



**TRANSCRIPT OF CIPLA LIMITED – 84TH ANNUAL GENERAL MEETING HELD AT
3.00 PM (IST) ON THURSDAY, AUGUST 27, 2020 THROUGH VIDEO CONFERENCING**

Management Participant:

Dr. Y.K. Hamied	Chairman
Mr. M. K. Hamied	Vice Chairman
Ms. Samina Hamied	Executive Vice- Chairperson
Mr. Umang Vohra	Managing Director & Global Chief Executive Officer
Mr. S. Radhakrishnan	Non-Executive Director
Mr. Adil Zainulbhai	Lead Independent Director
Mr. Ashok Sinha	Independent Director
Ms. Naina Lal Kidwai	Independent Director
Dr. Peter Mugenyi	Independent Director
Ms. Punita Lal	Independent Director
Mr. Kedar Upadhye	Global Chief Financial Officer
Mr. Rajendra Chopra	Company Secretary
Mr. Ashish Gupta	Walker Chandiok & Co. LLP, (Statutory Auditors)
Mr. B. Narasimhan	Practicing Company Secretary and Partner, BNP & Associates (Secretarial Auditors) & Scrutinizer
Mr. D.H. Zaveri	Cost Auditor

Moderator: Dear Shareholders, good afternoon, and a warm welcome to you all to the 84th Annual General Meeting of Cipla Limited been held through video conferencing and webcast. The facility for attending the AGM through video conferencing is being provided to 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. Members are also provided with the webcast facility for attending the meeting. 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, Dr. Y.K. Hamied to initiate the proceedings. Over to you, sir.

Dr. Y.K. Hamied: Ladies and gentlemen, it gives me great pleasure to welcome you to the 84th Annual General Meeting of Cipla held through video conferencing and webcast.

The quorum is present, and I declare the meeting to order.

I would like initially to introduce our board members and other key invitees who are participating through video conferencing. Before I start the meeting, let me introduce you to our directors; on the left we have Mr. Ashok Sinha, then we have Naina Kidwai, you can raise your hand if you like, then we have Adil Zainulbhai; then on the left again, you have Mr. M. K. Hamied; then on the right you have Mr. Umang Vohra; on the left, you have Samina Hamied; on the right you have our Company Secretary, Mr. Rajendra Chopra; again on the left you have Dr. Peter Mugenyi; then you have Punita Lal; and Mr. Radhakrishnan. Absent at the moment is Mr. Kedar, our Chief Finance Officer. This introduces you to all the directors of the company. We also have among us, Mr. Ashish Gupta, who represents Walker Chandiok, our Statutory Auditors. We have with us, Mr. Narasimhan, Practicing Company Secretary and Partner BNP & Associates, the Secretarial Auditors, and the Scrutinizer for the purpose of voting results. Then we have Mr. D.H. Zaveri, our cost auditor.

And with that, ladies and gentlemen, I pass you over to Mr. Rajendra, our Company Secretary. Mr. Rajendra, the floor is yours.

Rajendra Chopra: Thank you, Chairman. Good afternoon dear members. This meeting is being conducted through video conference and webcast as per the provisions of the Companies Act 2013 and various circulars issued by the MCA and SEBI. The integrated annual report

containing the board report, auditor's report, financial statement and other reports along with notice of this meeting, have already been circulated to the members at their registered e-mail ID. I hope you all have received a copy of the annual report. With your permission, I take the annual report as read.

Since there are no qualification, observation, comments or remark in the statutory auditors and the secretarial auditor's report for the year-ended 31st March 2020, I take liberty to not to read the report in the interest of the time. In order to enable the shareholders to vote on the resolutions, we have provided e-voting facility through NSDL platform. The voting commenced at 9 a.m. Indian standard time on Sunday, August 23, 2020, and ended on August 26, 2020 at 5 p.m. The voting rights were reckoned on the shares held as on the cut-off date, i.e. August 20, 2020. Since the shareholders are provided with e-voting facility, there will be no voting by show of 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 watching the AGM proceeding.

Voting will remain open up to 30 minutes from the time the Q&A session ends.

The statutory document, 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 cipla.agm2020@cipla.com. My colleagues will facilitate the inspection electronically.

May I now invite our Chairman, Dr. Y K Hamied to address the shareholders and deliver his speech!

Dr. Y.K. Hamied:

Ladies and gentlemen, I would once again like to welcome you to the 84th Annual General Meeting of your company. Today is a very special occasion. Cipla has completed 85-years in the service of our nation. I am happy to meet all of you today even though this new route of communications is different.

We are confronted today with an unprecedented global crisis. COVID-19 pandemic has caused massive disruptions globally across every aspect of human life. This has led to adverse economic, political, and social impact not only on people, but on communities and countries everywhere. It is a fact that the strength of a country's economy depends on the health of its people. The multiple challenges posed by the scale and spread of COVID-19 calls for a collective action by all concerned throughout

the world. For the first time, we are witnessing government's public institutions, healthcare professionals, doctors, multilayered organizations, pharmaceutical companies and citizens in general, rallying together to combat this major threat to the future of human civilization.

In 2001, in the global fight against HIV/AIDS, Cipla developed the first triple antiretroviral drug combination called Triomune and offered it to the world at below \$1 a day as against then prevailing price of approximately \$12,000 per year. At that time, this was a global health breakthrough, and Triomune along with similar drugs became accessible to all. This initiative opened the door for the treatment of HIV and AIDS across all the third world countries, especially in sub-Saharan Africa. As a result, this pioneering work by Cipla, resulted in millions being treated, and countless lives being saved, particularly in Africa over the past 20-years.

Apart from this initiative in HIV and AIDS, in the early part of the century, Cipla helped against the Anthrax scare and offered Ciprofloxacin tablets to many countries. Also, after this, Cipla manufactured Antiflu Oseltamivir and Virensa, Zanamavir to fight bird flu and swine flu.

Now, yet again, Cipla is at the forefront in the battle against COVID-19. Along with selected partners, we offer a wide range of drugs that improve treatment, access and provide relief. These drugs include Cipremi, Remdesivir, Ciplenza, Favipiravir and Actemra, which is Tocilizumab. Cipla will continue to support our government's efforts to fight this crisis in every possible way. We have set up a "Caring for Life", dedicated COVID-19 fund to support patients augment the healthcare ecosystem and sustain communities. Our Cipla Foundation has already supported advanced testing initiatives setting up of isolation wards in hospitals for patients, and has launched a number of relief efforts with supplies of medicines, essential hygiene items and food for communities across India and also in South Africa.

Personally, therefore, I would like to take this opportunity to express my profound thanks to all Cipla employees, who have demonstrated exceptional and extraordinary dedication to combat this COVID-19 crisis. The untiring efforts of our manufacturing factories, R&D laboratories, our supply chain, our HR and administration teams, have shown once again how your company Cipla values its mission, "Caring for Life." My acknowledgments would be incomplete without also applauding the efforts of doctors, paramedics, the medical community, and Cipla's distribution partners for their services during these challenging times.



With the advent of COVID-19 your company has to redefine and reimagine the future. This pandemic has served as a wakeup call, spotlighting the need for every nation to be self-reliant. Cipla's philosophy of self-reliance and self-sufficiency and are pledged to provide universal access to affordable medicines, has become even more important and even more critical today.

The government's recent move to promote domestic manufacture of critical bulk drugs is certainly a step in the right direction towards creating a more vibrant pharma industry in our country. We hope to expand our activities successfully in India and also across key countries in the post-COVID-19 environment.

On an aside, over the past six decades, Cipla has pioneered the treatment of respiratory disease particularly in India. We have delivered and continue to provide on our promise to help millions to breathe freely. We offer a wide range of respiratory products and devices developed essentially with our own innovative technology.

You would be glad to know that recently Cipla obtained US FDA approval for Albuterol metered dose inhaler, the very first aerosol product to be made in India and be marketed in the USA.

As always, ladies and gentlemen, my sincere gratitude to all my colleagues on the Cipla board and the company's management teams for their support, guidance in this interesting phase of your company's growth. Cipla's humanitarian purpose of "Caring for Life" has driven our efforts in India and globally over the past 85-years. And this will continue to guide our endeavors in the years to come.

Finally, thanks to all our stakeholders, medical professionals, customers, suppliers, partners, and associates for their continuous support and faith in our company. We look forward to this encouragement in the future as we continue our progress and growth. Thank you ladies, gentlemen, once again, for being with us today through this new means of communication.

And with that, I would very much like to request Mr. Umang Vohra, our M.D. and CEO, to brief you on the operations and performance of the company. And thereafter, Mr. Rajendra will take up statutory items as proposed in the notice of the AGM and other matters.

Umang, the floor is all yours.

Umang Vohra:

Thank you very much, Mr. Chairman, and good afternoon to all the shareholders. I'd like to talk to you a little about our company in the last year and the specific things that we have done but we will start with a small video that showed how Cipla responded to the entire COVID crisis. so can I request the video to please be played?

(Video) 15:58

As you can see, we received over 72,000 calls on a helpline. And we were glad to be of assistance as Cipla to the public and to people who had been near and dear in dire need of medication.

So if you go to the next slide, please, this is a slide and as the chairman would have mentioned, there has been all fronts approach to attack the COVID crisis. You can see very clearly that Cipla was able to sell every medication that was needed for the COVID crisis. And the chairman spoke about this in his speech. We also had a supplemental effort to this that was brought in through our consumer healthcare arm where we sold our sanitizers, where we sold face masks. So Cipla has responded to this crisis comprehensively through its product portfolio.

I would also like to talk a little about our colleagues and the efforts they have put in across the world. We have seen Remdesivir being given to patients in South Africa as well. In New York, which was the worst hit initially with the crisis. We had a huge community effort that we had launched. So across the world, whether it was setting up new laboratories, whether what our foundation did in Mumbai, whether our South African teams, there has been tremendous effort and collaboration across the Cipla teams to bring solutions to people in the marketplaces. So I would like to acknowledge the spirit. As the chairman said, we are a company of people first, who believe in a strong purpose of "Caring for Life." So I would like to commend with all your support, all the employees in Cipla who played a very strong role in making sure that we came up with solutions for the crisis.

If you go to the next slide, please, where we are talking about the FY'20 performance, as you can see, we have had growth across all our businesses, revenues have shown an increase of 5% and please do keep in mind that this is revenues till March. And in March, we had the major disruption on account of supply chains. There was hardly anything being shipped out of India. So we have almost had about Rs.200 crores worth of revenue. And the resultant profit of that which is not included in these numbers but will be represented in the FY'21 performance and has already come into the Q1 numbers that you have seen. So, as you can see, there is a strong performance despite

the challenges we had in the last year. Of course, our markets grew well; you can see North America grew by 12%, we had South Africa which grew by 11%, the entire India business minus the amount of cut-offs that we had, at the end of the year showed a 5% growth and the European market showed 14%. So it has been a very strong year across our market segments and we are hoping that FY'21 we can keep up this momentum.

You can go to the next slide, please. As you can see, we are talking about all our health indicators. We were certified as a “Great Place to Work” again. The focus on renewable energy, as you would have seen in our integrated report, that has been mailed to you. We now have close to 10% of all our energy through renewable sources. Our goal is to take this even higher. We have had a huge reduction in almost 70% in the waste water. As you can see, we have continued our rhythm of filing patents, we spent about 7% of sales on R&D and we filed almost 13 patents across all of last year. We have had multiple audits. As you know, that we did have an adverse audit in Goa, but you would be glad to know that as a company, we are now on the path to remediation, and would likely invite the FDA to audit our premises when they are able to do so. But other than that we have had a huge number of audits by other regulatory agencies and all of those audits have gone off very satisfactorily.

We can go to the next slide, please. This slide talks about Cipla's abilities in the lung leadership space. As you know, for medications that we sell for the lung, Cipla currently gets about 22% revenues. This is a notable year for that milestone because of the Albuterol approval in the USA. But if you were to look at just the sole progress, the sole progress that we have made out of this therapy, it is remarkable. As you know, for years, Cipla's had a presence in offering medications to the lung space and we intend to try and become the lung leaders in providing therapy for the lung across the world. Today, GlaxoSmithKline has the privilege of being the number one device seller and we are trying our best to sell as many devices to patients across the world.

We have also finished clinical trials of a lot of our products. We finished two clinical trials last year and both these products are now being filed with the US FDA. Across emerging markets in India, we continue to try and progress a product range. And as you know, in India, we have a 70% share of the market. We intend to continue to grow this going forward. So the lung leadership space, the ability to bring medications for the lung, Cipla is completely focused on this and you will be glad to know that we are trying to aim to position ourselves as a leader of devices as a person who as a company that provides the maximum amount of devices to people across the world.

We also are launching programs that try and mitigate the myth impact of the respiratory disease. As you can see, there is a lot of stigma attached to this disease in India. This is the third year that we will be running the Berok Zindagi campaign in India to get more and more people, more information about choices that they can make when they are ailing within lung ailment.

If we go to the next slide please, this is a snapshot of what the key priorities for the coming months are going to be. As you can imagine, managing the here and now becomes the most important metric for us. There are supply chain disruptions across the world. We have plants which are operating at times with lower capacity due to the crisis. So managing and making a supply chain agile, minimizing the wastage in our operations, this becomes a key priority for us in this year.

Over and above this, the compliance. All our sites must continue to operate in a state of quality and control. And we are emphasizing this. We are prioritizing launches across markets just like we did Albuterol. We are also trying to make sure that our capability and leadership pipeline continues to stay as strong as ever. And we are trying to constantly build and create more talent and also look at adversity and how it can be translated into opportunity at every stage.

The last three or four months have taught us that, despite the adversity the world faces, there have to be companies like Cipla, which offer solutions to this care and this is inspired by our philosophy of "Caring for Life." And we are constantly trying to improve and measure up to the goal that was set by all of you and the promoters of this organization.

One last slide. We use this slide a lot internally within Cipla. Just like to tell you that we are working hard to try and make sure that the suffering that the society has gone through can somehow be alleviated. There is no cure for coronavirus. But all companies, including yours are working extra hard to make sure that we have some solutions to constantly offer to mitigate the impact of this disease. And we just like to say that faith and hope go a long way in this and your support is tantamount to the faith and hope that we are trying to bring to the world.

So with this, I would like to thank you for your support for the organization. I would like to thank our management team, the board of directors and would like to hand the proceedings back to Rajendra, who is the Company Secretary.

Rajendra Chopra:

Thank you, Umang. Thank you, Chairman. I am happy to share that around. 119 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 resolution 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 annual general meeting: Item #1 and #2 of the notice pertains to the adoption of audited standalone and consolidated financial statements of the company for the financial year ended 31st March 2020.

Together with the report of the Board of Directors and Auditors thereon and have been proposed as an ordinary resolution, the board has recommended this financial statement for the adoption of the members.

Item #3 of the notice pertains to reappointment of Mr. S. Radhakrishnan as the Director liable to retire by rotation and has been proposed as an ordinary resolution. Considering his rich experience and contribution to the organization, the board has recommended his reappointment.

Item #4 of the notice pertains to confirmation of interim dividend and the special dividend paid during the year as final dividend, and the resolution has been proposed as an ordinary resolution. The board has proposed to approve the interim dividend and the special dividend as the final dividend for the year 2019-2020.

Item #5 of the notice pertains to reappointment of Ms. Naina Lal Kidwai as an independent director and has been proposed as a special resolution. Considering her rich experience and contribution to the organization, the board has recommended her re-appointment as an independent director for the second term.

Item #6 pertains to reappointment of Ms. Samina Hamied as a Whole Time Director designated as Executive Vice Chairperson, and the resolution has been proposed as an ordinary resolution. In view of her valuable contribution made to the organization, the board has recommended her reappointment as Whole Time director to be designated as Executive Vice Chairperson for the second term of five years, w.e.f. July 10, 2020.

Item #7 of the notice pertains to authorization for issuance of equity share and other securities convertible into equity share up to Rs.3,000 crores and has been proposed as

a special resolution. The board of directors have recommended the above resolution for approval of the shareholders.

Item #8 of the notice pertains to Ratification of Remuneration of Cost Auditors for the Financial Year 2021. The board has recommended Rs.11 lakhs as remuneration to Mr. Zaveri, cost auditor for auditing the cost records for the financial year 2021.

These are the eight items which has been proposed in the notice of the annual general meeting for the approval of the shareholders.

We will now invite the shareholders who have registered themselves to ask any question to the management or the statutory auditor or the secretarial auditor. We have received 23 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 questions in the chat box available on their screen. We will respond all the queries by the speaker shareholders and the queries received in the chat bots in one go. In the interest of time I request all of these speaker shareholders to please keep the questions brief and do not repeat the question which has been asked by their fellow members. I also request them to not to take more than three minutes. This will ensure that other members get a chance to speak at the AGM and raise the concern. 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 3 o'clock on Saturday, August 29, 2020. The combined result will be placed on the website of the company and website of the NSDL. 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 the shareholders one-by-one.

Moderator: Thank you so much, sir. We have the first question from Mr. Arun Kumar Boppana. Sir, you may go ahead with your question please.

Arun K Boppana: Good afternoon, everyone. Thanks for Rajendra Chopra and his team for setting up this conference. Considering the percentage of inputs from China for Cipla, will India really depends on China for intermediaries for backward integration end-to-end solutions. India, they said, single window. Will the single window open for Indians to start manufacturing in India? The smiling chairman, sir, I am happy. The crisis is an opportunity to develop a solution. India's two great problems are jobs and population.

We have to meet the demands. Sir, there will be other people asking the questions, but people should not forget the legacy of Cipla. I would like to pay tribute to our Founder Dr. Khwaja Hamied followed his heart and landed in Germany to learn chemistry and chemicals, which was not favored as an industry in those days. He made history in Indian pharma in 1935 by starting Cipla. His mind was sharp and his motives were pure. He just believed in pure merit and service. He produced affordable generic drugs in India with soul aim of giving relief to the poor of India. Profits were never his objective. His legacy was and is continued by his worthy sons, Mr. Yusuf bhai and Mustafa bhai. I wish them all the best. Thank you so much. They overcame many patent laws and process, never being stingy with R&D. Cipla's Hydrochloroquine is what Trump is seeking today. No other company in the world has done so much as Cipla in bringing affordable generic drugs to the poor. It declined to move to Pakistan with perks being close to the soil, preferred to stay back in India rising above petty politics and religion. Chairman sir still there is so much left to deliver, so much history to be made. Hamied's remain patriotic Indian. I salute him. Thank you so much.

Moderator:

Thank you so much. We have the next question from Mr. Dinesh Bhatia. Please go ahead.

Dinesh Bhatia:

Chairman ji, Dr. Hamied ji, I want to congratulate you all as our company has maintained a good revenue in such a difficult time like COVID. Our consolidated revenue of Rs. 1600 crores from that Rs.132 that is very good that our revenue has increased more than 5%. If we see the profit our profit last year it was 1525 crores this time it is Rs. 1546 crores that is also a very appreciable thing that you and your team has worked very hard and maintained name of our company, our products, if we see everything we feel very happy and very proud that we are the shareholder of Cipla company. I also congratulate for the dividend which you have maintained. On the Page #24 you have given the award and recognition for that also I am congratulate you and your whole team, it is a good thing and I wish our company keep progressing like this. I don't want to ask you anything, I just have a question that on a standalone basis we make Rs. 27 profit per share on Rs. 2 shares we make profit of Rs. 27.71 is our standalone profit and consolidated basis our profit of Rs. 19.16 then too you have given interim dividend of Rs. 3 and Rs. 1 you have given as special dividend, so you have finished at Rs. 4 so we believe that if you would have given a good dividend that would have been great, we also would have felt great though market is seeing this and our share price is also good because our company is progressing, you maintain the dividend of shareholder so I request you that if possible please increase the dividend. Please increase your dividend payout. If our income is Rs. 19-20 then minimum dividend

should be Rs. 5. I would not say more I support you in all your resolution and I believe that our company keep on progressing. Thank you.

Moderator: Thank you. We have the next question from Mr. Vinod Agarwal. You may go ahead please.

Vinod Agarwal: Respected Chairman, Hamied ji, M.D., Umang Vohra ji, other directors and my fellow shareholders, my name is Vinod Agarwal, I am speaking from Mumbai. We are making and selling Remdesivir, Favipiravir, Tocilizumab for COVID in injectable mode. Are we being approached for contract manufacturing for the other COVID-19 injection which are likely to come into the market from Hetero, Pfizer, BioNTech or Oxford because those companies would be needing surplus capacities for injectable manufacturing, have we been approached by them or are we developing our own generic version of those likely when the injection comes into the market? So social media is rife about our Chairman, Hamied with his photo in suggesting steam inhalation to be the preventive cure for COVID-19. Was it true or was it fake from your side, Dr. Hamied ji? I would like to know. We are known for our respiratory and urology in the medicines. It is now appreciated that a company through its R&D has got 14-years approval for Albuterol MDI in this year and also for the Advair Diskus in this year. I would like to know what would be the market size and the revenue targets for Advair Diskus in this year? We have got 46 plants, sir. I would like to know how many of them are running to full capacity and how many would be at the 50% level of the capacity like 75% plus is a good run rate for a plant and 56% is a little low run rate for the plants. I am happy about the financial side of the company and the good revenue of Rs. 1,546 crores, dividend is good, R&D in a span of 6.9, everything is nice sir. I voted in favor of all the resolution. I would like to know are we going to benefit due to API restrictions on import from China, are we in a better position for that? And also, what would be the impact of Trump diktat a few weeks back, suggesting that medicines in wholesale should be given directly to hospitals and government institutions not via mediators at the low prices, any impact on that for our company? Sir, we have got a goodwill of 2,934 in our books. This is mostly due to acquisitions abroad. Are we likely to amortize any of this goodwill in the coming years or is it like to stay? Goodwill is a non-financial basic entry in the books. Are you likely to amortize this? Sir, our equity is Rs.161 crores and result about Rs.15,600 crores and we are in consolidated Rs.19 plus per share and the market price of the share is about Rs.750 today. Any thoughts on bonus issue the board may consider in the coming year? Thank you sir.

Moderator: Thank you so much. We have the next question from H.S. Patel. You may go ahead.

H.S. Patel:

Good afternoon to you all. Dr. Hamied sir, Mr. Hamied, Madam Samina Hamied, Mr. Umang Vohra, the most capable manufacturer, the three ladies on the board of directors and three ladies in the management team, our Mr. Rajendra Chopra sir, the full secretarial department was very helpful in giving me this chance and helping me to solve some problems in the annual report. Mr. Rajendra Chopra ji, I am very much grateful to you. Thank you. And Mr. Kedar Upadhye for giving a very good financial output in the report. Sir, first I would like to say that we are very small shareholders in the company, but we are very faithful and loyal shareholders. We are not like analysts who make or mar the company... the image of the companies made or mar by their opinion. Companies spend lakhs of rupees in analyst meet. It is a sheer waste of time and money on the analysts. I feel it in that way. 15, 20 years back, there was nothing like analyst at that time. Shareholders, we buy shares, we retain the shares in the company, we have faith in the company. Analysts do not buy the shares in the company. They only give the news about the company which may make or mar, have the good opinion or bad opinion about the company. So it is the shareholders who are to be rewarded rather than the analysts. I feel it in that way. Sir, do you still procure your raw material from China? When shall we stop procuring this raw material? What is the total R&D expense is it 19.20 as shown or is it 10,202, if you could let me know. Sir, you have 51 subsidiaries and four associates? Sir, do we need to have so many subsidiaries? Cipla was a debt-free company till last year. Under your leadership Dr. Hamied sir and Mr. Umang Vohra, the company is doing very well. Is it because of this COVID and pandemic times that this year we are having indebtedness shown in the annual report? When will our company be again debt-free? I hope this debt should end here in '20 only, with the COVID it should go away. And our company should remain debt free as it was Dr. Hamied sir. We are really happy under your leadership with this company. We have faith in this company and I am sure you and Umang Vohra will sail this company to great heights. I have little unusual request. Besides this also I congratulate the company for the various awards and accolades that the company has won. Company has also donated 25 crores for "Caring for Life" for COVID patients, testing kits 24x7. Sir, precaution is better than cure. In COVID times it is better that we have medicines which make our body healthy and strong. Rather than doing the curing medicine, why not we have protective medicine which immunizes our body, gives protection from ailments. There is like Omega-3, Yeast Extract, Vitamin B6. Why do not you come out with such medicines sir? Honey Ginger is very-very good. You can come out with honey ginger or honey haldi turmeric. We should come out even with this iron and phosphorus. These are very essential. Please I request humbly and I wish the company all the very best. One more important thing, sir, meeting is only once in a year and three minutes are not enough for us to go through the whole

annual report financials. Please make it five minutes for the speakers. Warren Buffett also take some very long time, has patience with his shareholders. May I humbly request you at least allow five, five minutes for each shareholder to speak? Once in a year we all are coming and we can meet you. And this video conferencing is very good. People from all India can participate in this program. Chorus people are also very good and very helpful. They have done it in a very nice way in other companies also. I congratulate all the employees for keeping and working in this company even in the crucial COVID time. The management team and the Board of Directors, thank you very much. All the best to you.

Moderator: Thank you so much. We have the next question from Homayun Pouredahi. Please go ahead.

Homayun Pouredahi: Sir, I miss our physical AGMs . We used to meet you, Mr. Hamied, your brother, even your sister in the past physically, sir, we miss those days. Now, I have a few questions sir. We come under essential services. Sir, what are our plans operating even during lockdown, sir, can you just throw light on that, one? Sir, two, regarding the medicines, do you know during the lockdown the chemists are open, but you did not have fresh stock of medicines, sir, medicines were in short supply. Sir, was it difficult for you all to transfer medicines though even under essential services? Sir, these are practical issues which took place during lockdown? We could not get the medicines. Sir, what is the status of your latest medicine with respect to COVID? Sir, we are hearing in the newspaper that your medicine was in short supply considering COVID and it was sold in the black market for four times the price. Sir, such value our medicines are. I think it is Remdesivir. I cannot pronounce that. Are you planning to manufacture vaccine for COVID? I am not aware anywhere that you are planning to do so. But your medicines are in great demand as far as COVID are concerned. So, is it in really short supply? Have we been able to keep up with the demand? I would like to know. Why are our subsidiaries little bit jaggging profits down? Not much. You can throw light on that. Regarding your CSR activities, sir, have you done anything with respect to Assam and Bihar floods? I would like to know. Sir now I am handing over to the next speaker Beruz Pouredahi, speaker #6.

Beruz Pouredahi: Respected chairman and other distinguished directors, my name is Beruz Pouredahi. Sir, we are proud that your company secretary took initiative of registering and taking very great care in making us also join with the Chorus people. So we are proud of Rajendra Chopra. And we are also proud of Mr. Umang Vohra. Since he came, our share price from 400, 500, it has gone up to 700. I think many of the pharma companies are doing well in this. So Pfizer share price is more than 5,000. And Abbott India's

AGM is on the 7th of September. Its share price is 16,000. So I think our share price will also go in four digits, more than 1000. So I think you have given only Rs.4 dividend and other pharma companies are giving excellent dividend. Sir, we always see you on the Mahalaxmi Race Course. We are proud of you that you are a friend of Adar Poonawalla and Firoz Poonawalla and I think Serum Institute will be the first vaccine developer. And I hope that we market the same at a subsidized rate. And it has done 60,000 vials for Parsis. So, I think you will also support that cause. Sir, there are a very few Parsis and really we are proud that you are having good friendship with parsi friends. Sir, Yusuf Hamied, we are also proud of you that you are taking care of our company and you have taken also a visit to Patalganga and we saw your plant, you are having your plants all over India, really we are proud of you and we support all your resolutions especially resolution pertaining to Samina Hamied being recommended for another period of five years. And we would like to know, you are going to raise about Rs.3,000 crores. Whether you are going to give the first preference to the shareholders or you come out with the QIP? We are supporting all your resolutions and wish the company all the very best. Thank you very much. Jai Hind. Jai Bharat.

Moderator: Thank you so much. We have the next question from Mr. Hariram Chaudhary. Sir, you may go ahead.

Hariram Chaudhary: Thank you. Chairman Shri Hamied ji, you have introduced all the directors. Now, my suggestion is let the directors introduce themselves so that we can see face of each individual director very clearly and we can know from where they are speaking from. So, this may be done at the end of the meeting again. Now, I come to the Chairman speech. You said that we have introduced a medicine for HIV. The other multinational companies charge exorbitant. You have shown to the world that we are concerned for the masses. We appreciate very much. Again, in the field of respiratory diseases, we appreciate your effort also. Now, in COVID, you have seen improvement I believe in Remdesivir, Dexamethasone, Favipiravir. These are the medicines which are life saving medicines. Many people are served. Mr. Chairman, I want to point out as per newspaper report, the drugs which are costing Rs.5,000 are sold to Rs.60,000, even Rs.90,000. So finally increase your production, supply the medicines to all the nursing homes, hospitals, COVID centers, so that there is no black marketing and they are easily available. Finally, also let us know whether hydroxychloroquine which is also manufactured by our company? Now I would request why not have the vaccine from your company? We are looking forward to that also. Now, as per your speech, Chairman, you said you have isolation ward in the hospital. In which hospital, the isolation ward is there. Kindly enlighten us. Here is my suggestion. Reliance Industries

is having the isolation ward at Seven Hills Hospital, Andheri. Now, the patients under CSR who are there treated free of charge. I also suggest that the isolation ward, we are supporting, we should treat free of charge under CSR. My second suggestion is if there is habitation for COVID patient shareholder, then Rs.1 lakh should be given for treatment in case of some other items involved. This is my suggestion which you kindly consider. We appreciate Umang Vohra. Umang ji, adversity has been converted into opportunity. We appreciate fairness. I also appreciate Rajendra Chopra ji's perfection who bring to the shareholders and help in all the ways. Now, Mr. Chairman, annual report must have been published. We have received from Reliance Industries, from Kotak Mahindra and BASF. They also had annual general meeting by videoconference only and have sent one copy to me. One suggestion, wish to have get together with the shareholders held before diwali, last week of October, that if something is held. And I convey my best wishes for all the progress and prosperity of the company and I appreciate chairman Hamied ji on behalf of every member for having the concern of the masses with the crisis and saving so much lives. In case of COVID, there is really high expectation that medicines should be easily available, they will not be in short supply. Thank you very much, Hamied ji.

Moderator:

We have the next question from Ms. Lekha Shah. Please go ahead.

Lekha Shah:

Respected chairman sir, board of directors and my fellow members, good afternoon to all of you, myself Lekha Shah from Mumbai. I am very thankful to our Company Secretary Mr. Rajendra Chopra ji and his team for extending very good investor services and also sending me the annual report by e-mail well in time. This is full of knowledge, facts and figures in place. Due to pandemic COVID-19, we all are facing crisis and have to stay home. This is the first time we are joining the video conference for giving speech before one week and today also our Company Secretary, Mr. Chopra ji had phoned and given guidance and proper introduction for attending the meeting through video conference. I'm very, very grateful to our Company Secretary, Mr. Chopra. I am happy that our company is the third largest in pharma in India, third largest pharma private market in South Africa and among the most top generic player in US. It is great to see that our company continues to create history since 1935 and has created history for this year as well as with the launch of global lung leadership. Appreciate Cipla to manufacture medicine for COVID-19. Our company has to be at the forefront of the tight COVID-19. I would like to congratulate our company on winning various awards like Golden Peacock Award for the CSR 2019, Most Outstanding Companies in India, Golden Premium Award, etc., Our company has also been certified as Great Place to Work for the Second Year in Row. On the festival of Ganesh Chaturthi, pray to Lord Ganesha shower blessings upon our company. Sir, I

have a few questions to ask. Do we come under the preview of GST? If yes, then what is the rate? Please let me know. How is the company preparing itself in a post-COVID world? So I wish our company good luck for a bright future and I support all the resolutions. Thank you, sir.

Moderator: Thank you so much. We have the next question from Yusuf Rangwala. Please go ahead.

Yusuf Rangwala: Respected chairman and all board of directors, very Good afternoon, sir. I am very happy with Rajendra's team for arranging the video conference. They are very, very helpful from morning and also thank our Chorus for taking a trouble to arrange, they are giving services and they are very kind and they explained how to join the meeting. And I am also thankful to Pallavi madam for taking a trouble and her team people on the dividend of Rs.4 per share. Today your price in the market is Rs. 750 and in the year 2019 you got the Golden Peacock Award received I am congratulating for that. And sir I want that our company wins many more awards. Sir I want to take a name of the medicine which is for diarrhea, I would like to know why are you not manufacturing any medicine for this purpose sir? Sir, any new medicine in this year? And sir on COVID-19, what is the position of our people – whether the people are working from home or working from office? I request after COVID-19 in the month of November before diwali if we keep on get together, I would like to visit any factory nearby. Happy late Mubarak sir. Thank you so much. Jai Hind. Jai Maharashtra. Vande Mataram.

Moderator: Thank you. We have the next question from Prakashini Shenoy. You may go ahead.

Prakashini Shenoy: Hon'ble Chairman, Dr. Y.K. Hamied ji, other dignitaries on the board and my fellow shareholders, good afternoon to all of you. I received the annual report well in time through e-mail, which is colorful, transparent, contains all the information as per the corporate governance. I thank the Company Secretary Shri Rajendra Chopra ji and his team for the same. I am also thankful to Rohit and his team for helping me to get the link for speaking. This is the first time that a company is conducting video conferencing meeting. The chairman has given a fair picture of the company and its outlook in his outstanding speech. Along with Mr. Umang Vohra ji, he has also given a beautiful explanation along with the video of the company. I thank one and all staff for getting numerous awards. This shows their hard work and sincerity. I am also glad that the company has done outstanding work in the period of CSR activities during the year. We are living in days where everything is unpredictable including our existence. In such circumstances, running a company like Cipla is not a small thing. I appreciate

sir. I have a few questions. What is the effect of COVID-19 on our company and what are its challenges? What are the learnings from the lockdown and how the company is implementing these learnings? Are we planning to have a new R&D or expanding the existing R&D? If yes, what shall be the approximate cost involved? Is there any new change on a company after the introduction of new budget in the parliament? How many products are under the clinical trial as on date? How much time will it take to give the results approximately? I wish the company good luck for a bright future and pray god that the profit of the company shall reach the peak in due course. Sir, I support all the resolutions put forth in today's meeting. Thank you, sir.

Moderator: Thank you so much. We have the next question from Ms. Vasudha. Ma'am, you may go ahead please.

Vasudha Dakwe: Respected Chairman sir and Board of Directors. My name is Vasudha. I, first of all congrats Company Secretary and his team for sending me the soft copy of the report well in advance which indicates the clear and transparent picture of the company. I want to ask a few questions. What is your next two years plan post COVID-19 situation? Secondly, please throw some light on the R&D expenditure? Any new medicines coming this year? Third, what is the impact of our current employees who are not working from the home? With this I support all the resolutions. Thank you very much.

Moderator: Thank you so much. We have the next question from Sharadkumar. Please go ahead.

Sharadkumar Shah: Chairman, sir, in our balance sheet, you said the results are historic, and it is true. I do not agree with Umang Vohra's speech that we lost Rs.200 crores revenue. Irrespective of that, my balance sheet is very strong, my results are very strong, it is historic results. And what I would like to tell you that our free cash flow is Rs.1,955 crores which is double than the previous year and if you compare last five years, it is just equal to last five years cash flow. Our EPS is very good. I do not have to say anything because earlier people also said this. Debt-equity ratio is 0.05; net debt is Rs.807 crores and we have given the dividend amount is 650 crores which is very close to net debt amount. And what we are doing? Our dividend is like again 1:4 and 4:1. At least we are not doing 4:1. So, it is really what I said looking at this, if I stick to my dividend, I will be free of the debt or if I have to monetize my goodwill, something like that, once my debt is totally brought to zero, my company will still do much better. So many companies are debt-free. This Tata Motors Chandrashekar said, he will take three years to be debt-free. But in our case I do not think we require so much time. Once we skip something, definitely we will be debt-free immediately, sir. What I was looking in the

balance sheet, we have got total 25,000 staff, out of that 728 staff are more than 50-years-old. So, what I felt if I replace them with the young staff and once we replace them they will be also get benefited and company's efficiency, profit, everything will become more whether you agree with me or not, let me know that sir. And what we are saying in page # 131 and 132 that in respiratory system, we are #1, my company's market share is 68%. What I would like to know, sir, that Gelatin is a name of the medicine which recently Lupin has launched in USA, that is basically for asthma. Whether we have got similar medicine with us? And I have not understood whether this is something like a tablet or not. If you have got, let me know that sir? And another thing when I was going through all your balance sheet, I have not seen whether we have got any plant in USA. If we have got any plant in USA near Boston, near New York or something like that, please let me know that sir. And another thing is we have sent one mail to you giving four page details catalogue of PSM technology and how much this PSM technology is useful in pharma industry, I would like to know sir, if you can forward that information, I will be very grateful to you. Thank you sir for giving me an opportunity.

Moderator:

Thank you so much. We have the next question from Mr. Gautam Tiwari. Please go ahead.

Gautam Tiwari:

Very, very hon'ble chairman sir and industrialist at par excellence, our Y K Hamied ji, and our excellent team of Umang Vohra, even Mr. Kedar and even the secretarial team of our Rajendra Chopra, even their associates, Natraj, Roohi, and the technical assistance given by Ms. Lavina madam, everything is so wonderfully managed and well selected and well connected sir that as many times as we salute it is not going to be enough. Good evening to very distinguished and well dignified directors, Cipla team and fellow shareholders. I am very glad and very much proud of being a shareholder of Cipla company from day one and a regular attendee and a regular speaker of you always and all the time. Sir, I have got a few small queries in order to understand my understanding and appreciation for the company's work. Sir, Mr. Umang Vohra's presentation was very good and your opening speech has given us a very good knowledge. Some very small queries are sir. Sir, what is the percentage of products under price control? Sir, do we expect any supply constraint due to COVID situation globally? Sir, how are our doctors reacting to digital ways of working and will our company get impacted if our sales representatives meet the doctor in person? Sir, how much decline our company has seen because of COVID-19 during the year decline in business? Sir, how much the company has spent on our R&D during the year? How much dividend and shares our company has transferred to Investor Protection Fund and IEPF respectively? Sir, which are our top brands which have constituted more than

50% of our sales volumes? Sir, what are the future plans of the company? Sir, what is the percentage of COVID drug supply and like COVID our medication, our sanitizers and other things which we are manufacturing medicines to our total sales? Sir, the company has really worked very hard in identifying the projects for CSR, which are very much beneficial to the public at large. Sir, our employees and staff, technical staffs and executives have worked putting their life at stake did wonders to keep running our company for that we salute the employees and paramedical representative and technicians. On Page #21 we have shown the accolades and awards for that I would like to thank you and we have always supported you, today also we support you and in future also we will keep on supporting you and as long as we are living we will keep on supporting you as much as possible and with all the trust, faith and confidence we will be very proud that Mr. Hamied gets recognized not only in India but in the world. And we hope that you keep on prospering your shareholders and keep giving the rewards. And for your bright future and your long life and your healthy and wealthy and happy life I pray to god and I thank god. And I thank you very much, sir, for patient listening and patiently hearing me.

Moderator: Thank you so much. We have the next question from Mr. Anil Parikh. Please go ahead.

Anil Parikh: Chairman, Hamied, Madam Samina Hamied, Mr. Umang Vohra and fellow shareholders, sir, good afternoon to you all. Our company secretary has done excellent work as far as investor relations are concerned. Chairman sir, we all in the unusual situation due to COVID-19 pandemic and sitting at home and attending this VC conference, but let me tell you sir, this is not at all comfortable meeting rather we meet physically and greet each other, that is a more comfortable situation. So, I hope everything goes well and next year we will meet at a physical venue and I hope you also consider this. Sir, having Chairman speech and Umang Vohra speech, no more questions are left to put before you, but some of the points coming to my mind, I would like to put before you. So we have only all 46 plants all over India. And my question is, are they all working at full capacity? Last year, we have filed 13 patents. Are all they approved or not? And how many this year we would like to file more patents? And I would like to know expenditure for each patent filed? So any capital expenditure we are expecting this year? My next question is whether we are in the process to develop vaccine for COVID-19? I want your views on this. And generic medicines we are contributing at top line. What is our contribution by generic medicines? Sir, next question is we acquired worldwide rights of Zemdri. Sir, how it will help us globally in top line and as well as business is concerned? Sir, I am ending here and giving you all good success for the coming year and I am supporting all the resolutions and I once

again thank secretarial team and all the board members for allowing me to speak, thank you, sir.

Moderator: Thank you so much. We have the next question from Mr. Vinay Pede. Mr. Vinay, you may go ahead, please.

Vinay Bhide: Chairman Dr. Y.K. Hamied, Vice Chairman, Vice Chairperson, M.D. Mr. Umang Vohra, directors present in today's AGM, participating entities, company officers and staff, shareholders, good evening to all of you. I have got a very few specific questions to ask you. The first question, sir, is from page #7 of our annual report, wherein we have shown the financial highlights. We have shown a five year CAGR of sales; we have shown the EBITDA margins and PAT margins. Looking at this trend of each of these financial parameters over the past, I find that they are in a tight range. Now considering the situation that India as well as the world finds today in terms of the emphasis on healthcare and medicines, do you see us coming out of these figures in the present financial year as well as the years to follow? That was the first question. The second question, sir, I request you to refer to page #66 of our annual report. We have given two important figures: The first one is on the number of patents filed and the number of patents granted. So, here we have given a three-year statistics. We find that the number of patents filed as well as patents granted in the accounted financial year is the lowest in the past three years, that is point #1. The second data that I found on this same page is that the new products launched, have reduced from 80 to 52. My simple question, sir, is that to the both figures, although they mean something more significant that you are able to do, that is the second one. Third thing is that knowing the emphasis that digital sales have in most of the products and services these days, as well as for pharmaceuticals, can you please tell us, sir, what is the trend in digital sales as a percentage of our total sales? And the fourth important question is a common question for everyone. I saw the tagline as well as the cover page of our annual report; it says "Caring for Life since 1935." And also says, "Reimagining for Tomorrow." Considering that we have spent 85 years in the industry can you tell us as a matter of encouragement for Indians as well as the world over considering the COVID situation as to what good news or what difference you can make to the health of the lives of both Indians as well as world over in trying to deliver both medicines as well as services? I thank you for giving me the opportunity to speak. I wish directors and employees all the best. Thank you so much.

Moderator: Thank you so much. We have the next question from Vallari Gupte. Ma'am, you may go ahead now.

Vallari Gupte:

Good afternoon, everyone. It is my pleasure to meet you Dr. Hamied and Hon'ble board members at this meeting. At the outset, I would like to congratulate the management for making a difference in the society by "Caring for Life" and doing their best for the business during the current uncertain times. I would also like to congratulate Mr. Chopra and the company secretarial team for a very informative and well drafted annual report. Chairman sir, I just have two questions. In the recent past, the company has invested minority stake in certain ePharma companies. Is this a pure financial investment or are there any business synergies? Due to work from home facility to the employees in this COVID situation and other cost saving initiatives, are you likely to accrue significant savings and help the bottom line which was also evident in the Q1 results? Is there a plan for special dividend this year also, or the company proposes to redeploy the funds back in the company? Thank you very much for giving me this opportunity to speak and wish the management and the company all the very best.

Moderator:

Thank you so much. Please allow us five minutes to get back to answers to your questions. Until then, we will play a short video.

(Video) 84:00

Thank you so much for connecting with us. So, the question from the shareholder speakers are done now. There were quite a few shareholder speakers who registered with us but could not connect; the names are Mr. Vimal Kumar Agarwal, Pushpa Devi Khandelwal, Boppana Jaya Kalyani, Kirti Shah, Birjan Singh Shrimal. We would now like to take the last question from Mr. Santosh Kumar Saraf. You may go ahead please.

Santosh K Saraf:

Respected Chairman and Board Members and my fellow shareholders, I am Santosh Kumar Saraf from Kolkata. I am a shareholder for a very long time. Because of virtual meeting, I get a chance. Otherwise, it is not possible for me to attend your meeting. And also thanks for management to give me a chance second time because my line got disconnected due to some reasons. Thank you management for declaring an interim dividend of Rs.4 per share in the tough time for the industry. But I believe this dividend is still at not par because no GST payable by the management. Sir, I request you kindly send in the future annual report through e-mail in the single page PDF always instead of two page PDF format because it is difficult to view on the depth of our mobile sir. Sir, what is the real impact of COVID-19 in the percentage terms, how are we affected sir? Sir, due to coronavirus, absolute lockdown, no industrial activity. Sir, how many employees are sick and, in the percentage, if any? What are the cost cutting initiative done by management sir? Sir, how much salary cut was taken by management? What

step you are taking to tackle effect of the COVID-19 in our company income? Sir, kindly let me know does our R&D has any COVID mechanism in the pipeline? Sir, company had paid royalty to a promoter company if any, then what is the amount sir? Can you tell me sir aggregate number of unclaimed shares are lying in the unclaimed shares suspense account at the end of the year 31st March '20? Sir, page number #156, you mentioned the number of total permanent employees in the company was 21,641 as on 31st March '20 but in the page #76 you informed the total number of employees in the company was 25,825 including 3,600 women, differently-abled people 13 and also contractual employees 9,812 as on 31st March. Can you tell me which figures are correct figures sir? Sir, female employees' percentage only 13.97% of the total employment of the company as an 31st March '20. It is very less. Kindly let me know the view of your management to empower female to become the self-dependent in the current social economic scenario? I am unable to understand what problems is the report information in the report again. Instead of giving this number, it is very difficult to go every time to refresh to see report. Next time you please take all the information in the business report. Page #240, you reported there are so many tax disputes cases was pending from 90-93. In this regard, kindly tell me why are not interested in settling these cases under Vivad se Vishwas or Subconvention Scheme launched by central government sir. Sir, how much unclaimed dividend amount transferred in investor protection of demat account of the government on the 22nd December 2020 for the year 2019? So, Secretary, Rajendra Chopra, not mentioned his ICS number in the Statement of Account as per Companies Act 2013. You have to compulsory mention TIN number of the directors, ICS number register of companies act. Everywhere they are giving the report, signed. Kindly verify this detail of others. Not mentioning is an offense and this is not repeated. Kindly how much amount you paid to PM CARES Fund? Kindly tell me what are the expenses estimate for this year meeting through video conference and what was the last year expenses for physical holding meeting at the venue including painting, posting on notices and annual report and traveling of the directors for the AGM to present here? How many shareholders attended the video conference meeting sir? Thank you for giving me an opportunity again. Thank you, management and hope next year, in video conference meeting, we meet again and I wish everyone a good health and I am finish here. Jai Hind, Jai Bharat. I hope that if we have physical meeting next year, we also do a video meeting as well for the outsider shareholders to attend. It is a successful and we hope that we keep doing the video meeting. Jai Hind, Jai Bharat.

Moderator:

Thank you so much. As this was the last question, I hand it over to Mr. Umang Vohra now.

Umang Vohra: I would like to thank all the shareholders for their questions, and we will now try and attempt to answer as many. For those that are not answered, you may get in touch with the company secretarial team. So, Mr. Arun Boppana, your question was on what percentage of our supply chain is from China? I would like to tell you that for most pharma companies, including ours, almost anything over 15%, 20% of the supply chain will be from China. There is an active plan to derisk this. A lot of capacities, a lot of Indian companies including ours, making plans to derisk the supply chain from China.

Mr. Dinesh Bhatia Ji, your question was on dividend and you asked us the details that how much dividend we had given and subsidiary and consolidated question was also there. I would like to say that Kedar would like to answer. Please tell Dinesh Bhatia how much dividend was and the comparison between the P&L of standalone and subsidiary

Kedar Upadhye: Sure. Umang, maybe once you complete your answers, can I take all these together?

Umang Vohra: Okay, fine. So then we will come to Dinesh ji's question later.

Mr. Vinod Agarwal, your question was on contract manufacturing and whether we have been approached. I would like to tell you that currently we do not make vaccines. However, we are evaluating every opportunity to see how we can be of assistance during the COVID time period. The Advair Diskus product that you have asked, we have filed it in the US, the US FDA will obviously take its time to approve it. It is quite likely that we will probably see the product in the market only about 18 to 24-months from now.

You had also asked about the impact of Mr. Trump's statements. And I think I would like to say that the direct shipment model may not impact pharma companies directly because pharma companies anyway first ship to the wholesalers, who sell finally to the hospitals. So, if we have to sell directly, the companies would probably see how the supply chain can get configured there. There was also a question on inhalation. We have already told you how much of respiratory revenues come currently for the company. That is 22%. And our aim is to take that higher.

There was also a question on goodwill amortization, which Kedar can take when he is answering the queries to you.

Mrs. Patel, your questions were around the raw materials from China. I believe I have answered; about 15% to 20% of the value chain and higher will be from China.

You had asked about R&D. We spent about 6.9% on R&D, roughly about 1,170 crores in total including the manpower costs.

You had raised a question about us being debt-free. I just like to say that we are net debt-free. We are a debt-free company in June. So we have no debt, but debt you see are working capital loans, but we have equal cash on the balance sheet for that.

You have requested on protective medicines. I just want to tell you that starting from sanitizers to our zinc capsules to multivitamin tablets like we sell like Maxirich, Emrich, a lot of them are all sold by Cipla. And if you require, the company secretarial team will be able to give you details of those products.

Ms. Homayun Pouredahi, your questions were on the essential services and the lockdown that the chemists had seen. I would like to tell you that even during the lockdown our manufacturing facilities continue to operate. People came to the plants. There were lots of issues with the societies that they lived in. But all of them were resolved largely out of the enterprise of our own people as well as close collaboration with authorities that we were in India.

For chemists that were stocked out, specifically for those that were in the containment areas as well, we took adequate precaution to try and see how we could reach them. And we have been able to reach chemists also in the lockdown zones despite the lockdown.

You had asked about Remdesivir and the recent reports about unequitable supply in the market. It is with that ambition that we had started the helpline so that if patients were not getting the medicines, they could call us, they could even call us to ask what is the right rate for the medication. So we have got as I mentioned in our presentation, almost 72,000 calls on a helpline for that.

You asked about subsidiary profits. I would request Kedar to answer your query with respect to that.

On the Bihar floods and the Assam floods, let me comment that in both places, the Cipla Foundation has worked relentlessly to almost get close to 500 families various essentials that they need, at some places food, in some places, just tarpaulin sheets, to make sure that they are able to be in a much better situation than what was inflicted on them with the floods.

Mr. Beruz, your question was on the fund raise. I would like to tell you that this is an enabling resolution we took one last year as well. There are no active plans right now to raise funds via equity or any other route.

Mr. Hariram Chaudhary, you had requested answer on the unequitable supply of Remdesivir. I have already commented on that; we are supplying directly to those stockists who supply to hospitals.

On vaccines, as I mentioned earlier, we are trying to see what best we can do in that area.

Lekha Shah ji, you had raised a question on the GST rate and something on intelligence. Kedar will answer both those questions when he takes up all the questions on his side.

Yusuf Rangwala ji, your question was our employees who are working from home how is their experience I would like to tell you that our R&D sites and manufacturing plants people are coming to the office every day and working and our work from home employees are safe and all our employees at corporate offices are working from home.

Mrs. Shenoy, you had raised the question on COVID-19. challenges and the learnings and also a question on clinical trials. I would like to tell you that we have over 10-products in clinical trials in various phases. And this number is no different than our past. Also, in terms of COVID-19, I think the biggest challenge has been from the challenge of supply chain which you will be happy to know that your company has managed well. What we have learnt is that we have to keep readjusting our plans, our supply chain, about how we configure and we cannot take anything for granted or certain at this point in time, but you will be happy to know the company is managing this to the best that it can.

Ms. Vasudha, your question was an R&D expenditure and new medicines and the safety of our employees at the plant. I would like to tell you that our R&D expenditure was about 6.9%, roughly about Rs.1,170. The employees in our plants are safe, we are ensuring adequate checks, adequate well-being of their thing, we have reconfigured our workspaces in the plants, the canteens are not crowded anymore, we have put basic information on who can walk the corridors and on what side and how many people can be in each place. So, we are taking adequate precautions for the employees.

Mr. Sharadkumar, you had asked the question on plant in the USA. I would like to tell you that we have three units operating in the USA today in Long Island in North America, and they are almost supplying close to 45% to 50% of our total business in North America.

Gautam Tiwari, you had requested for the percentage of products under price control. That is roughly about 25% of our India businesses under price control at this point in time.

You asked about digital adoption. I would like to tell you that though small, digital is almost 5% to 10% today of how we interact with our doctors. You asked about COVID decline. I would like to say that a large portion of the COVID decline that we have seen has been offset with our COVID range of products, but the decline we have seen has been more in the acute side of our business.

You had asked a question on the IP shares and the investor protection scheme. That Mr. Kedar Upadhye will answer when he takes the questions.

Mr. Anil Parikh, you asked about the plants and whether they were working at full capacity. I would like to tell you that majority of our 46 plants are operating at over 75% capacity.

The approval of the patents is your next question. They take a period of time they take about a year or a year and a half from the patent filing to approval. There is a process that most regulatory authorities decide on that.

Vaccine for COVID? I have already answered.

You asked about the share of generic medicines. That is roughly about I would say 8% to 10% of our total turnover is the generic medicines we sell in India.

You had asked about Zemdri. Zemdri is a small product today. We are trying to take the product and bring it into India as well and some of the other emerging markets for which trials are on.

Mr. Vinay Bhide, you had asked a lot of questions around financial parameters. Shri Kedar will answer them.

There were also a couple of questions on digital sales. As I mentioned that digital activities are close to 5% in terms of how we interact. I do not believe we have any

digital sales as such. We sell through various channels and we do not have disproportionate share of any digital sale.

Health medicines for COVID? We have already mentioned, we have zinc tablets that we sell, we have Emrich, we have Maxirich. These are all multivitamins that you can buy and use.

Mr. Vallari Gupte, your question was on the stake in the businesses that we have taken. We have taken stakes in two businesses. One was brand made in South Africa, there we have about a 30% stake and develop the therapeutics in India. These are integrated companies that offer patient solutions. This is taking our goal of doing patient centricity a lot further and you could call these as strategic investments but at the same time since the environment for these investments will rapidly evolve, we are watching the situation and accordingly we will moderate our strategy.

Santosh Saraf ji, your question was on the cost cutting plans, etc., and what management teams have done. I would like to tell you that as per the cost cutting whatever profits we got you have seen in the quarter 1 our efforts will be to continue the same and about increments I would like to tell you that our team did not get any increments till July and in no employee of Cipla got any increments till July.

So with that maybe I will request Kedar to answer a few questions that were left off and not covered by me. Kedar, can you please answer the financial questions?

Kedar Upadhye:

Thank you, Umang. Thank you for your questions, all shareholders. So I will take these questions very briefly one-by-one. Dinesh Bhatia ji, you asked standalone earning per share is Rs. 27 and consolidated financials EPS is Rs. 19 as you know the standalone financials we make in that from our overseas subsidiaries the dividend which we receive we book it as income but this intercompany dividend income in consolidated financials gets eliminated so the difference in the EPS number as per the standalone and consolidated is largely as per the intercompany dividend and that means that our two three overseas subsidiaries like South Africa, Dubai and other subsidiaries which are very profitable that is the answer to your question why there is a difference between the EPS of both. And regarding the dividend amount as Mr. Umang Vohra has already clarified that before last four years we used to announce 100% dividend of our face value and after that we have made it 150% and in the last financial year we have actually increase it to 200%. We have added special dividend of Rs. 1 per equity share.

Going forward Mr. Vinod Agarwal had asked a question, whether we are likely to amortize the goodwill. Mr. Agarwal, when we prepare our financials, we are required to follow the guidance given in the applicable accounting standards. As per IND AS the applicable accounting standards, the goodwill is not allowed to be amortized. We are required to test it for impairment on annual basis and subject to the projections and cash flow of each of the asset been in line with our original business case, that goodwill stay on the balance sheet or it will get impaired. But otherwise goodwill is considered to have an indefinite useful life.

Mr. Vinod Agarwal also asked a question on bonus issue. We will consider based on our plans for delivering long-term shareholder value through various modes.

Mrs. Patel had asked the question about R&D spend which was about Rs.1125 crores in FY'20. This is about 7% of our consolidated revenue.

There was also a question on why do we need to have too many subsidiaries. The fact is in the last few years we have closed down about five to six subsidiaries. In addition, there are about four subsidiaries which are under liquidation as we are speaking. The number of subsidiaries is a function of our global operations. As you know, Cipla has probably one of the largest global footprints among the Indian companies; we have operations in Asia, LATAM, Europe, US, Middle East and other parts of the world. And typically, when you operate in a country, you are required to have a subsidiary to hold intellectual property, marketing authorizations and employees, etc., Considering all of that we decide to open a subsidiary. Our compliance process is as long and accordingly we calibrate the number of subsidiaries every year.

There was a question of debt and Mr. Umang has already answered that. As of 30th June, we are a net debt-free company which means our total cash is higher than the total debt on the balance sheet.

There was also a question on do we spend lakhs of rupees on analyst meeting? The answer to that is no, we have not conducted any large analyst meeting where we spend money. We need analysts in a compliance dictated environment, either one-on-one on in group type of meeting, and for that we actually do not spend any money.

There was a request to have each shareholder speak for five minutes. And we will consider this going forward appropriately.

Ms. Hodayun Pouredahi asked a question whether we have done anything for Assam and Bihar floods through our CSR spend. Answer to that is Cipla Foundation worked very actively in some of these natural calamities. Cipla Foundation has supported flood response programs in Lakhimpur area of Assam and assisted about 530 badly impacted households with tarpaulin door sheets and many other stuff which was highly required owing to the damage outwards. In case of Bihar floods also, dry ration has been provided to about 500 families in Madhubani district.

Hodayun Pouredahi also asked a question whether the subsidiaries are dragging the profit down? And the answer to that is no. I explained the fact that our subsidiaries have contributed a very large amount of dividend last year, almost Rs.565 crores and there is also elimination of this dividend while reporting consolidated profits. In addition, we have also eliminated intercompany profits which are embedded in the stocks which are not sold as on balance sheet date. And these are the two reasons why a standalone profit appears to be higher than consol profits. And our subsidiaries are making significant money. By virtue of the fact that the intellectual property is being held by the parent, the parent appears profitable. But our subsidiaries to a large extent are highly profitable and contributing to the group cash flow except one of the subsidiaries, primarily every one subsidiary which is a function of their business in Zambia, not looking adequate one.

Mr. Beruz asked a question whether we can first preference the shareholders for QIP. And Mr. Umang also clarified this. As of now, we have resolution to raise Rs.3000 crores...it is only an enabling resolution and we will evaluate all optimal modes to raise any cash from shareholders.

There was a request for annual report hard copies and factory visits. We will consider this appropriately.

Ms. Lekha Shah asked a question on whether we come under purview of GST and what is the rate? The answer to that is yes, pharma output GST is largely 12% for most of our medicines, in case of few lifesaving medicines, it is about 5%.

Prakashini Shenoy asked a question about the budget for the next two financial years? So the budgeting and business planning process is fairly robust and considers all the opportunities and risks in the environment and our ability to deal with them.

There was a question from Sharadkumar Shah as to why dividend is lesser compared to profits. This has been answered earlier.

Gautam Tiwari asked a question as to what is the decline in business due to COVID. And it has also been answered that in the month of March once the lockdown started, we could not dispatch about Rs.200 crores of sales due to various constraints on the distribution activity. So that is the loss as far as FY'20 is concerned, but to a great extent that loss has been recouped in the current financial year. Apart from that, the nature of COVID is changing, the sales of various therapies in some extent, the chronic therapies are higher, acute therapies are lower, and we will appropriately quantify that in the coming days.

There was also a question about how much unpaid dividend amount has been transferred to Investor Education and Protection Fund. The company has transferred approximately Rs.1.39 lakhs to the Investor Education and Protection Fund belonging to about 315 shareholders who's dividends had remained unclaimed for seven consecutive years. We have also transferred about Rs.3.3 crores unpaid dividend in fiscal '20.

Mr. Vinay Bhide asked a question about financial highlights which is on page #7. And the question is that the profitability is in the tight range. Actually, Mr. Bhide, if you notice, in fiscal '16, the base EBITDA percentage of the company was around 14% and that has substantially jumped up to 19% to 20%, so about 500 basis points improvement in base business profitability, has already happened. Associated with that there is also an increase in our return on capital employed by 300 basis points and management is working to enhance the levels of profitability and cash flows going forward as well.

Finally, Mr. Santosh Saraf asked a question on cost cutting and that Mr. Umang has answered that. Thank you.

Umang Vohra:

There were also two broader questions from the chat bots which is I think asked by Meena Nayavala which is what was the total donation and the total donation is roughly Rs.37 crores also, the And this is given on page no. 300 of the annual report. Also, there was a question asked by her again on the attrition rate and that is approximately 15%. There was also another question which was from Mr. Saket in Albuterol progress. We have made significant progress in Albuterol market share. Our share is now much over 50% and the category is growing well.

So with that, Rajendra, I will hand over back to you. I believe we have addressed all the queries of the shareholders.

Rajendra Chopra: Thank you, Umang and Kedar for taking up the questions. Now, there are no more questions and all the questions have been answered.

I can now request the chairman to thank the shareholders and close the meeting. Mr. Chairman, over to you.

Dr. Y.K. Hamied: Thank you first to Mr. Umang and Mr. Kedar 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 their 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. Narasimhan, the Scrutinizer, is requested to take over the proceedings from now onwards. And I am authorizing Mr. Rajendra Chopra, the Company Secretary to countersign the scrutinizer's report, and announce the voting results. Thank you all for attending this virtual AGM for the first time and hopefully we would meet live next year. Thank you all for attending.
