



Date: 19-11-2024

To,
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400 051
Symbol: MOREPENLAB

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001
Scrip Code: 500288

Subject: Transcript of Analyst/ Investors Conference Call – Q 2 FY 25

Reference: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

Dear Sir/Ma'am,

Please find attached transcript of Analyst/ Investors Conference Call organized on Tuesday, 12th November 2024 at 2.00 P.M. (IST) subsequent to declaration of unaudited standalone and consolidated financial results for the quarter and half year ended 30th September 2024.

The aforesaid transcripts is also available on the website of the company viz., www.morepen.com

Kindly take note of aforesaid into your records.

Thanking you,

Yours faithfully,

For Morepen Laboratories Limited

Vipul Kumar Srivastava
Company Secretary
Membership no. F-12148

Encl.: a/a.

Morepen Laboratories Limited

CIN NO. L24231 HP1984PLC006028

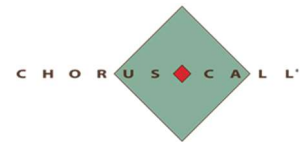
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“Morepen Laboratories Limited
Q2 FY’25 - Analyst/ Investors Conference Call”

November 12, 2024



MANAGEMENT: **MR. SUSHIL SURI – CHAIRMAN AND MANAGING DIRECTOR – MOREPEN LABORATORIES LIMITED**
MR. AJAY KUMAR SHARMA – CHIEF FINANCIAL OFFICER – MOREPEN LABORATORIES LIMITED
MR. NISHANT JAYESH DOSHI – VICE PRESIDENT, CORPORATE FINANCE AND INVESTOR RELATIONS – MOREPEN LABORATORIES LIMITED
MR. VIPUL KUMAR SRIVASTAVA – COMPANY SECRETARY AND COMPLIANCE OFFICER – MOREPEN LABORATORIES LIMITED

MODERATOR: **MR. TUSHAR MANUDHANE – MOTILAL OSWAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to Morepen Laboratories Limited Q2 FY '25 Earnings Conference Call hosted by Motilal Oswal Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Tushar Maudhane from Motilal Oswal Financial Services. Thank you and over to you, sir.

Tushar Maudhane: Thanks, Steve. A very good afternoon, and I welcome you all for 2Q FY '25 earnings call of Morepen Laboratories. From the management side, we have Mr. Sushil Suri, Chairman and Managing Director; Mr. Ajay Kumar Sharma, Chief Financial Officer; Mr. Vipul Kumar Srivastava, Company Secretary and Compliance Officer and Mr. Nishant Jayesh Doshi, Vice President, Corporate Finance and Investor Relations.

So over to Sushil sir for the opening remarks.

Sushil Suri: Good afternoon, everybody. Formal welcome to the Q2 earnings call for Morepen and of course, this is an exciting time that the quarterly results are there, and we have an opportunity to meet you exactly after three months. I remember that we met on 12th of August. So now it's, we are on 12th of November now. Now Tushar, can we start earning details now?

Tushar Maudhane: Yes, sir.

Sushil Suri: Yes, I'll continue. So I'm excited to share that we are meeting after one quarter and in the past, we talked about the recent QIP, which what we had back in August rather 4th of August, we had closed a QIP. So just to give you a heads up that we had INR200 crores raised through QIP. And all the global eminent investors, marquee investors like Bank of America, Samsung, Citigroup, Society General, Namura, BNP Paribas, Morgan Stanley, everybody had participated and of course, it was well subscribed.

So this QIP was important in the context that it was a fund raise after a long gap, almost after 20 years, Morepen had come to the market and large global investors have participated in QIP of Morepen. So it's a good start of, I would say, the news that we always call Morepen 2.0, so I'll come to that later.

So within the INR200 crores – of QIP, the major expansion plan was for capex around INR123 crores, then working capital and some other issue-related expenses. So the whole project will be completed in 18 to 24 months. Of course, we are targeting it that by end of FY '26, by next financial year, we should be able to consummate all the money and start all the capacities.

So just to give you heads-up, last time when we had QIP, there was a 6.71% dilution and the Company had issued the shares at around INR53, INR54. And after that, all the investors, including the existing investors, everybody has been well rewarded by good upside in the share price.

Now coming to the status of the work, particularly on the QIP. So on the capex front, we have started placing orders for the machinery and civil work, which had already started, the foundation works were already done and in medical devices, even the erection had started for the fabrication work. So the civil work is in full swing and new machines have been ordered.

Out of INR123 crores, only INR8.5 crores has been used for the capex. The rest of the money would be spent as the supplies of machineries and advances start going. On the working capital front, we have spent INR46 crores for the inventories particularly and we still have INR137 crores balance lying for the QIP as in 30th September '24. Of course, in the month of October, November, there are more disbursements getting out of it. So that's broadly on an update of the QIP.

But friends here, I would like to add specifically that QIP was just as we talked last time, it was just a beginning of the new Morepen called Morepen 2.0. So I'm more excited to share with you that other than the quarterly results, the important work which had we have been focusing in the last one quarter is that the company is going for strategic moves that what exactly do we need to do, say, 10 years from now or 20 years from now.

And there is a complete shift in the overall strategy of the company. And as we all know that traditionally Morepen had been an API player. So we have been

working on a B2B business model and serving to the customers almost 80 countries all over the world.

But primary model was B2B. It's only last couple of years that we have been able to get good headway in the consumer business also. And you know that medical devices is one area where the team has excelled and 30% of the business now comes from medical devices. So it has certainly twofold advantage.

One is directly consumer-facing and more importantly, it's a repeat business of its kind that we have regular orders of strips even though when you start measuring your glucose, so you have to keep doing it for rest of your life almost. So that's one good advantage we are seeing in the medical devices. And of course, based on that, the company has been able to build a brand worth today, I would say, INR500 crores in revenues. So of course, the value of the brand would be much higher, only for the glucometers and BP monitors.

So similarly for the other branded finished dosages where our exposure is limited to six- seven states, so the company is planning to expand its network all over the country in the next three years from a medical representative strength of almost 200 medical representatives. We are going up to 1,000 medical representatives in the next five years. So it's going to a big expansion from the size where we are now.

And similarly on the Dr. Morepen side, which is our favourite brand in the consumer segment, consumer health segment, other than Burnol and Lemonate, which are our key brand, which were acquired brands like 20 years ago. So we are focusing our energies on launching big brands in the Dr. Morepen also.

So net-net, if I say that the major shift in the company's strategy is happening that we are on, I would say, growth path of consumer business and branded business, which is where we have better gross margins and better EBITDA margins than our traditional B2B business where we have limited exposures. So in the B2B business also, of course, there are some tractions which we are taking as you would notice in the current quarter results also.

So we are trying to reduce our exposure to the non-yielding or low-yielding markets wherein, for example, markets like India, Bangladesh, Pakistan, where

we do not get good profit margins. So we are trying to reduce our exposure and focus on the high value drugs, so which give better margins in case of APIs.

So overall, there is a shift in the strategy to go for more consumer-facing business and high-value items, whether it is in terms of exports or in terms of domestic market or in terms of branded business.

So these are the two major things happening. And particularly on the finished dosage side, we have already commissioned our finished dosage facility in the Baddi plant wherein. in which we had already invested around INR30 crores INR35 crores in last couple of years, but it was waiting for commissioning because of some regulatory approval spending, the local approvals. But now we have been able to finally take the validation batches.

So within next 18 /12 to 18 months, we will be able to reach to a situation that we can start booking orders from that facility. So certainly the validation process is there, then filings are there. So again, that will be a forward integration for our API.

So currently what's happening is now we are selling the API to our customers and those APIs certainly are only 10% to 20% of the final product. So while the major value addition is coming in terms of finished dosages, all our counterparts, all other pharma companies who are there in US market or Indian market, all the top-10 companies, whatever we name, without naming I'm saying that most 70% to 80% of the business of most of the pharma companies is in finished dosage.

So we have been not investing in the finished dosage and certainly, we were lacking the facilities and financial commitment. So that's what we talked last time that this QIP starting. So we have opened the rather investors have opened a gate for the company for future investments. And with your support once we start focusing on the finished dosages on one side and on the consumer-facing business, medical devices on the other side, so we see a sea change in the overall strategy.

Looking at the growth rates, we all know that medical devices have been growing much faster than the pharma business. So we still perceive that, okay, conservatively, if medical devices keep on growing at between 25% to 26% and other businesses between 15% to 20%. So we still have around 20% CAGR

and based upon the overall plan and the EBITDA margins, we are looking for a INR5,000 crores top line by 2030, which is well within the given parameter what we already have, assuming that we are not launching any major export market or any major product as is where is basis. So we will be able to clock INR5,000 crores top line, of course, with better margins and better consumer profile, I am repeat.

So this is an overall, I would say strategy, which was the beginning of, started with QIP and we are spending more time on the strategic region. So, I'll quickly update you on the numbers which have already been circulated on the quarterly front. So on the quarterly front, I will share that the major change was that we have started declining some business of API in smaller markets, rather, I would say, no yielding market. I'm not saying any market is right or wrong.

So particularly in the domestic market, we have started reducing our exposure and instead of having low yielding business, we are saying, okay, let's focus on high value items also, not focus on the growth of revenue numbers, but focus on the profit numbers. So our strategy has worked well.

Only with 4% increase in gross revenues, our EBITDA has gone up 33% and the profit after tax has grown 64%. This is a fabulous achievement because last couple of years, we were struggling to get to a EBITDA level of, say, INR50 crores. But I'm very happy to share with you, friends, that last four consecutive quarters, we have been getting EBITDA to the range of INR50 crores, 50-51, this time it is INR49.

So this cumulative EBITDA for the last four years or we call it TTM, trailing-twelve months. Last four quarters EBITDA is very beautiful and it's giving us a good number. INR211 crores is EBITDA for the last four quarters. So which is giving a good continuity and a good comfort that, okay, whatever we are doing is replicable, is doable. It is for the first time in the history of last 40 years that collective four quarters, we are getting a INR50 crores plus EBITDA on an average.

So this quarter, we had a revenue of INR444.71 rather INR443 to round off and INR49 crores EBITDA. And of course, the profit before tax was INR46 crores and profit after tax is INR35 crores. So this gives us a quarterly EPS of 65 paise, which if we just simply multiply it by 4, it is around INR2.5 earning

per share, but we will not clearly not take quarter as a base. So EPS has also gone up, 55% up.

Now this quarter is as good as the previous quarter and previous quarter also we had if we take the half yearly numbers, so there is a 9% increase in the gross revenues and 59% increase in the EBITDA. So again, almost double the PAT. Here, if we see the earnings per share for the half year at INR1.36 and for the last 12 months or trailing twelve months, if we say, last four quarters, earnings per share is INR2.53. So which is giving an indication that, okay, what is the direction we are following.

So if EPS is between INR2 to INR3, so we are in a good range as far as the other pharma companies are concerned, as for the industry price earning ratios are concerned. So another thing here is that EBITDA for this first six months is INR104 crores. And last two, six months, I would say that Q3 and Q4 of last year were also INR107 crores. So that's what I was saying, INR211 crores of EBITDA is there for the consecutive four quarters.

So coming specifically to the top line numbers from INR423 crores, from INR425 crores to INR443 crores, 4% increase on Y-o-Y basis. And then on H1, it is INR901 crores. So INR901 crores has become a base now for the half year. And for the API particularly, our second half is always better, rather I won't say seasonal, but whatever commercial reasons because of annual closing, there is a good buying in Q3 and then Q2 also or Q1 for the first year for their first year for the foreign customers, so Q4 for us.

So API would be much better in the second quarter. So we are seeing good numbers in the coming quarters. So INR828 to INR901. Here friends, one exciting point is that export has increased 20% in H1. So that is one reason why our profitability is higher that the focus is on exports and obviously there is a reduction in the domestic market, which is not very high yielding. So we are focusing more on the exports and 20% increase in exports is there.

Now coming to the two business segments. So I'm excited that Medical Devices has almost maintained its number. Last year, it grew 35%. So this year for both quarters, Q1 and Q2, so it has maintained that number and it hasn't fallen because it happened with us in last FY '23. '22 -- FY '22, there was a big jump and next year there was a downfall.

So now we are seeing that there is no downfall and we are maintaining the numbers. So in pharma business, it is INR630 crores for the half year and in Medical Devices is INR271 for the half year. Medical devices business is around 30% of the total. And as I was sharing earlier as a part of the strategy that this 30% share of medical devices will go up to 40% in next five years because the rate of growth of medical device business is much higher than the other typical pharma businesses.

Then we talk about the EBITDA numbers. So in EBITDA, the interesting point is that this quarter, this half year EBITDA is highest-ever since last couple of years, last five, six years and we just taken last four or five years. In FY '22, the EBITDA was 9.44%. FY '23 EBITDA fell to 6% because there were lot of inventory holdings and there was not much revenue. There was a drop of INR100 crores in the revenue. Last year EBITDA was 10.13%.

So now this year EBITDA is 11.55% for the first six months. So 11.55% looks very promising as far as our recovery from the previous numbers is concerned. But as I said, miles to go way ahead. So we are targeting 15% EBITDA in the next three years and going up to 17%, 18% in the next five years. That's what the whole plan is that we change our product mix and product portfolio so that we can have better EBITDA margins.

So the numbers have already been circulated, so I won't spend much time on the numbers. So I'll go directly to the business, but just to give you an update that in the half year, the PAT is INR71 crores, which again PAT for the last four quarters is INR132 crores. If we see two quarters of last year, two quarters of this year, INR232 crores PAT is there.

So let's focus on the individual business segments. So business segment, particularly if we start with medical devices, so last year's September quarter, we had sold 10.57 million, I would say, but we had the installed base of 10 crores meters, 10.5 crores meters. Now we have installed basis, 13 crores meters.

So basically 25 lakh more meters have been added in one year. So this is a growth in the installed base of our customers. So we had 10.57 million, now we have 13 million customer base. So every customer who has got a meter, he buys regular strips and we talked earlier that this is more like an annuity

business. If we have a meter installed, so we'll keep on supplying strips to them for the rest of the period.

So if you look at the number of strips sold, last year, first half, we had sold 20 crores strips, 20.5 crores strips. So this half year we have sold 22.1. This is almost 10%, which is more than 10% increase in the number of strips sold. But here, friends, one interesting point is that the number of strips sold per meter installed. So there is no back calculation, it is very difficult to calculate.

But we always try to see, okay, how many meters did we sell this year and how many strips are we selling? The number of strips per meter is increasing. So if we were selling 150 meter/ 150 strips per meter, now this year it is around 165. So we are seeing a good upside in the number of strips sold. So there is a much positive view what we are seeing. Otherwise, we all know that medical devices business has been growing exponentially.

The market is very well prepared to receive the products and we are launching a Bluetooth meter in the coming quarter. So the company is launching a special app also to facilitate the Bluetooth reading so that people can take a record of their data. So we are seeing that the markets have already been ready for that and everybody is holding a phone in his hand and now people are ready to use the app also.

So of course, app will have 1,000 other feature, but the base feature would be that people can record their own data if there is are using Bluetooth meter or not, even if you are having old meter, you can just go and record your data, just click a picture and it will take the readings on its own or you can fill the reading manually or even if you can speak, it can read. And if any language in India, if you speak, it will record the readings in that.

So that app is also being developed. So basically that is keeping pace with the consumer and keeping pace with the, I would say, the trend of the technology that we need to maintain a track, okay, what was the glucose reading yesterday, what is the glucose reading today and how best to do, what to eat, what not to eat and these are 1,000 things which apps provide.

But the whole point is that we are trying to track the data of the customer and we want customer to be better compliant. So if you just test sugar once in a week or once in a month and you suddenly realize that the sugar is short, so it's

not advisable to be on the higher side for the longest time, it's not good for the bones. So we recommend that there should be regular use of, regular checking of the sugar. So that's what I think these readings would help.

So then coming specifically to the BP monitors. So in BP monitor also, last year we sold around 3 lakh BP monitors in the first half. This year also almost 3 lakhs. Last year it was 3,10,000. This time we had little production constraint; we sold 3 lakhs. So the interesting point in BP monitors is till last year, we had some import component, but now this year it is fully 100% self-manufactured. So we had some limitations of supplies last year and now --

Moderator: Sorry to interrupt. Ladies and gentlemen, we have lost a connection for the management line. Please hold while we connect them back. Ladies and gentlemen, the line for the management has been reconnected back. Please go ahead, sir.

Sushil Suri: I'm sorry, I don't know till what time it was connected, but we were talking about BP monitors that we sold 3 lakh BP monitors this time as compared to 3.1 lakh meters last quarter, same quarter last year. And the interesting point in the BP monitors is that till last year, there were some import components, and the full line was not imported. Now we have the SMT machine installed, everything is in-house, and it has taken some time to establish those lines.

And because of the good backward integration, we have been able to get good margins also till the time some components were imported. So we were not getting good margins there. We were almost at par or breakeven but now this product has started making money and thanks to backward integration, we are not dependent on China anymore. And we are competitive in this product also. And of course, we talked last time about the glucometer, we are 100% backward integration and new SMT lines are in place.

So quickly touching upon the development from the QIP fund, we did talk of that civil work is in full swing. The new facility is almost five times of the facility what we already have. So we have around 30,000 square feet area. Now it is 120,000 square feet of facility, which will be completed in this quarter. The civil work will be completed, and the new machines would be coming, and we will be installing.

Some machines would be shifted from here to make a space for SMT machines in our old facilities. So then we have also started the production of the nebulizers. We got licensed last quarter. So this quarter we have started production of the nebulizers. Nebulizers is one product which is primarily popular in the winter, so it is for the nebulization. And we were not having this license for last three, four years.

During COVID time there were some changes in the laws, and we could not get this license in the new facility, the regulatory changes are much stricter. So now we have finally got our license for the nebulizers, and we have started manufacturing. So we hope that this product will also start contributing, not very much but at least INR25 crores INR30 crores of revenue would be coming from the nebulizers also.

And another interesting in Morepen, friends, is that we talked last time that the focus of medical devices is going to be on the exports now and we were not registered anywhere in the world on supplying of our medical devices in the regulated market. So we are in touch with the big chains not meaning specifically, but I would say the likes of Walmart, Walgreens and CVS.

So but our products were not registered, but now we have got our product registration done with USFDA and Health Canada and we have got the registration certificate so that we can start export of products in US and Canada. Of course, we had to work on with the customers in getting the orders and everything. So but that will be only for the Class 1 devices. We're still working on the other medical devices also.

And from export point of view, we already placed that the whole idea here is that we are going for expansion of capacity because we want to export, we have a large customer base, and we have a large capacity here also. So earlier we were only targeting domestic market plus of course, little bit of Bangkok and Middle East. So but now as we speak, this week, our team is in Germany, Dusseldorf.

So there the exhibition is going MEDICA, which is the largest exhibition for the medical devices, like 70,000 - 80,000 exhibitors comes like a million square feet area covered. So one of the largest exhibitions, so our team is present there. So we are exploring the opportunities of sort of, I would say bulk

orders and contract manufacturing for the international customers or European customers.

So that is ongoing. And we talked last time that we have been supplying to Nepal, Bhutan, Thailand and Middle East was on the way. So last week only the Middle East also Qatar market, our medical device, our glucometer has been launched. So we have an international distributor in Qatar now, Doha.

So they have also launched glucometer in Qatar. So lot of activity is going, and we are confident that, okay, this device business will keep on contributing. And of course, if you see in the presentation, the ortho manufacturing has been started, ortho support systems have been started in-house again.

Now coming to the pharma business. So we talked that pharma business has grown from INR581 crores to INR630 crores. There's a 9% growth. And as I touched base that export has gone up higher than the domestic market. In the first half of last year, export was INR280 crores. Now this time it is INR337 crores. There is a 21% growth in H1 as far as export is concerned.

So this 21% growth is not only from one market or one particular product. It is all across the product. Of course, certain products have grown 30% - 40%, certain markets have grown 50%, but certain products have reduced or maybe the orders are pending. So these are customer-to-customer product-to-product. I'm not going into country-wise detail, but if you look at the continent-wise positioning, US market has gone up 5% and European market has gone up 60%.

The export to Europe market is 60% up. And India market, as I shared earlier, we are reducing exposure, so has gone down by 9%. So this is the one which has affected our revenue numbers. Instead of going up by, say, 10%, it has gone down by 9%. So there is a delta of almost INR30 crores there. So if we would have kept focusing on the domestic market at low prices, so we will get the revenue numbers but may not get the profitability. So that's what has been done on the Indian market.

Then APAC region, which is again all the Korea, Taiwan, Japan, China all included. This has grown by 7%. South American market, again, we could not compete with again low cost tender. We didn't want it to go so low. So we have our turnover has gone down 22%, but it's a small market.

South America is only 5% of the market. So instead of 5% instead of 6%, we'll come down to 5% but that is fine. So Asia that's big is 26% and India market, which is 30% last year, now it has come down to 29%. There is a reduction. European market has gone up to 21%, US is 16%. So on the whole, if you see the focus is more on US and European market and of course, APAC market is also very good. Japan market is also good.

Our team today is traveling to Korea, three people have left last night. We have added 80 more customers in H1 in the regulated markets other than India. And we have been discussing in our previous calls that we have six products which are category leaders. So Loratadine, Desloratadine, Montelukast, Fexofinadine, Atorvastatin, Rosuvastatin.

So friends, I have one good news to share that earlier we always said three products, Loratadine, Desloratadine, Montelukast, we are number one. But this quarter even Fexofinadine has also become number one, which is anti-allergy drug. So we had got USFDA approvals couple of years ago and last year export had started.

So in the first six months even Fexofinadine has become number one. So its market share has gone up from 22% to 31%. Loratadine, we always command our high market share from 64% to 69%. Desloratadine market share has gone up 42% to 49%. And of course, Montelukast, which was I was telling you that it was earlier being focused on India market, now we are focusing more on export.

So Montelukast also from our 44% market share, it has gone to 70% market share. Two other products Rosuvastatin and Atorvastatin, there also our market share has gone up, but we are number three or number four. We still see a lot of chance to improve there and maybe someday we say, okay, if not number one, maybe we are number two or number three in Rosuvastatin and Atorvastatin also.

Other than this, the market size of the new product, which is Sitagliptin, Linagliptin, Dapagliflozin, Empagliflozin, which is a diabetic portfolio, this also has started going up. These new products were earlier contributing around 10%. So now it is 13.6% in this first half. So there is a 4% increase in the contribution of the new molecules. And these old products, which are, I would

say, established products and category leaders, they may not grow at that speed, and it may just grow 10%, 15%, but the new molecules can grow out of proportion, and they can grow 25%, 30% also.

So that is what we are expecting. And as we keep on adding new molecules, so we are confident that more and more opportunity will come to us on the growth path. So three new products have been added in Q2. One product is for the non-alcoholic fatty liver, which is called Resmetirom. Resmetirom is the name of the product. So this is for the first time in the country that we have launched this product for export. And of course, we are looking for more opportunities. We'll come back to you on that.

So then there is a Bempedoic acid, which is again a cholesterol reducer. This is very popular these days and very fast-growing product. And Bilastine is anti-allergy product. This is used in combination with in combination with Fexofenadine, in combination with Montelukast. So to have our complete product basket and product portfolio, this customers are demanding this product, Bilastine. So these three products have been added in our API basket. And our--

Moderator:

Sorry to interrupt. The management line has been disconnected. Please hold while we reconnect them back. Ladies and gentlemen, the line for the management has been reconnected. Thank you for patiently holding. Yes, sir, please go ahead.

Sushil Suri:

Yes. So I was talking about the new products. So other than the new products which contributed almost 10% last year in the first half have contributed 13.6% now, which is almost 4% increase. So technically, it's 40% increase, but it's a small number. So as we go forward, the new products growth will be much better, and more contribution will be coming from the new product.

The old product which are our category leaders they may not grow at such pace. It may grow at a nominal 10%, 15% but the new molecules can grow at any speed, I mean, it can have 2x, 3x, 5x because we are waiting for their patent expiry and market opening up. So very promising new products what we have.

Other than that existing basket of Sitagliptin, Empagliflozin, Linagliptin. So, we have launched three more products which is Resmetirom, Bempedoic acid

and Bilastine. So, Resmetirom is non-alcoholic fatty liver, Bempedoic acid is for cholesterol and Bilastine is for anti-allergy.

So other than this, our regulatory team has been focused and we filed 14 more DMFs in the first half. Of course, for all the products, Apixaban, Dapagliflozin, Linagliptin and Sitagliptin, Saxagliptin, Rivaroxaban, Ticagrelor, Rosuvastatin and of course, covering all the countries Korea, Serbia, Switzerland, Saphra, Europe, UK, Uganda, Spain, Malaysia. So all across the world, our regulatory team had been doing the filings. And based on these filing, the customer approaches us and we get new connections.

Then coming to the development on the QIP side, so as we talked that we are going for the capacity expansion. So we have three production blocks where we have to go for expansion. So one production block P8, P8, P9, P10 has to be expansion. P8, the civil work is almost complete, the shell work is complete, and the machines have been ordered and P9 and P10, the foundation work is going. So one-by-one because this expansion has to go in the running production.

So we can't actually disturb the production, we can't disturb the environment also totally. So it may be a bit, we are going in a phased manner when we talk of expansion in the API. So in the API, we have to expand our capacity from 400 KL to 600 KL. So out of the 200 KL, 50 KL has already been implemented. So this quarter it should be complete and next quarter onwards, we will see upside in the quantities also. This quarter also, there was 15% increase in the production.

Then as we shared that our formulation new facilities have been installed. So the capacity of the formulation is 1.2 billion dosages, 720 million for the tablets and 300 million for the capsules. Then on Dr. Morepen front, there's a lot of activities around Diwali on the Burnol.

Then on the financial numbers we talked and looking forward, I'm looking at the watch, it's already 2:45. So I would say that if you look at the last slide, so return on capital employed, return on equity, fixed asset turnover, everything is good and we are getting one or two basis points up everywhere, 1% or 2% up everywhere based on annualized basis. Of course, six months numbers are

not so much relevant, but just based on arithmetical annualization, we are seeing much better results.

So I will just pause here and say that in case there are any questions, we are here to answer you and looking forward for your support that now we are going for our next milestone of INR5,000 crores or I would say, INR5K by 2030. So of course, at 20% CAGR, we are already getting 18.9% CAGR, so 20% CAGR is not a big enough. And of course, we are looking for a much higher profit after tax and much higher EBITDA numbers. So we'll keep coming back to you and discuss things in more detail.

So, Tushar, we can go for a question-and-answer session now?

Tushar Maudhane: Sure Sir, Steve, can we now open the line for Q&A?

Moderator: Yes, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on your touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Raj Saraf from Finvestors. Please go ahead.

Raj Saraf: Yes. Sir, first of all, congratulations on the numbers, which we have shown growth in EBITDA and PAT numbers, not on the revenue numbers. So would have been happy if revenue would have been increased with a larger pace. So first of all, sir, give me some outlook about this India-centric and South America centric API business, which I'm seeing de-growth.

Sushil Suri: Yes. Raj, particularly India most of the customers what we have that customers which are say the likes of I am not meaning again any the likes of, Cadila, Sun Pharma, Cipla, Mankind, these are all our customers. So there is no drop of any sales there. There were some sales which were happening through trades or the traders, I would say, to use a better word.

So there we could see that because of the China fluctuation, so many people were expecting that, okay, prices are dropping, we do not know what will happen, we do at this price or this price. So we said, okay, China, the prices

have already started going up. So we don't want to reduce the prices just for sake of it.

So sometimes you don't have a holding capacity and you are compelled to sell the material. But this time we took a call that, okay, we don't want to sell low and the demand is there, season is there, of course, this time the winter started late. So demand was also low. So we didn't want to push--

Raj Saraf: Hello sir you were not audible.

Moderator: Sorry to interrupt, sir. The line got disconnected. I'll quickly add. Thank you for patiently holding. The line for the management has been connected back. Yes, sir. Please go ahead.

Sushil Suri: Yes, I was saying that for the South American market, there was a one tender which we got last year. Last two years we were getting that tender. But obviously that tender, the word, even in the moment you say the word tender, so the tender is always at a competitive price. So this year our customer did not get the tender. Actually, we were not participating in that tender.

Our customer has got, to get our common supply tender and they buy material from us. They did not get that tender at their wish price and they did not buy from us. But obviously, when they were looking at a supply from us, they were looking for a much cheaper price. But as a part of the strategy, we had decided not to go below a certain price. I'm not for sake of confidentiality not naming the customer and not naming the agent, but the product is clear that it was Atorvastatin.

So it's, we have to maintain certain margins. So that's one. And secondly, as both in API both in India and some neighbouring countries, they all understand what is happening in China. When the prices were going down in China, we were supporting, but now the prices have stabilized, so we don't need to go down and we have to maintain the profitability.

Raj Saraf: So sir, on the whole year basis, sir, our API segment will have the same growth as the industry or

Sushil Suri: That is right.

Raj Saraf: We have been growing in the last two also.

Sushil Suri: That's true. That's true.

Raj Saraf: So that we'll grow, we'll grow API segment.

Sushil Suri: We will grow, we are growing. The only point is quality of the business is more important than the quantity. So we need to maintain the profit margin and you would see that our EBITDA numbers were in single digit.

So the whole focus is to take the EBITDA to 12%, 13%, 14%, 15% slowly and that would depend on two things. One is the market segmentation, second is the product segmentation also. We need to have products also which are high yielding, branding formulation, exports.

Raj Saraf: And sir, coming to the medical device segment. So, we are very hopeful with this medical device segment. We have also done QIP for extensions. So what I think, sir, the medical device segment is growing up at the rate of, I think, 25% or not. So in this quarter, sir, we couldn't see any growth in our medical device numbers. So is any capacity constants or are we operating at the under capacity or even sir, I can see the de-growth in the BP monitor number also, sir. So how can you so please give outlook on this sir?

Sushil Suri: Yes. I think we talked last time that in end of Q1 and Q2, we had capacity constraints because we had started to, shifted our production to SMT lines, which certainly we had a capacity limitation now it is balanced almost. So we were not having enough meters to supply to the market. That is one point.

And second, of course, similarly, the capacity for making of the strips also. Our strip capacity was limited in the beginning because we were not getting those sheets which were earlier imported. And that is why the reason was that we want to put up a automatic plant for making strips also in India. So these are the few triggers.

So last two quarters are big disturbs on the production front, but there's is no reduction in the market and our strip consumption is going up. Here Raj, the basic point we understood is that this is like a lifetime business. It's a perennial business. So we have already got our installed base of 13 million meters. That meters are already there in the market. .

Raj Saraf: Something about the BP monitor, sir. I'm seeing de-growth in BP monitor segment, sir.

Sushil Suri: BP growth, that is nominal from 3.1 to 3. I mean that's, that might be inventory in hand or goods in transit. That's a nominal thing. But BP also we had a capacity constraint because BP, the SMT machine needs much more time because it's a much bigger instrument. So it took us some time to establish the line. So now everything is okay. So we will be on the target for the year as a whole. Year as a whole, we were planning INR445. sorry, INR545 crores INR550 crores. So we are already at 271.

Raj Saraf: Okay, sir, if you allow me to put me the last question, sir.

Sushil Suri: Yes, yes, Raj, go ahead.

Raj Saraf: Yes. Sir, we have a vision of achieving INR5,000 crores revenue by 2030 with a CAGR of at least 20% and the PAT margin of 10%. So right now, sir, our revenue contribution from medical device is 30% and the pharma business is 70%. So going forward, sir, what will be the revenue bifurcation by this time, sir, 2030? How we are doing--

Sushil Suri: I can give you a broad thing that devices will grow faster than the rest of the pharma, but whether it will be 39% or 40%, but I would say it will be more of 40:60.

Raj Saraf: 40:60 by 2030, sir?

Sushil Suri: Yes.

Raj Saraf: And sir, if you can give anything about near-term guidance about this financial year because we are not going at the revenue level in the last quarter though we have grown 9% at a half year. So how much, how should I look about this financial year after the company you --

Sushil Suri: Raj, I don't know you had a chance to go through the presentation, our investor presentation and results. So the whole focus. Raj. here is on the getting better yield and better profitability and better earnings per share. That means we are not running after the top line because in a B2B business, yes, in finished dosage and in medical devices, I know that it's a consumer-facing business, only the top line would help.

But we are trying to reduce our exposure wherever we can so that we do not lose the customer and the market, but still try to improve the profitability. So

we will we are on the target on the profitability. Rather profitability for the first two quarters is higher than much higher than the last year. So, I don't think we are lagging anywhere. So whatever we are doing, it's a strategic call.

Raj Saraf: Yes, I got that, sir. We are very focused on the profitability, but sir, there is a limit to the profitability, sir. We can grow in a longer run while we are looking for the newer market on something.

Sushil Suri: No doubt. No doubt, you are perfectly right. So we are naturally expanding the team, we are expanding the sales team and we are expanding the area, everything is on and we don't see any lack, but it's because of the B2B business, we have to be little fair to the market that with China thing was last two quarters, China was not, I would say, big disturbed, but not disturbed. So we had to balance it out at how much should we be aggressive or not aggressive, otherwise there is no gap and we will be able to complete our targets.

Raj Saraf: So just give you a final word, sir. Will we see higher growth in H2 to what we have seen in H1?

Sushil Suri: That's right. We are looking for better growth in H2. Medical devices at least is low in the Q4, but API is higher in Q4.

Raj Saraf: So with the same profitability, sir. Margin sir will be at the same level for about.

Sushil Suri: Margin will be much higher. Margins will be better, rather, I would say we'll be able to maintain the same margins which we are doing in H1.

Raj Saraf: Okay. So Q2 H1 margin, so not Q2 margin?

Sushil Suri: H1, H1. And that's why Raj, I shared with you that in the presentation that last four quarters is what we have already tracked. Last four quarters we are getting EBITDA at INR50 crores. So we only have EBITDA and PAT. We do not have much interest because zero-debt company.

Raj Saraf: Yes. So thank you.

Sushil Suri: Yes, so nice, Raj. So nice.

Moderator: The next question is from the line of Manish Kunawal, an Individual Investor. Please go ahead.

Manish Kunawal: Yes, already my question was based on that margin and which Raj has already asked from Investor group. However, sir, you have mentioned in the last concall that you have 700 customers for API, out of which 500 was worldwide and 200 in India. Then also sort of there is a downfall in the API segment, sir. Why it is so? This is that your customers are shifting towards some other companies or is there is any other reason for that?

Sushil Suri: Good question. Of course, I do not have, I cannot give you name of each and every customers on the call. But in general, I would say out of the 700 customers, the customers are rather intact. Rather we have added 80 more customers. The reduction in sale is only because of the some traders. So that if we still have the trailers, if for example, just as an example, if I'm selling goods worth say INR100 crores to one trader.

So instead of INR100 crores, I am only giving INR40 crores because I'm selective. At this product I will give you at this price, this product I will not give you at this price. So it's a selective choice which we have to make sometimes that because we have to control the price. Being a market leader if Morepen reduces price for example, Montelukast as an example normal running price of Montelukast some years ago was like INR35,000.

During COVID time, it reached up to INR58,000. From INR58,000, it came down to back to INR32,000, INR30,000. And if someone asking me INR26,000, I can't give it. So we need to maintain which are the market leader, so we have to have that system. And of course, I'm not saying that we decide. Ultimately, it's China import so many other factors.

So but there is no shortage of the orders. There is no shortage of the there's no shortage of demand. Everything is okay. The only point is that there are some selective decisions. And in case I would have lost business, I won't have got the profitability. So the focus is on profitability. So that's the only point.

Manish Kunawal: Sir, my another question is that in last concall you had mentioned there is a launch of weight loss product during this festival season. So in your concall, you have not mentioned that, that product has been launched or not. And you have mentioned that Europe, you are planning to approach 3 lakh outlets in three years. So how many outlets we have achieved in this quarter, sir? Can you throw some light on that?

Sushil Suri: No. I do not have any answers with me, but I'm sure that on an annual basis, when we do the annual presentation, we will give full details focus. Number of customers, number of distributors and quarterly results, we try to be very precise, but everything we'll give you in the coming quarter.

Manish Kunawal: And that sir, regarding the launch of new weight loss products, have you launched it? Because it was mentioned that during this festival seasons you are going to launch that weight loss product was announced.

Sushil Suri: You have to see in the presentation, the team has written coming soon. So of course, we were looking for more details, but they are not ready to disclose this. It will come with a surprise which is fine. The surprise you can see here that is Farah Khan is going to the brand ambassador.

Actually she is a weight loss queen. She had lost a lot of weight, and she loves the product, she has tested the product. So maybe we have to wait for another few days. Basically people have, people do not stop eating in the festivals. So the suggestion was that we should launch it around New Year when people have so-called new resolutions to lose weight. Mostly the distribution system much earlier. So maybe it will be launched this month, within this month and it will stay in the distribution system and everything, but major promotion will start by end of December, Christmas time or New Year time.

Manish Kunawal: Sir, one last question, sir. Sir, as far as we are seeing that Raj has already mentioned that there is downturn in the sale of the glucometer. And you have mentioned that previously it was costly due to import of material. Now it was due to backward integration, the profit margin will be more, sir. And in last concall, you have mentioned that it will be in the Indian market, you are trying to approach that more INR80 crores to INR100 crores. So we are expecting that remaining quarter, remaining two quarters, there will be more in the sale of the medical devices regarding BP machine, sir.

Sushil Suri: Look, BP machine, we were last two quarters we were short of capacity, but last year we had sold around 10 lakh meters. So if we continue at the same rate of growth, maybe it will be 10 lakhs or 12 lakhs, but now already 6 lakhs is already there, 6.33 lakhs meters already there.

Manish Kunawal: Thank you, sir. And all the best for your future.

- Sushil Suri:** Thank you, Manish. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Meghna Agarwal from Mount Intra. Please go ahead.
- Meghna Agarwal:** Hello. Hi, good evening. Am I audible?
- Sushil Suri:** Yes. Meghna, yes, please.
- Meghna Agarwal:** I just wanted to know about the medical devices. If you see year-on-year, we haven't seen any growth. So can you just throw light on that and what are the future expectations?
- Sushil Suri:** Yes. Meghna. Here, as we talked earlier that this growth is primarily our primary sale, but when you look at the secondary sale and we look at our actual distribution, so certainly the growth is there in the market. As I shared, the number of strips consumption has gone up per meter sold or amount of strip consumption has gone up.
- So basically, it's number of meters installed. We already have meters installed, so we'll all people always keep on buying the strips. The only point is at some stage, we control the inventory with, okay, how many meters to be placed in the market and how many strips are we getting a pro rata ratio or not.
- So, but growth is only I would say, commercial point, but there is actual growth in the market. Consumers are buying and our ratio is improving. And certainly, as I shared earlier that we had some capacity constraints last quarter and of course the capacity constraints were for good that we are going for backward integration.
- So the SMT machines what we set up, it was taking some time and of course, there's always, whenever you have a new machine, it takes some time to do the setup, there were some capacity balancing. So now which is all sorted.
- Meghna Agarwal:** So you wouldn't say the number of scripts, the number of strips for consumption, the number of strips are increasing, but the number of meters installed are decreasing.
- Sushil Suri:** Not decreasing. The question is that we already have a base. For example, we have 13 crores meters in the market, sorry, 1.3 crores meters in the market. So

if 1.3 crores meters already there now every month we supply meters, 2 lakh meters, 3 lakh meters. So whether I supply 2 lakh or 3 lakhs, so that meter is not going to give me consumption in the rate. So for the first consumption, first we give three meters, three strips.

So that doesn't add to the strip consumption, new consumption because the first 25 strips are free. But the meters the people have already bought. So there the consumption is increasing because once you get used to it, you start regularly measuring. So there our strip consumption has gone up. So generally, that is where the profitability has gone up. So if we are, because we make better margins in the strips. So overall profitability is better because the strip consumption has gone up.

So number of meters installed is in our hand. Next month have installed 4 lakh meters, you'll say, by the way, the number of meters have gone up. But to be fair, we always give a transparent data that, okay, this is the number of meters sold because we always calculate what customer base do we have. So because that's the actual meter sold at whatever price we know this is a meter in the market. So, but there's no depth of demand, there is no reduction of demand.

Meghna Agarwal: Okay. Just one more last question, like what is the outlook for the medical devices for the top line for this year?

Sushil Suri: Meghna, we had projected around INR540 crores, INR545 crores. So I would say INR540 crores is the number. So we are already at INR271 crores .

Meghna Agarwal: Thank you. Thank you, sir.

Sushil Suri: Thank you, Meghna. Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Shah from Harshad Gandhi Securities. Please go ahead.

Gaurav Shah: Hi, sir. Thanks for the opportunity. Sir, I have a couple of questions. First one. So sir, first was on the recently won Class-I medical device service for the US and Canada market. So just wanted to find out what's the opportunity size we are targeting there? And second, what's the margin profile like for the export to, for this particular category? And the last question is like do this particular thing gets affected by the terrorist threat we have under the new US regime?

Sushil Suri:

Yes. Gaurav, very intelligent question. So the Class 1 devices. Gaurav, includes the devices which are non-invasive and not non, not used for measuring. So basically two, three products of ours, for example, this Ortho supports, so which is not a measuring device, it comes under that. And even the stethoscope, basically non-measuring devices come under that category. So the market for the ortho support is very good and I don't know if you have been tracking, there is a company from India, Tynor. Then there is an international company LP.

So these are all good brand, and they have established good INR400 crores, INR500 crores business out of these ortho support by exports. So we see that the US market particularly very sensitive and people are more active, supports, gyms, everybody gets injuries. So there's a big market there.

And as far as profitability is concerned, and of course, I would only say on the lighter side is much better than what we are doing now. Exports are always beneficial and whatever we are talking in terms of it's a rupee versus dollar issue. So there we do not get any device less than \$15, \$20. And while in India the average you can buy anything between INR200, INR300, even for INR150 rupees, you will get something. So our selling price in India at retail level is \$2, \$3, \$5. So there the starting point is between \$15 to \$20. So it's much higher.

So we are naturally focusing on the international market. As far as the tariffs are concerned, I have not evaluated which particular tariff are we talking, but we can come back to you on that.

Gaurav Shah:

Okay. And sir, my last question is on the Jan Aushadhi business. So what's the traction on the Jan Aushadhi business? And what's the current sales run rate in the margin profile there?

Sushil Suri:

Of course, the margins are not very great in the Jan Aushadhi business. We just get around 30% gross margin as we talked last time. But what we are seeing is as a good stable business and regular business coming up. And last year we had increased the capacities of the finished dosage facilities, which earlier we were not having any capacity to serve those markets.

So now we are seeing a big traction in the volume also. And I don't have ready numbers for the net profit, but 30% gross margin is there in the Jan Aushadhi

business. And government is insisting again and again to increase Jan Aushadhi business, which we are in the game.

Gaurav Shah: Okay. Thanks a lot.

Sushil Suri: Thank you, Gaurav.

Gaurav Shah: Thank you. And all the best for the future. Okay. Thanks.

Sushil Suri: So Nice.

Moderator: The next question is from the line of Saurabh from IIFL Securities. Please go ahead.

Saurabh: Hi, good afternoon, sir.

Sushil Suri: Yes, Saurabh.

Saurabh: Yes. Can you throw the light on the API business? What is the reason for the degrowth in the API businesses? Can you throw the light on this?

Sushil Suri: Saurabh, as I shared earlier that the only market which has substantially gone down is India market, which was more of a strategic view that we do not want to sell to the low-yielding products or low-yielding customers. So again, for example in H1 last year, we had INR143 crores.

So this year, it is INR130 crores, it's 9% drop. So instead of 9% drop, technically, if there is a 9% increase in the top line, it should have been INR156 crores or INR160 crores. So there is a delta between almost INR30 crores, which we decided not to give to the trade who which are looking for low-quality products or low, I won't say low-quality, it's the same.

I mean, low-priced products. So it was a strategic move to reduce our exposure in India market. So there is no and of course, we have now a full-fledged team since last year and a half in Mumbai and we are trying to talk directly to the customers and reduce the exposure in the traders and of course we are looking for good margins. We are trying to reduce those margins also to reduce our, I would say, profit which is going to the traders. So we are trying to go back to the customers.

Saurabh: Okay, thank you.

- Sushil Suri:** Otherwise there is no issue.
- Saurabh:** Okay. Thanks for this question. Thanks for this answering. Can you throw the color on the margin because if you see the trajectory of your margin, the margin has been below on an average 9% or 9.5%. So when can we see in the double-digit margin?
- Sushil Suri:** If we look at the presentation this year and the Slide number 11, we have plotted the EBITDA journey for last four, five years. So it was in FY '23 only 6%. Last year it was 10.13% and now in the H1, it is 11.55%. Of course, it is in double-digit since last six quarters, but 11.55% is what we have got in first half. And consecutively for the four quarters, these are all good numbers, and our EBITDA is about INR50 crores in last four quarters each.
- So we had INR211 crores of EBITDA. So the margins are already higher. Now the whole point is that, yes, in which industry, I would say no. We still have miles to go. We want to go to 15% EBITDA margins as a total, including the API and including the finished dosages, including the medical devices. And industry standard for the finished dosage and medical devices taken together is around 20%. So while going forward, this is where we are targeting.
- Saurabh:** Okay. Hello.
- Sushil Suri:** Yes, Saurabh, yes.
- Saurabh:** Yes. And can you give me the guidance what kind of a margin you will maintain on FY '25 basis? And can you throw the color on the, I have heard from you on the interview that you will demerge your business. So can you throw this color on this?
- Sushil Suri:** Saurabh, of course, we do not give the overall guidance, but in generally, as we are saying that the margins are on the improving side and 11.5% is EBITDA what we're getting now. So we are confident that we'll be able to maintain these numbers. That's only thing I can say.
- And as far as a medical device business to be put up in a separate subsidiary, so we have already talked about in our annual AGM also and last quarter also. Of course, that is subject to all regulatory approvals and other things. So between this quarter and the next quarter, we will finish the regulatory process. And by beginning of the Q1 of the next fiscal, so this business should be there

as a new company. And at that stage, the new company will have its own growth plans.

Saurabh: Okay. Last two questions from my side. Can you throw the color on any increase in your stake in your company you want to increase or any more capital fund planning you are raising. Can you throw this color on that?

Sushil Suri: Certainly promoters, all promoters want to increase their shares. We also want to do that. But I do not have that say that already plans are there. But as far as fundraising is concerned, so I think you can get a fair idea that if you want to do INR5,000 crores top line in the next five years, five years or so. So certainly, there is increased requirement of working capital, there is increased requirement of capex in whatever lines and categories.

For that, the strategic things are still on the way and next two quarters will have a clear direction that, okay, what is coming first, what to do, when to do. But as I started my presentation today that this QIP was just our unlocking, and we certainly have to go to the market for various things. We have to unlock the value of devices; we have to unlock the value of consumer business. So I would say a lot cooking in. So I have to keep quiet on certain things.

Saurabh: Okay. Thank you. Thank you. Thank you, sir. Best of luck for your future.

Sushil Suri: So nice.

Moderator: The next question is from the line of Nirali Shah from Ashika Stock Broking. Please go ahead.

Nirali Shah: Hi, I actually missed a portion of the opening commentary. I just had one question. So we have added nebulizers and ortho support as a recent addition to our medical devices. I just wanted to know some view on what are we planning, how are we going to develop this segment? And are there any more product additions that we are planning for going ahead in terms of domestic growth or export demand?

Sushil Suri: Yes, Nirali. Basically, I would say the medical devices business, we particularly love calling it medical devices because there are a lot of devices. But thankfully, presently, we have only two devices which contribute around 80% of the business, about 85% of business, glucometer and BP monitor.

But other than that, we have thermometers for which we are expanding the capacities because it's a very small machine and it needs lot of capacities. Then we have weighing scales, then nebulizer is the one which is more winter oriented and more North oriented because there's lot of winter stuff in this area.

And then we have pregnancy kit, so which is the same pregnancy, which I think Mankind has got a big brand. We have Kareena as our brand ambassador for that. So I would say there are multiple products in multiple brands, but still everything is in a development stage. And on the export front also, we start with glucometer and BP monitor because those are our hero products.

But as the demand comes, like we I think talked last time that when we go to international market and we go to a customer, for example, we were talking with, say, Walmart and they would say, okay, by the way, can you make massagers for us. So now massagers may not be their demand for in India, but these are again devices to the customer. We can always produce whatever customer wants, but we are expanding this line. The focus is on home medical devices.

Nirali Shah: Understood. So and just as you mentioned of massagers, we are also looking to service our clients with some client-specific products or something like that.

Sushil Suri: Yes. So whatever is a requirement of the customer, but certainly it has to have a volume. We can't produce anything if somebody says, okay, make 5,000 pieces, but if somebody is looking for 500,000 pieces, we'll make it.

Nirali Shah: Got it. Understood.

Sushil Suri: That's it. Thanks.

Nirali Shah: Thank you, Nirali. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Sushil Suri: Yes. So I would say welcome back. And now it's time to go, I think we took little longer than our usual time power. But I would say as a closing that business is good, pharma industry is good, and we are on a new journey Morepen 2.0, and all geared for our new goals and new targets.

So expansions are on track as planned in the QIP. So with the next 12 to 18 months, we'll be finishing all the expansion plans, capacities will be ready. And now the whole scheme or I would say the whole strategy what we are working is to reposition the company from a B2B company to more of a B2C company, wherein from an investor perspective, you get better returns, better PR multiples and a long-term brand, which is more important in our heart.

So Morepen brand and Dr. Morepen, people love Dr. Morepen brand, but we have to make it happen that we have to deliver Dr. Morepen brand. There are so many hidden assets within the company. Dr. Morepen brand is sitting in a separate company. Medical devices itself has to be unlocked and the branded formulation business, yes, is looking at lot of opportunities. So we'll keep coming back to you and thank you very much for your support. Good day.

Moderator:

On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.