RESPONSE TO THE QUERY RECEIVED FROM RAMESH BABU POTLURI **(Dt. 24.04.2026)**

Sl No.	Query	Management response
1)	As per my understanding Haleos can give Corporate Guarantee to an associated company without any doubt, But Haleos has holding of about 60% while about 40% is being held by some shareholder/Shareholders separately. I am at a loss to understand why Haleos is giving the Corporate Guarantee for the entire loan amount while the 40% shareholders are completely omitted from this guarantee liability. This as per me is like 60% shareholders taking 100% risk while 40% holders are sitting risk-free. Hence Haleos should involve the 40% holders also in this guarantee so that the risk will be evenly spread. otherwise there should be a strong reason and justification for the shareholders of Haleos to accept this proposal.	We would like to reiterate that Mahi Drugs Private Limited (material subsidiary) has availed an External Commercial Borrowing (ECB) facility amounting to ₹20 Crores from RBL Bank for the purpose of supporting its business expansion plans. In order to secure the said facility, Haleos Labs Limited (HLL / Company) is required to extend Corporate Guarantee in favour of the RBL Bank. **Shareholders' approval:** The requirement for shareholders' approval in the present case arises under 2 (two) distinct legal frameworks, which operate independently: ≡ **Section 186 of the Companies Act, 2013:** HLL is within the prescribed limits for loans, guarantees, investments and securities. Accordingly, shareholders' approval is not required under Section 186 for the proposed Corporate Guarantee. ≡ **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended):** Proposed transaction, when aggregated with earlier Related Party Transactions during 2025–26, is expected to exceed the prescribed materiality thresholds. Accordingly, the Company is mandatorily required to obtain approval of the shareholders for such Related Party Transaction. In terms of the aforesaid SEBI regulations, all entities falling within the definition of "related parties" shall not vote to approve the resolution, irrespective of whether such entity is a party to the specific transaction. Accordingly, while no shareholders' approval is required under Section 186 of the Companies Act, 2013, approval is being sought to comply with the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

		Rational for the proposed transaction: The proposed transaction, in relation to the ECB availed by the subsidiary, is in the overall interest of the Company. The transaction is also aligned with the Company's broader business strategy and is expected to contribute to improved operational performance of both companies. Corporate Guarantee issued by the Company shall enable the subsidiary to secure the facility at a competitive rate of interest and on more favourable commercial terms. This shall result in reduced finance costs for the subsidiary and strengthens its financial position, which in turn has a positive bearing on the consolidated financial performance and shareholder value of the Company. **Risk mitigation:** Corporate Guarantee shall be disclosed as "Contingent Liability" in the books of the Company. Your Company shall undertake periodic monitoring and review of the subsidiary's financial position and debt servicing capability. In the event of any default, appropriate recovery actions would be undertaken against the assets of the subsidiary. Further, the subsidiary currently holds a credit rating of "IVR BB+; Stable", indicating a low probability of default on its obligations. It is also pertinent to note that the subsidiary had previously availed an ECB facility of ₹19.42 Crores in 2019, which was similarly supported by Corporate Guarantee from the Company and has been repaid upto 95% as on March 31, 2026, without any instance of default. We would like to reiterate again that the proposed transaction is not the first instance of the Company issuing Corporate Guarantee in favour of the said subsidiary. The Company has, in the past, issued Corporate Guarantees to the subsidiary.

		Reason for unequal risk: We would also like to draw your attention towards the fact that the 40% stake of the subsidiary are currently held by foreign strategic investors and HLL has the absolute control over the operations of the subsidiary. It is pertinent to note that banker to the facility typically seek Corporate Guarantee from the holding company, being the promoter entity with significant control and financial standing, rather than from minority shareholders of the subsidiary. Accordingly, the structure of the guarantee is aligned with standard market practice and banker' requirements.
2)	If this was discussed in the Board, I would like to go through the minutes of the meeting as to what made the Board of Directors to agree for providing guarantee and taking uneven risk putting entire liability on the 60% shareholders.	We hereby assure that the agenda pertaining to the issuance of Corporate Guarantee in favour of the subsidiary was duly deliberated, extensively discussed and thereafter approved at the respective meetings of the Audit Committee and the Board of Directors held on February 11, 2026. The rationale and justification for entering into the said transaction have been comprehensively set out in the Postal Ballot Notice circulated to the shareholders via email on March 30, 2026. Further, in terms of Clause 7.7.1 of Secretarial Standard–I, access to the minutes of Board meetings is restricted and cannot be provided to shareholders of the Company, irrespective of shareholding %age. Moreover, It is a settled position under the Companies Act, 2013 and reinforced by NCLT jurisprudence that minutes of Board meetings are confidential internal documents, access to which is restricted to Directors and authorised persons only (Statutory and Secretarial Auditors). Shareholders have no statutory or inherent right to inspect or obtain copies of Board minutes.
3)	Another reason why I am asking the details before voting is that Haleos lately has been denying the rights of even the major stakeholders in providing information sought rightfully under provisions of law.	In line with its commitment to good corporate governance and the principle of equitable and non-discriminatory access to information, your Company endeavours to respond to all queries, feedback and suggestions received from its stakeholders in a timely and transparent manner. In the interest of transparency, such responses are also uploaded on the Company's website.

		Details of erstwhile mail correspondence is provided in point no. 6 The Company remains mindful of safeguarding the rights and interests of its stakeholders and is committed to ensuring that no such rights are prejudiced. In appropriate cases, the Company also endeavours to go beyond the minimum statutory requirements to provide necessary support and information to stakeholders, subject to applicable laws and regulatory provisions.
4)	I have sent a mail on 6th November 2025 expressing my concerns and asking for Monthly BENPOS which under law cannot be denied to even minor shareholders while I have sought this information as a major shareholder holding 16% apart from the holding of friends and associates.	With respect to the request for sharing of BENPOS, as already communicated in our earlier responses including email dated November 20, 2025, we wish to clarify that the applicable legal and regulatory framework restricts disclosure of shareholder details for the purpose of inspection or extraction. **Companies Act framework:** Pursuant to Rule 14(3) of the Companies (Management and Administration) Rules, 2014, as amended vide MCA Notification No. G.S.R. 279(E) dated April 6, 2022, inspection or extraction of certain particulars from the register, index or returns of members is restricted. These include: ≡ Address or registered address (in case of a body corporate) ≡ E-mail ID ≡ Unique Identification Number ≡ PAN **SEBI regulatory framework:** SEBI, vide its circular dated December 20, 2024, has introduced comprehensive data sharing framework for Market Infrastructure Institutions (including depositories). The said circular classifies beneficial owner details, including personally identifiable information, unique client codes and KYC-related data, as sensitive personal information, which cannot be freely disseminated.

		Data protection considerations: In terms of the Digital Personal Data Protection Act, 2023, personal details of shareholders, such as PAN, address and email ID, constitute "personal data." Disclosure of such data without the consent of the data principal may expose the Company to regulatory liability. The Company's approach is fully aligned with the above legal and regulatory requirements. Further, the quarterly Shareholding Pattern of the Company filed under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is publicly available on the websites of the stock exchanges as well as on the Company's website. However, considering your continued interest in the Company as a well-wisher and in accordance with applicable legal provisions, we have enclosed the "List of Shareholders" as on March 31, 2026. Further, we assure that the Company shall continue to share such information, as permissible under applicable laws, from time to time upon request.
5)	I have asked for 3 years business plan to understand the path being taken by Haleos so that we can be confident of our investments.	Brief note on the Company's three year business plan has already been shared vide our email dated November 20, 2025, and you are requested to kindly refer to the same. The said email overall outlines the strategic direction and key growth initiatives of the Company. We would like to apprise that information relating to the Company's operations may broadly be categorised into 2 (two) types: **Information available in the public domain:** This includes material information that is required to be disclosed under applicable laws and regulations and is made available to all stakeholders on a non-discriminatory basis through stock exchange filings, the Company's website and other public disclosures. Such information is intended to enable informed decision-making by shareholders and investors.

		Confidential and commercially sensitive information: Certain information is strategic, technical or commercially sensitive in nature. Disclosure of such information may adversely impact the Company's competitive position, including potential loss of business opportunities. Accordingly, such information is not shared publicly and is disclosed only in compliance with applicable legal and regulatory requirements. In this context, the Company refrains from sharing details relating to pipeline business opportunities, as any such disclosure would be premature and may be commercially prejudicial. **While the Company is bound by regulatory restrictions on sharing certain granular details, we continue to ensure that all material information required for informed trading decision making is made available to all shareholders transparently without compromising the confidentiality of the specific data etc.** Should you require any further clarifications, the Company would be pleased to address the same, to the extent permissible under applicable laws.
6)	Surprisingly there was no response from the company and I am not sure if a serious official communication like it was discussed in the Board or not. This complete ignorance of communication from one of the major shareholders of the company raises concerns on the attitude of company in handling shareholder rising trust concerns.	We request you to kindly note that the contents of your email dated November 6, 2025 were duly placed before and deliberated upon by the Board of Directors (including the Independent Directors) at its meeting held on November 10, 2025. Pursuant to the advice, suggestions and guidance of the Board, the Company provided detailed response vide email dated November 20, 2025, with all members of the Board duly kept informed. Earlier Correspondence: 1) Email received on 29.11.2021 & responded on 03.12.2021 and 29.07.2022 2) Email received on 26.12.2023 & responded on 27.12.2023 and 07.03.2024 3) Email received on 18.07.2024 & responded on 25.07.2024 4) Email received on 06.11.2025 & responded on 20.11.2025

		In light of the above, we deny any lapse in responding to shareholder communications. **<u>The allegation that there has been no response from the Company is factually incorrect.</u>** **All communications received from shareholders are duly acknowledged, examined and responded to in a timely manner. Your Company remains committed to maintaining transparent and constructive engagement with all its stakeholders.**

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RESPONSE TO THE QUERY RECEIVED FROM SC GUPTA **(Dt. 06.12.2025)**

Sl No.	Query	Management response
1)	The current turnover of Ranitidine API and its formulations by our company.	The Company is engaged in the manufacture of Ranitidine API, which contributes to approximately 50% of the total turnover. Revenues from Ranitidine have remained stable over the last couple of years, indicating sustained demand in key markets and underscoring the strength of the Company's established product portfolio.
2)	Whether our company also manufactures reformulated ranitidine, if so expected increase in turnover due to such acceptance by USFDA in FY26 and FY27 onwards.	The Company is exclusively engaged in the manufacture of improved Ranitidine API and is not involved in the formulation business. Further, USFDA clearance of reformulated Ranitidine tablets of VKT may revive global interest in Ranitidine and could potentially support demand for our API in export markets. At present, the Company is closely monitoring market developments and given the early stage of this approval, it would not be appropriate to comment on the potential impact of the same on the financial performance of the Company in the near future. Notwithstanding, we continue to target a topline CAGR in the range of 10–15%,
3)	Does our company supply reformulated ranitidine to our earlier company also.	The Company has supplied Ranitidine Intermediates to SMS Pharma in marginal quantities and intends to continue the same trend in line with their requirements.

CAUTIONARY STATEMENT:

This response may be "forward-looking statements" within applicable Laws, Rules and Regulations. Actual results could differ from those expressed or implied.

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RESPONSE TO THE QUERY RECEIVED FROM S VIJAYAKUMAR **(Dt. 18.11.2025)**

Sl No.	Query	Management response
1)	Even though Management has reiterated that their primary focus is on margin growth over revenue growth, I have one query on revenue metric from a short term point of view. Considering Half Year H1 FY 25-26 revenue of ₹165.25 cr, whether we can meet the revenue target of ₹366 cr for the full year FY 25-26, which is the minimum target envisaged by the management [(i.e) 10% over the FY 25 actual of ₹333 cr] or we have to scale back the revenue target range for FY 25-26 from 10% to 15% to 5% to 10% ?	Higher dispatches are anticipated in Q3 and Q4 (including the subsidiary) and the Company is making focused efforts to achieve the targeted revenue. Good Growth is anticipated in FY 26-27.
2)	The debt position of our Company is on the decreasing trend inspite of the capex. Whether the future annual capex will be done from the internal accruals itself ?	Debt obligations are being met as per the scheduled timeframe, alongside ongoing capital expenditure. However, to maintain adequate cash liquidity, we have approached Bank for a long-term loan for the expansion project. The same is currently under process and is expected to be disbursed in Q3.
3)	What is the reason for the increase in other Current liabilities to ₹1,607.48 lakhs as on 30.09.25?	Due to the advance received by the subsidiary (Mahi Drugs) against orders, there is an increase in other current liabilities (consolidated). Dispatches for these orders will commence from Q3 onwards.

CAUTIONARY STATEMENT:

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RESPONSE TO THE QUERY RECEIVED FROM MR. ABHISHEK YOGESH SHAH **(Dt. 29.09.2025)**

Sl No.	Query	Management response
1)	Haleos Labs Limited** and Mahi Drugs Pvt Ltd (Subsidiary Company) achieved CONSOLIDATED Sales of ₹ 345 crores and EBIDTA of ₹45 crores for FY25 ?	We are targeting annual revenue growth of 10-15% for Haleos and aim to achieve revenue milestone of ₹150 crores in our subsidiary in next 3-4 years.
2)	What are the PEAK CONSOLIDATED Sales and EBIDTA that you can generate from the Existing Manufacturing Facilities of Haleos Labs Limited** and Mahi Drugs Pvt Ltd?	Depending on dynamic global market conditions and the product mix, the peak consolidated sales that can be generated from the existing facilities could potentially be double of the current level.
3)	Haleos Labs Limited** and Mahi Drugs Pvt Ltd have 13 (Thirteen) Products Approved by USFDA. What is your plan for Exports to USA ?	In cooperation with our US and Indian customers, we are targeting the US market, also we have a few existing agreements that are expected to increase our US sales. Further, please note that currently we have 8 products approved by USFDA.
4)	What is your plan for Exports to Europe ?	In cooperation with our EU and Indian customers, we are targeting the EU market. We already have a few agreements in place and are in the process of executing additional ones which will help to further increase sales in that region.
5)	China contributes about 20% of Company's Exports, which is commendable. What is your plan for Exports to China ?	By sustaining existing product sales and expanding through new API registrations and direct sales, China will continue to remain a strategically important market for the Company.
6)	What is your plan for Exports to Other Global Markets in addition to USA, Europe and China) ?	We continue to strengthen sales by leveraging our existing customers and product line, while simultaneously exploring new verticals through established channels.
7)	What is your plan for Sales in Domestic Market ?	
8)	What is your Expansion Plan for Haleos Labs Limited** and Mahi Drugs Pvt Ltd?	In Haleos Labs Limited**, we plan to add 2 more API lines over the next couple of years and also expand the capacity of the existing blocks. On Mahi's side, we are planning to add 1 API line each year, increasing from the current 2 API lines to 4-5 API lines.

****formerly known as SMS Lifesciences India Limited**

9)	What are your Business Plan and Financial Goals for Haleos Labs Limited** and Mahi Drugs Pvt Ltd for next 5 Years - FY30 ?	Financial goals for Haleos Labs Limited** and Mahi Drugs over the next 5 years should be to focus on achieving annual growth of 10–12% in topline.
10)	Investor Relations ≡ Haleos labs** has reputed promoters, 2 (Two) USFDA approved manufacturing facilities strong product pipeline and good business prospects. ≡ In spite of this, Haleos labs** Stock is Highly Undervalued ≡ It is due to lack of Investor Relations ≡ I request you to start the following: ▪ Investor Presentation on should be more detailed than the one you have submitted to BSE and NSE ▪ Press Release on Quarterly Results ▪ Press Release on Approval and Launch of New Products ▪ Press Releases on Major Events in the Company ▪ Annual Call with Analysts and Fund Managers ▪ Annual Meeting with Analysts and Fund Managers ▪ Please appoint a good INVESTOR RELATIONS AGENCY for the above work	We are currently evaluating the feasibility of engaging an Investor Relations Agency, while simultaneously demonstrating commitment to transparency by publishing an annual Investor Presentation for stakeholders. Additionally, all queries related to business prospects and growth are being addressed on regular basis and the same are disseminated on the website of the Company, ensuring compliance with Good Corporate Governance and making information accessible to all in accordance with Insider Trading Regulations. Moreover, we continue to remain fully compliant with all statutory disclosure requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
11)	Meeting with the Management and Plant Visit ≡ I am a Fund Manager with experience of 15 Years and have met Managing Directors and Chief Financial Officers of more than 500 (Five Hundred) Companies. ≡ We would like to BUY a large number of existing Equity Shares of Haleos labs** from BSE and NSE ≡ It is our practice to meet the Management of the Company and do a Plant Visit BEFORE making a large equity investment ≡ I would request for a Meeting with Mr. Praveen Talluri (Executive Director) and Plant Visit of Haleos labs** and Mahi Drugs Pvt Ltd at the earliest.	Eventhough we greatly appreciate your enthusiasm to know more about the Company's operations. Plant visits are presently not open to individual shareholders due to regulatory, safety and operational considerations. The Board may consider the same at an appropriate time in the future, subject to necessary statutory approvals and protocols. As regards funding, we are currently committed to meeting our expansion requirements through internal sources. Should the need arise in future to explore external funding, we will be glad to connect with your good self. Further, as a matter of Company policy, we refrain from commenting on issues relating to shareholders' trading decisions in the secondary market.

CAUTIONARY STATEMENT:

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RESPONSE TO THE QUERY RECEIVED FROM PERUMAL SULOCHANA **(Dt. 29.09.2025)**

Sl No.	Query	Management response
1)	My query is with respect to the Promoter Shareholding. Going by the recent past track record, Promoters have regularly increased their stake from 69.85% two years back to the current 71.40%. Taking into account the cheap valuation and future prospects, whether the promoters will increase their stake, even a minor increase or they are comfortable with their current promoter holding limit?	We take note of your query regarding the promoters' investment plan. At this stage, we do not have any specific information to share on this matter. Any disclosure, if required, will be made in accordance with the applicable regulatory requirements.

CAUTIONARY STATEMENT:

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RESPONSE TO THE QUERY RECEIVED FROM KESHAV GARG **(Dt. 29.09.2025)**

Sl No.	Query	Management response
1)	What is the outlook for FY26 & FY27 in terms of topline & bottom line?	We are targeting a 10-15% year-on-year increase in top-line revenue while maintaining sustainable profit margins.
2)	Why haven't we been able to surpass revenue of 350cr we did in FY22?	The revenue increase in FY 2022 was primarily driven by the rise in raw material prices, which were directly passed on to customers. Thereafter, the sales volumes have remained stable and there has been no significant change in the sales of our key products like Ranitidine & Famotidine.
3)	What was volume & realisation growth during FY25 & FY24?	During the last year, volumes grew by 2.31%, while value grew by 9.16%.
4)	What is our steady state gross & EBITDA margin that we should expect going forward?	We remain focused on maintaining healthy EBITDA margins along with sustainable growth.
5)	What led to GM improvement from 45% in FY22 to 55% in FY25? Where do we see this improving over next 2-3 years?	Gross margins are largely influenced by the product mix of respective years. Going forward, we continue to focus on ensuring sustainable margins.
6)	What are the top 5 API & Intermediaries contributing to our revenue & their share in revenue during FY24 % FY25?	APIs such as Ranitidine, Famotidine, Sildenafil and others in top 5 contribute approximately 90% of the Company's revenue.
7)	How big is market for Ranitidine & Famotidine? What is our market share?	We hold around 50% market share in Ranitidine & Famotidine.
8)	Which are 5 new API we plan to launch & by when can we expect commercialisation? What is expected market size & competitive intensity in the same?	Selected antiretroviral drugs, key injectable APIs and CMOs that demonstrate reasonable potential to explore new opportunities.
9)	What % of revenue comes from regulated vs emerging market?	Most of our sales come from emerging markets, and we are focused on regulated markets also. Currently, sales from regulated markets account for less than 20%, but this proportion is expected to grow in the future.
10)	What is the new API addition strategy?	Our new API strategy will primarily guided by insights from potential customers, opportunities in contract manufacturing and regulatory approvals.

11)	What is expected revenue & margin potential from contract manufacturing division? With whom have we entered this agreement?	We are well equipped with both skilled personnel and required infrastructure for the contract development and manufacturing business. Most major innovator and brand CDMOs collaborate with established large CMOs. Meanwhile, we are having good traction in contract manufacturing through partnerships with generic pharmaceutical firms.
12)	When can we expect Mahi Drugs to become profitable? How is gross margins profile of these business vs core API business? How do we plan to scale this over next 2-3 years with US FDA clearance?	For FY 2025-26, we expect are expecting marginal profit, while from FY 2025-26 onwards, margins are projected to grow drive by exports. Thereon, we anticipate continuous growth in both topline and bottomline. .
13)	What is the expected revenue potential from intermediate supply to US customer in FY26 & FY27? Is this a patented or innovator product?	Intermediate supply is for a US-based MNC and we anticipate sound revenue from FY 2027 onwards.
14)	What is current capacity utilisation? What incremental capacity will be added post expansion projects to current 800 KL?	Currently, we are operating at 70% capacity utilization. With the addition of new APIs, capacity will be enhanced up to 900 KL.
15)	How has US tariff impacted MAHI drugs foray into US API market & what is status of DMF filings?	Mahi Drugs will not be affected by the US tariff. DMF filings are progressing as planned, with a target of 4-5 filings per year.
16)	We have invested over 130cr in past 4 years but our revenue is stagnant? When can we expect to yield benefits on revenue & profitability from the same?	From FY 2027 onwards, we anticipate a positive growth momentum.
17)	What are our capex plans for the next 2-3 years?	In Haleos Labs Limited**, we plan to add 2 more API lines over the next couple of years and also expand the capacity of the existing blocks. On Mahi's side, we will add 1 API line each year, increasing from the current 2 API lines to 4-5 API lines.
18)	Are there any further bad debts expected in FY26 after 5.05cr provision taken in FY25?	Currently, we are not anticipating any further provisioning for bad debts.

19)	Who owns Purogene labs & what are purchases from this entity?	Purogene Labs has been a long-term supplier of Ranibase (RM), to mitigate any potential disruptions in the supply chain; the promoters have acquired Purogene Labs in the year 2022.
20)	Who are our major customers & competitors?	For reasons of confidentiality and operational strategy, we are not in position to disclose the names of our customers or competitors.
21)	What are the key strengths & USP of our company?	▪ Strong world-class infrastructure ▪ Experienced technical team ▪ Regulatory approvals in place ▪ Long-term customer relationships
22)	What is the expected IRR/payback we aim for, before embarking on any capex or additional investment?	The payback period is estimated to be tentatively 5 years.
23)	In your judgement at what rate do we see business growing in the next 3-5 years from topline & bottomline?	We are targeting a 10-15% year-on-year increase in top-line revenue while maintaining sustainable profit margins.

CAUTIONARY STATEMENT:

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RESPONSE TO THE QUERY RECEIVED FROM JEEVITHA **(Dt. 29.09.2025)**

Sl No.	Query	Management response
1)	If one goes through the past history of Shareholding since 2020, there were plenty of block deals between Mr. Talluri Family and Mr. Potluri Family. My question is, Will the current share holding pattern holds as it is or will there be a continuous pattern of Mr. Talluri Family increasing their stake and Mr. Potluri Family decreasing their stake in Haleos Labs?	We take note of your query regarding the promoters' investment plan. At this stage, we do not have any specific information to share on this matter. Any disclosure, if required, will be made in accordance with the applicable regulatory requirements.
2)	Also, Taking into account our company's long gestated capex on the verge of flowing into revenues, will there be a continuous open market buying by Mr. Talluri Family even if it is of less quantity, in future?	

CAUTIONARY STATEMENT:

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RESPONSE TO THE QUERY RECEIVED FROM S VIJAYAKUMAR **(Dt. 29.09.2025)**

Sl No.	Query	Management response
1)	**Provision for Doubtful assets:** This is with respect to the provision for doubtful assets of ₹5.06 cr during FY 25 which has seen a fourfold increase over FY 24. While I appreciate the prudent accounting initiated by the Management, whether there is any chance of recovery on such Trade receivables in this regard and also, if there is any precautionary measures carried out by the Management on the screening of worthiness of potential customers for timely payments in future?	We remain prudent in accounting for provisions towards doubtful debts and have commenced legal recovery processes. Recovery of trade receivables is expected. To further strengthen receivable management, we have formed a screening committee to evaluate customer creditworthiness before accepting orders.
2)	**Mahi Drugs Status update from a short-term perspective:** Before asking this query, let me deeply appreciate the Management and SMS Team for the hard work in the obtaining of USFDA Regulatory clearance for our Subsidiary Mahi Drugs and also for the Unit -I, Kazipally plant. My question on Mahi Drugs is while the long-term prospect looks promising and considering the fact in Annual Report that Mahi Drugs will start commercial launches for the products filed from FY 26-27 onwards, is it wise to assume that Mahi Drugs will continue to incur minimal loss in this FY 25-26 also?	Thanks for the appreciation and applause. We remain committed to retaining investors' confidence. For FY 2025-26, we expect only minimal profit, while ensuring there will be no cash loss.
3)	**Long Term Trend of Operating Margin:** As guided by the Management that greater thrust will be given to Margin growth over revenue growth considering the new products mix, we have achieved 14.45% margin during the last fiscal. Taking into account one-time expenses like provision for doubtful assets which had a drag on margin last year, are we on track for 15% to 18% margin for this fiscal and the longer-term goal of 20% margin from FY 26-27 onwards where new products revenue kick-in?	We aim to achieve a gross margin of 15–16% in FY 2025-26 and expect to reach 20% over the long term. These estimates may be influenced by changes in global economic and market scenarios.

4)	**Role of Custom Synthesis and Contract Manufacturing Projects in achieving long term revenue growth:** Whether our Company has built in the required infra in terms of skilled manpower and capex for intake of orders on custom synthesis and contract manufacturing from a long-term perspective.	We are well equipped with both skilled personnel and infrastructure necessary for the contract development and manufacturing business. Most major innovator and branded CDMOs collaborate with established large CMOs. Meanwhile, we have good relationship in contract manufacturing through partnerships with generic pharmaceutical firms.
5)	**Diversification from the core Therapeutic segment:** Our Company has strong presence in the Anti-Ulcer and Anti-Depressant Therapeutic segment and we are making inroads in the Ophthalmic Segment. Will there be any further diversification into new therapeutic segments in future or will our Company focus on these existing segments for future growth?	We are focusing on other therapeutic segments also, including obesity, selected antiretroviral drugs, key injectable APIs and various other products collaborations with customers and contact manufacturers that show promising potential for new opportunities.
6)	**Focus on the Brazilian market:** As our Company is waiting for ANVISA clearance shortly, is the approval only valid for the Brazil market or the entire Latin American Market?	We are pleased to announce the successful completion of the ANVISA audit. While ANVISA clearance is primarily required for Brazil, it is also recognized as a preferred standard by other countries in Latin America for business purposes.
7)	**Tentative Aspirational Target from Latin American and North American (USA) Market from a long-term perspective by 2030:** What will be the tentative aspirational exports contribution from Latin American Market to total revenues and North American (USA) Market to total revenues from a long-term perspective by 2030, subject to ANVISA approval and subject to inline execution from Mahi Drugs ?	Exports to Latin America and the USA are expected to contribute approximately 30% of revenue by 2030.

CAUTIONARY STATEMENT:

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QUERY RECEIVED FROM S VIJAYAKUMAR [vijaysvk07@gmail.com]

No. of Shares held: 26,808 shares

Date: 10.07.2025

Sl No.	Query	Management response
1)	Whether Revenue from Regulated markets will be scaled higher from FY 26 onwards in light of these developments?	We anticipate revenue growth from regulatory markets from FY 2025-26 onwards.
2)	What will be aspirational revenue target for SMS Lifesciences from a long term perspective, say FY 29-30 considering the USFDA clearance, expected new product launches and infrastructure upgradation completed in Mahi Drugs?	We are targeting annual revenue growth of 10-15% for SMS Lifesciences and aim to achieve a revenue milestone of ₹150 crore in our subsidiary by FY 2029-30.
3)	Are we on track in maximizing the revenue potential from our Mahi Drugs plant and whether there is a need to obtain approval from European Regulator EDQM since we have tie-up with C2 pharma, being an European API manufacturer?	The current USFDA certification will enable us to commercialize our products effectively. An EDQM audit is not expected to be significant at this stage, as the existing USFDA audit facilitates product commercialization in the EU, in view of mutual recognition agreements.

CAUTIONARY STATEMENT:

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QUERY RECEIVED FROM RIYA MUKESH BAJAJ [dhruvbajaj184@gmail.com]

No. of Shares held: 384 shares

Date: 10.07.2025

Sl No.	Query	Management response
1)	Our margins took a major hit in the current quarter primarily due to higher other expenses & finance costs? Can you quantify as to what led higher other expenses & were there some one off expenses in the current quarter which impacted our margins?	Major reason for spike in "other expenses " as compared to the previous quarter: ≡ Payment of Key Man Insurance premium. ≡ Provision for Doubtful Debts amounting to ₹4.34 cr. Kindly note that the aforesaid expenses are non- recurring in nature.
2)	What's the product mix split between our top API's like Ranitidine & Famotidine & who are our top 5/10 customers along with their contribution to total revenues?	Ranitidine contributes approximately 55% of the revenue, while Famotidine accounts for around 15%. The remaining 30% is derived from other products. Due to market competition and confidentiality considerations, we are unable to disclose details of our top customers and their respective revenue contributions.
3)	Is it fair to say that our Ranitidine-API plants are running at near full capacity given the lack of any revenue growth in the past yr & quarterly sales remaining stagnant at around 80-85 Crs? & with regards to a New API line which you mentioned in our previous dialogue, when will the API line become operational & how much revenue contribution can we expect from that going forward?	Our New API line will be operational form Q3 of FY 2025-26. Designed for high-volume products, this facility will enhance capacity and efficiency for existing products and will also be utilized for the validation of new products, contributing to medium-term growth prospects. We are placing greater emphasis on bottom-line growth, while the overall top-line is expected to grow in the range of 10-15%.
4)	How is the pricing scenario for our API biz considering high margin erosion in Q4 after 4 quarters & how do you see the margins in the standalone business shaping in	Prices for our major APIs have remained stable; however, margins are under pressure due to rising overhead costs. We expect top-line growth in the range of 10-15%, with Profit Before Tax (PBT) anticipated to be around 10%.

	the coming year & whether we will see any topline growth?	
5)	Have we worked on any new API or product lines in the standalone biz to reduce our contribution from legacy molecules ?	We are adding new API/intermediates every year (minimum 5) to diversify our product portfolio.
6)	Coming to the subsidiary, given the fixed asset base of around 100 Crs in the business, our sales has been only 10-12 Crs in the previous year? Is it because of some inter segment sales which is getting cancelled into the consolidation? If yes then what is the sales no. Approximately & its resulting impact on the margins to get a sense on the business?	The standalone revenue from operations of Mahi Drugs for the year ended March 2025 is ₹42.27 crore. The consolidated figures reflect the post-elimination effect of inter-segment sales, as rightly mentioned. We are working towards for achieving a turnover of ₹100 crore by FY 2027-28, with an anticipated Profit Before Tax (PBT) margin in the range of 10-15%.
7)	Since we had filed 2-3 molecules & already have in sourcing opportunity of Chemworth's own marketed products, & with USFDA approval already received, can we expect atleast a 50-100 Crs revenues from the subsidiary in the coming FY i.e. FY25-26 assuming a 1X Asset turnover? And what kind of margins differential can we expect from the subsidiary's product base Vs the current API biz ?	
8)	Can you provide a brief about the molecules that are planned to be manufactured from the subsidiary including the product portfolio, therapy area, opportunity size, marketing / distribution model & just the sheer unit economics of the business?	Our aimed products primarily consist of high-value, niche category APIs and intermediates, offering healthy margins. Additionally, we are targeting select medium-volume molecules to further enhance our top-line growth.

9)	How would you describe your capital allocation policy going forward considering we are generation around 30-35 Crs of Cashflows from operations, having reduced borrowings to around 0.5X D/E & with all the major capex projects already incurred (especially in regards to subsidiary), is it fair to assume that ROCE% has bottomed out & we aspire to achieve 15-20% ROCE levels like our other group company- SMS pharma?	An additional capex of approximately ₹25 crore is planned for setting up a new API line in our subsidiary, which will be funded through a bank loan. Furthermore, an expansion project is planned at our existing Unit I facility, with an estimated capex of ₹35 crore. This investment will be funded through a mix of internal accruals and bank loans, will enhance our capacity for both intermediates and APIs.
10)	Directionally, how big can the subsidiary become as a % of overall business considering stagnation in the core API biz (atleast in the past 7-8 years where our peers have more than doubled their topline) , hence, as an investor, we are trying to understand whether we are at an inflection point & if the past 6-7 years of efforts spent towards acquiring & turning around Mahi drugs will finally bring fruits in the form of PAT of the consolidated business doubling in the next 3 years & ROCE inching upwards of 15-20%? Or is it difficult to achieve from the current asset base (when it comes to PAT growth) & legacy/ old/ commoditised molecules (when it comes to difficulty in achieving higher ROCE)	Refer point no. 6
11)	What has been our R&D spend over the years? & Capacity utilisations in all the plants & future capex guidance & source of funding (if planned)	During the past 5 years, our R&D expenditure was approximately ₹1,825 lakh in operational expenses and ₹455 lakh in capital expenditure.

12)	Why did we initially cancelled the name change & then again reversed the decision?	To avoid the complexity at the time of USFDA Audit scheduled in the month of May, 2025. We had deferred the proposed name change. Following the completion of the audit, we are now moving forward with name change proposal (Postal ballot notice has been dispatched on June 30, 2025)
13)	Since SMS pharmaceuticals is also engaged in Ranitidine, so how do we manage conflict of interests?	SMS Pharmaceuticals is engaged in Ranitidine sales exclusively in regulated markets, with negligible sales and limited focus on this product. Whereas, SMS Lifesciences caters to global markets, accounting for the majority of sales between the two companies. As a result, no conflict of interest arises between the businesses.
14)	Do we see SMS Lifesciences becoming as big as SMS pharmaceuticals in future or will the scale always be smaller owing to focus towards unregulated markets Vs regulated for SMS pharmaceuticals where TAM is larger?	The asset base and production capacities of SMS Pharmaceuticals is significantly larger compared to those of SMS Lifesciences. Additionally, SMS Pharmaceuticals benefits from an API pipeline developed over the years, which is now yielding results with high margins through sales in regulated markets. Meanwhile, SMS Lifesciences is progressing in line with the growth projections previously indicated.
15)	How are we planning to target newer molecules? Will they be off patent drugs, generics? & Have we thought about entering into contract manufacturing?	We launch new APIs and intermediates in close collaboration with our key customers, while also leveraging our internal capabilities and capacities. Additionally, we are expanding our product portfolio through contract manufacturing for Indian firms and through partnerships with global entities.

CAUTIONARY STATEMENT:

This response may be "forward-looking statements" within applicable Laws, Rules and Regulations. Actual results could differ from those expressed or implied.

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QUERY RECEIVED FROM PERUMAL SULOCHANA [sulochana.perumalk@gmail.com]

No. of Shares held: 5,082 shares

Date: 30.05.2025

Sl No.	Query	Management response
1)	Reason for the spike in other expenses in Q4 24-25	Major reason for spike in "other expenses " as compared to previous quarter: ≡ Payment of Key Man Insurance. ≡ Provision for Doubtful Debts amounting to ₹5.06 cr. Kindly note that the aforesaid expenses are non- recurring in nature.
2)	When will the result for Mahi Drugs subsidiary will be uploaded in SMS Lifesciences portal	Financials along with Annual Report will be uploaded in the SMSLIFE portal as per the Statutory timeline prescribed under Companies Act, 2013, tentatively 1st week of Sept.
3)	Also, when will the Annual Return FY 24-25 will be uploaded in the portal	Annual Report will be dispatched to all shareholders of the Company as on the cut-off date via email, tentatively 1st week of Sept.

CAUTIONARY STATEMENT:

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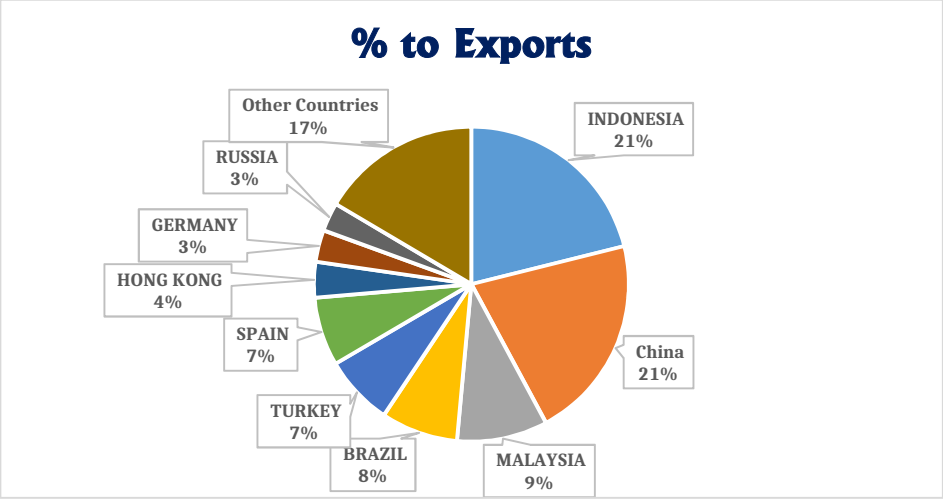
QUERY RECEIVED FROM KAVAN DIGISH PANDIT [digish.pandit@gmail.com] / APURVA JAYANTKUMAR MEHTA [APURVAJMEHTA@GMAIL.COM]

No. of Shares held: 700 shares / 1,020 shares

Date: 16.04.2025

Sl No.	Query	Management response
	SMS LIFESCIENCES	
1)	Break up of Sales (9 Months Ended 31st December 2024) – Domestic and Exports – Percentage	≡ Domestic - 67.64% ≡ Exports - 33.36%
2)	Geography Wise Break Up of Exports – Percentage	
3)	What is the Company's plan to increase Exports to USA, Europe and other global markets?	Company is actively forging strategic partnerships, expanding its product portfolio & on boarding new customers as part of our focused efforts to drive export growth.
4)	What is your Growth Strategy for the Domestic Market?	Company has established long-term relationships with its domestic customers and is actively working to enhance business opportunities in APIs, intermediates, and contract manufacturing. Additionally, it has a long-term strategy in place to drive sustainable revenue growth and capacity utilization.

5)	Which are the New Products introduced by the Company.	Majorly Trazadone, Furosemide, Cimetidine, Minoxidil etc
6)	Please engage in the following activities: ▪ Investor Presentation ▪ Press Release on Quarterly Results ▪ Calls and Meetings with Analysts and Investors ▪ Detailed Annual Report for FY25 with a lot of information on the Company	Company is currently evaluating the feasibility of releasing an "Investor Presentation" and/or "Press Release" on an annual basis, as part of its efforts to enhance transparency and engage effectively with stakeholders. Company remains fully compliant with all statutory disclosure requirements, including circulation of the Annual Report within the prescribed timelines laid down by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
MAHI DRUGS (material subsidiary)		
7)	What is the Company's plan for Exports to USA, Europe and other global markets ?	2-3 products are awaiting approval now in this year and commercialization of at 1-3 APIS/Intermediates is targeted every year
8)	What is the progress on your Strategic Tie Up with ChemWerth (USA) ?	Strategic investment from ChemWerth Inc was completed with equity infusion of ₹45 cr against 40% stake in Mahi Drugs in the year 2021-22 & 2022-23. Several products marketed by ChemWerth are currently at the development and validation stage. Commercial supplies of these products are expected to commence from the next financial year onwards.

CAUTIONARY STATEMENT:

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Query received from Dhruv Bajaj dhruvbajaj184@gmail.com
No. of Shares held: 80 shares
Date: 06.03.2025

Sl No.	Query	Management response
	TOPIC – RANITIDINE	
1)	As per my reading, Ranitidine was removed from the essential drugs list, so is the drug banned in countries like the USA & Europe?	Removal from essential drugs list has nothing to do with ban. It is related to list of few drugs for price and supply monitoring by Government of India. Currently there is no sale in US but there are sales in India, Latin America, Asia, CIS, China. Current studies have not conclusively proven that Ranitidine directly causes cancer in humans. NDMA, a known carcinogen, consumed at levels exceeding the acceptable daily limit (0.096 mcg), is associated with cancer risks. It is prevalent in common foods and water. It is safe drug in the market for many decades. Our volumes on Ranitidine have been stable for last few years. Our Ranitidine sales are currently 45%. Our sales other than Ranitidine are increasing YoY and will ensure any adverse impact is taken care off, though we don't foresee any issue in the future. Further, we have no comments on the strategy of other companies. For the FY 2022 there were other campaigns of other customers along with ranitidine, which contributed to the top line. For other Financial years, Quantities of Ranitidine are intact except between October 2019 to September 2020.
2)	What is our sales mix between Ranitidine & non-Ranitidine-based products in our revenues, & the geographical mix of Ranitidine?	
3)	What's your take on the recent controversy surrounding Ranitidine & are we gearing ourselves for any potential ban in the Indian market?	
4)	Are our manufacturing facilities fungible to shift from Ranitidine to a lesser impurities-based drug like Famotidine which we are already producing? Or are they not substitutable in nature & any potential ban will hit our topline?	
5)	We have repeatedly mentioned in the past that Ranitidine has lower margins hence any adverse impact in that biz will hit our topline more the bottom line, however, as per my discussion with (employee name) from your team, we have done some strong backward integration in Ranitidine leading to higher margins. Therefore, do we believe that this 15 % OPM% is sustainable or will they revert to a mean of 8-12%?	
6)	Players like Strides Pharma exited the market because of the withdrawal of Ranitidine in 2020, however, we have scaled up our business post-2022, so what has led to this stark performance & why have other players not adopted the same strategy Vs completely withdrawing the industry? Has the consolidation in the industry led to higher margins?	

7)	As per the credit rating reports, the share of ranitidine in our revenues has increased substantially in the past 2 years post the resolution of the NDMA controversy, however, if I look at the consolidated numbers from Fy19 till FY24, our bottom line has remained flat throughout the period..\So can you please share what allowed us to maintain the topline during the FY19-22 period of the NDMA issue & why have our topline not expanded substantially post FY23 since the resolution of the issue?	However, the increase and decrease of revenues are due to variance in price realisation of Ranitidine in line with raw material prices. We are anticipating the sustainability of operating margin at 12 – 15%.
8)	Is it a fair assessment that our standalone facilities are running at near full capacity utilisations & incremental sales growth from FY26 will come from the subsidiary? Or do we have plans to debottleneck/incur new capex in the standalone business?	Capacity utilisation is up to 70% and there is scope for another 15 to 20% depending upon product mapping and there is revenue and profitability increase expected from SMS Lifesciences India Limited as well. Also Subsidiary will contribute to increase of revenues/profitability in the next 2-4 years as well.
Mahi Drugs (Material Subsidiary)		
9)	In my previous conversation with (employee name), he mentioned the reason behind the losses in the subsidiary was the maintenance shutdown in Q2 & one can expect a ramp-up of operations in Q3, however, the same hasn't materialized. So what might be the reasons behind this?	It is conveyed that the facility is utilised for validation batches and their clearances but not for maintenance. Q3 Mahi Drugs has reported reasonable sales and have eliminations which did not reflected in consolidation.
10)	Congratulations, on receiving the USFDA approvals for the subsidiary. Can you please give some information regarding the drugs that we will be targeting from this entity & the target market for our APIs/intermediates?	Thank you so much for your kind words on the successful USFDA. We have 2-3 products awaiting approval in this year and commercialization of 3-4 APIS/Intermediates is targeted every year.
11)	By when can we expect the proper ramp-up of Mahi drugs given the recent regulatory approvals? Do we already have some API fillings in that subsidiary which we can immediately commercialise in FY26?	We are anticipating promising years from FY 2026-27.
12)	What is the internal targets for the subsidiary in the coming years & the capital	Targeting to achieve about 100 crores sales in the next 3-4

	allocation policy going forward?	years.
13)	Our last credit rating report came in FY24, what is the reason behind the lack of any new credit ratings for the company? & can we expect an updated rating in the coming quarters?	Credit rating availed and it is available in public domain.
14)	Given the receipt of USFDA approval & the recent name change, do we plan to release investor presentations or press releases explaining our quarterly results, if not quarterly conference calls?	We are considering the feasibility of investor presentation at appropriate time.
15)	What is the contribution of the top 3 drugs in our total revenues & what is the guidance for coming years directionally given the new molecules potentially to be launched in the subsidiary?	We are targeting 10-15% growth for the next few years.
16)	What will be the incremental capex requirements in the subsidiary in the coming 2-3 years, or is the existing block sufficient to meet our growth aspirations for next 2-3 years? & would we continue to do the backward integration work for our partner in the subsidiary or will it focus entirely on exporting API's?	We will add two new API lines (one in this year and one in next year). We will be exporting from Mahi Drugs apart from backward integration for the parent company. In coming years the consolidated revenues will increase.

Cautionary Statement:

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