

MOREPEN



Date: 22/01/2018

To,

National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400 051
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Scrip Code: 500288

Subject: Press Release - 'Morepen Labs boards the growth ladder with the peer group in the healthcare and pharmaceutical sector'

Dear Sir,

Please find enclosed the press release on the financial performance of the Company for the Quarter and nine-months ended 31st December, 2017 with the title - 'Morepen Labs boards the growth ladder with the peer group in the healthcare and pharmaceutical sector'.

Kindly acknowledge the receipt and take it on your record.

Thanking you.

Yours faithfully,

For Morepen Laboratories Limited

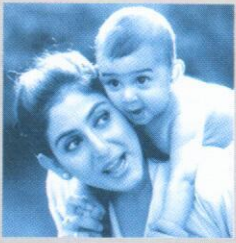
(Thomas P. Joshua)
Company Secretary

Encl.: *As Above*

Morepen Laboratories Limited

Corp. Off.: 4th Floor, Antriksh Bhawan, 22 K.G.Marg, New Delhi- 110 001, INDIA
Tel.: +91-11-23324443, 23712025, E-mail: corporate@morepen.com, Website: www.morepen.com
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Plant & Regd. Off.: Morepen Village, Malkumajra, Nalagarh Road, Baddi, Distt. Solan (H.P.) -173205
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Press Release

Morepen Labs boards the growth ladder with the peer group in the healthcare and pharmaceutical sector

Company reports consecutive growth performance in Q3 FY 2017-18 profits with a 107 per cent jump in its bottom line

Highlights Q3 FY 2017-18

- **107% increase in Net profit** at Rs. 9.67 Crore.
 - **Cash profits** increase by 32%
 - **EBIDTA** growth by 18%
- **Net Sales Revenue** marginally up by 1.9% at Rs. 140 crore.
 - **Domestic Sales** are up by 25 per cent at Rs. 103 crore.
 - **Exports turnover** stood at Rs. 37 crore.
 - **Interest burden** drops further down by 60 per cent at Rs. 90 lakhs only.
- **Montelukast** records highest growth amongst bulk drugs at 25 per cent followed closely by **Atorvastatin** at 23 per cent
- **Blood Pressure Monitors'** and **Blood Glucose Monitors'** sales jump up by a whopping 99 per cent and 61 per cent respectively.
- Significantly **lower interest cost** strengthens company's aim to become **Debt Free** before June 2018.
- Improved **Home Diagnostics'** sales revenue, better **Cost Control**, Higher **EBIDTA**, higher **Cash profit** and lower **Interest, Depreciation & Amortisation** expense aids in strengthening bottom line further in yet another consecutive quarter.
- **USFDA** clears Morepen's anti-asthma bulk drug **Montelukast Sodium** for sale in the US market.
- The company entered into a **tie-up with Vésale Pharma International of Belgium** to strengthen its position in the Rs. 1000 crore probiotics market in India.

Highlights 9M FY 2017-18

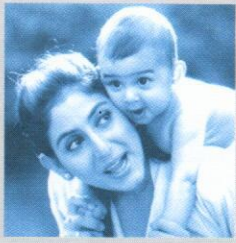
- **Net profit** rises by 38 per cent at Rs. 22.01 Crore.
- **Net Sales Revenue** remains stable at Rs. 397 crore.
- **Domestic sales** up by 16 per cent at Rs. 261 crore.



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- Exports turnover stood at Rs. 136 crore.
- Blood Pressure Monitors' and Blood Glucose Monitors' sales jump up significantly by 86 per cent and 45 per cent respectively.
- The overall Home Diagnostic category grows by 36 per cent at Rs. 79 crore.

New Delhi, January 22, 2018: Morepen Laboratories Ltd. has reported yet another growth-filled quarter by registering 107 per cent rise in its net profit in Q3 of FY 2017-18 at Rs. 9.67 crore despite a marginal rise in its net sales revenue at Rs. 139.87 crore, vis-a-vis corresponding quarter of the previous fiscal. The Q3 FY 2017-18 financial results were taken on record at a meeting of the company's board of directors here on Monday.

Domestic sales were up by 24.8 per cent at Rs. 103.29 crore in Q3 FY 2017-18, whereas **exports** were lower at Rs. 36.58 crore. **EBIDTA** during the quarter grew by over 18% at Rs. 18.17 crore. The company did well in controlling its interest cost in the quarter. The **interest cost** in Q3 FY 2017-18 amounted to just Rs. 90 lakhs, registering a fall of 60 per cent compared to corresponding quarter of the previous fiscal. As a result, the **cash profit** during the period rose by 32 per cent at Rs. 17.27 crore. The overall **depreciation and amortisation charge** was also lower by around 10 per cent at Rs. 7.60 crore during the same period.

In the bulk drugs category, **Montelukast** recorded highest growth of 25 per cent in its sales numbers at Rs. 22.37 crore followed by **Atorvastatin**, which registered a handsome growth of 23 per cent in Q3 FY 2017-18 sales at Rs. 15.82 crore vis-a-vis corresponding quarter in the previous fiscal. The overall API business sales remained stable at around Rs. 80 crore in Q3 FY 2017-18 over Q3 last year. The **Home Diagnostic category** did extremely well with an overall growth of 53 per cent in Q3 sales in FY 2017-18 at around Rs. 28 crore. Within the Home Diagnostic category, **Blood Pressure Monitors'** sales went up by 99 per cent and that of **Blood Glucose Monitors** by 61 per cent in Q3 FY 2017-18. The **Formulations** segment registered a revenue drop of five per cent in Q3 FY 2017-18 compared to corresponding quarter in the previous fiscal.

Speaking on the Q3 results, **Mr. Sushil Suri, Chairman and Managing Director, Morepen Laboratories Ltd.** said, "During the quarter, the focus was on high value drugs, cost reduction and improving margins, The growth in Montelukast and Atorvastatin business in Q3 FY 2017-18 has helped the API business to make up for fall in sales revenues recorded by other products in this category. We are working on consolidation of our product portfolio so as to remain focused on high value APIs

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and also expand Self Health brand Dr. Morepen which is consistently registering phenomenal growth across all the product segments.”

In the **Nine Months ended December 31, 2017**, the company has reported a rise of 38 per cent in its net profit at Rs. 22 crore on net sales of Rs. 397 crore. The domestic sales revenue during the nine-month period grew by around 16 per cent at Rs. 261.24 crore, however, the exports turnover was lower at Rs. 135.63 crore. EBIDTA in the 9M FY 2017-18 stood at Rs. 49.14 crore, Interest cost came down by 45 per cent at Rs. 3.50 crore and Depreciation expense was lower by 6 per cent at Rs. 23.63 crore.

The overall bulk drugs sales remained flat in the nine-month period at Rs. 244 crore, but the Home Diagnostic category’s sales grew by 36 per cent at Rs. 78.63 crore. Within the home diagnostic category, sales of blood glucose monitors went up by 45 per cent at Rs. 48.13 crore and that of blood pressure monitors by 86 per cent at Rs. 16.64 crore. The Formulations segment registered a revenue drop of 14 per cent at Rs. 72.49 crore.

During Q3 FY 2017-18, Morepen Labs achieved a major breakthrough as the **United States Food and Drug Administration (USFDA) cleared its anti-asthma bulk drug Montelukast Sodium for sale in the US market**. This development has provided Morepenan entry into the Rs. 2000 crore (Approx. \$ 300 million) US market for Montelukast Sodium. The first commercial orders for the bulk drug are expected in Q2 of FY 2018-19. The company also entered into a **tie-up with Vésale Pharma International of Belgium** to strengthen its position in the Rs. 1000 crore Probiotics market in India. An agreement to this effect between the two pharma biggies was officially signed in the august presence of the King and the Queen of Belgium who were recently on their State visit to the Republic of India.

Synopsis of FY18-Q3 & 9M Performance:

Rs.in Crores

Particulars	Q3			9M		
	FY 2017-18	FY 2016-17	% Growth	FY 2017-18	FY 2016-17	% Growth
Net Sales Revenue	139.87	137.27	1.9%	396.87	397.09	(0.1%)
Total Revenue	142.74	139.05	3%	406.03	403.63	1%
Expenditure	124.57	123.71	1%	356.89	356.15	0.2%
EBIDTA	18.17	15.34	18%	49.14	47.48	3%
Interest	0.90	2.23	(60)%	3.50	6.32	(45)%
Cash Surplus	17.27	13.11	32%	45.64	41.16	11%
Net Profit	9.67	4.68	107%	22.01	15.99	38%

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About Morepen Laboratories Ltd.

Morepen Laboratories Ltd. is a 33-year old, Rs. 600 Cr. pharmaceutical and healthcare products company. The company went public in the year 1993 and is currently listed at both the Bombay Stock Exchange as well as the National Stock Exchange.

Morepen is engaged in the manufacturing and sale of APIs/ Bulk Drugs, Home Diagnostics, Formulations and OTC products. The company's state-of-the-art manufacturing facility at Baddi (Himachal Pradesh) comprises a scientifically integrated complex of 10 plants, each with a specific product profile.

The USFDA approved plant at Masulkhana is for manufacture of Loratadine, an anti-allergy drug – internationally known as Claritin. The new blockbuster drug Montelukast is also manufactured at this FDA approved site. The large and spread out manufacturing facility at Baddi manufactures latest and much in demand products like Atorvastatin, Rosuvastatin and others for regulated markets of USA and also for non-regulated markets across the globe.

Morepen markets over 100 branded formulations under six major therapeutic segments in the domestic market. It has WHO GMP facilities for manufacturing of Formulations. The company's manufacturing facilities are backed by a strong dedicated team of research and development (R&D) professionals who ensure stringent quality standards. In Home - Diagnostics business, Morepen has a formidable presence in Blood Glucose Monitors and Blood Pressure Monitors, in the domestic markets. The company's OTC brands are being promoted under its wholly owned subsidiary Dr. Morepen Limited. Dr. Morepen's famous OTC product line, including Burnol, Lemolate, Sat-Isabgol, Pain-X and others, has a significant presence in the domestic market.

The company's wholly owned subsidiary-Dr. Morepen Ltd. is setting up a first of its kind chain of healthcare centres in India by the name of Dr. Morepen NOW to offer ECP Therapy to target consumers in India. The move is part of the company's "Nation on Wellness (NOW)" drive, which envisions providing non-invasive means to treat cardiovascular diseases and diseases associated with cardio-metabolic issues gripping the country today. The first Dr. Morepen NOW clinic has been set up in Hauz Khas, New Delhi.



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