



MOREPEN



Press Release

Morepen Labs Q3 Revenue up by 29% with 14% jump in Profit before Tax (PBT)

43% increase in API Export

HIGHLIGHTS: CONSOLIDATED

- Net Revenues for Q3 FY' 22 at Rs. 399.19 crore were up by 29 per cent against Rs. 310.26 crore of revenues recorded in Q3 revenues FY'21.
- EBITDA and Cash Profit for Q3 FY'22 went up by 7 per cent and 9 per cent at Rs. 34.81 crore and Rs. 34.07 crore, respectively.
- Profit before Tax for Q3 FY' 22 is up by 14 per cent at Rs. 27.14 crore.
- Net Profit After Tax for Q3 FY' 22 is down by 10 per cent at Rs. 21.52 crore.
- Revenue growth for the current quarter was led by API Business, which grew by 41 per cent at Rs. 232.95 crore, followed by OTC and Formulation businesses which grew up by 46 percent and 23 percent respectively.
- Export Revenues for Q3 FY'22 at Rs. 158.26 crore are up by 41 per cent. Domestic Revenues at Rs. 240.93 crore grew up by 22 per cent.
- Diagnostic Devices business grew up by 7 per cent at Rs. 93.66 crore in Q3 FY' 22. Sales of Blood Pressure Monitors was up by 39 per cent, whereas Blood Glucose Monitors revenue grew by 16 per cent.
- Board approves allotment of Equity Capital of Rs.114.65 crore to Banks/FIs and others by conversion of Preference Capital

New Delhi, February 8, 2022: Morepen Laboratories Limited (NSE: MOREPENLAB, BSE:500288), a leading player in pharma market, has reported successive outstanding performance by recording 29 per cent growth in its Q3 FY'22 quarterly revenues at Rs. 399.19 crore. It has recorded 14 percent growth in its Quarterly Profit before Tax (Consolidated) at Rs. 27.14 crore, for the Quarter ended December 31st, 2021 whereas for nine months period, revenue growth of 30 percent and profit (before Tax) growth of 59 percent at Rs. 1185.67 crore and Rs. 112.53 crore respectively, were recorded.

The Revenue growth in the quarterly revenues was backed by substantial jump of 41 percent in the API business at Rs. 232.95 crore, followed by OTC and Formulation business at Rs. 26.80 Crore and Rs. 42.08 crore, which grew by 46 percent & 23 percent respectively. Q3'FY22, Diagnostic Devices revenues at Rs. 93.66 crore grew by 7 per cent on Q-o-Q basis, whereas a remarkable revenue growth of 56 percent was recorded for nine months period ending December 31, 2021, at Rs. 350.71 crore.

EBITDA growth of 30 percent, over nine months period ending December 31, 2021, has been recorded at Rs. 125.12 crore while for Q3 FY'22 the company recorded 7 per cent Q-o-Q EBITDA growth, at Rs. 34.81 crore. However, Q3 FY'22 Cash Profits at Rs. 34.06 crore are up by 9 per cent. EBITDA margin are down by 180 bps from 10.52 percent to 8.72 percent on account of growth in lower margin domestic API business and increased marketing spend across all business streams.

Profit before Tax (PBT) for Q3 FY'22 at Rs. 27.14 crore has gone up by 14 percent on Q-o-Q basis while PBT for nine months at Rs. 112.53 crore has moved strongly to 59 percent. The profit margin before tax is down by 87 bps from 7.67 percent Q3'FY21 to 6.80 percent in Q3'FY22.

Profit after Tax (PAT) for Q3'FY22 at Rs. 21.52 crore is down up by 10 percent on Q-o-Q basis while PAT for nine months at Rs. 89.36 crore is up by 27 percent. The profit margin before tax is down by 19 bps from 7.73 percent 9M'FY21 to 7.54 percent in 9M 'FY22.

CONVERSION OF PREFERENCE CAPITAL INTO EQUITY

Further the Board of Directors of the company has also approved the allotment of Compulsorily Convertible Preference Shares (CCPS), subject to approval by the shareholders and regulators, to the Banks, Financial institutions and others in place of Optionally Convertible Preference shares (OCPS) and Cumulative Redeemable Preference Shares (CRPS) of Rs.114.65 crore held by them as part of the company's loan restructuring program in the year 2007 under Corporate Debt Restructuring (CDR) mechanism. The new Preference Shares shall be converted into Equity Shares as per the SEBI formula within a maximum period of 18 months from the allotment date. The company is planning to speed up the process and expected to complete the whole process within three months subject to regulatory approvals.

Mr. Sushil Suri, Chairman and Managing Director stated, *"Business is growing exponentially in all the segments and the company needs to put up additional capacities to serve the customers faster and also capture additional market share. We are working to augment the existing capital base to fund the upcoming growth"*. **Mr. Suri further added**, *"The conversion of Bank's Preference shares, outstanding since many years, into Equity capital is a big milestone and we are thankful to all the Banks for granting their approval. This was the last leg of the CDR process and company will have no outstanding liability in terms of unredeemed preference capital."*

API BUSINESS

API export business has grown up by 41 percent pushing API revenue contribution, in the consolidated Sales Revenue from 54 percent to 59 percent, on Q-o-Q basis. The share of export business in Q3 FY'22 Sales Revenues, has risen up to 68 percent as against 60 percent in the immediately preceding quarter.

USFDA approval for its anti-allergy drug Fexofenadine Hydrochloride (*Innovator brand: Allegra*) during the current quarter, will open the gates for higher revenues in the coming years. The company has tied-up for regular supplies of Fexofenadine to one of its top US customers, with which the company has long standing relations lasting over two decades. Because of increased demand Q3'FY22 Fexofenadine revenue have recorded a revenue growth of 147 percent on Q-o-Q basis and revenues are expected to show uptrend in the coming fiscal post USFDA approval.

After patent expiry of Dapagliflozin in 2020, there is growth in its sales revenue, which has registered a revenue growth of 723 percent in nine months period ending December 31, 2021. The company is also supplying R&D quantities of Sitagliptin, which is going off patent in the coming months and it is expected to add to the company's revenues from next financial year onwards. The company has very strong pipeline of new molecules which are going off patent in next 4-5 years.

The company has also been granted process patent for novel process for preparation of 'Linagliptin' by Indian Patent office for its new polymorph 'M' and company expects to build more volumes in the coming years.

POINT OF CARE DEVICES

Point of Care (POC) Medical Devices business at Rs. 350.71 crore registered a growth of 56 Percent in the nine months ended 31st December' 2021 on strength of 68 percent revenue growth in Blood Gluco business at Rs. 232.33 crore and 64 percent revenue growth in Blood Pressure monitor revenue at Rs. 76.25 crore.

Blood Glucose Monitor business registered 16 per cent revenue growth in Q3 FY'22 on a large base built over last many years which have recorded a CAGR of 41 percent in last 4 years, while Blood Pressure

monitor grew by 39 percent. The company has already achieved the leadership position in the Blood Glucose Meter and Blood Pressure Meter market and is aggressively increasing the reach to the tier-2 and tier-3 cities. The company has started to advertise in the electronic media and investing in marketing and promotion of blood Gluco monitors and blood pressure monitors.

During this period, 1.72 million Glucometers were installed, making to date glucometer installation to 6.75 million. During this nine months period, 64 million blood Gluco strips have been sold, making total Gluco measuring strips supply of 850 million strips till date. Towards glucometer's installation and Gluco strips sales, a CAGR of 41 percent has been recorded during last 4 years.

The Medical Devices business is being moved into a 100% owned subsidiary, Morepen Devices Limited, as approved by shareholders on the Annual General Meeting on 28th September 2021 and will be operated as independent company while the revenues will be consolidated in the parent company.

OTC & NUTRITION

Dr. Morepen business with Q3 FY'22 revenues of Rs. 26.80 crore have registered a robust growth of 46 percent on Q-o-Q basis. OTC range of products with Q3 revenues of Rs. 13.91 crore have recorded 58 percent growth on Q-o-Q basis. For Q3 & 9 Months ending December 31st, 2021, online revenues, at Rs. 4.87 crore & Rs. 10.89 Crore respectively, are up by 449 percent and 245 percent respectively, against corresponding periods last year. The share of online sales, in Q3 FY'22 revenues, have gone up to 18 percent from 5 percent in corresponding quarter last year, whereas on 9 Months basis the growth was 14 percent.

Revenues (Consolidated) for nine months ending 31 December 2021, rose by 30 per cent at Rs. 1185.67 crore. Net profit after tax (PAT) for the aforesaid period moved up to Rs. 89.36 crore from Rs. 70.33 crore in 9M FY'21, registering a growth of 27% against the corresponding period of the previous financial year.

Synopsis of Quarterly and Nine months Performance (Consolidated)

(Rs. in Crore)

Particulars	Quarterly (Q3)			YTD 9 Months			Annual
	FY'22	FY'21	Growth	FY'22	FY'21	Growth	FY'21
Net Revenue	399.19	310.26	29%	1185.67	909.36	30%	1200.12
Expenditure	364.38	277.63	31%	1060.55	813.34	30%	1069.54
EBIDTA	34.81	32.63	7%	125.12	96.02	30%	130.58
Interest	0.75	1.26	(41%)	(8.16)	1.84	(543%)	1.79
Cash Surplus (Before Tax)	34.06	31.37	9%	133.28	94.18	42%	128.79
Profit Before Tax	27.14	23.80	14%	112.53	70.88	59%	98.51
Profit After Tax (PAT)	21.52	23.79	(10%)	89.36	70.33	27%	97.09

About Morepen Laboratories Ltd. (www.morepen.com)

Morepen Laboratories Ltd. is a 36-year-old, around Rs. 1200 Cr. pharmaceutical and healthcare products company. The company went public in the year 1992 and is currently listed at both the Bombay Stock Exchange (BSE) as well as the National Stock Exchange (NSE).

Morepen is a leading manufacturer of high-quality APIs, Home Diagnostics, Formulations and OTC products in north India. All the manufacturing facilities of the company are in the state of Himachal Pradesh and meet the latest international standards. Company's both API facilities at Masulkhana and Baddi are approved by USFDA and other regulatory bodies of Europe, Asia, and Australia. The company's state-of-the-art manufacturing facility at Baddi comprises a scientifically integrated complex of 10 plants, each with a specific product profile.

Amongst several APIs manufactured by Morepen, the company is the largest manufacturer of Loratadine and Montelukast (anti-allergy and anti-asthmatic drugs). It also enjoys a significant share for Atorvastatin and Rosuvastatin (Cholesterol reducing drugs) in the international market. Besides, the company has established an extensive footprint for its API products on the strength of quality, documentation, and consistency in regulatory compliances, both in the domestic as well as global markets. Morepen has achieved to its credit the enduring confidence of a strong (over 1250) customer base spanning over 80 countries for its leading API products.

In line with its vision of keeping pace with the changing landscape, Morepen continues to invest in its Research and Development (R&D) infrastructure aimed at developing new molecules to deliver the latest drugs at competitive prices in the global markets. The company's strong dedicated R&D team has successfully developed 22 products in last three years out of which 12 products have already been commercialized. The company has also started supplying these new products to customers with complete documentation like DMF, tech packs and other regulatory compliances.

Morepen's R&D Centre meets all the global regulatory requirements and was recently approved by Department of Scientific & Industrial Research, Govt of India, New Delhi. Morepen R&D and QA team, known for its impeccable service, has filed 125 Patents, 60 DMFs and 8 CEPs for USA and Europe, Japan, China, Taiwan and Australian markets.

Morepen is also an established name in home diagnostics sector which remained untapped for a long time in India. Dr. Morepen has gained No.1 position in manufacturing and marketing of Blood Glucose Monitors in India, displacing some established multinational players. With a stable base of more than four million installations of Blood Glucose Monitors, the company has sold more than 850 million glucometer strips (single tests) till date. Dr. Morepen also has a formidable presence and is the leader in the Blood Pressure Monitors.

Brand Dr. Morepen (www.drmorepen.com), which was launched way back in 2001, has created a niche for itself in over the counter (OTC) and Self-Health segment products as well. Dr. Morepen has reached all over the country with over 50 products including famous brands like 'Burnol' and 'Lemolate'.

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