

“Strides Pharma Science Limited
Extraordinary General Meeting”

February 6, 2023

Moderator: Good morning, ma'am; you can proceed with the meeting.

Ms. Manjula: Good afternoon, ladies and gentlemen. I am Manjula Ramamurthy, Company Secretary of Strides, joining this meeting from the corporate office in Bangalore.

We welcome you all to the Extraordinary General Meeting of Strides, which is being held through video conference. Kindly note that all shareholders and invitees who have joined this meeting through VC are, by default, placed on mute by the host to avoid any background noise and ensure smooth and seamless conduct of the meeting.

Before we commence this meeting, we request the Board Members introduce themselves. We will start with Mr. Badree.

Badree: Good afternoon to all the shareholders of Strides.

Dr. Kausalya: Hi, this is Kausalya Santhanam. A very warm welcome to this EGM of Strides.

Moderator: Mr. Sridhar sir has not connected his audio, but we will convey that to him.

Moderator: Homi sir has not connected through his audio, madam.

Bharat Shah: This is Bharat Shah. I can see and hear all of you.

Manjula: Thank you madam/ sirs.

Mr. Arun Kumar, Executive Chairperson and Managing Director of the Company, has recused himself from this meeting owing to his interest in the agenda items.

Accordingly, it is proposed to appoint Mr. Badree Komandur as Chairperson of the meeting. Board members request you to kindly confirm if we can proceed with Badree as Chairperson.

Board members: Confirmed.

Ms. Manjula: Thank madam/ sirs.

We also have with us, Mr. Deepak Baid, Partner from BSR & Co LLP, Statutory Auditors of the company.

We have Mr. Preetham Hebbar, who is the Scrutinizer of the e-voting process.

Moving on, we have confirmation from RTA that we have the requisite quorum to commence the meeting. We now request Badree to Chair the meeting.

Badree: Thank you, Manjula. I welcome you all to this EGM. As the requisite quorum is present, I call this meeting to order. Request Manjula to take us through the proposals which are put up for shareholders' approval.

Manjula: Thank you, sir.

It is proposed to seek the approval of shareholders for continuing security and corporate guarantee for the borrowings of Stelis. This is under two provisions.

One is under Section 185 of the Companies Act as a special resolution and under regulation 23 of SEBI listing regulations as an ordinary resolution.

Request Badree to provide a brief about the proposal. Request the KFIN team to kindly put up the presentation.

Badree: Thank you, Manjula.

I would like to take the shareholders through some of the business updates relating to Stelis, which is similar to what we presented ten days back, along with the Q3FY23 Board meeting results of Strides. We have made two slides wherein I will take you through the proposals.

Broadly, from a Stelis perspective, we had a very challenging year due to geopolitical issues, because of which one of our Covid-19 vaccines (Sputnik Light) could not be sold.

In spite of all of that, the CDMO business has tracked quite well for Stelis. We had very good progress in the last many months, and it has been articulated in the past. We are on track to deliver superior performance from a CDMO perspective.

To give you some highlights, which happened in the last three to six months from Stelis perspective:

CDMO Business

- ▷ Stelis Flagship facility received Establishment Inspection Report (EIR) from USFDA for commercializing the drug-device combination products. The flagship facility, in September 2022, received EIR from USFDA based on on-site Pre-Approval Inspection (PAI), leading to the first US product approval for one of its key customers in December 2022.
- ▷ Stelis continues to onboard new partners for its integrated capabilities offered through three manufacturing facilities. During the year, Stelis has already contracted business with three new partners, four long-term contracts have reached the definitive agreement stage and manufacturing services agreements will be executed in due course.
- ▷ As of the first nine months, the manufacturing services agreement (MSA) concluded by Stelis translated into a cumulative commercial sales agreement (CSA) value of \$200m+ over the next three-four years. With the USFDA approval in place, including for drug devices, the CSA revenues will start from FY24 and grow significantly in FY25.

- ▷ The new business would result in operating inflow; however, the revenue recognition will follow the operational milestones and remain steady only after the cumulative CSAs exceed the MSAs.

Product Business

- ▷ The company's first biosimilar (Rh-Teriparatide or PTH) received approval from the European Medicine Agency (EMA). The product has already been licensed in 20 countries. Stelis recently concluded a term sheet with a large European player to license this asset in 7 EU countries, capturing 70% of the market opportunity. The definitive agreements are likely to be concluded in Q4'23.
- ▷ One of the Company's diabetes assets, GLP-1, was licensed to a leading pharmaceutical company for marketing rights in the Middle East and North Africa (MENA) region.

However, there are certain low lights:

- ▷ Stelis inventories relating to the Covid-19 vaccines remain unsold due to the geopolitical situation between Russia and Ukraine and sanctions on Russia and Russian Direct Investment Fund (RDIF).
- ▷ During Q3'23 and 9M'23, Stelis incurred a significant loss on provisions recorded for the write-down of all Covid-19-related inventories, operating loss, and impairment of certain intangibles related to its products division, given the strategic shift to be a pure-play CDMO company.
- ▷ The covid portfolio-related provision recorded is on a prudent basis despite the inventories having an effective shelf life.

We believe that with this, the entire provisioning is complete as we go along, and we should see significant traction in the CDMO business from now on.

And moving to the next slide. I will take a minute to explain the investments made in Stelis by various partners. We have invested almost \$300 million in Stelis as we speak, and Stelis is poised for global growth with a high margin and promising returns.

FY24 will be a defining year for Stelis in terms of generating cash from operations. The green shoots from operations will be starting in the first quarter of the fiscal itself.

One of the things which shareholders should know is that Stelis is in the process of realigning the entire debt. Stelis' total debt as of March 31, 2022, stood at 11.7 billion. The outstanding as of December 2022 of 11.7 billion is about 9.09 billion rupees.

Further, Promoters and other Investors of Stelis are committed to investing up to Rs. 6.4 billion in Stelis to meet its debt obligations. Stelis has already received Rs. 4.7 billion of capital until December 2022.

Shareholders' approval is being sought for the proposal to give a guarantee of up to Rs. 7.0 billion rupees, which will help Stelis to re-finance their debt.

I also want to make it very clear that the overall exposure to Strides will not exceed the current levels of guarantees. It's only a temporary facility that is taken, but once the loans are repaid, it will return to its original level of up to 11 billion.

So, this is the proposal that we have in hand, and I will allow Manjula to take the proceedings further.

Manjula: Thank you, sir.

As the notice is already circulated to all the shareholders, we take the notice convening this meeting as read. We hope the disclosures and explanations given in the notice are clear to all the shareholders.

Ladies and gentlemen, the moderator will now call out the shareholders who have expressed their desire to speak at the EGM. We request that the speakers keep their question brief and limit their speech to three minutes. We will first hear out all the questions and respond to them comprehensively at the end. Moderator, you can commence the speakers.

Moderator: Thank you, ma'am. We request the first speaker, Ms. Lekha Satish Shah, we request you can mute your audio, switch on your camera and proceed, ma'am.

Lekha: Thank you, sir. Respected Chairman, sir, Board of Directors, and my fellow members. Good afternoon to all of you. Myself, Lekha Shah from Mumbai. I acknowledge the timely receipt of the notice, which was sent well in time, our company secretary Manjula ma'am. Thank you, Chairman sir, for explaining to us about the company. Sir. I pray to God that he always showers his blessing upon you. Since KFIN allowed us log in without any problem, I would like to thank them for their services. Chairman, sir, I would like to ask a few questions. My first question is,

My first question is, has COVID Second wave had any impact on the company operation? My second question is, what is the total number of employees and how many women employees working in our company? Today's meeting, I believe in the decision taken by Chairman sir, rest for several days. So, I strongly support the special resolutions for today's meeting, and my wish wishes, always our company and its prosperity. Thank you, sir.

Moderator: Thank you. Thank you, ma'am. Now move on to our next speaker. Mr. Dinesh Gopaldas Bhatia, we request you to unmute your audio, switch on your camera and proceed sir.

Dinesh: Hello.

Dinesh: Mene dekha hamara company ka munapha (profit) jo hai, yeh quarter mein accha hai. Aacchi baath hai ki aap log mehnath kar rahe hai, sab kuch badiya hone ke aap jo koshish kar rahe hai, company ko aagae badne ki vo aachi baath hai. Khalli mera ek hi poochna tha, hamara company jo hai abhi yeh 400 crore rupaiyya jo Stelis ke liye issue karna chahathe hai, tho aabhi hamara debt kithana hai, sales mein aur hamari company ki kamayi kithana hai aur investment kithana kiya hua hai hamne aur abhi hamara kamai, ismein hamein kithana profit hai aur kithana last year ka payment jo karna hai?

Abhi 400 crore kareingae tho baadh mein kithana debt bhaki rahega, thoda aap uske liyae jaankaari deingae. Baaki tho ham aapko support hi karthe hai. Aap jo kar rahe hai, bhahooth aacha hi kar rahe hai. Thank you. All the best

Moderator: Thank you, sir. Ma'am, we have completed our giving opportunity to all the registered speakers. We will hand over it back to you. Thank you.

Badree: Yeah. So, I like to answer the questions which are there. One is with respect to the second wave of Covid-19; there has not been any disruption in the operations as far as the second wave is concerned.

The Company has taken all adequate precautions regarding the smooth flow of operations, and the business continued as usual.

Second is in terms of the number of employees, we have about 2800 to 3000 employees, including India, and 20 to 25% is the ratio we have and as far as the second question is concerned

I have not understood the question of Mr. Bhatia fully, but I will go through in detail and respond in due course. Thank you.

Manjula: Thank you, sir.

With this, we would like to proceed with agenda Items stated in the EGM notice, as the EGM is held through VC and the resolutions are put for e- voting, there will be no proposing and seconding of resolutions.

Shareholders may also note that there'll be no voting by show of hands. Shareholder to note that the insta voting on the KFIN platform will remain available for the next 30 minutes.

Shareholders who have not cast their vote until now may vote now. Mr. Preetham Hebbar, Practising Company Secretary and Scrutinizer is supervising the e-voting process. He will submit the report on the voting results to the company.

E-voting results will be announced on or before Wednesday, February 8, and the same will be intimated to the Stock Exchanges and uploaded on the website of company and KFIN. The resolutions, as set forth in the notice shall be deemed to be passed today, subject to the



receipt of the requisite number of e- votes. This brings us to the end of the meeting, I request Mr. Badree to give us a vote of thanks.

Badree: With the consent of the other Board Members, I would like to take your leave from this meeting.

Wishing you good luck to all of you and hope to see you soon. Thank you.

Manjula: Thank you, sir.

Board Members: Thank you.
