



CAPLIN POINT[®]
Laboratories

Transcript of the 33rd Annual General Meeting of the company held on Monday, 30th September 2024.

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

Dear Shareholders,

A very good morning to everyone. We welcome you to the 33rd 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 and video will be enabled at appropriate time, only 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. Dr R Nagendran – Independent Director
5. Mr Vivek Siddarth Partheeban – Chief Operating Officer
6. Mr. Ashok Partheeban – Business Head - LATAM
7. Mr. T. Manikandan - Chief Transformation & Digital Officer
8. Mr. D Muralidharan – Chief Financial Officer
9. Mr Srikrishna – Partner, M/s. Brahmayya & Co, Statutory Auditors
10. Mr. M Alagar - Secretarial Auditor and Scrutinizer, Managing Partner, M Alagar & Associates

In addition to this, we have with us Mr R Vijayaraghavan, who is proposed to be inducted as an Independent Director of the Company with effect from today.

	<p>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.</p> <p>Since requisite quorum is present, I request our Chairman to initiate the proceedings.</p> <p>Over to you, Sir.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thank you. Good morning, ladies and gentlemen.</p> <p>I have great pleasure in extending a warm and hearty welcome to you to our 33rd Annual General Meeting.</p> <p>As 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 33rd AGM, as read.</p> <p>Now, I would like to welcome Mr. R Vijayaraghavan, who is to be inducted as an Independent Director on the Board. I would also like to give a brief introduction about him:</p> <p>Mr R. Vijayaraghavan is a renowned taxation expert in Chennai with consulting and litigation practice spread across India for 35+ years. He represents major corporate groups and bodies across India, especially south India, in all aspects of Direct Taxes, Tax Planning and Tax litigations. He specialises in advising on taxation of non-residents, joint ventures and collaborations. I firmly believe that the expertise he brings will help in strengthening Governance and make the Board decision making process more robust.</p> <p>I would also like to draw the shareholders attention to the proposal for re-appointment of Dr Sridhar Ganesan as Managing Director of the Company for further period of two years. The terms and conditions of the proposed re-appointment remains the same. Here I would like to draw the attention of our shareholders that his salary maybe same, but the shares are very dynamic. In fact, he's been in the company for the last ten years and he understands the importance of owning shares in terms of growth and he feels very happy as he already has 90,000 shares. Now, let me give you, my speech. If you look at the</p>

theme of the annual report is be unique and go big. Now, let me highlight certain foundational values of the Company that brought the fundamentals of the company to where it is now. You are aware that we are into generic business, which can easily be replicated. But you can't imitate a business based on our story. If you infuse our values to business, it provides special life to our creation. Let me share about certain values which you learn from books and struggles.

Pro poverty is not pro poor. Prosperity attitude alone could help the poor. Poor can be converted as customers and that's what has created the creamy layer for Caplin point. Then the physical risk that the promoters have taken resulted in the physical distribution for our products from the warehouses in various parts of Latin America today. When Caplin became NPA, our competitors thought that we are no-more and no-where. Today, from no-where to now here with good fundamentals. Which I hope you would agree with me. Now, the key takeaways to prove that we are unique and we have opportunities to go big.

The first one, the company was incorporated as a private limited in 1990 and literally it's almost 34 years of our existence although we, our AGM is on the 33rd one, but in the last four years, the cash generation is in the region of 3,000 crores. And the number of employees today which we have is also 3000 plus in India and another 617 in Latin America. This just shows that the company is growing and not only growing, it grows with fundamentals in the form of big liquid assets and in the form of cash and cash equivalents- Rs. 916 crores as of the year end in the balance sheet. Now let me talk about the markets. Coming to markets, it's not easy to catch up to the multinational and the big Indian companies.

So, we decided to position ourselves at the bottom of the pyramid. What is created in the form of our sustainable cash flow profits and the top line is only because of our getting to the bottom of the pyramid. Now coming to manufacturing, it's true that we love to follow the big boys in the form of vertically integrated facilities.

Secondly, let me talk about the facilities that we are creating. Currently, we have various units and you are aware that expansion is going on in the form of another facility to manufacture general injectables next to existing CSL facility. And one more factory in

Thiruvallur where we have already commenced commercial production for oncology OSD and the injectables unit is likely to start somewhere in February or March. We are planning to go in for API in Thervoykandigai along with the OSD for general products. Further, the project in Vizag, which we have taken over from another company for general API is likely to be completed now as we have appointed the project head recently.

Third one is very important in the form of a key takeaway i.e. the automation and digitalization that's happening in our facilities.

Fourthly, we are also developing software and we'll also use it in house and we'll also use it as a tool to market our products by offering this software to companies which don't have this kind of software and will tie up with them for their products for our front-end presence.

Fifth one, and the most important one in the form of culture, you are aware that what we ignore or overlook becomes a culture over time. That's why Peter Ducker said "Culture eats strategy for breakfast". So, the culture becomes all the more important in every factory because culture unites and brings everybody on the same page. That's what makes all the difference. Hence, I have moved from the city and now I'm staying in the factory to create the culture and protect people especially the employees with empathy and compassion and also enforce the discipline to create the culture for growth.

Sixth one, woman empowerment. In the last two, two and a half years, what I've learned from the villages, the place where I'm staying now, is that the woman who are very disciplined and they also believe that they have to take care of the family. That's why most of the women who come to our factory, they do their work in disciplined way. And the attrition rate among the woman in our factory is low when compared to men. So, we decided to employ more women in maximum areas in the form of shop floor and others. I'm sure in the next two years we'll make 75% of our workforce as women.

Seventh one is the CSR hospital. We are trying to create something unique in this hospital. In the area of our operation in our Subsidiary CSL, there are no hospitals like this which treats people who suffer of cancer, heart attacks and strokes. So, we will have this hospital, the CSR hospital will take care of all these three major diseases.

	<p>Eighth one is another important factor - ESG.</p> <p>Here, in all humility I would like to convey that we are not polluters but contributors. And the employees are very keen to join our companies mainly because of the fact, we don't contribute anything bad internally and externally to the environment.</p> <p>And the women who come to our place, they feel very happy to work here because in most of the places they don't have this kind of advantages we provide for them.</p> <p>And I request our directors especially the director who had worked as a judge in a green tribunal to visit and guide us and also suggest some measures to ensure zero discharge and other environmental measures in all of our facilities.</p> <p>And finally, the X factors, the first one is Caplin is the label for the poor and we will continue to cater to the bottom of the pyramid. Number two, we'll also continue the same model in the bigger geographies of Latin America and US and other major markets. Three, we have created entry barriers to others in the last two decades and we have also created a stickiness factor at the bottom of the pyramid.</p> <p>Finally, we will say in one sentence that convenience is the name of the game. When companies depend upon the prescription of the doctors, our prescription comes from the patients in the form of strips that the patients brings to the pharmacies again and again believing in the quality of our products. That is the one which has increased our Business in Central/ Latin America. Ashok will talk on that more, as he's the head of Latin America, and I also request the Managing Director to give the numbers and all other details. COO will give his presentation on the roadmap for US and others. Thank you. Thank you all.</p> <p>I wanted to thank all the stakeholders who have been with us throughout the thick and thin of our company. Thank you. Thank you very much. Now, the business for consideration at the AGM will be covered by the company secretary as per statutory procedure. But before that, I would like to invite MD for delivering his speech.</p>
<p>Dr. Sridhar Ganesan, Managing Director</p>	<p>Good morning, everyone. I welcome you to the 33rd annual general meeting of Caplin Point Laboratories, at the outset since Chairman</p>

mentioned that he and the directors have proposed my appointment as Managing Director of the Company for another two years I feel honoured. He also mentioned about the shares I hold. I hold more than 90,000 shares given as ESOP and also, I knew that the growth of Caplin Point will be phenomenal and therefore on my personal note has taken about 15,000 shares from the market.

I'm sure that Caplin is going to grow at the same phase as it has been doing so. Now, coming to the highlights of Caplin Point Laboratories.

In Caplin Steriles Ltd, for the year 2023- 24, the operating revenue stands at Rs. 313.36 crores, a 51% year on year growth. CSL quarter revenue for the 1st time has crossed 100 crores during the last quarter of 2023-24.

Caplin Steriles front end marketing in the US headed by our COO, Mr. Vivek Partheeban is yet again a unique marketing strategy of Chairman in the next big venture. We have received INVIMA approval for Softgelatin capsule facility in CP1 (Pondicherry Plant) which opens gate to larger Mexico, Chile, and Columbian markets.

Capex projects of Tablets and capsules of oncology products of Caplin One Labs Limited were completed and the health Ministry's approval for manufacturing has been obtained. Orders for Oncology products has already been received and commercial manufacturing commenced at Caplin One Labs in March 2024. Caplin's total revenue for the year 2023-24 grew by about 15.7% year on year to Rs. 1,761.04 crores.

Profit after tax increased by about 22.4% to Rs. 461.43 cross in the year 2023-24. Free cash reserves is at Rs. 916 crores as on 31st March 2024.

Cash flow from operations for the year 2023-24 stood at Rs. 318 crores of which Capex investment of Rs. 146 crores is done in 2023-24. Free cash reserves is at Rs 916 crores as on 31st March 2024.

Amaris Clinical (Caplin's CRO Wing) successfully complete BE studies for multiple OSD products to be filed in higher surveillance markets such as Chile, in LatAm and construction of New Oral Solid Dosage facility to commence shortly to be completed in about 18 months.

Project layout finalized for oncology API unit in Thervoykandigai, Tamil Nadu. This will help in future for the oncology injection and tablet, capsule to go live in the US market with our own APIs.

Refurbishment of API unit in Vizag is nearing completion and maybe we will start operation in the 1st week of January. Digital transformation, Caplin's distinct way forward will be digital transformation.

To this effect, we've inducted a highly experienced Chief Transformation and Digital Officer whose forte is latest technology. Company will pursue dual digital strategy driving the adoption of advanced digital solution while simultaneously elevating its existing investment in SAP, Labware LIMS, and e-commerce to world class standards.

As Chairman has just indicated, we have many meaningful projects ahead. We have chosen a reputed project consultant to execute them on BOT basis, Build, operate and transfer basis. This project consultants have got immense experience of about 20 years in commissioning fully USFDA compliant projects that have successfully completed USFDA audits without 483 observations.

Now coming to the annual turnover.

We have, as I told you earlier, clocked at Rs. 1,761 Crores of total revenues, and you can see the consistent growth of annual turnover year after year. It's almost about 15% to 20% growth year after year.

How this has come about we will see later. Turning to the annual profit before tax, that is also consistently been increasing from Rs. 451 Crores in the last year 2022-23 to Rs. 564 Crores in the current year 2023-24 and that is reflected on the profit after tax also. It is Rs. 377 crores in 2022-23 to Rs. 461 crores in 2023-24.

How does this come about is, Chairman has given us a very clear guidance that if we take care of the quarterly turnover annual turnover will be automatically taken care of.

Therefore, each quarter you will see that there's a reason, the quarterly turnover, which is a very good indication of consistent growth and the company's future as well.

	<p>Now that is reflected again in a quarterly profit after tax, which is increased by about 1 crore from Q3 2023-24 to Q4 2023-24. Next one. When you compare year on year, the annual turnover etc.</p> <p>Let's come down to the total revenue, it has increased to Rs. 1,761.04 crores from Rs. 1,522.71 crores in the previous year with a growth of about 15.7%.</p> <p>The gross margin has increased from Rs. 803.53 crores to Rs. 969.91 crores with an increase of about 20.7%. The EBITDA margin has increased from Rs. 497.04 crores to Rs. 618.38 crores an increase of 24.4%. You can see that on year on year basis also, the EBITDA has increased from 32.6% to 35.1%.</p> <p>The profit before tax has increased from Rs. 451.35 crores to Rs. 564.44 crores growth of 25.1%. That's because year on year it has increased from 29.6% to 32.1 %. The profit after tax has increased from Rs. 376.99 crores to Rs. 461.43 crores, an increase of 22.4%. And this if you see in the last ten years has been consistent, more or less at that percentage. And this is because annually we have grown last year from 24.8% to 26.2%.</p> <p>Thank you very much for your patient listening.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thank you. Now I invite Ashok for delivering his speech on Latin market</p>
<p>Mr. Ashok Partheeban, Business Head – LATAM</p>	<p>Like every human being has a unique DNA, I think our company also has a very unique DNA and our DNA is to be as close to the client as possible, which is something Chairman started, when he 1st started in Angola and then we replicated in the whole of Central America and the Caribbean and which we are currently replicating in South America and in Mexico also. The fact that we are close to the client, which means we have first-hand information on everything that has to do with the market research and launch of new products. So, during the COVID times when business for pharmaceutical companies were getting very easy and there was a lot of orders on hand and everything.</p> <p>So, most of our competitors got complacent and that's when we knew that COVID was never going to last for such a long time. So even during that period, what we mostly did was concentrate on research</p>

	<p>and development and we filed so many new products especially with softgels and injections. And that's one of the reasons that Central America has always contributed to an increase in revenue of 10% to 20% year on year for the last eight to ten years.</p> <p>Now coming to South America, we've registered around 95 products in Chile, in which around 80% of them are Injectables. And now with the help of our CRO in Amaris we've actually done bio-equivalents for more than 15 products and we are submitting them currently. And that way we will be able to get into the market in Chile also. And with regards to Mexico, we've signed very good agreements with a few Chinese companies who are already approved by the FDA or they have EUGMP along with the doses that we've submitted in the USA. So, we have close to around 45 doses ready out of which 24 are submitted and the rest are in translation. We are currently in the process of employing more sales team for Mexico, we are concentrating mostly on the regulatory department right now and Mexico promises to be a very big market for us in the future. With regards to Central America, we bring very novel products to the market like Prefill syringes and softgel preparations and if you go into the details of it, that's what contributed to the bottom line of our company also in this recent year. With regards to the oncology plant that we currently got approval for, this is a project that excites me a lot because for a very long time, they only saw us as a vanilla generic company. Nowadays, when I meet multinational companies' managers they say when you first entered Latin America we thought you were just another Indian generic company but now we actually respect you in a way that how you guys have grown, having so many different, pharmaceutical dosage forms and also all these novel products that we are currently bringing in to Central America and South America. So, with that I would like to conclude my speech and I thank you all.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thank you. Now I request Vivek to give his speech on regulated markets.</p>
<p>Mr. Vivek Partheeban, COO</p>	<p>Thank you, Chairman. So, I will focus a little bit more on the US front end, which is Caplin Sterile USA Inc. In fact, our front-end setup is nearly complete. Now we have 47 out of the 50 state licenses completed with the other three licenses taking probably another two to three months, in fact, we're in the process of going live as we speak.</p>

Incidentally, our 1st dispatch of products in our own label goes out today. We plan to launch around 25 products or around 40 SKUs in the US in the next 12 months.

In addition to that, we also plan to in-license around 8 to 10 products from other highly quality conscious manufacturers such as ourselves. Our US front end will be very differentiated compared to other run-of-the-mill businesses which mostly focus on participating in large group purchasing organizations bids, which may guarantee volumes, but there is no guarantee that your bottom line will not be bruised at least in the long run. There is also no continuity in supply, there is no predictability in terms of forecast or volumes and that is not a part that we have taken in the past. It is not something that we will take in the US as well. Our mid to long term aspiration will be to replicate our unique business model of Latin America in the largest market in the world by keeping our products closest to the customer and catering to the bottom of the pyramid. We may tweak this business model a little bit to comply with the laws of the land, but our unique business proposition would be to serve the underserved in the US. Our success in Latin America has largely been effectively removing the middle men and creating direct contacts with the buyers. The US will be no different. The other differentiating factors for US from us is that we are embarking on a high level of automation in all of our supply chain. We are backward integrating into having our own API in the near future.

We have multiple facilities where we can move products around for any sort of balance in capacity utilization and the robustness in supply chain will eventually lead to continuity in supplies and firmness in our pricing as well. When it comes to the rest of the world, we know that we can't be unidimensional in what we are doing in the US.

As you would have known Caplin's success in the past has, and also what continues today has a significant contribution from our outsourcing partners especially out of China, in fact, even today close to 35 % of our revenues have contribution from products that are manufactured out of China. As our Chairman frequently says, we need to identify successful patterns in the past as these patterns have a way of repeating themselves in the future. Through this, we are right now embarking on the next wave of outsourcing partnerships with others with in licensing of products from several regulator approved

	<p>companies from China and also selective partners from India. We already have several, as Ashok was saying, products that are tied up with a couple of Chinese companies and a couple of Indian companies as well, which we plan to file in Mexico and Chile in the beginning and then eventually to all the other regulated markets as well. Initially, I think the idea will be to make sure that what we have done in the past, we are augmenting for the future as well.</p> <p>When it comes to strengthening the back end, we've taken on creation of a digital roadmap for the next 18 months that will be automating multiple gamut of operations for Caplin as an organization starting with compliance areas that CSL moving into automation of the entire supply chain and reporting system for the whole organization. We believe we are consolidating in, on multiple platforms of growth that will position our company for breakthrough growth and revenue and profitability for multiple years going forward. Thank you.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thank you. Now I would like to invite the directors to say a few words about the company's performance. Dr Nagendran. can you go ahead and say a few words please.</p>
<p>Dr. R Nagendran, Independent Director</p>	<p>Yeah. Good morning to all. Generally, we say the performance of a company is reflected by the sales figures, but in Caplin, I am always amazed to see that the growth of the company rests on the philosophy of our honourable Chairperson. His philosophy is beyond business. His ideas are beyond comprehension and his aim is beyond compliance. This I have been witnessing and, no wonder People across the world want wherever we have business, they go to shops with, as Chairperson was telling, prescriptions and every prescription I think is kind of encouragement to make the life of the poor better in poor countries. And, I am very sure that brighter days are ahead for Caplin both in terms of business and creating a health domain for all. Thank you.</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Thank you very much. Thank you.</p>
<p>S Deenadayalan, Independent Director</p>	<p>I would like to add. Am I Audible?</p>
<p>Mr. C C Paarthipan, Chairman</p>	<p>Yeah, please.</p>
<p>S Deendayalan, Independent Director</p>	<p>Thanks for the opportunity. Okay, I think Caplin has been doing wonderfully well. I think, on the CSR front, not much has been</p>

	<p>highlighted. The work they've been doing in the hospital project, integrating the alternative medicines also and making Gummidipoondi the preferred neighbourhood. I think they should be lauded and looking forward to working with them on this.</p>
Mr. C C Paarthipan, Chairman	<p>Thank you. Thank you very much. Yeah. Yes sir.</p>
R. Vijayaraghavan	<p>I'm really excited to be part of this company after hearing all the speeches. It is not only the numbers, but the thoughts behind it and the future progression and the future views and ideals which excite me very much and I hope I'll be able to contribute my might to the progress of the company.</p>
Mr. C C Paarthipan, Chairman	<p>Thank you, sir. Thank you very much. Any other director who wants to say a few words about the company performance, please? Okay, now I request the company secretary to initiate the statutory procedure, please.</p>
Mr Venkatram G, General Counsel & Company Secretary	<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 2023-24, 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>
Mr. C C Paarthipan, Chairman	<p>Thank you. I understand that one shareholder has requested to speak in the AGM 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>
Mr Venkatram G, General Counsel & Company Secretary	<p>Thank you, Chairman, moderator, you can unmute Mr. Deepak Joshi. Mr. Joshi who might have joined</p>
Moderator – VIPIN	<p>Yeah, Mr. Joshi is not present.</p>
Mr Venkatram G, General Counsel & Company Secretary	<p>Is there any anybody with the name of Pinebridge or any suffix pine bridge?</p>
Moderator – VIPIN	<p>No, sir.</p>
Mr. C C Paarthipan, Chairman	<p>Okay. Can we go ahead and so can I request the MD to give concluding remarks and note of thanks please?</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.</p> <p>Thank you very much.</p>