



“35th Annual General Meeting”

August 25, 2020 at 11:30 AM IST

CORPORATE PARTICIPANTS

Shri Chandrakant V. Gogri	Chairman Emeritus
Shri Prakash M. Patil	Chairman, Managing Director & CEO
Shri Rashesh C. Gogri	Managing Director
Shri Harshit M. Savla	Joint Managing Director
Shri Harit P. Shah	Whole time Director
Shri Uday M. Patil	Whole time Director
Shri Rajendra V. Gogri	Non-Executive Director
Shri Ramdas M. Ganhi	Independent Director
Shri Bhavesh R. Vora	Independent Director
Shri Navin C. Shah	Independent Director
Shri Vilas C. Gaikar	Independent Director
Shri Krishnacharya G. Akamanchi	Independent Director
Smt. Priti P. Savla	Independent Director
Shri Adhish P. Patil	Chief Financial Officer
Shri Rushikesh V. Deole	Company Secretary

Statutory Auditors, Secretarial Auditors, Other Key executives and Senior Management



Company Secretary: Good Morning, I Rushikesh Deole, Company Secretary extend a warm welcome to all of you to the 35th Annual General Meeting of Aarti Drugs Limited. AGM gives us an opportunity to interact with the shareholders, however, in view of the massive outbreak of COVID-19 pandemic, social distancing norms are to be followed and in line with circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, we are conducting this meeting through Video Conferencing and Other Audio Visual Means.

Before proceeding with this meeting, I would like to inform certain points regarding the participation at this meeting

- Facility of joining this AGM through Video Conferencing and Other Audio Visual Means is being made available on first come first serve basis.

- All the members who have joined this meeting are by default placed on mute mode by the moderator to avoid background noise and conduct the meeting in smooth and effective manner.

- During the meeting if members face any technical issues, they are requested to contact helpline numbers mentioned in the notice of AGM.

- Members are requested to use internet with good speed to experience a seamless conduct of the meeting.

- Members who have already registered themselves as a speaker will be given an opportunity to ask question during question and answer session.

- Members can also communicate their questions through Question and Answer box provided just below the live streaming screen. Such members are requested to frame their questions precisely. The questions raised by the members will be replied by the Company suitably.



- The attendance of the members participating in the AGM through Video Conferencing/ Other Audio Visual Means shall be counted for the purpose of ascertaining the quorum.
- All the Directors, including the Chairperson of the Board, Shri Prakash Patil, the Chairperson of Audit Committee, Shri Ramdas Gandhi, the Chairperson of Nomination and Remuneration Committee, Shri Bhavesh Vora, the Chairperson of Stakeholders Relationship Committee, Shri Rajendra Gogri are present in the meeting through Video Conferencing from their respective locations.
- Shri Milind Bhawe, Representative of M/s. Kirtane and Pandit LLP, Statutory Auditors
- Shri Sunil M. Dedhia, Secretarial Auditors of the Company and also a Scrutinizer to scrutinizing the voting are present through VC

The requisite quorum for the meeting is present and therefore I request Chairman to call the meeting to order.

I now handover the proceedings to the Chairman. Thank you.

Chairman:

Good Morning, Ladies and Gentlemen,

I, Prakash Patil, Chairman welcome you all to the 35th Annual General Meeting of your Company. This meeting is held through Video Conferencing and Other Audio Visual Means.

All the requisite statutory registers including register of Directors and KMP and their shareholding and the Register of contracts or arrangements in which directors are interested are available for inspection in the electronic mode. Members who want to inspect these documents are requested to write an email to the Company Secretary.

Notice of the AGM dated May 15, 2020 and the copy of Annual Report for the Financial year ended March 31, 2020 has already been circulated to the members of the Company electronically. With your permission I shall take them as read.



I would now like to request Chief Financial Officer to introduce the Board Members present –

Chief Financial Officer: Good Morning, Ladies and Gentlemen, I am Adhish Patil working as a CFO of the Company. Now I am introducing the Board Members

Our Chairman **Shri Prakash Patil**

He has been associated since inception of the Company's operations. He is a Chairman of Risk Management Committee, a Member of Audit Committee and a member of Nomination & Remuneration Committee of the Board.

Shri Rashesh C. Gogri

Managing Director

He has been associated with the Company as the Director since October, 2012. He is a member of Audit Committee and Risk Management Committee.

Shri Harshit M. Savla

Joint Managing Director

He is associated with the Company since 1987. He is a member of Stakeholders Relationship Committee and Risk Management Committee.

Shri Harit P. Shah

Whole time Director

He has been associated with the Company since 1995. He is a member of Stakeholders Relationship Committee and Risk Management Committee.

Shri Rajendra V. Gogri

Non-Executive Director

He has been associated since inception of the Company's operations. He is a Chairman of Stakeholders Relationship



Committee and member of Nomination & Remuneration Committee.

Shri Uday M. Patil

Whole-time Director

He has been associated with the Company since the year 2000. He is a member of Risk Management Committee.

Shri Ramdas M.Gandhi

Independent Director

He has been associated with the Company since 2005. He is a Chairman of Audit Committee and also a member of Nomination & Remuneration Committee.

Shri Bhavesh R. Vora

Independent Director

He has been associated with the Company since 2006. He is a Chairman of Nomination and Remuneration Committee and also a member of Audit Committee and Stakeholders Relationship Committee of the Board.

Shri Vilas G. Gaikar

Independent Director

He has been associated with the Company since 2005. He is a member of Audit Committee and a member of Nomination & Remuneration Committee of the Board.

Shri Navin C. Shah

Independent Director

He has been associated with the Company since 2010. He is a member of Audit Committee.

Shri Krishnacharya G. Akamanchi

Independent Director

He has been associated with the Company since 2008.

Smt. Priti P. Savla

Independent Director

She has been associated with the Company since 2014.



A very special invitee-

Shri Chandrakant V. Gogri
Chairman Emeritus

He has been associated since inception of the Company's operations.

Now I request the Chairman to begin with formal address to the members.

Chairman's Speech

Dear Shareholders,

It is my pleasure to extend a warm welcome to all of you at this 35th Annual General Meeting of Aarti Drugs Limited and to place before you highlights of your Company's performance during the financial year 2019-20 and future prospects. This was a year marked by various events, both good and bad for the global economy. Tense trade relations, a global pandemic and an already struggling domestic economy were the big highlights of the last fiscal year. But challenges always come with opportunities.

Aarti Drugs, however, sailed safe during the year 2019-20. Your Company stayed true to its commitment of delivering excellence and adding value to the shareholders, in addition to achieving significant feats. For the first time in its history, your Company amassed a PAT of more than Rs. 100 Crores per annum. We continue our long-standing commitment to constant R&D that has laid the foundation for growth since the inception of the company. On the back of strong R&D, the Company streamlined its key products processes with alternate Key Starting Materials and also solved the teething problems involved in scaling up the production of our recently expanded anti-diabetic facility.

India is one of the major driving forces of the global pharmaceuticals industry, owing to its focus on Research and Development (R&D). Additionally, the country has an ever-growing pharmaceutical market being the largest provider of generic drugs globally. The Indian pharmaceutical sector supplies over 50% of the global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in UK. This proves that the opportunities in the industry will keep growing in the coming years.

Our objective for the coming years is to keep producing the best-in-class products to retain the trust of our loyal customers as a part of "The Chemistry of Sustained



Relationships” and capture new markets. The Company is standing tall and confident to face any challenges which may develop in the nearby future.

Recently, Government has noted that bulk drugs formed 63% of the total pharma imports in the India during FY 2019-20. To ensure un-interrupted supply of quality bulk drugs Government has launched few schemes like Production Linked Incentive Scheme and proposal for 3 Bulk Drug Parks. We would proudly like to highlight that your company since last 6 years have taken steps and put world class capacities for many essential import substitute bulk drugs. This is clearly evident as quite a few of anti-biotics and anti-inflammatory products identified in the PLI scheme overlaps with our product profile. The Company has recently expanded its capacity in anti-inflammatory therapeutic category. Backward integration and another production line of anti-diabetic drugs would be launched by the end of coming financial year. Company has lot of good growth opportunities requiring a CAPEX of Rs. 500 to 600 Crores for upcoming years. There are lot of growth opportunities in Pharma-intermediate segment, Speciality segment and also further expansion of its current anti-diabetic product.

Shri Rajendra Gogri, Non-executive Director of the Company retires at this AGM and has not offered for reappointment due to preoccupation. The Board places on record its appreciation for valuable contribution given by Shri Rajendra Gogri towards the success of the Company.

Your Board has also recommended the appointment of Shri Narendra Salvi as the Non-executive director of the Company in place of retiring Director, Shri Rajendra Gogri.

I would like to express my gratitude towards the shareholders and employees of Aarti Drugs, who continued to lay trust on the management even during these tough times. Further, I would like to thank the suppliers, customers, bankers and all the stakeholders for a strong partnership with us and believing in our vision.

Now I will request Shri Adhish Patil, Chief Financial Officer to give the overview of Company’s performance for the year ended March 31, 2020 and the head-start we got in FY21.

Thank you all.....

Chief Financial Officer: Thank you,

Over last few years, the company is growing consistently on account of its long-term strategy and robust expansion plan. Pinnacle Life Science Private Limited, a Wholly Owned Subsidiary was established with a vision of achieving leadership by offering quality pharmaceutical formulations at



affordable prices and thus opening up more export avenues for the Company.

During the year under review, Consolidated Revenue from operations of the Company is Rs. 1806.09 Crores in FY19-20 as compared to Rs. 1560.94 Crores for FY 18-19, registering a growth of 15.71%.

API segment contributed 79.8%, Formulations around 11.5% and Speciality & Intermediates put together contributed around 8.6% of the total sales on Consolidated basis.

Within the standalone company, Antibiotic Therapeutic Category contributed to around 43.8%, Anti-protozoals around 15.7%, Anti-inflammatory around 10.3%, Anti-diabetic around 10.1%, followed by Anti-fungal and Cardioprotectant Therapeutic categories.

On Consolidated basis, Company's EBITDA has grown from Rs. 213.54 Crores for FY18-19 to Rs. 267.77 Crores in FY19-20, with a growth of 25.40%. PAT has grown from Rs. 89.75 Crores for FY18-19 to Rs. 141.40 Crores in FY19-20, with a growth of 57.55%.

Company has continuously improved its operational efficiency to enhance the gross margins and carried out its operations with optimum net operating working capital which is reflected in good operating cash flow and reduced debt to equity ratio of 0.58 for the FY2019-20. Additionally, in FY19-20 the company went for the new tax regime thus lowering the overall tax rate of the company.

Despite challenges faced during initial period of COVID19 lockdown, the Company was able to maintain good operational efficiency in Jun'20 quarter, which along with good realization in selling prices led to increased gross margins. Debt/Equity ratio of the Company reduced further down to 0.55 as of June'2020 on a Consolidated basis. Company recorded consolidated quarterly revenue of Rs.544.67 Crores with year-on-year increase of 34.34% with even better profitability numbers. Jun'2020 Quarter's Consolidated PAT itself was above 60% of entire FY20 PAT.



Your Company has secured a rank in a list of Top 500 NSE and BSE Listed Companies as of 31st March 2020 considering the Market Capitalization.

Your Company is committed to reward its shareholders.

Board in its meeting held on August 20, 2020 has recommended the issue of Bonus shares at the ratio of 3:1 that is 3 Bonus Equity Share of Rs. 10/- each for 1 fully paid up Equity Share of Rs. 10/- each.

The approval of the Shareholders will be obtained for said bonus issue by way of Postal ballot. The Postal ballot notice has already been dispatched and e-voting has started. The Company will intimate the "Record Date" for determining eligible Shareholders entitled to receive Bonus Shares in due course.

Bonus issue will help to encourage the participation of small investors by making equity shares of the Company affordable, increasing the liquidity of the equity shares and to expand the retail shareholder base.

The Pre Bonus Issue paid up Equity Share Capital is Rs. 23.3 Crores consisting of 2.33 Crores Equity Shares of Rs. 10/- each. The Post Bonus Issue, paid up Equity Share Capital shall be Rs. 93.2 Crores consisting of 9.32 crores Equity Shares of Rs. 10/- each.

Now I request Company Secretary to take the proceeding forward.

Company Secretary: Thank you sir.

Before moving towards the businesses to be transacted at the meeting I wish to inform that Pursuant to MCA circulars, since the AGM is held through Video Conferencing, the facility to appoint proxy to attend the meeting and cast vote for the members is not available for this AGM. However, the representatives of the Body Corporates can attend the AGM and cast their vote through e-voting.

Pursuant to the relevant provisions of Companies Act, 2013, rules made thereunder, applicable SEBI Regulations and MCA Circulars, the Company had provided the facility of remote e-



voting to the members in respect of business to be transacted at the AGM through the platform provided by NSDL. The members holding shares as on cut-off date which was Tuesday, August 18, 2020 were eligible for remote e-voting.

The remote e-voting period commenced on Saturday, August 22, 2020 at 9:00 AM and concluded on Monday, August 24, 2020 at 5:00 PM.

Also the facility to vote during the meeting has been provided for the members who are present in the meeting and have not casted their votes through remote e-voting facility.

Since AGM is held through Video Conferencing there is no proposing or seconding of resolutions. With this, now I proceed the Agenda as per the Notice convening this AGM.

As Ordinary Business

Resolution No. 1:- Adoption of Financial Statement (Standalone & Consolidated) for the Financial Year ended March 31, 2020, together with the Reports of the Directors and Auditors thereon.

Resolution No. 2:- Appointment of Shri Narendra J. Salvi (DIN: 00299202) as a Non-Executive Director in place of Shri Rajendra V. Gogri, who retires by rotation and has not offered for re-appointment.

As Special Business

Resolution No. 3:- Variation in the Terms of remuneration payable to Executive Directors.

Resolution No. 4:- Ratification of remuneration payable to the Cost Auditor for FY2020-21.

Before proceeding with the E-voting, I would like to invite members who have registered themselves with the Company as speakers.



Speaker Shareholders may please note that:-

- Your names shall be announced one by one.
- Once your name is announced, the moderator shall unmute you.
- You are then requested to start your video and proceed further.
- Owing to any reason, if you are not able to start the video, you can speak through audio mode only.
- You are requested to use earphones or headphones while speaking to ensure audibility.
- I request you to ensure that there are no background interruption while you are speaking.
- Also, you are requested to ensure uninterrupted internet connectivity.
- Make sure that there are no other background applications running on your device and there is proper lighting for good video experience.
- In case of any audio or visual disruption, Company may put you on hold and move towards next speaker. You may be allowed to continue at the end after all the speakers have finished.
- I request the members to limit their speech to 3 minutes and restrict themselves to the business relating to the AGM only.

I now request Mr. Rohinton Batiwala, Demat Account No.: IN30611490067222 to begin with. Moderator is requested to please unmute their mike.



Mr. Rohinton Batiwala
(Shareholder 1)

Respected Chairman, Shri Prakash Patil, other Board members on the dias, Company Secretary, Shri Deole, and fellow Shareholders Good morning to all of you. Sir, my name is R. F. Batiwala from Mumbai and thanks for calling out my name to speak in this historic meeting which is conducted via VC, that is virtual conference.

We are very much pleased and thrilled for the Company that is Aarti Drugs for giving bonus in the ratio of 3:1. Sir, the company and the management in this pandemic year has bought the smiles for the shareholders. Hats off to the Company and management and the staff to try so hard to bring our company at this level. Keep it up sir. Thanks once again the company and its management.

We are very happy for the all round performance given by the company in all fields. Sir, Company has done profit in each and every aspect. The standalone revenue from operations of the company is registered the growth of 12.42%. Sir, the company has also achieved all round growth on Export sales of 70% good- very good, sir please keep it up.

Thanks for the interim dividend of 20% i.e. Rupees two per share. Sir we are not bothered for the final dividend as our Company has given more than the final dividend in the form of bonus.

Now little query

What is the roadmap for next two to three years?

and what is the Capex and the R&D program for the next financial year? and how do you think you will fund it?

and I would like to say that the Company Secretary has done a good job of sending emails well ahead of time so that we could go through it. The Board's Report is well-defined so that we can easily go through it.

Sir, as there is much more to speak but other must be waiting for the chance to speak. I hereby end my speech over here. So thanks once again for allowing me to speak and your



patient hearing. Sir, with this I support all your Resolutions. Jai-Hind sir.

Company Secretary: Thank you Mr. Batiwalla.

I now request Mr. Vivek Gautam (Demat Account No.: 1203230001748225) to begin with. Moderator is requested to unmute the mike of Mr. Vivek Gautam.

Mr. Vivek Gautam
(Shareholder 2)

First of all sir, I would like to congratulate the Aarti Group and all its Directors for fantastic performance in the recent Quarter

And also the reputation of Aarti Group in India, that is the first criteria that anybody looks for before investing.

I am proud to say that I am part of Aarti Group family that is performing exceptionally well. Keep-up the good work sir.

And I have few Queries

Sustainability of the current profits, whether it is sustainable at future also? FDA approval related and

What is the sets from the Chinese import are we one Company to implement China substitute policy in a better position?

Any new products and how is the coming year, next year, looking like sir?

The fantastic performance in the last quarter, looks sustainable? And for the next 2 Quarters also?

And Pinnacle performance also looks very attractive. The Formulation subsidiary, so what is the opportunity size for the formulation business for time to come, any Capex plan?

PLI Scheme is really beneficial to us?

Thank-you sir and keep up the good work sir.

Company Secretary: Thank you.

I now request next Shareholder. Mr. Jehangir Batiwala, Demat Account No.: IN30611490109668 to begin with. Moderator is requested to unmute the mike of Mr. Jehangir Batiwala.



Mr. Rohinton Batiwala

(Shareholder 3)

Respected Chairman, Board Members, Company Secretary and fellow shareholders who have joined through VC Good morning to all of you. My name is Jahangir and thanks for inviting me to speak. At the outset, we thank you for the interim dividend of Rs. 2 per share. Sir, next time we request you to kindly raise the bar.

Thanks a lot for the bonus in the ratio of 3:1. Thank you very much.

Sir, if you can touch upon the working of the company of the year gone by in view of the pandemics, I would be grateful to you.

Sir. hearty congratulations for showing good results in all the sectors, in the year gone by. Our Standalone and Consolidated results have shown tremendous growth sir.

Now, sir in view the current pandemic going on, How much is our Aarti Drugs contributed in terms of medicines or formulas to make the vaccine and how, what steps have you taken for the protection of our staff and their family? Work from home, How much has it impact on the working of our Company? And how much has it helped to gain our target figures?

Sir, your thoughts on the future of the Company in terms of working through the pandemic and after the pandemic is over. How are geared to meet the future?

Now Sir, just normal questions, like what is the Capex that you have planned and the funding? R&D and the funding?

Any new formulas or APIs or any new countries that you're planning to tap for marketing?

Further, road map for the Company for the next two to three years in the blueprint to achieve it?

and sir lastly. I hope that you are not using any Chinese products or Chinese services for our companies. I believe that we should be confident and you should support the Make in India movement. And now so that the festive season has started, compliments of the festive season to the board, the staff and the full family of Aarti Drugs. Thank you, sir.



Company Secretary: Thank you Mr. Batiwala.

I now request Mr. Anil Champaklal Parekh Demat Account No.: 1202700000216180 to begin with. Moderator is requested to unmute the mike of Mr. Anil Parekh.

Mr. Anil Parekh
(Shareholder 4)

Hello. First of all our Chairman, Shri Prakash Patil, Chairman Emirates, Mr. Chandrakant Gogri and Managing Director, Shri Rashesh Gogri and all the Board members and my fellow shareholders. Good afternoon to you all. Since it is now 12 noon I am saying is good afternoon.

Sir, I would like to first of all thank our secretarial team for extending very good investor services.

So this is being the 35th AGM, we are attending by VC conference from our residence in unusual situation due to pandemic of Covid-19 and I hope this will soon end with the help of our Company's products to develop the vaccine. So we can meet next year physically and greet you for all the work done very well, thank you sir.

Now many thanks I would like to give to an entire Board member for recently concluded Board Meeting in which we have declared three shares for every one share held, excellent!! As far as investors are concerned, they have great faith in our promoters and in the entire group, Sir commendable thing and today our market rate is hovering around 3279. Excellent sir!!

It's a journey consistently strong performance since our Company listed on BSE Limited in 1993 with humble beginning to today more than 1500 Crores Revenue turnover, commendable achievement due to the vision and determination of our promoters and with the help of all Board of Directors, Executives and Employees, all have worked day in day out very hard and with their integrity we have achieved this kind of goals.

Sir, our revenues has grown up to 12%, EBIDTA is 15%, PAT margin has grown to 10% and surprisingly our EPS is from 38 to 60, very good sir, and return on equities 23%. Excellent performance by all means.

Now I will start with my questions



We have launched this year, not last 5 years 30 API's and develop our own R&D team. I would like to know how many more we are awaiting to develop API's in our R&D facilities, which is the best one of the best R&D facilities approved by DSIR, Adhish, you are doing excellent job as far as you are doing work with our R&D people.

I would like to know any capital expenditure in 2021 and

Third question, our exports to more than a hundred countries constitutes what percentage to the revenue that I would like to know.

How our manufacturing operation has been affected due to pandemic Covid-19 and how we are evaluating business opportunities post Covid-19?

I would like to know your views also on our subsidiary PLSPL which is at present contributing to ten percent Revenue. Can we expect any escalation in its contribution to the revenue of our Aarti Drugs in 2021? and lastly, I would like to say that I am a part of most most investor friendly company Aarti Drugs and I will remain with you forever. Let it be whatever the situation and I would like to support all the resolutions proposed today. Thanks for patient hearing. And also I would like to thank our registrars Link Intime for doing excellent investor services. Thank you, sir for patient hearing.

Company Secretary: Thank you Mr. Parekh.

List of all the attendee shareholders is now over and I would request to the management team to start with answering of the questions asked by the attendee shareholders.

Chief Financial Officer: Yeah, I would like to answer the questions raised by Shareholders, very interesting questions. And we also appreciate your support to our Company and will continue to do the best possible services for our shareholders in future also, so few of the questions are overlapping so I will take up in combination.



For example,

What is the roadmap? What are the new products which you are looking for in coming years and what our CAPEX Plans?

This year because of Covid-19, the initial four-five months Capex was little slow because of the lack of labour available, but we had a plan of reaching almost 100 Crores this year, that will be a little bit challenging because the Covid but we are trying for that. Three major segments, which we are trying to grow in coming years are one is Intermediate segment, then the Speciality segment and also in APIs, we are launching much bigger capacities of three of the anti-diabetic products. So that is also going to be one of the very good growth opportunities going forward.

Speciality segment will be going in for expansion of Chlorosulfonation products and in intermediates mainly are Pharma intermediates. So if we see a long-term Road plan of three to five years, we almost have very good growth opportunities with a CAPEX of 500 to 600 Crores. As far as the source of funds for this CAPEX, most of the funds can be suffice for more internal accruals as you have seen from last year also our operating cash flows are quite good. So after that whatever is left out, we have both options, even at debt side, we have long-term loans available at a very good rate of below 7.5% and also QIP is one of the options which we can look for. So sourcing of fund for these growth opportunities does not be a challenge as of now, even in this tough Covid-19 period.

Then one of the questions was

How Covid-19 has impacted us?

Our Company falls in essential services, but the initial I can say, 7 to 10 days, It was difficult to restart the operations because it was all of the sudden to get the permissions and everything working, so still we were able to manage our company at efficiency of around mid 70s for June quarter and in spite of this tough conditions quarterly performance year on year we had almost 50% volume growth which is quite



commendable considering the shut downs which we faced in the Covid-19 period.

then, one of the interesting questions was

Whether this profitability is sustainable or not?

We know that this Covid period was kind of an exceptional. However, there has been lot of structural impact in this sector, one being Chinese Imports. They have become expensive. Chinese APIs have become expensive and for Aarti Drugs, China is one of the most biggest competition, so that definitely helps us in our selling prices. So earlier means two to three years back, we always used to say 15.5% to 16% in EBITA Margin would be a long-term sustainable margin, but we can fairly say that in these scenarios for long-term 18% should be achievable and we hope that we finish this FY 2020-21 in upwards of 18% EBITA Margin.

Then one question was regarding

The FDA approval status

So fortunately, we got some feedback from FDA in the Covid period. They have asked for getting external certification for whatever Kappa we have done so far. We will be doing that again in couple of Months. I think it might be a documentary kind of audit, remote audit. They might give some priority for the re-inspection of the plant. So we are quite hopeful on that front and how much will it help us? it cannot help us immediately, but there are still lot of projects that are still active and those will kick in the period of couple of years I am sure that we will be able to raise the utilization of our USFDA Plant and the margins from USFDA Plants are much higher than our current business. So that will definitely be an additional booster to our EBIDTA Margins.

Then Vaccines, We are not in that domain. So we were not developing any vaccines for Covid-19. However, there are few of the products in your product line, which we use as a line of defense as for clinical treatment of Covid-19 and we have seen some good demand growth in those products during this period.



As far as new geography are concerned, South east Asia will continue to be one of the good growth drivers. Then Europe is also one of the very important Geography, continent for recent future. It will also help us improve EBITDA margins further because that being a regulated market it will give us better profitability.

Then one question was regarding **Exports**.

So our exports is contributing almost 35% of the total Standalone sales and now going forward, Pinnacle Exports is also growing at a very fast pace. So we hope that on consolidated basis also, our export percentage will go up about 35%.

Pinnacle is our formulation subsidiary, so we were always having around 10% share to the total Consolidated Sales. This year, first quarter it has been 15% and we are hoping that will complete this year at 15% and plus there is a lot of growth available in export markets for Pinnacle. But at the same time, we will also be growing our other segments, so we think that maybe two to three years point of view you can see formulation contribution anywhere between 15 to 20 percent which will be quite good.

Rate of Chinese Imports

We are very much conscious about that. One of few our projects in coming CAPEX are also intermediates, which will involve further Backward Integration that will further reduce our dependence on the Chinese Imports. This is one area which we are continuously looking after since last five-six years and will continue to do so, even in future, irrespective of PLI Scheme.

and last question was what we have about the PLI scheme. Is it a buzz or is it helpful?

So the thing is first I would like to appreciate Government that production-linked incentive, they have introduced a scheme in a better way rather than giving Capital Subsidies, production linked incentive is a better way. Obviously, there are conditions involved. So those might need to be tweaked for few of the products or for some products it will work well for



some products it is not working that well. Just one point is that our scheme needs to be more holistic in the sense we should not be catering only towards domestic Market as PLI scheme is looking for, it should be more global perspective because only when we as an Indian Company cater to entire demand Indian as well as the global Demand, only then we will achieve economies of scale and only then we will be able to compete with China, One thing, I would like to highlight that even before this PLI Scheme came in we were continuously putting in import substitute products so that more and more essential APIs for Indian pharmaceutical markets are manufactured indigenously by us. And we were very successful in gaining huge market share in substituting lot of import products over the last five-six years even without the presence of PLI Scheme. So the addition of PLI scheme is obviously going to, at least indirectly, is going to help us quite a lot.

So Rushikesh, I think we covered all the questions now you can take it forward.

Company Secretary: Thank you Sir,

We have also received some questions through Question and Answer Box. We are sorting these questions for answering it, meanwhile we can proceed with e-voting.

I request the members who have not already voted to vote now via e-voting system provided by NSDL and instruction to the same are given in the notice convening this AGM. It is requested to note that members who have already voted electronically through remote e-voting process are not eligible to vote again at AGM. Further please note that e-voting at AGM shall remain open only for 15 minutes after conclusion of the AGM and members are requested to vote on proposed resolutions as per the agenda given in the notice of AGM. E-voting modules shall be disabled by the NSDL for voting thereafter.

Company has appointed Shri Sunil M. Dedhia, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting and e-voting process in fair and transparent manner.



The scrutinizer shall, after scrutinizing the votes, within 48 hours from the conclusion of the meeting, submit a consolidated scrutinizer's report thereon to the Chairman which will be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

The outcome of the meeting will be cumulative count of the valid votes cast through remote e-voting and e-voting during AGM.

Now, we can take up the questions received from the question and answer box, one by one.

Now I request to management team to answer questions one by one which are given in the question and answer box and respond to it. Thank you.

Chief Financial Officer: Yes, we have received few more questions.

Some of them are over lapping with the previous ones. So we will take up the new questions, which we have received. One shareholder who is asking

What are the current levels of capacity utilization?

So it is around 76% for the June quarter also, and even for the year ended it was around the same level.

Then a few questions are related to CAPEX, just spoke about, then about the sustainability in prices which also we spoke about, so the thing is the prices will ease out a little as compared to June quarter but when it will happen that is yet to be seen, maybe in December or March quarter because in June quarter almost 80% to 90% of the products for everyone, the prices were hiking, it was not like only for one of the products that we were getting high selling prices, but it across the whole board.

Then another question, **How many workers are on the roll?**

On the payroll we have around 1536 employees on consolidated basis plus there will be contract labor.



How many shifts our factories are working?

We are working 24/7 at all our API Factories.

and Then future roadmap, we just spoke about.

One person is asking are we seeing any China players coming back?

So the thing is Chinese competition was always there, as of now we haven't seen anything new from China. Whatever the situation was, it still persists, so there is no new development on that side.

One person has asked that thanks for the Declaration of 3:1 bonus. What was the Intention? What made the Company declare a generous bonus?

So the thing is it was due for us to reward our shareholders. The macro-economic factors were also looking good and It is the right time to reward shareholders and declaring bonus will only, you know, further instill the confidence in the shareholders and increase the liquidity of the Company and we expect more and more retail participation for the stock. Mutual Funds and few of the FIIs have already entered in the stock sometime back now more and more retail participation would be appreciated.

Then we got one question in formulation business are we into contract manufacturing for existing companies?

Well yes, we do some business which is related to the toll manufacturing, but then going forward there are a lot of opportunities. In fact, it has already started in different export markets across different geographies. In fact we hold IPs in the regulated markets also, so it is certainly doing well again.

I think we covered almost all the questions. so I think Rushikesh, you can take over and proceed.

Company Secretary: Thank you Sir,



Since all the business mentioned in the AGM notice are transacted I request Chairman to declare the meeting as concluded.

Chairman:

Thank you Sir,

With the completion of above proceedings I now declare the meeting as concluded. I thank members for joining the meeting through VC and having spare their valuable time for attending this AGM. Once again thank you...
