

Regd. Office and works:

Mhow - Neemuch Road, Sector 1, CIN: L70100MP1983PLC002231
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TRANSCRIPT/MCL/AGM

DATE: 30/09/2020

CS Ayushi Silot

Good Afternoon to one and all present here. So the time is 12:30 P.M.and time to start the Meeting. I welcome all members to the 37th Annual General Meeting of the company.

This meeting is being held through video conference in accordance with the circular issued by Ministry of Corporate Affairs and SEBI. Before we start the main proceedings of the meeting I would like to inform that we have with us, Mr. Alok K Garg, Managing Director, Mr. Ashok Omprakash Agrawal and Mr. Pramod Fatehpuria, Independent Directors of the company.

Apart from them, we also have here executives and senior management joining .Representative of Statutory Auditors, CA Venus Rawka and Secretarial Auditor, CS L.N. Joshi, have also joined this meeting.

Mr. Shamsheer Singh, Chairman of Audit Committee has requested for leave of absence due to critical health issues. And Mr. Ramesh Chandra Mittal, Chairman and Non executive Director & Mrs. Kusum Mittal Non Executive Director has also requested for leave of absence due to unavoidable reasons.

In the absence information Mr. Ramesh Chandra Mittal, Mr. Alok K Garg has been appointed as the Chairman for the meeting with the approval of board members.

We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013.The quorum being present, I call this meeting to order & open for proceedings.

Alok Garg - Please, proceed.

Members may note that this Annual General Meeting is being held through video conference in accordance with the Companies act 2013, and issued by the circulars issued by the Ministry of Corporate Affairs and SEBI. Facility for joining this meeting through video conference or other audio visual means is made available for the members on the 1st come 1st serve basis.

The Register of Directors, and the register of contracts or arrangements has been made available electronically for inspection by the members, which will remain accessible to the members electronically if they so desire.

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As the AGM is being held through video conference the facility for appointment of proxies by the members was not applicable and hence the proxy register for inspection is not available. The company has received request from a few members to register them as speakers at the meeting. Accordingly, the floor will be open for these numbers to ask questions and express their views.

It may be noted that the company reserves the rights to limit the number of members asking questions, depending upon the availability of time at the AGM. The company had provided the facility to cast the votes electronically on all resolutions, set forth in the notice.

Further the company has provided remote E-voting facility to the shareholders to cast their vote electronically. All businesses are mentioned in the notice of the AGM dated 25th August 2020. For this the company has tied up with the E- voting system of Central Depository Services, India limited for facilitating voting through electronic means as the authorized agency. Remote E-voting facility was open for a period of 3 days from 27th September 2020 to 29th September 2020. Members who have not cast their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by CDSL.

Now I request Mr. Alok K Garg, Managing Director to explain the progress of the Company.

Mr. Alok k Garg

Thank you Ayushi.

Dear Stakeholders,

I am happy to again welcome you all to the 37th Annual general meeting of your company. Your deep and abiding trust in Medi-Caps has enabled us to continuously strive hard. The Board recognizes the interest of all stakeholders which includes shareholders, employees etc.

The Board has been since the last few years, conscious of and discussing the challenges of hard gelatine capsule shell market, as the revenue of the company is reduced year by year.

Your Board of Directors at their meeting held on 14th November, 2020 took a strategic step of closing the business activity relating to manufacturing of empty hard gelatine capsule shells due to various factors which among other factors includes , Significant increase in fixed expense such as power cost, downfall in the Net profitability on Per Lacs Capsules, decrease in sale, competition, non availability of Certifications like USFDA or WHO-GMP, substantial increase in gelatine cost, absence of up to date technology in quality & production departments etc.

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In the same meeting the Board decided to commence business activity related to real estate. Your board discussed that the surplus land available can be utilize in the construction and real estate business activities for the maximization of the return to the Company. The name of the project is Medicaps Business Park, construction of about 1,44,000 Sq. Ft. Applications for obtaining various approvals from various government departments has been made but due to outbreak of a pandemic some of the necessary approvals are pending from various Govt. departments due to which the project will be delayed. It may further be noted that no related party is involved in the project in the construction of Medicaps Business Park. The company aims to deliver quality realty products.

As all are well aware that in the last month of F.Y. 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lockdowns of all economic activity. The company had not faced any major impact on the business operations on standalone basis as the manufacturing activity of the company has been permanently discontinued. On consolidated basis the company has performed well and has shown growth. Although I would say that it is very difficult to predict the full impact of COVID-19 pandemic. It will take some time.

During the year the demand of hard gelatine capsule shells have been decreased. The company has produced 16164.91 Lacs Capsules as compared to previous year 25456.31 Lacs. The Company's turnover is Rs. 10.91 Crores as compare to previous year Rs. 21.62 Crores. The profits of the company after tax have been decreased from Rs. 59.12 Lacs to loss of Rs. 7.66 Crores.

The wholly owned subsidiary of the company named Medgel Private Limited is working in the direction to set strong foot in the market of Soft Gelatin Capsule. Medgel Private Limited in SEZ captures International market. Medgel supplies products to countries which primarily includes US market and various other regulated and semi – regulated markets. Medgel has witnessed robust growth in terms of revenue and new products have been added to the product list of Medgel. International quality standards are adhered in the company and Medgel has faced USFDA audit twice and sailed through. Medgel has accreditations like USFDA, Intertek, GMP, OHSAS 18001:2007, NSF,UL, NAFDAC.

The plant runs at full capacity to supply economic quality pharma products. During the year the demand for the products of Medgel has been increased by Approx 28% from previous year and company has produced 3276.48 Lacs Capsules as compared to previous year 2561.16 Lacs capsules.

In terms of Profit, the company has achieved a profit of Rs. 2.47 Crores which has been decreased by Approx 51% from previous year's profit of Rs. 4.80 Crores.

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Our consolidated revenue from operations and other income is 45.92 Crores which is lower by 15.76% over the previous year's revenue of Rs. 54.51 Crores

However consolidated Loss for the year is -4.65 Crores declined by 186.27% as compared to Previous Years Profit of Rs. 5.39 Crores. The consolidated profit after tax declined due to closure of business activity of manufacturing empty hard gelatine capsule shells.

We run the organization on the policy that the organization should be debt free. In the aeon of NPA's we are proud to announce that we have built our own resources to fund the working capital and slightly reduced the working capital loan and finance cost. I strongly believe that the greatest strength of the company is that it is debt free in the aeon of increasing NPA's. As reported in the 37th Board's Report, your Company has complied with the requirements of SEBI (LODR) Regulations, 2015, relating to the Corporate Governance.

The Company has provided E-Voting facilities from 9.00 A.M. of 27th Sept., 2020 to 5.00 P.M. of 29th Sept., 2020, to all the members of the Company, who have shares on the cutoff date, however, if the members who have not casted their voted may also cast at the AGM through E-voting.

The Standalone and Consolidated Audited Financial Statements for the year 2019-20 along with Board's Report and Auditors Report thereon have been dispatched to the shareholders.

Now I would like to express my deepest sense of gratitude to all the shareholders, Govt. Agencies and the employees of the Company for their cooperation and support extended to the management of the Company. I would like to request Ayushi to move ahead with the proceedings

CS- Thank you so much Sir.

The Statutory Auditors, M/s Rawka & Associates, has expressed unqualified opinion in the respective audit reports for the financial year 2019-2020 therefore no need to read the audit report by statutory auditor. However a few observations have been given by the Secretarial Auditors of the company. The management have given adequate explanation for the same in Board report which is self explanatory. The Statutory Auditors' report on standalone & consolidated financial statements & Secretarial Auditor report are available in the annual report.

Moving ahead members may please note that there will be no voting by show of hands. And As the Notice along with complete annual report is already circulated to all the members, I take the Notice , board report and audit report as read with due permission.

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As the meeting is convened through VC today, resolutions have already been put to vote through remote e-voting and the requirement to propose and second is not applicable.

Now will I will read the agenda Items one by one.

Item No. 1 of the Notice – To receive, consider, approve and adopt: the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and the Auditors thereon; and the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 together with the report of the Auditors thereon.

Item No. 2: To appoint a Director in place of Mr. Ramesh Chandra Mittal (DIN: 00035272), who retires by rotation and being eligible offer himself for re-appointment.

Members desiring to ask any question may do so now. Members are requested to keep their questions brief and specific.

I would like to inform that Mr. Deepak Maheshwari has registered himself as speaker in the meeting & have submitted the following questions which are :

1. Based on June 2020 results, the company subsidiary Medgel bottomline shows major improvement and that too in a quarter impacted by Covid shutdown. How is the outlook, recent rupee appreciation may have some impact, but still barring Unforeseen circumstances, will Medgel continue to maintain the profitability going forward?
2. In case, company manages to remain profitable, is there any need to retain funds for future growth or the company will start with dividend distribution?
3. With the change in nature of business for the company to real estate activities, is there any change in plan for company investment in property shown in annual report worth Rs 10793000 or it will continue to be used as guest house?
4. For Medicaps Business Park project, is there any projection on anticipated net cash flows?

Mr. Dipak Shah has registered himself as speaker in the meeting. I request him to please ask the questions:

Mr. Deepak Shah: No questions . I am satisfied and I support all the resolutions.

Thank You Sir.

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Now I request Chairman Sir to provide suitable answers to the questions submitted.

Mr. Alok K Garg, Chairman - Dear Sir, Thanks for your question.

Sir, Your Assumption is right for profit increase in 1st Qtr that \$ price has increased from 70 to 76 per \$ hence profit increase. As regards to profitability maintain in future that We always try to increase it but market is very uncertain due to COVID-19 and India-China Future Business relation, hence can't be predict today. This will be depend on our product demand in future market.

Answer by Chairman- Dear Sir, as of now the company do not plan to distribute dividend. For the year ended 31st March, 2020 your company has incurred losses of Rs. 7.66 Crore. This time Medgel is also planning for expansion of their production capacity and going to invest in 3 machine and there subsidiary items for growth of company. Hence there is no any planning for dividend Distribution. In future if the company manages to earn profit, then yes the company may distribute dividend.

Answer by Chairman - It may please be noted that the company bought property from Sahara Group for Guest house of the company for the Guests and Executives of the company and its subsidiary company. The entire amount is of that only. Further as of now the company has not planned anything w.r.t. investment in properties.

Answer by Chairman - Dear Sir, As of now we cannot provide any anticipated net cash flows as the scenario may change till the time we receive the approvals. Secondly the company has not yet entered into a Joint venture Agreement as we are in the discussion with the developers with respect to a construction of the Medicaps Business Park and all the other things are yet to be finalized are being negotiated. Further as you are well aware that effects of COVID-19 are felt around the world, real estate businesses are also impacted in different ways depending upon region and asset class. In near term we cannot anticipate anything as till the time Medicaps Business Park is fully constructed, the entire scenario will differ.

CS Thank You Sir.

CS- Members may note that the voting on the CDSL platform will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so. The Board of Directors has appointed L.N. Joshi and Company, Practicing Company Secretary, as the scrutinizer to supervise the e-voting process and to provide the report thereon

I would like to inform all the members of the Companies that the results of the Poll and E-Voting along with the report of the scrutinizer will be announced within two working days and shall also be placed at the Company's, BSE and CDSL Website.

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Since all the business to be conducted at this Annual General Meeting has been transacted, with the permission of chairman, I conclude the proceedings of this meeting

Chairman Mr. Alok K Garg– I conclude this meeting and I would like to thank you for sparing the time with us today, and for your continued faith in the Company .