company, which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiaries company and the other auditor of the associate company, in terms of their reports referred is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements of the Company, its subsidiaries and its associate company, which are incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the liability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1)pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the other matter paragraph below, the holding company, its subsidiaries and its associate company which are incorporated in India, have in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2026 based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to consolidated financial statements issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to subsidiaries company and an associate company which are incorporated in India, is based solely on the corresponding report of the auditors of such subsidiaries company and associate company.

Our opinion is not modified in respect of the above matters.

Place: Hyderabad
Date: May 22,2026

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M. No.200247
UDIN: 26200247CLSEPS9541

Consolidated Balance Sheet

as at March 31, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	As at 31.03.2026	As at 31.03.2025
I	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4	53,121.67	53,084.79
	(b) Capital Work-in-Progress	4	12,164.17	3,467.14
	(c) Intangible Assets	5	279.60	212.96
	(d) Financial Assets:			
	(i) Investments	6	2,628.34	1,167.91
	(ii) Bank Balances	7	396.32	294.52
	(iii) Other Financial Assets	8	723.48	694.78
	(e) Other Non-Current Assets	9	3,129.24	899.23
	Total Non-Current Assets		**72,442.82**	**59,821.33**
2	**Current Assets**			
	(a) Inventories	10	35,120.64	28,472.92
	(b) Financial Assets			
	(i) Trade Receivables	11	21,586.62	20,323.36
	(ii) Cash and Cash Equivalents	12	4,587.70	4,139.91
	(iii) Bank Balances (Other than (ii) above)	13	19.78	18.70
	(iv) Other Financial Assets	14	344.81	989.26
	(c) Other Current Assets	15	2,141.55	1,463.94
	(d) Current Tax Asset (Net)	16	-	38.71
	Total Current Assets		**63,801.10**	**55,446.80**
	TOTAL ASSETS		**1,36,243.92**	**1,15,268.13**
II	**EQUITY AND LIABILITIES**			
1	**Equity:**			
	(a) Equity Share Capital	17	936.52	886.52
	(b) Other Equity	18	77,644.36	63,077.91
	Equity Attributable to equity share Holders of the parent Company		**78,580.88**	**63,964.43**
	Non Controlling Interest		0.01	0.01
	Total Equity		**78,580.89**	**63,964.44**
2	**LIABILITIES**			
A	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	19	17,164.01	13,936.42
	(b) Provisions	20	119.86	120.65
	(c) Deferred Tax Liabilities (Net)	21	5,081.53	4,809.76
	Total Non-Current Liabilities		**22,365.40**	**18,866.83**
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	22	19,340.79	17,139.15
	(ii) Trade Payables:	23		
	(a) Trade Payables - MSME		24.67	9.64
	(b) Trade Payables Other than MSME		12,018.69	11,382.04
	(iii) Other Financial Liabilities	24	3,176.55	3,336.72
	(b) Provisions	20	92.46	110.80
	(c) Other Current Liabilities	25	582.98	458.51
	(d) Current Tax Liability (Net)	16	61.49	-
	Total Current Liabilities		**35,297.63**	**32,436.86**
	Total Liabilities		**57,663.03**	**51,303.69**
	TOTAL EQUITY AND LIABILITIES		**1,36,243.92**	**1,15,268.13**
	Summary of Material Accounting Policies	3		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Consolidated Statement of Profit and Loss

for the Year ended March 31, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	For the year ended 31-03-2026	For the year ended 31-03-2025
1	**Income**			
	Revenue from Operations	26	88,687.10	78,274.81
	Other Income	27	835.38	622.44
	Total Income		**89,522.48**	**78,897.25**
2	**Expenses**			
	Cost of Materials Consumed	28	51,643.79	49,651.63
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	29	(2,309.48)	(6,481.39)
	Manufacturing Expenses	30	9,070.22	8,635.04
	Employee Benefits Expense	31	8,795.56	8,008.42
	Finance Cost	32	2,307.56	1,854.09
	Depreciation and Amortization Expense	33	3,991.93	3,433.73
	Other Expenses	34	4,359.14	4,561.98
	Total Expenses		**77,858.72**	**69,663.50**
3	**Profit Before Tax (1-2)**		**11,663.76**	**9,233.75**
4	**Tax Expense**	35		
	(a) Current Tax			
	(i) relating to Current Year		2,598.00	1,990.00
	(ii) relating to Earlier Year		(4.69)	(25.94)
	(b) Deferred Tax		270.66	529.87
	Total Tax Expense		**2,863.97**	**2,493.93**
5	**Profit for the year (3-4)**		**8,799.79**	**6,739.82**
6	**Share of Profit/(Loss) in associate companies (net of tax)**		**1,399.12**	**173.68**
7	**Net Profit/(loss) after taxes and share of Profit/(Loss) from Associates (5+6)**		**10,198.91**	**6,913.50**
8	**Profit after tax Attributable to:**			
	Shareholders of the Company		10,198.91	6,913.56
	Non-Controlling Interests		(0.00)	(0.06)
			10,198.91	**6,913.50**
9	**Other Comprehensive Income / (Loss)**			
	Items that will not be reclassified to Profit/Loss	36		
	(a) Remeasurement gain/(loss) of the defined benefit plans		4.43	(67.28)
	(b) Tax on Remeasurement gain/(loss) of the defined benefit plans		(1.12)	16.93
	(c) Share of Other Comprehensive Income in Associates		9.12	(2.84)
	(d) Share of Income Tax effect on the above in Associates		(2.37)	0.74
	Other Comprehensive Income/(Loss), After Tax for the year		**10.06**	**(52.45)**
	Shareholders of the Company		10.06	(52.45)
	Non-Controlling Interests		-	-
	Other Comprehensive Income/(Loss), After Tax for the year		**10.06**	**(52.45)**
10	**Total Comprehensive Income for the Year(8+9)**		**10,208.97**	**6,861.05**
	Shareholders of the Company		10,208.97	6,861.11
	Non-Controlling Interests		(0.00)	(0.06)
11	**Earnings Per Share (Face Value of Re.1 each)**	37		
	- Basic and Diluted		11.15	8.16
	Summary of Significant Accounting Policies	3		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
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T.THIRUMALESH
Company Secretary
M.No.A35824

Consolidated Statement of Changes in Equity

for the Year Ended March 31st, 2026
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
As at the Beginning of the Year	88652030	886.52	84652030	846.52
Changes in Equity Share Capital (refer note No.17.1)	5000000	50.00	4000000	40.00
As at the End of the Year	**936.52**	**936.52**	**886.52**	**886.52**

b. Other Equity

Particulars	Reserves & Surplus						
	Securities Premium	**Capital Redemption Reserve**	**General Reserve**	**Money Received against Share warrants**	**Retained Earnings**	**Non-Controlling Interests**	**Total Other Equity**
Balance as at April 01, 2024	**6,981.84**	**155.00**	**10,304.28**	**2,857.50**	**32,487.75**		**52,786.37**
Profit for the Year					6,913.56	(0.06)	6,913.50
Other Comprehensive Income/(Loss), After Tax for the year					(52.45)		(52.45)
Total Comprehensive Income for the Year					**6,861.11**	**(0.06)**	**6,861.05**
Acquisition of Non controlling interest						0.07	0.07
Transfer to General Reserve			1,000.00		(1,000.00)		-
Share warrants converted into 40,00,000 equity shares ₹1/- each fully paid up at an issue price ₹ 127/- (including premium ₹126/-)	5,040.00						5,040.00
Money Received against Share warrants				3,810.00			3,810.00
Less: Converted into shares during the current year				(5,080.00)			(5,080.00)
Issue Expenses on Share Warrants					(0.97)		(0.97)
Payment of dividends (including tax)					(338.61)		(338.61)
Balance as at March 31, 2025	**12,021.84**	**155.00**	**11,304.28**	**1,587.50**	**38,009.28**	**0.01**	**63,077.91**
Balance as at April 01, 2025	12,021.84	155.00	11,304.28	1,587.50	38,009.28	0.01	63,077.91
Profit for the Year					10,198.91	(0.00)	10,198.91
Other Comprehensive Income/(Loss), After Tax for the year					10.06		10.06
Total Comprehensive Income for the Year					**10,208.97**	**(0.00)**	**10,208.97**
Acquisition of Non controlling interest							-
Transfer to General Reserve			1000.00		(1000.00)		-
Share warrants converted into 50,00,000 equity shares ₹1/- each fully paid up at an issue price ₹ 127/- (including premium ₹126/-)	6,300.00						6,300.00
Money Received against Share warrants				4,762.50			4,762.50
Less: Converted into shares during the current year				(6,350.00)			(6,350.00)
Issue Expenses on Share Warrants					(0.41)		(0.41)
Payment of dividends (including tax)					(354.61)		(354.61)
Balance as at March 31, 2026	**18,321.84**	**155.00**	**12,304.28**	**-**	**46,863.23**	**0.01**	**77,644.36**

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Consolidated Statement of Cash Flow

for the Year Ended March 31, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S No	Particulars	For the Year Ended 31.03.2026	For the Year Ended 31.03.2025
A	**Cash Flow from Operating Activities**		
	Profit Before Tax	11,663.76	9,233.75
	Adjustments for:		
	Depreciation and Amortisation Expense	3,991.93	3,433.73
	Interest Income	(61.86)	(20.78)
	Interest on lease liability	-	11.05
	Interest on Borrowings	2,184.36	1,732.09
	Provision for Employee Benefits	(14.70)	(37.94)
	Amortisation of Transaction Cost on Borrowings	22.06	14.68
	Profit on Sale of Assets	-	(3.33)
	Loss on Sale of Assets	-	1.28
	Unrealised Profit in Associate Company Sales	(54.57)	97.53
		17,730.98	**14,462.06**
	Change in Operating Assets and Liabilities		
	(Increase)/Decrease in Trade Receivables	(1,263.26)	3,299.96
	(Increase)/Decrease in Inventories	(6,647.72)	(5,103.14)
	(Increase)/Decrease in Other Non Current Financial Assets	(28.70)	(177.73)
	(Increase)/Decrease in Other Non Current Asset	(2,230.02)	487.89
	(Increase)/Decrease in Other Current Financial Assets	626.32	(657.31)
	(Increase)/Decrease in Other Current Assets	(677.61)	811.51
	(Increase)/Decrease in Prepaid Taxes	(83.11)	153.39
	Increase/(Decrease) in Trade Payables	651.68	(3,740.59)
	Increase/(Decrease) in Other Financial Liabilities	129.32	618.57
	Increase/(Decrease) in Other Current Liabilities	124.47	(0.34)
		(9,398.62)	**(4,307.79)**
	Cash generated from Operations	**8,332.36**	**10,154.27**
	Income Taxes Paid	(2,410.00)	(1,983.34)
	Net Cash Inflow from Operating Activities "A"	**5,922.36**	**8,170.93**
B	**Cash flow from Investing Activities**		
	Purchase of Property, Plant and Equipment	(13,055.81)	(12,337.99)
	Sale of Property, Plant and Equipment	-	5.60
	Investment in Deposits	(0.41)	(1.49)
	Margin Money Deposits	(101.79)	(25.69)
	Interest Received on Margin Money Deposit	79.99	16.68
	Net Cash Inflow (Outflow) from Investing Activities "B"	**(13,078.02)**	**(12,342.89)**

Consolidated Statement of Cash Flow

for the Year Ended March 31, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S No	Particulars	For the Year Ended 31.03.2026	For the Year Ended 31.03.2025
C	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	6,231.86	6,372.38
	Repayment of Long Term Borrowings	(3,435.20)	(4,409.66)
	Proceeds from Short Term Borrowings	2,610.50	1,080.29
	Interest paid on Borrowings	(2,211.17)	(1,735.29)
	Repayment of Lease Liability	-	(70.22)
	Net Proceeds from issue / conversion of Share Warrants	4,762.07	3,809.03
	Dividend Paid to Company's Shareholders	(354.61)	(338.61)
	Net Cash Inflow (Outflow) from Financing Activities "C"	**7,603.45**	**4,707.92**
	Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	**447.79**	**535.96**
	Cash and Cash Equivalents at the beginning of the Financial Year	4,139.91	3,603.95
	Cash and Cash Equivalents at end of the Year	**4,587.70**	**4,139.91**

The accompanying notes are an integral part of the Consolidated Financial Statements.

1. The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

2. Previous year figures have been regrouped/reclassified to confirm to current year classification.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 22, 2026

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

1. Corporate Information:

The Consolidated financial statements comprise financial statements of SMS Pharmaceuticals Limited (the 'Company') and its share of the net profit after tax and other comprehensive income of its associate (the holding company and its associate hereinafter referred to as the 'Group') for the year ended March 31,2026.The Company is a company limited by Shares domiciled in India incorporated under the Provisions of Companies Act applicable in India. The registered office of the company is Plot No.72, H.No.8-2-334/3&4, Road No.5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad-500 034, Telangana, India. The Equity Shares of the company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Bachupally, Hyderabad in the State of Telangana and also at Kandivalasa Village, Poosapatirega Mandal, Vijayanagaram District in the State of Andhra Pradesh. Apart from manufacturing facilities, the Company is also having Research & Development Center at Gagillapur, Hyderabad in the State of Telangana.

2. Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

The consolidated financial statements of the Group comply in all material aspects with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015 issued by Ministry of Corporate Affairs ('MCA') and presentation requirements of Division II of Schedule III to the Companies Act,2013.(Ind AS compliant Schedule III).

These consolidated financial statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2026. These Consolidated Financial Statements for the year ended March 31, 2026 were authorized and approved for issue by the Board of Directors on May 22, 2026.

3. Summary of Material Accounting Policies:

The consolidated financial statements have been prepared using the accounting policies and measurement basis summarized below. The Accounting Policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of Consolidation:

When there is a power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those polices ,it is concluded that existence of significant influence.

Generally, there is a presumption that if the group holds ,directly or indirectly , 20% or more of the voting power of the investee results in existence of significant influence. To support this presumption and when the group has less than 20% or more of the voting power of the investee, the group considers all relevant facts and circumstances whether it has a power to participate in the financial and operating policy decisions of the investee.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

(i) Investment in Associate Company:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associate are incorporated in these Consolidated Financial Statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105 – Non-current Assets Held for Sale and Discontinued Operations.

The consolidation procedure is as follows:

i) Net profit after tax of associate group is recognized in the Group's financial statements only to the extent of Group's share in associate group.

ii) other comprehensive income of associate group is recognized in the Group's financial statements only to the extent of Group's share in associate group.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

iii) Gains and losses resulting from ‘upstream’ and ‘downstream’ transactions between the group and its associate are recognized only to the extent of unrelated investors interests in the associate .

iv) When necessary, adjustments are made to the financial statements of associate company to bring their accounting policies into line with the Group’s accounting policies.

(ii) Joint Venture:

The Group also has one joint venture namely Chemo SMS Enterprises SL in which there were no financial operations during the year.

3.2 Current and Non- Current Classification:

The Group presents assets and liabilities in the balance sheet based on current and non-current classification.

All assets and liabilities have been classified as current or non-current as per the Group’s normal operating cycle and other criteria set out in the schedule III (Division II) to the companies Act,2013 and Ind AS 1, Presentation of Financial Statements.

3.3 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis and on accrual basis, except for the following material items in the balance sheet:

- Long-Term borrowings are measured at amortised cost using the effective interest rate method.
- Certain financial assets are measured either at fair value or at amortised cost depending on the classification.
- Employee defined benefit assets/ (liabilities) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.
- Right-of use the assets are recognized at the present value of lease payments that are not paid at that date.

ASSETS:

i. An asset is classified as current when it satisfies any of the following criteria:

   - Expected to be realised or intended to be sold or consumed in normal operating cycle;
   - Held primarily for the purpose of trading;
   - Expected to be realised within twelve months after the reporting period, or
   - Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
   - ii. Current assets include the current portion of non-current assets. All other Assets are classified as non-current.

LIABILITIES:

(i) A liability is classified as current when it satisfies the any of the following criteria:

   - Expected to settle the liability in normal operating cycle;
   - Held primarily for the purpose of trading;
   - Due to be settled within twelve months after the reporting period, or
   - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(ii) Current liabilities include the current portion of non-current liabilities. All Other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are always classified as non-current assets and liabilities.

The Operating Cycle is the time between the acquisition of assets for processing and their realisation in Cash and Cash Equivalents. The Group has identified twelve months as its Operating Cycle.

3.4 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach:

(1) identify the contract with a customer,

(2) identify the performance obligations in the contract,

(3) determine the transaction price,

(4) allocate the transaction price to the performance obligations in the contract, and

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(5) recognize revenues when a performance obligation is satisfied.

The specific recognition criteria described below must also be met before revenue is recognised.

The Group's revenue is derived from sale of goods, sale of services. Most of such revenue is generated from the sale of goods. Accounting policies relating to revenue for the periods are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

In arriving at the transaction price, the Group considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Group is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Group estimates the amount of variable consideration using the expected value method

(ii) evenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Export incentives:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(iv) Dividend Income:

Dividends are recognised as other income in profit or loss when the right to receive payment is established, which is generally when shareholders approve the dividend.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income, on financial assets at amortised cost and financial assets at FVOCI, is calculated using the effective interest method and the same is recognized in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.5 Foreign Currency Transactions:

(i) Functional and Presentation Currency:

The consolidated financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional currency of the Group.

(ii) Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(iii) Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for initial recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

(iv) Exchange Differences:

Exchange differences arising on the settlement of monetary items, or on reporting monetary items of group at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized in the statement of profit and loss in the year in which they arise.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(v) Non-Monetary Items:

Non-Monetary Items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3.6 Property, Plant and Equipment:

(i) Recognition and Initial Measurement

Property, Plant and Equipment is initially recognized at their cost of acquisition. The cost comprises purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates.

Cost includes any directly attributable costs of bringing the asset to its working condition for the intended use by management and borrowing costs if recognition criteria are met.

Assets under installation or under construction as at the Balance Sheet date are stated at cost and shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(ii) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line basis over the useful lives as estimated by management which coincides with useful life prescribed in Schedule II to the Companies Act, 2013. Freehold land is not depreciated.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/deletion as the case may be. In case of assets costing less than ₹5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

The residual values, useful lives and method of depreciation are reviewed at each financial year end by management based on the expected utility of the asset and adjusted prospectively, if appropriate.

(iii) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(iv) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(v) Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/construction as at the balance sheet date.

(vi) Impairment :

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.7 Intangible Assets:

(i) Recognition and Initial Measurement

Intangible Assets are initially recognized at their cost of acquisition. The cost comprises purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Cost includes any directly attributable costs of bringing the asset to its working condition for the intended use by management and borrowing costs if recognition criteria is met.

(ii) Subsequent measurement (amortization):

The cost incurred on Intangible Assets is amortized on straight line basis over a period of estimated useful life of 6 years in case of Computer Software and 4 years for Patents.

3.8 Leases:

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

At the date of commencement of the lease, the group recognizes a right-of-use-asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low-value assets. Lease liabilities representing the lease payments to be made and right-of-use assets representing the right to control the use of underlying assets.

i) Right-of-use assets

Right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any, and adjusted for any measurement of lease liabilities. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost of right to use asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Costs incurred relating to Right-of-use assets accounted by applying other applicable standards, such as Ind AS 16 and depreciated on straight line basis over the lease period.

ii) Lease Liabilities

At the commencement date of the lease, lease liabilities initially recognized at amortized cost at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid by lessee under residual value guarantees. The lease payments also include the exercise price of a purchase option if the group is reasonably certain to be exercised that option and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate being the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right- of-use asset in a similar economic environment with similar terms, security and conditions at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases in which underlying assets are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the benefit.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activity in cash flow statement.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Group as a Lessor:

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3.9 Inventories:

Raw material, packaging material, and Stores and spares are carried at cost. as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the group from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of Raw Material, packaging material is determined using the weighted average cost method.

The carrying cost of raw materials, packing materials are appropriately written down to replacement cost if the finished products in which they will be incorporated are expected to be sold below cost.

Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare Parts, Stand-by Equipment and Servicing Equipment are recognized in accordance with Ind AS-16 when they meet the definition of property, plant and Equipment. Otherwise, such items are classified as inventory and are valued at Cost.

3.10 Cash and Cash Equivalents:

Cash and Cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term, highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the purpose of the statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Group's cash management.

3.11 Financial Instruments:

(i) Financial Assets

(a) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

(b) Subsequent measurement

Debt instruments –

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Equity investments –

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

(c) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(d) Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognized initially at the transaction price as they do not contain significant financing components. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

(ii) Financial liabilities

(a) Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

(b) Subsequent Measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(c) De-recognition of Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(d) Loans and Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

(e) Trade and other Payables:

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method

(iii) Financial Guarantee Contracts

Financial Guarantee Contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.

(iv) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(v) Impairment of Trade Receivables

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables.

For this purpose, the group follows a "simplified approach" for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

As a practical expedient, the group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(vi) Impairment of other Financial Assets:

For recognition of impairment loss on other financial assets and risk exposure, the group determines whether there has been a significant increase in the credit risk since initial recognition.

If credit risk has not increased significantly,12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

3.12 Income Taxes:

Current Tax

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with tax laws enacted or substantially enacted at the end of the reporting period. Current tax includes taxes to be paid on the profit earned during the year and adjustment to tax payable in respect of prior periods, if any.

Deferred Tax

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses except for the deductible temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss(either in other comprehensive income or in equity).Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

3.13 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(CODM). The Group is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers.

3.14 Government Grants:

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

3.15 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.16 Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

3.17 Dividends

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group on or before the balance sheet date but not distributed at the balance sheet date. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

3.18 Equity:

Ordinary Shares are classified as Equity share Capital. Incremental costs directly attributable to the issue of new ordinary shares or share options and buy back are recognized as a deduction from equity, net of tax effects, if any.

3.19 Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Development expenditure on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the asset

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

- The ability to measure reliability the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready to its intended use.

3.20 Employee Benefits:

(i) Defined Contribution Plan:

The Group's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss as and when the services are received from the employees. The Group's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan. The Group has no further obligations once the contributions have been paid to the Fund.

(ii) Defined Benefit Plan:

The Group has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) under projected unit credit method at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

The Group has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lump sum after deduction of necessary taxes up to a maximum limit as per the Gratuity Act, 1972. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Group makes contributions to the Gratuity Fund.

(iii) Other Long-Term Employee Benefits

The Group also provides benefit of compensated absences to its employees which are in the nature of long -term benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date as per the requirements of IND AS "Employee Benefits". Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arises.

(iv) Short-Term Employee Benefits

Short–term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee. Short term Employee Benefits are the obligations that are expected to be settled wholly within 12 months after the end of the period in which the employees renders the related services.

3.21 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.22 Contingent Liabilities, Contingent Assets and Commitments:

Where there is a present obligation and it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible obligations and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not in the control of the group are also disclosed as contingent liabilities.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Contingent Assets are not recognized in the Balance Sheet. A contingent asset is disclosed where an inflow of economic resources is probable. However, when realization of Income is virtually certain, related asset is recognized.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

3.23 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

3.24 Fair Value Measurement

The Group measures Financial Instruments at fair value at each Balance Sheet Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.25 Critical accounting Estimates and Judgements:

The Preparation of financial statements in conformity with Ind AS requires Management to make Judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

3.26 Recent Pronouncements:

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules, as issued from time to time. For the year ended March 31, 2026, MCA has notified Ind AS 117 – Insurance Contracts and amendments to Ind AS 116 – Leases relating to sale and leaseback transactions, applicable to the Company with effect from April 1, 2024. The Company has assessed the applicability of these new pronouncements and, based on its evaluation, has concluded that they do not have a material impact on its financial statements

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

Ind AS 21 – The Effects of Changes in Foreign Exchange Rates: In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

In August 2025, MCA notified the following amendments to:

1) Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Group has no impact of these amendments in its classification criteria of current and noncurrent liabilities.

2) Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

3) Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. This relief is immediate and applies retrospectively. The Group has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

3.27 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Companies Act, 2013 unless otherwise stated.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4. Property, Plant and Equipment

Particulars	Land	Buidings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I Year Ended March 31, 2025											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	13,410.86	44,838.26	2,366.91	268.24	275.57	131.68	524.42	152.75	62,389.99	3,027.17
2 Additions	-	2,249.35	10,149.73	118.30	51.75	7.32	22.35	330.24	25.90	12,954.94	13,172.59
3 Disposals/Transfers	-	-	(3.91)	-	-	-	-	(33.38)	-	(37.29)	(12,732.62)
4 Closing Gross Carrying Amount as at March 31, 2025 (1+2+3)	**421.30**	**15,660.21**	**54,984.08**	**2,485.21**	**319.99**	**282.89**	**154.03**	**821.28**	**178.65**	**75,307.64**	**3,467.14**
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	2,716.99	15,134.86	212.80	195.45	135.99	109.45	332.12	133.43	18,971.09	-
6 Depreciation Charge during the Year	-	463.50	2,579.10	117.56	32.15	19.67	6.71	50.77	16.05	3,285.51	-
7 Disposals	-	-	(2.99)	-	-	-	-	(30.76)	-	(33.75)	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2025 (5+6+7)	**-**	**3,180.49**	**17,710.97**	**330.36**	**227.60**	**155.66**	**116.16**	**352.13**	**149.48**	**22,222.85**	**-**
c Net Carrying Amount as at March 31, 2025 (4-8)	**421.30**	**12,479.72**	**37,273.11**	**2,154.85**	**92.39**	**127.23**	**37.87**	**469.15**	**29.17**	**53,084.79**	**3,467.14**
II Year Ended March 31, 2026											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	15,660.21	54,984.08	2,485.21	319.99	282.89	154.03	821.28	178.65	75,307.64	3,467.14
2 Additions	97.40	870.06	2,793.23	23.94	41.86	80.97	8.11	8.96	-	3,924.53	12,621.57
3 Disposals/Transfers	-	-	-	-	-	-	-	-	-	-	(3,924.54)
4 Closing Gross Carrying Amount as at March 31, 2026 (1+2+3)	**518.70**	**16,530.27**	**57,777.31**	**2,509.15**	**361.85**	**363.86**	**162.14**	**830.24**	**178.65**	**79,232.17**	**12,164.17**
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	3,180.49	17,710.97	330.36	227.60	155.66	116.16	352.13	149.48	22,222.85	-
6 Depreciation Charge during the Year	-	535.94	3,090.07	123.81	44.75	21.82	5.35	61.40	4.51	3,887.65	-
7 Disposals	-	-	-	-	-	-	-	-	-	-	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2026 (5+6+7)	**-**	**3,716.43**	**20,801.04**	**454.17**	**272.35**	**177.48**	**121.51**	**413.53**	**153.99**	**26,110.50**	**-**
c Net Carrying Amount as at March 31, 2026 (4-8)	**518.70**	**12,813.84**	**36,976.27**	**2,054.98**	**89.50**	**186.38**	**40.63**	**416.71**	**24.66**	**53,121.67**	**12,164.17**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4. Property, Plant and Equipment (Contd..)

4.1 Property, Plant and Equipment includes relating to Research and Development activities (Refer Note. 40).

4.2 The title deeds of all immovable properties are held in the name of the Company.The Company has not revalued its property,plant and equipment during the year or in the previous year.

4.3 Refer note 48 for disclosure of contractual commitments for the acquisition of property, plant and equipment for an amount of ₹4,410.14 lakhs (31st March 2025 ₹ 1,045.29 lakhs)

4.4 Refer note 39 for information on Property, Plant and Equipment pledged as security by the Company

4.5 Capital work-in-progress (CWIP) ageing Schedule :

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
For the year ended March 31, 2026					
Projects in progress	10,684.64		-	1,479.53	12,164.17
Projects temporarily suspended	-	-	-	-	-

The amount of ₹ 1479.53 lakhs disclosed under the “More than 3 years” category represents the cost incurred towards the purchase of the building at Jubilee Hills.

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
For the year ended March 31, 2025					
Projects in progress	1,952.61	-	1,479.53	35.00	3,467.14
Projects temporarily suspended	-	-	-	-	-

The amount of ₹35.00 Lakhs shown above under ‘more than 3 years’ category is the cost incurred towards purchase of software and the same was not yet installed.

5. Intangible Assets

Particulars	Computer Software	Patents	Total
(1)	(2)	(3)	(4)
I Year Ended March 31,2025			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2024	110.99	519.15	630.14
2 Additions	39.25	14.99	54.24
3 Closing Gross Carrying Amount as at March 31, 2025 (1+2)	**150.24**	**534.14**	**684.38**
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2024	72.02	292.17	364.19
5 Amortisation Charge during the year	12.15	95.08	107.23
6 Closing Accumulated Amortisation and Impairment as at March 31, 2025 (4+5)	**84.17**	**387.25**	**471.42**
c Closing Net Carrying Amount as at March 31, 2025 (3-6)	**66.07**	**146.89**	**212.96**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

5. Intangible Assets (Contd..)

Particulars	Computer Software	Patents	Total
(1)	(2)	(3)	(4)
II Year Ended March 31,2026			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2025	150.24	534.14	684.38
2 Additions	71.82	99.10	170.92
3 Closing Gross Carrying Amount as at March 31, 2026 (1+2)	**222.06**	**633.24**	**855.30**
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2025	84.17	387.25	471.42
5 Amortisation Charge during the year	16.00	88.28	104.28
6 Closing Accumulated Amortisation and Impairment as at March 31,2026 (4+5)	**100.17**	**475.53**	**575.70**
c Closing Net Carrying Amount as at March 31,2026 (3-6)	**121.89**	**157.71**	**279.60**

6. Non-Current Investments

Particulars	As at 31.03.2026		As at 31.03.2025	
	No. of Shares	Amount	No. of Shares	Amount
(Unquoted)				
(i) Investment in Associates - Carrying amount under the equity method				
Equity Shares of ₹10/- each fully paid up of M/s. VKT Pharma Private Limited	38,50,165	2,618.54	38,50,165	1,158.11
(ii) Investment in LLP Provenio Astral International LLP	4.90%	9.80	4.90%	9.80
Total		**2,628.34**		**1,167.91**
Aggregate amount of unquoted investments		2,628.34		1,167.91
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of impairment in the value of investment		-		-

6.1 As at March 31, 2026, the Company holds 34.83% of the total paid-up equity share capital of the said Associate Company (March 31, 2025: 34.83%).

7. Bank Balances

Particulars	As at 31.03.2026	As at 31.03.2025
Margin Money Deposits	396.32	294.52
Total	**396.32**	**294.52**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

7. Bank Balances (Contd..)

7.1 Margin money deposits with a maturity of more than one year are subject to first charge in favour of banks against bank guarantees and/or letters of credit.

8. Other Non-Current Financial Assets

Particulars	As at 31.03.2026	As at 31.03.2025
Security Deposits	723.48	694.78
Total	**723.48**	**694.78**

9. Other Non-Current Assets

Particulars	As at 31.03.2026	As at 31.03.2025
Capital Advances	3,129.24	899.23
Total	**3,129.24**	**899.23**

9.1 Capital Advances includes an amount of ₹20.23 lakhs (March 31, 2025 ₹81.64 Lakhs) paid to M/s Raghavendra Engineering Industries India Pvt Ltd who is a related party (Refer note. 45)

9.2 An amount of ₹304.91 lakhs was included in the Capital Advances paid on account of land admeasuring AC 23.00 in JNPC, Parwada, Visakhapatnam District, and the amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacity respectively. Due to the cancellation of part of land allotted to the company in earlier, the company has filed a Writ Petition before the Hon'ble High Court and the Court has granted stay which is pending.

10. Inventories

(Cost or Net Realisable Value, whichever is lower and as valued and certified by the management)

Particulars	As at 31.03.2026	As at 31.03.2025
Raw Materials	11,066.01	7,294.16
Packing Materials	102.14	75.67
Stock-in-Process	14,375.10	12,612.76
Finished Goods	8,944.25	8,397.12
Stores & Spares, Coal and Fuel	633.14	93.21
Total	**35,120.64**	**28,472.92**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

11. Trade Receivables

Particulars	As at 31.03.2026	As at 31.03.2025
Current - Unsecured		
(i) Considered Good	18,513.52	17,304.81
(ii) Receivable from related parties (Refer note 45)	3,073.10	3,018.55
(iii) Credit Impaired	16.40	10.49
	21,603.02	**20,333.85**
Less: Allowance for Credit Impaired	16.40	10.49
Total	**21,586.62**	**20,323.36**

a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person

b) Of the trade receivables balance, ₹ 6,859.17 in aggregate (as at March 31, 2025, ₹9,206.34) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance.

c) The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking estimates. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates used in the provision matrix.

Movement in the expected credit loss allowance

Particulars	As at 31.03.2026	As at 31.03.2025
Balance at the beginning of the year	16.40	10.49
Movement in expected credit loss allowance on trade receivables	-	
Balance at the end of the year	**16.40**	**10.49**

Trade Receivables ageing Schedule for the year ended March 31, 2026

Particulars	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) Undisputed Trade Receivables - Considered Good	16,210.16	5,137.32	173.77	65.36	-	-	21.586.62
ii) Undisputed Trade Receivables - Which have significant Increase in Credit Risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit Impaired	-	-	16.40	-	-	-	16.40
iv) Disputed Trade Receivables	-	-	-	-	-	-	-
	16,210.16	**5,137.32**	**190.17**	**65.36**	**-**	**-**	**21,603.02**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

11. Trade Receivables (Contd..)

Trade Receivables ageing Schedule for the year ended March 31, 2025

Particulars	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) Undisputed Trade Receivables - Considered Good	15,798.77	4,278.65	245.95	-	-	-	20.323.37
ii) Undisputed Trade Receivables - Which have significant Increase in Credit Risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	9.09	1.40	-	10.49
iv) Disputed Trade Receivables	-	-	-	-	-	-	-
	15,798.77	**4,278.65**	**245.95**	**9.09**	**1.40**	**-**	**20,333.86**

12. Cash and Cash Equivalents

Particulars	As at 31.03.2026	As at 31.03.2025
(i) Balances with Banks		
- in Current Accounts	3,785.69	3,894.61
- in EEFC account	791.12	229.55
(ii) Cash on Hand	10.89	15.75
Total	**4,587.70**	**4,139.91**

13. Bank Balances Other than Cash and Cash Equivalents

Particulars	As at 31.03.2026	As at 31.03.2025
Unclaimed Dividend	10.23	9.56
Deposit with Banks*	9.55	9.14
Total	**19.78**	**18.70**

*Balances in term deposit accounts with a remaining maturity period of more than one year

14. Other Current Financial Assets

Particulars	As at 31.03.2026	As at 31.03.2025
(unsecured, considered good)		
Export Incentive Receivable	66.62	16.47
GST Refund Receivable	238.44	914.91
Interest Receivable	39.75	57.88
Total	**344.81**	**989.26**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

15 Other Current Assets

Particulars	As at 31.03.2026	As at 31.03.2025
(unsecured, considered good)		
GST Credit Receivable	1,033.40	482.49
Prepaid Expenses	544.29	705.20
Advances to Suppliers	434.79	195.39
Export Incentives Receivable against RODTEP*	79.74	65.00
Other Advances and Receivables	49.33	15.86
Total	**2,141.55**	**1,463.94**

* Remission of Duties and Taxes on Exported Products

16. Current Tax Assets (Net)

Current Tax Assets/(Liabilities)

Particulars	As at 31.03.2026	As at 31.03.2025
Advance Income Tax	2,453.46	1,983.34
TDS Receivable	82.53	65.98
TCS Receivable	0.52	2.73
Less: Provision for Income Tax*	2,598.00	2,013.34
Total	**(61.49)**	**38.71**

* Provision for income tax includes previous years adjustments

17. Equity Share Capital

Particulars	As at 31.03.2026		As at 31.03.2025	
	Number of Shares	Amount	Number of Shares	Amount
Authorised Share Capital				
Equity Shares of ₹ 1/- each	12,00,00,000	1,200.00	12,00,00,000	1,200.00
Issued, Subscribed and Fully Paid Up				
Equity Shares of ₹ 1/- each	8,86,52,030	886.52	8,46,52,030	846.52
Additions				
Issued Equity Shares of ₹ 1/- each	50,00,000	50.00	40,00,000	40.00
Total	**9,36,52,030**	**936.52**	**8,86,52,030**	**886.52**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

17. Equity Share Capital (Contd..)

17.1 Reconciliation of Number of Equity Shares outstanding at the Beginning and at the End of the Year

Particulars	As at 31.03.2026		As at 31.03.2025	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the Beginning of the Year	8,86,52,030	886.52	8,46,52,030	846.52
Add: Issued/(Reduced) during the Year *	50,00,000	50.00	40,00,000	40.00
At the End of the Year	**9,36,52,030**	**936.52**	**8,86,52,030**	**886.52**

* During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of ₹ 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

* During the financial year 2025-26, the Company has converted 50,00,000 share warrants into 50,00,000 equity shares of ₹ 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

17.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of ₹ 1 per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

17.3 Details of Shareholders holding more than 5% shares in the Company

Particulars	As at 31.03.2026		As at 31.03.2025	
	Number of shares	% holding	Number of shares	% holding
Sri. Ramesh Babu Potluri	1,81,53,060	19.38%	1,81,53,060	20.48%
Smt. Hima Bindu Potluri	1,50,08,840	16.03%	1,50,08,840	16.93%
Sri. Vamsi Krishna Potluri	1,58,28,370	16.90%	1,33,28,370	15.03%
M/s. Potluri Infra Projects LLP	88,46,420	9.45%	88,46,420	9.98%
Sri. Trilok Potluri	46,88,000	5.01%	21,88,000	2.47%

17.4 Details of shares held by the promoters of the Company:

Equity Shares held by promoters as at March 31, 2026 and March 31, 2025

Promoter Name	As at 31.03.2026			As at 31.03.2025		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Sri. Ramesh Babu Potluri[#]	1,81,53,060	19.38%	-	1,81,53,060	20.48%	15.97%
Smt. Hima Bindu Potluri	1,50,08,840	16.03%	-	1,50,08,840	16.93%	-
Sri. Vamsi Krishna Potluri[*]	1,58,28,370	16.90%	18.76%	1,33,28,370	15.03%	-
M/s. Potluri Infra Projects LLP[#]	88,46,420	9.45%	-	88,46,420	9.98%	20.42%
Sri. Trilok Potluri[*]	46,88,000	5.01%	114.26%	21,88,000	2.47%	-
M/s. Potluri Laboratories Private Limited	11,20,320	1.20%	-	11,20,320	1.26%	-
M/s. TVT Infracon LLP	1,00,000	0.11%	-	1,00,000	0.11%	-

*During the financial year 2025-26, the Company has converted 50,00,000 share warrants into 50,00,000 equity shares of ₹ 1 each, issued at a premium of ₹126 per share, and allotted the same to Sri. P.Vamsi Krishna 25,00,000 and Sri. P.Trilok 25,00,000 promoters of the Company.

[#] During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of ₹ 1 each,issued at a premium of ₹ 126 per share, and allotted the same to Sri Ramesh Babu Potluri 25,00,000 and M/s Potluri Infra Project LLP 15,00,000 promoters of the Company.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

17. Equity Share Capital (Contd..)

17.5 Dividends Paid and proposed

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2023-24:₹0.40 per Share	-	338.61
Final dividend for the financial year 2024-25:₹0.40 per Share	354.61	-
Total	**354.61**	**338.61**
Proposed dividends on equity shares:		
Dividend for the FY 2024-25 ₹0.40 per Share	-	354.61
Dividend for the FY 2025-26 ₹0.40 per Share*	374.61	-
Total	**374.61**	**354.61**

*The Board of Directors of the Company in their meeting held on May 22, 2026 has recommended the dividend for distribution to equity shareholders of ₹ 0.40 per each equity share (face value ₹1/-) for the financial year 2025-26.

Proposed dividend on equity shares are subject to approval at the Annual General Meeting, hence, the company has not recognised it as a liability as at March 31, 2026.

18. Other Equity

Particulars	As at 31.03.2026	As at 31.03.2025
Reserves and Surplus		
Securities Premium	18,321.84	12,021.84
Capital Redemption Reserve	155.00	155.00
Money Received against Share Warrants	-	1,587.50
Retained Earnings	46,863.24	38,009.29
General Reserve	12,304.28	11,304.28
Total	**77,644.36**	**63,077.91**

18.1 Securities Premium Reserve

Particulars	As at 31.03.2026	As at 31.03.2025
Opening Balance	12,021.84	6,981.84
Additions		
Security premium 50,00,000 Shares of ₹ 126/- each	6,300.00	5,040.00
Closing Balance	**18,321.84**	**12,021.84**

During the financial year 2025-26, the Company has converted 50,00,000 share warrants into 50,00,000 equity shares of ₹ 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18. Other Equity (Contd..)

18.2 Capital Redemption Reserve

Particulars	As at 31.03.2026	As at 31.03.2025
Opening Balance	155.00	155.00
Adjustments		
Closing Balance	**155.00**	**155.00**

18.3 Money Received against Share Warrants

Particulars	As at 31.03.2026	As at 31.03.2025
Opening Balance	1,587.50	2,857.50
Add: Money received during the Current year	4,762.50	3,810.00
Less: Converted into shares during the current year	6,350.00	5,080.00
Closing Balance	**-**	**1,587.50**

18.4 Retained Earnings

Particulars	As at 31.03.2026	As at 31.03.2025
(a) Opening Balance	38,009.29	32,487.75
(b) Net Profit for the Year	8,799.79	6,739.82
(c) Transferred to General Reserve	(1,000.00)	(1,000.00)
(d) Dividends (Including Tax)	(354.61)	(338.61)
(e) Issue expenses on Share Warrants	(0.42)	(0.97)
(f) Share of Profit/(Loss) in Associates	1,399.12	173.68
(g) Non -Controlling Interests	0.01	0.06
(h) Items of Other Comprehensive Income		
Remeasurement Gain/(Loss) of the defined benefit plans	10.06	(52.44)
Closing Balance	**46,863.24**	**38,009.29**

18.5 General Reserve

Particulars	As at 31.03.2026	As at 31.03.2025
Opening Balance	11,304.28	10,304.28
Transferred from Statement of Profit & Loss	1,000.00	1,000.00
Closing Balance	**12,304.28**	**11,304.28**

18.6 Nature and Purpose of Reserves

(a) Securities Premium Reserve:

Securities Premium Reserve is to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act 2013.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18. Other Equity (Contd..)

(b) Capital Redemption Reserve:

The Company has recognized Capital Redemption reserve on buy back of equity shares. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilized in accordance with Section 69 of the Companies Act,2013.

(c) Retained Earnings:

These are the accummulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act.

(d) General Reserve:

General Reserves represent amounts transferred from retained earnings in earlier years under the provisions of the erstwhile Companies Act, 1956.Mandatory transfer to general reserve is not required under the Companies Act,2013.

(e) Re-measurement Gain/(loss) of defined benefit obligations

These are the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the company.

The re-measurement gains/(losses) are recognised in other comprehensive income and are not reclassified to profit or loss.

18.7 Share Warrants

During the year ended March 31,2024, the Board of Directors of the Company at their meeting held on February 08, 2024 approved for raising of funds through issue of Convertible Equity Share Warrants to the Promoters/Promoters Group by way of issuance upto 90,00,000 warrants convertible in one or more tranches to equity shares of ₹ 1/-each of the Company at an issue price of ₹ 127/-(including premium of ₹ 126/-)for each Warrant,aggregating to 11,430.00 Lakhs by way of preferential issue, which was subsequently approved by the members through special resolution in the Extra-Ordinary General Meeting dated March 06,2024.

The Securities Allotment Committee of the Board of Directors of the Company, at its meeting held on March 19, 2024, allotted 90,00,000 Convertible Warrants at an issue price of ₹ 127/- per warrant, convertible into equivalent equity shares within a period of 18 months from the date of allotment.

During the financial year 2023–24, the Company received ₹ 2,857.50 lakhs, being 25% of the total consideration payable towards subscription of the aforesaid warrants.

During the financial year 2024–25, the Company received ₹ 3,810.00 lakhs towards the balance 75% subscription amount in respect of 40,00,000 warrants, which were duly converted into equity shares and allotted to the Promoters/Promoter Group.

During the financial year 2025–26, the Company received ₹ 4762.50 lakhs towards the balance 75% subscription amount in respect of 50,00,000 warrants, which were duly converted into equity shares and allotted to the Promoters/Promoter Group. With this total 90,00,000 warrants were converted in to equity shares. Pursuant to this conversion, the paid-up equity share capital of the Company has increased to ₹9,36,52,030 comprising 9,36,52,030 equity shares of ₹1/- each, as at March 31, 2026.

Particulars	As at 31.03.2026	As at 31.03.2025
Non -Controlling Interests	0.01	0.07
Profit or (Loss) for the year Attributable to	(0.00)	(0.06)
	0.01	**0.01**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Non Current Borrowings - Financial Liabilities

19.1 (a) Secured

Particulars	As at 31.03.2026	As at 31.03.2025
Term Loans from Banks		
(a) IDBI Bank Ltd Loan-2	967.55	1,613.98
(b) Export Import Bank of India Loan RTL	-	613.78
(c) State Bank of India	-	467.66
(d) IDBI Bank Limited-WCTL GECL -2	98.00	245.60
(e) Export-Import Bank of India -GECL	368.74	770.99
(f) State Bank of India- WCTL GECL	451.20	1,031.28
(g) Export-Import Bank of India RTL	8,590.51	9,073.13
(h) Export Import Bank of India Loan RTL	3,408.49	-
(i) AXIS Loan Against Property	3,159.52	-
Sub Total	**17,044.01**	**13,816.42**

19.2 Unsecured (Refer Note.19.2.1)

Particulars	As at 31.03.2026	As at 31.03.2025
DSIR Assistance	120.00	120.00
Total	**17,164.01**	**13,936.42**

19.3 Current Maturities of Non Current Borrowings

Secured

Particulars	As at 31.03.2026	As at 31.03.2025
Term Loans from Banks		
(a) IDBI Bank Ltd Loan-2	650.00	450.00
(b) Export Import Bank of India Loan RTL	618.42	1,287.00
(c) State Bank of India	473.22	990.00
(d) RBL Bank Limited -WCTL GECL	-	282.50
(e) IDBI Bank Limited- WCTL GECL -1	-	269.80
(f) IDBI Bank Limited-WCTL GECL -2	147.60	147.60
(g) Export-Import Bank of India -GECL	402.24	402.24
(h) State Bank of India- WCTL GECL	580.08	580.08
(i) Export-Import Bank of India RTL	1,125.00	250.00
(j) AXIS Loan Against Property	253.79	-
Total	**4,250.35**	**4,659.22**
Amount disclosed under the head "Current Borrowings"	(4,250.35)	(4,659.22)
Total	**-**	**-**

19.1.1 Security Terms

(a) Term Loans availed from IDBI Bank Limited (IDBI Bank), State Bank of India (SBI) and Export-Import Bank of India (Exim Bank) are secured by first charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis. They are further secured by second charge on current assets both present and future on pari-passu basis. These facilities are guaranteed by Sri Ramesh Babu Potluri, Chairman & Managing Director and Sri Vamsi Krishna Potluri, Executive Director of the Company in their personal capacities

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Non Current Borrowings - Financial Liabilities (Contd..)

(b) Long Term Working Capital Term Loans (LTWCTL) availed from Exim Bank are secured by first charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis. Further secured by second charge on current assets of the Company both present and future on pari-passu basis. These facilities are guaranteed by Sri Ramesh Babu Potluri, Chairman & Managing Director of the Company in his personal capacity

(c) Working Capital Term Loans (WCTL) under Guaranteed Emergency Credit Line (GECL) availed from IDBI Bank, RBL Bank Limited (RBL Bank), Exim Bank and SBI are secured by second charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis . Further secured by second charge on current assets of the Company both present and future on pari-passu basis. These facilities are covered under GECL operated by National Credit Guarantee Trustee Company Limited (NCTC).

(d) The Loan Against Property availed from Axis Bank Limited is secured by a mortgage over the property situated at the 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Ranga Reddy District, Hyderabad – 500084, Telangana, India

(e) Refer note 39 for the carrying amounts of financial and non-financial assets pledged as security for current and non -current borrowings

19.1.2 Rate of Interest :

Name of the Bank	Rate of Interest Current Year
Term Loans	
State Bank of India (Converted FCNB with fully hedged)	5.73%
IDBI Bank Limited (Converted FCNB with fully hedged)	8.40%
Export Import Bank of India (Exim MCLR + 0.50% p.a)	7.80%
Export Import Bank of India (Exim MCLR + 0.70% p.a)	8.00%
AXIS Loan Against Property	7.70%
Long Term Working Capital Loan	
Export Import Bank of India Loan WCTL (LTMLR Minus 50 Basis points p.a)	8.15%
RBL Bank Limited (GECL) (1M MCLR)	9.00%
IDBI Bank Limited (GECL1) (MCLR+0.15% p.a.)	7.95%
IDBI Bank Limited (GECL2) (MCLR+0.15% p.a.)	7.75%
State Bank of India GECL (MCLR-6M+0.70% p.a.)	8.95%
Export-Import Bank of India -GECL (LTMLR Minus 40 basis points p.a.)	8.00%

19.1.3 Terms of Repayment

(a) The loan availed from IDBI Bank amounting to ₹2500 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 20 Structured Quarterly Installments commencing from July, 2023, as mentioned below.

First 4 Quarters	₹ 50 Lakhs each
Next 4 Quarters	₹ 75 Lakhs each
Next 4 Quarters	₹ 125 Lakhs each
Next 4 Quarters	₹ 175 Lakhs each
Next 4 Quarters	₹ 200 Lakhs each

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Non Current Borrowings - Financial Liabilities (Contd..)

(b) The Long Term Loan availed from Exim Bank amounting ₹ 1,8000 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 structured quarterly installments commencing from 1st April,2028, as mentioned below:

First 8 Quarters	₹ 450 Lakhs each
Next 4 Quarters	₹ 675 Lakhs each
Next 8 Quarters	₹ 900 Lakhs each
Next 4 Quarters	₹ 1,125 Lakhs each

(c) The loan availed from Exim Bank amounting to ₹6,500 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 Structured Quarterly Installments commencing from January, 2021, as mentioned below.

First 9 Quarters	₹ 188.50 Lakhs each
Next 14 Quarters	₹ 321.75 Lakhs each
Last 1 Quarter	₹ 299.00 Lakhs each

(d) The loan availed from State Bank of India amounting to ₹5,000 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 Structured Quarterly Installments commencing from January, 2021, as mentioned below.

First 9 Quarters	₹ 145.00 Lakhs each
Next 14 Quarters	₹ 247.50 Lakhs each
Last 1 Quarter	₹ 230.00 Lakhs each

(e) The WCTL under GECL availed from IDBI Bank amounting ₹1,180 lakhs is to be repaid in 47 monthly equal principal repayment of ₹24.60 Lakhs and 48th monthly instalment of ₹23.80 lakhs after moratorium period of one year i.e. March 2022 onwards.

(f) The WCTL under GECL2 availed from IDBI Bank amounting ₹590 lakhs is to be repaid in 47 monthly equal principal repayment of ₹12.30 Lakhs and 48th monthly instalment of ₹11.90 lakhs after moratorium period of two years i.e. December 2023 onwards.

(g) The WCTL under GECL availed from RBL Bank amounting ₹1,130 lakhs is to be repaid in 47 monthly equal principal repayment of ₹23.54 Lakhs and 48th monthly instalment of ₹23.62 lakhs after moratorium period of one year i.e. April 2022 onwards.

(h) The WCTL under GECL availed from SBI amounting ₹2320 lakhs is to be repaid in 48 equal monthly installments commencing after a moratorium of 2 years from the date of first disbursement i.e. March 2024.

(i) The WCTL under GECL availed from Exim Bank amounting ₹1609 lakhs is to be repaid in 48 equal monthly installments commencing after a moratorium of 2 years from the date of first disbursement i.e. April 2024.

(j) The loan availed from Export-Import Bank of India amounting to ₹10,000 Lakhs for funding the Expansion project of kandivalasa unit.The loan is repayable in 20 Structured Quarterly installments Commencing from March, 2026, as mentioned below.

First 4 Quarters	₹ 250.00 Lakhs each
Next 4 Quarters	₹ 375.00 Lakhs each
Next 12 Quarters	₹ 625.00 Lakhs each

(K) The Loan Against Property availed from Axis Bank Limited amounting to ₹ 3,500 Lakhs for funding the purchase of Corporate Office Building situated at 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Hyderabad-500084, Rangareddy Dist., Telangana, India, is repayable in 120 monthly installments commencing from December 2025 on a diminishing balance method basis, the detailed repayment as under;

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Non Current Borrowings - Financial Liabilities (Contd..)

Year	Amount in lakhs
2025-26	80.85
2026-27	253.79
2027-28	273.42
2028-29	295.85
2029-30	319.45
2030-31	344.93
2031-32	372.11
2032-33	402.13
2033-34	434.21
2034-35	468.85
2035-36	254.39
Total	**3,499.98**

19.1.4 The Company has used the borrowings for the purposes for which it was taken.

19.1.5 The quarterly returns of current assets filed by the Company with banks are in agreement with books of account.

19.2.1 Financial Assistance received from Department of Scientific and Industrial Research (DSIR) of ₹ 120.00 Lakhs (previous year ₹ 120.00 Lakhs) sanctioned under PATSER Scheme of Technology Promotion Development and Utilization (TPDU) Programme for development of catalysts or Fine Chemicals apart from Active Pharmaceutical Ingredients (API's), and their intermediates viz. Metal Acetylacetonates, Diltiazem Hydrochloride and Taxol C-13 Side Chain. The Company has executed agreements with DSIR, NRDC, IICT Hyderabad, IICT Guwahati under the said programme.

As per the terms of agreement entered with DSIR, 1.3 times of the above amount is payable in 5 equal annual installments after commencement of commercial operations of the product(s) developed under PATSER scheme. The Company has not yet commenced the commercial operations of the said products

However, NRDC has filed an application before the Hon'ble High Court of Delhi at New Delhi seeking the appointment of an Arbitral Tribunal. Pursuant to the said application, the Hon'ble Court has referred the disputes to the Delhi International Arbitration Centre (DIAC), and the arbitration proceedings are currently under process.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20. Provisions

Particulars	As at 31.03.2026	As at 31.03.2025
Provision for Employee Benefit Obligations		
(a) Non Current		
Gratuity	-	25.73
Leave Encashment	119.86	94.92
Sub Total	**119.86**	**120.65**
(b) Current		
Gratuity	49.35	69.73
Leave Encashment	43.11	41.07
Sub Total	**92.46**	**110.80**
(c) Total		
Gratuity	49.35	95.46
Leave Encashment	162.97	135.99
Grand Total	**212.32**	**231.45**

20.1 For details of Post Employment Benefits. Refer Note 38.

21. Deferred Tax Liabilities (net)

The Balance Comprises Temporary Differences Attributable to:

Particulars	As at 31.03.2026	As at 31.03.2025
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	5,201.94	4,904.18
(ii) Others	13.46	17.54
Total	**5,215.40**	**4,921.72**
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	53.44	58.25
(ii) Others	80.43	53.71
Total	**133.87**	**111.96**
Net Deferred Tax Liabilities (a) - (b)	**5,081.53**	**4,809.76**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at March 31, 2024	**4,502.39**	**33.65**	**4,536.04**
Charged/(Credited)	401.79	(16.11)	385.68
As at March 31, 2025	**4,904.18**	**17.54**	**4,921.72**
Charged/(Credited)	297.76	(4.08)	293.69
As at March 31, 2026	**5,201.94**	**13.46**	**5,215.41**

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on payment basis	Other Items	Total
As at March 31, 2024	**61.19**	**194.96**	**256.15**
Charged/(Credited)	(2.94)	(141.25)	(144.19)
As at March 31, 2025	**58.25**	**53.71**	**111.96**
Charged/(Credited)	(4.81)	26.72	21.90
As at March 31, 2026	**53.44**	**80.43**	**133.86**

22. Current Borrowings

Particulars	As at 31.03.2026	As at 31.03.2025
Secured		
Working Capital Loans from Banks		
- State Bank of India	7,050.25	6,173.60
- RBL Bank Ltd	2,000.00	895.41
- IDBI Bank Ltd	6,040.19	5,410.92
Total	**15,090.44**	**12,479.93**
Current Maturities of Long-Term Debt (Refer Note 19.3)	4,250.35	4,659.22
Total	**19,340.79**	**17,139.15**

22.1 Security Terms

(a) Working Capital Facilities sanctioned by State Bank of India, IDBI Bank Limited and RBL Bank Limited are secured by first charge on all current assets of the Company both present and future on pari-passu basis. These facilities are further secured by second charge on all movable and immovable fixed assets of the Company both present and future on pari-passu basis and also guaranteed by Sri Ramesh Babu Potluri, Chairman and Managing Director and Sri Vamsi Krishna Potluri, Executive Director of the Company, in their personal capacities

(b) Refer note 39 for the carrying amounts of financial and non-financial assets pledged as security for current and noncurrent borrowings.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

22.2 Rate of Interest is as follows:

Name of the Bank	Rate of Interest
State Bank of India	
Cash Credit	8.75%
Export Packing Credit	6.56%
Export Packing Credit (T Bill linked)	6.56%
Stand by Loan	6.56%
RBL Bank Limited	
Cash Credit	7.00%
WCDL	7.00%
Export Packing Credit	8.90%
IDBI Bank Limited	
Cash Credit	9.00%
Export Packing Credit	6.50%
WCDL	8.30%

22.3 Terms of Repayment: The above working capital facilities are available for one year and will be renewed thereafter. All working capital facilities are repayable on demand

22.4 The outstandings of all working capital facilities are well within the sanctioned limits.

22.5 The Company has used the borrowings for the purposes for which it was taken.

22.6 The quarterly returns of current assets filed by the Company with banks are in agreement with books of account

23. Trade Payables

Particulars	As at 31.03.2026	As at 31.03.2025
(a) Creditor for Supply of Materials	-	-
(i) Due to Micro and Small Enterprises	24.67	9.64
(ii) Due to Related Parties	490.50	843.82
(iii) Others	11,528.19	10,538.22
(b) Creditors for Expenses		
Total	**12,043.36**	**11,391.68**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

23. Trade Payables (Contd..)

Terms and conditions of the above financial liabilities:

For explanations on the company's credit risk management processes, refer note no.43

23.1 Trade Payables includes an amount of ₹ 316.80 lakhs (March 31, 2025 ₹ 622.91 lakhs) payable to Haleos Labs Limited (formerly known as SMS Lifesciences India Limited), ₹ 92.49 lakhs (March 31, 2025 ₹ 18.29 lakhs) payable to Eshwar Coal Movers, ₹ 1.96 lakhs (March 31, 2025 ₹ 202.61 Lakhs) payable to Raghavendra Engineering Industries India Pvt Ltd ₹ 80.18 lakhs (March 31, 2025 ₹ Nil Lakhs) payable to Four'S' Engineering Works who are related parties (Refer Note 45).

23.2 Trade Payables ageing schedule for the year ended March 31, 2026

Particulars	Outstanding from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	24.67	-		-	-	24.67
ii) Others	7,576.12	4,138.17	304.40	-	-	12,018.69
iii) Disputed dues - MSME & others		-		-	-	-
Total	**7,600.79**	**4,138.17**	**304.40**	**-**	**-**	**12,043.36**

Trade Payables ageing schedule for the year ended March 31, 2025

Particulars	Outstanding from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	9.64	-	-	-	-	9.64
ii) Others	6,803.50	4,578.54	-	-	-	11,382.04
iii) Disputed dues - MSME & others	-	-	-	-	-	-
Total	**6,813.14**	**4,578.54**	**-**	**-**	**-**	**11,391.68**

24. Other Financial Liabilities

Particulars	As at 31.03.2026	As at 31.03.2025
Current		
Creditors for Expenses	521.86	524.13
Capital Creditors	1,570.39	1,833.75
Employee Related Payables	1,046.58	914.98
Interest Accrued but not due	27.49	54.30
Unclaimed Dividend	10.23	9.56
Total	**3,176.55**	**3,336.72**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

25. Other Current Liabilities

Particulars	As at 31.03.2026	As at 31.03.2025
Statutory dues Payable	495.80	410.34
Advance from Customers	87.18	48.17
Total	**582.98**	**458.51**

26. Revenue from Operations

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Sale of Products		
Gross Sales (Including GST)	94,989.68	82,392.24
Less: Goods and Service Tax	8,346.39	5,201.10
Net Revenue from Sales	**86,643.29**	**77,191.14**
(b) Income from Services		
(i) Conversion Charges	790.60	318.21
Less: Goods and Service Tax	103.75	36.77
Net Conversion Charges	**686.85**	**281.44**
(ii) Sale of Services	1,008.61	497.39
Less: Goods and Service Tax	15.57	42.57
Net Revenue from Sale of Services	**993.04**	**454.82**
Net Revenue from Services	**1,679.89**	**736.26**
(c) Other Operating Income		
Export Incentives	363.92	347.41
Total Net Revenue from Operations (a+b+c)	**88,687.10**	**78,274.81**

Sales to related parties (Refer note 45)

a) Reconciliation of revenue as per contract price and as recognised in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue as per contracted price	91,903.08	79,459.15
Less: Sales Returns	3,215.98	1,184.34
Total Revenue from contracts with customers	**88,687.10**	**78,274.81**

b) The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Trade Receivables (Refer Note 11)	21,586.62	20,323.36
Contract Liabilities (Refer Note 25)	87.18	48.17

The contract liabilities primarily relate to the advance received from the customers.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

26. Revenue from Operations (Contd..)

c) Disaggregation of revenue:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Below is the disaggregation of the Company's revenue from contracts with customers.		
Revenue from operations - Domestic	29,088.44	23,994.00
Revenue from operations - Exports	59,598.66	54,280.81
(Exports includes Deemed Export, EOU ,SEZ and Export Incentive)		
Total	**88,687.10**	**78,274.81**
Timing of Revenue recognition		
Goods transferred as a point of time	87,694.06	77,819.99
Services transferred as a point of time	993.04	454.82
Total	**88,687.10**	**78,274.81**

27. Other Income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(i) Interest Income	61.86	68.69
(ii) Power Cost Incentive Received	176.60	-
(iii) Profit on Sale of Assets	-	3.33
(iv) Net Gain on Foreign Exchange Fluctuations	559.95	507.80
(v) Miscellaneous Income (Net of GST)	36.97	42.62
Total	**835.38**	**622.44**

27.1 Miscellaneous Income includes Rent received from related parties of ₹35.62 lakhs (Previous year ₹23.83 lakhs)

28. Cost of Materials Consumed

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Raw Material & Packing Material		
Stock at the Beginning of the Year	7,294.15	8,717.56
Add: Unrealised Profit in Associate Company Sales	(54.57)	97.46
Add: Purchases	55,470.21	48,130.77
Less: Stock at the End of the Year	11,066.00	7,294.16
Total Materials Consumed	**51,643.79**	**49,651.63**

Purchases from related parties (Refer note 45)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

29. Changes in Inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Opening Stock of Inventories:		
Finished Goods	8,397.12	5,481.89
Stock in Process	12,612.76	9,046.59
Sub Total (a)	**21,009.88**	**14,528.48**
(b) Closing Stock of Inventories:		
Finished Goods	8,944.25	8,397.12
Stock in Process	14,375.11	12,612.75
Sub Total (b)	**23,319.36**	**21,009.87**
(Increase)/Decrease in Stock (a-b)	**(2,309.48)**	**(6,481.39)**

30. Manufacturing Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Power and Fuel	6,273.05	5,654.83
Consumable Stores	592.22	672.25
Testing Charges	27.39	29.29
Water Charges	19.30	20.71
Conversion Charges	65.33	90.21
Repairs & Maintenance to Buildings	227.56	156.72
Repairs & Maintenance to Plant & Machinery	1,354.83	1,537.98
Factory Maintenance	209.06	222.18
Effluent Treatment Charges	301.48	250.87
Total	**9,070.22**	**8,635.04**

31. Employee Benefit Expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, Wages and Bonus	6,686.87	6,214.45
Contribution to Provident Fund	471.30	420.95
Contribution to ESI	28.65	26.73
Managerial remuneration	1,292.62	1,036.66
Staff Welfare Expenses	316.12	309.63
Total	**8,795.56**	**8,008.42**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

32. Finance Cost

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on Non Current Borrowings	1,468.08	1,049.52
Interest on Current Borrowings	716.28	682.57
Interest on Others	0.24	0.34
Interest on Lease Liability	-	11.05
Bank Charges	122.96	110.61
Total	**2,307.56**	**1,854.09**

33. Depreciation and Amortisation Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of Property, Plant and Equipment (Reefer Note. 4)	3,887.65	3,285.52
Amortisation of Right-of-use Assets	-	40.98
Amortisation of Intangible Assets (Refer Note. 5)	104.28	107.23
Total	**3,991.93**	**3,433.73**

34. Other Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
R&D Expenditure (Note No.40)	1,396.00	1,283.06
Packing Materials	630.87	535.61
Rent	119.23	41.72
Rates and Taxes	97.16	75.55
Insurance	531.47	414.69
Travelling and Conveyance	124.96	121.73
Communication Expenses	18.89	17.27
Printing and Stationery	84.03	94.72
Repairs & Maintenance to Other Assets	28.07	25.28
Vehicle Maintenance	41.88	42.34
Payments to Auditors (Note No.34.1)	16.60	16.25
Cost Audit Fee	1.00	1.00
Professional & Consultancy	196.53	140.63
General Expenses	182.55	152.11
Corporate Social Responsbility (Note No.34.2)	89.80	115.40
Provision for Doubtful Debts	5.91	-
Interest on Indirect Taxes	26.92	-
Loss on Sale of Assets	-	1.28
Business Promotion Expenses	270.07	235.20
Regulatory Fee	78.93	108.03
Carriage Outward	381.03	417.04
Sales Commission	37.24	723.07
Total	**4,359.14**	**4,561.98**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

34. Other Expenses (Contd..)

34.1 Details of Payments to Auditors

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Audit Fee	14.60	14.25
Certification Fee	2.00	2.00
Total Payments to Auditors	**16.60**	**16.25**

34.2 Corporate Social Responsibility Expenditure

As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is ₹ 110.13 Lakhs (March 31, 2025 ₹93.70 Lakhs).The nature of CSR activities undertaken by the company includes promoting education,health care ,rural development and other social welfare activities.The details of CSR expenditure is given below.

CSR Activities	for the year ended March 31,2026		
	In cash	yet to be paid in cash	Total
(i) Construction/Acquisition of any Asset	70.25	-	70.25
(ii) On Purposes other than (i) above	19.55	-	19.55
	89.80	**-**	**89.80**
	(115.40)	-	(115.40)

Amounts in bracket indicate previous year numbers

There is no shortfall at the end of March 31, 2026 in terms of amount required to be spent by the company as excess amount spent during the corresponding previous financial years ended March 31, 2025 and March 31, 2024

35. Income Tax Expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current Tax		
Current tax on profits for the year	2,598.00	1,990.00
Adjustments for current tax of prior periods	(4.70)	(25.94)
Total Current Tax	**2,593.30**	**1,964.06**
Deferred Tax		
Increase/(Decrease) in Deferred Tax Liabilities	293.69	385.68
Decrease/(Increase) in Deferred Tax Assets	(23.02)	144.19
Total Deferred Tax Expense/(Benefit)	**270.67**	**529.87**
Tax Expenses recognised in statement of Profit and Loss	**2,863.97**	**2,493.93**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

35. Income Tax Expense (Contd..)

35.1 Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Profit before Tax	11,663.76	9,233.75
(b) Enacted Tax Rate in India	25.168%	25.168%
(c) Expected Tax Expenses (a) x (b)	**2,935.54**	**2,323.95**
(d) Tax Effect of amounts which are not deductible/taxable in calculating taxable income:		
Expenses not deductible under Income Tax Act	24.10	83.00
Other Adjustments	(90.98)	112.92
Tax pertaining to earlier years	(4.69)	(25.94)
Total Adjustments	**(71.57)**	**169.98**
Total Tax Expense	**2,863.97**	**2,493.93**

36. Other Comprehensive Income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	11.03	(59.59)
Return on Plan Assets excluding net interest	(6.60)	(7.69)
Net Actuarial Gain/(Loss) on Post Employment Benefit Expenses	4.43	(67.28)
Deferred Taxes on above	(1.12)	16.93
Share of Other Comprehensive Income in Associates	9.12	(2.84)
Share of Income Tax effect on the above in Associates	(2.37)	0.74
Net Comprehensive Income	**10.06**	**(52.45)**

37. Earning Per Share (Basic and Diluted)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit attributable to equity shareholders (₹ Lakhs)	10,198.91	6913.50
Weighted average number of equity shares – Basic	91432852	8,47,06,825
Face Value per Share (₹)	1	1
Basic EPS (₹)	11.15	8.07
Diluted EPS (₹)	11.15	8.07

38. Post Employment Benefits

38.1 Defined Contribution plans

Particulars	March 31,2026	March 31,2025
Contribution to Provident Fund	520.75	464.92
Contribution to Employee state Insurance	30.82	28.21

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

38. Post Employment Benefits (Contd..)

38.2 Defined Benefit Plans and Leave Encashment

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has another obligation which is Compensated Absence Plan. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

The following table summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance Sheet for both the plans:

38.2.1 Net Employee Benefit Expense

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(recognised in Employee Benefit Expenses)				
Current Service Cost	83.85	56.59	63.40	42.45
Interest Cost	1.54	7.84	0.95	6.84
Past Service Cost- (non vested benefits)	3.34			
Past Service Cost -(vested benefits)	16.30	4.39		
Curtailment Effect				
Acturial Gain/(Loss) other than OCI	-	(24.82)	-	(22.06)
	105.03	**44.00**	**64.35**	**27.23**

38.2.2 Other Comprehensive Income

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Acturial Gain/(Loss) recognized for the period	11.03	-	(59.59)	-
Return on Plan Assets excluding net interest	(6.60)	-	(7.69)	-
Total Acturial (Gain)/Loss recognized in OCI	**4.43**	**-**	**(67.28)**	**-**

38.2.3 Amount recognised in the Balance Sheet

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation	805.36	162.98	736.15	135.99
Fair Value of Plan Assets	(756.02)	-	(640.68)	-
	49.34	**162.98**	**95.47**	**135.99**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

38. Post Employment Benefits (Contd..)

38.2.4 Change in the Present Value of Employee Benefit Obligations

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Defined Benefit Obligation	736.15	136.00	599.08	117.98
Current Service Cost	83.85	56.59	63.40	42.45
Interest Cost	47.62	7.84	39.55	6.84
Past Service Cost- (non vested benefits)	3.34	-	-	-
Past Service Cost -(vested benefits)	16.30	4.39	-	-
Contribution Paid			-	-
Benefits Paid	(70.87)	(17.01)	(25.47)	(9.21)
Net Acturial (gain)/ losses on Obligation for the year recognised under OCI	(11.03)	(24.82)	59.59	(22.06)
Closing Defined Benefit Obligation	**805.36**	**162.99**	**736.15**	**136.00**

38.2.5 Change in the Fair Value of Plan Assets

Particulars	March 31,2026		March 31,2025	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair Value of Plan Assets	640.69	-	498.02	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets Excluding Intererst Income	(6.60)	-	(7.69)	-
Interest Income	46.08	-	38.61	-
Contribution paid	146.72	17.01	137.22	9.21
Benefits Paid	(70.87)	(17.01)	(25.47)	(9.21)
Closing Fair Value of Plan Assets	**756.02**	**-**	**640.69**	**-**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31,2026	March 31,2025
Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

38.2.6 Acturial Assumptions:

Particulars	March 31,2026		March 31,2025	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate	7.67%	7.67%	6.97%	6.97%
Attrition Rate	2.00%	2.00%	2.00%	2.00%
Expected rate of increase in Salary	2.00%	2.00%	2.00%	2.00%
Mortality Table	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Expected average remaining working service	18.02 years	18.02 years	18.16 years	18.16 years
Retirement age	58 years	58 years	58 years	58 years

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

38. Post Employment Benefits (Contd..)

38.2.7 Sensitivity Analysis

A quantitative sensitivity analysis for significant assumptions are as below:

Particulars	March 31,2026		March 31,2025	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	805.36	162.98	736.15	135.99
Effect of 1% change in assumed discount rate on defined benefit obligation				
Increase : +1%	746.92	126.06	151.62	126.06
Decrease: -1%	872.55	147.67	176.24	147.67
Effect of 1% change in assumed salary escalation rate on defined benefit obligation				
Increase : +1%	869.57	147.93	176.63	147.93
Decrease: -1%	748.70	125.72	151.16	125.72

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	March 31,2026		March 31,2025	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1st Year	84.36	43.11	69.73	41.07
2nd Year	71.80	7.34	38.86	4.34
3rd Year	495.39	6.66	65.37	5.83
4th Year	43.49	70.52	44.65	5.09
5th Year	1,014.90	16.41	38.13	4.52
beyond 5th Year	345.29	50.81	345.73	37.52

The Weighted Average duration of the Gratuity plan is 9.30 years(2024-25 : 9.61 years) and Leave Encashment is 9.36 years(2024-25: 9.53 years)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39. Assets Pledged as Security

For Non Current Borrowings

Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

For Current Borroiwngs

Secured by First Charge on Current Assets and Second Charge on PPE (Property, Plant and Equipment).

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings an amount of ₹.36,384.80 Lakhs (Previous year ₹ 30,955.57 Lakhs) are as follows:

Particulars	March 31,2026	March 31,2025
Property, Plant and Equipment	53,121.67	53,084.79
Current Assets	63,801.10	55,446.80
Total Assets Pledged as Security	**1,16,922.77**	**1,08,531.59**

40. Research and Development

40.1 Details of Revenue Expenditure (expensed as and when incurred):

Particulars	March 31,2026	March 31,2025
Cost of materials consumed		
Raw Materials Consumed	161.50	133.05
Employee benefits expenses		
Salaries & Wages	682.93	619.61
Contribution to Provident Fund	49.45	43.97
Contribution to ESI	2.16	1.48
Staff Welfare Expenses	44.76	43.75
Other expenses		
Repairs and Maintenance	286.70	295.18
Power and Fuel	60.70	59.16
Testing and analysis charges	27.32	25.44
Rates and Taxes	11.82	11.24
Insurance	6.58	5.68
General Expenses	62.08	44.50
Total	**1,396.00**	**1,283.06**

40.2 Details of Property, Plant and Equipment:

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Intangible Assets	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gross Carrying Value							
1 As at March 31, 2024 (1+2)	947.17	2,505.60	53.59	60.20	9.10	10.23	3,585.89
2 Additions (Net off Deletions)	-	602.83	-	23.15	-	6.25	632.23
3 As at March 31, 2025 (1+2)	947.17	3,108.43	53.59	83.35	9.10	16.48	4,218.12
4 Additions (Net off Deletions)	97.87	158.55	41.01	10.13	-	24.91	332.47
5 **As at March 31, 2026 (3+4)**	**1,045.04**	**3,266.98**	**94.60**	**93.48**	**9.10**	**41.39**	**4,550.59**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

40. Research and Development (Contd..)

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Intangible Assets	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Depreciation							
6 As at March 31, 2024	307.53	1,242.39	13.28	53.05	8.49	10.11	1,634.85
7 Charge for the Year	39.55	242.94	4.93	4.74	0.16	0.53	292.85
8 As at March 31, 2025 (6+7)	347.08	1,485.33	18.21	57.79	8.65	10.64	1,927.70
9 Charge for the Year	39.67	249.08	5.16	9.74	-	2.68	306.33
10 **As at March 31, 2026 (8+9)**	**386.75**	**1,734.41**	**23.37**	**67.53**	**8.65**	**13.32**	2,234.03
Net Carrying Value							
11 As at March 31, 2024 (1-6)	639.64	1,263.21	40.31	7.15	0.61	0.12	1,951.04
12 As at March 31, 2025 (3-8)	600.09	1,623.10	35.38	25.56	0.45	5.84	2,290.42
13 **As at March 31, 2026 (5-10)**	**658.29**	**1,532.57**	**71.23**	**25.95**	**0.45**	**28.07**	**2,316.56**

Financial Instruments and Risk Management

41. Categories of Financial Instruments

Particulars	Note	Level 1/2/3	As at March 31,2026			As at March 31,2025		
			Carrying Value			Carrying Value		
			Amortised Cost	FVTPL / FVTOCI	Total	Amortised Cost	FVTPL / FVTOCI	Total
A. Financial Assets								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Investments	7		2,628.34		2,628.34	1,167.91		1,167.91
(b) Bank Balances	8	-	396.32	-	396.32	294.52	-	294.52
(c) Other Financial Assets	9	-	723.48	-	723.48	694.78	-	694.78
Sub - Total			**3,748.14**	**-**	**3,748.14**	**2,157.21**	**-**	**2,157.21**
(ii) Current								
(a) Trade Receivables	11	-	21,586.62	-	21,586.62	20,323.36	-	20,323.36
(b) Cash and Cash Equivalents	12	-	4,587.70	-	4,587.70	4,139.91	-	4,139.91
(c) Other Bank Balances	13	-	19.78	-	19.78	18.70	-	18.70
(d) Other Financial Assets	14	-	344.81	-	344.81	989.26	-	989.26
Sub - Total			**26,538.91**	**-**	**26,538.91**	**25,471.23**	**-**	**25,471.23**
Total Financial Assets			**30,287.05**	**-**	**30,287.05**	**27,628.44**	**-**	**27,628.44**
B. Financial Liabilities								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Borrowings	19	-	17,164.01	-	17,164.01	13,936.42	-	13,936.42
			17,164.01	**-**	**17,164.01**	**13,936.42**	**-**	**13,936.42**
(ii) Current								
(a) Borrowings	22	-	19,340.79	-	19,340.79	17,139.15	-	17,139.15
(b) Trade Payables	23	-	12,043.36	-	12,043.36	11,391.68	-	11,391.68
(c) Other Financial Liabilities	24	-	3,176.55	-	3,176.55	3,336.72	-	3,336.72
Sub - Total			**34,560.70**	**-**	**34,560.70**	**31,867.55**	**-**	**31,867.55**
Total Financial Liabilities			**51,724.71**	**-**	**51,724.71**	**45,803.97**	**-**	**45,803.97**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

42. Fair Value Measurements

42.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entry specific estimates.If all significant inputs required to fair value an instrument are observable,the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

43. Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversley impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

43.1 Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in Material Concentration of credit risk, except for Trade Receivables.

Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial Assets (excluding Bank Deposits) majorly constitute deposits given to State Electricity Departments for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Expected Credit Loss for Trade Receivables under simplified approach

For Trade Receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables, treasury operations etc. The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer.

The credit risk is managed by the company by establishing credit limits and continuously monitoring the credit worthiness of the customer. The Company also provides for expected credit losses based on the past experience where it believes that there is high probability of default. All trade receivables greater than 180 days are reviewed and provided for by analysing individual receivables.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

43. Financial Risk Management Objectives and Policies (Contd..)

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	March 31, 2026	March 31, 2025
Gross Carrying Amount	21,603.02	20,333.85
Expected Credit Losses (Loss allowance Provision)	16.40	10.49
Net Carrying Amount of Trade Receivables	**21,586.62**	**20,323.36**

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding		Total
	for < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	21,347.48	239.14	21,586.61
Expected Credit Losses (Loss allowance provision)	-	-	-
Net Carrying Amount of Trade Receivables	**21,347.48**	**239.14**	**21,586.61**

43.2 Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
March 31, 2026					
Non Current Borrowings (including Current Maturities)	4,250.35	12,944.54	2,561.98	1,657.48	21,414.36
Current Borrowings	15,090.44				15,090.44
Interest Accrued but not due	27.49				27.49
Trade Payables	12,039.19				12,039.19
Capital Creditors & other payables	3,099.22				3,099.22
Total	**34,506.69**	**12,944.54**	**2,561.98**	**1,657.48**	**51,670.70**
March 31, 2025					
Non Current Borrowings (including Current Maturities)	4,659.22	7,396.18	6,420.24	120.00	18,595.64
Current Borrowings	12,479.93				12,479.93
Interest Accrued but not due	54.30				54.30
Trade Payables	11,391.20				11,391.20
Capital Creditors & other payables	3,272.87				3,272.87
Total	**31,857.52**	**7,396.18**	**6,420.24**	**120.00**	**45,793.94**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

43. Financial Risk Management Objectives and Policies (Contd..)

43.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk.

43.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of change in market interest rates. All the debt obligations of the company are with floating interest rates which is subject to exposure to risk of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected.With all other variables held constant,the company's profit before tax is affected through the impact on borrowings,as follows:

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
March 31, 2026	0.50%	0.50%	(182.52)	182.52
March 31, 2025	0.50%	0.50%	(155.38)	155.38

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

43.3.2 Foreign Currency Exchange Rate Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from goods supplied or received that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars ($). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

(a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	Amount in Foreign Currency	Amount in ₹ In Lakhs	Conversion Rate
March 31, 2026				
Trade Receivables	USD	75.02	6,943.39	92.55
	EURO	0.39	40.54	103.95
Trade Payables	USD	13.34	1,257.60	94.27
Other Financial Liabilities	USD	0.05	4.93	98.60
Loan	USD	22.90	2,102.50	98.60
March 31, 2025				
Trade Receivables	USD	62.53	5352.17	85.60
	EURO	0.50	45.84	91.68
Trade Payables	USD	10.73	936.85	87.31
Other Financial Liabilities	USD	0.20	17.80	89.00

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

43. Financial Risk Management Objectives and Policies (Contd..)

(b) Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Effect on Profit before Tax	
	March 31, 2026	March 31, 2025
USD Sensitivity		
₹/USD - Increases by 1%	36.19	44.43
₹/USD - Decreases by 1%	(36.19)	(44.43)

43.3.3 Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Company does not have any exposure to price risk ,as there is no market based equity investment made by the company

44. Capital Management

For the purposes of the Company's Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company intends to keep the gearing ratio less than 1. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short term deposits.

Particulars	March 31, 2026	March 31, 2025
Borrowings including Interest Accrued (Note 19,22 & 24)	36,532.29	31,129.87
Less: Cash and Short Term Deposits (Note 12)	4,587.70	4,139.91
Net Debt	**31,944.59**	**26,989.96**
Equity	936.52	886.52
Other Equity	77,644.36	63,077.91
Total Equity	**78,580.88**	**63,964.43**
Total Capital	**1,10,525.47**	**90,954.39**
Gearing Ratio (Net Debt/(Net Debt +Total Equity))	0.29	0.30

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

45. Related Party Transactions

(a) Key Management Personnel (KMP)

Name	Relationship
(i) Executive Directors	
Sri. Ramesh Babu Potluri	Chairman and Managing Director
Sri. Vamsi Krishna Potluri	Executive Director
(ii) Non Executive Directors	
Sri Shravan Kudravallii	Independent Director
Sri Sarvepalli Srinivas	Independent Director
Dr. Suresh Kumar Gangavarapu	Independent Director
Smt. Shanti Sree Bolleni	Independent Director
Sri. Trilok Potluri	Non- Executive, Non-Independent Director
Dr. Sunkara Venkata Satya Shiva Prasad	Non- Executive, Non-Independent Director
(iii) Others	
Sri. T Lakshmi Narayana	Chief Financial Officer
Sri. T.Thirumalesh	Company Secretary

(b) Associate Company

M/s VKT Pharma Private Limited

(c) Enterprises over which KMP are Interested

M/s. Haleos Labs Limited (formerly known as SMS Lifesciences India Limited)

(d) Other Related Parties

1. M/s Raghavendra Engineering (India) Private Limited
2. M/s Eswar Coal Movers
3. M/S. Fours Engineering Works

(e) subsidiary Company

M/s SMS Peptides private limited

M/s SMS CoLab private limited

(f) Transactions with Related Parties:

Particulars	March 31, 2026 Amount	March 31, 2025 Amount
Key Management Personnel		
Remuneration to Executive Directors (Short Term Employee Benefits)	1,292.62	1,036.66
Directors Sitting Fees	48.50	17.60
Remuneration to Others	59.65	53.34
Associate Company		
Purchase of Goods & Services		-
Sale of Goods	5,465.37	3,959.76
Other Income	29.06	34.44
Enterprises over which KMP are Interested		
Purchase of Goods & Services	1,702.33	1,924.05
Sale of Goods	0.54	1.86
Other Income	-	3.54

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

45. Related Party Transactions (Contd..)

Particulars	March 31, 2026 Amount	March 31, 2025 Amount
Other Related Parties		
Purchase of Goods & Services		
M/s Raghavendra Engineering (India) Private Limited	1,514.33	1,456.74
M/s Eswar Coal Movers	294.57	277.65
M/S. Fours Engineering Works	141.13	-
Subsidiary Company		
Other Income		
M/s SMS Peptides private limited	12.98	-
Investment		
M/s SMS Peptides private limited	699.00	-
M/s SMS Colab private limited	1.00	-
Balance (Payable)/Receivable at the year end Key Management Personnel		
Remuneration Payable to Executive Directors	506.64	414.55
Remuneration Payable to Others	3.64	2.53
Associate Company		
M/s.VKT Pharma Private Limited	3,072.02	3,018.55
Enterprises over which KMP are Interested		
M/s. Haleos Labs Limited (formerly known as SMS Lifesciences India Limited)	(316.80)	(622.91)
Other Related Parties		
M/s. Eshwar Coal Movers	(92.49)	(18.29)
M/S. Fours Engineering Works	(80.18)	-
M/s. Raghavendra Engineering India Private Ltd		
Trade Payable	1.96	(202.61)
Capital Advances	20.23	
Subsidiary Company		
M/S. SMS Peptides Pvt Ltd	1.08	-

Note:

i) The above transactions are in the ordinary course of business and are at arm's length price.

ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

46. Segment Information

A Basis for segmentation

The operations of the Company are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Chairman & Managing Director has been identified as Chief Operating Decision Maker (CODM). CODM reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Company.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

46. Segment Information (Contd..)

B Segment information for secondary segment reporting (by geographical segment)

The Company is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

The Company has reportable geographical segments based on location of its customers:

(i) Revenue from customers outside India – Exports

(ii) Revenue from customers within India – Domestic

(iii) Revenue from customers - EOUs – Deemed Exports

(iv) Revenue from customers who are located in SEZ

(v) Revenue from Export Incentives

a) Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	For the Year Ended March 31,2026		For the Year Ended March 31,2025	
	Revenue	%	Revenue	%
Revenue Outside India:				
Exports	59,598.66	67.20%	54,280.81	69.35%
(Export includes Demed Export, EOU ,SEZ and Export Incentive)				
Revenue within India:				
Domestic	29,088.44	32.80%	23,994.00	30.65%
Total	**88,687.10**	**100.00%**	**78,274.81**	**100.00%**

b) Non Current Asset

Particulars	March 31, 2026	March 31, 2025
With in India	72,442.82	59,821.33
Outside India	-	-
Total	**72,442.82**	**59,821.33**

Note:

Non-current assets for this purpose consist of property, plant and equipment, capital work in progress, intangible assets, intangible assets under development and other non-current assets.

c) Information about major customers Revenue from transactions with a single customer exceed 10% or more of entity revenues – During the current year ₹ 27183.26 lakhs and previous year ₹ 32710.27

47. Contingent Liabilities

Particulars	March 31, 2026	March 31, 2025
Letter of credits opened in favor of suppliers for which goods are yet to be received	695.98	598.05
Customs Duty against Advance Authorizations	320.51	438.48
NRDC claim against DSIR assistance (Refer No.19.2.1)	69.23	63.14
Income Tax assessment year 2023-24 *	4,562.55	4,562.55
Income Tax assessment year 2018-19	40.28	-

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

47. Contingent Liabilities (Contd..)

*** Income Tax Assessment Order and Management's Position**

The Company during the year 2024-25 has received Income tax assessment order with a tax demand of ₹ 45.63 crores relating to the financial year 2022-23. This demand primarily arose due to the difference in turnover. The assessing officer without seeking clarifications from the Company has arrived the turnovers aggregating from the GST Returns filed by the Company which included amendments made for updating shipping bill numbers, dates and port codes relating to export transactions. Such amendments pertained to exports already reported in earlier tax periods and did not result in any additional turnover.

Aggrieved by this order, the Company filed an appeal before the Commissioner of Income Tax (Appeals). The Company also filed a grievance petition before the High-Pitched Assessment Committee along with a stay petition against the demand. The High-Pitched Assessment Committee, Hyderabad, has admitted the matter as a high-pitched assessment. The appellate proceedings are pending before the concerned income-tax authorities, and the Company is furnishing the information and clarifications sought from time to time.

Based on the facts of the case, confirmations obtained from the GST authorities, applicable legal provisions, judicial precedents and advice received from tax consultants, the management believes based on the merits that the demand is not likely to be sustained. Accordingly, no provision has been made in the financial statements in respect of the aforesaid income tax demand.

48. Commitments

Particulars	March 31, 2026	March 31, 2025
Capital Commitments	4,410.14	1,045.29

49. Payables to Micro, Small & Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	March 31, 2026	March 31, 2025
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	24.67	9.64
(ii) Interest paid on payments beyond the appointed day paid to the suppliers during the year	-	-

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

49. Payables to Micro, Small & Medium Enterprises (Contd..)

Particulars	March 31, 2026	March 31, 2025
(iii) Interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest).	-	-
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

The above information regarding Micro Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company regarding the status of registration of such vendors under the said Act,as per the intimation received from them on requests made by the company . This has been relied upon by the auditors.The balance payable to MSME creditors are not due as on March 31,2025, so interest has not been provided.

50. Other statutory information

i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

ii) The Group does not have any transactions with companies struck off.

iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

v) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority

vi) The Group has not utilised short term funds for long term uses.

vii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

viii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

ix) The Group does not have any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

x) The Group has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year

xi) The Group has complied with number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules ,2017

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

51. Additional Information, as required under schedule III to the Companies Act, 2013, of enterprises Consolidated as Subsidiary/Associates

Name of the Entity	Net Assets, i.e, total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount
31st March,2026								
Parent								
SMS Pharmaceuticals Ltd	102.42%	80,478.69	85.90%	8,760.93	32.94%	3.32	85.85%	8,764.25
Associate								
VKT Pharma Private Ltd	-2.39%	(1,881.33)	14.26%	1,453.67	67.06%	6.74	14.31%	1,460.42
Subsidiary								
SMS Peptides Private Ltd	-0.02%	(15.87)	-0.15%	(15.10)	-	-	-0.15%	(15.10)
Wholly owned Subsidiary Company								
SMS Colab Private Ltd	-0.01%	(0.60)	-0.01%	(0.60)	-	-	-0.01%	(0.60)
Total	**100.00%**	**78,580.89**	**100.00%**	**10,198.90**	**100.00%**	**10.06**	**100.00%**	**10,208.97**
31st March,2025								
Parent								
SMS Pharmaceuticals Ltd	105.23%	67,306.97	98.91%	6,838.13	96.00%	(50.35)	98.93%	6,787.77
Associate								
VKT Pharma Private Ltd	-5.22%	(3,341.77)	1.10%	76.20	4.00%	(2.10)	1.08%	74.11
Subsidiary								
SMS Peptides Private Ltd	-0.01%	(0.77)	-0.01%	(0.84)	0.00%	-	-0.01%	(0.83)
Total	**100.00%**	**63,964.43**	**100.00%**	**6,913.49**	**100.00%**	**(52.45)**	**100.00%**	**6,861.05**

Salient features of financial statements of subsidiary/associates as per the Companies Act, 2013

	Associates	Subsidiary	Subsidiary
Name of the Associates/Subsidiary	VKT Pharma Private Ltd	SMS Peptides Private Ltd	SMS Colab Pvt Ltd
Reporting Currency	Indian Rupees	Indian Rupees	Indian Rupees
Date of Incorporation	31-05-2006	01-11-2024	23-12-2025

Particulars	As at 31st March, 2026	As at 31st March, 2025	As at 31st March, 2026	As at 31st March, 2025	As at 31st March, 2026	As at 31st March, 2025
Share Capital	1,105.52	1,105.52	700.00	100.00	100.00	-
Reserves & Surplus	8,271.82	4,235.06	(15.94)	(0.84)	(0.60)	-
Total Assets	32,541.62	29,360.87	728.80	0.65	0.65	-
Total Current Liabilities	8,445.68	8,730.41	44.73	0.48	0.25	-
Investments	7.22	7.22	-	-	-	-
Turnover/Total Income	23,988.30	19,846.37	-	-	-	-
Profit/(Loss) before taxation	4,512.93	892.73	(17.13)	(0.84)	(0.81)	-
Tax Expense	495.56	394.05	(2.03)	-	(0.21)	-
Proft/(Loss) after taxation	4,017.37	498.68	(15.10)	(0.84)	(60.00)	-
Proposed dividend	-	-	-	-	-	-
% Share holding	34.83%	34.83%	99.99%	93.00%	99.999%	-

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

52. Previous year figure have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

MUKTHA PRABHAKAR
Partner
M.No. 200247

Place: Hyderabad
Date : May 22, 2026

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting (AGM) of the Members of SMS Pharmaceuticals Limited (CIN: L24239TG1987PLC008066) will be held **on Tuesday, 29th September, 2026 at 10:30 a.m.**. through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) and the venue of the Meeting shall be deemed to be the Registered Office of the Company situated at 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Ranga Reddy Dist., Hyderabad-500084, Telangana, India, to transact the following business:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS

To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2026 and the Reports of the Board of Directors and the Auditors thereon, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2026 and the Reports of the Board of Directors and Auditors thereon laid before this Meeting, be and are hereby received, considered and adopted."

2. DECLARATION OF DIVIDEND ON EQUITY SHARES FOR THE FINANCIAL YEAR 2025-26

To consider and declare dividend on the Equity Shares of the Company for the Financial Year ended 31st March, 2026 and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT as per the recommendation of the Board of Directors, approval of the Members of the Company be and is hereby given for the payment of dividend of Re. 0.40 (i.e., @ 40%) per equity share of the Company for the Financial Year 2025-26."

3. RE-APPOINTMENT OF DR. SUNKARA VENKATA SATYA SHIVA PRASAD (DIN: 10404277) WHO RETIRES BY ROTATION, AND BEING ELIGIBLE, AND OFFERS HIMSELF FOR REAPPOINTMENT

To consider re-appointment of Dr. Sunkara Venkata Satya Shiva Prasad (DIN: 10404277), who retires by rotation, at this Annual General Meeting and being eligible, offers himself for re-appointment and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Dr. Sunkara Venkata Satya Shiva Prasad (DIN: 10404277), who retires by rotation and being eligible offers himself for reappointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

SPECIAL BUSINESS:

4. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS WITH M/S. VKT PHARMA PRIVATE LIMITED (VKT PHARMA).

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

"RESOLVED THAT pursuant to the provisions of Regulation 2(1)(zc), 23(4) and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and the applicable provisions of the Companies Act, 2013 ('Act') read with the related rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable laws/ statutory provisions, if any, and the Company's Policy on Related Party Transactions, as may be applicable from time to time, as well as subject to such approval(s), consent(s) and / or permission(s) as may be required and based on the recommendation of the Audit Committee, consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution) to enter into and/or continue one or more Contract(s)/ Arrangement(s) and/or Transaction(s) with the VKT Pharma Private Limited (an Associate Company), as detailed in the table forming part of the Explanatory Statement annexed to this notice with respect to sale, purchase or supply of goods or materials, leasing of property of any kind, availing or rendering of any services including transfer of resources or any other transactions of whatever nature, for an aggregate value not exceeding ₹ 175.00 Crore (Rupees One Hundred and Seventy Five Crores Only), on such terms and conditions as detailed in the explanatory statement and as may be mutually agreed between the VKT Pharma Private Limited and the Company, provided that the said Contract(s) / Arrangement(s) / Transaction(s) shall be carried out in the ordinary course of business and at arm's length basis during the period from the date of this 38th Annual General Meeting to till the date of next Annual General Meeting to be held in the year 2027."

"RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and file returns with Registrar of Companies, that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

5. APPROVAL FOR REMUNERATION PAYABLE TO THE COST AUDITORS FOR THE FINANCIAL YEAR 2026-27

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 ('Act') and Rule 6 of the Companies (Cost Records and Audit) Rules, 2014 and all other applicable provisions, if any, of the Act and the rules made thereunder, as amended, the Members be and hereby ratify the remuneration of ₹ 1,00,000/- (Rupees One Lakh only) and taxes as applicable plus out of packet expenses payable to M/s. Annapragada & Co., (Formerly: M/s. Harshitha Annapragada & Co.), Cost Accountants (Firm Registration No. 006031) appointed by the Board of Directors of the Company, on the recommendation of the Audit Committee, to conduct the Cost Audit for the Financial Year 2026-27."

"RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and file returns with Registrar of Companies, that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

6. APPROVAL FOR RE-APPOINTMENT OF MR. RAMESH BABU POTLURI (DIN: 00166381) AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY AND FIXATION OF REMUNERATION

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 196, 197, 198, and 203 other applicable provisions, if any, read with Schedule V and of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the Articles of Association of the Company and further subject to such other approvals, as may be required in this regard, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded for re-appointment of Mr. Ramesh Babu Potluri (DIN:00166381) as Chairman and Managing Director of the Company for a further period of (5) five years with effect from 1st October, 2026 to 30th September, 2031 which includes continuation as Chairman and Managing Director upon attaining the age of 70 years, and is liable to retire by rotation on during the aforesaid tenure, upon the following terms and conditions:

A) Salary:

Basic Salary: ₹ 40,00,000/-(Rupees Forty Lakhs Only) per month, payable monthly or at such intervals as may be determined by the Board.

B). Perquisites & Allowances: In addition to the above salary, he shall be entitled to the following perquisites, allowances and benefits:

i) Housing: Furnished or unfurnished residential accommodation or House Rent Allowance of 'upto 50%' of the basic salary.

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 dependent family members.

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

viii) Club Membership: Fees payable subject to a maximum of two clubs.

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

x) Other allowances as may be decided by the Board or Nomination and Remuneration Committee from time to time, subject to the provisions of the Companies Act, 2013.

C). Other Benefits, Terms & Conditions:

i. Conveyance facility: The Company shall provide a Car with Driver.

ii. Telephone, mobile phone, internet and other communication facilities at residence, with reimbursement/payment of actual expenses.

iii. Travelling expenses actually incurred on travelling and boarding and lodging for self and spouse and also attendant, if required accompanying him during domestic and overseas business trips.

iv. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent that these either singly or together are not taxable under the Income Tax Act. He is also entitled for Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure. All these shall not be included in the computation of ceilings aforesaid.

v. For the purposes of calculating the above overall ceiling, perquisites and allowances shall be as per Income Tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost or hire charges.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, during the tenure of Mr. Ramesh Babu Potluri, the Company has no profits or its profits are inadequate, the Company shall pay minimum remuneration by way of salary, perquisites, allowances and benefits as specified above.

Remuneration based on profits:

Remuneration based on profits as percentage of profits as may be decided by the Board of Directors on yearly basis. In addition to the salary, perquisites, allowances and benefits in the years in which the Company has sufficient profit, the Managing Director shall be paid up to a maximum of 5% of the annual net profit of the Company on the yearly basis, provided that the aggregate remuneration payable to the Managing Director(s) and Executive Director(s) together shall not exceed 10% of annual net profits of the Company.

RESOLVED FURTHER THAT pursuant to Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the Members be and is hereby accorded for payment of remuneration to Mr. Ramesh Babu Potluri during the aforesaid tenure of his appointment, notwithstanding that (i) the annual remuneration payable to him exceeds Rupees Five Crore or 2.5% of the net profits of the Company, whichever is higher; or (ii) the aggregate annual remuneration payable to all promoter Executive Directors exceeds 5% of the net profits of the Company, in accordance with the applicable provisions of the SEBI LODR Regulations.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Mr. Ramesh Babu Potluri as Chairman and Managing Director the Company has no profit or inadequacy of profits, the Company shall pay the above remuneration as minimum remuneration to Mr. Ramesh Babu Potluri for a period not exceeding 3(three) years from the date of re-appointment or such other period as may be statutorily permitted, by way of salary, perquisites and other allowances and benefits as specified above, subject to receipt of requisite approvals, if any, notwithstanding that the above specified remuneration may be in excess of the limits specified in Section 197 of the Companies Act, 2013 and Part-II of Section II of Schedule V to the Companies Act, 2013 or any amendments thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include the Nomination and Remuneration Committee or any other Committee authorised by the Board) be and is hereby authorised to revise, alter, vary or modify the terms and conditions of appointment and remuneration, including salary, commission, allowances, perquisites and other benefits of Mr. Ramesh Babu Potluri, from time to time, within the limits prescribed under the Companies Act, 2013, Schedule V thereto, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and such other applicable laws, rules and regulations, as may be in force.

RESOLVED FURTHER THAT any Director/ Key Managerial Personnel of the Company be and are hereby severally authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

7. APPROVAL TO PROVIDE LOAN TO SMS PEPTIDES PRIVATE LIMITED, SUBSIDIARY 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 Section 185 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the relevant rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), subject to such approvals, consents, sanctions and permissions as may be necessary, if any, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee thereof authorised by the Board to exercise the powers conferred by this resolution), to advance loan(s), including loans represented by book debts, and/or give guarantee(s), and/or provide security(ies) in connection with any loan(s) taken or to be taken and/or credit facilities availed or to be availed by SMS Peptides Private Limited, a subsidiary of the Company, ("Borrowing Company"), in one or more tranches, in which certain Directors of the Company may be deemed to be interested, up to an aggregate amount not exceeding ₹ 50.00 Crore (Rupees Fifty Crores Only), on such terms and conditions as the Board may deem fit and in the best interests of the Company, provided that the aforesaid loans shall be utilised by the Borrowing Company for its principal business activities.

"**RESOLVED FURTHER THAT** any Director or Chief Financial Officer or Company Secretary of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and file returns with Registrar of Companies, that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 27.08.2026

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, 09/2023, 09/2024 and 03/2025 dated 08th April, 2020, 13th April, 2020, 05th May, 2020, 13th January, 2021, 14th December, 2021, 05th May, 2022, 28th December, 2022, 25th September 2023, 19th September, 2024 and 22nd September, 2025 (collectively referred to as "MCA Circulars"), as per the applicable provisions of the Companies Act and rules made there under and as per provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), Companies are permitted the holding of an Annual General Meeting ("AGM") through Video Conferencing/Other Audio Visual Means ("VC/OAVM") without the physical presence of the Members at a common venue.

   Accordingly, the 38th AGM of the Company will be held through VC/ OAVM in compliance with the provisions of the Companies Act and Rules made thereunder, the SEBI Listing Regulations along with MCA and SEBI Circulars. The deemed venue for the 38th AGM shall be at the Registered Office of the Company, i.e., 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Ranga Reddy Dist., Hyderabad-500084 Telangana, India.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM 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 AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars and the SEBI circulars, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form, attendance slip and route map of the AGM venue are not annexed to this notice.

3. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item Nos. 4 to 7 of the Notice is annexed hereto. Further the relevant details pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), in respect of Directors seeking appointment/re-appointment at this AGM are also annexed.

4. The Members can join the AGM in the VC/OAVM Mode 15 minutes before & after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 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 Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc., who are allowed to attend the AGM without restriction on account of first come first served basis. The detailed instructions for joining the Meeting through VC/OAVM forms part of this notes.

5. Pursuant to Section 113 of the Companies Act, 2013, Institutional / Corporate shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of their respective Board or governing body Resolution / Authorisation etc., authorising their representative to attend the AGM through VC / OAVM on their behalf and to vote through remote e-Voting. The said Resolution / Authorisation shall be sent to the Scrutiniser by e-mail on its registered e-mail address to csbassociates27@gmail.com with a copy marked to cs@smspharma.com

6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. 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 AGM.

8. In accordance with the Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.

9. In line with aforementioned MCA and SEBI Circulars, the Notice of the AGM along with the Integrated Annual Report for the Financial Year 2025-26 is being sent through e-mail, allowed to vote to those Members whose e-mail addresses are registered with the Company/ Registrar & Share Transfer Agent (RTA)/ Depository Participant/ Depositories. The Notice convening the 38th AGM along with the Integrated Annual Report for the Financial Year 2025-26 has been uploaded on the website of the Company at www.smspharma.com and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

10. A letter containing the weblink and QR code for accessing the Notice and Integrated Annual Report for the FY 2025-26 will be sent to those shareholders who have not registered their email address with the Company/Depositories/RTA.

11. The Company's Registrar and Transfer Agent for its Share Registry Work (Physical and Electronic) is Aarthi Consultants Private Limited having its office at 1-2-285, Domalguda, Hyderabad - 500029, Telangana, India.

12. Record Date, Book Closure and Dividend:

a) The Company has fixed **Tuesday, 22nd September, 2026** as the '**Record Date**' for determining entitlement of Members to dividend for the Financial Year ended 31st March, 2026, if approved at the AGM.

b) The Register of Members and the Share Transfer Books of the Company will be closed from **Wednesday, 23rd September, 2026 to Tuesday, 29th September, 2026** (both days inclusive).

c) If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made within 30 days from the date of AGM as under:

As per Regulation 12 of Listing Regulations and the Master Circular for Registrars to an Issue and Share Transfer Agents dated February 6, 2026 issued by SEBI, payment of dividend to members holding shares in physical mode shall only be made electronically. Such payment shall be made only after they have furnished their Permanent Account Number, Contact Details (Postal Address, Mobile Number and E-mail), Bank Account Details, Specimen Signature, etc., for their corresponding physical folios with the Company / Registrar and Transfer Agent (RTA). Relevant FAQs have been published by SEBI in this regard. Please refer to SEBI FAQs by accessing the link: https://www.sebi.gov.in/sebi_data/faqfiles/jan-2026/1767611333081.pdf For shareholders holding shares in dematerialized form, bank details may be updated with their depository participant.

13. Regulation 40 of SEBI Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in Demat mode. Further, SEBI vide its Circular No. SEBI/ HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022, has clarified that listed companies, with immediate effect, shall issue the securities only in Demat mode while processing investor service requests pertaining to issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/ folios, transmission, transposition etc. Accordingly, Members are requested to submit duly filled and signed Form ISR-4.

The Form is available on website of Company at https://smspharma.com/company-announcements/communication-to-shareholders/ and RTA at http://www.aarthiconsultants.com/investors/register.php. In view of this, Members holding shares in physical form are requested to consider converting their holdings to Demat mode. Any shareholder who is desirous of dematerialising their securities or for any other communication may write to the Company at cs@smspharma.com or Company's Registrar and Share Transfer Agent, M/s. Aarthi Consultants Private Limited at 1-2-285, Domalguda, Hyderabad - 500029, India, Email Id: info@aarthiconsultants.com ("RTA" or "Registrar") for assistance in this regard.

14. Members are also requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc., to Registrar/respective DPs as may be applicable.

15. Members are requested to follow the process detailed below for registration of email address, updation of bank account details and other KYC details:

Physical	As per the SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated February 6, 2026, payment of dividend to members holding shares in physical mode shall only be made electronically. Such payment shall be made only after they have furnished their Permanent Account Number, Contact Details (Postal Address, Mobile Number and E-mail), Bank Account Details, Specimen Signature, etc., for their corresponding physical folios with the Company / RTA. Members are once again requested to update their KYC details by submitting the Investor Service Request (ISR) Forms so that the folios can be KYC updated before the record date of Dividend i.e. Tuesday, 15th September, 2026.. The details of KYC forms are as under:	
	Form for registration of PAN, email address, bank account details, mobile number, registered address and other KYC details or changes/update thereof	Form ISR-1
	Update signature of securities holder	Form ISR-2
	For nomination as provided in the Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014	Form SH-13
	Declaration to opt-out from nomination	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3)/ Change of Nominee	Form SH-14

	The forms for updating the above details are available on the website of the Company under the weblink at https://smspharma.com/company-announcements/communication-to-shareholders/ and of the RTA under the weblink at https://www.aarthiconsultants.com/ Members can download the forms to make their service request with RTA either by email to info@arthiconsultants.com from the registered email id or by sending post to 1-2-285, Domalguda, Hyderabad - 500029
Demat	Please contact your DP and register your email address, bank account details and other KYC details in your demat account, as per the process advised by your DP.

16. In accordance with the provisions of the Income-tax Act, 2025 as amended from time to time (IT Act), and the Rules framed thereunder, dividend paid or distributed by the Company, shall be taxable at the hands of the Shareholders, and the Company is required to deduct tax at source from dividend paid to the Shareholders at applicable rates.

Members are requested to register / update their residential status, PAN, category as per the IT Act, with their Depository Participants (DP) or in case shares are held in physical form, with the Company/Registrars and Transfer Agents (RTA) on or before 15th September, 2026 to enable the Company to determine the appropriate TDS/ withholding tax rate applicable, verify the documents and provide exemption.

Members are requested to note that the income tax declarations/exemption forms have been changed, and the Company is sending a detailed communication to shareholders. The detailed communication can be accessed at https://smspharma.com/company-announcements/communication-to-shareholders/ and refer Dividend Communication to Shareholders.

Members are requested to submit their TDS declarations / necessary documents by uploading at link https://www.aarthiconsultants.com/investors/login.php on or before 15th September, 2026 to enable the Company to determine the appropriate TDS / withholding tax rate applicable.

Any member facing difficulty in submitting disclosures using the aforementioned link may please seek assistance by sending email to info@arthiconsultants.com & cs@smspharma.com.

17. Members are requested to note that dividends that are not claimed within seven (7) years from the date of transfer to the Company's Unpaid Dividend Account, shall, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF). **Further, shares on which the dividends remain unclaimed for seven consecutive years will also be transferred to the IEPF as per Section 124 of the Act, and the applicable rules**. Hence, members who have not claimed/ encashed their dividend warrant for respective Financial Years are requested to write to the Company/ Registrar and Share Transfer Agent (RTA) at least a month before the due dates mentioned hereunder:

Due date for transfer of unclaimed dividend to IEPF

Year	Dividend per share (₹)	Date of declaration	Due date for transfer to IEPF	Amount of Unpaid Dividend(₹)
2018-19	Re. 0.25	30/09/2019	04/10/2026	81,276.00
2019-20	Re.0.25	18/03/2020 (interim Dividend)	18/04/2027	1,08,170.25
2020-21	Re.0.30	30/09/2021	04/10/2028	59,777.00
2021-22	Re.0.30	30/09/2022	04/10/2029	3,39,771.40
2022-23	Re.0.30	30/09/2023	04/10/2030	1,23,999.70
2023-24	Re. 0.40	30/09/2024	04/10/2031	1,47,911.20
2024-25	Re. 0.40	29/09/2025	03/10/2032	1,61,631.40

18. Members seeking any information with regard to the financial statements or any matter to be placed at the AGM are requested to write to the Company on or before 22nd September, 2026 through e-mail on cs@smspharma.com. The same will be replied by the Company suitably.

19. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time

20. SEBI has introduced Online Dispute Resolution ("ODR" portal for dispute resolution in addition to the existing SEBI Complaints Redress System ("SCORES") platform, which can be utilised by the investors and the Company for dispute resolution. The SMART ODR Portal can be accessed at: https://smartodr.in/login . The detailed process available on the website of the Company at https://smspharma.com/investors-contact/ .

21. Details of Unclaimed Shares: The Company doesn't have any shares remaining unclaimed in the unclaimed suspense account.

INSTRUCTIONS FOR REMOTE E-VOTING & E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/ OAVM 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. 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) and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the 38th AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised e-Voting agency. The facility of casting votes by a Member using remote e-voting system as well as e-Voting during the AGM will be provided by CDSL.

ii. The remote e-voting period commences on **Friday, 25th September, 2026 at 9.00 a.m. (IST) and ends on Monday, 28th September, 2026 at 5.00 p.m. (IST)**. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e., as on the closure of business hours on **Tuesday, 22nd September, 2026**

iii. Members of the Company holding shares either in physical form or in electronic form as on the closure of business hours on Tuesday, 22nd September, 2026 i.e., cut-off date may cast their vote by remote e-voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of e-Voting before the AGM as well as remote e-voting during the AGM.

   Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holds shares as on the cut-off date i.e., as on the closure of business hours on Tuesday, 22nd September, 2026, may obtain a copy of AGM Notice by sending a request to info@aarthiconsultants.com or can also be downloaded from the Company's website at www.smspharma.com and participate in remote e-voting or e-voting at AGM by following the instructions provided herein.

iv. The Members who have cast their vote by remote e-voting prior to the AGM may attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote on such resolution again. Members who have voted on some of the resolutions during the said voting period are also eligible to vote on the remaining resolutions during the AGM.

v. Mr. C. Sudhir Babu, Practicing Company Secretary, Hyderabad has been appointed as the Scrutiniser(s) to scrutinise the e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose.

vi. 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 shareholders/ 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.

vii. 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**	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 & My Easi New (Token) 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 & My Easi New (Token) 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-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL Depository**	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.nsdl.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.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.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 4) For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. 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 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.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)**	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 casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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 21 09911
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.

I. **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) • 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.

II. After entering these details appropriately, click on “SUBMIT” tab.

III. 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.

IV. For shareholders holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.

V. Click on the EVSN for the relevant <SMS Pharmaceuticals Limited> on which you choose to vote.

VI. 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.

VII. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

VIII. 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.

IX. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

X. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

XI. 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.

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

Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting.

- 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 mandatorily 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 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 AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1) The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for remote 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 Remote 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 AGM except on the resolutions which couldn't be voted during the remote e-Voting.

4) Members may join the Meeting through laptops, smartphones, tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed/ band to avoid buffering/ disconnections during the Meeting. Please note that participants connecting from mobile devices or tablets or through laptops 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 glitches.

5) Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register 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, 22nd September, 2026**. Only those Members who have preregistered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

6) Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 38th AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail addresses at cs@smspharma.com **before 6.00 p.m. (IST) on, 22nd September, 2026**. Such questions by the Members shall be suitably replied by the Company.

7) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.

8) Only those shareholders, who are present in the AGM 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 AGM.

9) If any votes are cast by the shareholders through the e-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the shareholders attending the meeting.

10) During the AGM remote e-voting module will be enabled for e-Voting and the same will be open for 15 minutes after conclusion of the meeting.

Other instructions:

- The Scrutiniser shall, immediately after the conclusion of voting at the AGM, unblock the votes cast during the AGM and votes cast through remote e-Voting and make, not later than 2 working days of conclusion of the AGM, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- The result declared along with the Scrutiniser's Report shall be placed on the Company's website at www.smspharma.com. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
- The resolutions proposed will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favour of the resolutions.

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 21 09911

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 21 09911 or call on 022-23058542/43.

Information at a glance:

Day, date & time of AGM	Tuesday, 29th September, 2026 at 10.30 a.m. IST
Book Closure	Wednesday, 23rd September, 2026 to Tuesday, 29th September, 2026 (both day inclusive)
Record Date for Dividend	Tuesday, 22nd September, 2026
Cut-off Date for e-voting eligibility and attending AGM	Tuesday, 22nd September, 2026
E-Voting Start date and time	Friday, 25th September, 2026, 9.00 a.m. IST
E-Voting End date and time	Monday, 28th September, 2026, 5.00 p.m. IST
Company	SMS Pharmaceuticals Limited Phone: 40-69859999 Email : cs@smspharma.com; complianceofficer@smspharma.com
Registrar and Transfer Agent	M/s. Aarthi Consultants Private Limited Phone: 040-27638111/ 27634445/ 27642217 Email: info@aarthiconsultants.com
e-Voting Agency	M/s. Central Depository Services (India) Limited E-mail : helpdesk.evoting@cdslindia.com Toll Free : 1800 21 09911
Scrutinizer	Mr. C. Sudhir Babu, Practicing Company Secretary Phone: 7981191458 / 9493676368 Email : csbassociates27@gmail.com

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Item No. 4:

Pursuant to Regulation 23 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended, a Related Party Transaction ("RPT") whose aggregate value exceeds the thresholds specified under Schedule XII of Listing Regulations, shall be considered as a material RPT, and shall require approval of the Members by means of an Ordinary Resolution.

As per the said schedule, where the annual consolidated turnover of the company is upto `20,000 crore, a RPT shall be considered material if value of such RPT to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company (as per the last audited financial statements of the Company). The said limits are applicable, even if the transactions are in the ordinary course of business of the respective companies and at an arm's length basis.

Based on the Audited Financial Statements of 31st March, 2026, the threshold limit for Material Related Party Transactions (RPTs) is ₹ 89.52 Crores.

As per the SEBI vide its Circular no. SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated 08th April, 2022 clarified that the shareholders' approval of omnibus Related Party Transactions approved in an Annual General Meeting shall be valid up to the date of the next Annual General Meeting for a period not exceeding fifteen months.

SEBI vide its Circular dated 13th October, 2025, read with SEBI Circular dated 26th June, 2025 has mandated listed companies to follow Industry Standards on 'Minimum Information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions' ("RPT Industry Standards"). The RPT Industry Standards prescribes information to be provided for review by the Audit Committee and Shareholders for approval of related party transactions.

Accordingly, the Company took approval of the shareholders in its AGM held on 29th September, 2025 for the Material Related Party Transactions from the conclusion of the 37th AGM till the conclusion of 38th AGM. Similar to that to continue to enter into the related party transactions after the 38th AGM till the conclusion of 39th AGM of the Company. Similar to that to continue to enter in to the related party transactions after the 38th AGM, the Material Related Party Transactions the management has provided relevant details as required under the RPT Industry Standards approved by the Audit Committee and the Board of Directors are hereby placed before the shareholders for their approval by way of Ordinary Resolution to enable the Company to enter into the following Material Related Party Transactions in one or more tranches, during the period from the date of this Annual General Meeting till date of next Annual General Meeting, which shall not be more than fifteen months. The approval by the shareholders' is without prejudice to the need for the Audit Committee to approve, authorize and review transactions on a financial year basis. The Audit Committee has noted that the said transactions will be on an arm's length basis and in the ordinary course of business of the Company.

The details of transactions as required under Regulation 23(4) of the Listing Regulations read with Section III-B of the SEBI Master Circular bearing reference no. SEBI/ HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated 30th January 2026 ("SEBI Master Circular") along with details as required under the applicable RPT Industry Standards, are set out below for the consideration and approval of the Members.

A(1). Basic details of the related party

S. No.	Particulars of the information	Information provided by the management
1.	Name of the related party	**VKT Pharma Private Limited (VKT Pharma)**
2.	Country of incorporation of the related party	India
3.	Nature of business of the related party	Manufacturing of Pharmaceuticals Products and related activities

A(2). Relationship and ownership of the related party

S. No.	Particulars of the information	Information provided by the management
1.	Relationship between the listed entity/ subsidiary and the related party – including nature of its concern (financial or otherwise) and the following:	VKT Pharma is an Associate to SMS Pharmaceuticals Limited with holding 34.83 % in VKT Pharma.
.	• Shareholding of the listed entity/ subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	VKT Pharma having common Promoters, Directors, Mr. Vamsi Krishna Potluri and Mr. Ramesh Babu Potluri holding 2.54% and 17.03% respectively. Mr. Vamsi Krishna Potluri is son of Mr. Ramesh Babu Potluri.
.	• Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity/ subsidiary (in case of transaction involving the subsidiary).	NA
.	• Shareholding of the related party, whether direct or indirect, in the listed entity/ subsidiary (in case of transaction involving the subsidiary).	NIL
	Explanation: Indirect shareholding shall mean shareholding held through any person, over which the listed entity/Subsidiary/ related party has control. While calculating indirect shareholding, shareholding held by relatives shall also be considered.	

A(3). Details of previous transactions with the related party

<table>
<tr><th>S. No.</th><th>Particulars of the information</th><th>Information provided by the management</th></tr>
<tr><td>1.</td><td>Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the last financial year.
<i>Explanation:</i> <i>Details need to be disclosed separately for listed entity and its subsidiary.</i></td><td>
<table>
<tr><th>Sl. No.</th><th>Nature of Transactions</th><th>FY 2025-26 (₹ in Lakhs)</th></tr>
<tr><td>1.</td><td>Sales</td><td>5465.37</td></tr>
<tr><td>2.</td><td>Rent Receivable</td><td>29.06</td></tr>
<tr><td>3.</td><td>Other income</td><td>0</td></tr>
<tr><td></td><td>Total</td><td>5494.43</td></tr>
</table>
</td></tr>
<tr><td>2.</td><td>Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party in the current financial year up to the quarter immediately preceding the quarter in which the approval is sought.</td><td>
<table>
<tr><th>Sl. No.</th><th>Nature of Transactions</th><th>Q1 FY 2026-27 (₹ in Lakhs)</th></tr>
<tr><td>1.</td><td>Sales</td><td>1035.76</td></tr>
<tr><td>2.</td><td>Rent Receivable</td><td>7.26</td></tr>
<tr><td>3.</td><td>Other income</td><td>0</td></tr>
<tr><td></td><td>Total</td><td>1043.02</td></tr>
</table>
The Company has taken the approval of the shareholders till the date of 38th AGM to be held in the FY 2026-27 and these transactions fall within the approved Limits.
</td></tr>
<tr><td>3.</td><td>Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last financial year.</td><td>No</td></tr>
</table>

A(4). Amount of the proposed transactions *(All types of transactions taken together)*

<table>
<tr><th>S. No.</th><th>Particulars of the information</th><th>Information provided by the management</th></tr>
<tr><td>1.</td><td>Amount of the proposed transactions being placed for approval in the meeting of the Audit Committee/ Shareholders.</td><td>
<table>
<tr><th>Nature of Transaction</th><th>Amount
₹ In Lakhs</th></tr>
<tr><td>Sales</td><td>17,000</td></tr>
<tr><td>Purchases</td><td>300</td></tr>
<tr><td>Rent (Receivable)</td><td>100</td></tr>
<tr><td>Other Reimbursement</td><td>100</td></tr>
<tr><td>Total</td><td>17,500</td></tr>
</table>
Sale of Active Pharmaceutical Ingredients (APIs), chemicals & solvents, office and R&D rent receivable or any other transactions for transfer of resources, services or obligations and other reimbursements/ recoveries for business purpose from/to VKT Pharma for aggregate monetary value not to exceed Rupees 17,500 lakhs from the conclusion of the 38th AGM to till the conclusion of the 39th AGM to be held in the FY 2027-28.</td></tr>
<tr><td>2.</td><td>Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year would render the proposed transaction a material RPT?</td><td>Yes</td></tr>
<tr><td>3.</td><td>Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year</td><td>The Company's annual Consolidated turnover for the FY 2025-26 is ₹ 89522.48 Lakhs so the proposed transaction shall constitute 19.55% of the Annual consolidated turnover</td></tr>
<tr><td>4.</td><td>Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary and where the listed entity is not a party to the transaction)</td><td>NA</td></tr>
<tr><td>5.</td><td>Value of the proposed transactions as a percentage of the related party's annual standalone turnover, for the immediately preceding financial year, if available.</td><td>71.64 % VKT Pharma's Annual Standalone Turnover ₹ 244,26.59 <i>Lakhs</i></td></tr>
<tr><td>6.</td><td>Financial performance of the related party for the immediately preceding financial year:
<i>Explanations:</i>
The above information is to be given on standalone basis. If standalone is not available, provide on consolidated basis.</td><td>
<table>
<tr><th>Particulars</th><th>FY 2025-26
(₹ In lakhs)</th></tr>
<tr><td>Turnover</td><td>244,26.59</td></tr>
<tr><td>Profit After Tax</td><td>40,17.37</td></tr>
<tr><td>Net Worth</td><td>93,77.33</td></tr>
</table></td></tr>
</table>

A(5). Basic details of the proposed transaction

<table>
<tr><th>S. No.</th><th>Particulars of the information</th><th>Information provided by the management</th></tr>
<tr><td>1.</td><td>Specific type of the proposed transaction (e.g. sale of goods/services, purchase of goods/services, giving loan, borrowing etc.)</td><td>Sales, Purchases and Rent receivables and other reimbursement in the ordinary course of business</td></tr>
<tr><td>2.</td><td>Details of each type of the proposed transaction</td><td>a) Sale Active Pharmaceuticals Ingredients (APIs), chemicals & solvents.
b) Purchase of consumables and other miscellaneous items.
c) Leasing of Office premises & R&D Premises.
d) Availing or rendering of any services
e) Any transfer of resources, services, or obligations to meet its objective/ requirements</td></tr>
</table>

3.	Tenure of the proposed transaction (tenure in number of years or months to be specified)	The proposed transactions with the related party will be valid for approximately fifteen months The shareholders' approval will be valid for the period commencing from the conclusion of 38th Annual General Meeting till the date of 39th Annual General Meeting of the Company to be held in the year 2027.
4.	Whether omnibus approval is being sought?	Yes, These related party transactions are recurring transactions, in the ordinary course of business for both transacting parties. The actual transactions are reviewed quarterly by the Audit Committee.
5.	Value of the proposed transaction during a financial year. If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise.	Not Applicable Since the Company is taking approval from the conclusion 38th AGM to till the date of the 39th AGM
6.	Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity	VKT Pharma is forward integration to SMS Pharmaceuticals Limited which is value addition to the company. Considering the current business requirements and operational scenario, the proposed sale of Active Pharmaceutical Ingredients (APIs), chemicals and solvents by the Company to VKT Pharma is intended to facilitate the smooth and efficient conduct of business operations of both the Company and VKT Pharma. The transaction will help ensure the uninterrupted availability of the required quality and quantity of materials, enable efficient supply chain management, and support timely execution of manufacturing and business commitments. The procurement of consumables and other miscellaneous items from VKT Pharma to meet immediate requirement if any. The transactions are proposed to ensure continuity and reliability in the supply of goods, and enhance operational efficiency and cost optimization. without compromising independence. The proposed transactions are recurring in nature, are undertaken in the ordinary course of business, are on an arm's length basis, and are considered commercially beneficial and in the overall interest of the Company and its shareholders.
7.	Details of the promoter(s)/ director(s) / key managerial personnel of the listed entity who have interest in the transaction, whether directly or indirectly. Explanation: Indirect interest shall mean interest held through any person over which an individual has control. a. Name of the director / KMP b. Shareholding of the director / KMP, whether direct or indirect, in the related party	None of the promoters are interested, directly or indirectly, in the proposed transactions, except to the extent of their shareholding. The details of promoters/directors/KMPs of listed company have interest in VKT Pharma: Mr. Ramesh Babu Potluri-17.03% Mr. Vamsi Krishna Potluri-2.54% Mr. Trilok Potluri-3.18% Mrs. Hima Bindu Potluri-7.91% And Mr. Ramesh Babu Potluri- CMD of SMS Pharma is a Director in VKT Pharma Mr. Vamsi Krishna Potluri- ED of SMS Pharma is an MD in VKT Pharma and Mr. Vamsi Krishna Potluri is son of Mr. Ramesh Babu Potluri
8.	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	The proposed related party transactions with the related parties in the ordinary course of business and on arm's length basis and the same shall be placed before the Audit Committee for review and approval.
9.	Other information relevant for decision making.	-

B. Details for specific transactions

S. No.	Particulars of the information	Information provided by the management
1.	Bidding or other process, if any, applied for choosing a party for sale, purchase or supply of goods or services.	The proposed transactions are repetitive in nature and in the ordinary course of business of SMS Pharma. The transactions with the related party being the Associate Company of the listed entity is beneficial for both parties as well as shareholders of the Companies. The arm's length pricing is being validated by the Audit Committee of the listed Company. The proposed Sales transaction is to be entered into with a related party, competitive bids have not been invited. The Company is of the view that inviting bids in such cases is not practical, considering the nature of the relationship, business exigencies, and the specific requirements of the transaction. The Company is taking comparative bids from external parties for procurements. The proposed transactions will be entered based on the market price of the relevant material specification.
2.	Basis of determination of price.	
3.	In case of Trade advance (of upto 365 days or such period for which such advances are extended as per normal trade practice), if any, proposed to be extended to the related party in relation to the transaction, specify the following: a. Amount of Trade advance b. Tenure c. Whether same is self-liquidating?	

Point No. B(2) to B(5) not applicable

B(6). Disclosure only in case of transactions relating to transactions relating to sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate

S. No.	Particulars of the information	Information provided by the management
1.	Bidding or other process, if any, applied for choosing a party for sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity.	The Company has an unused portion of its Research & Development (R&D) facility, Registered Office premises which is providing on lease to its Associate Company VKT Pharma.
2.	Basis of determination of price.	The proposed lease is in the ordinary course of business and is in the interest of the Company. Considering the confidential nature of the R&D activities, the Company is not in a position to lease the premises to unrelated third parties, particularly other pharmaceutical or API manufacturing companies. Further, VKT Pharma's business is complementary to the Company's operations, and therefore leasing the premises to VKT Pharma is considered appropriate and commercially beneficial.
3.	Reasons for sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate.	The Company proposes to continue leasing its R&D facility and registered office premises to its Associate Company to facilitate efficient business operations, administrative convenience, and optimum utilization of the Company's infrastructure and assets. The arrangement enables the Associate Company to access critical research, development and office infrastructure without significant capital expenditure, while ensuring effective utilization of the Company's existing facilities. Accordingly, the proposed lease is in the ordinary course of business, undertaken on an arm's length basis, and is in the overall commercial interest of both the Company and its Associate Company.
4.	Financial track record of the subsidiary / undertaking that is being sold (in case of sale of undertaking, segment level data to be provided) during the last three financial years:	NA

	FY 2025-26	FY 2024-25	NA
Turnover			
Net worth			
Net Profit			

5.	Expected financial impact on the consolidated turnover, net worth and net profits of the listed entity or its subsidiary due to sale of the subsidiary / undertaking.	NA
	a. Expected impact on turnover	
	b. Expected impact on net worth	
	c. Expected impact on net profits	
	Point No. B(7) of table forming part of Part-B of the Industry Standards is not applicable.	
	Point No. C (1) to C (5) of table forming part of Part-C of the Industry Standards are not applicable	

The proposed contracts/arrangements/transactions relate to sale/purchase of goods/services or any other transaction(s), which shall be governed by the Company's Related Party Transaction Policy and shall be reviewed by the Audit Committee within the overall limits approved by the members.

The Audit Committee at its meeting dated 31st July, 2026 has reviewed the certificate issued by the Managing Director, Executive Director and Chief Financial Officer of the Company, as required under the RPT Industry Standards.

The proposal outlined above will contribute to the principal business activities of your Company and is in the interest of the Company. Hence, the Audit Committee, Board recommends the resolution set out in the Item No. 4 of the notice for your approval as an Ordinary Resolution. None of the Related Parties shall vote in favour of the resolution.

Except Mr. Ramesh Babu Potluri, Chairman & Managing Director, Mr. Vamsi Krishna Potluri, Executive Director and Mr. Trilok Potluri, Non-Executive Director and their respective relatives, none of the other Directors/ Key Managerial Personnel/their respective relatives are in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 5

The Board, on the recommendations of the Audit Committee in their meeting held on 22nd May 2026 has appointed the Cost Auditor M/s. Annapragada & Co., Cost Accountants, having Firm Registration No. 006031, to conduct the Audit of the cost records of the Company for the Financial Year 2026-27.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration of the Cost Auditor requires ratification from the members of the Company. Accordingly, consent of the members is accorded, for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2027 as set out in the Notice.

The Board of Directors, based on the said recommendation of the Audit Committee, recommends resolution No. 5 for approval of members as set out in the Notice convening the annual general meeting.

None of the Directors/ Key Managerial Personnel/ their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 6

Mr. Ramesh Babu Potluri (DIN: 00166381) was appointed as Chairman & Managing Director of the Company for a period of 5 years with effect from 01st October, 2021 which is due to expire on 30th September, 2026.

Based on the recommendation of the Nomination and Remuneration Committee at its meeting held on 31st July, 2026, the Board of Directors at its meeting held on 31st July, 2026 approved, subject to the approval of the Members, the re-appointment of Mr. Ramesh Babu Potluri as Chairman and Managing Director of the Company for a further period of five (5) years commencing from 1st October, 2026 up to 30th September, 2031, on the terms and conditions including remuneration as set out in the Resolution.

Background, Profile and rationale for appointment

Mr. Ramesh Babu Potluri is a Post-Graduate Technocrat with over four decades of distinguished experience in the pharmaceutical industry, particularly in research & development, process innovation, manufacturing, and business leadership.

In 1990, he acquired SMS Pharmaceuticals Limited, which was then a sick Company. Under his leadership, the Company successfully restructured its product portfolio, achieved profitability in the very first year of operations, introduced several Active Pharmaceutical Ingredients (APIs), and emerged as one of the leading manufacturers of Ranitidine Hydrochloride.

Apart from his corporate leadership, he has made significant contributions to the pharmaceutical industry by serving on the Boards of various industry organizations, including Chemexcil. He has also served as an Advisor to the Government of Andhra Pradesh on matters relating to the pharmaceutical sector.

During his tenure, the Company has achieved significant operational growth, strengthened its global customer base, enhanced manufacturing capabilities, expanded research and development activities and consistently maintained high standards of corporate governance and regulatory compliance.

Considering his vast industry knowledge, strategic vision, leadership qualities, extensive experience and invaluable contribution towards the sustained growth and development of the Company, the Nomination and Remuneration Committee and the Board of Directors are of the opinion that his continued association as Chairman and Managing Director is in the best interests of the Company and its stakeholders.

Mr. Ramesh Babu Potluri was born on 1st October, 1958 and shall be attaining the age of seventy (70) years on 1st October, 2028 during the proposed tenure of re-appointment. Accordingly, in terms of Section 196(3)(a) read with Schedule V of the Companies Act, 2013, continuation of his office as Chairman and Managing Director beyond the age of seventy years requires approval of the Members by way of a Special Resolution.

Further, the remuneration proposed to be paid to Mr. Ramesh Babu Potluri is also subject to the approval of the Members pursuant to Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, since the remuneration payable may exceed the limits specified therein.

The principal terms and conditions of his appointment and remuneration are contained in the Resolution forming part of this Notice.

INFORMATION PURSUANT TO SCHEDULE V OF THE COMPANIES ACT, 2013

I. General Information:

1) Nature of industry: The Company is engaged in the business of manufacturing Active Pharmaceutical Ingredients (APIs), pharmaceutical intermediates and allied products.

2) Date or expected date of commencement of commercial production: The Company was incorporated in year 1987 and started commercial production in the same year.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable

4) Financial performance based on given indicators: as per audited financial results for the year ended March 31, 2026

Particulars	**₹ In Lakhs**
Revenue from Operations & Other Income	89,522.48
Net profit as per Statement of Profit & Loss (After Tax)	8,760.93
Net Profit in accordance with section 198 of the Companies Act, 2013	12,919.04
Net Worth	80,478.68

5) Foreign investments or collaborations, if any: Details relating to foreign investment in the Company are available in the shareholding pattern filed with the Stock Exchanges and hosted on the Company's website.

II. Information about the appointee:

1) **Background details:** As mentioned above

2) **Past remuneration:** ₹ 646.31 lakhs

3) **Recognition or awards:** NIL

4) **Job profile and his suitability:** Mr. Ramesh Babu Potluri is a Post-Graduate Technocrat with over four decades of distinguished experience in the pharmaceutical industry, particularly in research & development, process innovation, manufacturing, and business leadership.

Over the years, Mr. Ramesh Babu Potluri has consistently demonstrated exceptional leadership, strategic vision and strong management capabilities. His expertise in business development, resource optimization has significantly contributed to the sustained growth and operational excellence of the Company. His vision and execution capabilities continued in positioning the Company for future growth. His continued association with the Company is considered essential for providing strategic direction, ensuring business continuity and achieving the long-term objectives of the Company. the Board considers him eminently suitable for the position of Chairman and Managing Director.

5) **Remuneration proposed:**

A) Salary:

Basic Salary: ₹ 40,00,000/-(Rupees Forty Lakhs Only) per month, payable monthly or at such intervals as may be determined by the Board.

B). Perquisites & Allowances: In addition to the above salary, he shall be entitled to the following perquisites, allowances and benefits:

i) Housing: Furnished or unfurnished residential accommodation or House Rent Allowance of upto 50% of the basic salary.

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 dependent family members.

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

viii) Club Membership: Fees payable subject to a maximum of two clubs.

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

x) Other allowances as may be decided by the Board or Nomination and Remuneration Committee from time to time, subject to the provisions of the Companies Act, 2013.

C. Other Benefits, Terms & Conditions:

i. Conveyance facility: The Company shall provide a Car with Driver.

ii. Telephone, mobile phone, internet and other communication facilities at residence, with reimbursement/payment of actual expenses.

iii. Travelling expenses actually incurred on travelling and boarding and lodging for self and spouse and also attendant, if required accompanying him during domestic and overseas business trips.

iv. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent that these either singly or together are not taxable under the Income Tax Act. He is also entitled for Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure. All these shall not be included in the computation of ceilings aforesaid.

v. For the purposes of calculating the above overall ceiling, perquisites and allowances shall be as per Income Tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost or hire charges.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of re-appointment of Mr. Ramesh Babu Potluri, the Company has no profits or its profits are inadequate, the Company shall pay minimum remuneration by way of salary, perquisites, allowances and benefits as specified above.

Remuneration based on profits:

Remuneration based on profits as percentage of profits as may be decided by the Board of Directors on yearly basis. In addition to the salary, perquisites, allowances and benefits in the years in which the Company has sufficient profit, the Managing Director shall be paid subject to a maximum of 5% of the annual net profit of the Company on the yearly basis, provided that the aggregate remuneration payable to the Managing Director(s) and Executive Director(s) together shall not exceed 10% of annual net profits of the Company.

Where in the financial year during the currency of the tenure of Mr. Ramesh Babu Potluri as Chairman and Managing Director, the Company has no profit or inadequacy of profits, the Company shall pay the above remuneration as minimum remuneration to Mr. Ramesh Babu Potluri for a period not exceeding 3 (Three) years from the date of re-appointment or such other period as may be statutorily permitted, by way of salary, perquisites and other allowances and benefits as specified above, subject to receipt of requisite approvals, if any, notwithstanding that the remuneration may be in excess of the limits specified in Section 197 of the Companies Act, 2013 and Part-II of Section II of Schedule V to the Companies Act, 2013 or any amendments thereto.

6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** Considering the size, financial position, complexity of operations, industry benchmarks, responsibilities attached to the office and the experience and expertise of Mr. Ramesh Babu Potluri, the proposed remuneration is fair, reasonable and commensurate with remuneration paid by comparable companies in the pharmaceutical industry.

7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any:** He is father of Mr. Vamsi Krishna Potluri, Executive Director and Mr. Trilok Potluri, Non-Executive and Non-Independent Director.

   Other than above he is not related to any other Directors/ Key Managerial Personnel/Manager.

III. Other information:

1) **Reasons of loss or inadequate profits:** During the financial year ended 31st March 2026, the Company has earned profit before tax ₹ 11,627.13 Lakhs. Accordingly, the Company has adequate profits to pay managerial remuneration in accordance with the applicable provisions of the Companies Act, 2013, including Section 197 read with Schedule V of the Act.

2) **Steps taken or proposed to be taken for improvement:** The Company continues to focus on enhancing its operational efficiency, strengthening internal processes, and expanding its business operations. It remains committed to improving overall business performance through strategic initiatives, cost optimization, and sustained growth opportunities.

3) **Expected increase in productivity and profits in measurable terms:** The ongoing expansion of manufacturing capacities, business development initiatives, process optimization, and cost rationalization measures are expected to contribute to enhanced operational performance and sustainable growth over the coming years. While these initiatives are expected to have a positive impact on the Company's financial performance, the actual results will depend upon market conditions, industry trends, regulatory environment, availability of raw materials, and other economic and business factors beyond the Company's control.

IV. Disclosures:

Mr. Ramesh Babu Potluri has confirmed that he is not disqualified from being appointed as Director in terms of the provisions of Section 164(1) and (2) of the Companies Act, 2013. Mr. Ramesh Babu Potluri has provided his consent for re-appointment and has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI order or any such authority, pursuant to circulars dated 20th June, 2018 issued by the BSE Limited and the National Stock Exchange of India Limited, pertaining to the enforcement of SEBI orders regarding the appointment of Directors by the listed companies. The details of Mr. Ramesh Babu Potluri as required under Regulation 36 (3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the **"Annexure"** forming part of this Notice.

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee and after considering the performance evaluation, qualifications, experience, expertise, leadership and significant contribution made by Mr. Ramesh Babu Potluri to the Company, recommends his re-appointment as Chairman and Managing Director for a period of five years with effect from 1st October, 2026 to 30th September, 2031, including his continuation in office after attaining the age of seventy years during the tenure and approval of the remuneration payable to him in accordance with the Companies Act, 2013 and Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except Mr. Ramesh Babu Potluri, Chairman & Managing Director, Mr. Vamsi Krishna Potluri, Executive Director and Mr. Trilok Potluri, Non-Executive Director and their respective relatives, none of the other Directors/ Key Managerial Personnel/their respective relatives are in any way, concerned or interested, financially or otherwise, in this resolution.

The Board of Directors recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

Item No. 7

SMS Peptides Private Limited ("SMS Peptides") was incorporated on 1st November, 2024, having its registered office at 8th Floor, Trendset Jayabheri Connect, Kondapur, Serilingampally, Ranga Reddy District, Hyderabad – 500084. The main objective of SMS Peptides is to engage in the research, development, production, manufacturing and commercialization of peptide-based generic pharmaceuticals and related products, including undertaking advanced peptide manufacturing and providing Contract Research Organization (CRO) services focused on peptide research and development.

SMS Peptides Private Limited is a subsidiary of the Company, wherein the Company holds 99.99% of the paid-up equity share capital. Mr. Ramesh Babu Potluri, Chairman & Managing Director, and Mr. Vamsi Krishna Potluri, Executive Director of the Company, are also Directors on the Board of SMS Peptides Private Limited.

The pharmaceutical industry is witnessing significant advancements globally, with continuous research and development being undertaken for discovering and developing innovative therapeutic solutions for various diseases. Peptide-based pharmaceuticals represent one such innovative approach and have gained importance due to their potential applications in developing advanced healthcare solutions.

With a view to supporting the growth and expansion of its subsidiary, the Company proposes to provide financial assistance to SMS Peptides Private Limited by way of loan(s), including loans represented by book debts to SMS Peptides Private Limited, for undertaking its business activities, including capital expenditure, operational expenditure, meeting working capital requirements and other activities necessary to achieve its objectives.

The Board of Directors of the Company, at its meeting held on 31st July, 2026 have approved the proposal, subject to the approval of the members, to authorize the Company to advance loan(s), including loans represented by book debts to SMS Peptides Private Limited, a subsidiary of the Company, up to an aggregate amount not exceeding ₹ 50.00 Crores (Rupees Fifty Crores only) as specified in Item No. 7 of this Notice.

Pursuant to the provisions of Section 185 of the Companies Act, 2013 ("the Act"), a company may, after obtaining the approval of the members by way of a Special Resolution, advance any loan (including any loan represented by book debt), give any guarantee or provide any security in connection with any loan taken by any entity falling within the category of "any person in whom any of the director of the company is interested", as specified in the Explanation to Section 185(2)(b) of the Act, subject to compliance with the conditions prescribed therein.

The loan(s) proposed to be extended shall be utilized by SMS Peptides Private Limited solely for principal business activities, including capital expenditure, operational expenditure, meeting working capital requirements, product development, acquisition of fixed assets, repayment/ refinancing of existing borrowings if any, and other general corporate purposes, as may be required from time to time.

The Board shall consider each proposal for extending such loan(s), based on the business requirements of the subsidiary and the overall interest of the Company. Such financial assistance may be extended from the Company's internal accruals, surplus funds and/or any other legally permissible sources of finance. The loan(s), if granted, shall carry such rate of interest and be on such other terms and conditions as may be determined by the Board from time to time, having regard to the prevailing market conditions and in the best interests of the Company.

The Board is of the opinion that the proposed financial assistance is in the interest of the Company as it will support the growth and expansion of its subsidiary, strengthen its operational capabilities and enhance long-term value for the Company and its stakeholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise in the resolution except to the extent of their directorship and shareholding in the body corporate(s) in which investment may be made or loan/ guarantees may be given pursuant to this special resolution.

The Board recommends the resolutions set forth in Item No. 7 of this Notice for approval of the members by way of a Special Resolution.

Annexure

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India]

Name	**Dr. Sunkara Venkata Satya Shiva Prasad**	**Mr. Ramesh Babu Potluri**
DIN	10404277	00166381
Designation and Category of Director	Non-Executive Non- Independent Director	Chairman and Managing Director (Promoter)
Date of Birth	15.09.1961	01.10.1958
Nationality	Indian	Indian
Date of first appointment/ re-appointment	12.08.2024	01.10.2021
Qualifications	Ph.d (Doctorate in Agricultural sciences)	M.Sc.
Brief Profile	Dr. Sunkara Venkata Satya Shiva Prasad served in Indian Revenue Service from 1988 to 2021. He completed his Doctorate in Agricultural sciences from Indian Agricultural Research Institute, New Delhi. He was selected for IRS in the year 1988. He has under gone training at National Academy of Direct Taxes in Accountancy, Companies Act, and also Industrial finance and management. He worked in various capacities as Assistant commissioner, Additional commissioner, Commissioner, Principal Commissioner and Retired as Chief Commissioner of Income Tax. Throughout his carrier he dealt with Accounting issues, Corporate finance issues, Industrial management and Industrial finance issues while working in Hyderabad, Bengaluru, Kolkata, Coimbatore etc. He had rich exposure regarding Accountancy issues, administration of Companies Act and Industrial Finance Management. He also had exposure to business restructuring of companies in accordance with Income tax act and other statutes.	Mr. Ramesh Babu Potluri is a Post-Graduate Technocrat with over four decades of distinguished experience in the pharmaceutical industry, particularly in research & development, process innovation, manufacturing, and business leadership. In 1990, he acquired SMS Pharmaceuticals Limited, which was then a sick Company. Under his leadership, the Company successfully restructured its product portfolio, achieved profitability in the very first year of operations, introduced several Active Pharmaceutical Ingredients (APIs), and emerged as one of the leading manufacturers of Ranitidine Hydrochloride. Apart from his corporate leadership, he has made significant contributions to the pharmaceutical industry by serving on the Boards of various industry organizations, including Chemexcil. He has also served as an Advisor to the Government of Andhra Pradesh on matters relating to the pharmaceutical sector.
Nature of Expertise in specific functional areas	Accounting, Corporate finance, Industrial management and Industrial finance	Strategic leadership, pharmaceutical research and development, API manufacturing, process innovation, technology development, business strategy, corporate restructuring, operations management, regulatory compliance, corporate governance, project execution, financial management, and industry representation.
Board Memberships of other listed company as on 31st March, 2026	M/s. Avanti Feeds Limited	NIL
List of other Companies in which directorships are held	M/s. Avanti Feeds Limited	1 M/s. VKT Pharma Private Limited 2 M/s. SMS peptides Private Limited 3 M/s. Provenio Astral International LLP 4 M/s. Potluri Agri Farms LLP 5 M/s. Satyadivis Pharmaceuticals Private Limited

Name	Dr. Sunkara Venkata Satya Shiva Prasad	Mr. Ramesh Babu Potluri
Listed Entities from which resigned in past three years	NIL	NIL
number of Meetings of the Board attended during the last year and Membership/ Chairmanship of other Committees of the Board of Directors of the company as on 31 March 2026	number of Meetings of the Board attended- 5/6 **number of Meetings attended as Membership/Chairmanship of Committee of the Board -** Stakeholder Relationship Committee (Chairman)– 1/2 Nomination and Remuneration Committee (Member) – 1/1	Number of Meetings of the Board attended- 6/6 **number of Meetings attended as Membership/ Chairmanship of Committee of the Board -** Risk Management Committee (Chairman)– 2/2 Corporate Social Responsibility Committee (Chairman) – 3/3
Membership/Chairmanship of Committees of the other companies in which he is a director	**Avanti Feeds Limited** Nomination and Remuneration Committee (chairman) Risk Management Committee (Member)	NIL
Shareholding in the Company as on 31 March 2026 (including shareholding as Beneficial Owner)	Equity Shares - 15,255	Equity Shares - 1,81,53,060
Remuneration last Drawn	Sitting fees for attending Board Meetings and Committee meetings, where he is a member.	₹ 646.31 lakhs p.a
Remuneration proposed to be paid	Sitting fees for attending Board Meetings and Committee meetings, if any, where he is a member.	As mentioned in the Explanatory Statement
Terms and conditions of appointment / reappointment	Appointment as a Non-executive Non-Independent Director	As mentioned in the Explanatory Statement
Relationship with other Directors/Key Managerial Personnel/Manager	Dr. Sunkara Venkata Satya Shiva Prasad is father-in law of Mr. Vamsi Krishna Potluri who is an Executive Director of the Company.	He is father of Mr. Vamsi Krishna Potluri, Executive Director and Mr. Trilok Potluri, Non-Executive and Non- Independent Director. Other than above he is not related to any other Directors/Key Managerial Personnel/Manager
Justification for choosing the appointee for appointment as the Director	Dr. Sunkara Venkata Satya Shiva Prasad possesses extensive knowledge and expertise in accountancy, corporate governance, administration of the Companies Act, 2013, and industrial finance management. His rich professional experience, financial acumen, and understanding of regulatory and corporate affairs would provide valuable guidance to the Board and contribute significantly to the Company's governance, financial oversight, and long-term strategic growth. Accordingly, the Board is of the opinion that his continued association would be of immense benefit to the Company.	Mr. Ramesh Babu Potluri fulfils the conditions prescribed under the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his re-appointment as Chairman and Managing Director of the Company. Mr. Ramesh Babu Potluri has over four decades of rich experience in the pharmaceutical industry and has been instrumental in the growth and development of the Company through his leadership, strategic vision and extensive industry expertise. Considering his qualifications, experience, proven leadership, and significant contribution to the Company, the Board is of the opinion that his continued association as Chairman and Managing Director would be in the best interests of the Company and its stakeholders. Accordingly, the Board recommends his re-appointment for the approval of the Members.

Name	Dr. Sunkara Venkata Satya Shiva Prasad	Mr. Ramesh Babu Potluri
Skills and capabilities required for the role and the way the Directors meet the requirements	Dr. Sunkara Venkata Satya Shiva Prasad has expertise skills regarding Accountancy issues, administration of Companies Act and Industrial Finance Management. He also had exposure to business restructuring of companies in accordance with Income tax act and other statutes.	Not Applicable

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
DIN:00166381

Place: Hyderabad
Date: 27.08.2026

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CONTINUAL IMPROVEMENT IS OUR AIM

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