



**“Lupin Limited Thirty-Eighth Annual General Meeting”**

**Wednesday, August 12, 2020 at 4.00 P.M. (IST)**

**MANAGEMENT:**

- **MRS. MANJU D. GUPTA - CHAIRMAN, LUPIN LIMITED**
- **DR. KAMAL K. SHARMA - VICE CHAIRMAN, LUPIN LIMITED**
- **MS. VINITA GUPTA - CHIEF EXECUTIVE OFFICER, LUPIN LIMITED**
- **MR. NILESH D. GUPTA - MANAGING DIRECTOR, LUPIN LIMITED**
- **MR. RAMESH SWAMINATHAN - EXECUTIVE DIRECTOR, GLOBAL CFO & HEAD CORPORATE AFFAIRS, LUPIN LIMITED**
- **DR. K. U. MADA - INDEPENDENT DIRECTOR & CHAIRMAN, AUDIT COMMITTEE, LUPIN LIMITED**
- **MR. DILEEP C. CHOKSI - INDEPENDENT DIRECTOR & CHAIRMAN, STAKEHOLDERS RELATIONSHIP COMMITTEE, LUPIN LIMITED**
- **MR. RICHARD ZAHN - INDEPENDENT DIRECTOR, LUPIN LIMITED**
- **MS. CHRISTINE MUNDKUR - INDEPENDENT DIRECTOR, LUPIN LIMITED**
- **MR. SUNIL MAKHARIA - PRESIDENT FINANCE, LUPIN LIMITED**
- **MR. R. V. SATAM - COMPANY SECRETARY, LUPIN LIMITED**

**Moderator (Rajiv Ranjan):** Sir we can start the proceedings now.

**Sunil Makharia**

Thank you Rajiv.

Dear Shareholders,

We warmly welcome you to your Company's Thirty-Eighth Annual General Meeting. We hope you and your family are safe and in good health. Due to lockdown on account of COVID 19 pandemic and social distancing norms and in compliance with the guidelines issued by the Ministry of Corporate Affairs and SEBI, this AGM is being held through Video Conferencing/Other Audio Visual Means. The live streaming of this Meeting is being webcast. We will now commence the proceedings of the Annual General Meeting. Mrs. Manju D. Gupta, Chairman of the Company has taken the Chair. Dr. Kamal K. Sharma, Vice Chairman, Ms. Vinita Gupta, CEO, Mr. Nilesh D. Gupta, Managing Director, Mr. Ramesh Swaminathan, Executive Director and CFO, Dr. K. U. Mada, Independent Director and Chairman of the Audit Committee, Mr. Dileep Choksi, Independent Director and Chairman of the Stakeholder's Relationship Committee, Mr. Richard Zahn, Independent Director, Ms. Christine Mundkur, Independent Director are also present at the meeting. I wish to report to the Hon'ble Chairman that the required quorum for the meeting is



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present. Since the AGM is being held through video conferencing, the facility for appointment of proxy by Members is not available. We wish to inform that the Company has received one representation under Section 113 of the Companies Act, 2013 for 20,56,08,135 shares. The Company had offered E-Voting facility to Members to cast their votes electronically on the Resolutions set forth in the Notice dated 28<sup>th</sup> May 2020 convening the AGM. Services of Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company have been engaged to provide E-voting facility. The Remote E-Voting period commenced on Saturday, 8<sup>th</sup> August at 9.00 a.m. (IST) and ended on Tuesday, 11<sup>th</sup> August at 5.00 p.m. (IST). During this period, Members holding shares as on the cut-off date i.e. Thursday, 6<sup>th</sup> August 2020 were eligible to cast their votes electronically. Members who have not exercised their votes through Remote E-voting can cast their votes through E-Voting facility during this meeting, which has already commenced. So, from 4.00 p.m. up to 15 minutes after the conclusion of the AGM. Ms. Neena Bhatia, Practising Company Secretary, is the Scrutinizer and she will ensure that the E- Voting process is conducted in a fair and transparent manner. Tomorrow, i.e. 13<sup>th</sup> August 2020, Ms. Neena Bhatia shall submit to the Chairman, Scrutinizer's Report of the combined voting results for each Resolution. The Results of the Resolutions shall be intimated to the Stock Exchanges where your Company is listed, i.e. Bombay Stock Exchange and National Stock Exchange and they will also be hosted on the Website of the Company and the RTA, i.e. Link Intime India Private Limited. I will now request the Company Secretary to read the notice convening the AGM and Auditor's Report. Over to you Mr. Satam.

**R. V. Satam:**

Thank you Mr. Makharia. The notice of the Annual General Meeting along with the Explanatory statement has been taken as read as the same has been sent to Members over E-mails which are registered with the Company. The Auditor's Report, which forms part of the Annual Report has also been circulated to Members along with the Notice of the AGM. The same is also taken as read. I now request the Hon'ble Chairman to please deliver her speech. Thank you.

**Manju D. Gupta:**

Thank you.

Dear shareholders,

I welcome you all to our Thirty-Eighth AGM, our first and hopefully only virtual one. While I am missing our personal interaction today, I hope that you and your families are healthy and managing safely through these unprecedented times. The COVID 19 pandemic is profoundly impacting our lives, families and communities. Over the past four months, our Company has



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focused on how we can help in the global fight against the virus and effectively continue the supply of our medicines to patients globally, while placing the highest priority on the health and safety of our people. With regards to business performance, FY20 was a good year, with us recording growth across all of our geographies. Despite the odds, we have demonstrated that we have the right strategy, focus and geographical footprints to deliver consistent and sustainable growth. We closed the year with growth across all of our key markets, with consolidated sales growth of 5.8%. During the year, we took some bold steps to ensure the Company continues on a consistent and sustainable growth path. We made strong progress on our strategic growth drivers, remediation, efforts at our sites, as well as cost optimization efforts. We strengthen our pipeline of complex generics and biosimilars, and closed our second major new chemical entity licensing, further validating our ability to innovate. In addition, we executed a strategic divestiture of our Japan business that strengthen our capital structure to invest in our priorities and strategic focus areas. Our US business stabilized in FY20 and saw an increase of 5% during the year. We retain the third position in the US accounting for 6.3 share of generics prescriptions dispensed, aided by our leadership in chronic therapies. We expect to continue our ramp up levothyroxine and look forward to the launch of our first major inhalation product Albuterol around this quarter. Our India Business continued to perform the Indian pharmaceutical market with 13% year on year growth in FY20. Our focus on brand building has helped us elevate 10 brands to the top 300 from just six in FY18. Coming to APIs for FY20, our API business constituted 9% of consolidated revenues with 46% market share in the TB segment. We hope to see even better performance in FY21. Our complex generic portfolio meaningfully advanced in FY20. On the inhalation front, Generic Fostair is the anchor product for our inhalation business in Europe and we expect to launch it in the UK in FY21. We also received European approval for our Etanercept biosimilar and expect it to launch it this quarter. Our Biosimilar pipeline is a rich portfolio of diverse products with the potential for us to be there in the first name of biosimilar launch. On the manufacturing front, we continue to build our capabilities as in strengthen our processes through our robust efforts in implementing important initiatives in quality and compliance, we now see consistent positive outcome from regulatory inspections. While we continue to see a wealth of growth opportunities for the coming year, we also see challenges, chief among them, of course, is the COVID 19 pandemic. But I am confident of the amazing spirit and dedication of Lupinytes across the globe to take us through these challenging times. The global COVID pandemic has further strengthened our resilience as a Company and our commitment to mankind. Even during the lockdown, despite debilitating challenges we delivered on our commitments to our



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customers. In addition, across all of our geographies, we continue to engage in activities that complement governmental relief efforts, distributing meals for kids, PPE, etc. We live by our values as Company and by the principles that DBG stood for making a difference with our efforts and serving the communities we live in. The first quarter of FY21 has been significantly impacted by demand disruption on account of COVID 19. We expect a strong performance to bounce back from Quarter 2 itself and we will build a much stronger Lupin on this foundation. Lupin is committed to DBGs vision of industry leadership and creating values and contributing to all our stakeholders. I thank you for your continued support and we look forward to a successful FY21. Thank you.

**Sunil Makharia**

Over to you Mr. Satam.

**R. V. Satam:**

Thank you Chairman for the nice Speech. Now I invite the speakers who have registered their names to express their views and ask questions on first come first served basis. In order to ensure that all speakers get an opportunity to express their views, we earnestly request them to stick their comments to three minutes. Over to the Moderator.

**Moderator:**

Thank you Sir. Myself Rajiv Ranjan the moderator of event. I invite Mr. Kaushik Sahukar, the first speaker for the meeting. Mr. Kaushik you are live now; you can speak now.

**Kaushik Sahukar:**

Hello. Am I audible ?

**Moderator:**

Sir, you are audible kindly enable your camera and speak.

**Kaushik Sahukar:**

(was inaudible).

**Vinita Gupta:**

The sound is very muffled.

**Kamal K Sharma:**

Yes.

**Moderator:**

Mr. Kaushik, we are not able to hear your sound.

**Mr. Kaushik Sahukar:**

(continued to be inaudible).

**Nilesh D. Gupta:**

I am sorry, I can't hear a word.

**Vinita Gupta:**

His voice is very muffled.

**Nilesh D. Gupta:**

So maybe you can dial again Kaushik and meanwhile, we move on to the next one we will come back to you.

**Mr. Kaushik Sahukar:**

(despite best efforts, continued to be inaudible).

**Vinita Gupta:**

Unfortunately, your voice is very muffled. Please join again.



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- Moderator:** Ok, sir, we move on to the next speaker. Second speaker is Mr. Hari Belawat. Mr. Hari you can ask your questions.
- Hari Belawat:** Good afternoon, am I audible?
- Moderator:** Yes, you are.
- Hari Belawat:** Thank you. Good Afternoon everybody. In fact, we are impressed with performance of the Company. Hello. Am I audible? We are impressed with the performance of the Company. The consolidated Net Sales have gone up to the extent of 6%. EBIDTA is 18.75% which is acceptable as per our industry norm. PBT has gone up, but the bottom most line is net profit which is showing losses. Another thing is lot of inspections, inspection observations that have torn the image. Your OAI Inspection and off late in April and May, lot of EIRs have been received. So, it is a good thing that the Company has received EIRs for the Plants under observations. So, now what all is pending in U.S. FDA ? Are there any Plants under observation still under U.S. FDA ? Kindly inform on that. Then another thing is coming to this impairment losses, impairment losses from last three years we are seeing you know in FY18 also you have shown Gavis ₹ 1454 crores, this year 2020 also ₹ 1590 Crores. The expense is almost, ₹ 3000 crores shown as this impairment losses and that too for intangible assets and I am not sure that have we totally shown this Gavis acquisition total loss or we are in a position to that. Partly you have done in these 2 years, I don't know how much is left out or remaining to be shown as impairment. Kindly give some idea on that. Because this has really brought down the profit and the negative, the first time in 10 years performance I have seen your Balance Sheet which is shown as losses. Losses needs to be avoided. Is it possible to amortize it? Amortise means you have shown in two years only i.e. year up to 18-19, 19-20. Like they are doing in other you know like depreciation or something. Amortization can be done which can be spread over a period of five years-ten years so that all of a sudden we don't see the knee jerk losses and then this finance costs has gone up to ₹ 363 crores yet against ₹ 302 crores though there is a reduction in you know debt, it is really good that debt would be reduced to the extent of ₹ 3700 crores and debt equity has also cut out it is really good, but why finance cost has gone up in 2020 despite reduction in total debt of the Company. Lastly, I would like to know this Favipiravir COVID drug it is announced that Lupin is coming up with that drug in market. If you can throw some light on what it is. What will be the revenue contribution of that in our total revenue ? These are some of the important things. Despite all that you have really given good dividend of 300%, last year it was 250%. We appreciate the magnanimity of the Management shown by them as regards Dividend. We wish you all the best Sir and I support all the Resolutions. Thank you very much.



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- Moderator:** Thank you Sir. So, the next speaker is Mr. Shailesh Mahadevia. Mr. Shailesh, you are live now kindly enable your camera on the panel and you can speak.
- Nilesh D. Gupta:** Shailesh Ji you're on mute.
- Shailesh Mahadevia:** Oh, I'm on mute.
- Nilesh D. Gupta:** You're fine now. We can hear you. Please go ahead.
- Shailesh Mahadevia:** I am back on mute.
- Nilesh D. Gupta:** We should be able to, hear you now.
- Shailesh Mahadevia:** I will keep the camera on so that you can see me as well.
- Nilesh D. Gupta:** Yes, we can see you.
- Shailesh Mahadevia:** Oh. Thank You. Respected Chairman, distinguished Directors and Members of the Company. Sir, we are having this video conference for the first time. And it is for the first time that I have read the Report of a soft copy and not the usual one to which we are accustomed and Sir I am one of the first victims for this new arrangement, because I did not get the Annual Report or the Notice. And yesterday I found that it has gone in junk. So, I was surprised and shocked. And then I requested the Secretary that this is the situation. He was kind enough to accommodate me and give me the opportunity to participate. So, I am gradually trying to acquaint myself with internet and various other facilities. Sir, needless to say that I have not been able to go through the entire report as I would like to have, but I have read it sufficient. Sir, let me begin and let me recollect the role our Company has played in the eradication of TB in the past. We were complimented by the whole world for this particular work we have done and now we are playing the role, to face the challenges created by COVID. And we have read about the work which we have done and the contribution we have made. My congratulations to the entire Management. Sir, third observation, I would like to make that our debt equity ratio has gone down considerably from 0.38:1 to 0.12:1. Next, excellent point is that we are spending 10% of our revenue for R&D and that is exactly our real strength that I appreciate. Sir, our EBITDA is as high as 18.7% one of the best. And Sir, let me also inform you that on this Report, I can see the photograph of our Chairperson, our Managing Director and his sister both of them with good smile. Sir, now I wish to put some of the question with a view to increase my understanding and appreciation of the working of the Company and the good work which is being done by you all. My first question is that 90% of our income is from Formulations, and about 10% from API. The government has given encouragement for developing more and more APIs in India in the recent policy. Sir, I would like to know whether we are making efforts to increase the percentage of API in our total turnover? Sir,





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my next question is regarding the spend on health conditions. In the United States, 17% of GDP is being spent for health care. Sir, may we know how much percentage of GDP is being spent in India, that will give us an idea about the potential which we have in this field. Sir, my next question is regarding the program of Biosimilar. We had given great emphasis to this particular source of our income. Sir, may I know where do we stand as far as this particular technology is concerned? Sir and then my next question is regarding the reports which are Board of Directors' Report which is being prepared and the Report of various annexures. To give you an idea, we are preparing the Business Responsibility Report, which is supposed to be prepared on standalone basis not on consolidated basis and there we find two or three things which are interesting, drawing our attention. Although we are spending substantial amount on CSR, our actual expense as per this data is 1.23% as against the minimum requirement of 2%. My suggestion is that we should try to improve on our spending, because whatever we spend on CSR has a great multiplier effect. The cost which the company has to incur and the benefit which the society gets, they are of a very big difference and importance. Sir then, our Report has been prepared on a standard basis, what I would like to request that our Report should be integrated report taking into account all the six capitals of the company including financial and non-financial and the result which we get from the use of these six capitals. Sir that report will be of great help to us in our understanding and appreciation. It has been accepted internationally and my suggestion is that we are after all an international company and therefore, we should try to incorporate the same. Sir, then, my next suggestion and observation is that normally the Board's report is based on standalone working of the company except for the first paragraph which contains the financial result during the year. For example, I have already given you an example of CSR the further example is that maybe our Research and Development which is being shown in the Board's report is giving an idea about what we do for our individual company and not for our consolidated expense on the subject. Similarly, our foreign exchange earnings and outgo, we take into account what is there on standalone basis and Sir the most important thing is that the dividend policy is always based on standalone and not on consolidated. What I'm trying to derive and request the Board is to consider that our consolidated working of our company is much bigger and important and therefore, if the Board can include the consolidated data and give various items, on this basis, which will give the correct picture of the working of the whole Company. Of course, we are following the law as of today, but the law is meant for 10,000 listed companies, Companies like us should make their policies based on consolidated results wherever they are possible. Sir, then in your Managing Director's letter to the shareholders, you have talked about women health portfolio in the United States. Sir may we know what things are



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included in this particular portfolio and whether similar thing is likely to be worked out for Indian conditions. Sir, then the next question that we are having our facilities in the state of Jammu and Kashmir, happy to know. Sir, I would like to know, what activities are going on in Jammu and Kashmir and how many people are employed there, and what is our investment there? And are we likely to increase our activities there particularly when Article 370 has been removed in that particular area and government is going to encourage, invite more and more investment to create local employment, that will solve a number of problems as far as our Company is facing, Sir with this I wish organization every success, and I would like to thank and compliment the Secretarial Department, which is kind enough to accommodate me to give my views and to give necessary guidance for participation. And I wish every one of you good health in this crucial time. Thank you, Sir.

**Nilesh D. Gupta:**

Thank You Shailesh ji.

**Moderator:**

Thank you. The next speaker is Mrs. Ashalata Maheshwari. Madam, you can enable your camera and speak.

**Ashalata Maheshwari:**

Shriman Chairman Sahab aur anya sabhi Director bhai mera naam Asha Lata Maheshwari. Chairman sahab jis tarah aap apni team ke sath sabse pehle mein humare Param Pujiniya Babu ji Jin ki kabhi yaad nahi bhul sakti unke liye do shabda kahungi. Mujhe to aaj Param Pujiniya Guptaji ki bahut yaad aa rai hai. Unki yaad mai kahungi. Banjar jamin par phool ki chaddar bicha gae patthar ko moom or moom ko patthar bana gae wo toh phoolo ki tarah jantar par khushiya luta gaye or aakash mein taare bankar chamak gaye. Yahi main kahungi ki bhagwan jaha unki aatma ko shanti de. Chairman Sahab jis tarah ap apne team ke sath itne difficult or challenging business environment mein vishesh kar COVID ki mahamari ke samay growth sustain karne mein lage hain taaki shareholder value enhance ho aur jaise ki mera apse bahut purana rishta hai mein aap sabke liye yahi kahungi zindagi gujar jaye par pyaar kabhi kam na ho, yaad hume rakhna chahe paas hum na ho, kayamat tak chalta rahe ye pyaar ka rishta khuda kare aap sabse pyaar mera kabhi kam na ho. Chairman sahab jaha tak performance ka sawal hai humara itna dynamic Board hai jo innovation, digitization or latest technology se ek se badkar ek product bana rahe hai or janta ki life sudhar rahe hai or jis tarah humara market cap bada hai waha pura yahi darshata hai we are on the right track. Sach pucho to Lupin ne apna naam kama liya desh mein jhanda aisa gaada ki desh nahi videsho mai bhi baja dia or mai ye sab achievement ke liye mai apne pyaare bete Gupta ji or unki MDG ki bahut sarahna karungi or kahungi phool mile kisi ko kisi ko phoolo ka haar mile phool mile kisi ko kisi ko phoolo ka haar mile meri khuda se dua hai ki apko 100 saal ki umar mile yahi meri bhagwan se dua hai or muje bataeye aj apki mataji aae hogi unko bhi mera namashkar kahiye or boliye unki bhi bahut yaad





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ati hai aj tak bahut dur hai govt ki policy hai ki hum mil nai sake warna yeh sab dekhne ke bad mai to apka phoolo se swagat karti thi par meri shub kamnae phoolo ke jaise swikar kijiye. Mein sabhi employee or executive ko salute karti hu jaan hateli par rakhkar Company ke pragati mein lage hai vishesh kar Makharia ji jo ki bahut madhubhashi hain, bahut anubhavi hain, bahut maan samman dete hain, humari company ko bahut acche mile hain. Mein unhe apna bahut bahut aashirwad deti hu or Chairman sahab meri shubh kamnae thi or humesha apke sath rahegi. Issi ke sath full support dete hue mein dhanyawad deti hu.

**Moderator:** Thank you. The next speaker is Mrs. Vasudha Vikas Dakwe. You can enable your camera and you can speak now.

**Vasudha Dakwe:** Can you hear me?

**Nilesh D. Gupta:** Yes, we can hear you.

**Vasudha Dakwe:** Ok. Thank You. Good afternoon. Respected Chairman, Board of Directors and Fellow Shareholders. Myself Vasudha. I would like to congratulate the Company Secretary for sending me a copy of the report well in advance, I would like to ask what is Company's layoff policy for current employees if you are implemented for cost cutting basis. Secondly, I want to ask what is Company's next 2-3 years post COVID 19 situation views? With this I support all the Resolution. Thank you.

**Moderator:** Thank you Maam. The next speaker Mr. Jamshed Patel & Mrs. Hutokshi Patel. Madam you are live now you can enable your camera and speak.

**Hutokshi Patel:** Hello. Good evening. Am I audible?

**Nilesh D. Gupta:** Yes. You are.

**Hutokshi Patel:** Respected Chairperson Madam Manju Gupta Ji. Namaskar appko, Vice Chairman Dr. Kamal Sharma Ji, Vinita Gupta CEO, Nilesh Gupta, Managing Director, Ramesh Swaminathan, CFO, Sunil Makharia and Mr. Satam, Company secretary. The Secretarial team thank you very much for giving me the chance/ opportunity to speak. Even I thank Link Intime for connecting me with this video conferencing. I think it is Link Intime, am I right Sir ? Link Intime people thank you very much for connecting me with this video conferencing. So, I put forth some few questions. Straightaway I come to questions only. Speaker before me also said that the financial details are given in this Standalone position and not in the Consolidated form. Anyway, our debt in the standalone is approximately ₹ Six crores What is this debt for? And in consolidated level, what will be the debt if six crores in the standalone in the consolidated what will be the debt figure? Any plans to make the Company debt-free at consolidated level. The finance cost has shot up very significantly, what are the reasons



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for that? Have the promoters any plan to increase the stake in the Company? We have less than 30% dependence on raw material supplies from China, but we still have that, is it that we will continue to do so in spite of the whole world being suffering from China? if you can please let us know, cannot we do away with their raw material and arrange for supply from somewhere else. Acknowledged that our Company has achieved Formulation and API targets in April 20, in the peak of this pandemic COVID. It's very nice. Congratulations. Sir, how many patents do we have? How many have we applied for and how many we have received? How many are pending as far as patents are concerned. Sir, in the Annual Report, integrated reporting framework of international councils, where we have to give this integrated report having 7 capitals including financial capital that is missing in the Report. Anyway, now I wish the company all the very best and this video conferencing which is there, AGM which is conducted through video conferencing, I really prefer it. It saves time and money not only of the Company. I am sure the Board of Directors will realize that it saves time and money not only of the Company, it also saves time and money of shareholders also, conference hall tak jana time pass karna, time waste karna ghar se nikalte nikalte ek ded ghanta lag jata hai, sabko Company ka car nahi milta hai waha tak jane ke liye. We have to come by, either by our own vehicle or by train, and train is not possible in this time that's why it was video conferencing. Company should stress to MCA and even to SEBI saying that the practice of video conferencing should be throughout all the coming years also, instead of having it in the hall and all. The Company's waste of money and time is also there. It is one full day and all the employees are also in the Company, one full day is wasted of the Company also. So, I think it is a Company who should write this letter to MCA as well as to SEBI and stress the importance of video conferencing. Thank you very much. I wish the company all the very best, Maa ji aapko salaam. All the very best. I'm really very proud of you Vinita and Nilesh ji All the best to you. Thank you and also Sir Dr. Sharma, all the very best.

**Nilesh D. Gupta:**

Thank you

**Vinita Gupta:**

Thank you very much

**Moderator:**

Thank you, Maam. The next speaker is Mr. Rajesh Chainani. Mr. Rajesh, you can enable your camera settings and you can speak now.

**Rajesh Chainani:**

Hello. Can you hear me?

**Nilesh D. Gupta:**

Yes.

**Rajesh Chainani:**

Respected persons, highly distinguished Board of Directors and my fellow shareholders who are listening. My name is Rajesh Chainani. First of all, I thank the Secretarial Department for sending the



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Balance Sheet soft copy well on time. I don't have much to say but I just see the price of the stock from ₹ 500 it has touched ₹ 1000, One time we were at level of ₹ 2200. I hope Sir, under your leadership, Madam Manju Gupta Ji, Vinita, Nilesh and Kamal Sharma Ji under your great leadership, we will touch back that great glory again. See the way Glenmark pharma and the pharmaceutical company like Aurobindo, which was ₹ 300 has touched ₹ 1000 I hope so we will be touching the same miles again. And I want to say a few words Sir. "Na dur rehne se rishte tut jate hai, Aur na pas rehne se jud jate hai, Ye to Ehsas ke Pakke Dhage hai, Jo yaad karne se aur majboot ho jaate hain". And there is a saying Sir, from the great philosopher Swami Vivekanand. The best sentence by Swami Vivekananda. Take risk in your life. If you win you can lead. If you lose, you can guide so we are always the winner. So, we will always be leading and guiding others. I have full faith in the Company's Management. I support all your Resolutions Sir. And very best of luck, Sir, for the coming year Sir. Thank you very much.

- Nilesh D. Gupta:** Thank you.
- Moderator:** Thank you, Sir. The next speaker is Mr. Kirti Shah. Mr. Kirti Shah you can enable your camera settings and you can speak now.
- Nilesh D. Gupta:** We can't here you Kirti Ji.
- Moderator:** Mr. Kirti Shah. Sir we can connect to the next speaker. Yes, there seems to be some technical issue. We move to the next speaker Mr Amit Dodnani.
- Sunil Makharia:** Rajiv we can't hear anything.
- Nilesh D. Gupta:** Rajiv we can move on to the next and come back.
- Moderator:** Rest of the speakers are not available. So, they have registered as a speaker but during the Meeting, they are not available right now so we can move on to the next proceedings.
- Sunil Makharia:** Okay, Rajiv you can try the earlier ones who could not contact? Like Mr Kaushik and others. You want to try once?
- Nilesh D. Gupta:** I see, Mr. Sahukar, on now.
- Moderator:** Mr. Kaushik. You can enable your camera and you can speak now.
- Nilesh D Gupta:** I'm sorry. We can see you but you're not audible there. It's very unclear. I'm sorry, I think there's a problem with your mic. Yes, please email your questions and we will be more than happy to take them. Sure. Okay
- Sunil Makharia:** Nilesh you can speak now, Rajiv there are no other the shareholders now?
- Moderator:** Sir there is no other shareholder speaker.



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- Nilesh D. Gupta:** Rajiv we are getting background noise from your side.
- Moderator:** Sir there are no other Speakers. We can proceed on the next item.
- Nilesh D. Gupta:** I think there were a lot of questions on generics and on specialty. So maybe we hand over to Vinita to just talk about where that is headed. We will talk about compliance, some of those issues and then specific questions as well.
- Vinita Gupta:** Sure. Is that okay, Mr. Satam, to take questions now before we go to the next.
- R. V. Satam:** Yes.
- Vinita Gupta:** Okay. So, number of questions on prospects for the next two to three years. I'd like to say that we are very well positioned to leverage the growth drivers that we have invested into, both on the generic as well as a specialty front. As we have talked over the last couple of AGMs and quarters, the Company has been investing in evolving our complex generics from the strong foundation that we have built on the generics front. So, in the last five plus years, we have invested into areas like inhalation products, areas like complex injectables as well as biosimilars and have made tremendous progress. We will start reaping the benefits of these investments starting this fiscal year. So, I'll just take each platform briefly, on the inhalation front, we have multiple products that we currently have filed to US as well as Europe and other parts of the world. Our major product Albuterol that we are expecting approval any day now. We expect to launch very soon, that will be the start of our inhalation platform rollout, which will be a material growth driver in the next couple of years for the organization. This year, Albuterol, later this year, Fostair in Europe, in the next year, couple of other Inhalation products, we should have two to three more next year, and the following year, a major one Tiotropium on top of it, so we see a material inflection on the inhalation portfolio to help grow our generics business. Second, I said was complex injectables, where the Company has established significant internal capabilities. We have capabilities on the long acting injectables, depot Injectables at our Netherland site. We have built very strong capabilities on peptides as well as Iron colide products out of India and recently, we entered into a partnership with a company called ForDoz in the US to add Liposomal products to our portfolio. So really have a well-rounded portfolio of complex injectables at this point, which will help again drive growth in the next few years. As I mentioned the next couple of years is going to be inhalation, soon after that injectables will add on to the inhalation platforms and portfolio. We have also invested on the biosimilars front that Chairman talked about multiple questions around biosimilars, we have made significant progress on our first major product Etanercept, launched it in Japan last year. We are about to launch it in Europe this quarter. Our partner Mylan is launching in Germany to start



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with and then the next wave countries in France, Sweden, and the rest of Europe soon after. So, Europe is the largest opportunity in the near term for Etanercept, a pretty large market. So significant opportunity for Lupin in the near term from this European rollout of Etanercept. We have other products following Etanercept, we have a Filgrastim, Ranibizumab that are developing well in our portfolio. So again, the next couple of years, three to five years, significant growth drivers on the biosimilars front. So we are very well set as you can see from a portfolio standpoint with all the investments that we have made on the R&D front, team has planned from an execution standpoint to grow our generics business into complex generics in the next five years, that will help us both from a revenue growth objective as well as profitability margin expansion standpoint. On the specialty front, there were some questions around women's health portfolio, and how far we can leverage it. Our efforts on the specialty front have been on the women's health in the US and neurology Ex US, in Europe. We have our first orphan drug NaMuscla launched in Europe and it's into multiple countries now has been a very successful launch for a very debilitating condition. Very pleased that we are the only Company with a solution on the marketplace, have made significant progress in countries like Germany, UK and France and have expanded our reach through partnerships across all of the major European countries that are on a plan to roll out between this fiscal year as well as next fiscal year. We also looking at ways and means of getting this product into the US market. We have got U.S. FDA orphan drug designation for the product and are looking hard at the feasibility of bringing the product into the US market. On the women's health front, our lead product Solosec made really good progress through fiscal year 20. But COVID had a significant impact on the product in the visits to the doctor's office, especially in the OBG GYN segment came down by 80%. So had a significant impact on Solosec. Our scripts for Solosec halved through COVID. Our team took a very strong action to restructure our commercial model to a virtual model are supplemented by face to face reps, that reduces our spent significantly in the near term, still allowing us to grow the product. So, we are on the path now to grow the product again, we have seen multiple weeks of growth and prescriptions and have had recent wins from major formularies that will enable us to grow the product in the rest of the fiscal year and the years to come. So very committed to growing that product. In addition, we made significant progress on building our internal women's health portfolio. Our team in Somerset, New Jersey has worked on implant products, rings, and devices with the objective of both bringing novel women's health products as well as generic women's health products into the market and have made significant progress on that front, we will look to leverage that opportunity as much as we can across our various parts of the world. There was a question asked on, are we leveraging the opportunity in India as well, we actually have a very strong focus



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on women's health in India, and are building upon it. So definitely a strength that we will leverage across the world. So, as we look at the next five years, we will through a strategic focus around generics business evolving into complex generics and building novel products business through our specialty focus, we'll be able to take Lupin to a different level from a growth and profitability standpoint. I hope I have answered all the questions that were asked around generics as well as specialty, Nilesh.

**Nilesh D. Gupta:**

Yes. So, I will take some of the questions and then hand over to Sunil to take some of the finance questions. So, on the U.S. FDA plant status, we have 12 plants, and five of those have an OAI or a warning letter. This, you know, as we started out in FY21, this was the year where we expected a sea change on inspection outcomes. We actually have had a very solid run in the first six months in the first six months, all the inspections that we had, have had positive outcomes. That was not the case if you go back for the last two years. So, and you know, why is that? I think that is because of the efforts and initiatives that we've taken some of the people that we have brought on board. You know, we launched this major program called quality first, we built a lot of expertise on important areas like investigations and our job is not done. I think we're very clearly you know, you know, we've moved very deep into this process. We're going to keep moving ahead, the FDA at this point of time is not doing international inspections, they just announced that they will start doing domestic inspections in the US. We are hoping that our Somerset facility which is one of the five gets inspected. But we will work with FDA to make sure that the rest of them get cleared at the earliest as well. We are not where we need to be on the quality front. I think we moved ahead significantly in the last six months. And now we need to continue that momentum to get to the rightful place. There was a question on impairment. We've already taken the necessary impairment in line with the, you know, accounting practice and the product portfolio that we been carrying, specially out of the Gavis assets in Somerset and we are done with that. I think we're in a good place with the assets that we have, we don't see any further impairment at this point of time. On the COVID drug Flavipiravir, we have launched it in India, there are several other companies that have launched it as well, our intent very clearly was to make it at affordable price. So that it would be accessible to all that needed. We believe that it's a great drug for mild to moderate COVID symptoms. And we hope that, you know, all that need to have it will have access to it at a very reasonable price. On the API efforts, I think there is a resurgence of the API sector in India and I think it's a great opportunity even before COVID I think that was coming up. And, you know, with the recent schemes that the Indian government has announced, it's a step in the right direction for us to be able to put more increased efforts on the API front. I don't think we'll do it indiscriminately. But in the product sense and categories where we are very meaningful. That's quite the intent





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would be to further consolidate our position and be more vertically integrated. There is the question on the percentage GDP spend on healthcare in India? We heard the US number for India, it's about 3.6%. It's very, very low. On the CSR spend, Sunil will add, but we are close to 2% at this point of time, so 1.23 was last year, but I think we'll be close to 2% and Sunil you please feel free to add in your part as well. In terms of facilities in Jammu and Kashmir, we only have a facility in Jammu which is focused on India and WHO markets. We intend to expand production there. Again, for the similar India and WHO oriented markets. And it's a nice facility, we had a very good run there. We intend to continue that. There was a question on the layoff policy for cost cutting. And, you know, Lupin is on a higher manpower cost base, you know, we are very seized by this, you know Vinita and I, have spent a lot of time talking about this with the rest of the team as well. We need to selectively look at how to optimize cost, but our philosophy when we've had to do retrenchment efforts, including in the US recently, has been, you know, a very positive oriented one. Vinita maybe you could just add a few lines on that.

**Vinita Gupta:**

Sure. You know, our people are our strength. We really count on Lupinytes, to really deliver our plans, but, you know, as Nilesh mentioned, in areas where we felt that we needed to restructure and restructure really with the purpose, as we looked at our strategic focus going forward, we determined areas where we need to focus on more and areas where we need to reduce our focus and very purposeful around any reductions. In the US in particular on the specialty front, as I mentioned just giving the COVID impact in the near term, we have felt that it made sense to do a workforce reduction, we did a significant workforce reduction bringing down our specialty team really to one third the size. We were very fair, our policy was extremely fair, our HR team managers across the different countries, we wanted to make sure that people were taken care of. In fact in the US in particular, just given the COVID situation we were very thoughtful and extended health benefits to our employees that were affected well beyond the policy period. So, you know, our approach is very fair and to make sure that we want people that are affected by any layoffs, still leave the Company with a very good feelings, with very strong impressions that the Company treated them fairly as much as their colleagues within the Company would want to know that the Company has been very fair. So broadly that is our approach.

**Nilesh D. Gupta:**

Just couples of questions on the promoter stake, there are no plans to increase the promoter stake right now but Lupin is our family legacy, so we would protect that stake very closely. On dependence on China, we are looking very closely, at I wouldn't say not just China, but in general, specially in the COVID scenario our dependence on single vendors has come out starkly, we have fared better than most of the companies at this point of time, but we are looking at that closely and we will make investment



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wherever required to be able to de-risk, specially add important products. You know, we see that happening in our mid-term plan vis-a-vis the earnings that we would have. But we appreciate the support and confidence that all our Stakeholders have in us. Thank you. Sunil.

**Sunil Makharia:**

Sure. Am I audible?

**Nilesh D. Gupta:**

Yes, you are.

**Sunil Makharia:**

Thanks Vinita and Nilesh I think you already replied to most of the questions. There was a question relating to finance costs and the loans position. Yes last year the interest cost was high and mainly because of last year interest rates were high and also impact of the lease accounting which was applicable effective from 1<sup>st</sup> April, 2019 whereby we had to recognize part of the lease cost as the interest cost. The relevant point would be the interest and loan position as of now and in Quarter-I where we recently announced the Results the finance cost was just ₹ 44 crore which has come down from ₹ 107 crore in the sequential quarter. So there is a substantial reduction in the interest cost and yes obviously one of the reason is interest rates are coming down and our overall loan position also has reduced substantially. There was a question about how much loans were there as on 31<sup>st</sup> March. Total loans were ₹ 1511 crore and now as on 30<sup>th</sup> June, for which we announced the results, total loans were just ₹ 349 crore. So you can see substantial reduction in the overall loans and so is the debt equity ratio has improved from 0.12:1 as of 31<sup>st</sup> March 2020 to 0.03:1. So practically we are almost debt-free Company. There was a very specific question when the Company will become absolute debt free. So we hope that by year end definitely we on a net basis we should be debt-free. Similarly net debt to EBIDTA ratio has improved in this quarter from 0.53:1 to 0.16:1. One of the fellow shareholder asked about the loans on Standalone basis. We do not have any loans on Standalone basis. It was just ₹ 6 crores, temporary utilization of the overdraft limits. Most of our loans which were there as of 31<sup>st</sup> March were on a Consolidated basis. About the CSR expenses Managing Director has already replied, last year it was 1.23% but this year definitely we are looking for increase in the expenses and we hope that this year it will be almost 2 % of the average net profits of the last three years. We are spending a lot on COVID activities also and we hope that this year it would be 2%. Dividend, one shareholder asked about the dividend yes the dividend percentage was increased from 250% to 300% and you would appreciate this was mainly to compensate the higher tax burden so now as you know the dividend is taxable in the hands of the recipients, in the hands of the shareholder and that's why the Board of Directors thought that it would be good to increase the percentage dividend from 250% to 300 % to compensate the additional tax burden on the Company. About Directors Report and Business Responsibility Reports, yes these reports are primarily on the basis of a Standalone numbers and this is how we follow.



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Yes as an additional information we give sometimes the Consolidated numbers also for example in the first page of Directors Report when we are giving the financial results, we give both Standalone as well as the Consolidated Results. But the important ratios like employees cost in relation to the mean costs, average costs, they all have been calculated on the Standalone basis. Impairments, Mr. Nilesh Gupta already replied that this is based on the accounting policy and we do not see any Impairments coming. Yes, the first Shareholder asked about losses and they were mainly relating because of the Impairment and we follow Conservative policy also in terms of Impairment. I think, Yes, there was a question about Jammu Plant. That Plant manufactures Formulations and total investment since it's not a very capital-intensive plant its investment would be about ₹ 40 crore. Total there are about 170 employees. I think we have covered most of the questions and if you need further clarifications, more answers, feel free to contact me any time or the Company Secretary after the AGM and we would be happy to answer your questions or to your queries. Thank you very much. Over to Company Secretary now.

- Sunil Makharia:** Nilesh can we go ahead now?
- Nilesh D. Gupta:** Yes of course, please go ahead.
- R. V. Satam:** Yes, in fact, AGM is close to conclusion now. The shareholders who are present in the AGM through the Insta Meet and who have not casted there votes through remote voting earlier can cast their votes through the AGM in the next fifteen minutes will keep the facility open for the benefit of the Shareholders and I thank all the Shareholders, Stakeholders and Board of Directors.
- Kamal K. Sharma:** Do we have to read out the Resolutions ?
- R. V. Satam:** Sir, since it is basically E-Voting, items are already circulated so there is nothing to be called out.
- Sunil Makharia:** Satam you can just quickly run through the Resolutions as Dr. Sharma mentioned about ?
- Kamal K. Sharma :** No, I am not insisting. if it's okay, as in normal AGM we do.
- Nilesh D. Gupta :** It's good.
- R. V. Satam:** Give me a minute.
- Sunil Makharia:** Satam, I will quickly take the Resolutions. First resolution was regarding approval of Standalone Financial Statements, second resolution was approval of the Consolidated Financial Statements, third resolution is for declaration of dividend of ₹ 6/- per equity share, fourth resolution was for re-appointment of Mr. Nilesh Gupta as a Director who retires by rotation and being eligible, offers himself for re-appointment. Item number fifth was re-appointment of Ms. Vinita Gupta as the CEO of the Company. Next item was regarding the



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appointment of Mr. Ramesh Swaminathan as Executive Director and CFO of the Company. Next item, resolution number seven was Special Resolution for the re-appointment of Mr. Jean-Luc Belingard who has completed his first term as an Independent Director and now he is eligible for second term and it is proposed to re-appoint him for a period of another five years from this AGM. Resolution number eight was regarding payment of Commission to the Non-Executive Directors. Though as per the Companies Act we are permitted to pay up to 1%, the Board of Directors had recommended payment of 0.5% of the profit as a payment of Commission to the Non-Executive Directors and the last item was regarding the appointment and remuneration to the Cost Auditor Mr. S. D. Shenoy as per the provisions of the Companies Act. No. Dr. Sharma good to mention so we did the resolutions.

**Kamal K. Sharma:**

Thank You.

**Sunil Makharia :**

Over to you Satam.

**R. V. Satam :**

I think we can conclude the meeting.

**Sunil Makharia :**

Thank You. Scrutinizer will submit the Report tomorrow and as I mentioned in the beginning, we will be announcing the Results of all the Resolutions tomorrow itself and that will also be placed on the website of the Company. We will also intimate the Stock Exchanges. The voting is open, any shareholder who has not cast the vote can do so please now. Thank you very much, thanks to the Board of Directors, thanks to the shareholders for finding the time to attend this AGM even in this difficult times and hopefully we will meet personally next time and thanks to the Chair.