



## DIVI'S LABORATORIES LIMITED

Transcript of 33<sup>rd</sup> Annual General Meeting held through video conference on Monday,  
August 28, 2023 at 10.00 a.m., Hyderabad

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**Dr. Ramesh Nimmagadda:** Good morning Ladies and Gentlemen. It is 10:00 a.m. and time to start the Meeting. I welcome you all to the 33<sup>rd</sup> Annual General Meeting of Divi's Laboratories Limited.

I am Dr. Ramesh Nimmagadda, Independent Director and Chairman of the Company joining the meeting from Chennai.

This meeting is being held through video conference in accordance with the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India. The Company has taken all feasible efforts under the current circumstances to enable members to participate through video conference and vote at the AGM.

I am informed that we have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum. The quorum being present, I call this meeting to order.

Before we start the main proceedings of the meeting, I request my colleagues on the video conference to introduce themselves.

**Dr. Murali K. Divi:** Good morning everyone. I am Dr. Maruli K. Divi, Managing Director of the Company. I am attending the meeting from corporate office Hyderabad.

**N.V. Ramana:** Good morning everyone. I am N. V. Ramana, Executive Director of the Company. Attending the meeting from our corporate office in Hyderabad.

**Dr. Kiran S. Divi:** Good morning everyone. I am Dr. Kiran Divi, the Whole-time Director and CEO of the Company. I'm attending the meeting from Geneva.

**Nilima Prasad Divi:** Good morning everyone. I'm Nilima Prasad Divi, Whole-time Director (Commercial) of the Company. I'm attending the meeting from the corporate office, Hyderabad.

**Dr. Rajesh Nimmagadda:** Rao, you are on mute. you can say it again

**M. Satish Choudhury:** Sir due to technical issue is audio is not coming. Mr. Madhusudan Rao Divi Whole-time Director (Projects) of the Company is attending the meeting from corporate office, Hyderabad.

**Dr. G. Suresh Kumar:** Good morning everyone I am Dr. G. Suresh Kumar, Independent Director and Chairman of the Compensation, Nomination and Remuneration Committee of the Company. I am attending the meeting from Hyderabad,

**R. Ranga Rao:** Good Morning everybody. I am R. Ranga Rao, independent Director of the Board and also Chairman of CSR Committee attending the meeting from Hyderabad.



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**K.V.K. shashtaram:** Good morning everyone. I'm K.V.K Shashataram, Independent Director and Chairman of the Audit Committee of the Company. I'm attending the meeting from Visakhapatnam.

**S. Ganapathy:** Good morning everyone. I am Professor S. Ganapathy Independent Director of the Company. I am attending the meeting from Unit 2, Vishakhapatnam.

**K.V. Chowdary :** Good morning. I am Kosaraju Veeraiah Chowdary, Independent Director, joining this meeting from my residence in Hyderabad. I am also a member of the Audit Committee, Compensation Nomination Remuneration Committee and Stakeholders Relationship Committee. Thank you.

**L. Kishore Babu:** Good morning. I am Kishore Babu, Chief Financial Officer attending the AGM from the corporate office. Thank you.

**M. Satish Choudhary:** Good morning everyone. I am M. Satish Choudhury, Company Secretary and Compliance Officer of the Company, attending the AGM from corporate office at Hyderabad.

**Dr. Ramesh Nimmagadda:** Prof. Sunaina Singh, Independent Director has requested for leave of absence due to personal reasons.

Mr. N.K. Varadarajan, partner at Price Waterhouse Chartered Accountants LLP, Statutory Auditors of the Company, and Mr. V. Bhaskara Rao, Secretarial Auditor of the Company, have also joined this meeting.

We also have key executives and senior management joining from their respective locations.

I now request Mr. Satish, Company Secretary, to provide general instructions to the members regarding participation in this meeting.

Thank you all. Professor Sunaina Singh, Independent Director, has requested for leave of absence due to personal reasons. Mr. N.K Varadarajan, Partner at Price water house Chartered Accounts LLP, statutory auditors for the company and Mr. V Bhaskar Rao, Secretarial Auditor of the company have also joined this meeting. We also have key executives and senior management joining from their respective locations. I now request Mr. Satish, Company Secretary, to provide general instructions to the members regarding participation in this meeting.

**M. Satish Choudhury:** Thank you sir. I request the members to take note of the general instructions regarding participation and voting at this Meeting.

1. Members may note that this Annual General Meeting is being held through video conference in accordance with the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India.

2. The Company availed the services of Kfin Technologies Limited to provide the facility for voting through remote e-Voting, e-Voting during the AGM and participation in the AGM through



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video conference. The proceedings of the AGM is being webcast on KfinTech's website.

3. The Register of Directors and KMP, the Register of Contracts or Arrangements, has been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their requests to [cs@divislabs.com](mailto:cs@divislabs.com)

4. As the AGM is being held through video conference, the facility for appointment of proxies by the members is not applicable and hence the proxy register is not available for inspection.

5. Members are requested to refer to the Instructions provided in the notice or appearing on the video conference page, for a seamless participation through video conference. In case members face any difficulty, they may reach out on the helpline numbers given in the notice of the AGM.

6. The Company has received requests from shareholders to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views. The moderator will facilitate this session, once the Chairman opens the floor for Q&A. Maximum time allowed to each speaker would be 3 minutes. It may be noted that the Company reserves the right to limit the number of members asking questions depending on the availability of time at the AGM.

7. The speaker shareholders will be put on mute mode by the moderator until the time of the Q & A session starts. Once the names of speaker shareholders are announced, the moderator will unmute them. The speaker shareholders may choose to turn on their video before addressing the meeting.

8. For better experience, we would request the speaker shareholders to use earphones, so they are clearly audible, verify the network connectivity, ensure Wi-Fi is not connected to any other devices, no other applications are running in the background, and there is proper lighting for good video experience.

9. If the shareholder is unable to speak due to connectivity issues, the moderator will ask the next speaker shareholder to address the Meeting. Once the connectivity improves, the speaker shareholder may be called up again to join, only after all the shareholders registered as speakers have completed their turn.

10. The Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Members who have not cast their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system (Insta Poll) provided by Kfintech. Members can click on "Vote" tab on the video conference screen to avail this feature.



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Thank you. I would now request Dr. Ramesh Nimmagadda, Chairman of the Company, to address the shareholders.

**Dr. Ramesh Nimmagadda:** Thank you Satish.

Dear Shareholders and esteemed members of the Board,

Good morning to each one of you and a very warm welcome to the 33rd Annual General Meeting of Divi's Laboratories Limited. We trust that you and your loved ones are in good health.

The Annual Report for the year ended on March 31st, 2023, along with the notice of the meeting, the Board's Report, and the audited financial statements of the company have been duly circulated to you. With your permission, I consider them as read. As we virtually gather today, we deeply appreciate your generous support, and on behalf of the Board of Directors, I thank you for your valuable time and participation amidst your demanding schedules.

Over the past two years, the global pharmaceutical landscape has undergone enormous changes, after navigating the challenges posed by the pandemic. This shift is driven by rapid technological advancements, the need for more affordable medicines, and economic pressures compounded by uncertain global geopolitical conditions.

According to the January 2023 IMF report, the global medicine market is projected to reach USD1.9tn by 2027, with an estimated CAGR of 3-6%. The rising prevalence of chronic diseases is projected to fuel growth in the small molecule drug discovery sector, particularly within areas like oncology and neurology. According to IQVIA, the impending loss of exclusivity (LOE) is also expected to impact the industry significantly. While advanced economies might experience a moderate deceleration due to existing higher per capita usage, developing markets like Asia-Pacific, Latin America, India, and Africa-Middle East are poised for substantial growth in medicine consumption.

The Indian pharmaceutical industry is on a reassuring path, sustained by technological progress, and an expanded global presence driven by increased production volumes. Looking ahead, the India Brand Equity Foundation (IBEF) envisions significant growth, estimating a CAGR of 15% that could drive the domestic market to USD 130 bn by 2030.

The Indian active ingredients industry has undergone a remarkable transformation, transcending from being a producer of simple molecules to a currently preferred hub for high-value and complex APIs. According to a recent EY-FICCI report, Government initiatives are expected to be valuable in driving growth. Additionally, several capital expenditure initiatives are planned across the industry, with an emphasis on enhancing backward integration to APIs/KSMs and expanding production capacities. Furthermore, the Indian pharma industry is resolutely committed to meeting sustainability objectives, investing in both development capabilities and infrastructure to boost rapid drug discovery, solidifying its role as a reliable global drug supplier.



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Your company successfully executed its capex initiatives and, in fact, has been able to implement fast-track projects efficiently and ventured into expanding the contrast media API portfolio. In the face of market volatility, your company maintained efficient and sustainable operations, reinforcing the domestic supplier network and mitigating sourcing risk. I commend Divi's Management for their continued dedication in steering the company's success.

Thank you.

I would now request Dr. Murali Divi, our Managing Director to address the shareholders.

**Dr. Murali k. Divi:** Ladies and Gentlemen, Good morning to each of you and a hearty welcome to the 33<sup>rd</sup> Annual General Meeting of Divi's Laboratories.

I am pleased to bring to your notice that the financial year 2022-23 has been an important year for your company in terms of clearances and ongoing seamless construction of the Unit-3 manufacturing plant and marked our ability to adapt and evolve amidst the ever-changing market volatility. Our business model, fortified by our expanded capacities, product diversification strategy, process efficiency, and project execution, has helped us seize various new opportunities, as we ensure shared value creation for our stakeholders.

During the first half of FY22-23, the world encountered increased geopolitical tensions, which brought various challenges in the form of trade relations, inflation, and volatility in costs. Despite such global environment, the Indian Pharma industry displayed strength and adaptability, re-emerging as a reliable global pharma manufacturer.

With a strategy that embraces responsible growth, we navigated through the uncertain pharmaceutical and economic landscape of this year, while swiftly responding to emerging opportunities. Continuing our transformative growth to address evolving demands, requirements, and business necessities, Divi's is enhancing its steadfast position as a reliable API supplier to global pharmaceutical companies, a reputation solidified by the commitment and determined efforts of the entire Divi's family.

Looking ahead, our commitment to responsible growth through sustainability in chemistry and shared value creation for our stakeholders by actively pursuing our six growth engines remains steadfast. By leveraging our three decades of expertise in chemistry, execution excellence, and extensive capacities, we are focused on strengthening our industry leadership while contributing to the betterment of society. We strive to create long-term value by adopting robust growth strategies and implementing green chemistry principles that emphasize yield efficiency, recovery optimisation, and the preservation of valuable resources.

We will continue our journey of leadership through sustainable chemistry and be the most reliable supplier of high-quality APIs while generating value for all.

### **Operations for the Year**



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Your company has been able to conduct its operations with agility, duly handling the challenges of an evolving industry landscape and post-pandemic demographic shifts, while simultaneously responding quickly to the emerging opportunities.

During the year, the Unit-3 greenfield project construction advanced seamlessly, and fast-track projects were executed with efficiency and on time. With a dynamic business model supported by our multi-purpose manufacturing facilities, we have been able to cater to customer demands and ensured swift deliveries.

### **Some of the highlights of the operations for the year are:**

- Our consolidated total income for the year was ₹8112 crores.
- Profit before Tax (PBT) for the year summed up to ₹2369 crores.
- Tax Provision for the current year amounted to ₹546 crores.
- Profit after Tax (PAT) for the year was ₹1823 crores.
- Earnings Per Share of ₹2/- each works out to ₹68.69 for the year.
- Out of the total revenue, North America accounted for 29% and Europe for 41%.

### **Dividend**

Your Board is pleased to recommend a dividend of ₹30 per equity share, i.e., 1,500% for the financial year ended March 31, 2023. The total dividend pay-out for the current year amounts to ₹796 crores.

### **Operations for the quarter ending 30<sup>th</sup> June 2023**

During the quarter, we continued to fulfill all commitments to our customers despite initial raw material volatility and pricing pressures across various regions. Procurement is actively being monitored to maintain a certain amount of inventory based on product criticality. We have experienced softening of raw materials prices compared to last financial year.

Shipping costs and timelines have gradually decreased, with both sea and air freight prices stabilising. Trade disruptions have also minimised along with container cost reductions.

During the first quarter of the year 2023-24, your company earned a consolidated total income of ₹1859 crores, a Profit before tax of ₹492 crores, and a profit after tax of ₹356 crores.

### **CSR initiatives**

Over the years, Divi's has consistently upheld responsible operations and actively engaged in community-building initiatives that have positively contributed to the social and economic well-being of the weaker sections of the society. We continue to undertake various initiatives aimed at improving lives of the underprivileged, including empowerment of children, women, and differently abled, providing safe drinking water, executing plantation drives, and developing communities by providing access to healthcare, promoting animal welfare, and supporting holistic rural development in villages.





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The CSR Expenditure during the year amounted to about ₹54 crores, benefitting over 8,60,000 people. I would like to highlight some of the notable CSR programs that were undertaken:

- Our healthcare initiatives covered 55 villages and benefited ~1,74,000 individuals.
- Student scholarships, playground development at SVLNS Govt Degree College Bheemili, and the transformative development of KG to PG Siricilla School and Gurukula Patasala at Choutuppal have collectively impacted over 84,000 students across more than 300 schools.
- Installation of RO water plants in 91 locations, aiding ~2,31,000 people in nearby villages, and ~1,57,000 individuals in 8 temples every day via Projects Sujalam and Jalaprasadam.
- ~60,000 saplings were planted increasing green cover across 10 villages in FY23.
- Animal welfare initiatives reached 95,000+ beneficiaries in 44 villages.
- Infrastructure upgradation of a visually impaired school for girls in Visakhapatnam while ensuring an adequate number of teaching and non-teaching staff for ~300 students in FY23.
- Livelihood generation programs benefitted ~1,000 women across 33 villages.
- Our Rural Development efforts reached 44 villages, collectively benefitting ~1,03,000 individuals in FY23.

### Conclusion

Ladies and Gentlemen, on behalf of the Board, I extend my deepest gratitude to all our stakeholders - esteemed customers, vendors, business associates, banks, regulatory agencies, Government Departments, and our shareholders, for their continued support and good wishes. Your trust and encouragement have been instrumental to our success over the past three decades. Your confidence in Divi's drives us to continue our journey as a resilient business, and a reliable partner for the global pharmaceutical industry.

Thank you.

**Dr. Ramesh Nimmagadda:** Thank you. I now request Mr. Satish, Company Secretary, to provide a summary of the Auditors report.

**M. Satish Choudhury:** Thank you sir. The Statutory Auditors, Price Waterhouse Chartered Accountants LLP, and Secretarial Auditors, V. Bhaskara Rao & Co, have expressed unqualified opinion in their respective audit reports for the financial year 2022-23. There were no qualifications, observations or adverse comments on financial statements and matters, which have any material bearing on the functioning of the Company.

The Statutory Auditors' report on standalone financial statements and consolidated financial statements are available on Page numbers 110 and 166 of the annual report respectively. The Secretarial Auditors report is available Page number 106 of the annual report. Thank you.

**Dr. Ramesh Nimmagadda:** Thank you, Satish. As the Notice is already circulated to all the members, I take the Notice convening the meeting as read.

Before we proceed, I am pleased to bring to your notice that, as required under the Companies Act,



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2013 and SEBI Listing Regulations, the Company had provided you all the facility to cast your vote electronically, on all resolutions set forth in the Notice of the AGM.

The remote e-voting period commenced at 9 a.m. on Thursday, August 24, 2023 and the facility was available to the shareholders till 5 p.m. on Sunday, August 27, 2023.

The Board of Directors has appointed Mr. V. Bhaskara Rao, Practicing Company Secretary, as the Scrutinizer for scrutiny of the votes cast through the remote e-voting platform and e-voting during the AGM.

Members may please note that there will be no voting by show of hands.

We now take up the resolutions as set out in the Notice convening this AGM. We will open the floor for any questions by members after all the resolutions are tabled.

I now request Mr. Satish, Company Secretary to readout the resolutions tabled.

**M. Satish Choudhary:** Thank you sir. The resolutions as stated in the notice of the AGM tabled are (All are Ordinary Resolutions):

1. To consider and adopt the audited financial statements of the Company, both standalone and consolidated, for the financial year ended March 31, 2023, and the reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend of ₹30/- per equity share of face value ₹2/- each (i.e. @ 1500%) for the financial year ended March 31, 2023.
3. To appoint a director in place of Dr. Kiran S. Divi, who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Ms. Nilima Prasad Divi, who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.

Thank you and over to Chairman sir.

**Dr. Ramesh Nimmagadda:** I would also like to formally convene e-voting during the Meeting i.e. Insta Poll provided by KfinTech, for all those shareholders who have not cast their votes through the remote e-voting system, in respect of all the resolutions as set out in the Notice convening this AGM.

Now the members who registered themselves as Speakers will be allowed to ask their questions pertaining to any item on the Notice or the financial statements. Members are requested to keep their questions brief and specific. The moderator will facilitate the questions.





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To avoid repetition, the answers to all the questions will be provided towards the end. Members may also note that the Company reserves the right to limit the number of members asking questions depending on the availability of time.

I now request the moderator to commence the Question-and-Answer session. Thank you.

**Moderator:** Good morning, Sir. Moderator, here I will bring the preregister speakers who are currently available 1 by 1. The first registered speaker is Mr. Kamal Kishore Jahawar from Hyderabad.

I would request the speaker, Mr. Kamal Kishore to unmute your audio and switch on your camera to proceed further. Thank you. I would request speaker Mr. Kamal Kishore to unmute your audio and proceed. Mr. Kamal Kishore is dropped. At this point of time, we will move to the next registered speaker.

The second registered speaker is Mr. Srikanth Jahawar from Hyderabad. I would request the speaker Mr. Srikanth to unmute audio and switch on your camera to proceed further. Thank you. Mr. Srikanth. I would request you to unmute audio. Since there is no response from the speaker, we'll move to the third registered speaker.

The third registered speaker is Mr. Praful Chavda from Hyderabad. I would request the speaker, Mr. Praful Chavda to unmute your audio while switch on your camera and proceed.

**Praful Chawda:** Hello. Hello.

**Moderator:** Sir, you're audible. Please proceed.

**Praful Chawda:** हां जी सर क्या आपको मेरी आवाज आ रही है।

**Moderator:** हां जी सर आप बात कर सकते हैं।

**Praful Chawda:** Thank you sir. Chairman Sir, Board of Director, और मेरे साथी शेयरहोल्डर मैं हैदराबाद से प्रफुल्ल चावड़ा बोल रहा हूँ first तो chairman speech, AGM report. AGM report good sir, very good sir chairman speech मैं पूरा AGM report आ गया तो हमने AGM report भी देखा इसके लिए बहुत-बहुत धन्यवाद first तो मैं यह पूछना चाहता हूँ कि R&D department research and development में कितने नए products लेकर के आ रहे हैं और जो products ले कर आ रहे हैं उसके world में कितनी demand है और इसका business कितना बढ़ेगा और इन products के लिए कोई नया unit लगाना पड़ेगा या फिर अपने unit में ही इसका production होगा इसके बारे में कुछ जानकारी है तो बताएं सर EPS कम हुआ है total income कम हुआ है और इतना tax कम हुआ है लेकिन आपने dividend last year जीतना दिया है highest dividend दिया है उसके लिए board of directors को धन्यवाद देता हूँ कि business थोड़ा कम होने के बाद भी अपने dividend continue रखा और book value बढ़ गई है इसके लिए सर promoter group को 51 share है तो कुछ equity बढ़ाना चाहिए promoter को कुछ फायदे करके 55 या फिर 60% holding रखना चाहिए आपने CSR में बताया कि ((33-44) not understanding) 46 village को benefit मिल रहा है और 95



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thousand animal को इसका benefit मिला यह बहुत ही अच्छी बात है क्योंकि आदमी तो बोल सकता है लेकिन जानवर बोल नहीं सकते हैं और आपके पास treatment लेकर के अच्छा होता है और 10000 गणेश की मूर्ति अपने distribution करी तो यह eco-friendly है या फिर POP plaster of Paris की बनी हुई थी इसके बारे में जानकारी देंगे सर totally सब कुछ कर एक बात बोलना है कि अपने इतना गांव का benefit मिल रहा है और गांव के आज-बाजू में पानी जमा करने के लिए तालाब भी खुदवाना चाहिए ताकि late future में खेती बाड़ी भी कर सकते हैं और गांव को पानी की भी तकलीफ ना हो तो फिर तालाब खुदवाने का काम भी करना चाहिए आने वाले सब festival की शुभकामनाएं धन्यवाद सर

**Moderator:** Thank You. We will move on to our next registered the fourth registered speaker is Mr. Samrat Sarkar from Kolkata I would request Mr. Samrat to a mute your audio and switch on your camera

**Samrat Sarkar:** Am I audible sir?

**Moderator:** Yes, you are audible sir but there is a lot of background noise which is coming sir.

**Samrat Sarkar:** OK I'll just make it short Actually I have 4 questions. Good morning everyone. Number one you had earlier mentioned of a custom manufacturing long term contract in contrast media API with a big pharma innovator can you elaborate on the size of the opportunity therein and the approximate timeline when the commercial supplies are to be commenced. So my second question would be can inform us about the in details about the pricing pressures we had faced in the last year in our generic API business and the way forward therein. And sir my third question are Satin's API which was one of our part of our growth engines, part of our generics business or it is also being supplied in our CS custom synthesis business.

And sir my last question would be how do you see our custom synthesis business going forward down the line, suppose 5 or 10 years down the line. And are we also manufacturing HP APIs that is highly potent APIs, peptides and fermentation based APIs in our custom manufacturing vertical. That's it from my side. Thank you Sir.

**Moderator:** Thank you Sir. We'll move to the next register speaker. The 5th registered speaker is Mr. Suresh Chan Jain from Hyderabad. II would request the speaker Mr. Suresh Chan Jain to unmute your audio and switch on your camera to proceed further.

**Suresh Chan Jain:** आवाज आ रही है सर?

**Moderator:** हां जी सर आप बात कर सकते हैं।

**Suresh Chan Jain:** आदरणीय अध्यक्ष कर उपस्थित सभी डायरेक्टरगण और shareholder साथियों साहब आपने जो company के रूपरेखा हमारे सामने रखी वह बहुत ही सुंदर और बहुत ही सरल भाषा के अंदर हमें company के बारे में अच्छी तरह से जानकारी हमें प्राप्त की उसके लिए आपको तथा आपकी team को बहुत-बहुत धन्यवाद देता हूं और सर आपने जो कार्य किया वह प्रशंसनीय योग्य है आपके share के अंदर हमें market के अंदर दो पैसे कमाने का जो मौका दिया है और सर आप जिस प्रकार कार्य कर रहे हैं उसका अपने अनुमोदन करता हूं और भगवान से यही प्रार्थना करता हूं कि इसी प्रकार आप दिन दो दिन रात चौगुनी तरक्की



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करते हुए आप आगे की तरफ बढ़े आपने जो dividend के रूप में हमें जो 30% आपने दिया उसके लिए धन्यवाद देते हुए मैं अपने विचारों को विराम देता हूँ और आपने जो बोलने का मौका दिया उसके लिए बहुत-बहुत धन्यवाद सर इसी प्रकार कार्य करते हुए आप आगे की तरफ बढ़ेंगे धन्यवाद सर।

**Moderator:** Thank you sir, we will move to the next registered speaker; the next registered speaker is Mr. Ramesh Mangalori from Hyderabad. I would request the speaker Mr. Ramesh to unmute your audio. Switch on your camera to proceed further. Thank you. I would request the Speaker Mr. Ramesh to unmute your audio and switch on your Camera to proceed further Mr. Ramesh is dropped out Now so we will move to the next register Speaker. The next register Speaker. Is Mr. Kirti Shah from Mumbai?

Mr. Kirthi Shah is not available at this moment. We'll move to the next registered speaker. The next register speaker is Mr. Aspi Bamanshaw Bhesania from Mumbai. I would request the speaker, Mr. Aspi to unmute your audio and switch on your camera to proceed further. Thank you, Sir.

**Aspi Bamanshaw Bhesania:** Can you hear me?

**Moderator:** Yes, Sir. We are able to hear you. Please proceed.

**Aspi Bamanshaw Bhesania:** Sir I am Aspi from Bombay, Thanks for giving me an opportunity to talk. Sir, I would request you to continue with hybrid meetings when the physical meetings start next year. Sir, I feel sorry for Dr. Kiran Divi here to wake up early morning in Geneva to attend the meeting. Sir, during the year, revenue PBT and PAT are lower year on year. Trade receivables have reduced from 2400 crore to 1800 crore which is a very good sign. However, still this figure looks high. So inventories have increased from 2800 to 3000 crore which is again high and PBT is reduced by 36%. Sir again Q1 revenue and profits were lower year on year. How do you see the current year and next year? So why such high dividend of 1500 percent? There is recession in US and Europe so good companies will be available cheaply. Can we not buy such cheap companies?

You can also do buyback which is more tax efficient. The page 86 of the annual report Rupees 17,00,000 of unclaimed dividend will be transferred to IEPF on 24th October 24. So I would request the Company Secretary to personally get involved and ensure that unclaimed dividend is paid to the shareholders. Sir, K Fintech sends a reminder(37:05 -37:10)not audible

**Moderator:** Mr. Aspi we have lost your audio, since we lost the audio connectivity with...

**Aspi Bamanshaw Bhesania:** Can you hear me?

**Moderator :** Yes Sir. Now we are able to hear you Sir.

**Aspi Bamanshaw Bhesania:** OK Sir. Page 86 of the annual report 17,00,000 of unclaimed dividend will be transferred to IEPF on 24th October 24.

Sir I would request the company secretary to personally get involved and ensure that unclaimed dividend is paid to the shareholders. K Fintech sends a reminder and thereafter all hurdles come when a shareholder tries to claim. So Company Secretary has to get involved. So company



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secretary should call the speakers and inform the speaker number. Kindly note that K Fintech sends the link without the speaker number. So that's why probably many speakers have not been able to talk today. Sir thank you very much and all the best for the future.

**Moderator:** Thank you Sir. We'll move to the next registered speaker. The next registered speaker is Miss Celestine Elizabeth Mascarenhas from Mumbai. I would request the speaker, Miss Celestine to unmute your audio and switch on your camera to proceed further. Thank you.

**Celestine Elizabeth Mascarenhas:** Hello.

**Moderator:** हां जी ma'am आप बात कर सकते हैं।

**Celestine Elizabeth Mascarenhas:** Hello,

**Moderator:** Yes, ma'am you can speak.

**Celestine Elizabeth Mascarenhas:** Yes, thank you and good morning to all; respected Chairman, MD, other board members attending this VC meeting and my fellow shareholders who are in this VC. I am Mrs. C. E. Mascarenhas.

I am attending from Mumbai. First of all I thank the Company's Secretary Mr. Satish Choudhury and his team for sending an E annual report and also registering me as a speaker and also to KFin Tech for giving me this platform; physical annual report would have been better because I could not do much justice by reading online being 70 plus. Now revenue, in spite of revenues down PPT pad down. The gesture of giving Rupees 30 as dividend is very good and plus this must have held up our market cap. Now my queries: Of course I congratulate you for all the awards and accolades received during the year and also excellent CSR work which is given down on the pages. Now my queries, you have given lots on the ESG. My query is have we gone for rating the ESG?

What is our rating score and if it is very good, there is any intention or already listed on a dedicated ESG platform. Please speak Now we have 16950 plus employees across the three countries. Out of that 9.9% is female employees. I would like to know any physically and mentally challenged employees are recruited, how many of them Percentage; we have 6 manufacturing units across - what is the average capacity level. We are recognized as one of the world's largest API manufacturing offering, selective list of 30 generic API; who are our nearest competitors domestic and international. Next is ground breaking of Greenfield manufacturing Unit 3 has been done. Now what is the level of that Greenfield manufacturing unit?

**Moderator:** May I request you to kindly wrap-up your question thank you .

**Celestine Elizabeth Mascarenhas:** We have a robust R&D capabilities. We have 40 scientists. I would like to know what is the attrition level and the average rate of these scientists. Rest I just ask you, I've got many but I will not ask you. We supply most of the carotenoids to all over the world. I would like to know how much of margins we get in this and any FE, benefits, foreign exchange benefits.

**Moderator :** kindly wrap-up your question.



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**Celestine Elizabeth Mascarenhas:** Rest I supported all the resolutions. Thank you very much. And I endorsed the view of my previous speaker about the unclaimed dividend. Mr. Aspi Bhesania. Thank you very much and I wish you all the best.

**Moderator:** Thank you. We'll go to the next register speaker. The next register speaker is Mr. Yusuf Yunus Rangwala from Mumbai, I would request.

**Yusuf Yunus Rangwala:** Yeah. Yeah, Sir. Good morning chairman Sir. मुंबई से युसूफ रंगवाला बात करता हूँ सर as our manager has mentioned, we have 6 factories, Sir. Point #1 Sir, Generic medicine पे क्या offer हैं while doctors prescription sir what generic medicines , we have manufacturing. I would like to know and what doctors prescription generic medicine used for the same purpose.

I would like to know generic which generic sir हो सके तो मुझे annual copy भेजिए सर by post. और सर madam ने बताया we have a 16,000 employees. This shows how our company and I am very thankful to our excellent Karvy people. They are giving very good services. Keep it up Karvy people बहुत अच्छी service देते हैं सर और मैं जानना चाहता हूँ हो सके तो; factory visit (not audible). Hyderabad is a pink city. It is famous Sir. It is a very famous city. If possible, Sir, you arrange a factory visit and nothing more to add sir. एक छोटा सा आपके लिए company के लिए एक छोटा सा शेर पेश करना चाहता हूँ फूलों की खुशबू कलियों की बहार अपनों का साथ और सर एक जानना चाहता हूँ अपना product जो है world famous है तो world ranking में अपना product यां है और world ranking में अपना number क्या आता है सर where we stay number 4, 5 or 6 sir अपना world ranking में क्या है जानना चाहता हूँ और सर Divis के बारे में आपकी bonus देने की क्या इच्छा है सर यह मैं जानना चाहता हूँ. आपने last bonus कब दिया था और आपने जो balance sheet बनाया था उसकी copy भेजिए सर आपकी copy, around 600 पेज की होती है सर मुझे प्लीज request है सर अपनी secretary को बोलो कि मेरे address पर मुझे copy भेजिए सर मुझे आपकी copy देखने में बहुत interest है chairman सर और आपके मैंने Email पर देखा आपका चेहरा फूलों की खुशबू कलियों के बाहर के जैसा आपका चेहरा चमकता है सर आपकी हंसी देख करके मुझे बहुत खुशी होती है chairman सर आपकी हंसी ऐसी है जैसे सूरज की रोशनी है वैसी आपकी हंसी है सर chairman सर आपके बारे में क्या कहना है सर हो सके तो मुझे दिवाली पर छोटा कुछ मिठाई भेजिए सर हो सके तो और सर आपका product कौन सा है इस बारे में detail भेजिए और आपके product के बारे में catalogue चाहिए मुझे कर हो सके तो thank you very much खुदा हाफिज जय हिंद wish you a happy रक्षाबंधन सर Thank you very much सर जय हिंद सर

**Moderator:** Thank you very much sir we will move on to the next register speaker, the next registered speaker is Mr. Rajesh Kevalram Chanani from Mumbai. I would request the speaker, Mr. Rajesh, to unmute your audio and switch on your camera to proceed.

**Rajesh Kevalram Chanani :** Hello. Am I audible, Sir?

**Moderator:** Yes, Sir, you're audible. Please proceed.

**Rajesh Kevalram Chanani:** Respected Chairman, MD and very highly distinguished eminent Board of Directors, my fellow shareholders. I'm Rajesh chainani from Varaipal from Mumbai. So





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first of all, I thank our company secretary Mr. Satish Choudhury ji for sending the e-mail notice very well on time and which is full of all the facts and figures in place. Sir, I went through your message also A chairman speech which has covered a lot.

So only thing I have a question as my previous shareholder had, it was like promoter holding is a 51.90%. So only thing is that Sir why don't we try to increase the promoter holding Sir, because the SEBI permitted us to 75% but not at least 75 but we should be send 56 to 60%. Our holding should be there Sir that would be very good Sir. And public holding is only 12.13%. So I would just suggest you Sir and best money that the domestic institutions have a lot of faith on us so they are holding 21.25%. So, the share capital of the company is only 53 and the khajana is totally full Sir. The results are very much full, Sir, with 12,714 cr. So Sir, I would say like any plans for the bonus or something, Sir, because for the ₹2 share, I won't tell you to stock split to ₹1.00 or something.

Maybe in future, Sir, if you can consider, Sir. And sir the performance of the company still is very good, Sir. Today in this market also is Rs.3600. So Sir, we are trading towards 18 to ₹19,000 share if you calculate on the face value of 10, so which is very good, Sir. And sir with this, I have supported all the resolutions. And with this सर आपके लिए छोटा सा मुझे कुछ कहना है आपके लिए यही कहूंगा कि इस बारिश में बस यही दुआ है हमारी की बारिश की जितनी बूंदे धरती पर गिरे उतनी ही खुशियां आपकी झोली में गिरे और एक और है अभी जो आने वाला festival है वह हमारा शानदार गणपति है सर हैदराबाद में तो यह पूरा season अभी festival का शुरू होगा इसके लिए यही कहूंगा कर फूलों की खुशबू कलियों की बहार चांद की चांदनी अपनों का प्यार मुबारक हो अध्यक्ष सर आपको MD साहब और सारे board of directors और सारे shareholder भाइयों को आने वाले त्योहार सर with this I support all the resolutions sir दादू वादू की मिठाइयां मत भेजिए सर किसी को भी all are Rich people in the Divis life you know ,all are Rich shareholders so we don't need anything we need a good dividend and good performance .

**Moderator:** thank you sir thank you very much we will move on to the next registered speaker, the next registered speaker is Mr. Nikhil Upadhyay from Mumbai. I would request the speaker Mr. Nikhil to unmute your audio and switch on your camera to proceed further.

**Nikhil Upadhyay:** Yeah. Good morning Nikhil Upadhyay here in to save time I've already mailed my questions to the company secretary. I hope you have received. So I'll not repeat them and just request if you can answer them or provide some elaboration on them. Thanks a lot.

**Moderator:** Thank you Sir. We'll move the next registered speaker. The next registered speaker is Mr. Gaurav Liladhar from Pune. At this moment, Mr. Gaurav is not available. We will move to the next registered speaker. The next registered speaker is Mr. Ramesh Shankar Gula from Hyderabad. I would request speaker Mr. Ramesh Shankar Gula to unmute audio and switch on your video to proceed further. Mr. Ramesh is not available. He's dropped.... will move to the next registered speaker. The next registered speaker is Mr. Gunduluru Reddappa from Hyderabad. I would request the speaker, Mr. Gunduluru to proceed. Thank you.

**Gunduluru Reddappa:** Thank you, Sir. Sir, my voice audible. Sir.





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**Moderator:** you are audible Sir, please proceed.

**Gunduluru Reddappa :** Hello

**Moderator:** your voice is audible sir please proceed.

**Gunduluru Reddappa :** Thank you. Chairman, Sir. Ramesh Babu garu, Murali Prasad Divi garu, Venkat Ramana garu, Madhusudhana Rao Garu, Divi Kiran Satchandra garu, Nilima madam and all other directors of my company and also my company Secretary and compliance Officer M. Satish Choudhury and my fellow share of the video conference. Good morning Sir. Namaste. My name is Reddepa gunduru. I'm Financial advisor Sir. As a shareholder I am. We are very happy about the company performance of Financial 23 Sir. Nice information speech by you Chairman's speech Sir. Nice information Sir. Sir in information very good. I found that lot of my progress of my company.

**Moderator:** Mr. Reddappa guduluru, we lost your connectivity. Since there is no audio connectivity from Mr. Gunddluru Redappa, we will call back the speakers who couldn't speak earlier. Mr. Kamal Kishore Jahwar from Hyderabad. I would request the speaker Mr. Kamal Kishore Jawar to unmute your audio and switch on your camera to proceed further. Thank you. Mr. Kamal Kishore, you have muted yourself. Request you to unmute and proceed. Yes, you have unmuted. Please proceed with your query. Mr. Kamal kishore

**Kamal kishor Jahwar:** हां जी मेरा आवाज आ रहा है सर?

**Moderator:** हां जी आप बात कर सकते हैं सर।

**Kamal kishor Jahwar:** ok Thank you, Sir, Sir सबसे पहले अध्यक्ष सर और MD Managing Director murali साहब और जो directors को मेरा नमस्कार मैं तो इस company में IPO आया है जब से shareholder हो साहब आपका share भी हमको बहुत अच्छा return मिला है सब इसके जितने तारीफ करें उतनी कम है आपके management की और मैं ज्यादा कुछ बोलना नहीं चाहता हूं आपसे तो सभी त्योहारों को जन्माष्टमी दशहरा और दीपावली सभी की शुभकामनाएं देता हूं और ऐसी ही video conference रखिए सर हम कहीं भी हो तो हम meeting attend कर सकते हैं डायरेक्टर भी रहे तो आप लोग भी meeting attend कर सकते हैं और आपको भी suggestion मिलता रहे और आपका sectorial department को हमने mail दिया था तो sectorial department का बहुत अच्छा service है हमको दूसरे दिन ही balance sheet मिल गया है और हमारे किशोर साहब को भी नमस्कार जो इस कंपनी में अभी तक है हमको बहुत खुशी की बात है और मैं ज्यादा बोलना नहीं चाहता हूं last year भी मैंने बोला था bonus के लिए आज भी मैं वही चीज बोलता हूं की bonus का suggestion है तो आप विस्तार से bonus दीजिए और आपका dividend भी बहुत अच्छा है साहब और आपका अध्यक्ष और manager साहब को आपने जो speech में बताया है मैं उसके बारे में कुछ भी बोलना नहीं चाहूंगा साहब आपका CSR work भी बहुत अच्छा है साहब छोटे-छोटे villages में कर रहे हैं यह चीज भी बहुत अच्छा है आपके हाथ से ही करिए सब जो भी है जो आपको और आपके intern सभी को पुण्य मिलेगा karvy का service अच्छा है second time मुझे बुलाया उसके लिए मैं धन्यवाद देता हूं thank you.



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**Moderator:** Thank you sir we will move on to the next registered speaker, The next speaker is Mr. Srikanth Jawar from Hyderabad. I would request the speaker. Mr. Srikanth, unmute your audio and switch on your camera to proceed Sir. Thank you.

**Srikanth Jawar:** हां जी मेरा आवाज आ रहा है सर।

**Moderator:** हां जी सर आपका आवाज आ रहा है आप बात कर सकते हैं।

**Srikanth Jawar:** Thank you Karvy sir जो आपने second time मुझे बोलने का मौका दिया है इसी तरह आपका service हमको बहुत अच्छा लगा हो इसी तरह रखिए सर और मैं सबसे पहले धन्यवाद देता हूँ कि Company Secretary जो हमें time पर balance sheet दिया है, respected chairman and all the board of directors को धन्यवाद इसी तरह video conference meeting रखिए सर जो साथी shareholder earlier बोल दिए कि stock split का कुछ कर कर तो अच्छा रहेगा सर थोड़ा liquidity बढ़ेगा और bonus के बारे में भी सर और आपकी जो chairman speech में बताया गया है बहुत ज्यादा कुछ पूछना भी नहीं है और thank you सर आते सब दशहरे और दीपावली की शुभकामनाएं सर Thank you.

**Moderator:** Thank you Sir. The next speaker who couldn't speak earlier, Mr. Ramesh Mangluri from Hyderabad.

I would request the speaker Mr. Ramesh Mangluri to unmute your audio and switch on your camera to proceed. Thank you, Mr. Ramesh Still you are muted. I would request you to unmute your audio and proceed with query since there is no response from Mr. Ramesh. With this we have completed the Q&A session. These are pre registered speakers who are available during the turn.

Now we are handing over the stage back to you. Thank you. Chairman. Sir, I would request you to unmute. You are on mute. I would request you to unmute. Thank you.

**Dr. Ramesh Nimmagadda:** And now the questions are completed. Now I request Dr. Murali Divi, Managing Director to answer the questions. Thank you.

**Dr. Murali K. Divi:** Thank you. We have received some of them by mail and also I heard from the participants today. I will summarize few of them.

There was one question on the Capex, its not that the all the Capex is on the plants for manufacturing. Some of our plants are very old having been set up 20-25 years ago. These needed up gradation and modernization support. Utilities also have to be upgraded. Besides, we have to put in modern QC, quality assurance and other facilities for ensuring the evolving regulatory compliances. Historical asset turn may not be relevant. Equipment utilization depends on the chemistry of a product and the production time cycles of each stage.

Kakinada project unit-3 where we are investing about Rs.1500 crores - we will initially manufacture intermediates, nutraceuticals, ingredients and we are also looking at some of the advanced intermediates and new chemistries and API's. This will free up a lot of our existing US-FDA inspected facilities, both of them at unit 1 and unit 2, which can be immediately used for regulatory products. The Kakinada project is expected to be up and running end of 24. There were



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questions about generic and custom synthesis. We have a well spread product portfolio in generics and custom synthesis. We think we would broadly have a balance in the range of 50-50 between these two; and it may vary year on year. We would say, we have good opportunities both in generics and custom synthesis going forward. There were questions on growth.

First, our plants and capacities are multipurpose, we see growth happening in our mature generics, where we are significant players, as well as other generics where our market share may currently be 20,30, 40 percent. We see growth happening in quite a few of these generics and we would need additional capacities. We are also creating capacities aimed at products that are going off patent within the next few years. And for the contrast media, there were questions about size of opportunity. The opportunity is about US \$ 5 billion in the contrast media for Iodine based contrast media and about US \$ 2 billion for the MRI Gadolinium based. We are already having products like Iopamidol and Iohexol and we are entering into new products where we see good growth.

Of late, there has been a great attention on ESG globally. The Company has devoted significant efforts towards environment, safety and sustainability and strict compliance to regulations.

On capacity utilization, we are about 80%. We have a basket of products and profitability depends on the product mix of that period. We should not see on quarter and quarter basis, but should be guided on longer perspective. Our business is secure over the products that we are present in and have strong customer relationship. There were questions on what generic products we make, and which are the large volume products. The big volume generic products are Naproxen, Dextromethorphan, Gabapentin and many.

There are questions on attrition levels of R&D. The people who have joined quite number of years ago in our R&D, we have now about 500 employees and most of them have stayed with us and attrition rate is very low. And the bonus and split, we will take it up at an appropriate time in future.

On the high potency compounds, yes, we have built (capacities) recently at both sides facilities that meets the requirements of handling high potency compounds. So, we will be entering to these make manufacture of compounds. We don't make any steroids, we don't make any formulations in fermentation.

I think that there was some question about that regarding buying of companies in Europe. I think our benefit is the multi purpose plants and the custom synthesis is what we are doing in our flexible plants and the speed with which we can build multipurpose plants. I think we have enough opportunity here itself.

I think I have answered most of the questions and thank you.

**Dr. Ramesh Nimmagadda:** Thank you. With that I think all the questions were answered.

Members may note that the voting on the KfinTech 'insta poll' platform will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so.



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The results of voting shall be declared within two working days from the conclusion of the meeting. I hereby authorize Mr. Satish, Company Secretary of the Company, to declare the result of the e-voting and place the results on the website of the Company and on website of Kfintech at the earliest. The results along with scrutinizer report will also be submitted to the stock exchanges, i.e., NSE and BSE.

The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes.

**M. Satish Choudhury:** We had about 115 shareholders joined this meeting, Sir.

**Dr. Ramesh Nimmagadda:** OK. Thank you. We are grateful to all our shareholders who joined by video conferencing. Thank you all for attending the meeting and I will be declared the proceedings as closed. Thank you very much.