



Progressing with **Optimism**



Gujarat Terce Laboratories Ltd

37th ANNUAL REPORT **2021-22**

Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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**“Optimism is
essential to
achievement
and it is also the
foundation of
courage and true
progress.”**

Nicholas Murray Butler


The primary ingredient for progress is optimism.

The unwavering belief that something can be better, drives us to strive harder. To make each day better than the previous one.

It is this belief that got us through our worst times.

It is this confidence that will uplift us to our better times.

Having streamlined our business operations, we are progressing with stronger resolve.



Progressing with Optimism

WE ARE MAKING OUR GOOD PORTFOLIO, GREAT.

When competitive intensity multiplies, the need of the hour is to remain agile. That becomes impossible with a huge basket of products.


Our efforts to shift our presence from acute therapies to chronic therapies are working well. In the last two years, we launched seven new products, of which two were in chronic therapies. In the next few years, we plan to launch about four products every year; all of which will pertain to chronic therapies.

We needed to offload and reload. Offload low-yielding products and reload high-margin ones. This is what we have faithfully done for the last 5-6 years. Our product basket is now about half of what it was a decade ago. But it is more potent and relevant.

We are confident that our efforts to prudently balance acute and chronic therapies will shore our relations with the medical fraternity and grow business profitability.

Our progress is building our optimism for the future.





Progressing with Optimism

WE ARE EXPANDING OUR FOOTPRINT ACROSS INDIA

When you aspire to cater to the second most populous nation in the world, you need to be present across the landmass to effectively capitalise on mushrooming opportunities.

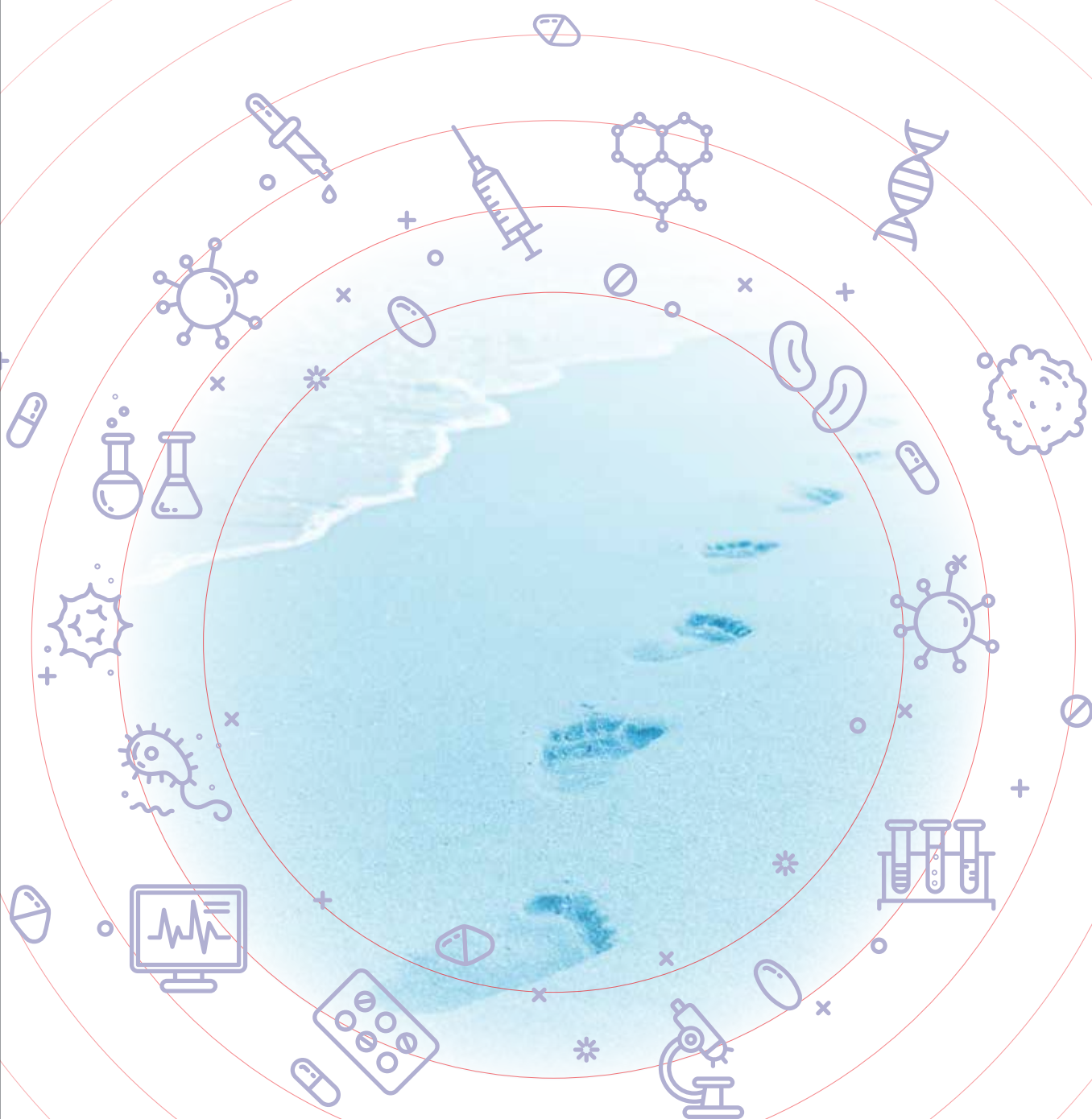
India has 28 States and 8 Union Territories, but we were present in only 12 (April 1, 2021). This means our addressable opportunity is less than half of the opportunity India provided.

To widen our presence further, we added one more state to our footprint, Maharashtra. We created a team. We identified the products. We forged relations with the medical fraternity.

Within four months of our presence (December 2021 – March 2022), we made healthy inroads into this new territory. And, we have only covered a small part of the state. In FY23, we will fortify our presence in this large state with a greater sales force and a bigger and more relevant product basket.

In FY23, we expect to expand our operations in two Indian states. We aim to establish a pan-India presence by 2025.

Our progress is building our optimism for the future.



The image features two stylized blue butterflies. Overlaid on the butterflies is a complex molecular structure composed of numerous small spheres connected by lines, resembling a DNA helix or a chemical pathway. The butterflies are positioned one above the other, with the larger one in the foreground and a smaller one behind it.

From the Managing Director's desk

**“OUR PLANS APPEAR
DAUNTING, WHICH MAKES
OUR JOURNEY EVEN
MORE RIVETING. I AM
PARTICULARLY EXCITED
ABOUT OUR PROSPECTS
GOING FORWARD.”**

Dear Shareholders

It is a pleasure to be addressing you through this communicate as we rebounded smartly in FY22 after a slip in the previous year.

Our revenue increased by 59% over the previous year while our EBITDA grew by 172% and our industry-beating performance was owing to two factors – a resurgence in demand and the untiring effort of our team to get the Company back on the progressive track.

The question now remains, how do we move forward? What do we do next to sustain our ambition of progressing the business profitably?

With this objective in mind, we have drawn up a strategic blueprint that is platformed on multiple pillars.

One, we will need to rebalance our product portfolio between acute and chronic therapies. We have been consistently working on this delicate rebalancing exercise to reach a 75/25 ratio currently. Most products launched in the last 24-30 months are addressing chronic therapies. We hope to arrive at a 70/30 ratio in the next year. We expect to continue the skew towards chronic therapies in the near future. This would help us in making our revenue accrual more stable and predictable and will go a long way in improving business margins.

Two, we need to aggressively expand our footprint pan-India. Currently, we are only present in 13 states. We need to catch up with speed to achieve our articulated goal of establishing a pan-India presence by 2025. We are also studying the contours

of launching a Strategic Business Unit in the current year focused on therapeutic areas like dermatology, gynecology, and neurology. This will help us in leveraging our current operations better and adding new specialist doctors to our relationship model.

Three, the revenue from our portfolio of precious brands grew by 77% in FY22 over FY21. Our top 10 brands gave us 68% of our revenue. Our aim would be to focus on enhancing the reach and awareness of these brands among the medical fraternity across the geographies of our presence. We would also plan to add some more brands within this coveted group to enhance our growth momentum over the coming years.

Four, we will add more strength to our team. We plan to hire fresh recruits which will bring in new ideas, energy and excitement into our operations. We intensify our training efforts in functional and behavioural aspects to uplift the skill sets of the entire team. Also, we plan to launch a Management Development Program for the middle management to groom them for leadership roles.

Our plans appear daunting, which makes our journey even more riveting. I am particularly excited about our prospects going forward.

My optimism also rests on India's thrust on strengthening the healthcare infrastructure and services. The Government is squarely focused on increasing the number of hospitals across

India with a special focus on Tier I and II cities to ensure that it can better cope with a health scare of the intensity of the recent pandemic. This should open interesting growth opportunities over the coming years.

We, at Gujarat Terce, will work deliberately to ensure that the Company always remains relevant and current to the people we serve and to the changes taking place in our environment. To that end, we continually shape the Company, strategically choosing the businesses in which we compete, to achieve the optimal configuration for success.

On behalf of the Board, I would like to thank our esteemed shareholders, partners and other stakeholders for believing in our story and reposing their confidence in our capability and extending their support in our long journey. I continue to solicit your co-operation.

Warm regards

Aalap Prajapati
Managing Director & CEO

The Indian healthcare delivery industry is expected to register a healthy growth of 15-17% CAGR between fiscals 2021 and 2025. This optimism is based on important drivers namely 1) Pent-up demand coming back onto the system 2) Strong fundamentals 3) Increasing affordability and 4) Government programmes
(Source: CRISIL)



ABOUT US

Established in 1985, Gujarat Terce Laboratories produces branded generic formulations for the domestic market. Over its more than three-decade business journey, the Company developed an extensive product basket comprising 50 brands covering multiple therapeutic areas which are marketed by its 180+ strong MR team across 13 Indian states.

Headquartered in Ahmedabad, the Company has its fully-automated facility at Chhatral. The organisation is spearheaded by Mr. Aalap Prajapati, as its Managing Director & CEO; its day-to-day operations are managed by a team of 365 members. The Company's equity is listed on The BSE Limited.