



# “Gland Pharma Limited 44<sup>th</sup> Annual General Meeting”

**August 30, 2022**



## **MANAGEMENT:**

**MR. SRINIVAS SADU –MANAGING DIRECTOR & CEO**

**MR. RAVI SHEKHAR MITRA – CFO**

**MR. P SAMPATH KUMAR – COMPANY SECRETARY**

## **BOARD OF DIRECTORS:**

**MR. STANLEY Y LAU, CHAIRMAN AND INDEPENDENT DIRECTOR**

**MR. YAO FANG – NON-INDEPENDENT DIRECTOR & NON-EXECUTIVE DIRECTOR**

**DR. JIA AI(ALLEN) ZHANG – NON-INDEPENDENT DIRECTOR & NON-EXECUTIVE DIRECTOR**

**MS. NAINA LAL KIDWAI – INDEPENDENT DIRECTOR**

**MR. C. S. N MURTHY – INDEPENDENT DIRECTOR**

**REPRESENTATIVE OF STATUTORY AUDITORS & SECRETARIAL AUDITORS, GLAND PHARMA LIMITED.**

*Disclaimer: This is a transcript of the proceedings of the Annual General Meeting of Gland Pharma Limited held on 30<sup>th</sup> August, 2022 at 11 am. While we have made our best attempt to prepare a verbatim transcript of the proceedings of the meeting, however, addresses made in Hindi or any other regional languages have been appropriately translated in English and may not be a word to word reproduction.*



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**Moderator:**

Dear Shareholders, good morning and a warm welcome to you all to the 44<sup>th</sup> Annual General Meeting of Gland Pharma Limited being held through video conferencing and Webcast.

The facility for attending the AGM through video conferencing is being provided to a minimum of thousand Shareholders on first-cum-first serve basis. For the smooth and seamless conduct of the meeting, the bridge of audio and video of members for interaction with the Directors will be closed until they are allowed to speak at the AGM as per the pre-registration. Please note that as per the requirements of the law, the proceedings of the Annual General Meeting will be recorded and the transcript will be uploaded on the website of the Company.

I now invite our Chairman - Mr. Stanley Y Lau to initiate the proceedings. Thank you, and over to you, sir.

**Stanley Y Lau:**

Good morning ladies and gentlemen. On behalf of the Board of Directors of Gland Pharma Limited, I cordially invite each one of you present here at the 44<sup>th</sup> Annual General Meeting of the Company. This meeting is being held through video conferencing and other audio-visual mode as we continue to follow health and safety restrictions with regard to holding physical meetings. We comply with the regulatory requirements of Securities and Exchange Board of India.

The Company has taken all possible steps to ensure that the shareholders are provided with an opportunity to participate at the Annual General Meeting and also to vote. We are also very pleased to have your virtual presence here together with us today. As the requisite quorum is present, I now declare this meeting open.

I would like to start the meeting with a brief introduction of our Board Members and other key invitees who are participating through video conferencing. I would request you to raise your hand as I call out the names.

Mr. Srinivas Sadu – MD & CEO is joining us from the Gland Pharma Corporate Office.

From the Fosun Pharma, Shanghai we have Mr. Chen Qiyu(not attended the meeting).

Mr. Yao Fang, and Dr. Zhang, the Non-Independent and Non-Executive Directors.

Our Independent Directors are Naina Lal Kidwai from Delhi and Mr. C.S. Murthy from Hyderabad are attending the meeting.

We also have with us Mr. Ravi Shekhar Mitra – CFO. Mr. Sampath Kumar – Company Secretary and the Representative of the Statutory Auditors & Secretarial Auditors as part of this virtual meeting.



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Mr. Udo Vetter and Mr. Essaji Goolam Vahanvati – Independent Directors could not attend the meeting.

Mr. Yifang Wu and Ms. Xiohui Guan, retired by rotation as Directors at the commencement of this meeting. They do not offer themselves for reappointment, and hence they are also not participating in this meeting.

I request all attendees to extend their full support and cooperation for systematic conduct of the proceedings of this virtual meeting today. And with that, ladies and gentlemen, I pass you over to Mr. Kumar, our Company Secretary.

**Sampath Kumar:**

Good morning dear Members. This meeting is being conducted through video conference and webcast as per the provisions of the Companies Act and the SEBI Regulations. The Annual Report containing the Director's Report, Auditor's Report, Financial Statements and other reports along with the Notice of this Meeting have already been circulated to the members at the registered email ID. I hope you all have received a copy of the same. With your permission, I take the Annual Report as read. Since there are no qualifications, observations, comments or remarks in the Statutory Auditors Report and the Secretarial Auditors' Report for the Financial Year, ending 31<sup>st</sup> March, 2022. I take liberty to not to read the report in the interest of time.

In order to enable the Shareholders to vote on the resolutions, we have provided e-Voting facility through Link Intime platform. e-Voting commenced at 09:00 a.m. Indian Standard Time on Saturday, August 27, 2022, and ended on August 29, 2022 at 05:00 p.m. Voting rights were reckoned on the shares held as on the cut-off date that is August 23, 2022. Since the Shareholders are provided with e-Voting facility, there will be no voting by show off hands at the meeting as per the statutory provisions. In case you have not exercised your voting right through remote e-Voting facility, I request you to do so now while attending the AGM proceedings. Voting will remain open up to 30 minutes from the time the Q&A session ends.

The Statutory Documents, Registers and Reports which are required to be placed at the AGM for inspection are open for inspection electronically. If any of the members wish to inspect these documents, they can write to us at [www.investors@glandpharma.com](mailto:www.investors@glandpharma.com). My colleagues will facilitate the inspection electronically.

May I now invite our Chairman Mr. Stanley Y. Lau to address the Shareholders and deliver his speech.

**Stanley Y. Lau:**

Ladies and gentlemen, I will once again like to welcome you to the 44th Annual General Meeting of your Company. Let me take you through the changes in Board since the last AGM.

Mr. Li Dongming resigned as Director with effect from 10<sup>th</sup> of March 2022, consequent to his decision to pursue better opportunities outside Fosun Pharma. He confirmed that there were no other material reasons for his resignation.



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Mr. Yao Fang is appointed as an Additional Director for the Board of Directors on the 10<sup>th</sup> of March 2022. And later is appointed as a Director by the Shareholders through postal ballot on 20<sup>th</sup> April 2022.

Ms. Xiohui Guan and Mr. Yifang Wu retired by rotation at this Annual General Meeting and they did not offer themselves for reappointment.

On behalf of all of us, I would like to place on record our deep appreciation for the contribution made by Li Dongming, Yifang and Guan Xiaohui to your Company.

I would like to express my deepest appreciation that as a Company, Gland Pharma continue to pave it's way for a better and sustainable future despite a challenging environment from geopolitical uncertainty to the pandemic.

Despite the second wave in last year and persistent scare from emerging new virus variants, I am proud of your Company that keep the operation running to provide access to affordable medicine with unbiased quality standards. The Annual Report which was already circulated to you explains how as a Company we adapted to the changing environment, demand to meet the patient's needs globally.

Your Company successfully deliver on different businesses KPIs along with a very strong financial growth. There has been a visible improvement in the business environment in 2022, but the global economy recovery is set to face challenges amidst emergence of COVID variants, diminishing fiscal support and continuous supply chain bottlenecks. Inflation continue to rise throughout the second half of CY'21. Fossil fuel prices skyrocketed and supply chain disruptions emerge with clogged up ports and container shortages. These factors lead to broadening price pressures, prompting Central Banks to consider policy rate change.

We are a pure play injectable company. The growth of injectables market has been among the fastest, across all drug delivery forms. The global injectable market was estimated to be \$550 billion growing at a CAGR of approximately 9.7% over the last five years in 2022. Currently, injectables are the second largest form of drug delivery systems and account for over 42% of the global market share.

North America, the biggest market has been capturing more market share as usage increase in the region. North Japan, Russia, Korea, Australia and Saudi Arabia are some of the other key markets contributing to more than two-thirds of overall Rest of the World injectable market.

Indian manufacturers accounted for nearly one-third of the market by volume in the USA, with their share growing, driven by quality manufacturing capacity and competitive pricing. India's cost of production due to lower competitive land rates, skilled labor and low utility costs is 30% to 40%, lower than that of the United States. India has the highest number of USFDA approved manufacturing facilities outside the United States.



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We ensure commitment to highest standards of quality in all products and remain prepared for quality audits throughout the year. As a policy, there is never any compromise on quality.

ESG strategies and goals have been set and reviewed by the Company to manage ESG impact and to integrate sustainability into relevant business operations. Your Company has integrated energy saving as key consideration into ESG audit system. We also actively manage climate related risks and opportunity in business operations.

Looking ahead, the Board will continue to optimize the ESG management of the Company, actively respond to concern of our stakeholders, formulate corresponding action plans, regularly review the progress of the variable objective and facilitate the improvement of ESG management.

Your Company has continued to perform to Shareholders expectation, weathering the challenging macroeconomic and geopolitical factors. The management teams has lived up to the demanding nature of the business to implement strategic plans amidst the challenging environment. Your Board will continue to review the progress and provide strategic support and guidance to the team.

I request Mr. Sadu, Managing Director and CEO to give you a brief overview of the business. Mr. Sadu.

**Srinivas Sadu:**

Good morning to all the Shareholders and all the Attendees, I would once again like to welcome you to the 44<sup>th</sup> Annual General Meeting of your Company. This is our second AGM after being listed on Stock Exchanges, and we are having it virtually on account of the safety protocols. Nevertheless, I am very glad to meet all of you today.

I will be talking about our key strategic priorities for the future and our business performance for the past year.

The COVID-19 pandemic has been disruptive in more ways than one affecting lives globally. At Gland, we brought together a collective resources and strengths to respond to the challenging situation and run the business with the resilience that our clients, our employees and our shareholders expect from us.

This approach, where the collective strength of Gland was leveraged, not only rally our teams to collaborate and drive synergies, but also demonstrated it as a core differentiation when it comes to helping our partners by supplying products in a timely manner during these trying times. It amplified our significance in their growth plans, and gave them more reason to trust us, to deliver at a time when the business sought support to tide through these challenging times.

In terms of impact to our business, initially we saw an immediate shift in product mix that demanded us to remain agile and turn challenges into opportunities. The recent quarters, we



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observed severe stress on the supply chain where even primary packing materials are delayed impacting our product sales.

The macro environmental changes, be it lockdowns across China, Russia-Ukraine War and power shortages has also resulted in inflated supply chain costs. I am proud to say that in spite of all these challenges, we delivered our best financial year performance since inception of the Company.

If we look at our performance over the last five years, we have delivered secular growth of revenue, at a CAGR of 28% and growth in PAT at a CAGR of 39%. We have historically been a conservative company, with all our growth coming from our internal accruals, apart from investments from private equity investors.

We continue to remain a zero-debt company and are well positioned to leverage the strength of a balance sheet to accelerate growth going forward. Our business model has allowed us to maintain superior operating efficiencies, as well as incorporate global best practices much ahead of the curve.

FY'22 was a record year for us in terms of our performance. We recorded sales of Rs. 44,007 million, a growth of 27% over last year, and the PAT of Rs. 12,117 million, a growth of 22% over the previous year.

Our growth in core markets was 16%. In Rest of the World markets was 55%. And in the domestic market was 60%. We filed a total of 29 ANDAs in the U.S. during FY'22, which include four complex injectable filings. Our ability to follow through these filings to successful approvals, which translate to timely new product launches, provides us with sustainable growth.

In FY'22, we launched 44 product SKUs, which contributed 5% in terms of revenue growth over the previous year.

We commercialized our Penem portfolio during the year with launch of Ertapenem and Meropenem. We also launched other products like Foscarnet, Norepinephrine, Fluorouracil and Docetaxel. The resilience of our business model, coupled with the focus execution of business plans helped us deliver this performance.

In spite of challenges on the availability of manpower, employees rose to a situation and went that extra mile to show their commitment. I would like to thank all our employees for putting in strenuous hours during these tough times.

When we looked at our business about three years back, there was an extensive risk of geographic concentration. Rest of the World market contributed 9% of revenue in FY'20 and the core markets contributed 73% of our revenue. We started focusing on geographic diversification, to reduce dependence on a single geography and also leverage benefits of scale with new



capacities coming online. We filed our products across markets, built new business relationships and worked on optimizing product supply chain. As a result, we managed to ramp up the business in Rest of the World markets from Rs. 2,316 million in FY'20 to Rs. 8,481 million in FY'22 growing at a CAGR of 91%.

Our key markets include Saudi Arabia, Brazil and Thailand. While our key products are Enoxaparin Sodium, Heparin Sodium and Rocuronium Bromide.

Our China strategy will drive the next leg of growth in the Rest of the World markets where we have the benefit of a local presence of our parent Fosun pharma. We expect to start receiving approvals of product filings in FY'23.

We have finalized the next set of product portfolio for the market and have initiated development activities for the same. We are targeting an addressable market size of nearly USD \$1 billion with the next set of product portfolio in the China market.

To foray into the biologic CDMO space, we have completed making investments in building a drug substance plant and have also built two finished product lines at our Pashamylaram facility. We faced a setback in our vaccine initiative, but remain focused on leveraging the learnings for the future. We are having interest from our partners and biologic CMO opportunities and the rich experience of a biologics team, gives me further confidence in our ability to translate these discussions into business wins.

I always believe that the strength of our R&D is a key to sustainable growth. We work with a rolling product pipeline that is a healthy mix of simple and complex injectable products. This ensures consistent growth from new product launches on a year-on-year basis. In FY 2021-22, upon excluding capital R&D expenditure, our R&D expenditure was Rs. 1,932 million, which is nearly 4.4% of our revenue from operations.

All our R&D investments are scrutinized in-depth and meet our internal ROCE targets. We are establishing capabilities in niche technologies like LAIs (Long Acting Injectables), Suspensions, Hormones, Peptides, both on development and manufacturing. We have filed four complex injectables in FY'22, which includes three hormonal products and one complex peptide.

In terms of manufacturing capabilities, we have commissioned lines that can handle hormonal and suspension-based products, and also initiated work on Combi-vial line with microsphere based manufacturing capability.

We are simultaneously working on our inorganic growth plans which are aligned with our long term strategy. We continue to leverage the strengths of our parent company Fosun Pharma in this aspect.



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Apart from catering to the global drug requirements, your Company also contributed several social welfare activities. Throughout the year, your Company continued to provide free breakfast to students and assisted construction of government schools to improve the quality of education for underprivileged students.

Your Company has signed a Memorandum of Understanding with the L.V. Prasad Eye Institute, which will help in providing surgical services to at least 3,500 people over the next few years, as well as provide house-to-house screening services for 5,000 senior citizens. It also made contributions to address the medical infrastructure shortage in the hospitals, as well as offered help in improving the Road Safety infrastructure.

From building a diverse workforce, with strong inclusive leaders, nurturing ESG aspirations and earning the trust of all stakeholders through ethical corporate governance, we are doing our best to create a sustainable business. We are proud of our employees for the dedication that has positioned your Company so well for the future. Our journey thus far would have been impossible without their unstinting efforts. We also thank our Shareholders for their continued support. The Board of Directors have been a strong guiding force ensuring we make progress on our strategic plans with discipline.

I would like to hand over to Sampath to proceed with other meeting items. Thank you.

**Sampath Kumar:**

I am happy to share that around 48 members have so far logged into our Annual General Meeting and are attending this meeting. Since this meeting is held through video conference, and the resolutions provided in the Notice have been put to vote by e-Voting. There will be no proposing and seconding on the resolutions as we used to have in the physical meetings. I will now brief you on the resolutions that have been proposed for the approval of the Shareholders in the Notice of the Annual General Meeting.

Item #1 & #2 of the Notice pertains to the adoption of Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2022. Together with the report of the Board of Directors and Auditors, and have been proposed as ordinary resolutions the Board has recommended these financial statements for the adoption of the members.

Item #3 of the Notice pertains to the reappointment of Ms. Guan Xiaohui as she is yet to receive the security clearance from the Ministry of Home Affairs for reappointment as Director, she did not offer herself for reappointment. And accordingly this item was not taken up for voting.

Item #4 of the Notice pertains to not to appoint any Director in place of Ms. Guan, in this meeting and has been proposed as an ordinary resolution. Considering the statutory provisions, the Board has recommended to pass this resolution.



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Item #5 of the Notice pertains to the reappointment of Mr. Wu Yifang. As he is yet to receive the security clearance from the Ministry of Home Affairs for reappointment as Director, he did not offer himself for reappointment. And accordingly, this item was not taken up for voting.

Item #6 pertains to not to appoint any Director in place of Mr. Wu Yifang in this meeting and has been proposed as an ordinary resolution. Considering the statutory provisions, the Board has recommended to pass this resolution.

These are the four items which have been proposed in the Notice of the AGM for the approval of the Shareholders.

We will now invite the Shareholders who have registered themselves to ask any questions to the Management or the Statutory Auditor or the Secretarial Auditor. We have received 10 requests from the members. They will be unmuted and will be allowed to ask questions when called upon by the Moderator.

Members who have not registered themselves as a speaker, but still want to ask any question may do so by posting the questions in the Chatbox available on their screen. We will respond to all the queries by the speaker shareholders and the queries received in the Chatbox in one-go. In the interest of time, I request all the speaker shareholders to please keep their questions brief and not repeat the question which has been asked by their fellow members. I also request them not to take more than three minutes. This will ensure that other members get a chance to speak at the AGM.

Once the voting is completed, the scrutinizer will compile the result of both remote e-Voting and e-Voting at the AGM and will submit the final report to the Company latest by 11 a.m. on Thursday, September 1<sup>st</sup>, 2022. Combined result will be placed on the website of the Company and the website of Link Intime. The result will also be submitted to the stock exchanges. On the basis of the report of the Scrutinizer the resolutions will be considered as approved or rejected.

May I now request the Moderator to please invite shareholders one-by-one.

**Moderator:** Thank you Mr. Kumar. Ladies and gentlemen, we will now begin with the question and answer session. I now invite our first speaker shareholder, Sagar Jeetre to unmute his audio and video and proceed with his question.

**Sagar Jeetre:** Hi, I am Sagar. Thank you for the opportunity to speak at this AGM. And I would also like to congratulate the Gland team for very good performance in the Financial Year 2021-2022. Coming to my question, the Company has indicated its intention to grow inorganically through M&A route. So, can you please share what are the focus areas.

**Moderator:** Thank you. I now invite our next speaker shareholder Praful Chavda to unmute his audio and video and proceed with his question.



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**Praful Chavda:**

Chairman Sir, Board of Directors, MD, CFO, Namaskar. Under your leadership, in the last five years, the company has been soaring new heights. In your speech you told, “Proud of Employees” a very good slogan. I hope in future too, you keep appreciating your employees and keep them in forefront of success. Appreciation is utmost important to the employees; it motivates them to keep on putting efforts and work hard.

PAT profit after tax, first time we have achieved Rs. 121 crores, it is a huge achievement that we have come in the three-figure bracket. And I hope and pray that it remains in that bracket and increase. Last year it was Rs. 99 crores and we just missed it by a small numbers, but we crossed it and it’s a huge thing.

We good work is being done under the CSR activity. On Page #44 it is mentioned 1182 surgeries have been performed, for I will also provide screening service, as the test, 3500 people over the next few years, and will approach house-to-house screening service for 5000 senior citizen. For the benefit of senior citizen, the plan that you have created is very good.

Also, I want to say that there is no accident in the production or in the plant, that too is something that we should be very proud of, that our employees work diligently, and that there are no such incidents in future too. That is my only hope and wish and with that I end my speech here.

**Moderator:**

We move to the next speaker shareholder, Kamal Kishore Jhawar, to unmute his audio and proceed with his question.

**Kamal Kishore Jhawar:**

Chairman, all Directors, Secretarial Department warm greetings to you all. The AGM is being held at the best time. And there are such brilliant people in the management that we do not have any doubts or questions in mind. Our company is debt free and that is the biggest thing. Are there any expansion plans for 2022-2023? What is your guidance for the profit and turnover?

I would like to thank the Secretarial department, anytime I have a problem/query, the problems is solved on the same day. The service that they provide is very fast. With this I want to convey best wishes for Diwali, Dussehra. And please continue the good work that you are doing in the CSR, the goodwill that it will generate, will take the company to new heights. I support all your resolutions unanimously. And next year too hold a video conference only, so we can attend the meeting from anywhere, anytime. Video conferencing, it is the best service. People from different states get to participate this way in the AGM and speak to you, so every year a video conference. Thank you to Chorus team also for their excellent service. Thank you.

**S. Jain:**

Respected Chairman, the information you provided about the company’s expansion and growth plans, in your speech, I am very thankful to you and your team. The services you provide to the people, there are no words for that. The work that you do for public relation, I am thank you and your team for that. The donation that you do under CSR, please do it with your own hands, because if you do it through anybody else then as Rajiv Gandhi said, when it finally reaches the people, it is not even half of the value. So, when you do it with your own hands, there is a surety



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that it will reach the right people. So, I wish than it is you and only you that do all the donations. Once again I wish you and your team all the best and that you keep on doing great work. And a request that you keep the AGM through video conference only, so shareholders from all over the nation can participate. I am thankful for giving me a chance to speak today. I will put an end to my speech here. I thank the Chorus team that even though I had problems connecting to the call, they helped me a lot. Thank you once again.

**Moderator:** Thank you. We move to the next speaker Subramanya Sripada, to unmute his audio and video and proceed with his question.

**Subramanya Sripada:** Good morning to all the Board members and Chairman, MD and the Company Secretary. I have only just I don't want to waste your time I want only just two questions. One is what is the future growth of levers and their present status. And in the CSR activities, the company is doing very well for the last year, any particular focus on CSR activities in FY 22-23? Just these two I want to know and especially the CSR activities eyecare center is doing very good. Recently one of my known family member has done the checkup and all, they had given the feedback. Everything is went on well, and they are very friendly and taking care. Thank you. Thank you for all.

**Moderator:** Thank you. I now invite our next speaker shareholder Srikant Jhavar to unmute his audio and proceed with his question.

**Srikant Jhavar:** Respected Chairman and present dignitaries, thank you that you have held the conference through video conferences. I have three questions. First is how has our business impacted because of the Russia-Ukraine war please provide us information regarding that. And second question is please provide information regarding the raw material prices that rose to an extremely high level. And third question is the link for the registration if you can change, Hyderabad Karvy, Venture Capital, if you can include those then it would be good because it saves expenses as well because we are facing a lot of problems with Link Intime, it would be a great help. A special thanks to the Secretarial Department, they provide all the information through mail. Thank you.

**Moderator:** Thank you. I now invite our next speaker shareholder Sapna Jha to unmute her audio and proceed with the question.

**Sapna Jha:** Thanks for giving this opportunity. I have only one question, given the supply disruptions how the company is planning to fix them. I have only one question and best of luck for future projects. Thank you

**Moderator:** Thank you. Chairman Sir, that was the last question. Over to the Management.

**Sampath Kumar:** We have received some messages from the shareholders who were not able to register themselves as speaker. One mail from Mr. Bimal Panchal, he is telling heartiest congratulations to team Gland for posting robust performance in challenging times. And our CSR spend is well diversified and well planned. I highly appreciate it. And he has two questions. During the year



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our CAPEX was Rs. 6558.52 million. Can you give a CAPEX guidance for the coming two to three years. And also our export turnover is above 80% going forward will this percentage, will continue?

One of the mails received from the shareholder other shareholders.

**Srinivas Sadu:**

Thank you all the shareholders for the questions you posed and for all the appreciation you have given the team, it really motivates the employees to move forward. I am going to summarize briefly so that it will cover all the queries raised during this call. It captures the growth and the margin profile as well as some of the CSR activities. There are also questions in the chatbox which received which is pertaining to the percentage of revenues from export markets, and also CAPEX-related and material cost-related questions.

From the growth perspective, we have to put it in two buckets. One is on the current business, how to increase our market share in this business. While we are working on internal operational efficiencies, which not only improves our margins, but it also improves our cost competitiveness in the market, that's helping us to grow our market share. If you look at last year, the volume growth which we achieved was almost 21%, which is very unlikely for a lot of companies. So, this is done by working on different aspects through lifecycle management.

By doing this, we are also looking at alternative sources of materials. There was one question around supply chain disruption. We are looking at alternative APIs, and alternative primary packing materials to be substituted and adding to our ANDAs. So, this is not only helping us to derisk ourselves from the supply chain disruption, but also helping us in having a more competitive advantage in terms of market share and that's translating to growth through volume. Now, historically, if you look at the last five years, there has always been volume growth for us, ranging from 11% to 15%. And last year, it was even 21% through volume growth.

In terms of the future growth levers, while we are working on the current market, how to grow this, one is, of course, the product portfolio. We always grow through, increase our portfolio in the U.S. market and other markets. If you have seen historically, the growth through the portfolio is about 8% to 10% and that will continue to do between 7% to 10%. We are launching products in the U.S. ,last year we had launched about 29 SKUs in the U.S. market. And we are filing ANDAs in this, it is 20 to 25 on an annual basis. And this should add the growth in terms of portfolio in the US market.

Geographic wise, there's a question around concentration of business in the U.S. market. If you see historically again, two years ago, our focus on U.S. was more. Last year, we have grown in the U.S. by 30%, but Rest of the World market grew by about 55%. So, we are increasing our focus in other geographies as well so that's base in our business. So, this is one area where we can see a larger growth coming in the future as well. Added to that China, is a go to market for injectables, 1/3 of the world generic market comes from China, almost 40% of the generic market in injectable space is from China. And we have filed eight products in China, consider about



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\$600 million. And we have created another 10 to 12 product portfolio which we are going to file in next 12 to 18 months. So, that's another large growth lever we are looking at in addition to geographic expansion and portfolio increase in the U.S. and other markets.

From the new areas perspective, we mentioned during the presentation CDMO biologics is a space we are entering in. The market is growing around 16% worldwide. If you look at current CDMO biologics space it's almost \$63 billion and it's estimated to reach about \$106 billion by FY25. And its an area we want to enter in.

The formulation side of it, we have worked historically in this space. So, that's more of an extension of that. But in the larger molecule side and the drug substance side, is a new area. So, we are not going to venture into developing products on the biologics side, but we are going to work with the partners on the CDMO side, so the technology will be transferred. The recent experience what we had in the past year with the vaccine technology transfer in this space, we have created a team which is working towards that. And this could be a growth lever coming in next two to three years. And that's a market which, as an injectable company we want to enter into.

And the export turnover wise 80% of export turnover is, even today, it's from the export markets for the company. Even in the future, we think the margin profile is better in the export markets, but it might settle around 60% to 70% in the long run, because Indian branded business is also a focus area for us. We are looking at expanding that business in the Indian space as well.

There is a question around Russian Ukraine war, is there an impact? We don't have any presence in Russia yet, so there's no impact for us. From the material costs perspective, there is an increase in the cost of utilities and also some materials. But for us the material cost compared to the total transfer price or the price of the goods is minimal. So, the impact is a little lower. But for sure hopefully, the utilities cost should come down in the next few months. But as of now, the operational costs have gone up in terms of utilities or even some of the materials what we are encountering. Some are getting transferred to customers. But I think this is a temporary phenomenon which every industry is going through.

From the CAPEX plan, I think Mr. Ravi Mitra will address that. I want to address on, there is a question around the complex injectables we have filed four injectable products on the complex side, which is about a billion dollars of market value. There are another 15 products in pipeline we are going to file for in FY23 and six in FY24. There is the addressable market for the 20 products is about \$11 billion.

And there was a question on inspection. We have already filed a notification to SEBI, you can go through that there is one observation in that and it's more related to the product. I think we kind of captured most of the queries and the CAPEX questions and the CSR will be addressed by our CFO Mr. Ravi Mitra.



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**Ravi Mitra:** On the CAPEX guidance we have about Rs. 300 crores plan for this year FY23 and Rs. 250 crores for the next year FY24. The CAPEX plan would be for expanding our capacity and capability especially in microsphere combi-line in Pashamylaram for complex injectable portfolio. And also the entire capacity is being increased and we are also putting up a new packline in Pashamylaram.

On the CSR question, the total amount for CSR expected to be spent in Financial Year 23 would be about Rs. 26 crores. The areas of activity would be again focused on providing quality education, health infrastructure. We would be now starting CSR activity for promotional sports and supporting our paraolympians, and the activity for environmental and wildlife conservation would be continued like, similar to this year.

**Sampath Kumar:** Thank you, Mr. Sadu. Thank you, Mr. Ravi Mitra, for taking up all the questions. There are no more questions. And now I request the Chairman to thank the shareholders and close the meeting. Mr. Chairman, over to you.

**Stanley Y Lau:** Thank you, Mr. Sadu and Mr. Ravi Mitra, for taking up all the questions. And since there are no other matters and all the questions have been answered we can conveniently close the meeting. In case some of the shareholders have not completed the voting I request all of them to complete the voting as quickly as possible. The voting window will remain open for the next half an hour. Mr. Ravi Kumar, the scrutinizer is requested to take over the proceedings from now onwards. And I am authorizing Mr. Sampath Kumar the Company Secretary to Countersign the scrutinizer's report and to announce the voting results. Thank you all for attending the second AGM, post listing and hopefully, we will meet in person next year. Thank you all for attending, much appreciated thank you.