

## DIRECTORS REPORT

The Shareholders,  
**SMS LIFESCIENCES INDIA LIMITED**  
Hyderabad.

The Directors of your Company are pleased to present the 14<sup>th</sup> Annual Report on the business and operations of your Company and Financial Results (consolidated as well as standalone) for the year ended 31<sup>st</sup> March, 2020.

### 1. FINANCIAL RESULTS

As per the requirements of Section 134 of the Companies Act, 2013 read with Rule 8(5) (i) of Companies (Accounts) Rules, 2014 and pursuant to the MCA notification dated 16<sup>th</sup> February, 2015, the Company has adopted the Indian Accounting Standards ("Ind AS"). The performance of the Company for the year ended 31<sup>st</sup> March, 2020, compared to the previous year is hereunder:

(Rs. in Lakhs)

PARTICULARS	Standalone		Consolidated	
	F.Y.2019-20	FY 2018-19	F.Y.2019-20	FY 2018-19
Gross Sales	27,845.11	37,096.99	28,637.53	41,179.04
Net Sales	25,276.90	33,944.87	25,662.61	37,321.97
Other operating income	415.51	463.25	415.51	463.25
<b>Net Revenue from operations</b>	<b>25,692.42</b>	<b>34,415.16</b>	<b>26,078.12</b>	<b>37,785.22</b>
Other income	188.31	252.87	228.08	251.43
<b>EBIDTA</b>	<b>2567.03</b>	<b>3499.03</b>	<b>2766.67</b>	<b>3727.21</b>
Finance Cost	508.88	546.22	513.68	550.67
Depreciation	724.39	576.98	786.15	638.04
<b>Profit before Tax (PBT)</b>	<b>1,333.76</b>	<b>2,375.83</b>	<b>1,466.80</b>	<b>2,538.49</b>
Taxation	419.04	712.50	448.49	753.77
<b>Profit after Tax (PAT)</b>	<b>914.72</b>	<b>1,663.33</b>	<b>1,018.31</b>	<b>1,784.72</b>
EPS (Basic and Diluted) Rs.	30.26	55.02	33.68	59.03

**Consolidated Financial Statements:** The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards issued by the Institute of Chartered Accountants of India, form part of this Annual Report. This statement has been prepared on the basis of audited financial statements received from the subsidiary company (Mahi Drugs Private Limited) as approved by its Board of Directors on 25th July, 2020.

### 2. OPERATIONS AND STATE OF AFFAIRS

#### Standalone:

During the year, production has declined from 1,364 M.T. of API's and their intermediates in comparison with 2,040 M.T. for the previous year due to the new USFDA guidelines on Ranitidine HCL. The profit after provision for taxation of Rs. 4.19 Crores was Rs. 9.14 Crores resulting in an EPS of Rs. 30.26 for the year (Rs. 55.02).

**Consolidated:**

The net Income of the Company was Rs. 260.78 crores (Rs. 377.85 crores). Profit after tax decreased to Rs. 10.18 crores (Rs. 17.84 crores). As a result, EPS has also decreased by 42.94% to Rs. 33.68 for the year. The wholly owned subsidiary, Mahi Drugs Private Limited had total Income of Rs. 22.99 crores (Rs. 39.11crores).

**3. COVID-19 PANDEMIC**

Due to outbreak of COVID-19 globally and in India, the Company's management has made initial assessment of likely adverse impact on business and financial risks on account of COVID19.

The Company's management currently believes that the impact is likely to be short term in nature. Given the severity of impact, this financial year is likely to get affected, but also given the measures from Government and inherent resilience in Indian Economy, next year onwards it is expected to show normal growth scenarios. Accordingly, at present the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Detailed Report on the impact of pandemic as per SEBI Circular No. SEBI/HO/CFD/CMDI/CIR/P /2020/84 dated May 20, 2020 have been submitted to Stock Exchanges on 27<sup>th</sup> July, 2020.

**4. DIVIDEND**

As per the requirements of Section 134(3)(k) of the Companies Act, 2013 and keeping in view the Company's future growth plans, your Directors have decided not to recommend dividend for the year 2019-20.

**5. CHANGE IN THE NATURE OF BUSINESS**

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

**6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

Company has 1 (one) wholly-owned subsidiary i.e. Mahi Drugs Private Limited (CIN: U24233AP2012PTC084875) and no joint venture or Associate Companies as on 31<sup>st</sup> March, 2020 and Pursuant to Section 129(3) of the Act, a statement containing salient features of the Financial Statements of said subsidiary in the prescribed Form AOC-1 forms part of the Annual Report as **Annexure II**. Further, no company has ceased to be a subsidiary/ associate/ joint venture of the Company during the year under review.

Company has placed separate audited accounts of wholly-owned subsidiary on its website [www.smslife.in](http://www.smslife.in) as per provisions of Section 136 of the Companies Act, 2013 and a copy of the same will be provided to the shareholder at their request.

Policy for determining material subsidiaries in line with the Listing Regulations has no relevance as Company has only one wholly-owned subsidiary.

**7. TRANSFER TO RESERVES**

During the period under review, no amount is proposed to be carried to any reserve.

**8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review stipulated under Regulation 34(3) of the SEBI Listing Regulations, is presented in a separate section, forming part of the Annual Report in **Annexure III**.

## 9. AWARDS AND RECOGNITIONS

Company has received the prestigious “**India Pharma Bulk Drugs Company of the year award**” on 5<sup>th</sup> March, 2020 at the 5<sup>th</sup> edition of India Pharma and Medical Device 2020 conference organized by FICCI in collaboration with Ministry of Chemical and fertilizers, Govt. of India.

## 10. LEGAL ENTITY IDENTIFICATION NUMBER [LEI]

Reserve Bank of India has issued a mandate to obtain Legal Entity Identification Number [LEI] for entities which are having total fund based and non-fund based exposure of Rs. 5 crore and above and are dealing in Over the Counter [OTC] derivatives market for Rupees Interest Rate Derivatives, foreign currency derivatives and credit derivatives in India. Accordingly, Company made an application with Legal Entity Identifier India Limited and received “**335800DGMSN4RZ5D8N90**” as LEI number from RBI.

## 11. SHARE CAPITAL AND CLASSIFICATION OF COMPANY

Authorized Share capital	Rs. 3,50,00,000 divided into 35,00,000 Equity shares of Rs. 10/- each
Subscribed, Issued and Paid-up Share capital	Rs. 3,02,32,870 divided into 30,23,287 Equity shares of Rs. 10/- each

*[as on 31<sup>st</sup> March, 2020]*

During the year under review, there was no change in capital structure of the Company.

**Listing of shares:** Equity shares of the Company are listed in National Stock Exchange of India (NSE) and BSE Limited (BSE) with effect from 17<sup>th</sup> August, 2017. [Listing fees has been paid for the year 2020-21 to both the Exchanges].

## 12. DEPOSITS

The Company has not accepted any deposits falling under the ambit of Section 73 of the Companies Act, 2013 (‘Act’) and the Rules framed thereunder during the year under review. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

## 13. CODE OF CONDUCT OF INSIDER TRADING

Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of Directors has implemented a Code of Conduct of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 2015. The said code is available in the website of the Company (<https://www.smslife.in/pdf/code-for-regulation-and-prohibition-of-insider-trading.pdf>).

During the year under review, there has been a due compliance of the said code.

Board in its meeting dated 27<sup>th</sup> July, 2020 has authorized Mr. Trupti Ranjan Mohanty, Company Secretary of the Company to act as the Compliance Officer for setting forth the procedures and implementation of the said code.

#### 14. CREDIT RATING

Company has appointed Care Ratings Limited (CARE) as Credit Rating Agency. CARE has assigned the following ratings to the outstanding bank facilities of the Company:

<b>Long Term fund based limits, Term Loan -[24.50 cr.]</b>	CARE BBB+ ; Stable [Triple B+, Outlook – Stable]
<b>Short-term non-fund based facility, Bank Guarantee [0.32 cr.]</b>	CARE A2 (A Two)
<b>Long term fund based limits, Working capital (30.00 Crs)</b>	CARE BBB+; Stable/ CARE A2[Triple B Plus; Outlook Stable/ A two]

#### 15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the requirements of Rule 8(5)(iii) of Companies (Account) Rules, 2014, your Company is maintaining an optimum combination of Independent and Executive Directors in the Board, who have vast experience in Pharma and other relevant fields. (Details of the Board Members are provided in the Corporate Governance Report).

##### A. RETIREMENT BY ROTATION

Pursuant to provisions of the Companies Act, 2013, at least 2/3rd of the total number of Directors of a public company shall be liable to retirement by rotation and 1/3rd of such Directors shall retire by rotation at every AGM, However, “Independent Directors” are out of the ambit of retiring by rotation and as Mr. Ramesh Babu was appointed by rotation in the 13th AGM. Accordingly, Board has proposed Mr. Veeravenkata Satyanarayana Murthy Talluri as the Director to “Retire by rotation” in the 14th AGM.

Detailed information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure-I** forming part of this Report.

##### B. APPOINTMENT AND CESSATION

During the year under review, there was following changes in position of Company Secretary:

RESIGNATION		APPOINTMENT	
Name	Event date	Name	Event date
Mr. Pavan Pise	20.01.2020	Mr. Trupti Ranjan Mohanty	14.02.2020

There was no change in composition of Board during the financial year under review.

##### C. EVALUATION OF THE BOARD’S PERFORMANCE

The Board of Directors has carried out on an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Companies Act.

The Board evaluated the performance of the Board/Committees after seeking inputs from all the Directors/committee members based on criteria such as the Board/committee composition and structure, effectiveness of Board/Committee processes, information and functioning, etc. In a separate meeting of Independent Directors dated 27<sup>th</sup> July, 2020 performance of non-independent Directors and the Board as a whole was evaluated.

The Board and the Nomination & Remuneration Committee reviewed the performance of the individual Independent Directors based on the following criteria:

- Attendance for the meetings, participation and independence during the meetings.
- Interaction with Management.
- Role and accountability to the Board.
- Knowledge and proficiency.

The Directors were overall satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

#### **D. DECLARATION BY INDEPENDENT DIRECTORS**

In accordance with Section 149(7) of the Companies Act, 2013, each Independent Director has confirmed to the Company that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and have enrolled in the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA) as per Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019.

The tenure of the Mr. Venkatasubbarao Potluri, Independent Directors who was appointed in the year 2016-17 for a period of 5 (five) years, will expire in near future and the re-appointment of the said Independent Director for his second tenure will be subject to the approval of the Shareholders.

#### **E. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- in the preparation of the Financial Statements for the year ended 31<sup>st</sup> March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies as notified and modified by ICAI and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors of the Company, have developed an effective mechanism for internal financial controls, which has been followed by the Company consistently and that such internal financial controls are adequate and were operating effectively; and
- the directors of the Company have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **F. FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS**

The Company has put in place a system to familiarize its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of such familiarization programmes are provided on the website of the Company and can be accessed at <https://www.smslife.in/pdf/familiarisation-program-for-independent-directors-policy.pdf>.

#### **16. SEXUAL HARASSMENT**

The Company has constituted an Internal Complaints Committee for redressal of complaints related to sexual harassment as per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder.

The details of sexual harassment complaints as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder are as follows:

No. of Complaints received : Nil

No. of Complaints disposed-off : Not Applicable

#### **17. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES**

Pursuant to section 135 of the Companies Act, 2013, the CSR Policy was formulated by the CSR Committee and the same is placed in the website of the Company at [www.smslife.in/policies.php](http://www.smslife.in/policies.php).

The details of the CSR initiatives undertaken during the year ended 31<sup>st</sup> March, 2020 and other details required to be given under section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are captured in the CSR report forming part of the report as **Annexure IV**.

#### **18. VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, unacceptable and improper practices or suspected fraud. The Policy provides for adequate safeguards against victimization of Director(s)/ employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. Policy can be accessed from the website of the Company (<https://www.smslife.in/pdf/whistle-blower-protection-policy-vigil-mechanism.pdf>)

There were no complaints received during the year 2019-20.

#### **CONTACT DETAILS:**

**Mr. P. Sarath Kumar**  
Chairman of Audit Committee  
Email: [sarat9@gmail.com](mailto:sarat9@gmail.com)

**Mr. N. Rajendra Prasad**  
Chief Financial Officer  
Email: [rajendra@smslife.in](mailto:rajendra@smslife.in)

## 19. AUDITORS & AUDITORS' REPORT

### A. STATUTORY AUDITORS:

M/s. Rambabu & Co. (firm Registration No. 002976S) were appointed as Statutory Auditors of your Company in the 11<sup>th</sup> Annual General Meeting (AGM) held on 10<sup>th</sup> June, 2017 for a term of 4 (Four) consecutive years to hold office till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company to be held in the year 2021.

Statutory Auditors have confirmed their eligibility and qualification required under section 139, 141 and other applicable provisions of the Companies Act, 2013 (including any statutory modification (s) or re-enactment(s) thereof for the time being in force) The Auditor's Report for the year ended 31<sup>st</sup> March, 2020 on the financial statements of the Company is provided along with financials statements forming part of this Report.

The Auditor's Report for the financial year ended 31<sup>st</sup> March, 2020 does not contain any qualification, reservation or adverse remarks.

### B. COST AUDITOR:

The Board of Directors, on the recommendations made by the Audit Committee, has appointed Mr. KSN Sarma, Cost Accountant, Hyderabad (Registration No. 102145 and Membership no. 6875), as Cost Auditor of the Company for conducting the cost audit of the Company for the year 2020-21, at remuneration as mentioned in the Notice convening the AGM.

Remuneration payable to cost auditor must be placed before the Members at a General Meeting for ratification as required under the Companies Act read with the Companies (Cost Records and Audit) Rules, 2014. Hence, a resolution for the same forms part of the Notice of the ensuing AGM.

The Cost Auditor shall submit the report to the Company for the year 2019-20 as specified under Section 148 (5) and the same shall be reported to the Central Government by the Company pursuant to Section 148(6) of the Companies Act.

### C. SECRETARIAL AUDITOR:

The Board of Directors of the Company has appointed M/s SVVS & Associates Company Secretaries LLP, Practicing Company Secretary, to conduct Secretarial Audit of the Company for the year 2019-20 in compliance with the provisions of Section 204 of the Companies Act, 2013. The Company has received consent from M/s SVVS & Associates, Company Secretaries LLP to act as the auditor for conducting audit of the secretarial records for the year ending 31<sup>st</sup> March, 2021.

The Secretarial Audit Report for the year ended 31<sup>st</sup> March, 2020 is provided in the **Annexure V** to this report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

- **Annual Secretarial Compliance report:**

Company has obtained Annual Secretarial Compliance Report from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) forms part of this Report as **Annexure VI** and the same was also submitted to the Stock Exchange(s).

- **Secretarial Audit Report of material subsidiary:**

Mahi Drugs Private Limited (material unlisted subsidiary) has appointed M/s SVVS & Associates Company Secretaries LLP, Practicing Company Secretary, to conduct Secretarial Audit for the year 2019-20. Secretarial Auditor Report pursuant to Regulation 24A is provided as part of this report as **Annexure VII**.

The aforesaid Reports do not contain any qualifications, reservations or adverse remarks.

- **Certificate of non-disqualification of Director:**

The Company has obtained a certificate which forms part of this Report as **Annexure VIII** from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) confirming that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

**D. INTERNAL AUDITOR:**

In accordance with the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, on recommendation of Audit Committee, M/s Adusumilli & Associates, Chartered Accountants were appointed as the Internal Auditor of the Company.

The Internal Auditors submits their report on quarterly basis to the Audit Committee. Based on the report of internal audit, management undertakes corrective action in the respective areas and takes necessary steps to strengthen the levels of Internal Financial and other operational controls.

**20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Company has not made any investment, extended loans and guarantee covered under the provisions of Section 186 of the Companies Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 during the year under review.

**21. PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this report as **Annexure IX**.

No employee was in receipt of remuneration exceeding Rs. 1,02,00,000/- or more per annum or Rs. 8,50,000/- or more per month as per the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence the disclosure as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required.

**22. NUMBER OF BOARD MEETING AND ATTENDANCE**

As per the requirements of Section 134 (3) (b) of the Companies Act, 2013, we want to inform you that, the Board of Directors met 4 [four] times during this financial year.

Sl No.	Date & time	No. of Directors present
1.	29 <sup>th</sup> May, 2019 [02.00 pm]	06
2.	12 <sup>th</sup> August, 2019 [05.00 pm]	05
3.	14 <sup>th</sup> November, 2019 [12.00 noon]	05
4.	14 <sup>th</sup> February, 2020 [12.15 pm]	06

The Maximum interval between 2 [two] meetings did not exceed 120 days, as prescribed under Companies Act, 2013.

- Mr. P S Rao and Mrs. T Neelaveni were granted leave of absence on 12<sup>th</sup> August, 2019 and 14<sup>th</sup> November, 2019 respectively.

**Sub-committees:** Details of various committees constituted by the Board of Directors as per the provisions of the Act and SEBI Listing Regulations are given in the Corporate Governance Report which forms part of this report.



### 23. INTERNAL AND FINANCIAL CONTROL SYSTEMS

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. To maintain objectivity and independence, the Board has appointed an Internal Auditor, which reports to the Audit Committee of the Board on a periodic basis.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions of the Company. Audit observations and actions taken thereof are presented to the Audit Committee of the Board periodically.

### 24. HUMAN RESOURCE/INDUSTRIAL RELATIONS

The Human Resources Department continued to maintain cordial working relations across the spectrum of employees in the Company as 'Human Resources' are recognized as a key pillar of any successful organization and so is for SMS Lifesciences.

The Company puts constant efforts in recruiting and training the employees and ensures to bring out the best out of them. The Company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with utmost importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the Company places highest emphasis on professional etiquette required of every employee.

### 25. POLICIES OF THE COMPANY

The SEBI Listing Regulations mandated the formulation of certain policies for all listed companies. All our Corporate Governance Policies are available on the Company's website, ([www.smslife.in/policies.php](http://www.smslife.in/policies.php))

#### **Key policies that have been adopted by the Company are as follows:**

- Code of Business Conduct & Ethics for Other Stake Holders
- Code of Regulation & Prohibition of Insider Trading
- Code of Conduct for Board & Senior Management
- Criteria for making payment for non-executive Directors
- Corporate Social Responsibility Policy
- Document preservation policy
- Policy for evaluation performance of the Board
- Familiarization program of Independent Director
- Policy for related party transaction
- Policy for disclosure of material information
- Policy for sexual harassment
- Staff advances policy
- Whistle blower policy
- Policy for determination of legitimate purpose
- Working policy during Covid19

## 26. RELATED PARTY TRANSACTIONS

All related Party transactions that were entered into during the year under review were in the ordinary course of business and on an arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 read with rules made there under.

Policy on Related Party Transactions is uploaded on the Company's website ([www.smslife.in/pdf/policy-for-related-party-transactions.pdf](http://www.smslife.in/pdf/policy-for-related-party-transactions.pdf)) and the particulars of contracts or arrangements entered by the Company with related parties referred to in Section 188(1) are furnished under Form AOC-2 as **Annexure X**.

During the year, Company has not entered into contract/ arrangement/ transactions with Related Parties, which can be considered as material in nature. All related party transactions are placed before the Audit Committee for approval. Prior approval of the Audit Committee is obtained for the transactions, which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit committee for its review on quarterly basis.

Your Directors draw attention of the members to Notes No. 46 to the standalone financial statement, which sets out related party disclosures.

## 27. MD AND CFO – COMPLIANCE CERTIFICATION

A certificate of the Managing Director and Chief Financial Officer of the company on financial statements and applicable internal controls as stipulated under Regulation 17(8) of the Listing Regulations is enclosed as **Annexure XI** to this report.

## 28. REPORT ON CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under provisions of Regulation 34 of the SEBI Listing Regulations is separately given and forms part of this Annual Report as **Annexure XII**.

M/s. Rambabu & Co., Statutory Auditors have certified the Company's compliance with the requirements of Corporate Governance in terms of Regulation 34 of the Listing Regulations and the Compliance Certificate is annexed to the Corporate Governance Report as **Annexure XIII**.

## 29. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### Conservation of Energy:

During the year under review, the Company ensures optimized and efficient consumption of energy in the office and factories of the Company, with the implementation of its digital initiatives the Company has also substantially reduced its paper consumption. However, constant endeavors are made to check power consumption and to optimize the use of energy by using energy-efficient equipment's.

### Technology Absorption:

No technology absorption is involved.

**Foreign Exchange Earnings and Outgo:**

Particulars	2020	2019
<b>Earnings</b>		
FOB Value of Exports	8682.43	16354.54
<b>Outgo</b>		
Sales Commission	69.22	208.07
Travelling Expenses	0.24	0.55
CIF Value of Imports	4831.64	9875.97

**30. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Year 2019-20 to which the Financial Statements relate and the date of the Directors' Report (i.e., from 1<sup>st</sup> April, 2020 upto 27<sup>th</sup> July, 2020).

However, World Health Organization (WHO) has declared COVID-19 outbreak as a pandemic on 11<sup>th</sup> March, 2020. Consequently, the Indian Government has taken several measures including imposing of multiple lockdowns w.e.f. 22<sup>nd</sup> March, 2020 which was extended in a phased manner till 31<sup>st</sup> May, 2020. All businesses and services except essential services have been closed during the period of lockdown, in order to mitigate the economic and social hardship, the lockdown has been partially lifted in the month of May and June, 2020.

Company being in essential services category did not face any major difficulty other than some logistics issues. A detailed report on the impact of the pandemic on the operations of the Company is submitted with the Stock Exchanges(s) as on 27<sup>th</sup> July, 2020 and placed on the website of the Company.

([www.smslife.in/pdf/Outcome%20of%20Board%20meeting%20held%20on%2027.07.2020.pdf](http://www.smslife.in/pdf/Outcome%20of%20Board%20meeting%20held%20on%2027.07.2020.pdf)).

**31. GENERAL DISCLOSURE**

Your Directors states that the following disclosure or reporting:

- No material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.
- No fraud has been reported by the Auditors to the Audit Committee or to the Board.
- Company has complied with the requirements of the Secretarial Standards issued by Institute of Company Secretaries of India.
- There are no instances where the Board has not accepted the recommendations of Audit Committee.
- Cost records are mentioned as per the requirements of Section 148 of the Act.
- The extract of the Annual Return [form no. MGT -9] forms part to the Board Report as **Annexure XIII** and the web link for this purpose is [www.smslife.in](http://www.smslife.in).

**32. APPRECIATION**

Your Directors take this opportunity to express their sincere appreciation and to thank the Customers, Shareholders, vendors, bankers, business associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. The Board of Directors also wish to place on record its deep sense of appreciation for the dedicated and committed services by the Company's executives, staff and workers.

Your Company has been able to operate adequately because of the culture of professionalism, creativity, integrity and continuous improvement in all functions and areas as well as the efficient utilization of the Company's resources for sustainable and profitable growth.

Your Directors place on record their appreciation of the invaluable contribution made by the Company's employees, which made it possible for the Company to achieve these results. They would also like to take this opportunity to thank customers, dealers, suppliers, bankers, financial institutions, business associates and valued shareholders for their continued support and encouragement.

**By Order of the Board  
For SMS Lifesciences India Limited**

Date: 27.07.2020  
Place: Hyderabad

**(Ramesh Babu Potluri)**  
Non-Executive Director  
DIN: 00166381

**(TVVSN Murthy)**  
Managing Director  
DIN: 00465198

