



Jubilant Pharmova Limited

Transcript of 45th Annual General Meeting held on Thursday, August 31, 2023

BOARD OF DIRECTORS/KMP PRESENT AT THE ANNUAL GENERAL MEETING:

MR. SHYAM S. BHARTIA	CHAIRMAN
MR. SRINIVASAN SRIDHAR	INDEPENDENT DIRECTOR & CHAIRPERSON OF AUDIT COMMITTEE AND STAKEHOLDERS RELATIONSHIP COMMITTEE
MS. SUDHA PILLAI	INDEPENDENT DIRECTOR & CHAIRPERSON OF NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE
DR. ASHOK MISRA	INDEPENDENT DIRECTOR & CHAIRPERSON OF SUSTAINABILITY AND CSR COMMITTEE
MR. SUSHIL KUMAR ROONGTA	INDEPENDENT DIRECTOR & CHAIRPERSON OF RISK MANAGEMENT COMMITTEE
MR. VIVEK MEHRA	INDEPENDENT DIRECTOR
MR. ARUN SETH	INDEPENDENT DIRECTOR
MR. SHIRISH G. BELAPURE	INDEPENDENT DIRECTOR & CHAIRPERSON OF QUALITY COMMITTEE
MR. PRIYAVRAT BHARTIA	MANAGING DIRECTOR
MR. ARJUN SHANKER BHARTIA	JOINT MANAGING DIRECTOR
MR. ARVIND CHOKHANY	GROUP CHIEF FINANCIAL OFFICER & WHOLE- TIME DIRECTOR
MR. RAMAMURTHI KUMAR	WHOLE-TIME DIRECTOR
MR. NARESH KAPOOR	COMPANY SECRETARY

- **Host:**
- Good morning, members, welcome to the 45th Annual General Meeting of Jubilant Pharmova Limited being held through video conferencing. For the smooth conduct of the meeting all members will be in mute mode. Please note that in terms of the statutory requirements, the proceedings of the Annual General Meeting are being recorded and the transcript of the proceedings shall be made available on the company's website. With this, I now hand over the proceedings to Mr. Shyam S. Bhartia, Chairman, who has joined the meeting from Delhi.
- Thank you.
- **Mr. Shyam S. Bhartia – Chairman, Jubilant Pharmova Limited:**
- Thank you.
- Good morning, everyone. On behalf of the board, I extend a warm welcome to all of you to the 45th Annual General Meeting of Jubilant Pharmova Limited. I highly appreciate you all taking time out today to attend this Annual General Meeting that is being convened through video conferencing in compliance with the provisions of the Companies Act, 2013, and circulars issued by Ministry of Corporate Affairs and SEBI. The company has made necessary arrangements to enable the members to participate in the meeting through video conferencing facility and vote electronically. As the requisite quorum is present I call the meeting to order.
- I would now introduce other board members and KMP's who have joined this meeting through video conference.
 1. Mr. Srinivasan Sridhar, Independent Director and Chairperson of the Audit Committee and Stakeholder Relationship Committee, joining from Mumbai.
 2. Mrs. Sudha Pillai, Independent Director and Chairperson of Nomination, Remuneration and Compensation Committee, joining from Delhi.
 3. Dr. Ashok Misra, Independent Director and Chairperson of Sustainability Committee and CSR Committee, joining from Bangalore.
 4. Mr. Sushil Kumar Roongta, Independent Director and Chairperson of Risk Management Committee, joining from Gurugram.
 5. Mr. Vivek Mehra, Independent Director, joining from Mukteshwar.
 6. Mr. Arun Seth, Independent Director, joining from New Delhi.
 7. Mr. Shirish G. Belapure, Independent Director and Chairperson of Quality Committee, joining from Ahmedabad.
 8. Mr. Priyavrat Bhartia, Managing Director, joining from New Delhi.
 9. Mr. Arjun Shankar Bhartia, Joint Managing Director, joining from New Delhi.
 10. Mr. Arvind Chokhany, Group Chief Finance Officer & Whole-time Director, joining from Mumbai.

11. Mr. Ramamurthi Kumar, Whole-time Director, joining from Bangalore.
 12. Mr. Naresh Kapoor, Company Secretary, joining from Noida.
 13. Mr. Hari S. Bhartia is not able to attend the AGM due to unavoidable circumstances.
- The statutory auditors and the secretarial auditors are also participating in the meeting from New Delhi.
 - Dear shareholders, your company Jubilant Pharmova has established an integrated pharmaceutical business spanning the entire value chain. Customers from 85 countries rely on the products and solutions that come from the company and for many large pharmaceutical companies of the world, your company is a partner of choice. The business emphasises upon a continuous improvement of product and processes in order to enhance the quality and cost profile, thereby delivering a better value to its customers. Through my remarks today, I shall cover certain key aspects that impact and support the growth of your company.
 - **Perspective on the economy as IMF:**
 - The global economic output stood at 3.4% in 2022 versus 6.1% in 2021. Global economy's growth is forecast to further slow to 3% in 2023 driven by significant slowdown in major advanced economies such as US, UK and Canada. Slowdown in the advanced economies is led by the tight monetary and fiscal policies adopted in these countries to rein in the stubbornly high inflation levels that reached several decades high marks. While inflation in most key markets have started trending lower, it is expected to continue at a higher level for longer than previously expected.
 - The Indian economy grew by 7.2% in FY2023 as compared to 9.1% growth in FY2022. The full year GDP was affected by margin compression in industrial sectors owing to higher commodity prices, which was moderated by strong performance in the services sector. As per the World Bank, FY2024, the GDP is expected to grow at 6.3%. Higher energy prices and less than normal south-west monsoon in 2023 owes downward risk to the Indian economy.
 - **Business and strategy update:**
 - Now I would like to cover some of the key developments pertaining to the company.
 - **Regulatory highlights:**
 - I am glad to mention that in Q4 FY 2023, the company's Nanjangud API facility received US FDA clearance with Voluntary Action Indicated Classification.
 - Our CMO Montreal facility, however, received an Official Action Indicated [OAI] classification from US FDA pursuant to the regulatory agency's audit.
 - We have furthered strengthened the quality governance at board level in our efforts to implement the best-in-class quality and compliance standards across the various operating facilities.

- We are engaging with US FDA and aiming towards quick resolution of import alert situation at the company’s Roorkee manufacturing facility and the OAI classification at the CMO Montreal facility.
- **Strengthening business and building capacity:**
- To ensure suitable growth and more focused approach, we have restructured our businesses into 6 separate verticals, each led by different CEOs. We have undertaken several measures to further strengthen radio pharmacies, generics and active pharmaceutical ingredients [API] businesses, and significantly augment capacity in CDMO sterile injectables and drug discovery services businesses.
- I am glad to mention that as a result of our various initiatives, we witnessed a remarkable improvement in financial performance of our radio pharmacies and generic businesses and better performance in our API business in the first quarter of financial year 2024. Our capacity expansion at CMO Spokane manufacturing facility in US totalling USD 285 million is progressing as per plan. We expect to commission the first new line in early financial year 2026 and the second new line in early financial year 2028.
- This expansion through which we will double our capacity in this business is supported through cooperative agreement for USD 149.6 million with the army contracting command of the US government.
- **ESG initiatives and achievements:**
- Over the years ESG excellence has been extensively promoted as part of our culture. Our commitment and sustainability can be demonstrated by our achievement in ESG rating. In S&P global ESG indices, CSA 2022 - we scored a percentile of 94%. This places us amongst the top 4 pharma companies on the ESG score.
- **Digital and information technology:**
- At Jubilant Pharmova we have embarked on a transformational journey to become a digitally agile company transforming patient and stakeholder experiences. This endeavour empowers us to reimagine our operations across the entire value chain. Over the past several years, we have embarked on a journey to set up a robust foundation for the transformation and preparing for an exciting digital future. We continue to invest across people, process and emerging technologies to build a Jubilant Pharmova 2.0 with the best-in-class technology platforms to support the company in creating value and driving growth for its stakeholders.
- **Performance review:**
- During the year FY2023, we witnessed the stable revenues driven by growth in radio pharmacies, CDMO, API, allergy immunotherapy and drug discovery businesses. This was offset by lower revenues in CDMO, sterile and generic business. While radio pharmacies business witnessed growth from the launch of new products, CDMO, API, allergy immunotherapy and drug discovery service businesses reported higher volumes. During the year generic business was impacted by pricing pressures in the US market, lower volumes due to import alert and decline in Remdesivir’s sales as

the Covid 19 pandemic eased. CDMO sterile business reported a lower revenue as in the preceding year it witnessed a higher one of Covid 19 related businesses.

- Now I would like to cover our financial performance on key parameters.
- Revenue from operations in FY2023 stood at 62.8 billion vs. 61.3 billion in FY22.
- Adjusted EBITDA was at Rs. 7.2 billion vs. Rs. 6.2 billion in FY22 with a margin of 11.7% vs. 11.5% in preceding year.
- Normalized PAT was Rs. 1.2 billion vs. Rs. 4.3 billion in FY22.
- **Dividend:** The board has recommended a dividend of 5 per equity share of Rs. 1, for the year ended March 31, 2023 for approval of shareholders at this AGM.
- **Q1 FY24 results:**
- I would briefly like to touch upon our performance for the first quarter FY24 as well. In the first quarter FY24, your company reported year-on-year improvement in sales in radio pharma, allergy immunotherapy, generics and API business amid lower sales in CDMO sterile injectables, drug discovery service businesses. We are glad to mention strong improvement in financial performance in radio pharmacies and generic businesses in Q1 FY24.
- Revenue from the operations in the first quarter FY24 was at Rs. 15.9 billion as compared to Rs. 14.5 billion in the first quarter of FY23.
- Adjusted EBITDA in the first quarter of FY24 was at Rs. 1.8 billion versus Rs. 1.4 billion in the first quarter of FY23 with a margin of 11.2% vs. 9.9% in the first quarter of FY23.
- PAT was at Rs. 60 million as compared to Rs. 468 million in the first quarter of FY23.
- **Outlook:**
- Your company has a robust growth levers in radio pharma, allergy immunotherapy, CDMO sterile injectables and drug discovery businesses.
- In our generic business your company's remediation activities aimed to resolve the US FDA issues at Roorkee facility. We are also striving towards diversifying our revenue base in the generic business to reduce reliance on US generic market.
- In our API business, we have received clearance from US FDA for the Nanjangud facility through a Voluntary Action Indicated Classification. We have also undertaken asset upgradation at Nanjangud plant which will help us in registering higher volumes going forward.
- In drug discovery services businesses while we are witnessing a muted demand in government currently the long term outlook of the industry is robust which shall help us in scaling this business.
- In proprietary novel drugs our lead program LSD1/HDAC6 inhibitor is undergoing Phase I/Phase II clinical trials and another program PRMP5 has received

Investigational New Drug Application [INDA] approval, and we expect to start clinical trials in FY 2024.

- The company has two other molecules which are on track to receive INDA approval.
- Across our various businesses, we have intensified our operational excellence initiatives to further optimize manufacturing operations, supply chain and other areas to enhance efficiency and create value.
- I would like to welcome Mr. Shirish Belapure who has joined the board in March 2023 as an Independent Director. He is an accomplished leader with rich work experience of 45 years in pharmaceutical manufacturing, technology, quality control and regulatory areas and has worked with reputed pharma companies like Zydus, FDC, Cipla and Sun Pharma. His wealth of experience and knowledge of pharma sector would be of immense benefit to the company.
- I would like to conclude by placing a vote of appreciation to all of our valued shareholders who have joined us today and the larger investor community for supporting us in our business endeavours. I also take this opportunity to extend our gratitude to all our stakeholders including our customers, vendors and lenders for the confidence they have reposed on us. We are immensely grateful to the members of the management and each of our employees globally for their belief and contribution in taking the company forward. Thank you.
- We shall now take up the formal agenda in the meeting.
- The statutory registers as required under the Companies Act, 2013, certificate issued by Secretarial Auditors pursuant to SEBI [Share Based Employee Benefits and Sweat Equity] Regulation, 2021 and the other documents mentioned in the AGM notice are available for electronic inspection on the NSDL website under the tab 'AGM Documents'.
- The Statutory Auditors and the Secretarial Auditors have expressed unmodified opinion in their respective audit reports for the financial year 2022-23. There are no qualifications, observations or adverse comments on the financial statements and the matters which have any adverse effect on the functioning of the company.
- As the notice of the AGM along with the annual report of the financial year 2022-23 are already circulated to the members through electronic means I take the notice convening the Annual General Meeting as read.
- In compliance with the provisions of the Companies Act, 2013 and Listing Regulations, the company has provided remote e-voting facility to the members from 28th August, 2023 to 30th August, 2023 to cast their votes electronically on the business items as set out in the AGM notice. Members who have not voted through remote e-voting and are participating in this meeting may cast their votes through the e-voting system provided by NSDL. The e-voting facility is active now.
- We will now take up the agenda items as set forth in the notice of the AGM listed as ordinary business and special business.

- **Ordinary business:**
- To receive and consider and adopt:
- (a) audited standalone financial statements of the company for the financial year ended March 31st, 2023, together with the reports of the board of directors and auditors thereon; and
- (b) the audited consolidated financial statements of the company for the financial year ended 31st March 2023 together with the reports of the auditors thereon.
- **Item No. 2: Ordinary Resolution:**
- Declare a dividend on the equity shares for the financial year ended March 31st, 2023. The board has recommended a dividend of Rs. 5 per share of Rs. 1 each that is 500%.
- As I am interested in the agenda in item no. 3 and 4, I would request, Mr. Srinivasan Sridhar to chair the meeting for these items.
- **Mr. Srinivasan Sridhar – Independent Director, Jubilant Pharmova Limited:**
- Okay, Mr. Bhartia.
- **Item no. 3: Ordinary Resolution:**
- To appoint a director in place of Mr. Shyam S. Bhartia, who retires by rotation and being eligible, offers himself for re-appointment.
- **Item no. 4: Ordinary Resolution:**
- To appoint a director in place of Mr. Hari S. Bhartia, who retires by rotation and being eligible, offers himself for re-appointment.
- Now I request Mr. Shyam S. Bhartia, to chair the meeting for further proceedings.
- **Mr. Shyam S. Bhartia – Chairman, Jubilant Pharmova Limited:**
- Thank you, Mr. Sridhar.
- Now I move to the further agenda items as contained in the AGM notice.
- **Item no. 5: Ordinary Resolution:**
- To appoint M/s. Walker Chandiok and Company, LLP Chartered Accountants, as Statutory Auditors of the company.
- The items of special business considered by the board as unavoidable are proposed for approval of the members.
- **Item no. 6: Special Resolution:**
- To re-appoint Mr. Arun Seth as Independent Director of the company.

- The text of the resolution along with its explanatory statements is provided in the AGM notice circulated to the members.
- I would now invite 3 shareholders who have registered in advance as speaker shareholders. I would now request the moderator to play the videos sent by the speaker shareholders containing the queries.
- **Moderator:**
- Thank you, sir.
- We now play the video clipping received from our speaker shareholder Mr. Shripal Mohnot from Gurgaon, DP ID IN300708, and client ID 10012312. Can we please have the video?
- **Mr. Shripal Singh Mohnot – Shareholder:**
- I am Shripal Singh Mohnot speaking from Haryana, greetings to all of you.
- Respected chairman and other board members and employees of the company and all shareholders congratulate you all on the occasion of the 45th AGM. I am a shareholder of the Jubilant Pharmova for many years and I have full trust in the company board and management. In the last 45 years, the company has grown a lot with your efforts and good governance. I wish to welcome and congratulate the new Managing Director, Shri Priyavrat Bhartia and Joint Managing Director, Shri Arjun Shanker Bhartia. I am sure that you will definitely stand the test of time for the trust that the shareholders have shown in the young generation and that you will take this company to newer heights. I support all the resolutions. The company has been giving dividends regularly to the shareholders and I thank the board for that. I hope that in future you will give us bonus also. What steps are you taking to improve the generic business so that everyone can benefit. The Company Secretary is doing a good job, the company secretary and his team have given us the opportunity to speak at AGM and guided us and I thank them for that. Please arrange for a factory visit, if possible.
- Thank you, Jai Hind.
- **Moderator:**
- Thank you, Sir. We now play the video clipping received from our speaker shareholder Mr. Suresh Gupta from Bharuch, DP ID IN302902 and Client ID 48954626. Can we please have the video.
- **Mr. Suresh Kumar Gupta – Shareholder:**
- Good morning, everyone. I am Suresh Gupta calling from Bharuch, Gujarat. I welcome the Chairman, Board members and shareholders of the company at this 45th Annual General Meeting of the company. I am a shareholder of Jubilant Pharmova Limited since last 13-14 years and feel privileged to speak on this occasion. I also welcome and greet the new Managing Director of the company Shri Priyavrat Bhartia and Joint MD, Shri Arjun Shanker Bhartia. As we all know, Jubilant is paying dividend regularly to shareholders for which I am thankful to the

management and board of directors of the company. I hope the company will keep on growing and will achieve new heights in business under dynamic new generation management. On this occasion, may I ask management to apprise shareholders about the status of US FDA.

- I thank secretarial department for giving me this opportunity. My best wishes to company management and all the employees, once again thank you all.

- **Moderator:**

- Thank you, sir. We now play the video clipping received from our speaker shareholder Ms. Suman Kapoor from Delhi, DP ID 12038000 and Client ID 00072461. Can we please have the video.

- **Mrs. Suman Kapoor – Shareholder:**

- Respected Chairman sir, Board members and my fellow shareholders, greetings to all of you. I am Suman Kapoor wife of Shri Ravi Shankar Kapoor first of all I would like to congratulate you for the AGM. I would like to thank the share department who sent us the balance sheet via email on time. We are with the company for many years. The company has seen some ups and downs. But we are supporting the company all this time. Despite the share prices of the company going down, it is still giving shareholders their dividend, this is a very big step taken by the company.

- Chairman sir, this is my first speech to this company and if I have made a mistake please forgive me. Thank you.

- Jai Hind, Jai Bharat.

- **Moderator:**

- Thank you, ma'am.

- I now request Mr. Shyam S. Bhartia, Chairman, to address the shareholder queries.

- **Mr. Shyam S. Bhartia – Chairman, Jubilant Pharmova Limited:**

- Thank you, Mr. Shripal Mohnot, Mr. Suresh Kumar Gupta and Mrs. Suman Kapoor.

- I understand we have covered the queries on generic business and US FDA and tried to answer your questions. However, I would like to briefly touch upon the queries raised by all of you.

- First question was by Mr. Shripal Mohnot on the steps taken in improving the generic business. We have taken the following initiatives for improving the generic business.

- 1. continuous improvement, continuous quality improvement, initiatives including formation of specialized team and engagement with US FDA and resolution of import alert facility. Salisbury site is compliant with USA FDA and Roorkee is compliant with other Non-UA markets for example, UK MHRA, Japan, South Africa and Canada.

- 2. cost excellence, especial emphasis is given on the implementation of Rs. 150 crores cost optimization opportunities. Benefits have started reflecting in the performance from Q4 FY23 onwards.
- 3. reprioritize geographical mix - to accelerate growth in branded generics such as India and select international markets. Generic division though initially focused on US a leading generic market, is now expanding across UK, Middle East and Africa. Our future growth plans target India's branded pharmaceutical sector.
- 4. continue to strengthen the leadership position in the select products across markets.
- 5. reduce risk and manage cost by leveraging strengths of 2 sources of APIs, captive APIs and qualifying alternative suppliers for key APIs.
- 6. revamp R&D strategy for sustained innovation by tapping into diverse opportunities while in-licensing and external collaborations with specialized Contract Research Organizations [CRO]. This accelerates product launches, maximizing opportunities efficiently.
- The next question was by Mr. Suresh Kumar Gupta on status of US FDA on Roorkee plant. Our Roorkee facility is approved by Federal Agency of Medicines and Health Products [FAMHP] Belgium. Pharmaceuticals and Medical Device Agency [PMDA] Japan, Therapeutic Goods Administration [TGA] Australia and South Africa Health Products Regulatory Authority, SAHPRA. Our Roorkee facility however received an import alert in July 2021 which continued in July 22 inspection. The company is committed for regulatory compliance. We are working to resolve the import alert and assure CGMP compliance. For this purpose, we have formed a dedicated team to address the import alert issue. This team includes highly specialized consultants who have wide experience in resolving such issues. This team will not only remediate the gaps identified by US FDA but will also take holistic approach towards further improvising on our CGMP quality systems. In addition to implementing a comprehensive program to improve our processes this team will also proactively address all the gaps identified and we are also engaging with the agency as appropriate.
- Thank you.
- If any of your queries are unanswered you may please write back to us at investors@jubl.com.
- Thank You
- Members may note that the e-voting on NSDL platform will continue for the next 30 minutes. Thereafter the proceedings of the meeting shall be closed. Members who have not cast their votes are requested to do so.
- The board of directors has appointed Mr. Rupinder Singh, practising company secretary as scrutinizer to supervise the e-voting process. The results of the e-voting shall be declared on or before September 01, 2023. The results shall be available on

the website of the company, stock exchanges and NSDL and shall also be displayed at the notice board of the registered office and corporate office of the company.

- I once again thank all of you for participating in this AGM.
- **Mr. Naresh Kapoor – Company Secretary, Jubilant Pharmova Limited:**
- On behalf of the members present, I propose a vote of thanks to the Chairperson for taking out his valuable time for chairing the proceedings. Thank you everyone.
- **End of file**