



MOREPEN



Date: 14th August, 2023

National Stock Exchange of India Ltd.

Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400 051

Symbol: MOREPENLAB

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001

Scrip Code: 500288

Subject: Outcome of Board Meeting

Ref: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Pursuant to Regulation 30 of the SEBI Listing Regulations, we wish to inform that, the Board of Directors of the company in their meeting held Monday *i.e.*, August 14, 2023 (*commenced at 05:00 P.M. and concluded at 06:00 P.M.*), *inter-alia*, considered and approved the transfer of Formulation Distribution & Marketing Business of the company on a slump sale basis as a going concern to Morepen Rx Limited (wholly owned subsidiary).

The revenues and profits derived from the said subsidiary will be consolidated in the parent company, Morepen Laboratories Limited (MLL).

The relevant information pursuant to Regulation 30 of the SEBI Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, is enclosed herewith as **Annexure**.

We request to take aforesaid on record.

Thanking you,

Yours faithfully,

For Morepen Laboratories Limited

Sushil Suri

Chairman & Managing Director

Encl.: a/a.

Morepen Laboratories Limited

CIN NO. L24231 HP1984PLC006028

Corp. Off.: 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector-20, Gurugram, Haryana-122016, INDIA
TEL.: +91 124 4892000, E-mail: corporate@morepen.com, Website: www.morepen.com

Regd. Off.: Morepen Village, Malkumajra, Nalagarh Road, Baddi, Distt. Solan (H.P.) -173205, INDIA
Tel.: +91 1795 266401-03, 244590, Fax: +91 1795 244591, E-mail: plants@morepen.com



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Annexure

Disclosure of information pursuant to Regulation 30 of the SEBI Listing Regulations read with SEBI circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023.

Sr. No.	Particulars	Description															
1	Business division being divested through slump sale.	Formulation Distribution & Marketing Business.															
2	Amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year	The financial details based on last Financial Year 2022-23 is mentioned below: (Consolidated basis / Amount Rs. Lakh) <table><tr><th>Particulars</th><th>Operating Turnover</th><th>%</th><th>Net Worth</th><th>%</th></tr><tr><td>MLL- Consolidated</td><td>141753.00</td><td>100.00%</td><td>75290.81</td><td>100.00%</td></tr><tr><td>Formulation Distribution & Marketing Division</td><td>10569.21</td><td>7.46%</td><td>978.05</td><td>1.30%</td></tr></table>	Particulars	Operating Turnover	%	Net Worth	%	MLL- Consolidated	141753.00	100.00%	75290.81	100.00%	Formulation Distribution & Marketing Division	10569.21	7.46%	978.05	1.30%
Particulars	Operating Turnover	%	Net Worth	%													
MLL- Consolidated	141753.00	100.00%	75290.81	100.00%													
Formulation Distribution & Marketing Division	10569.21	7.46%	978.05	1.30%													
3	Date on which the agreement for sale has been entered into	Business Transfer Agreement with company’s wholly owned subsidiary is expected to be executed within 30 days, subject to requisite processes and approvals.															
4	The expected date of completion of sale/disposal	Transfer of the Formulation Distribution & Marketing Business into company’s wholly owned subsidiary (WoS) is expected to be completed within 60 days, subject to requisite processes and approvals, if any.															
5	Consideration received/to be received from such sale/disposal	The slump sale is proposed to be done at fair market value arrived under Rule 11 UAE of Income Tax Rules. The same has been arrived at Rs. 703.23 Lakhs, subject to adjustments on closing, if any. The consideration against slump sale shall be discharged by Morepen Rx Limited (wholly owned subsidiary) by issuance of its Equity Shares at Face Value to Morepen Laboratories Limited.															
6	Brief details of buyers and whether any of the buyers	The buyer is Morepen Rx Limited, a wholly owned subsidiary of the company. This WoS has been recently incorporated on 17.03.2023.															

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	belong to the promoter / promoter group/group companies. If yes, details thereof	There is no direct interest of promoter/ promoter group companies in the proposed slump sale of formulation distribution business.
7	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"?	Yes, the transaction would fall within related party transaction. However, as the proposed transaction is between the company and its wholly owned subsidiary and does not meet the thresholds of "Undertaking", hence, is exempt from further requirements of related party transactions. The revenues and profits derived from the said subsidiary will be consolidated in the parent company, Morepen Laboratories Limited. The slump sale is proposed to be done at fair market value arrived under Rule 11 UAE of Income Tax Rules.
8	Whether the sale, lease or disposal of the undertaking is outside Scheme of Arrangement? If yes, details of the same including compliance with regulation 37A of LODR Regulations.	The slump sale is being undertaken through a Business Transfer Agreement between the company and its wholly owned subsidiary. Further, as the Formulation Distribution & Marketing Business proposed to be transferred does not meet the threshold limits of "Undertaking" in terms of Section 180(1)(a) of the Companies Act, 2013. Accordingly, the provisions of section 37A of LODR Regulations are not applicable in the present case.
9	Rationale for the slump sale	The rationale for the slump sale of Formulation Distribution & Marketing Business are as follows: - The company has decided to focus its resources and efforts on its core business activities <i>i.e.</i>, manufacturing and sales of API, formulations and others, by divesting Formulation Distribution & Marketing Business. - The slump sale of Formulation Distribution & Marketing Business will allow the company to simplify and streamline its operations. - The Formulation Distribution & Marketing Business will be focused independently with a view to optimize its business operations.
10	Area of business of the entity(ies);	The company is engaged in pharmaceutical business comprising of the manufacture, sales & distribution of active pharmaceutical ingredients (APIs), finished formulations and devices.

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		One of the business verticals, Formulation business comprising of manufacturing, distribution & marketing business of formulations. The company understand that Formulation Distribution & Marketing Business has enormous potential to be carved as a separate, standalone independent business. Thus, the management is contemplating to hive-off/ transfer this business into a wholly owned subsidiary, through slump sale, to make it operationally independent and exploit its business potential at its maximum. The wholly owned subsidiary will carry the Formulation Distribution & Marketing Business of the company after transfer of said business is duly affected w.e.f. effective date.
11	Brief details of change in shareholding pattern (if any) of listed entity	Since it is a transfer of Formulation Distribution & Marketing Business into a wholly owned subsidiary, there would be no change in the shareholding of the company.

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