

MOREPEN

Date: 12/02/2021

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: Press Release – ‘Morepen Labs eyeing multi-billion dollar global market for new API molecules going off-patent in next 5-6 years’

Dear Sir,

Please find enclosed the press release on the financial performance of the Company for the Quarter and Nine Months ended 31st December, 2020 with the title – ‘Morepen Labs eyeing multi-billion dollar global market for new API molecules going off-patent in next 5-6 years’

Kindly acknowledge the receipt and take it on your record.

Thanking you.

Yours faithfully,

For Morepen Laboratories Limited


(Vipul Kumar Srivastava)

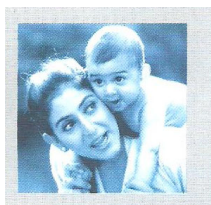
Company Secretary

Encl.: As Above

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MOREPEN



Press Release

Morepen Labs eyeing multi-billion dollar global market for new API molecules going off-patent in next 5-6 years

Company's net profit for Q3'FY2020-21 grew by 120 per cent and that of 9M'FY2020-21 by 212 per cent

Quarterly performance at a glance

(Rs. in Crores)

| Particulars | Q3'FY 2020-21 | Q3'FY 2019-20 | % Growth |
|---------------------------|---------------|---------------|----------|
| Net Revenue | 310.26 | 234.66 | 32% |
| EBIDTA | 32.63 | 19.91 | 64% |
| Net Profit AfterTax (PAT) | 23.79 | 10.82 | 120% |

| | |
|--|------------------------|
| <i>Earnings Per Share (9M FY 2020-21)</i> | <i>Rs. 1.56</i> |
|--|------------------------|

RESULTS HIGHLIGHTS: Q3'FY 2020-21(CONSOLIDATED)

- **Net Profit After Tax** for Q3'FY2020-21 has grown by **120 per cent** at Rs. 23.79 crore on account of better margin realization during the quarter.
- **Net Revenue** for Q3'FY2020-21 stood at Rs.310.26 crore as against Rs. 234.66 crore for Q3'FY2019-20, registering a rise of **32 per cent**. This rise was mainly on account of a consistent growth in sales of Bulk Drugs (APIs) and a significant growth in sales of Diagnostic Devices during the quarter.
- The growth was led by **API Business** with **25 per cent** rise at Rs. 165.03 crore in Q3'FY2020-21.
- **EBIDTA and Cash profit** for Q3'FY2020-21 went up by **64 per cent** and **62 per cent** at Rs.32.63 crore and Rs. 31.37 crore, respectively.
- **Export Sales Revenue** for Q3'FY2020-21 jumped up by **25 per cent** at Rs. 112.06 crore. **Domestic Sales Revenue** grew by **37 per cent** at Rs.198.21 crores during the quarter.
- **Diagnostic Devices' business** grew by an extraordinary **104 per cent** at Rs. 87.58 crore, contributing 28 per cent to the company's top line for the quarter. Sales of Blood Pressure Monitors increased by **210 per cent** during the quarter and that of Blood Glucose Monitors by **99 per cent**.
- **OTC Business Sales Revenue** grew by **4 percent** at Rs. 18.40 crore in Q3'FY2020-21.

New Delhi, February 12, 2021: Morepen Laboratories Ltd is eyeing an all new multi-billion dollar global API (Active Pharmaceutical Ingredients) market with the addition of new molecules in its bulk drugs portfolio. The focus areas of these new molecules include chronic and lifestyle diseases like anti-diabetic, anti-hypertensive, cholesterol reducers and neuro-psychiatric. Global patent expiry for these new molecules is slated in next 5-6 years. These new molecules are currently under development and would come into play in phases over the next 24 to 36 months.

This was disclosed by **Mr. Sushil Suri, Chairman and Managing Director, Morepen Laboratories Ltd.**, after the Q3'FY 2020-21 results' board meeting here on Friday. The company is gearing fast to strengthen its portfolio with a strong pipeline of products in all the aforesaid focus areas, to be launched over the next three to four years in both domestic as well as international markets. The company is investing heavily in its R&D and in building new product blocks while simultaneously creating additional capacities to facilitate production of these new molecules, he said.

Enthusied by the Government’s push in the recent Union Budget for increased investment in R&D and other infrastructure development in the pharmaceutical and healthcare sector, the Baddi based API giant, has chalked out a long term backward and forward integration programme that would see a consistent rise in its sales and profitability on a year-on-year basis, Mr. Suri added.

Better margin realization has helped Morepen Labs in reporting a rise of 120 per cent in its **Net Profit after Tax (Consolidated)** at Rs. 23.79 crore in Q3’FY 2020-21. Net profit for the nine months period ended December 31st 2020 stood at Rs. 70.33 crore, registering a rise of 212 per cent against the corresponding period of the previous financial year. The nine months **Earning Per Share (EPS)** stood at Rs.1.56 as against Rs.0.50 in the corresponding period of the previous fiscal.

Net Revenue (Consolidated) rose by **32 per cent at Rs. 310.26 crore** in Q3’FY 2020-21 and by **39 per cent at Rs. 909.36 crore** in the nine months period ended December 31st 2020, mainly on account of a consistent growth in sales of Bulk Drugs (APIs) and a significant growth in the sales of Diagnostic Devices during the last two quarters of FY 2020-21. Formulations and OTC products also registered a stable jump.

EBIDTA for Q3’FY2020-21 rose by 64 per cent at Rs. 32.63 crore and **Cash Profit** by 62 per cent at Rs. 31.37 crore.

API business maintained its lead contributing 54per cent to the company’s topline in Q3’FY 2020-21. API Sales Revenue during the quarter grew by 25 per cent at Rs. 165.03 crore. Within the API segment, four key products Loratadine, Montelukast, Atorvastatin and Rosuvastatin contributed Rs. 143.72 Crores to the company’s topline and registered a remarkable growth of 25% over corresponding quarter in the previous fiscal.

Synopsis of Quarterly and Nine Months Performance (Consolidated)

(Rs. in Crores)

| Particulars | Quarterly (Q3) | | | Nine Months (9M) | | | Annual FY 2019-20 |
|------------------------------|----------------|---------------|-------------|------------------|---------------|-------------|----------------------|
| | FY 2020-21 | FY 2019-20 | % Growth | FY 2020-21 | FY 2019-20 | % Growth | |
| Net Revenue | 310.26 | 234.66 | 32% | 909.36 | 654.16 | 39% | 862.55 |
| Expenditure | 277.63 | 214.75 | 29% | 813.34 | 596.78 | 36% | 784.55 |
| EBIDTA | 32.63 | 19.91 | 64% | 96.02 | 57.39 | 67% | 78.00 |
| Interest | 1.26 | 0.54 | 133% | 1.84 | 1.36 | 35% | 1.98 |
| Cash Surplus | 31.37 | 19.36 | 62% | 94.18 | 56.02 | 68% | 76.02 |
| Profit Before Tax | 23.80 | 10.83 | 120% | 70.88 | 27.75 | 155% | 39.11 |
| Profit AfterTax (PAT) | 23.79 | 10.82 | 120% | 70.33 | 22.56 | 212% | 33.58 |

API Exports recorded an impressive growth of 23 percent at Rs. 110.39 crore in Q3’FY2020-21. **Domestic API** business recorded a growth of 28 per cent at Rs. 54.64 crore with an improvement of 20 per cent in the sales of Montelukast. For the nine months period ending December 31, 2020, export revenues from USA recorded a growth of 43 percent, closely followed by 40 per cent revenue growth from the Asian markets. South American and African markets also recorded handsome growth of 59 per cent and 31 per cent, respectively.

Home Diagnostics Sales Revenue grew by 104 per cent in Q3’FY2020-21 at Rs. 87.58 crore with B.P. Monitors’ sales growing by around 210 per cent and Blood Glucose Monitors by 99 per cent. **OTC Sales Revenue** grew by 4 per cent at Rs.18.40 crore.

During the current year, company has filed four new patents for US and Indian markets in addition to 125 existing patents in its portfolio thus strengthening the IPR (Intellectual Property Rights) basket of the company for various New Products. Five new products in the anti- diabetes, anti-depressant, and anticoagulant segments have been developed by the company’s Research and Development (R&D) centre during the first nine months of the current fiscal. Morepen Labs has also filed nine Drug Master File (DMF) in the United States and one more Import Drug License (IDL) for Chinese Markets taking the tally to 120 DMFs and 10 IDLs.

Company's Board has recently approved a **mega expansion plan** involving an outlay of Rs. 178 crore. The expansion plan has already been cleared by Himachal State Government under single window clearance scheme. It would add 2000 MT p.a. of APIs manufacturing capacity in addition to 3000 MT p.a. capacity already installed, and also generate additional employment for about 700 people. The company is awaiting environmental clearance by State Level Approval Committee for this expansion project. Additional capacities will facilitate production of over 40 new and existing bulk drugs covering various therapeutic categories including anti-diabetic, anti-hypertensives, anti-allergic, anti-asthmatic, cholesterol reducers, anti-viral, anti-coagulants, anti-psychotic and anti-depressants. The expanded capacity is likely to commence commercial production over the next three years. The company proposes to fund the expansion primarily through internal accruals.

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

Morepen Laboratories Ltd. is a 36-year old, around Rs. 1,200 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 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 500 million glucometer strips (single tests) till date. Dr. Morepen also has a formidable presence and is the leader in the Blood Pressure Monitors and Nebulizers segments in the domestic market.

Brand Dr. Morepen, 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'.

For Further Details, please contact:

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