

## TRANSCRIPT

### EXTRA-ORDINARY GENERAL MEETING (“EGM”) OF MOREPEN LABORATORIES LIMITED HELD ON MAY 20, 2021 THROUGH VIDEO CONFERENCING

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**Mr. Vipul Kumar Srivastava:** Dear Shareholders, Good morning and a very warm welcome to the Extra-Ordinary General Meeting of Morepen Laboratories Limited. I hope you are all safe and in good health. Before we start the meeting, I would like to apprise certain guidelines to be followed for this EGM. As you are aware that the meeting is being held through Video Conferencing in view of the outbreak of the COVID-19 in compliance with the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Facility for joining in this meeting has been made available for the members on first come-first serve basis. All members are by default placed on mute mode by the host to avoid disturbance and to ensure smooth conduct of this meeting. We have received request from 8 shareholders for registration as speakers, out of those only three sent their request in the manner prescribed in the notice. Once the question-and-answer session starts, I will announce the names of the Shareholders who have registered as Speaker Shareholder, one by one. The Speaker Shareholder will thereafter be requested by the host to start speaking. The Shareholder will be requested to click on the video button and if the Shareholder is not able to come on video, the Shareholder can speak through audio mode.

I would like to inform that the Shareholders will limit their time to, up-to three minutes, in order to give time to other Speakers as well. In case the members face any difficulty, they may reach out on the helpline number mentioned in the Notice of the meeting. As the EGM is being held through Video Conferencing mode, the facility for appointment of proxy is not made available in this meeting. Members are also informed that the transcript of this EGM shall be published on the website of the Company, after the conclusion of this EGM.

With this, now, I would like to introduce all the Directors participating in this meeting through Video Conferencing, I request the Directors to raise their hand so that they can be recognized.

Starting from Mr. Sushil Suri, Chairman and Managing Director of the Company, being the Chairman of this meeting as per the Articles of Association of the Company, joining this meeting from Delhi.

**Mr. Sushil Suri:** Greeted with folded hand.

**Mr. Vipul Kumar Srivastava:** Coming to the next, Mr. Manoj Joshi, Independent Director and Chairman of Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee, attending this meeting from their residence in Delhi.

**Mr. Manoj Joshi:** Greeted with folded hand.

**Mr. Vipul Kumar Srivastava:** Mrs. Anju Suri, Non-Executive Director of the Company,

attending this meeting from Delhi.

**Mrs. Anju Suri:** Greeted with folded hand.

**Mr. Vipul Kumar Srivastava:** Mr. Sanjay Suri, Whole-Time Director of the Company, attending this meeting from Parwanoo, Himachal Pradesh.

**Mr. Sanjay Suri:** Greeted with folded hand.

**Mr. Vipul Kumar Srivastava:** Rest other directors on the board has not joined today due to some pre-occupations. Apart from Directors, Myself Company Secretary, Mr. Ajay Sharma, Chief Financial Officer and Key Managerial Personnel of the Company, Mr. Subhanshu Jain, Partner of M/s. Satinder Goyal & Co., Statutory Auditors and Mr. Praveen Dua, Proprietor of PD & Associates, Secretarial Auditors and Scrutinizer for this EGM, are also joining us through VC.

As I'm seeing that the requisite quorum is present, now, I hand over the proceedings to Mr. Sushil Suri, the Chairman & Managing Director of our Company. Thank you so much.

**Mr. Sushil Suri:** Thank you, Vipul. Good Morning everyone, hope you all are comfortable, relaxed and safe at your home. Times are not good but hopefully things should be good very fast. We hear that in Delhi & Maharashtra, things are improving and we wish everybody a very good health. As informed by the Company Secretary, the required quorum is present. So I call the meeting to order and we can proceed with the procedures of the meeting.

First of all, I would like to extend a very warm welcome to all of you, who are present in this Extra-Ordinary General Meeting, which is being held through a video conferencing and I will take this personal opportunity to thank all of you for supporting us, guiding us doing all the challenging times and the times are difficult, but your support and confidence means a lot for us and the company had been really indebted for all the support of all the vendors, stakeholders, employees, teams, everybody had worked very hard in these challenging time.

So, coming to specifically to the business. So, your company had been performing very well and rather, I would say, growing exponentially for last four quarters and things have been improving quarter after quarter. So, overall net revenue of the company has grown by 39% in last one year and the profit has almost multiplied 3 times, 189% increase in the profit. Accordingly, the earning per share of the company has also gone up from 0.75 paisa to Rs. 2.16 as an earning per share. So, these are very good, results with the company have performed in spite of all the restriction and challenging time, which we all had through. And we wish and hopeful that the bad times are over and maybe all we have is positivity to look at.

As an expansion plan, the company has got the plans in all the divisions. Specifically, we shared with you in the last Annual General Meeting about our expansion plan of the API,

which is already approved by the State Authority and we are happy to share that we already got the approval of the environment committee also for the same plant, and in the API, we are expanding the existing capacity and also putting up new molecules and I would like to share that we have a good basket of product portfolio wherein, around 40 Billion worth of products are going off patent in next 5 years. So, your company is gearing up to deliver those products and setting up the plants accordingly.

And other than the main manufacturing plant, the next focus with the company is doing is setting up the R&D facility for the API. So we do have R&D Labs but now we are setting up a full-fledged R&D infrastructure in the company. And now, since we have the 40 Billion dollar market, opening up, the company is also planning to file, it's new ANDAs. We are working on 13 new ANDAs and those will be produced in India and, we are setting up a facility according to the USFDA standards and that facility would be up and running within a period of 2 and a half years, maximum 3 years in a phased manner. The already, the kind of work and ground has started in some existing buildings.

So, you already know that the company doing pretty well on the diagnostic side. On the diagnostic side also, the company is, expanding its capacities and production for the existing products and also setting up some new facilities, which you'll hear shortly what the company is doing and specifically coming to the online channels and Dr. Morepen as a brand, we have a lot of expansion plans for the brand as a whole in our online, offline and another multiple channels and we are investing heavily on creating a new infrastructure, on creating a back end and a front end for online, offline for both the things.

So, all around expansion plans are one and today in this EGM, we are proud to share that the international global private investment company Corinth group of Switzerland, they have agreed to invest and we proposed to invest in the company and today after this EGM approval, so, Corinth group would be allotted and issued 58.5 Million shares at a value of almost 32.5 Million dollars, which is approximately to 237 Crores at Dollar value today, and the pricing at a pricing as agreed by as prescribed by the SEBI formula as per the ICDR regulations and total after the approval after the allotment, Corinth will get 9.31 % here in the equity of the company. So, we will have a minority shareholder technically but Corinth is a very large partner, we welcome them on board. In addition to Corinth, bringing in to 237 Crores, one of the promoter group company is also investing another Rs. 190 Crore again, as per the pricing formula derived as per ICDR guidelines and a promoters' company would be subscribing to 50 million warrants, which would be fully convertible, as per the norms, within 18 months.

So, all that details regarding the warrants, conversion timing, pre and post equities and other details have been given in the EGM notice, which has already been serviced to you through the email and it is taken as read, so in both these things, the company is crossing one bridge and coming to a level that it's the next milestone that an international investor is coming in. And the companies also expanding on the front of promoters' capital. These are the two I would say main things, which the companies, going through. And, of course, yes friend, we have lot to talk, but I would reserve my comments so on the annual results and segment wise business discussions for the coming AGM, which is going to happen for the financial year 20-21. Maybe some months from now, hopefully we meet physically otherwise we again meet digitally. So, with this, I would like to thank all of you once again

for participating into this video conferencing EGM, and I would like to thank you all of you again for this wonderful experience, which we all are going through. With this I conclude my remarks and I will request Company Secretary to please carry on the proceeding for the meeting. Thank you.

**Mr. Vipul Kumar Srivastava:** Pursuant to the provisions of the Companies Act, 2013 and the SEBI Regulations, the company has provided facility for voting by electronic means to all its members to enable them to cast their votes electronically and the business may be transacted through e-voting.

For this purpose, the company has availed the services of e-voting system of National Securities Depository Limited for facilitating voting through electronic means to its members. The company provided remote e-voting facility to all the person who were members as on 13<sup>th</sup> May 2021, being the cutoff date, for vote on resolution as set out in the notice of EGM. Members attending this EGM today, who had not casted their vote by remote e-voting during Monday, 17<sup>th</sup> May 2021 to Wednesday 19<sup>th</sup> May 2021, are entitled to exercise their right to vote by e-voting at this meeting.

The e-voting are open during the meeting and will be ended after 15 minutes after the conclusion of this EGM. Members who had not cast their votes during aforesaid period of remote e-voting and are participating in this meeting can cast their votes during the meeting.

Mr. Praveen Dua, Practicing Company Secretary has been appointed by the Board as the scrutinizer to scrutinize the remote e-voting and e-voting at this EGM, today.

The results will be declared on or before 22<sup>nd</sup> May 2021 after considering the e-voting by the members participating in this EGM and remote e-voting already done by the members. The results along with scrutinizer's report shall also be submitted to the stock exchanges, i.e., NSE and BSE and shall also be placed on the website of the company and on the website of the NSDL as well. As the meeting is held through VC mode, resolution has already been put to vote through e-voting therefore requirement to propose and seconded is not applicable.

With this, I now request to the Chairman, may I proceed with question/ answer session.

**Mr. Sushil Suri:** Yes Vipul, you can proceed with the question/ answer session and maybe I can listen to everybody first, and then answer all the questions together.

**Mr. Vipul Kumar Srivastava:** Right sir, we will do, thank you sir.

**Mr. Sushil Suri:** Go ahead.

**Mr. Vipul Kumar Srivastava:** Now I call the name of the person who have registered himself as a speaker. Kindly turn on your video when you are projected on the broadcast screen, unmute yourself, and proceed to ask the question. First mention your name, folio number and the location from where you are joining.

Now, I request to the first speaker Ms. Ojashvi Jain, kindly unmute herself and proceed with her question.

**Moderator:** Sir, Ojashvi ji ne join nahi kiya.

**Mr. Vipul Kumar Srivastava:** Right, as she has not joined today's meeting, I would like to ask her question on her behalf because she wanted that the question will be answered in the meeting. So, her question was, what are the future prospect of the company and as a shareholder, can we expect dividend in the coming times as the company is profitable as per the latest release of results?

So, moving to the next question, registered by the next speaker, Ms. Sumitra Balkrishna Mundra. I request to the moderator...

**Moderator:** Sir, Mundra ji ne join nahi kiya.

**Mr. Vipul Kumar Srivastava:** Right, as she has also not joined today. I would like to ask her question so her question will be answered in today's EGM. Her question was, currently market price of share is more than the offered issue price of warrants to the Liquid Holdings Private Limited so as a genuine concern why the company is issuing warrant at such lower price as it may be treated as a discrimination to other shareholders who are holding the shares at above rates. So, this question will be answered at the end of the question session.

Moving to the next question, coming from next shareholder, Sarbananda Gattani. I request to the moderator kindly connect with Sarbananda Gattani.

**Mr. Sarbananda Gattani:** Hello

**Mr. Vipul Kumar Srivastava:** Yes sir, yes sir, please. Namaste sir, bataye.

**Mr. Sarbananda Gattani:** Namaste sir, video dijiye video nahi diya kya? Kindly video dijiye.

**Mr. Vipul Kumar Srivastava:** I think your video is off Mr. Gattani. You can turn on your video from your side.

**Mr. Sarbananda Gattani:** Hello

**Mr. Vipul Kumar Srivastava:** Yes sir, we can hear you. Your video is off.

**Mr. Sarbananda Gattani:** I want to show my face also sir.

**Mr. Vipul Kumar Srivastava:** Yeah. You can ask your question.

**Mr. Sarbananda Gattani:** Just a minute sir. I'm asking the question sir. Namaste sir.

**Mr. Vipul Kumar Srivastava:** Namaste sir, bataye.

**Mr. Sarbananda Gattani:** Main Sarbananda Gattani, main aapka kaafi purana shareholder hoon.

**Moderator:** Gattani sahab, aap video on kar sakte hai.

**Mr. Sarbananda Gattani:** Thanking you very much for giving the link sir.

**Mr. Vipul Kumar Srivastava:** Sir, your video is off at your end. Sir, you can ask your question.

**Mr. Sarbananda Gattani:** Waha se link nahi diya aapne abhi tak sir.

**Moderator:** Sir, link de diya hai, aap apna video on kijiye.

**Mr. Sarbananda Gattani:** Main kaafi purana shareholder hoon.

**Mr. Vipul Kumar Srivastava:** Yes sir, please go ahead with your question. We can hear you. Yes, yes please.

**Mr. Sarbananda Gattani:** Company ka naam sun kar ke maine FD diya tha. 25 saal pehle, mera rupya, mera.

**Mr. Vipul Kumar Srivastava:** Mr. Gattani, please specific to your question only because we have a limited time.

**Mr. Sarbananda Gattani:** Just a minute sir. Ab aa raha hai. Aap log mera chehra dekh paa rahe honge?

**Mr. Vipul Kumar Srivastava:** Yes, yes, we can see you.

**Mr. Sarbananda Gattani:** To main kareeb Rs. 40,000-50,000 aapko aaj se 25 saal pehle FD ka diya tha sir. Vo FD ka rupya merko mila nahi. Aapne share diya. I'm a Chartered Accountant by profession, lekin mereko Company bahut badiya hai sir. Main is company ko check kar raha hu 25-30 saal se. Aapka America main kya hua tha vo bhi mere ko maalum hai. Being a CA, I know the nitty-gritties of the Company sir. Vaise mere ko to, ek do Company Secretary ki main normally tareef karta hu, lekin aap logo ne proper link nahi diya. Mere ko speaker number bhi nahi diya. To ye main Company Secretary ko request karunga ki aage se ye cheez kare.

**Mr. Vipul Kumar Srivastava:** We will take care of this sir.

**Mr. Sarbananda Gattani:** Proper link bhejiye, hum logo ko speaker number vagera bhi dijiye. Company bahut acha hai sir. Suri sir, main aap logo ka bahut bada fan hu, bahut achi tarah chala rahe hai. Abhi preferential aa raha hai. Rs. 2 main aap Rs. 30 main de rahe ho. Market price Rs. 59 hai. So kam main hai par chalo, hum logo ke liye to beneficial hi hai. Jo Promoter hai usko saste main maal mil rha hai Rs. 30 main, bazar main Rs. 59 ka daam hai. Ho sakta hai SEBI ka jo rule hai, 6 months ka acquisition price vo CFO samjha payega. Us basis par aapne Rs. 30 maar diya, krunki iska share to Rs. 8-9 bhi drop hua tha, abhi Rs. 59 hua hai. To merko FD ke badle main aapne share bhi diya, halanki main shareholder bahut pehle se hi hoon. To yahi sir, abhi company kaisa kar rha hai, aapko ISO vagerah mila hai sir. ISO, Baddi plant ke liye aapne ISO liya hai. Mera bahut saara working hai, profit after tax bhi aapka 4 quarter ka bahut acha hai, 18.85 Cr., 25.62 Cr, 24.64 Cr and 25.14 Cr, bahut acha hai ye.

**Mr. Vipul Kumar Srivastava:** Thank you for your question, Mr. Gattani.

**Mr. Sarbananda Gattani:** Isme promoter log bhi ek game khel rha hai. Promoter log apna holding apna 34% se 36.78% bada raha hai. Ye acha hai. Halanki main pehli baar hi aap se mil rha hoon, kabhi main gaya nahi. Ye to promoter ka ek shot main 2-3 nishaana aap log maar rhe ho. Chaliye ye promoter aa ho to aap kar hi sakte ho, hum log choote mote shareholder kya kar lenge aapka. Lekin company mere ko bahut acha laga. Preferential main promoter, non-promoter jaa raha hai. Abhi mere ko sir, basically company kaisa future main hai, main kya hold karu share, main apne mere bahut saare clients hai, unko kya advise karu. Kyu acha hai vo bhi bataiye. Ek baar to maine apne FD ka Rs. 40,000 de kar marra hua hu. Abhi aapne 20 saal baad, court ka order humko dikhaya, jo original shareholder hai usko ye rupaya de denge agar aap share tender karoge to, aur vo bhi jo pura share rakha hai. Jo FD ka aapne convert kiya tha vo agar rakha hai to aap doge. Aap log to kya kya game khel rahe ho, merko samajh main hi nahi aa rha hai. Main to itna surprised hu sir. Suri sir main aap logo ka bahut bada fan hu.

**Mr. Sushil Suri:** Hanji hanji boliye.

**Mr. Sarbananda Gattani:** Mera ek humble request aur hai. Company acha karegi ye merko maalum hai. Mujhe aap logo ka Managing Director, Whole-Time Director, CFO aur Company Secretary ka visiting card chahiye. Mera mobile number aur whatsapp number email main gaya hua hai.

**Mr. Vipul Kumar Srivastava:** Sure sir sure sir. We will do.

**Mr. Sarbananda Gattani:** Sir, mera aap se bhi request hai. Lekin aapne coordinate nahi kiya. Main Tata Steel, Grasim main sab main bolta hoon, badi badi company main. Vaha pe vo log humko VC main pehle laate hai Mr. Gattani sir aapko bahut jagah suna hai. ITC vagera main Kolkata ki AGM attend karta tha lekin ab VC ke aane ke baad 1.5 saal se bahar ki company kar raha hoon. Main kaafi purana shareholder hoon, 25 saal pehle agar maine Rs. 40,000 ka FD kiya hai to bahut bada amount tha mere liye as a middle class or lower middle family, lekin Morepen ka naam suna tha

**Mr. Vipul Kumar Srivastava:** Thank you. Thank you. Mr. Gattani. we, we have limited time to give the other stakeholders as well. Because we have to answer your queries as well. Thank you sir.

Sir, please take up the questions because we have no other questions as of now.

**Mr. Sushil Suri:** Good, I would say the first question from Ms. Ojashvi Jain is very relevant and I would say very futuristic question. I would love to answer that what are the future prospects of the company. I think we are all working for future and, as I said, that life had been very difficult for the last few years rather I would say four quarters more say particularly. So, but, fortunately the pharma sector and health sector had been, I would say, very promising, not that, we got an opportunity, but rather we had to work hard and we had a responsibility that we should work hard so that we can deliver more and more medicines, whether medicines are related with COVID or not. But ultimately it's all about the health of the people. So we have been able to deliver the results to the, to the shareholder and as a company, we have grown, aggressively on the CAGR of almost 30-34% and rather as a whole, we have grown 39% on the year as a whole and profit has been doing so all around the company has got surplus cash flow now, and we can invest back into the business and we are seeing growth in APIs, we are seeing growth in diagnostic devices, we are seeing growth in the finished dosage, we are seeing growth in the OTC, all over the sector. The company is growing and the future prospect of the company really depends on primarily two things, one, of course, is the availability of capital, which certainly we have now, we have enough cash accrual within the company and, we are debt free. We have cash surplus in the company. That's one positive point. Second, is that other than the routine thing, routine working capital, we are getting external capital and also by the promoters also, and by the investor's also and now we can have a more and more capacity to invest in the capex also. So, once we invest in the capex, which we have not done, any major capital expenditure since last 20 years. So, this is the first time, the company is getting opportunity to invest in the capital expenditure and, with the additional working capital also. So, we are pretty comfortable and hopeful that the future of the company is in, I would say, very, very good scores and the trend is already showing and even the current quarter, which is going, we're seeing good numbers, we are hopeful.

And the interesting question which Ms. Jain has asked about the dividend, so I would say it's too early to talk dividend. For the first time, the company has come into the profit. But yes, technically we are eligible to distribute dividends and if my CFO agrees, once our preference capital is paid off. So, we will have technically the surplus available for dividend. So, depending upon how our projects are, what is the requirement of the cash flow within the company. So, yes, we will certainly plan dividend policy and will be decided, by the shareholders in the forthcoming AGM or maybe whenever the Board proposes. I hope, this answers the question of Ms. Jain.

Next question of, Ms. Sumitra, again I think, that is regarding the market price and the investment price for the promoters and, I think Mr. Gattani also justified and clarified that point that as per the SEBI norms, the promoters or any other preferential allotment, whether to investor, or to promoters is done as per the SEBI formula as per ICDR regulations and in the ICDR regulations, we have to take an average of the last 6 months price or the last 2 weeks average, whichever is higher. So, accordingly, the price was some Rs. 37.80. So, promoters have taken at Rs. 38 not Rs. 30 as Mr. Gattani was saying. For Rs. 38 rupees, and this is 52% higher than our earlier proposal, the company had already approved, the Board had already approved in the last EGM allotment, to share that Rs. 25 but because of some technical reasons, we couldn't subscribe as on the 31<sup>st</sup> March, because of some bank holidays. So, we have requested to again to the Board at coming to the shareholders again that we are ready to pay the premium now. We're paying 52% premium on the original

price and now we are acquiring shares at Rs. 38 and for the investor, we are charging 10% more premium, and it is almost Rs. 41.60 for the investors. So it is well priced according to the norms, but yes, as far as markets are concerned, prices, ups & downs are concerned.

Honestly, I would like to say that as a promoter, and as a, as a company, we do not get into these things and we are here for long term. Whatever investment we are doing is, we have here for another 20 years. We have never sold a single share and anyway, the promoters shares are under lock-in. So we are not seeing it according to the market price for us. It is a long-term investment and, whether it is at share price, come to Rs. 20 rupees or it goes to Rs. 80. We are here for long time, it's a free capital to the company.

That's on the pricing part, and a third question from Mr. Gattani and, of course, I fully appreciate his concern that as an old shareholder he has been associated and a very happy that he has invested personal time and is tracking the company. So, I can understand that it's more specific question, but on FD side, whatever the company had issues with, the Court and with FD, now everything is behind us. The Company has settled all FD holders who had applied for cancellation of shares and we have submitted those details to the Court and in case, there's anybody still pending, they are still welcome and if somebody wants to cancel the FD and wants to take wants to cancel the shares, sorry, wants to cancel their share, then want to take the money, we are okay, so all that issues are settled now.

Now, the company is performing very well, doing very well. In spite of that. We do not have any working capital, but we have enough cash accruals and, company is doing very well and, of course, we have got two FDAs approved plants, which for the API and even for that diagnostic devices. I'm happy that Mr. Gattani is tracking that we got ISO certification last year almost same time. So, for the diagnostic devices, we got that certificate and now we have got quarter on quarter, the profit is up, and as compared to last quarter, year, we are doing good, expansion plans into the unveil.

And the major, I would say beauty Mr. Gattani in that now, we are here to go forward. Hopefully past is behind us, hopefully the tough times are over and the only thing what we are seeing is positive. Something good is around the corner and not only that pharma space, but as a company, we are all geared, pharma is good and market is good and everything will be good. Hopefully, COVID uncle should go back. So COVID is the only problem which we all have gone through, but hopefully that also would be settled. So, I, I think this answer most of the questions, but broadly speaking, whether is a question or not, but I would say let's pray God that everything should remain comfortable and everybody should stay healthy and we know we have a lot of challenges on the table, but today, life is more important. We should play safe and request everybody to please take care. That's what I would like to say. Thank you.

**Mr. Vipul Kumar Srivastava:** Thank you, Sir.

**Mr. Sushil Suri:** Yes, over to Vipul please.

**Mr. Vipul Kumar Srivastava:** With this, now we are concluding question/ answer session. We have received few more requests, but their details were not sufficient to take up them at this meeting. I reiterate, the members attending the EGM today and who have not casted

their vote by remote e-voting may cast their vote on the e-voting platform now. You will be given additional 15 minutes' time for the e-voting and I once again thank you all for participating in this EGM. Over to Sir.

**Mr. Sushil Suri:** Thank you Vipul. Thank you, all the members, for your cooperation and very active participation in the proceeding of the EGM and I announce the conclusion of the meeting and this is the end of the proceedings now and I would like to thank you all the colleagues, all the members and MAS services for arranging all this thing, Bankers, Auditors and all that, the Director colleagues, thank you very much and goodbye. See you soon, have a great day.

Thank you very much!

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