



CAPLIN POINT[®]
Laboratories

Transcript of the 32nd Annual General Meeting of the company held on Thursday, 21st September 2023 at 10.00 A.M.

**Mr Venkatram G,
General Counsel &
Company Secretary**

A very good morning to everyone. We welcome you to the 32nd Annual General Meeting of Caplin Point Laboratories Limited. This meeting is being held through Video Conferencing in compliance with the statutory provisions.

For smooth conduct of the meeting, the audio of members will be in the mute mode.

The audio will be opened at appropriate time, to those shareholders, who have pre-registered themselves as speakers.

Please take note that the deemed venue of the AGM is the Registered Office of the Company. All the possible efforts have been made by the Company to enable members to participate and vote on the items being considered at the AGM.

Following are the panelists for the AGM:

1. Mr. C C Paarthipan, Chairman
2. Dr. Sridhar Ganesan – Managing Director
3. Mr. S Deenadayalan– Independent Director and Chairman of Audit Committee, Nomination and Remuneration Committee and also Stakeholders Relationship Committee
4. Mr D Sathyanarayanan, could not joint the meeting unfortunately
5. Mr Vivek Siddarth Partheeban – Chief Operating Officer
6. Dr R Nagendran – Independent Director
7. Mr. Ashok Partheeban – Business Head - LATAM
8. Mr. D Muralidharan – Chief Financial Officer
9. Mr. Ramakrishnan – Partner, M/s. CNGSN & Associates LLP, Statutory Auditors
10. Mr. M Alagar - Secretarial Auditor and Scrutinizer

In addition to this, we have with us Mr Srikrishna – Partner, representing M/s. Brahmaya & Co, Chartered Accountants, who are proposed to be inducted as Statutory Auditors of our Company with effect from the conclusion of this AGM.

Requisite Registers and Certificates/Disclosures are available for inspection by the Members and they may follow the procedure mentioned in the Notice of AGM for accessing the same.

I now request our Chairman to call the meeting to order and initiate the proceedings.

Over to you, Sir.

**Mr. C C Paarthipan,
Chairman**

Thank you. Good morning, ladies and gentlemen. I hope you and your families are doing well.

I welcome you all to the 32nd Annual General Meeting of the Company.

Requisite quorum being present, I call the Meeting to order.

With the permission of the shareholders, I would like to take the Notice convening the 32nd AGM, as read.

The businesses for consideration at the AGM will be covered by the Company Secretary as per statutory procedure.

“You are aware that India is known as the pharmacy of the world. Now, that India is also known as the epicentre of the research and development. Keeping in line with this, your company has invested close to 20% of the profits in R & D in the last 10 years. And the total R & D investment, is close to 430 Crs, and we will continue to invest 55 to 60 Crs every year in future too. Now, some other major differentiations of your company. You are aware that your company is a turnaround story. You also know turnaround story is an uncommon story in the history of cooperates. I would consider this as moving from being extinguished to being distinguished. There was a time our 10 Rs share was quoting at 95 paise. Today our 2 Rs shares is quoting more than 1000 Rs. So, in all humanity, I think I can claim ours is a distinguished company and I will tell you the story of the distinguished company now. Number 1, the NPA DNA has changed to debt free DNA. We don't have any debt after we turned around the company in the last 15-16 years. Number 2, we have been catering to the bottom of the pyramid and it has created eternal cash flow and profits. The eternal cash flow has not come from promoter's paternal or maternal sources, this has come by catering to bottom of pyramid mainly in Latin America, and the story of which will be detailed to you by the head LATAM after the Managing Director completes his speech, now you're aware that the revenue is 1,525 Cr and the liquid assets are more or less matching in the form of 1,450 Cr. of which the cash and cash equivalents is in the region of 772 Cr. Further, ours is the number 1 in Central America. There are 5 to 6 geographies (smaller geographies) we are present in Central American Caribbean, and we are the number 1 player there. The population of all these countries put together is less than Tamil Nadu but 85% of our business comes from this geography. Number 3, we are the 6-time recipients of “Forbes Asia's 200 Best under a Billion Companies Award” .Number 4, our company is rated as number 1 in India for “Most consistent, profitable growth” across last 10 years by Value Research, it clearly shows how the extinguished has become distinguished. The final thing is in the form of our US FDA approved facility having multiple ANDAs unlike our peers who are more or less contract manufacturing for other companies. Now we are creating a vertically integrated company. We will be front runners in the Indian pharmaceutical industry and in the next 2 to 3 years will be

completing our integration from key starting material API, Formulation and also, we'll establish the front-end presence in most of the major markets. We'll be manufacturing all kinds of pharma products that includes general and Oncology injectables tablets, capsules, powders, liquid, oral suspension. We will start in addition to CSL (Caplin Steriles Limited) from where we export our injectable to USA, the facility for the tablet and capsule and that will be commissioned in the next 5-6 months' time for the regulated markets. The injectable facility will be up and running after 1 year. The API for Onco will start after 1 year, but the API for the general injectable will be commissioned in the next 6 months, further we will also have OSD general in the form of tablet, capsule, ointment and Softgel that will be commissioned in 1 year to 2 year from now for regulated markets. So, now that, as I told you, we are one of the very few companies having various R&D in the form of 2 API R&D facilities, 2 injectable R&D facilities, both general injectable and Onco injectables. We also have 2 OSD R&Ds in the form of Onco and general tablet capsule and others in addition to the U. S. FDA approved CIO for conducting clinical studies in form of BA/BE studies. Now, let me speak about the role that I have taken up in the last one year. Which I consider also very crucial for our future business. I have moved from my city to our factory in a village called Guruvarajakandigai, this one is to create the differentiation and digitalization in our existing and upcoming facilities. The digitalisation will be detailed by the COO of the company, and the rest of the details in the form of numbers and other things will be covered by the MD in his presentation. Now, we always can reinvent ourselves. If you have the power of knowing what we don't know, that's what actually is happening to me here. Our vision and mission in the factory is something similar to what we have done in the markets i.e. catering to the bottom of the pyramid. We are doing something in the form of a bottom up approach to ensure integrity, quality, safety and productivity. Here, the bottom up approach is not to do things from top down, which is more of an aerial view where the learning is shallow. You never really understand the people at the bottom who ensure the productivity with quality. Now I also learned the US FDA inspectors' observations and went to the root cause of inefficiency involved in all these deviations happening at the shop floor. All these deviations happens at the shop floor. Now that we are reinventing ourselves and our shop floors employees to learn the updated SOPs by conducting classes with the checklist. We also felt that we are to take care of our employees who are going to be actually the mainstay of our company. Our company, in the process, we have found out some of the employees who are married and having 1 or 2 children actually, at the age of 3 or 4, who are not going to school, when they leave the 3rd shift and go, they will not been in a position to sleep in 1 or 2 room houses because they are disturbed by their children and in the process they get fatigued. So, we told our shop floor employees that the bachelors will replace your work in the in the 3rd shift and in the process, we are constructing a hostel where the bachelors recruited in the last 1 year will be staying and they'll be given 3 times support, they also have a place to play when they are at

	<p>leisure. And this is something which we will do in the form of differentiation that will take care of our employees. At the same time, we are also taking several digital differentiation initiatives to ensure integrity, quality, safety and productivity. We further modernized the factory with new machineries, and equipment, which of course, the COO will detail in his presentation. The lessons that I have learned, in business is that employee satisfaction matters and the only person who says that you can't make it in business, is, you. You don't have to listen to him, That is not you. And you don't have to listen to him. I thank all the stakeholders and others actually for having been with us, and I hold a new one who contributes to the company thank you, thank you very much. Now I hand over to MD to give his presentation.</p>
<p>Dr Sridhar Ganesan, Managing Director</p>	<p>The tenure of M/s. CNGSN & Associates LLP, Chartered Accountants, (Firm Registration No. 004915S) as Statutory Auditors ends at this Annual General Meeting (“AGM”). I thank them for the services rendered by them and wish to place on record my appreciation on behalf of the Board.</p> <p>In their place, we propose to appoint M/s. Brahmayya & Co., Chartered Accountants, (Firm Registration No. 000511S) as the Statutory Auditors to hold office from the conclusion of this AGM until the conclusion of the 37th AGM.</p> <p>M/s. Brahmayya & Co. was founded in 1932 by Mr. Parvataneni Brahmayya, one of the pioneers of the Chartered Accountancy profession in India. For over 9 decades, the firm has been rendering Audit & Assurance, Taxation, Consultancy, Corporate Advisory, Risk Mitigation and Business Intelligence services. The Audit Committee and the Board had recommended their appointment. Suitable item is included in the Notice of the AGM for consideration by the Shareholders.</p> <p>Now, I should proceed with my presentation. Before I talk about highlights people generally they say that there are 4 legs which take care of a good table. The first leg is the chairman, the 2nd leg Mr. Ashok Partheeban who has joined us from Guatemala. The 3rd leg is Mr. Vivek Partheeban, our COO who is in charge of the regulated markets and the fourth one is all the employees and our people. Mr Vivek Partheeban has been traveling to the U.S to establish a front end presence. Our Chairman cares for the people. So the 4th leg is also in a very firm footing. Now, the highlights. The U. S market revenue crosses Rs.200 Cr. mark. To 213 Cr. in FY2022-23 this is a 67% growth over last year and achieving PAT Break Even. Caplin’s total revenue for FY22-23 grew by 16.4% year-on-year to Rs.1,522 Cr. Profit after tax increased by 22% to Rs.377 Cr. in FY22-23. Cash and cash equivalent is at Rs.772 Cr. As on March 23, free cash flow from operation, FCFO as they call it, for the period stood at Rs.78 Cr. This is in spite of spending capex of Rs.193 Cr. this year. Receivables stable at around 97 days as of March, FY23. Company’s liquid</p>

asset, cash, inventory, and receivables is in excess of Rs. 1,450 Cr. After a capex spend of about 500 Cr. in the last 5 years in the capex projects of Caplin Steriles, Caplin ONCO unit and API unit in Vizag nearing completion. The Company has won 2 tenders. Thanks to Mr. Ashok and his team from Latin market for speciality and Oncology products to be delivered in Q1 and Q2 of this year. Caplin Steriles completes 4 complex emulsion injectable / ophthalmic products. Amaris Clinical (Caplin's CRO wing) successfully completes BA/BE studies for multiple OSD products, to be filed in higher surveillance market, such as Chile in LATAM. Expansion of Softgel facility in Pondicherry to double the capacity is completed and manufacturing is started in the 2nd unit. 3X expansion of injectable Lyophilization division is underway in Pondicherry plant, which may take another 6 to 8 months to complete. New geographies market expansion is in progress for Turkmenistan, Uzbekistan, Vietnam, Cambodia, Mexico, Iraq and Russia. As chairman was telling the last 10 years has been a phenomenal growth. We started somewhere in 2009 at Rs. 62 Cr. and now in 2023 we've closed that Rs.1,522 Cr. Now, chairman has always been advising us it's not just the top line that is important. We should take care of two other things, which are more important. One is the profitability that is the bottom line. And the second one is cash flow, and we diligently have been following that and you can see the annual profit before tax each year has been increasing. It was at Rs.385 Cr. last year. It has come to Rs. 450 Cr. The same is reflected in an annual profit after tax, which was at Rs.308 Cr. last year, to a whopping Rs. 377 Cr. this year. It started very meagrely in 2011 at Rs.6.31 Cr. Now, how does this happen? This is another thing that Chairman has been consistently telling us. We have been trying to meet up to that requirement. And that is one quarter should be better than the earlier quarter as simple as that if we have at least 6% growth from the earlier quarter, then everything takes care of itself. The month takes care of itself as does the year and you can see the same in the graph. The quarterly turn over each year has been consistent each quarter and has been increasing. It was Rs.389 Cr. last quarter and the same as reflected in the profit before tax, which was at Rs.111 Cr. last quarter to Rs.124 Cr. And that is reflected in the PAT which chairman is very particular about and we been consistently getting that increase in the PAT, every quarter almost. Now, if you compare FY2021-22 there is last year versus this year, this is completed. The total revenue was. Rs.1,308 Cr., which has increased Rs.1,522 to Cr, with a 16.4% growth.

That is the top line the gross margin was Rs.711 Cr., which is increased to Rs.803 Cr., but an increase of 12.9%. the EBITDA has increased from Rs.433Cr. to Rs.497 Cr. with about 14.7% increase and the EBITDA Margin has also been consistent with 33.1%. The profit before tax was Rs.385 Cr. and increased to Rs.451 Cr. which is an increase of 17%.

And as you see, the percentage profit to the turnover is also kept constant to 29.5 to 29.6%. The profit after tax has increased from Rs.308.45Cr.to Rs.376.99 Cr. with a 22% growth and the percentage of profit from the total revenue has also been consistent. In fact, it has increased by one percent from 23.6% to 24.8%. Now, I just want to draw

	<p>your attention to the CAGR. If you talk about revenue from operation, it was Rs.122 Cr. in 2013, it is Rs.1,466 Cr now which is at 28.2% ten years CAGR. The total income was Rs.124 Cr., which has increased to Rs.1,522 Cr. with the -ten years CAGR of 28.5%. The EBITA, which was Rs.23.98 Cr. increased to Rs.497 Cr with, ten years CAGR growth of 35.4%. The profit before tax was Rs.22 Cr., which has increased to Rs.451 Cr. with the ten years CAGR of 35.2%. The profit after tax was Rs.14 Cr, it has increased to Rs.377 Cr with a ten years CAGR of 39%. Cash and cash equivalent about which Chairman keeps talking about always, was at Rs.16 Cr., which has increased to a phenomenal Rs.772.35 Cr with a ten years CAGR of 46.6%. I've just put this in a graphical representation. You can see the vast difference. We are very proud that recently our chairman was being recognized with lifetime achievement award by Puthiya Thalaimurai, this happened about 4 to 5 months back. Generally, we are operating in only international market. Our products are not known in the Indian market as a result, we may not be well known. I see we may not be well known in the Indian arena. But I brought out this to just show that the Times of India has recognized our chairman for his road to success, through Africa and Latin America, I mean the story is beautiful one must read it. I have been attending some of the awards, which he has got in Bombay, family business award, this award, all these places, the youngsters, they go to him and ask him about the story. What is the secret, how you've been a very poor man to start with and have achieved this success? The story is interesting. For the 4th time, we have got FDA approval without much ado. This also happened about 3 months back. Forbes Asia's best under the 1 Billion, this is from the whole of Asia, all the companies in Asia, they select about 200 companies, which are best under a 1Billion in that year. This year we have been chosen. As one of the Forbes Asia's best under the 1 Billion. You'll be surprised for 6 times we been getting this award now, why we didn't did get it continuously, was that they have a procedure that only for 3 years consistently, they will give even if a company deserves it, and then they will be a break. So, we got 6 times. Thank you very much for the patient listening.</p> <p>Over to Mr Ashok.</p>
<p>Mr Ashok Partheeban, Head LATAM</p>	<p>Good Morning, shareholders and stakeholder and it's an honor for me to address you all for the first time. Basically, when I look at these numbers I can't actually put a particular date when we achieved this much of the growth so, only thing which comes to my mind is domino effect how you line up the domino and strike the first domino and it gives a huge impact on the last domino that is placed. So, this happened basically in 2015, when we were in the process of opening in Ecuador and we also got into manufacturing of Softgel capsules for the first time by ourselves. We used to contract manufacture those products before. So, when I look at 2023, I see the same domino is been lined up for the next ten years. Last time in 2015, probably a stroke of luck when we actually said let's go and start with a Softgel plant because all we had in mind was two products</p>

	<p>which were contract manufactured but now we have more than 45 products being sold at very good margins every day.</p> <p>Recently, we had launched pre-filled syringes in Latin America and around 20 other products this year alone creams and tablets and everything. Also we have started in a very small way to get into brand marketing for the first time by visiting doctors. We started this by employing medical representatives for the peripheral cities instead of going to the main areas doctors who actually prefer the multinational brands and patented products too.</p> <p>When I look back on 2015, and then compare it to 2023, where we are right now, I can say with much more faith that this time, what we're doing is based on actual facts and with very good market research that we learned from our mistakes from all these 20 years that we've been in Latin America, and if you saw the whole of the population where we are right now in Latin America, it comes to around close to 120 million people all these countries put together. So, the chairman's basic vision of impacting the bottom of the pyramid, let's say out of 120 million people, 80% of this population are considered the bottom of the pyramid. So, when you compare it to our sales right now, which is close to Rs1,500 Cr. and we will sell to persons at the bottom of the pyramid and I look forward to opening in Chile, Mexico and Venezuela in the next 2 to 5 years. We're talking about tripling the population we serve right now we're talking about going to, at least 300 million people in, Latin America, who will be impacting and if we took 90% of the population that are living in the bottom of the pyramid. It's what we call as BHAG, and it goes like, big, hairy, audacious goals. So, it gives me sleepless nights sometimes, but it also excites me to wake up every day in the morning to work hard. So, that's basically from my part in Latin America and I thank you all for the opportunity. Thank you.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thank you. I invite Mr. Vivek Partheeban the COO of the company to deliver his speech.</p>
<p>Mr. Vivek Partheeban, COO</p>	<p>Okay, thank you. And welcome everyone once again to our AGM.</p> <p>As chairman mentioned, I will speak a little bit on the digitalisation activities that we've been doing primarily at our plant but also at our head office. When it comes to automation, I think this is the one thing that's been moved by FDA in terms of announcing compliance at the facility. So, obviously, this whole concept of machine doesn't lie. But people lie is something that is being drilled into every auditor's head, when people visit us, we want to be one step ahead of that and to embrace automation in a big way, in fact, as it stands, we are already almost paperless in our entire quality control and microbiology departments using software from the U. S. that has completely automated the entire quality control and microbiology divisions as these are two highly critical areas in any injectable plant. Going from here, we</p>

are also extending automation into all of the validation activities that we do at the plant, by way of a software named VLMS , again from a U. S. based company, we will also be using the same company to migrate eventually into electronic batch manufacturing records and batch packing records.

Now, as Mr. Ashok was saying, this is audacious goal for ourselves, because I don't think too many companies in India for regulated markets have been able to complete this. But this is something that we want to take on ourselves, because this will be completing the entire gamut of operations on an electronic level that can be seen by way of a dashboard by way of reports at the end of the day. And you can see it remotely from anywhere. So that is one thing that we are working on as well, even something small, like, washing off glassware, and eventually washing off change paths that we use at the plant and all that is going to be fully automated compared to manual right now.

Having said that there is one area that the US FDA, looks at very, very closely in injectable plants. That is, whether there is adequate control over particulate matter, which is basically visible, physical matter that you might find in, inside the vials and inside the ampoules inside the eye drops and stuff that typically could raise some issues. Especially if it is glass particles, et cetera. So, we already have one machine at the plant from Italy, that will do complete a 100% visual inspection. We have just placed the order for a second machine called PBL which is very advanced. It comes with its own, AI enable software that we can actually teach the machine to identify what is an actual particle and what is probably a gas bubble or something like that. So, this machine will come through in the next 12 months. Now we wanted to make sure that we were one step ahead of regulatory requirements. So, we're in the process of evaluating and potentially putting together a plan to make 200% inspection from our 100% inspection at this point. We know that there is one successful company in India that is already doing this with a lot of success. Our next line of equipment that we are buying at the plant is going to be completely automated in fact, our prefilled syringe line, which is what we call this line 6 at our plant is completely robotic, basically place the pre-filled syringes all the cartridges on one side when it comes out completely filled and ready for packing on the other side. So, that is one thing that we've already in place and had also placed an order. There are 2 types of injectable products, which are, one is which is terminally sterilized and the other one is aseptically filled. Now there's a lot of criticalities when it comes to aseptically filled products. And, the U. S and other regulated markets have been suggesting, sort of pushing people to ensure that we fill these kinds of injectable products only at the isolators, you know, it is not a guideline at this point. It is more of a guidance, but we want to make sure that once again, we are ahead of the compliance requirements. So, this will happen potentially in the next 12 to 18 months at our site. Some information on the progress at the site, our line 5, which is our Bosch line from Germany is nearing

	<p>completion in terms of qualification. This line has a higher capacity compared to line 1 and line 2 put together.</p> <p>So, we're all quite excited about putting this into action and making sure that our speed and productivity and above all compliance when it comes to, filling injectable products takes a massive leap from here. We also are looking to replace our legacy line, which is line 1 with another Bosch line in the next 7 to 8 months. One other information that we have is our front end in the U. S. So, as it stands, the company incorporation has been completed with name Caplin Steriles USA Inc in Delaware and we are in the process of registering our head office in New Jersey for our front end, we will be applying for the state licensing at all 50 states, which will enable us to distribute our products in the US directly. Of course our B2B business will certainly continue and over the next few years, it will certainly be the bigger piece of the business.</p> <p>But our idea always has been to go directly to market and U.S is no different when it comes to those aspirations. We are in the process of recruiting staff for the front end and creating budgets, et cetera. We expect over the next 12 months to have a significant number of Caplin Steriles own label products in the U. S. when it comes to approvals, we have 19 approvals under Caplin Steriles name. We have another 7 products under review, and we have about 15-16 products that are under active, stability studies as we speak, which will be filed in the US over the next 2 to 3 quarters. Apart from that, the one other, I think I missed out, in terms of the overall digitalization and automation, is that ERP is live in almost all the locations. We're also in the process of integrating this with the ERP that is being used in the market so that we will be able to get a much clearer idea on overall sales and profitability and inventory control, et cetera. That's about it from our side. We look forward to any queries from the shareholders.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thanks Vivek. I hand over to Company Secretary.</p>
<p>Mr Venkatram G, General Counsel & Company Secretary</p>	<p>Thank You, Chairman.</p> <p>In terms of provisions of Section 145 of the Companies Act, 2013, I am pleased to state that the Statutory Audit Report and Secretarial Audit Report of the Company for the financial year 2022-23, do not contain any audit qualification, reservation or comments.</p> <p>In compliance with provisions of Section 108 of the Companies Act, 2013, the Company has provided remote e-voting facility to its members through National Securities Depositories Limited platform, for the businesses proposed in the Notice to Annual General Meeting.</p>

	<p>M/s. M. Alagar & Associates, Practicing Company Secretaries have been appointed as the scrutinizers to conduct the remote e-voting and also e-voting at the AGM in a fair and transparent manner.</p> <p>Please take note that the Members who have not cast their votes through remote e-voting and who are participating in this meeting, may cast their votes during the meeting through the e-voting system provided by NSDL.</p> <p>For this purpose, Members can click on vote tab on the video conference screen to avail this feature. The e-voting facility would close after 15 minutes from conclusion of this AGM.</p> <p>Thank you, Chairman. I handover the proceedings back to you.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thank You.</p> <p>I understand that only one shareholder has requested to be a speaker in this Annual General Meeting following the due procedure for registration as speaker shareholder mentioned in the Annual Report. I request the Company Secretary to unmute the shareholder so that he can speak.</p>
<p>Mr Venkatram G, General Counsel & Company Secretary</p>	<p>Yes. Mr Gani you are unmuted and you may speak now.</p>
<p>Mr. KM Gani, Shareholder</p>	<p>Good morning Chairman, Board of Directors and all persons in the AGM. So first, I would like to congratulate the management for the excellent results for the financial year. I hope we will continue the growth momentum for the upcoming years as well, and probably meet our targets of reaching FY22 top line as profits in FY28.</p> <p>I'm still reading your reports. I have 3 questions to ask today. The first is on the Caplin Steriles Limited. I see that we have turned this unit to profit this financial year but however, Rs.74 lacs profit, from Rs.271 Cr. of revenue, comes to a margin of 0.27, which is way too low though we have a robust pipeline and expected to grow by another 40 to 50% this year as mentioned. We need to improve the bottom line too as well for Caplin Steriles Limited. So, please let me know what the profit margins would be as we want to achieve and by when we would achieve this.</p> <p>My second question is on the cash and cash equivalent of, Rs.772 Cr. Though we have capex spent of a Rs.500 Cr. in the last 5 years and also we expect to do another Rs.350 Cr. growth in the next 18 months we seem to be holding more cash than required in my opinion. If you look at the other parameters of return on equity it has fallen from 51, during FY19 to FY22 in the current financial year. My understanding is that we have cash sitting on corporate bonds and bank deposits with lower returns that has pulled down ROE, can we look at improving the ROE by bringing excess cash through dividends payout? My third and final</p>

	<p>question is on the expansion to new geographies. There are new countries that were mentioned by Dr Sridhar today. So, when I go with what has been mentioned in the annual report we were planning to enter Australia, and Canada was already mentioned in last year annual report itself. For Brazil, I guess we have been following this for more than 3 years. I think in China, you have tied up with a pharma Company, which didn't really bring us any great results. So, basically, what I want to mean, is that we are having a slow progress getting into these countries. So, please, let me know what are the challenges we faced here and what is the way forward. Thank you very much for giving me the opportunity to speak in the, AGM.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Good Morning and thanks Mr. Gani. The two things that I want to brief here is the difference between catering to smaller geographies and bigger geographies. The smaller geographies are easy to enter and sustaining is actually very difficult and somehow we have sustained because of our business model in the form of end to end presence. We are not only the manufacturer, we are also importer, distributor for last mile which is the physical risk that we have taken and created this one. Now, when you take the financial risk to get into differentiated geographies which are bigger in size, there are 4-5 things that really matter. One is Identification of the products. Then we have to do the R & D. Then we have to go for actually most of the OSD which has to go through BE BA studies and then we have to file for registration . This is a time consuming and cumbersome process and entry barrier is quite high actually in the bigger geographies. Now, the most important thing is especially in factories, which are catering to the regulated market, such as the U.S. The internal and external situations are not alike. There are certain things when the external situation changes, you can do nothing about it. Only thing you'll have to change your relationship, with the situation that are happening. For example, 10 years ago. The market, especially the U. S market was the one, which was the best in the world in terms of actual profitability.</p> <p>Today, I don't want to say a few things, which will become controversial. One thing I would like to say is that the most important clarity of any country is in the form of health care. It's priority area but not the 1st priority. This has been acknowledged by U.S. FDA Chief. Why actually there is a short shortage of generics. He says the prices of generic is low with the result all the people are not very keen to remain in the generic market. Then the second question, you might even think. If that be the case why you want to actually get into that space continuously. Yes.</p> <p>See, anything that goes down cannot remain there forever. Anything that goes up also cannot remain the same. Anything that goes up if you don't take care of it, actually, in the form of sustainability and scalability, it drags you and goes down, anything goes down, actually, if you take care of your facility, with the way, I said, in the form of taking care of the shop floor and then if you can ensure integrity, quality, safety and</p>

	<p>productivity, although actually the profits are not very high, profits will come and we will do well and the day actually cannot be decided by any promoter even if they tell you so.</p> <p>The reality that we see today and the goalposts keep shifting and there's a shifting of science. What happens actually, sometimes what we commit may, or may not be able to be achieved. That doesn't mean the overall growth of the company has actually not strengthened.</p> <p>I hope you will understand that the growth MD had mentioned would not have been achieved by a company of our size, which, I hope you would definitely agree with me. You are accepting that the company is growing. And we have identified some markets, such as Mexico and then Chile that will also be contributing in the future and coming to the top. Coming to Return on capital employed. I'm sure we are comfortable compared to our peers, then when you ask me to know about the dividends in the form of whatever cash, which we have, the cash that we have today if you look at most of the companies, which have grown big, they all have grown big with meaningful acquisitions. If you have to go for a meaningful acquisition at the later point in time, we need money. Money has to stay in the system. If I give it as dividend then you will not expect an extraordinary growth return on capital employed or whatever it is actually in future. That's one of the major reasons we store the cash. When the right time comes sooner to go for a meaningful acquisition that will really take the company to the next level. That's how most of the companies have grown also in the past and it will be the same in the future.</p> <p>Have I left out anything Mr. Gani?</p>
<p>Mr. KM Gani Shareholder</p>	<p>Thank you very much. I think we are good.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thanks. You have been a very valuable shareholder to us, because we know you have been with us for a long time. Thank you so much and I appreciate it. I now hand it over to the Company Secretary.</p>
<p>Mr Venkatram G, General Counsel & Company Secretary</p>	<p>Since we don't have any further shareholders registered as speaker I request the MD to close the meeting with a vote of thanks. Thank you very much.</p>
<p>Dr. R. Nagendran, Independent Director</p>	<p>If chairman permits, I would like to say few words.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Please Sir, Go ahead.</p>
<p>Dr. R. Nagendran, Independent Director</p>	<p>You know, the response by our chairman to the shareholder Mr. Gani shows how transparent and how clear the company is in its modelling as well as implementing the model of doing business and I'm absolutely thrilled to hear that. With a vast academic experience of over 35 years, I have very rarely seen the kind of documentation that our annual report has been this year, it's wonderful documentation. Filled with facts and</p>

	<p>then so very pleasing for the eyes to reach the mind. I thank the team which was responsible for bringing out this annual report. Thank you very much.</p>
Mr. C C Paarthipan, Chairman	<p>Thank you, sir. Thank you very much.</p>
Dr Sridhar Ganesan, Managing Director	<p>Thank you very much.</p> <p>The results of the votes cast through the remote e-voting, e-voting during AGM and scrutinizer report will be informed to the stock exchanges and published on the website of the Company and NSDL website within 2 working days from the conclusion of the AGM.</p> <p>I once again would like to thank all the shareholders, partners, suppliers, dealers, employees, customers for their faith in the Company.</p> <p>I would like to conclude this meeting and express my sincere thanks to all of you once again for your kind participation.</p> <p>I now declare the meeting as closed. Thank you very much.</p>