

**** TRANSCRIPT ****

38th AGM - MOREPEN LABORATORIES LIMITED

Tuesday, 28th September 2023 at 1.00 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 38th Annual General Meeting of Morepen Laboratories Limited. Members due to preventive measures, the Ministry of Corporate Affairs has permitted the companies to hold the annual meeting through video conferencing or other audio-visual means. Accordingly, this annual meeting is being conducted through video conferencing mode. Facility of joining this AGM is being made available on first come, first serve basis. All the Members who have joined this meeting are by default placed on mute mode to avoid any disturbance from background and to ensure smooth, seamless conduct of the meeting. The company has taken requisite steps to enable Members to participate and to vote on the items being considered in this annual general meeting. Since, all the members are eligible to join this AGM through video conferencing mode, therefore, facility to appoint proxy to attend and cast vote is not available for this AGM.

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 be deemed to be made thereat. During the meeting, the Register of Directors, KMPs and their shareholdings and Register of Contracts or Arrangements in which directors are interested are open for inspection 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. Further, I would like to introduce the members of the board and other dignitaries who are joining us today through video conferencing.

Mr. Sushil Suri, Chairman and Managing Director of the company, being the chairman of this AGM, as per articles of association of the company joining this meeting from Gurugram.

Mr. Sushil Suri: Greeted with folded hands.

Mr. Vipul Kumar Srivastava: Mr. Sanjay Suri, Whole Time Director joining this meeting from Chandigarh.

Mr. Sanjay Suri: Good afternoon, everyone.

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

Mr. Manoj Joshi: Greeted with folded hands.

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

Mr. Praveen Kumar Dutt: Good morning, everyone.

Mr. Vipul Kumar Srivastava: Good afternoon, Sir, Mr. Bhupendra Raj Wadhwa, an Independent Director attending this meeting from Gurugram.

Mr. Bhupendra Raj Wadhwa: Greeted with folded hands.

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

Doctor Savita: Good afternoon, everyone.

Mr. Vipul Kumar Srivastava: Good afternoon, Ma'am, members, due to some preoccupations, Mr. Sukhcharan Singh, an Independent Director of the company has not joined today. Furthermore, 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. S.P. Babuta, partner of M/s. S.P. Babuta and Associates, Statutory Auditors of the company and Mr. Praveen Dua, proprietor of M/s. P D and associates.

Mr. S.P. Babuta: Good afternoon.

Mr. Vipul Kumar Srivastava: Good afternoon, Sir! and Mr. Praveen Dua, proprietor of M/s. P D and associates and Scrutinizer for this AGM.

Mr. Praveen Dua: Good afternoon.

Mr. Vipul Kumar Srivastava: Members, as I'm seeing the requisite quorum, is being present in the meeting. Now I hand over the proceedings to Mr. Sushil Suri, Chairman and Managing Director of the company. Thank you.

Mr. Sushil Suri: Good afternoon and welcome back friends. I formally welcome you all to the 38th Annual General Meeting of the company, from my side. Today, I would like to thank all the shareholders, directors, auditors and all the other participants for joining the AGM through the video conferencing. Since, the requisite quorum is present, I call the meeting to order.

The notice of the Annual General Meeting, along-with the Annual Report comprising the Financial Statements, Auditors reports, Director report and its annexures have been circulated to all the Members on 4th September 2023 and the physical copies have been sent to those who have requested for the same.

The annual report that the company has also been placed on the website of the company and the Stock Exchanges that and as to you. Friends, you would note that statutory auditors, secretarial auditors of the company have expressed an unqualified opinion in their audit reports for the financial year 2023. Therefore, with your permission, I take this notice of AGM along with said reports as read.

Dear friends, these are exciting times for the nation, when the economy is booming, industry is growing, and the markets are all time high. The wholesome, healthy growth for the common man is the best time for India while we flag the moon and the sun. Today, I use this platform and salute all the scientists of ISRO for immaculate performance as we stand with them for all the future endeavours. The unprecedented show of diplomacy and confidence at G-20 Presidency under the charismatic leadership of our Honourable Prime Minister has won the hearts of global leaders of all the nations.

These actions has given a big impetus to overall market sentiments. While many global economies are struggling and shrinking, India is proudly marching ahead with honourable Prime Minister's plan to stage India among the top 3 economies in the world in the next 5 years.

This will be giving humongous opportunities for the industry to grow and flourish and be a part of the history.

Friends, needless to add here that India is a pharmacy of the world. Be it affordable generic medicines all over the world or lately the most efficient and cost-effective vaccine supplied by India to over 155 countries. India stand on the top of the deck when it comes to healthcare, healthcare for all, including the largest Jan Aushadhi Scheme and Jeevan Jyoti Bima Yojana at such a large scale covering the length and breadth of the country. India is now at the centre stage to become the manufacturing hub for APIs, medical devices which are to be supplied to the global market.

Dear shareholders, we are so fortunate to be the leading player in both these segments with opportunities knocking the door every day for the next phase of MOREPEN. That is MOREPEN 2.0.

High end APIs where we operate that need exemplary chemistry skills with world class quality and compliance requirements. This is a highly regulated industry. It's not very easy to make a mark in this segment for the regulated market and the good news is that our DNA is API. We are in the API business with a solid track record for 4 decades now for research, backward integration, cost, effective manufacturing and we are all set to ride the wave of opportunities in the API segment, making us a reliable alternative to China for long term regulated customers who want to be, our ensured supply for all the raw materials.

Friends, another winning ticket we have is impeccable track record of regulatory approvals by all the top-notch regulators of the world, including the USFDA. I'm proud to share that your company has scored a hattrick of USFDA approvals with 'NIL' or 483 with no major observation reported by the auditors. So, this is a big news. While this at the same time many of our counterparts have been going through the multiple regulatory challenges with the FDA authorities. In addition, our facilities have been approved by PMDA, Japan, recently, which opens the floodgates for the company for the regulated long term and lucrative Japanese market. Our plant approval by KFDA, Korea, has placed us among the leading players in that market also. Our facility approval by TGA, Australia, for supply of API s in that continent also marks a landmark achievement of the team. Last year around the same time we got approval from ANVISA, Brazil, for the South American markets in addition to the numerous customer audits which we proudly pass through.

Dear friends, your company is all decked up for the next level and fully geared to embrace all the upcoming opportunities of growth and leadership, including the new regulatory regimes, which is our core strength. With the market leadership of products like Loratadine and Montelukast which are both anti allergic, we are proudly the largest manufacturer in the world for those products after the innovator. For the key products like Atorvastatin and Fexofenadine, we are expanding our capacities to cater to the increasing market demand due to the changing lands in the favour of India as against China, our present capacity utilization is over 90%.

We continue working for optimum utilization to accommodate the wide range of products. With multiple stages of complex chemistry in the last few years we have added 85 kilolitres of capacities to keep up with the increasing demand. We are increasing our present capacity from an almost 400 KL to 600 KL in the next 2 years. We're working with the team to complete the Capex plan and the various fundraising options.

As your company is a debt free company now having cleared all the CDR banks including the preference shares, we can easily raise debt in the books to finance the upcoming Capex requirements of around 125 Crores. As we spread. Our wings to the regulated market, we are

increasingly proudly. We are increasing our product offering with more and more DMF in those markets. As we started late, but now we have decked up a stack of 213 DMF 26 DMF for the US market, 174 DMF for other countries including Europe, Taiwan, Korea and Japan. We also have 11 CEP filings in the Europe and 8 IDLs in China to support our customers in those markets.

Friends, these are the updates on the future business development and regulatory site, now coming specifically to the business. Friends, as all you all know, last 3 years of the most challenging period in the history of mankind with the pandemic turmoil in almost every industry. Thank God. We are out of it now. And we need to be better prepared to face such challenges any eventualities that may come. In the future. Pharma industry, though, adversely affected like others by extreme logistics nightmare and the global panic. Workday and night to keep the supplies as a responsible stakeholder, at Morepen, we continued our heads high and weathered all the storms today. Even under the most challenging times, with limited availability of resources, raw materials in the last 3 years our API team did not let the spirits go down and our production has gone up by 55% from 215 tons to 304 tons during this period. This is true example of resilience and a will to perform an excel to under the extreme conditions.

In the same period, 2022-23, our sales revenues of API have also grown by 73% and registered as solids compounded annual growth rate, which we call CAGR of 20% bearing the beating the pandemic swings. It was important to maintain their supplies in the domestic market during COVID time. While the global markets were also disturbed, this came as an opportunity to serve the domestic API market with our strategic focused product basket particularly Montelukast, which was highly recommended during the COVID period.

In last 3 years, our domestic turnover have almost doubled with the CAGR of whopping 25%. Export has also grown by 66% with this CAGR of 18% during 2021 to 23. At we with our team has added 185 or more international customers during this period and has kept the energy level high when the travel was absolutely closed. Now, of course, the travel has started, I would say rather aggressively, and we have added a lot of new position and recruiting the best talent in the industry to expand our sales network globally.

The company continues to participate in all the major exhibitions like CPHI to expand its reach and maintain a better one on one relationship with the customers, my dear friends, the backbone of API business is R&D department. And the pride and passion they carry, they develop and help launch the new products at global levels to provide affordable generics to the common man. This entails lot of patience and tenacity to keep your spirits high in the time of turbulence. I'm here to congratulate the whole R&D team for successfully developed 35 new molecules in the last 3 years which are being launched as and when the patent expiry of the innovator product approaches.

I must share the total market size of the finished dosage of the products pipeline as per the global data is expected to be around 67 billion dollars by 2025. So, it's a huge amount which can give handsome revenue to the company when generic version of these drugs is launched after the patent expiry. Despite the consistent turbulence and the market uncertainty regulatory affair teams has continued relentless efforts and has filed 36 DMFs. The last 3 years are doing well. Regulatory affairs have been doing well. API market expected to have consistent growth of 10 to 15% and will continue at the same pace. We had a CAGR of 20% in the last 3 years for these products, government is launching many new initiatives, including the PLI scheme to promote India API manufacturing in India to reduce dependence on imports. The next step is to cater to the global customers and set facilities for global capacities for API in India and become a manufacturing hub for the whole world. The pharmacy of the world, as our

honourable Prime Minister has envisioned, government is opening API parks to bring a big API project and invites big investments.

We, at Morepen are very bullish on the segment and continue to invest our time and resources behind the API. Yes, friends, let's switch gears to the next fastest growing segment, the medical devices. Medical devices are under the brand 'Dr Morepen', so Dr Morepen serves and is market leader for home diagnostics or point of care. They use, they call it POC. This is the sunrise industry and has been very buoyant during the COVID. Though it had big shortages and import challenges during the pandemic time, our team, with their untiring effort despite all the adversities, maintained consistent supplies and doubles the unit sold for blood glucometers and BP monitor in the last 3 years, the revenue has gone more than doubled during this period. And overall CAGR of 29% for the medical devices last 3 years.

Dr Morepen has a happy user base of 10 million happy customers who use Dr Morepen blood glucose monitors in India. They carry at home, and we have supplied 1.4 billion strips almost equivalent to the population of the country. So many strips we have supplied to the customers. This is strong, loyal base of customers that generates regular revenue stream and these customers they buy other products of the company also. India being the diabetic capital of the world, we estimate around 75 million diabetic patients. Even if we take 60% of them as addressable market, we can't reach everywhere. We have a long way to go, and we expect the market to continue growing at 20 to 25% in this segment. The next important area of concern, my dear friend, in this country is growing population of heart patients and people having cardiac problems at a very young age. We have been serving the BP monitor market with our innovative products and have taken leadership position in the last couple of years. It was difficult to maintain regular production during the COVID times, but we did not allow the supply chain to break. In the last 3 years we doubled the supplies and the revenue, and both and got a CAGR of 26% in case of BP monitors also.

In addition, we recently started manufacturing of digital weighing scales in India to replace imports, other products being manufactured are digital thermometers, stethoscopes, and oximeters, etc. Just to share with you Morepen started this business back in year 2000 and started the world class production line in 2016 and the governance initiative of making India which just completed 9 years this week.

All the facilities are set up as per the global standards and are respected and approved after the rigorous audit of ISO 13485. Friends, our scientists and medical devices' R&D Centre, in Delhi, are developing many new products and working on many new technologies for the long-term growth of the company. We continue expanding overreach through direct distributors in India and have also started advertising about the live media to create a long-term sustainable bond with the customers. Cricket coach Rahul Dravid is our brand ambassador for these range of products.

On the export front, other than Nepal and Bhutan, which we were doing earlier, we have recently moved to Thailand and have started creating a customer base for the long-term market.

Medical devices remain the focus of Government of India and they are opening medical devices parks in all the states to provide and build a world class facilities for the domestic consumption and also to cater to the export market. We think medical devices market is very underserved and has limited players in the organized segment since the regulations are very stringent, we expect the market to grow at 15 to 20% per annum and we are very aggressively pushing various growth opportunities in this segment.

Dear friends, since the time is short, I'll briefly touch upon RX and OTC business also, in the RX business, we have grown at a CAGR of almost 10% to 10.5% and are consistently improving our efficiencies and productivities. We have recently refurbished our manufacturing facilities as per the global standards. We have replaced our slow-moving machines, where the latest high speed automatic machines and increase the capacity to 1.73 billion units per annum on a single shift basis, and this will start contributing on the topline from Q-4 onwards. In addition, we are setting up a plant for 3 billion units per annum for export purposes, which would take another 18 to 24 months to start giving major revenues. In the OTC range, which includes popular brands like Burnol and Lemolate, we got reach and distribution. We also have a range of products for the online customers. We have not invested much behind these brands, and we are working on the long-term plan for funding the OTC range through strategic partnerships with and other possible options.

Detailed financial numbers have already been circulated with you, to you, and regarding company's operating margin, net profit, EPS and I will not take much time to repeat that. But before I close, I would like to reiterate, we are excited about the grand opportunities in the pharma sector and aggressively working on the suitable option, with the right funding options and have open source because we are a debt free company, we do not have any limitations to go right or the left. At the end, I'm so grateful to all the stakeholders, customers, suppliers, colleagues for their persistent support and goodbye and I would say, thank you to all the shareholders. Now, may I request Company Secretary, to please give the details of the voting process.

Mr. Vipul Kumar Srivastava: Thank you so much, Sir. Dear Members, in terms of the Companies Act, 2013 and the Listing Regulations, the company had provided remote e-voting facility with the help of NSDL to the members. The remote e-voting period had commenced from 25th September 2023 from morning 9:00 O'clock till 27th September 2023, evening 5:00 O'clock. Such members who have not costed the year vote through remote voting can cast their vote during the meeting through e-voting facility, by visiting the NSDL e-voting page. The e-voting platform is presently open and shall remain 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 will be no proposing and seconding of the resolutions. Mr. Praveen Dua, Company Secretary in practice, being a scrutinizer present in the meeting to scrutinize the vote casted through remote e-voting and e-voting at this AGM. The scrutinizer shall immediately after the conclusion of this meeting, unblock the votes casted through remote e-voting and e-voting at this AGM and make a Consolidated Scrutinizer Report of the total vote it cast in favour or against, if any. The results of the voting shall be declared within 48 hours of the conclusion of this AGM and shall be placed on the website of the company as well as the website of the NSDL and the Stock Exchanges.

The company has also provided the opportunity to members to register themselves as a speaker and ask the question or exchange their thoughts, if any. In this regard, the company has received 15 Members request to register themselves as a speaker, out of those, only 5 members have been selected based on their details submitted to us. The speaker shareholders are requested to turn on their video, close the background application and use headphone for better connectivity and voice clarity. If such a speaker shareholder will not be able to join through video, then he or she may join and ask the question through audio mode. In case, there is some connectivity issue at the speaker shareholder end. We will request the next speaker shareholder to speak. Further, I request the speakers, to kindly limit their speech to up to maximum 3 minutes only

so that all the speaker shareholders will cover in this meeting. Before going forward, I would like to take the permission of Chairman. Sir, should we go ahead?

Mr. Sushil Suri: Yes, yes, go ahead. I think we can address all the questions together. Maybe I take notes and then we address all the questions together.

Mr. Vipul Kumar Srivastava: Right Sir. So, I'm just requesting the first speaker, Mr. Santosh Bhutani, being a registered speaker to unmute himself and open his video to broadcast and proceed with his question. May I request to moderator, please allow him to speak. Mr. Santosh Bhutani.

Moderator: Mr. Bhutani, please unmute yourself.

Mr. Santosh Bhutani: Very good afternoon to the Board, Management team of Morepen Laboratories Limited at 38th Annual General Meeting of the company, today, 28th September 2023. Sir, I'm Bhutani M.P. joint holder with Santosh Bhutani as a retail investor from the Delhi. First of all, I would like to thanks to the management for giving me opportunity in this platform, Sir, after going through the Annual Report, which has been received in time and is detailed in information, all sections has been covered in a transparent manner. Sir, my question to the management is. What are the focus area of the management for growth? And to increase the profit margin of the company during rest of the 2 quarter that is 3rd and 4th quarter of this financial year 23-24? Sir, what are some of the challenges and opportunities that you foresee in the year ahead? Sir, India is the biggest country, best opportunity and biggest population. Our country, Sir, in GDP growth..... (no sound or video)

Mr. Vipul Kumar Srivastava: (after waiting of 12 seconds) Mr. Bhutani, moderator, can you check once again because we are not hearing him.

Moderator: I think, unke mike mai kuch issue hua hai, unki aawaz aa nahi rahi hai.

Mr. Vipul Kumar Srivastava: Right Sir. Moving to the next speaker, Mr. Gaurav Agrawal. Please unmute himself and allow your video to broadcast and go ahead with your question. Moderator, please allow him.

Moderator: Mr. Gaurav, please unmute.

Mr. Vipul Kumar Srivastava: (after waiting of 7 seconds) Is he available in the meeting? moderator.

Moderator: Yes Sir. Yes. and Mr. Gaurav, please ask your question. Your voice is not coming. Sir, aap ki awaaz nahi aa rahi hai, Gaurav Sir boliye.

Mr. Vipul Kumar Srivastava: (after waiting of 15-17 seconds), coming to the next. Mr. Anantha Narayanan. Moderator, please allow to Mr. Anantha Narayanan.

Moderator: Mr. Anantha, please unmute yourself.

Mr. Anantha Narayanan: Hello all, good to see you all in the Annual General body meeting. I have a few questions. I am the Morepen Laboratories' retail investor from Bangalore. First is Sir, what is the plan for the company to improve its profitability? Second, what is the plan for the company to safeguard the minority stakeholders? Third, why the company is not giving any benefits to the shareholders with respect to dividend, bonus rights, etc.? Forth, why is the stock price relatively low compared with the other companies in the same sector? Fifth, what are the steps the company is going to take to improve the value of its stocks? So, these all questions that I'm asking because for the few years, OK, where the way that I invested into the Morepen Labs, you know, It is not improving the stock prices, reducing much and it's not increasing in

the stock value where other competitors of you are doing good in the stock market. I just need some insights on that. Thank you.

Mr. Vipul Kumar Srivastava: Right Sir. thank you, Mr. Narayanan. Now I'm requesting the next speaker Mr. Keshav Garg. Please unmute himself and allow your video to broadcast and go ahead with your questions.

Moderator: Mr. Keshav, please unmute yourself.

Mr. Keshav Garg: Sir, I hope my voice is audible.

Mr. Vipul Kumar Srivastava: Yes, yes. please speak.

Mr. Keshav Garg: Sir, thank you very much for providing me this opportunity, Sir, I have already sent my list of questions and many of the same were covered by the Chairman speech, Sir, few more questions I would like to highlight. Sir, what is the expectation for top line as well as bottom line for the current financial year? Sir, our operating margins are on a declining trend from 13% in FY14 to 11% in FY18, 10% in FY21 and 6% in FY23. And now with the declining realizations in API market in general, Sir, our margins expected to slide further during the current financial year, and Sir, once things stabilize. So where do you see our operating margin settling? So, do you think that in the businesses that we are in, in these businesses double digit are sustainable, Sir, because if we see then in pharma industry generally the margins are in mid-teens. Sir, so, if you could give us some idea that what margin should your shareholders be expecting going forward? Sir also, Sir, there is the issue of receivables, Sir, our receivables are increasing dramatically they have increased by 45% over the past 2 years wherein our revenues is increased by only 19% during this period. And Sir, moreover, our advance to suppliers have also increased year on year so, Sir, consequently. Since the past 2 years, we have made a negative operating cash flow of around 150 Crores, So, Sir, the question is that whether this inflated working capital, whether it will decline going forward or Sir, is it expected to stay at elevated levels going forward? Sir, also, Sir we have 155 Crores of trade receivables which are pending since over one year so. So, this is a quite a big number and significant percentage of our net worth, so. Sir, I hope we have been able to recover this and if you could tell us that what is this number as of today, Sir, now our subsidiary Dr Morepen is making losses so. Sir, if you could give us some idea that when is it expected to break even and Sir, we have few other subsidiaries, Morepen Devices, Morepen RX, which have zero revenues. Sir, so, what are the plans for these subsidiaries? Sir, also, Sir, if you could tell us about our GUBB business, that what kind of arrangement or agreement do we have with the American company? And Sir, are we the exclusive distributor or licensor of the of these products in India? And Sir, last year our tax rate was 30%, So, what would be our effective tax rate for this financial year? And Sir, when are we expected to fall under 25% tax bracket. Sir finally, so if you could just give us some idea that where do you see the company over the next 5 years in terms of top line, in terms of our market share and various verticals? And Sir, also, the margins, and Sir, what shareholders should expect from this company going forward and already as the previous speaker said that now that we are debt free, can we expect this company to become a dividend paying company? And Sir, lastly wanted to touch upon this equity dilution aspects, Sir, we have issued a lot of shares repeatedly in the past? so, Sir, now that we are debt free, you think that we will not require to raise any more equity going forward. Sir, so, these were few of my questions. Sir, thank you very much once again for providing me this opportunity and Sir, best of luck to you and your team.

Mr. Vipul Kumar Srivastava: Thank you, Keshav. Now requesting to the next speaker, Mr. Omprakash Kejriwal, please unmute himself and allow your video to broadcast and go ahead

with your question. Moderator, please check whether he's available in the meeting, Mr. Om Prakash Kejriwal.

Moderator: Mr. Kejriwal.

Mr. Om Prakash Kejriwal: Am I audible, Sir?

Mr. Vipul Kumar Srivastava: Good afternoon, yes Sir. Please go ahead.

Mr. Om Prakash Kejriwal: Yes, Sir. Just a minute, Sir. Hello, hello...

Mr. Vipul Kumar Srivastava: Yes Sir. Yes Sir, we can hear, please go ahead with your question.

Mr. Om Prakash Kejriwal: Hello. Hello. Good afternoon Sirji.

Mr. Vipul Kumar Srivastava: Good afternoon.

Mr. Om Prakash Kejriwal: And good afternoon, everybody, I'm attending this AGM, myself, Om Prakash Kejriwal, your equity shareholder from Kolkata.

Mr. Vipul Kumar Srivastava: Sir, can you drop down your screen, because you are sharing your screen. Yes, please speak.

Mr. Om Prakash Kejriwal: Sir, kya hain na hum log toh kya senior citizen hai, Sir, thoda sa kya complication ho jata hai, computerised nahi hai hum log, bachpan se kabhi computer kiye nahi, toh issliye thoda problem sa ho jata hai, thoda time lagta hai..Sirji, this is my second AGM only due to virtual, though, I'm your very old shareholder. K B Suri ke time se mai shareholder hu mai Sir, IPO mai mujhe share mila tha, still I have those shares, aur isske baad bhi maine kaafi share accumulate kiya hai, Sushil Sirji aap ke uper pura mereko confidence hai aur issliye meri puri family jo hai aap ke company ki shareholder hai. Sirji it is just an opportunity for me to join this AGM, sitting in Kolkata only due to virtual. If possible, please follow this virtual AGM in next year also so that more and more shareholder to join our AGM and express their views. Sirji ek request hai chhota sa, do not restrict shareholder to speak in AGM, jitne jyade aap ke pass shareholder speaker, bolne ke liye aayenge utni popular company aapki banegi aur utne hi aage hum jayenge, issliye yeh ek din ka samay hai issko restrict mat kijiye, mujhe yaad hai ki maine Tata Steel ka AGM attend kiya tha ussme 65 shareholder speaker they aur unhone 6 baje tak AGM continue kiya, issliye mera aap se hardik request hai ki issko restrict mat kijiye, shareholder ko bolne dijiye aapko free mai aap jo hai isska fayada milega sir, aap ki company prosperous hogi.

In current year, our revenue is Rs.1339 crore in external account, last year it was 1449 crore and net profit is Rs. 46 crores, last year it was 101 crores. What is the reason for fall in revenue and still fall in net profit in current June quarter 23, our revenue is Rs.369 crore and net profit is Rs. 16 crores far better than previous June quarter 22. So, what is our expectation for remaining 3 quarters? We have started API business in Corona period. How is it going Sir? Sirji, are you planning to transfer API business or formulation business in some other companies? If you are going to transfer, then are you planning to allot shares of that company to existing shareholder of Morepen Laboratories Limited, please share your view Sir. Sirji, we are showing very good profit every year when we start to pay dividend, last dividend was paid in 2001, 20 paise per share. Now our position is very strong, so please start to pay, start to pay dividend as we are a long-term investor dividend is our bread and butter. And also, if you start to pay dividend, it will send a very good signal in stock market. So please do some corporate action Sirji, this is our annual report (displaying annual report), aur isska value 35-36 rupya toh nahi hota hai sirji, kam se kam 100 rupeye ka share hai ye, toh agar aap corporate action karte

rahenge toh hum log market mai perform karenge, toh mera aap se bahut request hai ki isspe thoda dhyan dijiye aur kuch corporate action karte rahiye jisse ki market bhi aap ko badhiya se response dega. Sirji, abhi flood aaya hai Himachal Pradesh mai toh usse hum logo ko kya nuksaan hua woh thoda sa share kijiyege, hum logo ko kya usse loss hua hai. Sirji, I am your very old shareholder, so please organize a factory visit so that we can see our plant, how it is running. At-last, Sirji, please maintain your smile and be cheerful. We are always with you as a long-time investor. Thank you. Thank you, Sirji.

Mr. Vipul Kumar Srivastava: Thank you, Mr. Kejriwal, may I request to moderator please once again check whether Mr Gaurav goal is available?

Moderator: Mr. Gaurav, please unmute yourself. Mr. Gaurav.... Mr. Gaurav?

Mr. Vipul Kumar Srivastava: (after waiting of 10-15 seconds), Sir, can we move ahead?

Mr. Sushil Suri: Yeah, we can like.

Mr. Vipul Kumar Srivastava: With this, we don't have any other questions from the speaker side. So, I request the Chairman please take up the questions. Thank you.

Mr. Sushil Suri: Good afternoon once again everybody! So, I think it was interesting session and it's good to learn and take feedback from the market. I know that most of the things we have covered in our either annual report or accounts or our speech and there are certain things which we can say and there's certain things which we can't say. But I'll try to see what best we answer.

I think the first speaker Santosh Bhutani, I think, Bhutani Sahab thank you very much. These are very opportune questions and is sound like a solid businessman. Your question is what are the focus areas for growth and profit for the next 2 quarters, Q 3 and Q 4 are. As I already shared in my statement that basically the 2-focus area which the company has is one is API and I would say within API, API capacity expansion and market reach we have limited capacities. We are struggling every day to just meet the end and supply whatever orders we have. We have to increase the capacities and particularly. As I think already, some other speaker already said that the prices are going down. So, we have to make more products even to do the same turnover. So, capacity expansion of the API is one focus and for the profit margins its very clear that we have to have more efficient working by having better sales margins or maybe more production and once you have more production expenses are fixed, see in real world expenses do not decrease. Expenses have a tendency to increase. So. you have to produce more. So, we have increased our capacities of the finished usage. We are increasing capacities of the API every time we added 85 KL in the last 2 years. We're adding more and we are looking for some fundraising options where we can optimize the capacities and feed the market. So, these are the two.

And, then I think the interesting question is challenges and opportunities. And India is naturally the big land of opportunities. Today. I would say challenges are there in every business, whether it is sitting in US or Egypt, or I would say sitting in China, everybody has challenges but interesting point for us is that we have more opportunities than challenges. We are used to handle; India is a very innovative country, and we take everything at a face value and resolve it. So, we have more opportunities now too big, big opportunities we are seeing as again is API and medical Devices, API is going to the next focus of India and large investments are coming since last 2 years on the API, they're international PE funds are investing in this platform to make API. So, after China, India is naturally the next manufacturing hub. People are focusing on China plus one strategy, even the people who have already invested on the China, now they

want to have one more surplus site which is India. So, this is what is on the China plus one strategy and second opportunity clearly is on the medical devices, medical devices India is the I would clearly say the diabetic capital and the cardiac capital of the world. So, we see that when we go forward, we have to focus more and more on creating value for India and value for the customers and value for affordable medicines and affordable medical devices in India. These are, I would say the two main things. So, this will remain the focus. I hope both the questions are answered.

Gaurav has missed, Gaurav you can send your questions via email.

And next speaker was Anantha Narayanan. So, here the question is very clear and very straightforward. What are we doing to improve the profitability? This sounds very much like to me for whole day, every day in every review meeting we're talking about profitability and we're discussing how can we improve the profitability. So, basically what we see is various businesses have every business has its own different, I would say permutations and combinations. So, we are seeing every business as a separately for API like I said that we need to increase the capacities because China is now sitting at one time during COVID. China was raising prices of the raw material, but we were able to raise the prices of the finished product also in India. But now the markets of our is little slow. So, China is also slow. So, profit margins are going down.

We have more volume, more products, more production. So that is what we are doing. And on the finish goods side, again, capacity expansion is going second order thing is that in pharmaceuticals if we observe most of the pharma companies are having major formulation products. So, we are being compared accidentally by the likes of Sun Pharma, Cadila, Cipla, Torrent, hetero or even mankind. They are all finished dosage companies, finished dosage companies have got high gross margins. The gross margin of 70 to 75% our gross margins are 35- 40%, so we cannot compare our profitability with those companies, and we have a 70% topline from which is low gross margin, similar medical devices, medical devices also we provide affordable medical devices, and we have a concept of. Since we are competing with the multinationals, so we have priced our products sensitively to meet the Indian requirement. So, our prices are very comfortable for the Indian market. So, the price margins are low. But now question is how do we go from here? there are two opportunities, one is high end molecules of the API for which we are investing in R&D. We are hiring the best talent from the market for market expansion and then of course expansion on the R&D on the finished dosage side when we have more and more branded business, so, our margins will improve. And second major step which is more of a long term 3 to 5 years, is that we will file a...., we will go for exports whether it is export to semi regulated market, regulated market to U.S. market. So, exports of the formulation also will give us good 70 to 80% gross margin. So, these are 2 - 3 strategies on that, of course, in the medical devices we are going more and more backward integration, the more backward integration we go, every single penny is important because of the volumes are very large here.

Then most of your rest of your questions, I think we can't answer. I can answer the question on the dividend. So, on the dividend side and dividend and bonus and of course, what are we returning to the shareholders. So that way, Mr. Anantha, I would say I'm also with you I'm the largest shareholder. I'm also sitting here. I haven't also got any dividend or any bonus, but we all wish for that and certainly we are keeping an eye on the cash flows of the company. Since, last couple of years we had challenging times, and we were investing back on the inventories. We were investing back on the Capex, we do not, we have not raised any capital for growth. Normally traditionally if some companies growing by 20-30 percent, they go to the bank and raise working capital, additional working capital. So, we have not done rather I would say we

were not able to do it because we had a CDR going and we had some banks whose preference capital was pending. So, for us it was not easy to raise capital. Now since we have become debt free, still the banks are a little hesitant. But we are trying to see that how we can raise capital and do not depend only on the cash flows to fund the Capex, once we have some capital funding and then our whole profit earned whether it is 80 crores, 100 crores or 150 crores in the coming times. All that profit would be free for distribution, except for the little regulatory requirements. So, but what we see over a period of time is that not many people are very clear that, ok, how do we go from here when the cash flows are less and if we observe when I think our CFO can explain better. Last year, our net operating cash flow was negative. Because the profit generated was less investment in the debtors and investment in the inventory was higher and the Capex. So once our we have a net surplus from the operations after investment of all this thing. So, we have started a new process. So, we are evaluating and we're keeping an eye and certainly one that opportunity at opportune time we'll come back to you that ok this is what the new structures look like.

Then, you have certainly questions which I cannot, I would say, reply openly because your question is why our stock price is low, what is the value of the stock. So, we stay away from these market uncertainties and abnormalities we do not interfere and interact with the market. So, what we can show is that the company is doing wonderfully at operation level. Our EPS is improving, and we are confident that the kind of working we are doing. So, we will have an EPS close to Rs. 2/- within this financial year and it's for the market to respond and react that if we have a Rs. 2/- EPS or say Rs. 1.75/- EPS, So, what PE or price earnings ratio and what multiples do market give and it is for the, it is the nice judgment of the investors and institutions. They take a call on that, so we do not off course comment on the market speculation as far as you are, I think you have a very nice question that as compared to other stocks. So that's what I'm saying. We need to compare apple-to-apple. So, we are a company where we have just come out of the CDR. We have a very high heavy capital stack so we are now at, I would say take off point. We have more opportunity to grow and expand and multiply. If we have a lower stock value just take a very number, if we have X value this X can go to 5X or maybe 10X in some time, but not if there are already some stocks are already traded at 5 thousand, 10 thousand, or say 1000 thousand, so those stocks cannot multiply high. So, we see more opportunity and that is why as promoters we have not sold a single share in the last 25 years because we expect that this is the best stock to invest because here the appreciation is yet to come. But this is a long-term investment. Then we have a long list of questions from Keshav.

So, I don't think we can answer all the questions now, but broadly I'll try to cover most of the things we have covered in our speech. So, one question is that what are the top line and bottom-line expectations. So, Keshav, usually, we do not give any guidance because there is a proper protocol what we can, or we cannot keep speak. But I think you can look at the Q-1 numbers. So, Q-1 is given or take 400 crores, so 400 crores consolidated. So, we can ensure that we are going to maintain this tempo at this rate, So, by that number you can multiply that what should be the annual number. That's an easy calculation.

So of course, you had questions that ok that what about the gross margin, they have been swinging up and down. So, this these the last year, last couple of years swings are more because of the market situations and this pandemic was this is the biggest crisis in the history of mankind. So, I can't comment, and I don't want to get into that loop that what all happened with everybody. So, the price fluctuation of the from the Chinese market was as high as 30 to 40% on the raw material side, cargo side, freight side, so the profitability was completely eroded at that time profit was not the priority. The priority was to carry on the show and to run the show. And I would say we have been gracefully able to do it, we have increased rather our top line

and bottom line both have grown 50 to 60% during those 3 years in the API and medical devices also.

And of course, what are the expectations of the operating margins? And like you said, most of the large companies have in double digits, I would say not only mid-teens sub companies have what high teens also, but their product basket and product profile is more of finished dosage. So, we need to be compared to an API player and an apple-to-apple, finished dosages like I shared that for our finished dosage business also which is very small. So, we also have high gross margin between 65 to 70% but in API the gross margins are generally low. So, we expect the margins to settle anywhere between 11 to 12% over the next 2 years.

So, then I think balance sheet questions are Ajayji can answer and then your question is on I think related Dr. Morepen, where it be break even in Dr Morepen, is almost at break-even one or two crores here and there but I think we are not sitting here a break-even so in Dr Morepen we are looking at a bigger strategy that where do we go from here? How doctor Morepen can be 1000 crore brand in the market. And what can we go public? So, we're evaluating various options on the Dr Morepen.

So, you have a question on various subsidiaries, RX, and Devices as a subsidiary, which we have incorporated. We will be hiving of or transferring the business of medical devices into that subsidiary. There was some regulatory hurdles because of the COVID, Government imposed very strict guidelines. So, like new licenses not coming. So, we are waiting for those to be over and once we have the new licenses in the new companies, we'll shift business to Morepen Devices. RX is a new subsidiary which has been recently formed only in the month of August. So, the distribution business, marketing and distribution of finished dosage has been shifted into this, is being shifted as we talk, So, that's what I'm saying, that our focus is on RX branded business. So, in case we have a separate company for that separate profitability for that, so, it will not bleed on the parent company because now we are investing in that business so that would also consolidate in the parent company, Morepen Bio is 100% subsidiary of Morepen, and it is handling the US market. So whatever sales are happening in the US market, those are being managed and upfronted by Morepen Bio, earlier these were being handled by distributors. So to cut down on the expenses, So, we have reduced the distributor and Morepen Bio is now handling that, then of course long term plan, I think we are all working for a long term plan as I said that as an API player we are looking for lots and lots of opportunities expanding heavily into backward integration for our production, adding new products, adding new territories, adding new global markets. That's happening with API, Finished dosage, both capacity expansion and export. That's, I think broadly the question I think, Ajay, you can refer to this question of advances and there's some mistake in the trade receivables.

Mr. Ajay Sharma: Yes, number one is that trade receivables. So, if you see against 21, so we have around 100 crores of more of trade receivables, primarily API business where this civil has gone up basically around for 2 weeks outstanding has gone up, but it depends upon the current situation. So, market have different dynamics in 21 with 23, but, as we are expanding the domestic business. So, this is a natural, so, nothing to worry and because we have so good history that we do not lose anything on receivables, So, whatever money is there, so it will come with the due course. So, it's true that domestically you have more people enjoy would get credit line, but that is what that is all about, but nothing to worry about. That money will come, some delays there. So, we are we'll be following and our whole marketing team are on it. So, we are comfortable and...

Mr. Sushil Suri: What about that more than?

Mr. Ajay Sharma: Haan, yes, that basically, in fact, if you see our most of the outstanding is in the 6 months category. So, if you see the last year, it was, this year as well. So normally we have say 90 days of debtors and in domestic we have say 105 days of debtors. So more than 6 months debtors only, 2.5 or 3 crores, so, that is what last year it was preceding to last year as well and during this year as well. So it is that. Secondly, you mentioned that there is an increase of 45% because base is less. So, this percentage looks high, but in money terms, if you see the 2 years, there is growth of debtors of 100 cores, so I think, we'll take care of this, and this is basically what the business is reflects.

Mr. Sushil Suri: If I may add, particularly on the debtor front, Keshav, in last 2 years, as I said that our domestic market in API have almost doubled. So, it is all through debtors, domestic market is all about funding. So, because Montelukast is one material which sells primarily in domestic market, more than 50% is sold in the domestic market. So, we have to give credit to the domestic market and traditionally they have always there is a 90 days credit period plus 15 days of delivery, then, 15 days after that, so typically it goes to 120 days. So, we fully appreciate and respect and as Ajay said that there have not been any defaults. So, there is no need to worry. So, certainly there is some gap in and in some calculation that one over, more than one year debtor is very less, so, there's some mistake somewhere, so we're sorry for that.

Mr. Ajay Sharma: And secondly, you have mentioned about the tax rate, so our tax rate, this financial year it was 26.5 percent. I think we would be in this range only 26% and 26.5%. So, I think whatever effect 25.22% is the basic rate. So, because of some addition like CSR and all those things, so I think this rate would be remaining unless we do, maybe next 2 years, we do huge investment in Capex so we can get benefit of better depreciation of the... under the tax.

Mr. Sushil Suri: Yes Keshav, this is one important point that since we have not invested in the Capex for many years, So, we do not have a very heavy depreciation if we are adding say 500 crore, 1000 crore projects, every time we have a heavy depreciation So then the tax, actual tax incidence goes down and of course profitability also goes down. But if our gross margins are heavy, so we can always say, ok, we got 60-70% this thing and we got 30% EBITDA, 20% EBITDA, we can afford a large load on the assets also so, but we are being conservative here.

Mr. Ajay Sharma: In fact, if you see this year as well, so we are able to maintain margin as of 22. So, in all the business, so our margin are good, so we have not negotiated on margin, the only thing is that because top line has down by over 130 crores, so, because of that our GP margin has come down and then we are investing into the marketing activities so as to better build our brand. So otherwise, if you see the business, so nothing to really worry about that as we hope that we are doing first quarter of 400 cores. So, we'll be able to improve the margin over the period of time.

Mr. Sushil Suri: Good! So, I don't know whether this question appears somewhere or not, but I would like to add that last year we had a little lower sale as compared to a peak level of COVID, so, that is why we had to view as internal team. We were also disturbed so we had to do analysis of the front end back for last 3 years. So, we could see that COVID year cannot be taken as a reference because at that time we are 30-40 crores of medical devices like oximeters and oxygen concentrators, and some other devices which are sold. So, we cannot take that as a base and during COVID period, more and more people are using BP monitors and glucose monitors everybody was checking sugar 2-3 times a day and sometimes in some family's people are having separate glucometer and separate BP monitors because nobody wanted to touch each other thermometer or BP monitor.

So, I would say that we cannot take that as a base so now that is why we are averaging out even if we average out, there is 29% growth in in medical devices, 17% in API. So, company as a

whole is growing for last 3 years collectively. So, we do not see any pains and the interesting point is we are in a segment which is growing, we're in a segment which is, I would say, focus on the Government, we are in a segment where the whole world is looking at us. I would say immense opportunities, very good track record of growth and regulatory system. As is emphasized half of my statement was more on the filing of drug master, filing of patents, regulatory filing, FDA approval that is what is our core strength. So, we have the core strength, we have that record, we have the FDA approvals, we are a debt free company. We have the opportunity. So, everything is there lined up. We just have to; I would say put it in action.

So finally, I would come to Kejriwal Sahab. So, Om Prakashji, thank you very much. I think it's always a pleasure talking to you and meeting you on the zoom as always. So, I think your question mostly is answered why profit is up or down and of course or can also. You're also asking about what the expectation is for and for the rest of the year. So, what profit can we expect? I think Q-1 results are pretty much clear and obvious in the market and there's nothing extraordinary. This is how the company had been performing in the past and last year there was some abrasion because there were stocks lying in the markets and clearance was required and like you said that we are already having high debtor, we cannot afford to just keep dumping the market. Right. So we are, we are on the fact.

Mr. Ajay Sharma: In fact, there was no loss.

Mr. Sushil Suri: Yeah, so then, we talked about the various subsidiaries, and I think now come to the interesting question and I will say that since you are one of the oldest shareholders present here, today, so you remember that we had given in 2001, 20% dividend which was like 10% dividend and today the so called, even though 20 paise doesn't mean anything, but we still have, I would say 55 crores shares so even if we give 20 paise, so it's like it's a handsome money and but yes, we have to start from somewhere and we fully appreciate and respect that and we certainly will come back to that, another thing I think your question was more on the, ok, what is happening at Baddi, and other plant during Himachal flooding. So, I must say that there was flooding, we were disturbed and not that we were isolated our roads through, but the manufacturing facilities were disturbed. There was a bridge which was broken the traffic was diverted, but there were hassle, so our team was very aggressive, they did not stop during COVID also what to talk of flooding now. So, there were alternative ways. So, it took some time, some days, 2 hours, some days 3 hours to reach the factories, some people overstayed in the factories, some people stayed in the nearby hotels, but we did not lose the production. So still there was some production loss in the month of August because some of the raw material supplies were stopped because they were not allowing heavy tankers on that road. So, there was some disturbance, but not an overall it. No, nothing to be, no loss of production, no loss of business. On the other side, Masulkhana side, there was not much but still there we, the factories on the hillside so we are used to managing how does it work and as I said, the Indians are very innovative. So, we know that in case there is a landslide, we have one bus coming from another side, one side, second bus coming from the other side, we exchange people walk over the landslide and we still continue the business, life to go on. So, that's good.

And the interesting suggestion of factory visit. So, I would say Kejriwal Sahab, you are free to visit the factory any time. Please feel free, it is your factory. You are the owner of the company. We are all owners of the company, come anytime and please feel free to visit.

With this, I would say the question answer session is over, I would request Company Secretary to please proceed for the next steps.

Mr. Vipul Kumar Srivastava: Yes Sir, the e-voting process is going on as of now, the Members can vote and thank you for joining today for this virtual annual general meeting. We

will address the queries, if any, we received through our chat box. Further, you can vote till 15 minutes after the conclusion of this meeting. Sir, may we conclude?

Mr. Sushil Suri: Yes, please go ahead.

Mr. Vipul Kumar Srivastava: Yeah, so meeting is concluded. Thank you so much for joining today.

Mr. Sushil Suri: Thank you, guys. Thank you everybody for joining. I know it is online but still it's a lot of effort and it is your company. If you spend one hour for your company, I think it's worth. Thank you very much! Thank you, all the directors or auditors, shareholders, stakeholders once again, thank you guys, thank you.

Mr. Vipul Kumar Srivastava: Thank you.

****concluded****