



TRANSCRIPT OF THE PROCEEDINGS OF THE 17TH ANNUAL GENERAL MEETING OF RPG LIFE SCIENCES LIMITED HELD ON TUESDAY, JULY 16, 2024 AT 03.00 P.M. THROUGH VIDEO CONFERENCING/OTHER AUDIO-VISUAL MEANS

PARTICIPANTS

Mr. Harsh Goenka

Chairman

Mr. Yugal Sikri

Managing Director

Dr. Lalit Kanodia

Independent Director

Mr. Manoj K. Maheshwari

Independent Director

Mr. Mahesh S. Gupta

Independent Director

Mr. Anil Matai

Independent Director

Mr. Hiten Kotak

Independent Director

Mr. Sachin Nandgaonkar

Independent Director

Mr. Rajat Bhargava

Non - Executive Director

Mr. Vishal Shah

Chief Financial Officer

Mr. Rajesh Shirambekar

Head - Legal & Company Secretary

MR. HARSH GOENKA

Good afternoon, Members.

I take great pleasure in welcoming you to the 17th Annual General Meeting of your Company. The quorum being present, the meeting can now commence.

In accordance with various circulars issued by the Ministry of Corporate Affairs and SEBI, the 17th Annual General Meeting of the company is convened through video conferencing or other audio visual means in compliance with the applicable provisions of the Companies Act, 2013 and SEBI, Listing Regulations 2015.

I would like to introduce to you the members of the board who are present here today:

- Mr. Yugal Sikri, Managing Director.
- Mr. Mahesh Gupta, Independent Director and Chairman of the Audit Committee and the Risk Management Committee.
- Dr. Lalit Kanodia, Independent Director and Chairman of the Nomination and Remuneration Committee.
- Mr. Manoj Maheshwari, Independent Director
- Mr. Anil Matai, Independent Director
- Mr. Hiten Kotak, Independent Director
- Mr. Sachin Nandgaonkar, Independent Director,
- Mr. Rajat Bhargav, Non - Executive Director.

Mr. Narendra Ambwani, Mr. Bhaskar Iyer, Ms. Radhika Gupta and Ms. Zahabiya Khorakiwala, Independent Directors could not attend this AGM due to personal exigencies.

Mr. Narendra Ambwani, Chairman of the Stakeholders Relationship Committee (SRC), has authorized Mr. Mahesh Gupta, member of the SRC to officiate on his behalf.

MR. HARSH GOENKA

Representatives of Statutory Auditors "SRBC & Company LLP" and Secretarial Auditors "Parikh Parekh & Associates", are also attending this meeting.

The Company has received 18 corporate authorizations representing 1,20,06,630 equity shares of the Company constituting 72.60% of the paid up equity share capital of the Company. Since the meeting is held through video conference, there is no proxy facility available for the meeting.

The Register of Directors and KMP's (including the shareholding) maintained under section 170 and Register of Contract maintained under Section 189 of the Companies Act 2013, are available for inspection electronically.

The notice of the Meeting and the Annual Report of the Company for year 2023-24 have already been sent to the members through electronic mode, in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI, we therefore take the notice as read.

As the Statutory Auditor's report and the Secretarial Audit report do not contain any qualification, observation or adverse comment, it is not required to read these reports at the meeting.

I would now like to brief the Members on the operational and financial performance of the Company.

The Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2024 have been shared with you and I hope that you have gone through the same.

The company registered a healthy growth during the financial year 23-24 led by Domestic Formulations and International Formulations businesses.

The strength of the Company's product portfolio, robust systems and processes, and a successful transformation agenda have helped the company consistently grow faster than the Indian Pharmaceutical Market. For the financial year 23-24, the RPG Life Sciences was the 7th fastest growing company among the Top 75 pharmaceutical companies in India.

The Company has also continued its cost optimization measures, which reflected in further improvements in margins. The company generated the highest ever operating cash flows of more than Rs. 120 crores in FY 24 and remained debt free.

For the year ended March 31, 2024, total income of the company was Rs. 589 crores as against Rs. 518 crores in the previous year, a growth of about 14%. Profit after Tax grew by an impressive 30% to Rs. 88 crores as against Rs. 68 crores in the previous year. The increase in sales and profit was led by the improved performance of the Domestic Formulations and International Formulations Businesses.

The Board of Directors have recommended a dividend of 200% for the Financial Year ended March 31 2024 as against 150% in the previous year.

The Domestic Formulations business constituted 67% of the Company's sales during the year and achieved revenues of Rs. 386 crores as compared to Rs.337 crores in the previous year, registering a growth of 15%. The growth was driven by measures such as higher prescription generation, augmented product portfolio through new product launches and line extensions. The portfolio has been strengthened by new launches in Cardiovascular, Diabetology, Nephrology, Rheumatology, Oncology and Urology segments and also by entry into the clinical Dermatology segment. The mono-clonal antibodies portfolio built in the last few years has been seeing good response from the market. New line extensions launched as part of the strategy have been received well.

The Company's 'RPGserv' - Anytime, Anywhere Doctor Support digital initiative has now been scaled up to more than 90,000 doctors with an encouraging level of engagement.

The International Formulations businesses registered sales of Rs.106 crores, growing 15% over last year. The business has its footprints across geographies like the EU region, Australia, Canada, Southeast Asia, Latin America and parts of Africa. The company is expanding the business with existing customers in some

of these markets and also targeting new customers and new products in the focus segments like the immunosuppressants, complex generics and products needing special manufacturing conditions.

The API business recorded revenue of Rs.85 crores as compared to Rs.80 crores in the previous year. The growth was subdued due to lower order flow from Mexico, Brazil and Germany on account of high inventory situation with key customers. This is expected to get normalized progressively. Key products for the API business include Quinfamide, Azathioprine, Haloperidol, Risperidone and Nicorandil.

Exports for the company were Rs.177 crores as compared to Rs.160 crores in FY23, a growth of 11%.

With the robust portfolio and several new products in the pipeline across all the three segments, the Company is well poised to build further on the strong operational competencies sharpened over the last few years. We remain fully committed to catapulting the Company to a higher growth trajectory and are keenly exploring both organic and inorganic opportunities to achieve the same.

Before we invite the speaker members to speak at this meeting, I would request the Company Secretary to make an announcement with respect to e-voting facility, which has been activated for voting at the AGM.

MR. RAJESH SHIRAMBEKAR

Thank you, Sir.

Good afternoon.

In compliance with the relevant provisions of the Companies Act, 2013, Rules made under and SEBI Listing Regulations, the Company had provided the facility to the members to exercise the right to vote on the business proposed to be transacted at this AGM through remote e-voting for the period commencing from July 13, 2024 to July 15, 2024, in order to facilitate voting for those members who have not exercised their right to vote through remote e-voting, the company has also provided facility to vote at this AGM through the e-voting platform of NSDL.

Mr. Mitesh Dhaliwala, Practicing Company Secretary, has been appointed as the Scrutinizer for remote e-voting as well as e-voting at this AGM, who would scrutinize the votes and hand over the combined report on voting within two working days of the conclusion of this AGM.

Upon receipt of the result of voting along with the Scrutinizer's report, the same shall be uploaded on the website of the Company, NSDL and shall also be submitted to the Stock Exchanges.

Since this meeting is being held through video conference / Other Audio Visual Means and the resolutions mentioned in the notice, convening this meeting have already been put to vote through "remote e-voting", there is no proposing and seconding of resolutions.

Thank you.

I now request the Chairman to please continue with the proceedings.

MR. HARSH GOENKA

The Company had provided the facility to the members to register themselves in advance by sending a request from the registered e-mail to express their views or queries during the AGM.

We have received request from a few of the shareholders. As I call out each name, the host will unmute the member and he or she may please put on the video and speak.

The shareholders are requested to be brief and convey the comments in about 3 minutes time, if possible.

The first shareholder is Ms. Mascarenhas.

MS. ELIZABETH MASCARENHAS (Speaker Shareholder 1)

Hello. Am I audible?

MR. HARSH GOENKA

Yes, you are, Madam.

MS. ELIZABETH MASCARENHAS

Good afternoon. Nice to see you after a long, long time, I used to attend the physical meeting, it was it was such a long time ago. I felt I must come on online and I can just see you all people and I'm very happy that I can see the entire team.

Now I go to the formal part, respected Chairman Mr. Harsh Goenka, other members of the board, my dear fellow shareholders, I am Mrs. CE Mascarenhas. I'm speaking from Mumbai.

First of all, I thank the Company Secretary, Mr. Rajesh and his team for sending me an annual report and also registering me as a speaker at my request and also giving me the platform which I could operate quite easily. The Annual Report is simple but very informative and self-explanatory, adhering to all the norms of corporate governance. Working is good. Dividend is also very good, Rs.16 for a share of Rs.8 and very good market capitalization. I admire the way market is giving thumbs up to our stock. Here I would I would have an opinion, that you could go for the split like most of the shares are at Rs.1.00 and this is Rs.8, If this is made Rs.1.00 this will give us more liquidity and more market capitalization also in the future.

The next motion is congratulations for all the awards and also a very good CSR work, now my queries,

First one is ESG: have we rated the ESG and if so on which platform dedicated ESG platform we are listed?

Secondly, how many R&D centers we have and what is the average age of the scientist and the attrition level

Third, do we use AI, Generic AI in our operations and how much do we spend on these tools?

Lastly, but not the least, there will be so many others. I have many questions, but I restrict myself so the last one is future road map for the next five years, Capex required for the organic as well as inorganic growth and which are vertical the board sees there is a which will be a good growth driver.

I have supported all the resolution. I wish my company RPG Life all the best and especially Sir you and the entire team, very good health as health is wealth.

With this, I end myself. Thank you very much Namaskar.

MR. HARSH GOENKA

Thank you. May I request Mr. Satish Shah.

MR. SATISH SHAH (Speaker Shareholder 2)

Hello. Am I audible Sir?

MR. HARSH GOENKA

Yes. You are audible.

MR. SATISH SHAH

OK. Thank you, Sir.

Hello Chairman Sir, Directors, myself Satish Shah this side.

Thank you Sir, for giving detailed information regarding the Company in your Chairman's speech. Sir, your Secretarial team is very co-operative. Mr. Rajesh had called me up and asked if I have got the annual report & AGM link. This year Company's performance is very good and also the Company has provided good Dividend.

Sir, my query is what is the Dividend Policy of the Company?

I support all the resolution at this resolution.

All the best to you. Thank you Sir.

MR. HARSH GOENKA

Thank you. Can I now have Mr. Anil Parikh?

MR. ANIL PAREKH (Speaker Shareholder 3)

Hello.

MR. HARSH GOENKA

Yes.

MR. ANIL PAREKH

Am I audible, Sir?

MR. HARSH GOENKA

Yes, please.

MR. ANIL PAREKH

How are you Sir?

MR. HARSH GOENKA

I am fine.

MR. ANIL PAREKH

Since we are unable to meet you in person, hope you are fine.

Anyway, Chairman Sir, Board of directors and fellow shareholders are, I hope you all are fine and safe at your respective end. In view of we are attending this video conference of this AGM.

First, I would like to thank our CS team, particularly Rajesh, Rahul and others for extending all kind of support to us whenever we need. And they are good asset to the company kindly preserve them for the future.

Chairman Sir, I have gone through the balance sheet, excellent performance in view of challenging economic environment and otherwise. Thank you for giving us 200% dividend. It shows your commitment towards small shareholders to reward them. We are very happy that you have declared 200% dividend and this is the year when we have achieved the 600 core-mark income and also your registered PBT of 135 crores. Excellent performance.

Chairman Sir, you and your team, particularly MD, Mr. Yugal Sikri has done excellent well. In view of this all challenging fights between Russia and Ukraine and all that. We are doing well.

Sir, I have few questions. Of course, everything is very well given in the balance sheet and one did not ask any questions, but for my knowledge I'm asking.

On Page 9, Sir, it is shown when entire world presence where I see in Africa, except South Africa, we don't have much presence. So what are your views as far as that part is concerned?

Sir, we have quite a large number of all the talks about API, etc. but the majority of our sale is coming from Domestic Formulations and we have presence of only 18% International Formulations. So what is plans or what are the steps you are taking to have more penetration in international market? Because it's on the very lower side this year it is only 15%. So give me your views on that.

Also, Chairman Sir, in the API businesses, we also know growth of 6.5%, so. Also, we need more and more work on the API trucks also.

Other things I don't want to describe at length, since everything is given in the balance sheet.

How many certifications we have as of now and how you see artificial intelligence to have a better results of the company in future and what are the steps taken for technology upgradation?

And also we have received quite a few approvals by our plants. We have three plants. Chairman Sir, in absence of physical presence in the AGM, I request you to kindly arrange for plant visit of Shareholders.

And the last but not the least, Chairman, Sir, our company is expected to continue its growth momentum driven by its strong financial performance and increasing demand for pharmaceutical products and expanding presence in the health market all over the world. What I see great future for this company and I hope under your dynamic leadership we are going to achieve.

Thank you for allowing me to speak at this juncture and I support all the resolutions.

Thank you very much, Sir.

MR. HARSH GOENKA

Thank you very much Anil bhai. Can I have Mr. Sharad Kumar Shah?

Yes, Mr. Shah, we can't hear you, Mr. Shah.

MR. SHARADKUMAR SHAH (Speaker Shareholder 4).

Uh, can you hear me now, Sir?

MR. HARSH GOENKA

Yes, I can hear you now.

MR. SHARADKUMAR SHAH

Because now there is a network problem.

First thing, Sir, your share price is doubled in FY 23-24 and you hold 72.81% promoter holding, which is very good, API is 15%, but my opinion that we should increase it.

If we refer to page no. 15 and 16, five years highlights are excellent.

In 17 years, the Company is debt free and the stock-in-trade has reduced than the employee benefit expenses for the last two years. Sir, So, please look into this aspect. We are doing very well and what I observed that you could not enter in USA still today. So, look into that aspect and from where is the face value of Rs.8 derived?

Thank you very much Sir.

MR. HARSH GOENKA

Thank you.

I will now endeavor to answer the questions that you have all of you have asked. Thank you for your participation.

Starting with Ms. Mascarenhas, Thank you very much for your kind words.

You wanted to know what the projected capital expenditure is for the next three years for organic and inorganic growth. We've undertaken modernization of both our plants at a cost of Rs.140 crores over a period of next three to four years and we have a normal Capex cycle of about Rs.20 crores to Rs.30 crores per year. The inorganic Capex would depend on the opportunities that arise whether for acquiring brands, or for businesses or for new manufacturing facilities.

Then you and some of the other shareholders have also mentioned about splitting the shares, it's a good idea, and we shall definitely consider it in the Board.

About the ESG rating, as of now the company has not taken any external ESG assessment. We will seek an external validation at an appropriate time. However, we are progressing well on our ESG journey. We have taken multiple initiatives like enhancing renewable energy usage, change in fuel type of boilers, upgrading to more energy efficient equipment's, water harvesting and wastewater recycling. The company supports various projects in education, vocational training and heritage conservation.

And as far as the generative AI tools that are in operations you asked and also another gentleman asked, AI tools like Co-pilot, Chat GPT are used in areas of data analysis, content creation, interactive training, etc. These technologies are evolving and hence we applied right now on a pilot basis, we pioneered a proprietary digital tool called RPGserv to assist doctors with information management. And we have been deploying these AI tools primarily in sales and marketing, customer service, medico marketing this has improved our service and efficiencies to our customers significantly. The cost is not very high because we are still using open source tools which are available in the public domain, we would have spent around Rs.5 Lakhs on the paid AI tools and approximately Rs. 2.5 crores on the RPGserv apps and other utilities.

Then you wanted to know about the scientists we have in R&D, we have 40 scientists in R&D. The average age of the scientists is 37 years.

Mr. Satish Shah, thank you for your encouraging words. We keep on evaluating the Dividend policy of the Company in order to reward the shareholders. You must have seen that there is a consistent increase in the dividend paid by the Company from 150% in the previous year to 200% in the current year.

Mr. Anil Parikh, thank you very much for your appreciation of the secretarial team. As far as the African market is concerned, we have entered South Africa and we are seriously trying to enter Algeria, Kenya and Egypt.

The Domestic Formulation business is the most important part of our portfolio and the largest and which we will keep on growing. And the margins are healthy on that. As far as International Formulations are concerned, we will also be trying to grow the business. And we are working on plant modernization and regulatory approvals and also building a healthy product line for it.

As far as plant visit is concerned, there are a lot of approvals, regulatory approvals which are needed, but we shall definitely keep in mind your suggestion.

Mr. Sharad Shah, you wanted to know about the stock-in-trade, which has helped to reduce expenses and increase profits. The last two years PAT is lower than the employment cost, whether it is for the last 17 years as you can see, the cost of material consumed has increased by 40% whereas purchase of stock in trade has reduced by 50% and changes in inventory shows an increase. The three have to be seen together to understand the impact on profit. The combined effect is an increase in cost of goods by 8%, since revenues increased by 14%, it has resulted in an overall growth in profit by 30%. In the last five years, PAT has increased from Rs.10.8 crores in FY19 to Rs.87 crores in FY24 and PAT margin has also increased substantially.

As far as you are asking me whether the company has plans to enter the USA, we are right now focusing on Europe, UK, LATAM, Southeast Asia and African regions. At present, we do not have plans to enter the US market.

As far as how we have got the face value of Rs.8, the face value of Rs.8 was derived on a demerger of companies business into pharmaceuticals and other businesses in the year 2008 as per the order passed by the honorable High Court of Mumbai. As part of this scheme of demerger in 2008, the pharma business was demerged and based on valuation, the face value was determined at Rs.8.

I take this opportunity to place on record our grateful appreciation to all our customers, bankers, employees and most importantly the Members for their continued support.

I once again thank the members of the Company for attending this 17th AGM of the company and I declare this meeting as concluded.

Those Members who have not voted through remote voting may cast their votes during the next 15 minutes. I authorize the Company Secretary to receive the combined voting results and report from the scrutinizer and submit the same to the stock exchanges.

Thank you very much.