

“SMS Pharmaceuticals Limited 32nd Annual General Meeting”

Held on 30th September, 2020

Participants

Sl No.	Name	Designation	Mode of Attending
Directors			
1	Mr.Ramesh Babu potluri	Chairman & Managing Director	Physically present at the venue and participated through VC.
2	Mr.Vamsi Krishna Potluri	Executive Director	
3.	Mr.P. Sarath Kumar	Independent Director – Chairman of Stakeholders Relationship Committee Meeting	
4.	Mr.K. Shravan Kumar	Independent Director – Chairman of the Audit Committee	
5.	Mr.TVVSN Murthy	Director	Participated through VC from respective location in Hyderabad
6	Mr.Sarvepalli Srinivas	Independent Director	
7	Mr.Dr. T.Neelaveni	Independent Director – Chairman of Nomination and Remuneration Committee	
In Attendance			
8	Mr.T. Lakshiminarayana	Chief Financial Officer	Physically present at the venue and participated through VC.
9	Mr.V S Venkatish	Company Secretary	
Statutory Auditors and Scrutinizer			
10	Mr.V.Nagendra	Statutory Auditor	Participated through VC from respective location in Hyderabad
11	Mr. A. Venkateshwar Rao	Internal Auditor	
12	Mr.C.Sudhir Babu	Secretarial Auditor and Scrutinizers	Physically present at the venue and participated through VC.
Moderator		Dear members, Good Afternoon and a warm welcome to all of you to the 32 nd Annual General Meeting of SMS Pharmaceuticals Limited held through video conferencing facility or other audio-visual means. I hand over the proceedings to Mr. V.S.Venkatish, Company Secretary of the Company. Over to you, sir	

<p>V.S.Venkatish (Company Secretary)</p>	<p>Good morning shareholders, I am V S Venkatish, Company Secretary of the Company.</p> <p>I am pleased to welcome you all to the 32nd Annual General Meeting of the Company through Video Conference (VC) and other Audio visual Means (OAVM). This is a virtual meeting in view of the challenges and risks posed by the Covid-19 pandemic and keeping in mind safety and security of the shareholders and employees of the company.</p> <p>I would like to inform you that in accordance with the Articles of Association of the Company, Mr. Ramesh Babu Potluri is elected as the Chairman of the Meeting and conduct the proceedings of the meeting. Since most of you experienced in participating or joining the meeting meetings through video conferencing is enabled to the members on first come first serve basis. All the members who have joined in this meeting are muted by the host to avoid any back ground noise and disturbance in the meeting and to ensure smooth and seamless conduct of the meeting.</p> <p>The shareholders, who have registered with the Company as speaker on or before 27th of September, 2020 are allowed to express their views or may submit their queries. Speaker shareholders are requested to use their earphones when speaking so that the voice is clear, audible and minimizes background sounds. While speaking, the speaker shareholders is requested to ensure that the device is connected through Wi-Fi and no other devices are connected to it and no other background applications are running on the device. In case of any connectivity problem is faced by the existing speaker shareholder, then next speaker shareholder will be called to speak in the meeting. Once connectivity improves the disconnected speaker shareholder will be allowed to speak after the existing speaker completes his turn. We would request the shareholders to kindly limit their speech to 2/3 minutes.</p> <p>In case of any technical problem faced by the Shareholder during the meeting they may contact the helpline mentioned in the notice of the AGM. Thank so much. Now I hand over to the Chairman of the Meeting.</p>
<p>Mr. P. Ramesh Babu (Chairman)</p>	<p>Good morning to all who are joined the meeting through Video Conference. I welcome all the shareholders to this 32nd Annual General Meeting of the Company. As the requisite quorum of AGM is present, I now call the meeting to order. With me here at the meeting venue is Mr. Mr.K.Shravan Kudaravalli, Independent Director and Chairman of the Audit Committee, Mr. Sarath Kumar P Independent Director and Chairman of the Stakeholders Relationship Committee, Mr. Vamsi Krishna Potluri, Executive Director, Mr. T. Lakshminarayana, Chief Financial Officer and Mr. V.S.Venkatish, the Company Secretary.</p> <p>I now call Mr. TVVSN Murthy, director, Mrs.Dr.T.Neelaveni Independent Director and Chairman of Nomination and Remuneration Committee and Mr. Sarvepalli Srinivas, Independent Director who are on VC to introduce themselves Mr.TVVSN Murthy Garu</p>

Mr.TVVSN Murthy – (Director)	Good morning to all the shareholders I am attending the meeting through Video Conference from my residence in Hyderabad. Today we are meeting in rather unusual times and I hope all of you are safe & healthy and doing well.
Mr. P. Ramesh Babu (Chairman)	I will now request Dr.Mrs.T.Neelaveni to introduce herself.
Mrs. Dr. T. Neelaveni (Independent Director)	Good morning to all the shareholders I am attending the meeting through Video Conference from my residence in Hyderabad. I am the chairperson of Nomination and Remuneration Committee. Today we are meeting in rather unusual times and I hope all of you are safe & healthy and doing well.
Mr. P. Ramesh Babu (Chairman)	I will now request Mr.Sarvepalli Srinivas to introduce himself
Mr. Sarvepalli Srinivas (Independent Director)	Good morning shareholders I am joining the AGM through video conference from my home in “Nodia” and I hope you all are doing well and safe.
Mr. P. Ramesh Babu (Chairman)	<p>Apart from the directors of the Company, we also have the representative of Statutory Auditors of the Company Mr. V. Nagendra Rao of M/s. Suryanarayana & Suresh, Chartered Accountants, Mr. A.Venkateshwara Rao Internal Auditor of M/s Adusumilli & Associates Chartered Accountants and Mr. C. Sudhir Babu, Practicing Company Secretary and Scrutinizer, attending this 32nd Annual General Meeting through Video Conference.</p> <p>I thank all the members for joining in the meeting and sincerely hope the members are safe and in good health.</p> <p>Due to the outbreak of the covid-19 pandemic and in order to ensure the safety and security of the members and employees of the company this AGM is being held through video conference in compliance with the directions of the Ministry of Corporate Affairs and the Securities and Exchange Board of India.</p> <p>The Company has taken requisite steps to enable the members to participate and vote on the items being considered in this AGM.</p> <p>Since there is no physical presence of the members, the requirement of appointing the proxy is not applicable and the registers required to be kept under the Companies Act, 2013 are open for inspection.</p> <p>The members who have not voted earlier through remote e-voting can cast their vote in the course of the meeting through e-voting facility.</p> <p>Since the notice is already circulated to the members, I take the notice convening the meeting as read.</p> <p>It gives me a sense of satisfaction that despite the difficult times where all the industrial sectors have taken a huge hit, your company SMS Pharmaceuticals Limited in fiscal year 2019-20 did reasonably well.</p> <p>Amid an uncertain global economic environment and challenging industry dynamics, we continued to perform robustly. This performance has been supported by our relentless focus on integrating our diverse capabilities and resources, commitment to quality that is at par with global standards, manufacturing excellence and strong supply chain capabilities. It has been</p>

more than three decades that your company is engaged in providing collaborative and strategic partnership to global pharmaceutical leaders by producing best quality API through manufacturing excellence, process innovation and regulatory expertise.

Glad to inform you that your company took responsibility during the COVID time by expressly launching COVID products like Remdesivir, Favipiravir and Hydroxy Chloro Quinn as an obligation towards the society in which we operate.

Industry volatility and our Performance in figures.

I would like to assure you that the pharma sector in general is still robust and your company in particular is in fact poised to realize more of its potential growth in coming year against the general slowdown. The government has also come out with stimulus packages to support industry to improve GDP.

The year gone by 2019-20 has been the year of opportunities and challenges and let me provide the summary of the Company's performance during the financial year 2019-20.

The Company achieved revenue of Rs.411.95 Cr from its operations compared to Rs.464.91Cr of previous year with an EBITDA of Rs.85.04 Cr. Profit after tax stood at Rs.32.69 Cr compared to Rs.41.45 Cr during FY 2018-19.

We are entering into an exciting phase of business possibilities considering many positives taking place inside your company as well as in the markets around the Globe. The efforts invested for the past 3 to 4 years are on the verge of bearing fruits bringing in revenues in the upcoming year.

Glad to give the good news to all the shareholders that the long awaited ibuprofen commercialization is going to happen before end of this financial year with a capacity of 250 Tons/month, which will contribute in a huge way to the top line of the company.

Impact of Covid-19 pandemic on the Company's operations

SMS Pharmaceuticals Limited is focused on flexible product mix, with eight different products scattered among diverse industries/ applications across the globe. Ongoing impact of the Covid-19 pandemic with respect to customer and Governmental reactions to the crisis has been varied.

Although production remained steady during the national lockdown period, our overall domestic/ international sales were marginally affected. The Company continues to closely monitor national and international sourcing and supply positions to identify any potential material risks.

Further, all safety protocols related to Covid-19 as advised by the Government are being implemented and observed at the Plants. The Company adopted a work from home policy for non-site-based employees. With immense pleasure and gratitude, the management appreciates the dedication of the employees of

your company who worked relentlessly even during the lockdown taking due precautions.

Renewed Focus

Your company has renewed its focus broadening its presence by entering into new therapeutic segments considering the volumes and margins in various sectors. The launch of COVID products was a social obligation as well as taking business opportunity to increase the revenues. The focus is now more on entering into new molecules and try to be first to launch them in market getting pricing advantage.

Your company is also focusing on domestic market considering low entry barriers initiating toxicology studies to try and get first approvals. We intend to introduce other molecules also in a similar way going forward to exploit the potential domestic market and increase revenues.

Expansion and future prospects

Considering addition of new molecules and increasing business volumes, your Company has taken up expansion activities at Unit 7 of Kandivalasa village, Vizianagaram District, Andhra Pradesh to close the capacity gaps. We have received the Environmental clearance from MOEF recently enabling us to go into full scale expansion mode.

Your associate Company M/s VKT Pharma Private Limited has also taken huge strides towards commercialization by successfully completing the USFDA and EUGMP audits and received approvals for the supply of a couple of finished dosage forms into US market which have commenced.

The VKT is now moving aggressively with other molecules as well working on ANDA filings and with the improved line of activities of VKT Pharma Private Limited, your Company's profitability is bound to increase automatically.

With an aim to consolidate and integrate the business activity, your company has established independent Central Laboratory which is now approved not just by the state and central drug control authorities but has been approved by USFDA as well. This will not just reduce dependence on outsourcing of analytical needs at group level but has the potential to generate incomes for self-sustenance by offering services to pharma industry.

We are glad to inform that your company and its associate company have received 3 USFDA approvals in the year gone by. Unit 7 in vizianagaram, Central Lab at R&D and associate company VKT pharma successfully faced the USFDA audits in short span of time.

We are also focusing on the synthesis of impurities for in house consumption and also for selling to customers and proud to let you know that USP has awarded your company for contributing new impurities to its basket.

	<p>Discharging Social Responsibility</p> <p>Your Company is actively discharging its social responsibility in terms of contributing its might to the society as part of its corporate social responsibility activity. Focusing mainly on Education, Health care, Essential needs and Environment. Your company is constructing school buildings to encourage education, establishing RO plants to supply safe drinking water in villages and also participating in Green plantation for environment protection. Your company is also supporting the open heart surgeries for poor children at the Government Hospitals in Guntur district of Andhra Pradesh through Dr. Alla Gopala Krishna Gokhale.</p> <p>Acknowledgements</p> <p>I would like to take the opportunity of thanking each one of you for your strong trust in your company and I am sure our efforts will further strengthen your belief going forward. We also thank all partners in our journey like bankers, financial institutions and Government Authorities for their co-operation and valuable support extended. I also wish to place on record my sincere appreciation for the contributions made by the Directors and Employees at all levels, through their dedication and hard work enabling the company to improve its performance year on year.</p>
<p>Mr.V S Venkatish (Company Secretary)</p>	<p>Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, the Company has provided facility of remote e-Voting to its Members from 27th September, 2020 to 29th September, 2020, in respect of the business to be transacted at this AGM, Further as per the recent circulars issued by MCA and SEBI, e-voting facility also enabled to the shareholders who are present in this AGM through VC facility and who have not casted their vote on the Resolutions through remote e-Voting. The e-voting is administered by CDSL.</p> <p>The shareholders can vote on the resolutions through electronic means while attending the proceedings of the meeting. Further the resolutions mentioned in the notice have already been put for remote e-voting; there will be no proposing and seconding of the resolution.</p>
<p>Mr. P. Ramesh Babu (Chairman)</p>	<p>E-voting facility is open. Members may please go to the e-voting page on the CDSL e-voting website and cast the vote while at the same time watching the proceedings of the meeting.</p> <p>We have received good wishes and compliments from many shareholders and shareholders who could not join the meeting. We acknowledge the sentiments and thank them for their continued support.</p> <p>I will now call one by one those members who are registered to speak and we will answer their questions once their session is over. I will call out the names of the speakers and as mentioned by Company Secretary the speaker may then unmute and speak.</p> <p>The moderator may then unmute the speakers. First speaker Mr. Y. Jagadeshwara Rao</p>

Mr. Y. Jagadeshwara Rao	<p>Good Morning Sir I have two questions sir,</p> <ol style="list-style-type: none"> 1. what is the future outlook of the Company 2. The revenue of the company has declined 10% to 11% in the current financial year when compared to the previous financial year of the Company
Mr. P.Ramesh Babu	<p>Mr. Jagadeshwara Rao Garu, I think that outlook of the Company we are depend on the some products and at present we have another three to four products and now we have already commercialized it and its going in good volumes. Another three to four products would come in the next coming years. I think we are going to the huge expansion and it would be completed by the end of this financial year.</p> <p>I think next year our company revenues will also go be good by the product validations are going on in the batches and it would be completed in another three to four months they may of out in the market.</p> <p>The second question, I think in the last speech I already explained we have entered retrovirus and two thousand and seventh to eighteen is our contribution. A different segment ranges in crazy. So main points and the main problem is integrator. I think internationally tendered business was delayed by eight to nine months. That's why we did not the orders because of that to say top line and bottom line has come down. Thank you</p> <p>Now I invite the second speaker shareholder Mr.N.Durga Prasad Rao</p>
Moderator	Mr.N.D.P. Rao has not joined the meeting
Mr.P. Ramesh Babu	Now I invite third speaker shareholder Mr. P.D.Gupta
Mr. P.D.Gupta	<p>Good morning Sir, and to all the directors and to all my fellow shareholders I hope all are with good health along with your family members, sir you have explained in your speech everything about the future of API's etc.</p> <p>I think the company is doing well and in this present situation also we are doing well, but definitely required more efforts to go further and my concern is only one dependence or of intermediates which we have to import from China are we are having some planning to outsource it somewhere else or in home production for that.</p>
Mr.P.Ramesh Babu	<p>Thank you Mr. Gupta Ji, I think it is question is, about the dependent on China. I think now we are not dependent on China for most of the products. I think out of importance we are manufacturing only three products. We are importing three products from China the remaining products we are doing on our own work we buy from the local manufacturers. So I think you do take because of regulatory replacement.</p> <p>Thank you Mr. P.D.Gupta</p> <p>Now I invite fourth speaker shareholder Mr. Kamal Kishore Jhawar</p>
Mr. Kamal Kishore Jhawar	<p>Chairman sab Namaste, I am the shareholder of the Company since the initial public issue as on today I am holding 25,000 shares of the company. During the Covid -19 pandemic situation also company share has gone up from Rs. 25 per share to Rs.100/- per share. The Company is doing well in the present situation also and in the March, 2020 you have given 25% of interim dividend and thanks</p>

	for that. We are happy that the company is holding the virtual meeting during this covid-19 conditions and kindly proceed this virtual meetings only in the coming year also and it is the best meeting being conducted.
Mr.P. Ramesh Babu	<p>Thank you Mr. Kamal Kishore ji, you have lot of respect and confidence in our company and also on its directors and also the members that is the reason you are holding large number of shares since long time and its appreciating that the share price of our company reached Rs. 100 during the June, 2020, for increase in the share price of the company it depends upon the marketing conditions and also the performance of the company, if the performance is good our company share price will be increase, our company's performance is going good. In couple of years I think after the expansion already is going on and by next year it is going to be very good. I think whatever confidence you have on the company definitely it is our responsibility to show the performance.</p> <p>Thank You Mr. Kamal Kishore Jhawar Now I invite 5th Speaker Shareholder Mr.Ramesh Manguluri</p>
Moderator	Mr. Ramesh Manguluri has not joined the meeting
Mr.P. Ramesh Babu	Then now I invite the 6 th Speaker shareholder Mr. Bharati Saraf
Mr.Bharati Saraf	Chairman sab Namaste, I am Bharati Saraf, shareholder from Kolkata I hope you all the employees of corporate office and also in the plants of the company and also our fellow shareholders of the company all are doing good in the present covid-19 situation. Kindly share the video so that I can see the Chairman and they can see me. Chairman sir there is only one question to ask about the page 61 regarding the number of employees employed in your organization they are showing number of employees as on 31 st March, 2020, is 1356 and in the brackets 806 + unit 7 500+unit 2 + RND 30) this I am unable to understand I have send the mail and it might reached to you kindly clarify the same.
Mr. P. Ramesh Babu	<p>Thank you Mr. Bharati Saraf, thanks for your concern in our company our company secretary will give you the reply for your mail with the detail explanation in the due course of time.</p> <p>Now I invite the 7th Speaker Shareholder Mr. Bharat Kankanala</p>
Moderator	Mr. Bharat Kankanala has not joined the meeting
Mr. P. Sarath kumar (Independent Director)	If the shareholders are not satisfied with the clarification and they can send the mail regarding their questions and they will be replying the answers in the due course of time.
Mr.P. Ramesh Babu	Then now I invite 8 th Speaker Mr. N V Nageswara Rao
Moderator	Mr. N V Nageswara Rao has not joined the meeting
Mr.P. Ramesh Babu	Then now I invite 9 th Speaker Mr.G.Yuva Kishore
Moderator	Mr. G.Yuva Kishore has not joined the meeting
Mr.P.Ramesh Babu	Now I invite 10 th Speaker Shareholder Mr.R.Vijaya Kumar
Moderator	Mr.R.Vijaya Kumar has not joined the Meeting.

Mr.P.Ramesh Babu	Now I invite 11 th Speaker shareholder Mr. Srikanth Jhawar
Mr. Srikanth Jhawar	Respected Chairman sir, Namaste your speech was an excellent and an eye opener for the coming years
Moderator	Mr. Srikanth's voice is not audible
Mr.P.Ramesh Babu	Thank you Mr. Srikanth Now I invite 12 th Speaker Shareholder Mr. Suresh Babu Potluri
Moderator	Mr. Suresh Babu Potluri, have not joined the meeting
Mr. P. Ramesh Babu	<p>In case of any queries by the shareholders who are not registered as speaker, are requested to send their queries through email to the company. On receipt of any such query through email, the company will send suitable response to them.</p> <p>Mr. C. Sudhir Babu, Practicing Company Secretary has been appointed as scrutinizers for the meeting to oversee the process of e-voting and submit his report on the same.</p> <p>I also authorize the Company Secretary to accept and acknowledge and countersign the scrutinizer's report and declare the e-voting results on receipt of the scrutinizer's report.</p> <p>The results would be announced within 48 hours from the conclusion of the meeting and the same will be informed to the Stock Exchanges and uploaded on the company's website.</p> <p>I thank the shareholders for attending the meeting and for their continued support.</p> <p>I also thank the directors who attended the meeting. With your permission, I and other Board members would like to conclude and request once again all our shareholders to stay safe and stay healthy.</p>
Mr. V S Venkatish	<p>Thank you sir</p> <p>Members may please note that the voting on the voting platform will continue to be available for the next 15 minutes and members, who have not cast their vote yet, are requested to do so.</p> <p>The Meeting is hereby concluded. Thank you one and all</p>