

"SMS Lifesciences India Limited 16th Annual General Meeting"

Held on September 30, 2022 at 3.00 pm

PARTICIPANTS:

| Sl No. | Name | Designation | Mode of Attending |
|---|-------------------------------|--------------------------------------|---|
| Directors | | | |
| 1. | Mr. P. Sarath Kumar | Chairman & Independent Director | Physically present at the venue and participated through VC. |
| 2. | Mr. TVVSN Murthy | Managing Director | |
| 3. | Mr. TV Praveen | Executive Director | |
| 4. | Mrs. Sudeepthi Gopineedi | Whole-time Director | |
| 5. | Mr. (Dr.) Mannam Malakondaiah | Independent Director | |
| In attendance | | | |
| 6. | Mr. N. Rajendra Prasad | Chief Financial officer | Physically present at the venue and participated through VC. |
| 7. | Mr. Trupti Ranjan Mohanty | Company Secretary | |
| Statutory Auditors and Scrutinizer | | | |
| 8. | Mr. GVL Prasad | Statutory Auditor | Participated through VC from respective location in Hyderabad |
| 9. | Mr. A. Venkateswara Rao | Internal Auditor | |
| 10. | Mr. C Sudhir Babu | Secretarial Auditor and Scrutinizers | Physically present at the venue and participated through VC. |

Trupti Ranjan Mohanty
[Company Secretary]

⇒ I Trupti Ranjan Mohanty, Company Secretary of your Company, warmly welcome all the stakeholders, auditors and officials to the 16th Annual General Meeting, being conducted by virtual means as per the provisions of the Companies Act 2013 and Secretarial Standards, and also in line with the circulars issued by the Ministry of Corporate Affairs and SEBI in light of the ongoing pandemic.

All members who have joined this meeting are by default, placed on mute by the host to avoid any disturbance arising from background noise and ensure smooth and seamless conduct of the meeting.

The access to join this meeting opened 30 minutes before and will be kept open throughout the meeting.

The Company has made all the efforts, feasible under the circumstances for enabling Members to participate and vote on the business being transacted at this AGM.

The Notice of the AGM along with the Annual Report has been uploaded on the website of the Company, Stock Exchanges and Registrar and Transfer Agent, i.e. Aarthi Consultants.

The registered office of the Company situated at Hyderabad shall be deemed as the venue for this AGM to transact the businesses as mentioned in the notice.

The members are provided an opportunity to inspect the statutory registers and other required documents, which have been made available electronically for inspection by the members during the AGM on the website of the Company under the "Investors Relations" tab.

I extend my hearty welcome to:

- Mr. TVVSN Murthy, Managing Director
- Mr. TV Praveen, Executive Director
- Mrs. Sudeepthi Gopineedi, Whole-time Director
- Mr. P Sarath Kumar, Independent Director and Chairman of the Audit Committee & Stakeholders relationship Committee.
- Dr. Mannam Malakondaiah, Independent Director and Chairman of the Nomination & Remuneration committee
- CA V Nagendra, representative of Statutory Auditors
- CA A. Venkateswara Rao, Internal Auditor
- Mr. C Sudhir Babu, Secretarial Auditors and Scrutinizer for the 16th AGM.
- Mr. N Rajendra Prasad, CFO

Mr. Nagendra & Mr. Adusumilli Rao are attending this meeting from their respective remote locations, whereas all other panelists for this AGM are physically present at the registered office of the Company.

I would like to inform you that in accordance with the Articles of Association of the Company and with the consent of all the Board members, Sarath Sir has been elected as the Chairman of the Meeting and shall conduct the proceedings of the meeting.

As we have received the confirmation from our scrutinizers that currently, 51 members are attending this meeting.

As the requisite quorum is present, so with the permission of the Chair, I call the meeting to order and request Chairman Sir to commence the proceedings of the Meeting and address the shareholders of the Company.

Mr. P Sarath Kumar
[Chairman]

⇒ Thank you,

Dear all Stakeholders and my colleague Board Members,

It gives me immense pleasure to extend my warm welcome to all of you here, this afternoon, at the 16th Annual General Meeting of your Company.

Thank you for joining the meeting virtually and I sincerely hope that all your family members are safe and in sound health.

Before proceeding on to the financial aspects, let me first introduce Dr. Malakondaiah and Dr. Srinivas who were inducted as "Independent Directors" on the Board of your Company during the year under review.

Dr. Malakondaiah is a retired IPS officer and has served as DGP of Andhra Pradesh & MD of APSRTC. He is elected as the chairman of the Nomination & Remuneration Committee.

I also would like to introduce Dr. Srinivas, who is HoD of Critical Care and Medical Director in Virinchi Hospitals.

Induction of both these prominent personalities on the Board shall uplift the Corporate Governance standards of your Company and shall be of immense value addition.

Dr. Srinivas is not able to attend the meeting due to pre-occupations and Mr. P S Rao due to health issues.

Your Company hopes to continue the organic growth and achieve new heights in coming years, under the able leadership MD Sri. Murthy with active support of our next generation i.e. Mr. Praveen and Ms. Sudeepthi, Executive Directors.

I wish both of them good luck and god speed.

Moving forward, I am proud and glad to announce that your Company has successfully completed USFDA Audit on very short notice in April 2022 with absolutely no observations.

This is one of the milestone achievements of your Company in recent times.

This shall boost your Company to capture incremental market share in the existing geographies and establish a strong beachheads for sustainable growth in the US & European market.

In addition, your Company also is focused on adding new customers, new businesses and also aims to develop 6 to 8 products each year.

In this regard, your Company has entered into a collaboration with ChemWerth Inc, a full-service generic API company based in the United States.

ChemWerth Inc. shall act as a Strategic partner, which will assist your Company in strengthening the presence in regulatory markets like USA in the near future.

During the year, your Company has also executed a “Product Development Agreement” with ChemWerth.

Coming to the financial aspects, I am happy to inform that F21-22 also has been a testimony to the growth trajectory of your Company.

During the year under review, your Company has recorded a growth of 33% in operational revenue as compared to the previous year.

Total income has clocked approx. ₹350 Crores vs ₹265 Crores of last year.

Your Company has manufactured 1,651 tonnes of API's as against 1,226 tonnes in the previous year; which is a growth of around 35%.

During the year, we have identified few non-revenue generating tangible assets and disposed them in order to meet the CAPEX at the Kazipally unit (unit1), which shall improve the overall operations of your Company. New Quality Block buildings in Kazipally were inaugurated earlier in the current year.

From the pandemic side, it currently has negligible impact on the operations.

Recently, WHO Director-General has made a statement that “End of the pandemic is in sight & the world has never been in a better position to end the pandemic”. Hence, this can be seen as a silver lining from the business perspective.

Talking about Ranitidine, one of the molecules your Company manufactures, which had faced some difficulties during the past with NDMA guidelines, has gradually settled and sales of ranitidine along with its intermediaries have considerably increased by 62% as compared to previous year.

To sum up, your Company continues to grow in a stable & sustainable way, irrespective of various challenging scenarios like pandemic flare-ups, geopolitical disturbances and continued inflationary pressure which has been aggravated by the Russia-Ukraine conflict.

Based on the recent performance of your Company, Board has proposed to declare 15% dividend to the shareholders, this dividend will be subject to TDS, as applicable.

I would also like to update on the strategic Acquisition of Mahi Drugs Private Limited by your Company in 2018, the status has shifted from "Wholly-owned Subsidiary" to "Subsidiary" in lieu of foreign equity funding received during the year.

Even though the status of Mahi Drugs has changed but the management, the day-to-day business affairs and decision-making powers shall continue to be solely vested with your Company, with 60% stake.

There is no change in control & management of the Subsidiary Company.

I would also like to inform that during the year, Mahi Drugs has reported a net loss of ₹8.14 lakhs as compared to ₹26.18 lakhs profit during the previous year.

You may please note that the Total Turnover of Mahi Drugs has actually increased substantially by 85%.

The decline in profit is mostly because Mahi Drugs is in the process of gearing up to cater to the regulated markets, in addition to the domestic market.

It is currently revamping the infrastructure by incurring capital expenditure in order to streamline the manufacturing plants as per the USFDA and EU guidelines.

Few of the images of the newly constructed manufacturing plants in Visakhapatnam can be viewed on the last page of the annual report.

Now coming to the CSR front, your Company had set up an oxygen plant in Gandhi Hospital, Hyderabad in order to cater to the storage of oxygen during the Covid pandemic second wave.

The Company is also in the process of constructing a “Public Healthcare Center” in Kazipally village, which will improve the healthcare infrastructure and educate the importance of good health in the local area of Kazipally.

Currently, the work is in progress & shall be completed by the year-end.

In the current year, your Company is building a multifarious skill development center in the Kazipally village, which will help the localities to educate themselves and improve their skills in various aspects.

Before concluding my speech, I would like to appreciate the efforts of all the employees of your Company, at the Board level, we are always of the belief that dedicated and motivated employees are the greatest asset that a company can ever possess.

I would also like to add that all the employees of your Company are fully vaccinated and were covered under corona kavach policy of the Company.

I am also grateful to my fellow Board members for their able guidance and support and also like to thank all our other stakeholders including our customers, vendors, Bankers, Strategic investors & various regulators for their constant support.

I would also like to place on record my gratitude and appreciation to Sri. Ramesh Garu, Dr. Neelaveni and Mr. Shravan, who have rendered invaluable service to the Company and who have tendered their resignation from the Board during the last year, due to preoccupations.

Last but not the least, I would like to thank all our Shareholders for their unstinted support.

Your support to us as a shareholder is of vital importance and we hope that you will continue to repose your confidence in us in the future as well.

Thank you very much.

Now, I handover the proceedings to Company Secretary.

Trupti Ranjan Mohanty
[Company Secretary]

⇒ Thank you chairman sir.

I would like to inform that the notice of the 16th AGM dated 9th August 2022 along with the Audited Financial Statements, Reports of the Board, Statutory Auditors and Secretarial Auditors were circulated through email to all the shareholders on 8th September, 2022 as per the guidelines issued by MCA and SEBI.

Please note that the resolution nos. 1 to 3 are mandatorily required to be passed at an AGM under Section 102(2) of the Companies Act, 2013 and resolution no. 4 to 6 are special business, considered as important and unavoidable by the Board and hence are proposed at this meeting.

Special business includes, ratification of all the Related Party Transactions for the year 2021-22, here I would like to inform that your Company has 1 material Related Party Transactions i.e. with Mahi Drugs during the year, which requires approval of the shareholders. However, taking a conservative approach the Company is seeking approval of the members on all the Related Party Transactions during the year ended 31st March, 2022.

Other agenda items are, Continuation of payment of managerial remuneration to Executive Directors and approval of remuneration payable to cost auditors, both of these agendas are statutory requirements.

With the permission of the Chairman and all the members I hereby take the notice of the AGM as read.

Furthermore, I hereby inform that there were no qualifications, observations, comments or any other remarks on the reports of the Statutory Auditors and the Secretarial Auditors, which may have any adverse effect on the functioning of the Company.

Mr. P Sarath Kumar
[Chairman]

⇒ As all of you must be aware that, as per the Companies Act and the SEBI Listing Regulations, the Company had provided the remote e-voting facility to all the eligible shareholders to vote from 9 AM of September 27, 2022 to 5 PM of September 29, 2022.

You may also note that e-voting facility for those who have not casted their vote earlier has been provided throughout the duration of this meeting and shall be open for 15 minutes after the conclusion of the meeting.

I request all the shareholders to make use of this facility in case they had not casted their vote yet.

The Company has appointed Mr. C Sudhir Babu, Practicing Company Secretary as Scrutinizer for the remote e-voting process and e-voting during the AGM.

On behalf of the Board, I hereby authorise Company Secretary to receive and countersign the Scrutinizer's Report and to announce the results of the voting thereof.

The results will be placed on the Company's website and on the website of CDSL within the prescribed time and the same will also be communicated to the Stock Exchanges.

Trupti Ranjan Mohanty
[Company Secretary]

⇒ Thank You Sir.

The meeting is now open for discussion and queries if any.

I would now request the moderator to introduce and unmute the speaker who has registered for today's meeting.

They can express their views or ask questions if any.

Also in the interest of time, may I request members to kindly restrict their speech or comments to five minutes.

Thereafter, the moderator un-muted the speakers registered with to Company to share their views. Query was responded by the panelist to the satisfaction of the members.

Trupti Ranjan Mohanty
[Company Secretary]

⇒ Since there is no other business to be transacted, I request Murthy sir to propose the vote of thanks.

Thanks you from my side.

TVVSN Murthy
[Managing Director]

⇒ Good afternoon and warm welcome to all the shareholders.

I sincerely thank all the Company's stakeholders including Customers, Suppliers, Dealers, Bankers, Financial Institutions, various Statutory Authorities for their continued support and express sincere gratitude to the shareholders, and also wish to place on record, appreciation for the committed services rendered by all the employees of the Company.

I would also like to thank ChemWerth for their vision and really hope that the current management takes your Company to newer heights with every passing year.

Thanks you very much.

Trupti Ranjan Mohanty
[Company Secretary]

⇒ Members may please note that the voting on the CDSL platform will continue to be available for the next 15 minutes and Members, who have not casted their vote yet, are requested to do so.

Thank you, everyone.

Have a nice day.

AGM RECORDING LINK: <https://youtu.be/3gw2rNbaXJ0>