

**\*\*TRANSCRIPT\*\***

**37<sup>TH</sup> ANNUAL GENERAL MEETING**

**Tuesday, 27th September 2022 at 12.30 P.M. through Video Conferencing and Other Audio Video Visual Means**

**Mr. Vipul Kumar Srivastava:** Good afternoon, ladies, and gentlemen, I, Vipul Kumar Srivastava, Company Secretary of Morepen Laboratories Limited, welcome all the directors, shareholders, and other participants in this 37<sup>th</sup> Annual General Meeting of Morepen Laboratories Limited which is being held through video conferencing. On account of prevention from COVID-19 virus, the Ministry of Corporate Affairs has permitted the companies to hold the Annual General Meeting through video conferencing or other audio-visual means. Accordingly, this annual general meeting is being held through video conferencing.

Facility of joining this AGM is being made available on first come and first serve basis. All the Members who had joined this meeting are by default placed by on mute mode to avoid any disturbance from the background and to ensure the smooth, seamless conduct of the meeting. The registered office of the company is situated in Himachal Pradesh, shall be the deemed venue for this AGM and the proceeding of the AGM shall deemed to be made there at.

During the meeting, the Register of Directors, Key Managerial Personnel and their shareholding and Register of Contract or Arrangement in which directors are interested, being maintained under the Companies Act 2013 are open for inspections electronically, members may inspect the same.

Please note that the proceeding of this meeting is being recorded and the transcript of the same shall be uploaded on the website of the company.

Now, I would like to introduce the members of the Board and other dignitaries who are joining us today through video conferencing.

Coming 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, join this meeting from Gurugram.

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

**Mr. Vipul Kumar Srivastava:** Mr. Sanjay Suri, a Whole Time Director of the company joining this meeting from Baddi, Himachal Pradesh.

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

**Mr. Vipul Kumar Srivastava:** Mr. Manoj Joshi, an Independent Director and Chairman of Audit Committee and Stakeholder Relationship Committee attending this meeting from Gurugram.

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

**Mr. Vipul Kumar Srivastava:** Mr. Praveen Kumar Dutt, an Independent Director and Chairman of Nomination and Remuneration Committee and Risk Management Committee of the company attending this meeting from Gurugram. ...Mr. Praveen Kumar Dutt.

**Mr. Praveen Kumar Dutt:** (no sound/ image)

**Mr. Vipul Kumar Srivastava:** Coming to next, Mr. Sukhcharan Singh, an Independent Director attending this meeting from Gurugram.... Mr. Sukhcharan Singh.

**Mr. Sukhcharan Singh:** (no sound/ image)

**Mr. Vipul Kumar Srivastava:** Coming to next, Mr. Bhupinder Raj Wadhwa, an Independent Director attending this meeting from Gurugram.... Mr. Bhupinder Raj Wadhwa.

**Mr. Bhupinder Raj Wadhwa:** (no sound/ image)

**Mr. Vipul Kumar Srivastava:** Mrs. Doctor Savita, an Independent Director attending this meeting from Delhi.

**Mrs. Doctor Savita:** Greeted with folded hand.

In addition, we have with us Mr. Ajay Kumar Sharma, Chief Financial Officer of the company.

**Mr. Ajay Kumar Sharma:** Good afternoon, everybody.

**Mr. Vipul Kumar Srivastava:** Mr. Satinder Goyal, partner of Mr. Satinder Goyal & Co., Statutory Auditors (Greeted with folded hand) and Mr. Praveen Dua, Proprietor of M/s. P D & Associates, Secretarial Auditors and also scrutinizer for this AGM.

As I am seeing the requisite quorum is present, now, I hand over the proceeding to Mr Sushil Suri, Chairman and Managing Director of the company. Thank you; and over to you Sir.

**Mr. Sushil Suri:** Good afternoon, everyone. I formally welcome you all to the 37<sup>th</sup> Annual General Meeting of the company. I would like to thank all the shareholders, directors, and other participants for joining this AGM through video conferencing. I hope all of you and your family members are safe and in good health. Since the requisite quorum is present, I call the meeting to order.

Members, as you would appreciate that due to prolonged COVID situation, AGM is being held through video conferencing in accordance with the various circulars issued by Ministry of Corporate Affairs and SEBI, the Company has taken requisite steps to enable the Members to participate and vote on the item being considered in this AGM. Since, all the members eligible to join this AGM through video conferencing. Therefore, the facility to appoint proxy and to attend and cast vote is not available for this AGM.

Notice of the annual general meeting, along with the annual report comprising of Financial Statement, Audit reports, Director Report its annexures, has been circulated to all the Members on 2<sup>nd</sup> of September 2022 and have also been made available to the website of the company and Stock Exchange, therefore, with your permission, I take this notice of AGM as read.

During the financial year 21-22, your company has performed very well in all the business segments, and I'm pleased to share with you the key highlights of the financial year now with you. So, here are some highlights for the consolidated results for the year 21-22. So, during the

year 21-22, financial year ending March 22, so we have done our we crossed the turnover of 1500 crores for the first time 1557 crores is the top line and the profit element has gone above 100 crores, the 102 crore is the profit after tax. So, this is the overall picture that in spite of all the good, bad, ugly we had all commercial issues in during the COVID period and things were disturbed, but still we have been able to clot good turnover. If we go into a little more detail, as you would see from a 1200 crores revenue in the year 2021. So, now this year we cross 1557, there's a 30% increase in the total revenue of the company and the CAGR of the company is 26%, when I say CAGR means for last 4 years consecutively, the company has been growing year after year and 26% is the average growth though during this year we have grown by 30%. If you look at the export turnover, the export also has gone up by 36% the export share is 36% and CAGR is 26%, again from 477 crores to 557 crores, there is 17% increase in the export and when we say export it, it doesn't mean it's a one number, we are exporting to over 80 countries and more than 1000 customers, so, during COVID, it was difficult to connect and travel, but still the company has grown export turnover by 17% but if you look at the CAGR again for the last 4 years export turnover have grown by 26%, which is phenomenal and is matching with the total growth of the company where this net revenue CAGR, net revenue is 26% export also has gone by 26%.

Then we look at the domestic turnover, domestic turnover has, I would say got away good number 1000 crore, exactly. The 64% turnover is domestic from 723 crore to 1000 crore. The increase of 38% with the CAGR of 29%, so, 29% CAGR is again a little higher than the export, export at 20-26% domestic market is growing little higher because in the domestic market we have APIs which is our core and we have a very high growth in the medical devices business, which is again grown higher than the average. We will come to that. If you look at the revenue split. The company wise so, of course. The company has got various segments within the consolidated segment. We have API, we have medical devices and finished dosage and in the subsidiary we have Dr. Morepen which is pure OTC, So, the API segment is 60-59.4% and medical devices is 29% and formulation is 11.7% and so the API to be business has always been between 60 to 62%, I would say between 60 to 65%, but over a period of time the domestic formulation business has grown very high. Domestic medical devices business has grown up and the medical share has gone from 29 to 20 to 29%. This is what we are seeing it there, year after year. Now, specifically talking of the API business, which is our core, API business has jumped from 683 crore to 858 cores in the last, a splendid growth of 26% of the API but if we look at the CAGR again, there's a 28% CAGR. This peaks at year after year company has been doing something right and there has been growth. This include the previous year also was COVID and this year also had partial COVID effect but even on a larger base there is a good growth with the company. But within the API there is actually an increase of the API of the existing molecules where we have products like Montelukast, Loratadine, Atorvastatin those all have grown, but even in the new molecules the volume and the business has grown up by 53%, the new molecules that are also started contributing, so, there's a big thing which we are seeing year after year.

As we are sharing that API, the major business comes from exports there is 17% increase in the exports in the current year though, though the CAGR is 21% but as you can see it on the screen, U.S. market has grown by 48%, European market has grown by 18%, Asian markets were a bit slow, but still there's a growth of 17%, Domestic market has grown by 48%, which is overwhelming, South America 25% and African markets are reached 9% growth. Overall,

there is 17% increase in the increase in the export. And of course, this all increase is behind whatever the intellectual property company has built over a period of time, we have built 540 patents, national and international both; and 130 drug master files have been filed with all the regulatory authority and of course there are 13 filings in the Chinese market, International Drug License, import drug licenses.

The facilities have been inspected and approved by USFDA, EDQM and the PMDA, Japan, Korea, FDFA, EU-GMP and of course the TGA Australia, all the facilities are approved and inspected, both the API facility, finished dosages are only WHO, GMP finished product are not approved, then coming to the medical devices business this was a business which had extraordinary growth of 46% in the year from 287 crore to 409 crore, and this 287 crores also was already a higher base from 168 crores. It has gone to 287 cores, so, the CAGR of this business, the compounded annual growth of this business is 44% year after year it is issuing a growth of 44%, which is remarkable, and I would say one of course was the efforts done by the team and continuous consistency of the production which we have been able to maintain but of course the market is also supporting. During the COVID period, people are more and more concerned and apprehensive over the medical devices, and they were testing their sugars and blood pressure regularly and we have been able to clock good business. So of course, the trend is a little slow now, but we are confident in the people who have bought meters and who have bought medical devices they will keep on using it.

You're still seeing about the effort in the market. Finished dosage business, finished dosage has shown extraordinary growth again 28% because last few years they were growth was not very high 131 crores was the last year we went to 169 crores 28%, so, the CAGR here is low only 3.4% because during COVID period 19-20 and 2021 this business has gone bit down, but now it has recovered completely, so we are hoping that this would continue going but during the year it has gone up very well.

Then, coming to Dr Morepen, which is a pure OTC business, this is in a separate subsidiary, so it has gone from 86 crores to 106 crores with an increase of 23%, here also the CAGR had been 25%, which is again very high as compared to the overall average of the company.

Then coming to the financial numbers, if you look at the EBITDA of the company from 131 crores last year, the bit of the company has gone to 147 crores, there's 13% increase and of course, if you look at the overall CAGR, it is very high, but since the numbers earlier were very small, so we are not comparing the EBITDA number, but there is 13% increase in the EBITDA of the company.

Coming to profit before tax, so like last year, we had a little shy of 100 crores, we were 99 crores this year. The profit before tax year 127 crore, there's 29% agree and I'm happy to share that the first time after a long gap of 2022 years, so, the company has paid tax also and as you can see from 127 crore the profit after tax is 102 crores, there's a Rs. 25 crores income tax, which the company has deposited and is now, I would say a tax paying company, so, once we are in that bracket, so, certainly we are contributing to the exchequer of the government, the 5% increase.

Then coming to the earning per share, which is a basic EPS from Rs. 2.15 to it has gone up to 2.26 and then of course, it is proportionate to the increase in the net profit after tax, but this EPS is like you can see this is post tax, So, these are the broad numbers which you can see. But

coming specifically to the point that, ok, what are the growth prospects of the company and what exactly do we want to do in the future as you know that pharma industry had been very hot and very, I would say in demand for last few years, thanks to COVID but now the market is settling so even though the markets are a bit, I would say overloaded with the inventory, sale is bit slow, but pharma industry as a whole we see a lot of things happening but Morepen as a pharma company, we still want to keep focusing on the API, which is our core and while we do that, we certainly want to increase our presence in the finish dosage business in domestic market and international market. But going forward, the focus remains on the API and the medical devices business. The medical devices business, naturally we have to go more and more expense, we are looking for new products and new projects in the medical devices. In the API, the focus would remain on the research and adding new molecules. As I shared earlier, the new molecules have started showing results and there's since the numbers are small, there's a 50% increase in the top line but as we go forward every year more and more new product will be launched, and our portfolio will become bigger and bigger.

That's all from the results side, thank you very much, so, I would like to say officially Members now please note the statutory auditors and secretarial auditors of the company have expressed unqualified opinion on the audit report and when you know the audit report for the financial year 21-22 and there is no pending queries from their side. Now, can I request, Vipul, Company Secretary to explain the voting process so we can start it, formally start the voting process as desired by the...thank you.

**Mr. Vipul Kumar Srivastava**

Thank you. Thank you, Sir. Dear Members, in terms of the Companies Act, 2013 and the listing regulations, the company had provided remotely e-voting facility with the help of NSDL to the members. The remote e-voting facility has commenced from 23<sup>rd</sup> September 2022 from morning 9:00 O'clock till 26<sup>th</sup> September evening 5:00 O'clock, such members who have not casted their vote through remote e-voting can cast the vote through during the meeting by providing the facility from NSDL as insta-voting. The e-voting platform is presently open and shall remain be open till 15 minutes after the conclusion of this meeting. Since the meeting is being conducted through video conferencing and the resolution stated in the notice of AGM are already put to vote through e-voting, so there is no proposing or seconding of the resolutions.

Mr. Praveen Dua, Company Secretary in practice, being scrutinizer present in the meeting to scrutinise the vote casted through remote e-voting and e-voting at this AGM. The Scrutinizer immediately after conclusion of this meeting, unblock the vote, casted through remote e-voting and e-voting at the AGM and make a consolidated as a report of the total cost casted in favor or against, if any. The results of the voting shall be declared within 48 hours of the conclusion of this AGM. The results will be declared along with the scrutinizer's report, that will be placed on the website of the company and the website of the NSDL and the Stock Exchanges.

The company has also provided the opportunity to the members to register themselves as the speaker and ask the question exchanges their thoughts, if any. In this regard, the company has received 14 members' request to register themselves as a speaker out of those only 2 members have sent their request in the manner as prescribed in the notice of this AGM. The speaker shareholders are requested to turn on the video and close the background application, use headphones for better connectivity and voice priority. If such speaker shareholder will not be

able to join through video, then he or she may ask questions through audio mode as well. In case there is connectivity issue at the speaker shareholder side then, we will request to the next speaker shareholder to speak, and once the connectivity improves at the end of all the speakers, we will call again the registered speaker once again to speak otherwise I will read the query on his behalf and our chairman will address that query further.

We request to the speaker to kindly limit their speech up to maximum 3 minutes only. And before going forward, I would like to take the permission of our Chairman, Sir, should we go?

**Mr. Sushil Suri:** Yes, Vipul, please go ahead. I would like to address all the questions being asked by the speakers once in one go only let everybody ask the question and we can address it together.

**Mr. Vipul Kumar Srivastava:** Perfect Sir, thank you so much, Sir, I'm requesting the first speaker, Mr. Semant Juneja, being the registered speaker to unmute himself and open his video and proceed with this question. I request the moderator, please allow him to speak.

**Moderator:** Sir, Mr. Juneja ne Join ni kiya hai meeting.

**Mr. Vipul Kumar Srivastava:** Ok, so I'm going forward with the second speaker, at the end we once again call the name of the Mr. Semant Juneja, if he's available, then moderator, please will allow him to speak. So, we have the second speaker, Mr. Omprakash Kejriwal. So, I require the moderator please give him the right to speak.

**Mr. Om Prakash Kejriwal:** Hello, sir.

**Mr. Vipul Kumar Srivastava:** Yes, Mr. Omprakash, we are hearing but your video is not broadcasted to us. Yes, now you are visible.

**Mr. Om Prakash Kejriwal:** Yeah, yeah.

**Mr. Vipul Kumar Srivastava:** Please go ahead.

**Mr. Om Prakash Kejriwal:** Yeah. Thank you. Thank you, Sir.

**Mr. Vipul Kumar Srivastava:** Welcome.

**Mr. Om Prakash Kejriwal:** Bahut din ki khwashi thi ki, meri kamna puri ho gyi, sir, apko dekh ke

**Mr. Vipul Kumar Srivastava:** Thank you so much.

**Mr. Om Prakash Kejriwal:** Good afternoon, Sirji and good afternoon to everybody attending this AGM myself Om Prakash Kejriwal, your equity shareholder from Kolkata. Thanks to our secretarial department for helping me in registration as a speaker shareholder. Thanks to our registrar Mass Services Limited for providing smooth services to our So we shareholders, thank you, Sirji. Sirji, this is my first AGM only due to virtual AGM though I am your very old shareholder from the time of our beloved chairman, K.B. Suri Sir, who expired in October 22, 2020 in road accident. It was a great loss for our company as well as we shareholders Bhagwan unki aatma ko shanti pradan kre sir, ye meri kamna hai sir. Sirji our annual report is so impressive and very attractive Bahut he acha annual report aap logo ne present kiya hai, matlab dekhte he banta hai, itna bdiya annual report..

**Mr. Sushil Suri:** Thank You.

**Mr. Om Prakash Kejriwal:** Our company is growing and so on EPS is Rs. 2.25 in standalone basis on face value of Rs. 2 but you paid no dividend since financial year 2000-01, So, it is my humble request you to Sir pay some dividend. When you come in dividend list market will take it in positive way and we our share price will be revalued, so, please think over this. Sirji, there was a press release on 21<sup>st</sup> May 2021. Morepen EGM approves Rs. 433 crore incoming investment from Corinth and promoters, issue of 58.5 million equity shares to Corinth, that is Switzerland company at the rate of Rs. 41.60 per share aggregating ₹243.36 crores, that is 9.31% equity stake and second one issue, 50 million fully convertible warrants to promoter group at the rate of Rs. 30 aggregating Rs. 190 crore to be converted in 18 months into equal number of equity shares, that is 4.86% increase in holding. Promoter, promoter ko kyun issue tha, So, what happened to this notice, Sir? Have you? Have we got Rs. 430 crore from these 2 entities? Please tell something. In corona, period. We plant some to start API plant in Solan district, Himachal Pradesh. What is its progress? Sirji, please tell something.

**Mr. Vipul Kumar Srivastava:** Sure, sure. Thank you. Thank you for your question Mr. Om Prakash.

**Mr. Om Prakash Kejriwal:** Ek minute, ek minute.

**Mr. Vipul Kumar Srivastava:** Yes, Sir. Please, please go ahead.

**Mr. Om Prakash Kejriwal:** Mai apka bahut purana shareholder hu, agar factory visit karne ka koi plan banta hai to mujhe invite kijiyega,

**Mr. Vipul Kumar Srivastava:** Sure Sir.

**Mr. Om Prakash Kejriwal:** kyoki meri bahut icha hai factory dekhne ki, kyoki mei kam se kam 40, 30-40 saal purana shareholder hu, IPO ke time se mai shareholder hu aur ek request or hai sir ji, early AGM krne ka start hoga to bahut helpful hoga. Thank you sirji, thank you.

**Mr. Vipul Kumar Srivastava:** Thank you so much, thank you Mr. Om Prakash. So, I request Moderator, please check with Semant, he's available in the meeting. Moderator please check.

**Moderator:** No Sir, he's not available.

**Mr. Vipul Kumar Srivastava:** Right as Mr. Juneja is not in the meeting, So, I just read his question on his behalf. He asked the question is the profit earned by the company during FY21-22 is as per the prediction of the management and the second one can we as a shareholder expect any kind of reward like bonus share, dividend extra? So over to this, we don't have any other question from Members, so I request the chairman kindly take up the questions. Thank you, Sir.

**Mr. Sushil Suri:** Mr. Juneja, what was the first 1<sup>st</sup> question?

**Mr. Vipul Kumar Srivastava:** He was asked to is the profit done by the companies that was as per the prediction of the management, the second one is he supposed to ask what are the kind of bonus and dividend plan of the company?

**Mr. Sushil Suri:** Thank you Vipul. I have written on the names of both the shareholders and I would reply/ address the question so since Omprakash is here and he like, he's one of the oldest

shareholders of the IPO time, So I would say and use his words sir ji apka bahut bahut welcome hai, so, we are happy to have you in the meeting and whenever physical meeting start, you are happy to, we are happy to invite you to visit the factory whenever we have physical AGM, it happens at the plant only, so, you are welcome to travel anytime and we hope that should settle and physical meeting would be allowed so we can visit at any time now coming specifically to your two questions. One of course is the dividend of the company and like you said a Rs. 2 having an EPS of Rs. 2 almost Rs. 2 so it is almost more than Rs. 2 so that's a good sign. But now question is that how and when do we start giving the dividend? So I would say the way it works together is of course our CFO is here he will explain it more technically, but in a common man language when till the time the company has some pending liabilities in the books so as per the law, we cannot distribute the capital, we cannot distribute the profit, dividend is like distribution of profit, so, we cannot distribute the profit to the shareholders, still, there are some pending liabilities or I would say overdue liabilities. So, in our books still March 22, we had an overdue liability of the banks which were to be converted into equity so during the June quarter, that liability has been converted and now we do not have any pending default of any kind debt, equity, term loan no pending default is there even though there are still. Some paperwork which is pending with the bank, but there's no financial liability with the company so technically our company is now eligible to distribute the dividend. Now how and when the dividend is distributed so the CFO can add that, ok, what kind of surplus and how, how do we calculate the dividend if Ajayji can add so I can reply to the second question in the meantime. And if you can add.

**Mr. Ajay Kumar Sharma:** Yeah. In fact, only this financial year, we are free from all the banks issues so but as we have explained earlier that as we are building our capacity, so we are putting a lot of money in Capex and building our inventories and paying our routine creditors. So, as we are doing the more capacity building, so it is taking our cashflow towards the really traction of our capacities and our business operations because over last so many years we have lot back everything in our operations and that's how we have come around. We have CAGR 26% and the export growth and everything despite no facility from many other lenders, so I think that journey is still on because there is no technically, there is no really hangover on her head. So, we'll over a period of time keeping in view over all the cash flow situation and Capex requirement, will take your call as we move further. So definitely this the dividend distribution is on our horizon, so for last so many years we have not been able to do it. So, let's see in the coming period will keeping in view our Capex requirement as well as the working capital thing So we'll take a positive call, and this chairman will really take it further.

**Mr. Sushil Suri:** I would say that as you already said that certainly the company is out of the boards and we are considering the dividend distribution. But once technically we are through and once our regulator permit that, we will certainly look at the dividend but fully appreciated that shareholders have been waiting for long since the almost 20 years. There's no dividend has been given, so time has come now to share with you joy. Now your second question was on the press release of May 21, wherein we were expecting and there were the term sheet from Swiss company Corinth for investment in India on basis of certain parameters as per the SEBI norms based on average pricing, of course, the average pricing at that time was around Rs. 41, so they had a proposed but there were some technical things within their own system and they couldn't get permissions to for within their own fund to invest in India so I won't say they backed out, but they shown their regret that because of these reasons they cannot invest at this price rather

they had a compulsion that they should we should share that par so which we denied that, ok, as per the SEBI norms, we cannot issue shares at par and we have to buy shares at the market price as per SEBI formula so for some reason we had to decline that deal and now that deal hasn't happened that's what CFO is telling that since the fresh inflow from the any capital market hasn't happened so we are using our own capital to fund the various projects, to fund the growth in working capital, to fund our increase in inventory, to fund increase in debtors, whatever growth company is having, this all is happening from the internal cash flows and we officially are zero debt company and we do not have any banking facilities so that's one good point but we fully appreciate that we will like to share something with the investors also as we go forward. So, there are 2 main points covered and coming to Mr. Semant, Om Prakashji are you ok? all questions are replied. So let me answer the second question came from Mr. Semant Juneja. So, their question is, is the profit as per projection, I would say little better than projection because the top line in both the 2021 and 2022 was above normal and the growth was much higher and it is higher than the projection what we had and the dividend and bonus question I think is already answered, it the same question so I would say since both the questions are answered, I hope the queries are clear. Is there are any more queries?

With this now I would like to thank all the Members for asking the questions, share their thoughts on the virtual AGM and as an item business as per notice of the AGM has been taken up. Now I'm authorizing Company Secretary to conduct the voting process as stated earlier with by him that he e-voting shall remain open till 15 minutes after the conclusion of the AGM and results will be declared latest by 29<sup>th</sup> September 2022. I'm thankful for the members, directors, auditors who have joined the meeting through video conferencing and their co-operation in smooth conduct of the AGM. With their consent, we now conclude the meeting. Thank you.

**Mr. Vipul Kumar Srivastava:** Thank you, Sir. Dear Members, thank you for joining us today. We will address the queries received in the chat box, if any, through emails. Further you can vote till 15 minutes from now. If you have not voted earlier. Thank you. Thank you so much.

**\*\*concluded\*\***