

Transcript of 21st Annual General Meeting of Windlas Biotech Limited held through Video Conferencing on Monday, 19th September, 2022 having deemed venue at 40/1, Mohabewala Industrial Area, Dehradun - 248110, Uttarakhand at 12.30 P.M.

Present through Video Conferencing / Other Audio Visual Means:

Mr. Vivek Dhariwal	Chairman & Independent Director
Mr. Ashok Kumar Windlass	Wholetime Director
Mr. Hitesh Windlass	Managing Director
Mr. Manoj Kumar Windlass	Joint Managing Director
Mr. Pawan Kumar Sharma	Executive Director
Mrs. Prachi Jain Windlass	Non-Executive Director
Mr. Srinivasan Venkataraman	Non-Executive Independent Director
Mr. Gaurav Gulati	Non-Executive Independent Director

Mrs. Komal Gupta	CFO
Mr. Ananta Narayan Panda	Company Secretary

Auditors

Mr. Vijay Gupta	M/s SS Kothari Mehta & Company, Chartered Accountants
Mr. Sourabh Jain	Cost Auditor
Mr. Sandeep Joshi	Secretarial Auditor

Company Secretary:

Mr. Vivek Dhariwal, the Chairman and Independent Director of the Company is present in the Meeting, and he shall preside over the Annual General Meeting. I request him to occupy the Chair and commence the proceedings of this Annual General Meeting.

Welcome Address – Mr. Vivek Dhariwal, Chairman

Good Afternoon Ladies and Gentlemen! I am attending the AGM through VC from Mumbai. I hope you and your family members are in good health and safe. I extend a warm welcome to the Members at the 21st Annual General Meeting (AGM) of the Company.

As you are aware, we are conducting this Annual General Meeting through Video Conferencing in due compliance of the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

I would like to thank you for sparing your valuable time to join us today from different parts of India.

I would like to place on record that we have made best of our efforts to enable the Members to participate in the AGM, in large numbers and vote on the Items being considered in this meeting for approval of Shareholders.

Mr. Ashok Kumar Windlass (Wholetime Director and Founder of Windlas Biotech Limited), Mr. Hitesh Windlass (Managing Director), Mr. Manoj Kumar Windlass (Joint Managing Director), Mr. Pawan Sharma (Executive Director), Ms. Prachi Jain Windlass (Non- Executive Director), and the

Chairperson of CSR Committee, Mr. Srinivasan Venkataraman (Independent Director and the Chairman of Audit Committee and Nomination and Remuneration Committee and Mr. Gaurav Gulati (Independent director) the Chairman of Stakeholders Relationship Committee, along with Ms. Komal Gupta, CFO and Mr. Ananta Narayan Panda, Company Secretary are participating in this meeting through Video Conferencing from various locations.

Mr. Vijay Gupta representative of the Statutory Auditors M/s SS Kothari Mehta & Company, Mr. Sourabh Jain, Cost Auditor and Mr. Sandeep Joshi, the Secretarial Auditor of the Company, are present through VC. I request the auditors to introduce themselves.

I am Vijay Gupta auditors of the Company and I am attending the meeting from my office in Delhi.

I am Sourabh Jain cost auditors of the Company and I am attending the meeting from my office in Dehradun.

I am Sandeep Joshi, Secretarial auditors of the company and I am attending the meeting from Dehradun.

Chairman: I would now request Mr. Ananta Narayan Panda, Company Secretary to confirm that Requisite quorum is present and brief the shareholders regarding procedure of e-voting and participation in this meeting.

Company Secretary: Thank you Sir! In accordance with prevailing laws and circulars issued by MCA and SEBI, I confirm that requisite quorum is present through VC and the Meeting is in order.

Dear Members.... Good Afternoon!

The 21st AGM of your Company is being held through Video Conferencing (VC) in due compliance of relevant Circulars issued by MCA and SEBI.

Since this AGM is being held through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the members is not available for the AGM. Facility for joining this meeting through VC is made available for the Members for 30 minutes before and after the scheduled time of the commencement of the AGM. As requested in the AGM Notice, we hope that the Members have joined the meeting through Laptops / iPads with high speed wired/WIFI internet connectivity to have smooth experience of interaction during the meeting and also read through the detailed e-voting procedure given therein.

All the Members who have joined this Meeting are placed on mute by the Host to avoid any disturbance arising from the background noise and to ensure smooth conduct of the Meeting. During the meeting, when the Chairman invites Questions from Members who have registered themselves as Speakers, their names will be announced one by one and the mike will be unmuted by the Host.

We request the Speakers to switch on their video/audio after a gap of 2 seconds, after their names are called near the conclusion of the meeting and to express their views briefly, to help us manage the time. In case there is any connectivity issue at the speaker's end, we will request the next Speaker to express his views or ask question, if any. Opportunity may be provided to the earlier speaker after all other registered speakers have spoken.

Please note that only those Member who have not cast their votes through remote e-voting which was open from 16th September 2022 at 9.00 A.M to 18th September 2022 up to 5.00 P.M., and who are participating in this meeting today, will have an opportunity to cast their votes during the AGM and till 30 minutes after conclusion of the meeting.

I now request Chairman Sir to kindly continue the proceedings of AGM.

Chairman: The Quorum being present I declare the meeting open and request the Company Secretary to explain the agenda items of the AGM and other instructions for the shareholders attending this AGM.

Company Secretary: Thank your Sir! In conformity with Sections 170 and 189 of the Companies Act 2013, the Register of Directors and Key Managerial Personnel and their Shareholding and the Register of Contracts or Arrangements, in which Directors are interested, are placed electronically and are available for inspection by the Members during the AGM.

With the permission of members the Notice of AGM dated 12th May, 2022 including the explanatory statement attached thereto pursuant to Section 102 of the Companies Act, 2013 convening the 21st AGM having been circulated to the members is taken as read.

Under the Companies Act 2013, there is no requirement of reading the Report of M/s SS Kothari Mehta & Company, Company's Auditors for the Financial Year ended 31st March, 2022, and the same does not contain any qualifications, observations or comments or other remarks on the financial transactions or matters which have any adverse effect on the functioning of the Company. I request Mr. Vijay Gupta our statutory auditors to explain their observations in the Auditors' Report for the Financial Year 2021-22.

Mr. Vijay Gupta (Statutory Auditors): We have audited the financial statement of the company for the year ended 31st March, 2022 and there is no qualification in the auditors report and we have not observed any weaknesses in any of the control in the company.

Thank you, Vijay Ji!

Company Secretary: There are no qualifications, observations or comments or other remarks in the Secretarial Audit Report for the financial year ended 31st March 2022 issued by Mr. Sandeep Joshi, Secretarial Auditor of the Company.

Now I invite Mr. Hitesh Windlass, Managing Director of our Company to deliver his message to the Shareholders at the 21st Annual General Meeting.

Mr. Hitesh Windlass: Dear Shareholders,

It gives me immense pleasure to present the first Annual Report of Windlas Biotech Limited to you. Like all the firsts, this too is special for us, and we sincerely thank you for being with us through this journey.

As I begin this letter, I would first like to highlight a landmark event where we successfully got listed on our country's stock exchanges – the NSE and BSE. This is, even more special because Windlas Biotech is the first Indian CDMO player to list on these stock exchanges. For this, I must thank every stakeholder of our Company for their valuable trust and faith in us. Your trust pushes us to remain

committed to our purpose of serving in the best interest of our stakeholders while growing consistently.

As one of the top 5 Domestic Formulations CDMO companies, Windlas Biotech Limited's mission is to accelerate the drug research of our clients, manufacture complex products at high volume and create innovative solutions that improve affordability of medicines for all. We endeavour to target our capital allocation and measure our performance across three key goals: Scalability, Durability and Profitability. In 2021-22, we have enhanced and resolved capacity bottlenecks to capture growth and increase our scale in CDMO vertical. We have also increased our R&D spend and launched several new products in India for our clients, thus improving our scale. Our Trade Generics vertical has shown remarkable growth in revenue as well as gross margin. Through the use of our internal available capacity and our approach of building umbrella branded recognition in the marketplace, this vertical is driving our progress towards all three goals of scalability, durability and profitability. Our exports and injectables initiatives are in progress to further improve our profitability in the long-term.

The Indian Pharmaceutical industry is one of the fastest- growing industries. With the Government of India's increased allocation for health and pharma sector post the pandemic, the CDMO segment has also benefited. Many big pharmaceutical companies prefer to outsource R&D and manufacturing activities as it helps them adopt asset-light business model. This is leading to a stable growth and demand for the CDMO segment. The pandemic translated into an increased demand for manufacturing injectables while also accelerating drug approvals. Together, these developments are presenting a stable growth for the CDMO and our business is poised to benefit from the same.

Last year, we surpassed the benchmark of the CDMO market by registering good profit. As a part of our endeavours to make our business more Scalable, Durable and Profitable, we set the target to enter newer geographical location, including Gujarat, North-East and West Bengal during the year. The intent is to focus on channel-building to enter these markets.

We concluded the South African Health Products Regulatory Authority (SAHPRA) inspection audit and the European GMP audit by MOH Hungary for the Plant IV, situated in Dehradun, with zero critical observations/ deficiencies, zero major deficiencies and some minor deficiencies. We are delighted to have received the GMP certification for the Plant-IV from both SAPHRA as well as EU. We anticipate this development to help increase our Company's geographical reach and exports. Innovation and R&D form the blood of the pharma sector. Our Company has always placed enhanced focus on innovation and R&D which is reflected in the good results we have yielded in the past few years. We see innovation as the key to creating better value for customers, in turn driving higher revenue and operational margin to make our business durable. After receiving DCGI approvals for a few of our products – wherein Windlas Biotech is the sole supplier – we are poised to attain a first-mover advantage and a substantial market share. Further, to increase the scalability of our Company, we're planning for a capex of ` 50 Crore through brownfield project at Dehradun Plant-II. This capital expansion will help us cater to the rise in demand following the emergence of new drug delivery systems and new therapeutic areas for injectables and medicines for chronic diseases. This is anticipated to lead to improvement in overall margins once the plant starts operating at optimum capacity.

During the fourth quarter, the Russia-Ukraine geopolitical tension increased input cost and aggravated the supply chain disruption, impacting overall margins. Our Company took various measures to counter these challenges, such as increasing the inventory for managing supply chain issue and maintaining sufficient stock to deliver to the customers. We also reduced our payment cycle for support and vendors.

We clocked in better financial metrics in alignment with the market growth. This can be attributed to the dedication of our hardworking people, our robust R&D department and state-of-the-art manufacturing capabilities. During the year, we registered consolidated adjusted revenue growth of ~10% YoY, led by robust growth in Domestic Trade Generics and OTC & Exports verticals. However, during the fourth quarter, higher input costs affected our margins. Given our strategic planning and capacity, we aim to increase our business to achieve higher margins.

Some of the highlights of our financial performance in 2021-22 are:

Revenue from operations stood at ` 465.9 Crore in 2021-22, rising from ` 427.6 Crore in the previous year – indicating a growth of 8.9% EBIDTA for 2021-22 stood at ` 52.4 Crore, registering a degrowth by 4% over the previous year, while the margins stood at 11.3%, showcasing a degrowth of 150 bps Profit after tax (PAT) was recorded at ` 38.1 Crore in 2021-22, witnessing an increase of 144.6% over the previous year – an increase of 453 bps in PAT margins Return on Equity was clocked in at 33%, witnessing a 1,400 bps increase over the previous year. While the EPS stood at ` 18.58 showcasing a growth of 16.2%, which denotes the creation of higher returns for our shareholders.

As a responsible company, we endeavour to act in the areas where we can impact and contribute to the healthcare needs. I am proud of the work we have done so far that has brought us to this point where our robust manufacturing ability, prudent approach, agility, and commitment to customers enable us to strive for business enhancement consistently. To cater to the growing industry demand, we are expanding our manufacturing facilities to derive improved efficiencies and tap newer opportunities. As we tread along our growth path, we foresee a positive momentum in the industry, indicating profitability and good demand prospects for our business.

Over the past year, our stakeholders' support has enabled us to emerge stronger and more resilient. On behalf of the Board, we extend our gratitude to Windlas Biotech's management and employees across the country for their commitment, fortitude and hard work. We thank our shareholders for their continued investment, and we welcome those who invested in our Company, for the first time during the year. We promise to deliver on our commitments and goals in the coming year as we consistently move forward, keeping the best interest of all our stakeholders in mind. Thank you for being a constant partner and enabler on our journey of scalability, durability and profitability.

Mr. Hitesh Windlass: I request the Company Secretary to continue with the proceedings of the AGM.

Company Secretary: Thank you Sir!

Now, I will read and explain items of the business mentioned in the Notice one by one. Statement under Section 102 of the Companies Act for Item No. 4 is given in the Notice.

All the resolutions included in the Notice have already been put to vote through remote e-Voting and are also being put for e-Voting during the AGM. Therefore, no resolution is required to be proposed or seconded by the Members at the AGM.

The first item is for adoption of the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2022, together with the Reports of the Auditors and the Board of Directors' thereon to be approved as an Ordinary Resolution.

Item No. 2 of the Notice is regarding declaration of Dividend of Rs. 3.50/- per Equity Share for the financial year 2021-22, to be approved as an Ordinary Resolution.

Item No. 3 of the Notice is regarding re-appointment of Mr. Manoj Kumar Windlass, Joint Managing Director who is liable to retire by rotation and being eligible, offers himself for re-appointment, to be approved as an Ordinary Resolution.

Item No. 4 of the Notice is regarding Ratification of remuneration of Cost Auditor, to be approved as an Ordinary Resolution.

Now let me read out the procedure for e-Voting.

Members are aware that the Company has provided its Members Remote E-voting facility as mentioned in the Notice of this meeting. The Remote E-voting concluded on 18th September 2022 at 5.00 P.M.

In line with the provisions of the Companies Act 2013, voting by show of hands is not permitted at the general meeting where remote e-voting has been offered to the Members. Therefore, arrangements have been made for Members, who are present at the Meeting but have not cast their votes by availing Remote E-voting facility, to exercise their vote by use of E-voting during the AGM. The facility for E-voting is being provided by Link Intime India Pvt. Ltd. Members may log on to the e-voting website <https://instavote.linkintime.co.in> and vote thereat on the resolutions, as per details mentioned in the Notice of this meeting. Members may note that e-Voting on the on the instavote platform will continue till 30 minutes from the conclusion of this AGM.

Members who have already voted by remote e-voting prior to the meeting date and have also come to attend this meeting through VC shall not be entitled to vote again through E-voting.

Now, I request Chairman Sir to introduce the scrutinizer for e-Voting at this AGM.

Chairman: Mr. Sandeep Joshi, Company Secretary in practice, was appointed as the Scrutinizer to conduct the Remote E-voting and E-voting process.

The Scrutinizer will submit a consolidated Scrutinizer's Report on Remote E-Voting and E-Voting during the AGM, of the total votes cast in favour or against, if any, within two working days of conclusion of the AGM.

I authorize, Mr. Ananta Narayan Panda, Company Secretary or in his absence Ms. Komal Gupta, Chief Financial Officer to declare the results of the voting. The results declared along with the consolidated Scrutinizer's Report shall be placed on the website of the Company and also on the website of Link Intime India Pvt. Limited. The results will simultaneously be forwarded to BSE Limited and National Stock Exchange of India Limited for placing on their respective websites and shall also be displayed on the Notice Board at the Registered Office and Corporate Office of the Company.

I now invite the Members to express their views or ask questions arising out of the Financial Statements and the Reports of the Board of Directors and Auditors thereon. We will respond to the questions or queries at the end, after all the speakers have spoken.

Now, I request Company Secretary to announce the names of the speakers who have registered themselves for this purpose, one by one.

The Company Secretary announced the names of speaker shareholders.

Mr. Hitesh Windlass (MD) and Ms. Komal Gupta (CFO) replied to the queries of shareholders.

Chairman: I believe that all the questions and queries of the Members have been replied to your satisfaction. I thank you all whole-heartedly for your participation in this AGM. I once again wish you and your family good health and happiness. With your permission, I declare the meeting as closed.

Company Secretary: I request Mr. Hitesh Windlass our Managing Director and shareholder to propose a vote of thanks to the Chair.

Mr. Hitesh Windlass thanked the Chairman for conducting the meeting.

Company Secretary: I once again draw your attention that e-Voting on Insta Voting Platform of Link Intime India Pvt. Limited. The voting will continue till 30 minutes from the conclusion of this AGM.

The Meeting now stands concluded. Thank You!

The meeting concluded at 1.15 p.m.

* * * * *