



MOREPEN

Date: 29/09/2017

To,

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400 051

Tel No: (022) 26598100-8114

Fax No: (022) 26598120

Symbol: MOREPENLAB

BSE Limited

Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001

Phones: 91-22-22721233/4

Fax: 91-22-2272 3121

Scrip Code: 500288

Subject: Submission of Annual Report for the financial year 2016-17

Dear Sir,

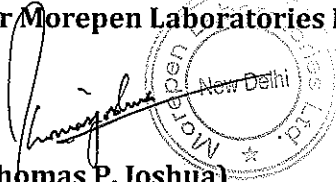
Pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached a copy of the Annual Report for the financial year 2016-17 of Morepen Laboratories Limited.

Kindly acknowledge the receipt and take it on record.

Thanking You.

Yours faithfully,

For Morepen Laboratories Limited



(Thomas P. Joshua)

Company Secretary

Encl.: As above

Morepen Laboratories Limited

Corp. Off.: 4th Floor, Antriksh Bhawan, 22 K.G. Marg, New Delhi -110 001, INDIA

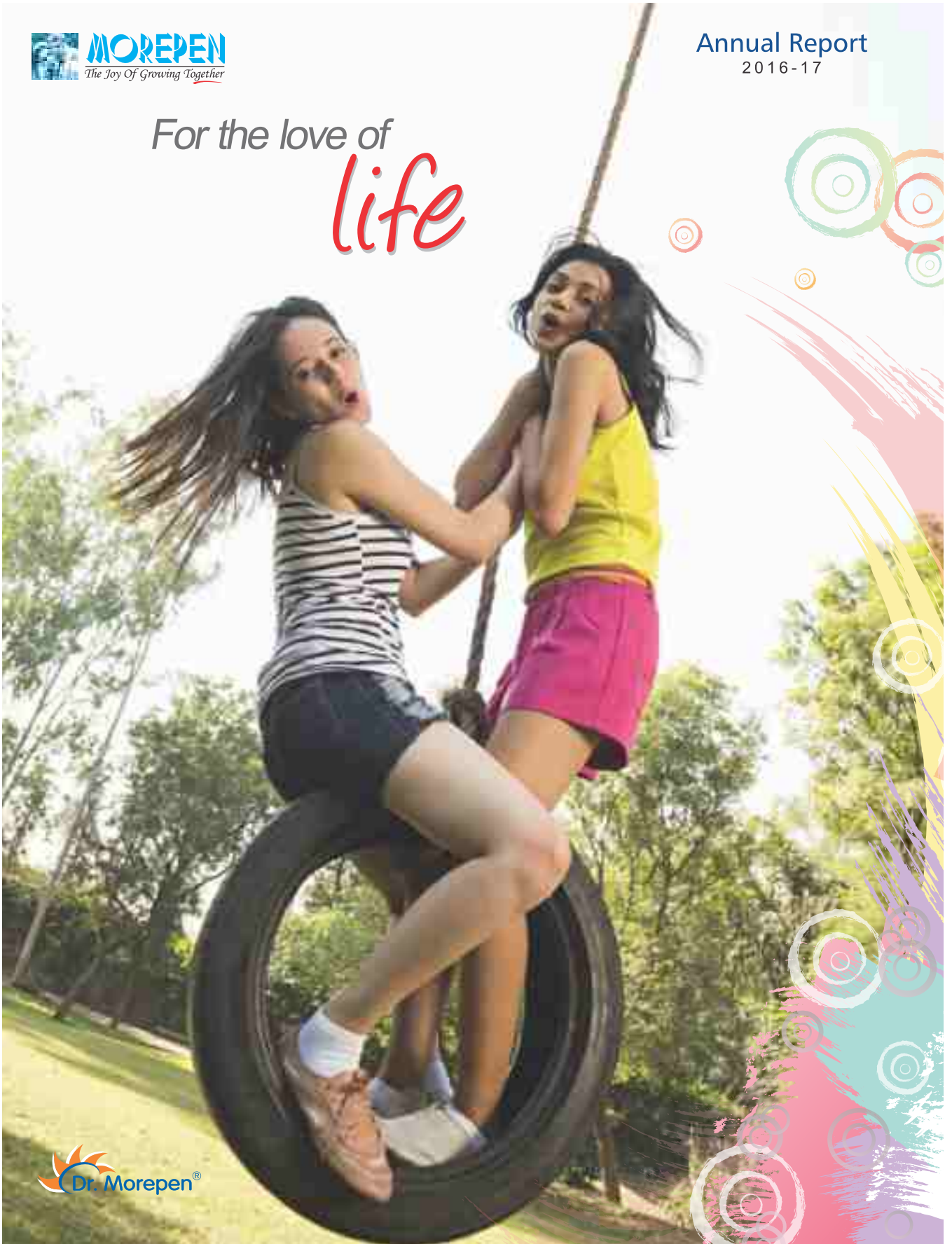
Tel.: +91-11-23324443, E-mail: corporate@morepen.com Website: www.morepen.com

CIN NO. L24231HP1984PLC006028

Plant & Regd. Off.: Morepen Village, Malkumajra, Nalagarh Road, Baddi, Distt. Solan (H.P.) 173 205

Tel.: +91-1795-266401-03, 244590, Fax : +91-1795-244591, E-mail: plants@morepen.com

For the love of
life





Love. Life.

Letters that beat in every heart. Words that define all human existence.

Life longs for love. Love yearns to be alive.

However, to experience magic, life and love need another key ingredient.

Good health.

For, it is good health that enables life to revel in its existence, empowering it with the optimism of appreciating each new dawn and instilling within it the strength to shape every dream.

At Morepen, *Love of Life* is the underlying force that constantly inspires us to innovate newer and better ways for life to navigate the complex corridors of health.

Morepen is committed to enrich life with products & services that make life easy, enjoyable, rewarding and truly worth living.

CORPORATE INFORMATION

Chairman & Managing Director

Mr. Sushil Suri

Whole-time Director

Dr. Arun Kumar Sinha

Independent Directors

Mr. Manoj Joshi

Mr. Bhupender Raj Wadhwa

Mr. Sukhcharan Singh

Director

Ms. Anju Suri

Chief Financial Officer

Mr. Ajay Sharma

Registered Office

Morepen Village, Nalagarh Road

Near Baddi, Distt. Solan

Himachal Pradesh - 173 205

Auditors

M/s. M Kamal Mahajan & Co. LLP

Chartered Accountants

Cost Auditor

M/s. Vijender Sharma & Co.

Cost Accountants

Secretarial Auditor

Mr. Praveen Dua

M/s. PD and Associates

Company Secretaries

Registrar & Share Transfer Agent

MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area

Phase - II, New Delhi - 110 020

Company Secretary

Mr. Thomas P. Joshua

Corporate Office

409, 4th floor, Antriksh Bhawan

22, Kasturba Gandhi Marg

New Delhi - 110 001

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 32nd Annual Report on business, operations and achievements of the Company together with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

| Particulars | 2016-17 | 2015-16 |
|---|------------------|-----------|
| Total Revenue | 54,073.08 | 45,363.54 |
| Operating Surplus | 6,358.95 | 6,537.57 |
| Finance Cost | 698.60 | 1,041.29 |
| Cash Surplus | 5,660.35 | 5,496.28 |
| Non-Cash Items : | | |
| Depreciation & Amortisation | 3,356.17 | 3,492.18 |
| Profit/(Loss) before Extra-ordinary items and Tax | 2,304.18 | 2,004.10 |
| Extra ordinary items – Income/(Expense) (Net) | – | (440.00) |
| Profit/(Loss) Before Tax | 2,304.18 | 1,564.10 |
| <u>Tax Expense:</u> | | |
| – Current Tax (MAT) | – | (337.68) |
| – MAT Credit Entitlement | – | 337.68 |
| – Earlier Years | – | 13.70 |
| Profit/(Loss) After Tax | 2,304.18 | 1,577.80 |
| EPS (Basic/Diluted) | 0.50 | 0.35 |

REVIEW OF PERFORMANCE

With revenues of Rs. 54,073.08 Lakhs during the year, your Company has registered a growth of 19% over the last year revenues of Rs. 45,363.54 Lakhs. The growth in operating revenues has been quite impressive with current year operating revenues touching Rs. 53,703.54 Lakhs against preceding year revenues of Rs. 45,246.30 Lakhs.

The Company's consistent focus on backward integration, research and process innovation has helped it secure a better foothold in both domestic & export markets. The investments in the new markets have started bearing fruit in the form of decent results.

Active Pharmaceutical Ingredients (API) and Home Diagnostics businesses have been showing great potential and have recorded revenue growth of 23% during the current financial year. Product Contract Manufacturing and Brand Sharing business has registered a healthy growth of 16% during the year. The Branded Formulation business has also registered a steady growth of 10% during the current year.

Net Profit after Tax for the year at Rs. 2,304.18 Lakhs is up by 46% over previous year profits of Rs. 1,577.80 Lakhs.

The Finance cost at Rs. 698.60 Lakhs has come down by 33% against previous year cost of Rs. 1,041.29 Lakhs.

During the year, cash surplus has been at Rs. 5,660.35 Lakhs as against the preceding year's cash surplus of Rs. 5,496.28 Lakhs.

DIVIDEND

For the year under review, the Directors do not recommend any dividend due to absence of distributable surplus.

RESERVES

Net Profit after tax of Rs. 2,304.18 Lakhs is proposed to be carried forward to the Surplus/(Deficit) Account. During the year under review, no amount was transferred to the General Reserve.

DEPOSITS

Your Company has not accepted any deposits from the public, within the meaning of Section 73 of the Companies Act, 2013 ('the Act') read with the Companies (Acceptance of Deposits) Rules, 2014, and no amount of principal or interest on deposits from the public was outstanding as on the date of Balance Sheet.

FINANCES

The management is putting its best efforts to expand its business by introduction of new products, cost reduction, process improvement and investments in the new markets, while keeping its commitment of profitable growth.

The Company has been servicing its debts regularly, as per the terms approved by its lenders. Despite the unavailability of any institutional working capital support, the Company has recorded handsome growth, both in its revenues as well as in profits.

The provisions of the Act, on account of accumulated losses, have placed restrictions on the Company for the redemption of Preference Shares issued to lenders under the Corporate Debt Restructuring (CDR) Scheme and to other entities. As a result, the Company has not been able to redeem these Preference Shares, during the year, although they have been due for redemption. The Company is analysing various alternatives for the early resolution of the matter.

SHARE CAPITAL

The total paid up share capital of the Company as on March 31, 2017 was Rs. 20,961.06 Lakhs comprising of Equity Share Capital of Rs. 8,995.86 Lakhs and Preference Share Capital of Rs. 11,965.20 Lakhs. During the year under review, there was no change in the paid-up share capital of the Company.

The Equity Shares issued by Company are listed at following Stock Exchanges as on March 31, 2017:

1. National Stock Exchange of India Limited (NSE)
2. Bombay Stock Exchange (BSE)

Annual listing fee for the financial year 2017-18 has been paid to both the Stock Exchanges. The Equity Shares continue to be listed on both NSE and BSE.

The Company has not been able to pay dividends to the Preference Shareholders for more than two years on account of the statutory restrictions placed by the Act for the Companies having accumulated losses. Hence, the Preference Shareholders are entitled to vote on all resolutions placed before the Company and the proportion of voting rights of Equity Shareholders to the voting rights of Preference Shareholders shall be in proportion to their paid up capital.

BUSINESS PERFORMANCE

During the year under review, sales revenues at Rs. 52,917.58 Lakhs have registered a growth of 21% over previous year sales revenues of Rs. 43,669.21 Lakhs as a result of expansion across all trade segments of the Company viz; Active Pharmaceutical Ingredients (API) business &

Home Diagnostics business at 23%, Branded Formulation business at 10% and Product Contract Manufacturing & Brand Sharing business at 16%.

Net Profit after Tax for the year at Rs. 2,304.18 Lakhs has grown by 46% over Rs. 1,577.80 Lakhs in the previous year. Cash surplus during the year has been at Rs. 5,660.35 Lakhs as against the preceding year's cash surplus of Rs. 5,496.28 Lakhs.

The Company foresees significant improvements in its operating as well financial performance across all business segments.

Division wise business performance is detailed hereunder:

Active Pharmaceutical Ingredients (API)

Current year API revenue of Rs. 34,131.15 Lakhs has registered a growth of 23% over the previous year revenues of Rs. 27,646.29 Lakhs. Exploring new markets with the strong product range has led to growth of 36% in the domestic markets while exports business has also recorded handsome growth of 19%. Rosuvastatin and Montelukast business recorded growth of 84% and 34%, respectively. Loratadine, Fexofenadine, Atorvastatin and Sitagliptin revenues are up by 6% - 13% over the previous year.

API business continues to make substantial contribution of 65% of the overall business of the Company against 63% in the last year.

The Company's consistent focus on research, quality of the product offerings and addition of new products has led to acquisition of new customers apart from generating additional demand from the existing customers. Loratadine was the highest grossing product during the year with sales revenues of Rs. 11,318.71 Lakhs while Montelukast and Atorvastatin attained highest ever sales revenues of Rs. 9,883.57 Lakhs and Rs. 5,879.61 Lakhs, respectively.

Other products like Rosuvastatin Calcium, Sitagliptin Phosphate, and Fexofenadine continue to grow at an impressive pace, recording a combined growth of 34% over the previous year, with revenues of Rs. 5,686.39 Lakhs against Rs. 4,255.02 Lakhs in the previous year.

Home Diagnostics

The Company's Home Diagnostics business registered a growth of 23% during the year under review, with revenues touching Rs. 7,776.19 Lakhs as against previous year revenues of Rs. 6,311.77 Lakhs. Blood Glucose Monitors, major product of the Home Diagnostics business, recorded a



growth of 40% with annual sales revenues of Rs. 4,685.04 Lakhs against Rs. 3,337.94 Lakhs during the last financial year. During the year, Blood Pressure Monitors and Nebulizers have grown by 29% & 46% with sales revenue of Rs. 1,241.30 Lakhs and Rs. 436.56 Lakhs, respectively.

In its commitment of delivering good health at home at affordable prices, the Company has also started in house manufacture of Blood Glucose Monitors during the year. The Company expects the Home Diagnostics business to continue its growth march in view of increasing consciousness amongst people about general well-being and the home diagnostic devices getting affordable with the passage of time.

Finished Formulations

Finished Formulation business of the Company recorded a steady growth of 10% during the year with total sales revenues of Rs. 11,124.75 Lakhs out of which Branded Formulations contributed Rs. 2,658.78 Lakhs. Product Contract Manufacturing and Brand Sharing business grew by 16% with current year annual revenues of Rs. 8,465.97 Lakhs over preceding year revenues of Rs. 7,302.68 Lakhs.

SUBSIDIARIES / JOINT VENTURES / ASSOCIATES

The Company has three subsidiaries as on March 31, 2017 namely:

1. Dr. Morepen Ltd.
2. Total Care Ltd. (Subsidiary of Dr. Morepen Ltd.)
3. Morepen Inc., USA

Dr. Morepen Limited

Dr. Morepen Limited, the wholly owned subsidiary of the Company has been in enviable position in OTC markets selling and marketing Dr. Morepen range of OTC and other products. During the year, the Company's business recorded a growth of 45% with current year revenue of Rs. 4,925.16 Lakhs against previous year revenues of Rs. 3,390.23 Lakhs.

The Company's OTC business recorded a growth of 44% with revenues of Rs. 2,146.58 Lakhs as against Rs. 1,493.23 Lakhs in the previous year.

The Brand Sharing business also posted a robust growth of 36% with annual revenue of Rs. 2,142.85 Lakhs in comparison to Rs. 1,572.62 Lakhs in the last year. The Company's top brands Lemolate and Burnol have registered tremendous growth at 81% and 45%, respectively. The Brand Sharing business has nearly 400 Stock Keeping Units (SKUs) under various product categories, comprising of Cough & Cold Relief, General well-being, Vitamins & Minerals, Skin, Hair & Oral Care. The Company expects to

continue its growth in the OTC and Brand Sharing business with the continuous addition of fresh products under the existing or new brands, entering new markets and increasing product reach and availability.

The Grooming business of the Company, which was launched during the last fiscal - considering the ever increasing grooming needs of the younger population, is showing good promise with current year sales revenue of grooming products at Rs. 559.40 Lakhs. The Company expects the revenues to increase in the coming years with increase in brand recognition.

The 'Dr. Morepen - NOW (Nation on Wellness)' business, which offers customized comprehensive programme on wellness for individuals, bringing together Nutrition and 'External Counter Pulsation (ECP)' Therapy, Yoga, Physiotherapy and others, to improve cardiovascular fitness & overall health is in the process of making in-roads amongst the patrons. During the year under review, it was able to generate revenue of Rs. 76.31 Lakhs. The management is confident of expanding the reach of ECP therapy and related programmes by opening new NOW centers in the coming years.

Total Care Limited

The Company is dealing in OTC & Health Care products. The scale of Company's operations was small during the year with the total revenues of Rs. 13.55 Lakhs and loss of Rs. 8.93 Lakhs.

Morepen Inc.

Morepen Inc. is the marketing and distribution interface of the Company in USA for various OTC & other products. During the year under review, the Company recorded a growth of 25% with revenue at Rs. 65.25 Lakhs (\$101,089) as against Rs. 52.20 Lakhs (\$78,999) in the previous year while the current year loss was Rs. 32.62 Lakh against profit of Rs. 8.69 Lakhs in the last year.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company pursuant to Section 129 (3) of the Act, prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21 - Consolidated Financial Statements, forms part of Annual Report for the year under review.

A Statement containing the salient features of the financial statements of Company's Subsidiaries, pursuant to Section 129 of the Act read with the Rule 5 of the Companies

(Accounts) Rules, 2014 is annexed to this report as ANNEXURE 'A' in the prescribed form, AOC-1.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Changes in Directors & Key Managerial Personnel

The members at the 31st Annual General Meeting (AGM) of the Company held on September 23, 2016 approved the re-appointment of Mr. Sushil Suri, Chairman & Managing Director of the Company, who was liable to retire by rotation pursuant to Section 152 and other applicable provisions of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended or re-enacted from time to time.

The Board of Directors of the Company has appointed Ms. Anju Suri (DIN: 00042033) as a Non-Executive Director (Additional Director), pursuant to provisions of Section 149, 152, 161 and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended or re-enacted from time to time, to fulfill the requirement of having a Woman Director on the Board and to hold office up to the conclusion of the ensuing Annual General Meeting. The aforesaid appointment was the result of vacancy caused by Ms. Archana S. Bhargava (DIN: 02505308) ceasing to be a Director at the 31st AGM of the Company.

Dr. A. K. Sinha, Whole-time Director of the Company, who is liable to retire by rotation pursuant to the provisions of Section 152 and other applicable provisions of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014, as amended or re-enacted from time to time, has given his consent and being eligible has offered himself for re-appointment, in the ensuing Annual General Meeting.

Your Directors also recommend the appointment of Ms. Anju Suri (DIN: 00042033) who has given her consent and being eligible has offered herself for appointment as a Non-Executive Director (Woman Director) pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of Listing Regulations, as amended or re-enacted from time to time at the ensuing Annual General Meeting.

Declaration by Independent Director(s) and re-appointment

The Company has received necessary declaration from each Independent Director as per the provisions of Section 149(7) of the Act that he/she meets the criteria of independence laid down in Section 149(6) of the Act.

Evaluation of Board, Committees and Directors

Pursuant to the provisions of the Act and Regulation 17 of Listing Regulations, the Board has carried out its own performance evaluation, that of the Committees and the individual performance of its Directors. The manner in which the evaluation has been carried out has been detailed in the Corporate Governance Report.

Familiarization Programme for Independent Directors

The details pertaining to Familiarization Programme for Independent Directors have been incorporated in Corporate Governance Report.

Meetings of Board of Directors

The Board of Directors met 5 (five) times during the year under review, to transact the business of the Company, the details of which are given in Corporate Governance Report.

Independent Directors Meeting

During the year under review, a separate meeting of the Independent Directors of the Company was held on February 08, 2017, without the presence of Non – Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and time-lines of flow of information between the Company Management and the Board. All the Independent Directors of the Company were present in the meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (3) (c) of the Act, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that:

- in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable;
- your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detecting of fraud and other irregularities;



- d) the annual accounts have been prepared on a going concern basis;
- e) internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

MANAGERIAL REMUNERATION AND OTHER DISCLOSURES

Disclosure pursuant to Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- a) Ratio of the remuneration of each Director to the median employee's remuneration and other details pursuant to Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: The aforesaid disclosure is annexed and forms part of this report as **ANNEXURE 'B'**.
- b) Detail of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: The aforesaid disclosure is annexed and forms part of this report as **ANNEXURE 'C'**.
- c) No Director of the Company, including its Managing Director or Whole-Time Director, is in receipt of any commission from the Company or its Subsidiary Company.

AUDIT COMMITTEE

Your Company has an Audit Committee in compliance of the provisions of Section 177 of the Act and Regulation 18 of Listing Regulations. The complete details with respect to Audit Committee, as required to be given under the aforesaid provisions, are given in the Corporate Governance Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Company has established a Whistle Blower Policy/Vigil Mechanism through which its Directors, Employees and Stakeholders can report their genuine concern about unethical behaviors, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The said policy provides for adequate safeguard against victimization and also direct access to the higher level of superiors including Chairman of the Audit Committee in exceptional

cases. The same is reviewed by the Audit Committee from time to time.

RISK MANAGEMENT

The Company has in place a mechanism to inform the Board about the risk assessment and minimisation procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

The Company has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Company.

NOMINATION AND REMUNERATION COMMITTEE

Your Company has a Nomination and Remuneration Committee in compliance to the provisions of Section 178 of the Act and Regulation 18 of Listing Regulations. The complete details with respect to Nomination and Remuneration Committee, as required to be given under the aforesaid provisions are given in the Corporate Governance Report.

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel (KMP) and other employees of the Company as formulated by Nomination and Remuneration Committee, pursuant to provisions of Section 178 of the Act and Para A of Part D of Schedule II of Listing Regulations, which acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The detailed policy formulated by Nomination and Remuneration Committee is annexed and forms part of this report as **ANNEXURE 'D'**.

STATUTORY AUDITORS

M/s. M Kamal Mahajan & Co. LLP, Chartered Accountants (FRN: 006855N/N500061), the Statutory Auditors of the Company, were appointed by the shareholders to hold office till conclusion of the ensuing Annual General Meeting. M/s. M Kamal Mahajan & Co. LLP would retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are not eligible to be re-appointed pursuant to Section 139 of the Act.

Pursuant to provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Act, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to all the applicable laws and regulations the Board of Directors recommend the

appointment of M/s. Satinder Goyal & Co., Chartered Accountants (FRN: 027334N), who have given their consent and confirmed their eligibility under Section 141 of the Act, as the Statutory Auditors of the Company for a term of five (5) consecutive years, i.e. to hold office from the conclusion of this Annual General Meeting until the conclusion of 37th Annual General Meeting, to be held in the year 2022.

EXPLANATION TO AUDITORS REPORT

The Auditors vide Para (vii) (a) & (viii) of the Annexure-A to the Auditors' Report have commented on delay in deposit of Employee's State Insurance (ESI), Provident Fund (PF), Income Tax (TDS) & Value Added Tax (VAT) dues and delay in payment of dues to the lenders. The Company has however, deposited all the dues in respect of ESI, PF, VAT and Income Tax (TDS) for the year under review. The Company is taking requisite steps for the payment of interest dues to the lenders apart from timely deposit of above noted dues.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr Praveen Dua, Company Secretary, Proprietor of M/s. PD And Associates, Company Secretaries, was appointed by Board of Directors of the Company as Secretarial Auditor of the Company for the financial year 2016-17. The Secretarial Audit Report is annexed and forms part of this report as **ANNEXURE 'E'**.

EXPLANATION TO SECRETARIAL AUDIT REPORT

The Secretarial Auditor has observed that the Company has not redeemed the Preference Shares due for redemption. The reasons for not redeeming the Preference Shares have been explained in Note No. 2(C) to the Financial Statements for the year ended March 31, 2017.

COST AUDIT

Pursuant to Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting Records maintained by the Company in respect of its Bulk Drugs and Formulations activity are required to be audited by Cost Auditors. The Board of Directors of the Company has, on the recommendation of the Audit Committee, appointed M/s. Vijender Sharma & Co., Cost Accountants, as the Cost Auditor of the Company for the financial year ended March 31, 2018, at a remuneration of Rs. 3.00 Lakhs, subject to the ratification of their remuneration by the shareholders in the ensuing Annual General Meeting.

INTERNAL FINANCIAL CONTROLS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The internal financial controls are adequate and are operating effectively so as to ensure orderly and efficient conduct of business operations. The Company's internal financial control procedures ensure that Company's financial statements are reliable and prepared in accordance with the applicable laws.

To maintain its objectivity and independence, the Internal Audit team reports to the Chairman of the Audit Committee of the Board. Based on the internal audit report, process owners undertake corrective action in their respective areas and thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board. Team engaged in internal audit carries out extensive audits throughout the year across all functional areas and submits its reports, from time-to-time, to the Audit Committee of the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) Committee of the Company was constituted by the Board on May 10, 2016 to monitor implementation of CSR activities by the Company in accordance with Section 135 read with Schedule VII of the Act. Based on the recommendation of the CSR Committee, your Board has adopted a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII.

The Report on CSR Activities with details of the composition of CSR Committee, CSR Policy, CSR initiatives and activities during the year is annexed and forms part of this report as **ANNEXURE 'F'**.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace pursuant to the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, while dealing with issues related to sexual harassment at the work place. All



women employees whether permanent, temporary, contractual and trainees are covered under this policy. The Company has not received any complaint during the year.

LEGAL & CORPORATE MATTERS

During the financial year ending March 31, 2010, the Company had allotted 9,24,90,413 Equity Shares to the fixed deposit holders towards settlement of their dues under the Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956, approved by the Hon'ble Shimla High Court vide its order dated August 4, 2009. The Central Government preferred an appeal, against the aforesaid order, before the Hon'ble Division Bench of Shimla High Court which permitted the implementation of the Scheme subject to the final decision in the main appeal, vide its interim order dated August 27, 2009. Accordingly, the entire scheme was implemented in February, 2010. The Division Bench vide its order dated September 14, 2010 remanded the case to the learned Single Judge to decide the Petition afresh after hearing all the parties and considering the representation of the Central Government. The Company filed an appeal against the aforesaid order of the Division Bench with the Hon'ble Supreme Court of India which remitted the matter to the learned Single Judge of Hon'ble High Court of Shimla to decide the matter as expeditiously as possible. The matter has now been transferred to the Chandigarh Bench of National Company Law Tribunal (NCLT).

The Equity Shares preferentially issued, as per the terms of Debt Restructuring Scheme approved by the CDR cell, to two allottees are pending for listing on NSE & BSE wherein certain observations were made by the Stock Exchanges. The Company has taken up the matter with both the allottees and requested them to take appropriate action in this regard.

The cases filed against the Company on the basis of investigation carried under Section 235 of the Companies Act, 1956 and the consequential cases filed by the Registrar of Companies against the Company and its Directors are being defended by the Company.

The Company's appeal with the Hon'ble Supreme Court against the appointment of special Directors on the Board of the Company under Section 408 of the Companies Act, 1956

is pending for final disposal. Meanwhile, a 'Status Quo' ordered by Supreme Court is being maintained.

EXTRACT OF ANNUAL RETURN

The detailed extract of Annual Return in Form MGT-9 as required under Section 134(3)(a) of the Act is annexed and forms part of this report as **ANNEXURE 'G'**.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo, as required under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is annexed and forms part of this report as **ANNEXURE 'H'**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. During the year under review, there were no materially significant related party transactions, including arm's length transactions; hence, disclosure in Form AOC – 2 is not required.

The complete details with respect to contracts or arrangements with related parties as required to be given under the Act and Part C of Schedule V of Listing Regulations are given in the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of the operations and performance of the Company is set out in the Management Discussion and

Analysis Report pursuant to Part B of Schedule V of Listing Regulations which forms part of the Annual Report for the year under review as **ANNEXURE 'I'**.

HUMAN RESOURCES

A detailed review of Human Resources of the Company is set out in the Management Discussion and Analysis Report.

CORPORATE GOVERNANCE

A Report on Corporate Governance along with a certificate from the Practicing Company Secretary regarding compliance with conditions of Corporate Governance as stipulated in Part E of Schedule V of Listing Regulations forms part of this report and is annexed as **ANNEXURE 'J'**.

ACKNOWLEDGMENTS

Your Directors place on record their heartfelt appreciation towards the Shareholders, Employees, Customers, Suppliers, Collaborators, Company's GMP Consultants, Directors, Auditors, Bankers, Financial Institutions, Medical & Legal Professionals, Drug Control Authorities, Government Agencies and Business Associates for their continued patronage and trust in the Company and its Management.

Your Directors look forward to your continued support in our efforts to grow together and enhance health through quality products.

For and on behalf of Board of Directors

Place: New Delhi
Date: June 12, 2017

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

ANNEXURE 'A'

FORM AOC - 1: STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATE COMPANIES/JOINT VENTURES

(Pursuant to first proviso to Sub-Section (3) of Section 129 of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014)

(Rs. in Lakhs)

| Name of the Subsidiary Company | Dr. Morepen Limited | Total Care Limited | Morepen Inc. |
|---|---|---|---|
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 01-04-2016 to 31-03-2017 | 01-04-2016 to 31-03-2017 | 01-04-2016 to 31-03-2017 |
| Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | – | – | US\$/Rs. 64.55 (As on 31.03.2017) |
| Share Capital | 4,067.95 (4,06,79,500 Equity Shares of Rs. 10/- each) | 933.39 (9,33,390 Equity Shares of Rs. 100/- each) | 22.23 (9,400 fully paid shares of US\$1 each) |
| Reserves & Surplus | (597.33) | (2,200.78) | 49.77 |
| Total Assets | 11,050.36 | 6.81 | 135.64 |
| Total Liabilities | 11,050.36 | 6.81 | 135.64 |
| Investments | 1,171.00 | – | – |
| Turnover | 4,925.16 | 13.55 | 65.25 |
| Profit/(Loss) before taxation | 90.72 | (8.93) | (32.62) |
| Provision for taxation | – | – | – |
| Profit after taxation | 90.72 | (8.93) | (32.62) |
| Proposed Dividend | – | – | – |
| Percentage of Shareholding | 100% | 95% | 100% |

For and on behalf of Board of Directors

Place: New Delhi
Date: June 12, 2017

SushilSuri
(Chairman & Managing Director)
DIN: 00012028

ANNEXURE 'B'

DETAILS OF REMUNERATION PURSUANT TO SECTION 134(3)(q) AND SECTION 197(12) OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company and percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year:

| Name of the Director/KMP | Designation | Remuneration in F.Y. 2016-17 (Rs. in Lakhs) | Remuneration in F.Y. 2015-16 (Rs. in Lakhs) | Ratio of Remuneration to MRE (Excl. MP) | Ratio of Remuneration to MRE (Incl. MP) | % increase of Remuneration in 2016-17 as compared to 2015-16 |
|---------------------------|------------------------------|---|---|---|---|--|
| Mr. Sushil Suri | Chairman & Managing Director | 56.66 | 57.40 | 21.22 | 21.18 | (1.29%) |
| Dr. A. K. Sinha | Whole-time Director | 25.00 | 26.39 | 9.36 | 9.34 | (5.28%) |
| Mr. B. R. Wadhwa* | Independent Director | 0.75 | 0.60 | 0.28 | 0.28 | 25.00% |
| Mr. Sukhcharan Singh* | Independent Director | 0.85 | 0.80 | 0.32 | 0.32 | 6.25% |
| Mr. Manoj Joshi* | Independent Director | 0.95 | 0.80 | 0.36 | 0.36 | 18.75% |
| Ms. Archana S. Bhargava*# | Director | 0.10 | 0.10 | 0.04 | 0.04 | – |
| Ms. Anju Suri | Director | – | – | N.A. | N.A. | N.A. |
| Mr. Ajay Kumar Sharma | Chief Financial Officer | 72.22 | 58.15 | 27.05 | 27.00 | 24.20% |
| Mr. Thomas P. Joshua | Company Secretary | 15.58 | 13.04 | 5.84 | 5.82 | 19.48% |

Note:

* These Directors of the Company are only paid sitting fees.

Ms. Archana S. Bhargava ceased to be Director w.e.f. September 23, 2016.

B. The percentage increase in the median remuneration of employees in the financial year:

The Median Remuneration of Employees (MRE) excluding Managerial Personnel (MP) was Rs. 2,66,944/- and Rs. 2,80,673/- in F.Y. 2016-17 and F.Y. 2015-16 respectively. The decrease in MRE (excluding MP) in F.Y. 2016-17, as compared to F.Y. 2015-16, is 4.89%.

The Median Remuneration of Employees (MRE) including Managerial Personnel (MP) was Rs. 2,67,506/- and Rs. 2,81,283/- in F.Y. 2016-17 and F.Y. 2015-16 respectively. The decrease in MRE (including MP) in F.Y. 2016-17, as compared to F.Y. 2015-16, is 4.90%.

C. The number of permanent employees on the rolls of the Company:

The number of permanent employees on the rolls of the Company as of March 31, 2017 and March 31, 2016 was 1,085 and 1,062, respectively.

D. Average percentile increase already made in the salaries of the employees other than the managerial personnel in last financial year and comparison with percentile increase in the managerial remuneration and justification thereof:

The average percentile decrease in managerial remuneration during the F.Y. 2016-17 was 2.55% and for employees other than Managerial Personnel was 4.89%.

E. Affirmation that the remuneration is as per Remuneration Policy of the Company:

It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of Board of Directors

Sushil Suri

(Chairman & Managing Director)

DIN: 00012028

Place: New Delhi

Date: June 12, 2017

ANNEXURE 'C'
DETAILS PURSUANT TO RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| S. No. | Employee Name | Designation | Remuneration (Rs. in Lakhs) | Qualification | Experience (years) | Date of Joining | Age | Previous employment |
|--------|---------------------------|--|-----------------------------|---------------|--------------------|-----------------|-----|--|
| 1. | Mr. Sanjay Suri | Head - API Business | 141.65 | B.Sc | 29 | 01-Jan-15 | 49 | Entrepreneur |
| 2. | Mr. Anubhav Suri | Head - Medipath Division | 89.00 | B. Finance | 6 | 01-Feb-11 | 30 | Entrepreneur |
| 3. | Mr. Rajeev Kumar Jain | Vice President - Production (Masulkhana & Baddi) | 76.63 | B.Sc, MBA | 30 | 02-Nov-11 | 51 | IndSwift Laboratories Ltd. |
| 4. | Mr. Ajay Sharma | Chief Financial Officer | 72.11 | C.A. | 24 | 03-Apr-02 | 50 | Auro Textiles (A unit of VSGM Ltd.) |
| 5. | Mr. Shantanu Tuli | Vice President - Sales & Marketing | 68.12 | PGDBM | 29 | 17-Jun-05 | 51 | Lifescan Johnson & Johnson |
| 6. | Mr. Sushil Suri | Chairman & Managing Director | 60.17 | C.A. | 34 | 01-Feb-93 | 53 | Entrepreneur |
| 7. | Mr. Piyush Tandon | Asst. Vice President (Sales & Marketing) | 46.01 | M.Sc | 29 | 09-Sep-13 | 53 | Nexgen Fluoropolymers |
| 8. | Mr. Mahinder Kumar Sharma | Asst. Vice President (QA & QC) | 43.16 | M.Sc | 32 | 03-Mar-90 | 54 | Cepharm |
| 9. | Ms. Amita Sharma | Asst. Vice President (Commercial & PPC) | 39.43 | CWA, B.Com | 26 | 18-Jan-93 | 50 | DCM Shri Ram Industries |
| 10. | Dr. Madan Pal Tanwar | Asst. Vice President (R & D) | 35.89 | Phd | 23 | 23-Mar-06 | 52 | Surya Pharmaceuticals |

Note:

- As per the provisions of the Act none of the employees, excluding Mr. Sanjay Suri (relative of Mr. Sushil Suri), are relatives of any Director or Manager of the Company.
- All the aforesaid employees are on the payroll of the Company.

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: June 12, 2017

ANNEXURE 'D'

NOMINATION AND REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time this "Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees" of Morepen Laboratories Limited has been formulated by the Committee and approved by the Board of Directors.

OBJECTIVE AND PURPOSE

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on November 13, 2014.

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board has changed the nomenclature of Remuneration Committee by re-constituting it as Nomination and Remuneration Committee in the meeting of the Board of Directors held on May 21, 2014. The Nomination and Remuneration Committee comprises of following members:

| S.No. | Name | Designation |
|-------|--------------------------|-------------|
| 1. | Mr. Manoj Joshi | Chairman |
| 2. | Mr. Sukhcharan Singh | Member |
| 3. | Mr. Bhupender Raj Wadhwa | Member |

The Board has the power to re-constitute the Committee consistent with the Company's policy and applicable statutory requirements.

DEFINITIONS

1. **Board** means Board of Directors of the Company.
2. **Director** means Directors of the Company.
3. **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. **Company** means Morepen Laboratories Limited.
5. **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013.
6. **Key Managerial Personnel (KMP)** means a KMP as as defined under the Companies Act, 2013 and includes:
 - i. CEO/Managing Director/Manager;
 - ii. Whole-time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary;
 - v. Such other officer as may be prescribed under the applicable statutory provisions/regulations.
7. **Senior Management** means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division or General Manager including General Manager of any division or unit. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

APPLICABILITY

This Nomination and Remuneration shall apply to the Company's:

1. Directors (Executive and Non-Executive)
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other Employees



GENERAL

This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and Part – C covers remuneration and perquisites etc.

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
2. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

A. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director (Whole-time Director) for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

B. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term of upto five consecutive years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director Serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

Evaluation:

The Committee shall carry out evaluation of performance of every Director (including Independent Director), KMP and Senior Management Personnel periodically.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C**POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL****General:**

The remuneration/compensation/commission etc. payable to the Managing Director, Whole-time Director, KMP's and Senior Management Personnel, shall be determined/ approved by the Committee, at the time of their appointment, and recommended to the Board, for its approval, if required under law.

The remuneration/compensation/commission, etc. payable to a Managing Director and Whole-time Director shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Managing Director and Whole-time Director shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.

Increments to the existing remuneration / compensation structure may be recommended by the Committee or be carried out in accordance with the HR Policy of the Company, which should be within the slabs approved by the Board and Shareholders, in the case of Managing Director and Whole-time Director.

Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and/or any other employees, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Managing Director, Whole-time Director, KMP and Senior Management Personnel :Fixed Pay

The Managing Director, Whole-time Director, KMP's and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee, at the time of their appointment. They are also eligible for increments to the existing remuneration / compensation structure as may be recommended by the Committee or in accordance with the HR Policy of the Company. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board on the

recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

Provisions for excess remuneration

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive / Independent Director:Remuneration / Commission

The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Sitting Fees

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. 10,000/- (Rupees Ten Thousand Only) per meeting of the Board or Committee or such amount, as may be prescribed by the Central Government from time to time.

Stock Options

An Independent Director shall not be entitled to any stock option of the Company.

OTHERS

Clauses with respect to the Membership and Term, Chairperson, Frequency of Meetings, Duties and other administrative functions of the Committee shall be as per Act and terms of reference.

REVIEW OF THE POLICY

The Committee will discuss any revisions that may be required, and recommend any such provisions to the Board for consideration and approval.

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: June 12, 2017



ANNEXURE 'E'

SECRETARIAL AUDIT REPORT

(Form No. MR-3)

(FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017)

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Morepen Laboratories Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Morepen Laboratories Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the Morepen Laboratories Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Morepen Laboratories Limited ("the Company") for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the 'Act') and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules 1945;
- (vii) Drugs (Price Control) Order, 2013;
- (viii) Indian Boilers Act, 1923;
- (ix) Legal Metrology Act, 2009; and
- (x) Trademark Act, 1999.

I have also examined compliance with the applicable clauses of the following:

- (i) The Listing Agreements and the provisions envisaged in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ii) The Secretarial Standards issued by the Institute of the Company Secretaries of India (ICSI).

I further report that:

- (a) the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

- (b) adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- (c) all the resolutions have been passed unanimously and did not find any dissenting views in the minutes;
- (d) there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;
- (e) the Company has entered into related party transactions for the sale and purchase of material/products and paying remuneration to related party personnel. The Company confirms that all transactions, including increase in remuneration, are in the ordinary course of business and at arm's length;
- (f) the Company has not declared/paid dividend to preference shareholders and hence the preference shareholders are entitled to vote on all the matters in the Annual General Meeting. No preference

shareholder has attended the Annual General Meeting held during the previous year.

I further report that during the audit period the Company has not redeemed its preference shares which were due to be redeemed as under:

- (i) 7,65,000 0.01% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100 each/- aggregating to Rs. 7,65,00,000/- due for redemption during the f.y. 2016-17.
- (ii) 97,35,201 0.01% Optionally Convertible Preference Shares (OCPS) of Rs. 100 each/- aggregating to Rs. 97,35,20,100/- due for redemption during the f.y. 2014-15;
- (iii) 2,00,000 0.01% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100 each/- aggregating to Rs. 2,00,00,000/- due for redemption during the f.y. 2011-12;
- (iv) 5,00,000 9.75% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100 each/- aggregating to Rs. 5,00,00,000/- due for redemption during the f.y. 2003-04.

CS Praveen Dua
(Proprietor)
PD and Associates
Company Secretaries
FCS No.: 3573
CP No.: 2139

Place : New Delhi
Date : June 12, 2017

To,
The Members
Morepen Laboratories Limited

Our report of even date is to be read along with this letter.

- 1) Maintenance of the secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

- 4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

CS Praveen Dua
(Proprietor)
PD and Associates
Company Secretaries
FCS No.: 3573
CP No.: 2139

Place : New Delhi
Date : June 12, 2017



ANNEXURE 'F'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013)

I. Brief outline of the Corporate Social Responsibility (CSR) Policy

The Company's CSR Policy is in pursuance of the provisions of Section 135, Schedule VII and other applicable provisions of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The Board of Directors of the Company has adopted the CSR Policy formulated and recommended by the CSR Committee and the same is available on the Company's website at : <http://www.morepen.com/pdf/Corporate-Social-Responsibility-Policy.pdf>.

The Company undertakes the CSR activities through **K.B. Suri Memorial Trust** which runs a Charitable Dispensary at Katra, Jammu & Kashmir. It also makes contributions to other charitable institutions engaged in various CSR activities.

II. Composition of CSR Committee of the Board

The CSR Committee of the Board comprises of Mr. Sushil Suri, Chairman of the Committee, Mr. Manoj Joshi and Mr. B. R. Wadhwa as members.

III. Average Net Profits, prescribed CSR expenditure and details of CSR spent

(Rs. in Lakhs)

| Particulars | Amount |
|--|--------|
| Average net profit of the Company for the last 3 financial years | 411.77 |
| Prescribed CSR Expenditure (2% of the average net profits) | 8.24 |
| Details of CSR Expenditure during the financial year : | |
| Total amount to be spent for the financial year | 8.24 |
| Amount unspent | Nil |

Manner in which amount is spent on CSR activities during the financial year are detailed below :

(Rs. in Lakhs)

| S. No. | CSR Project or activity identified | Sector in which the project is covered | Location of project (District & State) | Amount outlay (budget) project or program wise | Amount spent on the projects or programs | Cumulative expenditure up to the reporting period | Amount spent directly or through implementing agency |
|--------|---|--|--|--|--|---|---|
| 1. | Promotion of healthcare including preventive healthcare | Health | Katra, Jammu & Kashmir | 27.50 | 27.69 | 27.69 | K.B. Suri Memorial Trust |
| 2. | Promotion of education including special education | Education | Patiala, Punjab | 1.50 | 1.42 | 1.42 | Smt. Kaushalya Devi Memorial Education and Charitable Trust |
| | Total | | | 29.00 | 29.11 | 29.11 | |

The Company has primarily undertaken the CSR activities through **K.B. Suri Memorial Trust** which contributes in the promotion of healthcare including preventive healthcare and manages the 'Jai Durga Charitable Dispensary' situated at Main Bazaar, Katra, Near Hanuman Mandir, Jammu & Kashmir. The dispensary caters to the urgent medical needs of pilgrims, staff employed in hotels, dharamshalas, pony and pithu porters, local public and public of nearby areas by providing OPD services and necessary medicines free of cost. Further, the dispensary also caters to medical needs of Police and CRPF personnel deployed at Katra. More than 100 patients visit the dispensary every day in the OPD facility mostly for treatment of hypertension, diabetes, acute gastritis, gastrointestinal infections, urinary tract infections, upper respiratory tract infections, lower respiratory tract infections and injuries of monkey bite amongst other medical needs.

The Company has also contributed to the promotion of education by sponsoring the education of students through Smt. Kaushalya Devi Memorial Education and Charitable Trust.

IV. Responsibility Statement

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the CSR projects and activities in compliance with the CSR objectives and Policy of the Company.

For Morepen Laboratories Limited

Sushil Suri
(Chairman & Managing Director)
(Chairman - CSR Committee)
DIN: 00012028

Place : New Delhi

Date : June 12, 2017

ANNEXURE 'G'

Form No MGT-9: Extract of Annual Return as on Financial Year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|--|---|---|
| i) CIN | : | L24231HP1984PLC006028 |
| ii) Registration Date | : | 01/12/1984 |
| iii) Name of the Company | : | MOREPEN LABORATORIES LIMITED |
| iv) Category / Sub-Category of the Company | : | Public Company / Limited by Shares |
| v) Address of the Registered office and contact details | : | Morepen Village, Malkumajra, Nalagarh Road, Baddi, Distt. Solan, Himachal Pradesh – 173 205 Tel No.: + 91-01795-276201-03 Fax No.: + 91-01795-276204 Email Id: investors@morepen.com |
| vi) Whether listed Company | : | Yes |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | : | MAS Services Limited T-34, 2 nd Floor, Okhla Industrial Area, Phase-II, New Delhi – 110 020 Tel No.: + 91-11-2638 7281/82/83 Fax No.: + 91-11-26387384 Email id: info@masserv.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

| Name and Description of main Products/Services | NIC Code of the Products/Services | % to Total Turnover of the Company |
|--|-----------------------------------|------------------------------------|
| Pharmaceuticals | 21001 and 21002 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|--------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Dr. Morepen Limited 220, Antriksh Bhawan, 22, K. G. Marg, New Delhi - 110 001 | U24232DL2001PLC111636 | Subsidiary | 100 | 2 (87) |
| 2. | Total Care Limited 2 nd Floor, Antriksh Bhawan, 22, K. G. Marg, New Delhi - 110 001 | U24246DL2000PLC105296 | Subsidiary | 95 | 2 (87) |
| 3. | Morepen Inc. United States of America | – | Subsidiary | 100 | 2 (87) |

IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of total equity)

i) Category-wise Share Holding:

| Category of Shareholders | No. of Shares held at the beginning of the year [As on March 31, 2016] | | | No. of Shares held at the end of the year [As on March 31, 2017] | | | % Change during the year |
|--|---|---------------------|---------------------|---|------------------|---------------------|--------------------------|
| | De-mat | Physical | Total | De-mat | Physical | Total | |
| A. Promoters | | | | | | | |
| (1) Indian | | | | | | | |
| a) Individual/HUF | 2,94,41,750 | 1,18,00,000 | 4,12,41,750 | 3,77,41,750 | 35,00,000 | 4,12,41,750 | 0.00 |
| b) Central Govt. | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - |
| d) Bodies Corp. | 1,41,29,838 | 10,00,00,000 | 11,41,29,838 | 11,41,29,838 | - | 11,41,29,838 | 0.00 |
| e) Banks / FIs | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - |
| Sub-total (A)(1) | 4,35,71,588 | 11,18,00,000 | 15,53,71,588 | 15,18,71,588 | 35,00,000 | 15,53,71,588 | 0.00 |
| (2) Foreign | | | | | | | |
| a) NRI's - Individuals | - | - | - | - | - | - | - |
| b) Others - Individuals | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - |
| d) Banks/FIs | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - |
| Sub-total (A)(2) | - | - | - | - | - | - | - |
| Total shareholding of Promoters (A) = (A)(1) + (A)(2) | 4,35,71,588 | 11,18,00,000 | 15,53,71,588 | 15,18,71,588 | 35,00,000 | 15,53,71,588 | 0.00 |
| B. Public Shareholding | | | | | | | |
| (1) Institutions | | | | | | | |
| a) Mutual Funds | 2,73,067 | - | 2,73,067 | - | - | - | (0.06) |
| b) Banks / FIs | 9,54,826 | 63,67,540 | 73,22,366 | 47,55,876 | 6,87,500 | 54,43,376 | (0.42) |
| c) Central Govt. | - | - | - | - | - | - | - |
| d) State Govt.(s) | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|---------------|---------------|
| f) Insurance Companies | 2,14,38,254 | 2,26,625 | 2,16,64,879 | 4.82 | 2,15,79,754 | 85,125 | 2,16,64,879 | 4.82 | 0.00 |
| g) FIIs | - | 5,85,30,000 | 5,85,30,000 | 13.01 | - | 5,85,30,000 | 5,85,30,000 | 13.01 | 0.00 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (FPIs) | 3,06,239 | - | 3,06,239 | 0.07 | 16,932 | - | 16,932 | 0.00 | (0.07) |
| Sub-total (B)(1) | 2,29,72,386 | 6,51,24,165 | 8,80,96,551 | 19.59 | 2,63,52,562 | 5,93,02,625 | 8,56,55,187 | 19.04 | (0.55) |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 2,80,15,322 | 17,15,944 | 2,97,31,266 | 6.61 | 2,14,33,066 | 7,35,043 | 2,21,68,109 | 4.93 | (1.68) |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh | 10,12,02,226 | 4,06,08,162 | 14,18,10,388 | 31.53 | 11,14,74,840 | 3,81,28,156 | 14,96,02,996 | 33.26 | 1.73 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh | 2,44,89,948 | 4,15,637 | 2,49,05,585 | 5.54 | 2,68,82,759 | 1,65,637 | 2,70,48,396 | 6.01 | 0.47 |
| c) Any Other | | | | | | | | | |
| i) Non-Resident Indian/ OCB | 50,59,771 | - | 50,59,771 | 1.12 | 50,19,567 | - | 50,19,567 | 1.12 | 0.00 |
| ii) Clearing Member | 45,65,802 | - | 45,65,802 | 1.02 | 33,27,964 | - | 33,27,964 | 0.74 | (0.28) |
| iii) Trust | 2,85,252 | - | 2,85,252 | 0.06 | 16,21,046 | - | 16,21,046 | 0.36 | 0.30 |
| iv) NBFC | - | - | - | - | 11,350 | - | 11,350 | 0.00 | 0.00 |
| Sub-total (B)(2) | 16,36,18,321 | 4,27,39,743 | 20,63,58,064 | 45.88 | 16,97,70,592 | 3,90,28,836 | 20,87,99,428 | 46.42 | 0.54 |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | 18,65,90,707 | 10,78,63,908 | 29,44,54,615 | 65.46 | 19,61,23,154 | 9,83,31,461 | 29,44,54,615 | 65.46 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A + B + C) | 23,01,62,295 | 21,96,63,908 | 44,98,26,203 | 100.00 | 34,79,94,742 | 10,18,31,461 | 44,98,26,203 | 100.00 | 0.00 |



ii) Shareholding of Promoters:

| S. No. | Shareholder's Name | At the beginning of the year | | | At the end of the year | | | % change in shareholding during the year |
|--------|---|------------------------------|----------------------------------|--|------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | |
| 1. | Baby Aakriti Suri | 55,000 | 0.01 | – | 55,000 | 0.01 | – | – |
| 2. | Gulfy Suri | 11,50,000 | 0.26 | – | 11,50,000 | 0.26 | – | – |
| 3. | Rajas Suri | 1,55,000 | 0.03 | – | 1,55,000 | 0.03 | – | – |
| 4. | Anju Suri | 51,86,369 | 1.15 | – | 51,86,369 | 1.15 | – | – |
| 5. | P.L. Suri | 24,00,000 | 0.53 | – | 24,00,000 | 0.53 | – | – |
| 6. | Sara Suri | 7,05,000 | 0.16 | – | 7,05,000 | 0.16 | – | – |
| 7. | Master Arjun Suri | 6,97,060 | 0.15 | – | 6,97,060 | 0.15 | – | – |
| 8. | Kanta Suri | 1,510 | 0.00 | – | 1,510 | 0.00 | – | – |
| 9. | Sushil Suri & Sons (HUF) | 12,01,560 | 0.27 | – | 12,01,560 | 0.27 | – | – |
| 10. | Praduman Lal Suri (HUF) | 2,990 | 0.00 | – | 2,990 | 0.00 | – | – |
| 11. | Aanandi Suri | 7,50,000 | 0.17 | – | 7,50,000 | 0.17 | – | – |
| 12. | Arun Suri & Sons (HUF) | 15,00,000 | 0.33 | – | 15,00,000 | 0.33 | – | – |
| 13. | Arun Suri | 3,510 | 0.00 | – | 3,510 | 0.00 | – | – |
| 14. | Sanjay Suri | 14,17,240 | 0.31 | – | 14,17,240 | 0.31 | – | – |
| 15. | Varun Suri | 30,52,357 | 0.68 | – | 30,52,357 | 0.68 | – | – |
| 16. | Anubhav Suri | 7,82,134 | 0.17 | – | 7,82,134 | 0.17 | – | – |
| 17. | Aanchal Suri | 6,85,922 | 0.15 | – | 6,85,922 | 0.15 | – | – |
| 18. | Baby Kanak Suri | 9,97,060 | 0.22 | – | 9,97,060 | 0.22 | – | – |
| 19. | Sushil Suri | 55,01,510 | 1.22 | – | 55,01,510 | 1.22 | – | – |
| 20. | K B Suri & Sons (HUF) | 9,72,830 | 0.22 | – | 9,72,830 | 0.22 | – | – |
| 21. | Shalu Suri | 20,52,250 | 0.46 | – | 20,52,250 | 0.46 | – | – |
| 22. | Sonia Suri | 36,79,718 | 0.82 | – | 36,79,718 | 0.82 | – | – |
| 23. | Mamta Suri | 30,04,000 | 0.67 | – | 30,04,000 | 0.67 | – | – |
| 24. | Sunita Suri | 31,88,730 | 0.71 | – | 31,88,730 | 0.71 | – | – |
| 25. | Sanjay Suri Sons (HUF) | 21,00,000 | 0.47 | – | 21,00,000 | 0.47 | – | – |
| 26. | React Investments & Financial Services Private Limited | 1,14,42,134 | 2.54 | – | 1,14,42,134 | 2.54 | – | – |
| 27. | Liquid Holdings Private Limited | 3,000 | 0.00 | – | 3,000 | 0.00 | – | – |
| 28. | Epitome Holding Private Limited | 1,10,00,820 | 2.45 | – | 1,10,00,820 | 2.45 | – | – |
| 29. | Concept Credits & Consultants Private Limited | 1,18,47,724 | 2.63 | – | 1,18,47,724 | 2.63 | – | – |
| 30. | Square Investments & Financial Services Private Limited | 1,06,02,075 | 2.36 | – | 1,06,02,075 | 2.36 | – | – |
| 31. | Solitary Investments & Financial Services Private Limited | 1,16,14,045 | 2.58 | – | 1,16,14,045 | 2.58 | – | – |
| 32. | Solace Investments & Financial Services Private Limited | 1,15,82,790 | 2.57 | – | 1,15,82,790 | 2.57 | – | – |
| 33. | Brook Investments & Financial Services Private Limited | 1,16,59,252 | 2.59 | – | 1,16,59,252 | 2.59 | – | – |
| 34. | Scope Credits & Financial Services Private Limited | 1,20,75,405 | 2.68 | 0.14 | 1,20,75,405 | 2.68 | – | – |
| 35. | Mid-Med Financial Services & Investments Private Limited | 1,14,73,813 | 2.55 | – | 1,14,73,813 | 2.55 | – | – |
| 36. | Seed Securities & Services Private Limited | 1,08,28,780 | 2.41 | – | 1,08,28,780 | 2.41 | – | – |
| | TOTAL | 15,53,71,588 | 34.54 | 0.14 | 15,53,71,588 | 34.54 | NIL | NIL |

iii) Change in Promoters' Shareholding (Please specify, if there is no change):

| S. No. | Promoters | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | At the beginning of the year | 15,53,71,588 | 34.54 | 15,53,71,588 | 34.54 |
| | Increase/(Decrease) in Promoter's Shareholding during the year | — | — | — | — |
| | At the end of the year | 15,53,71,588 | 34.54 | 15,53,71,588 | 34.54 |

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| S. No. | Top Ten Shareholders | Shareholding at the beginning of the year | | Date wise Increase/Decrease in shareholding during the year (specifying reasons) | | | Cumulative Shareholding during/ end of the year | |
|--------|--|---|----------------------------------|--|--------------------------------|-------------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Reason | Date of change in shareholding | Increase/ Decrease in no. of shares | No. of shares | % of total shares of the Company |
| 1. | PINFOLD OVERSEAS LIMITED | 96,32,500 | 2.14 | Increase | 30/11/2016 | 2,88,97,500 | 96,32,500 3,85,30,000 | 2.14 8.57 |
| 2. | JETTY CAPITAL LIMITED | 2,00,00,000 | 4.45 | | | | 2,00,00,000 | 4.45 |
| 3. | LIFE INSURANCE CORPORATION OF INDIA | 74,70,074 | 1.66 | Increase | 10/02/2017 | 1,41,500 | 74,70,074 76,11,574 | 1.66 1.69 |
| 4. | DAMODAR PRASAD AGARWAL | 62,78,654 | 1.40 | Increase | 13/05/2016 | 10,000 | 62,78,654 | 1.40 |
| | | | | Increase | 20/05/2016 | 30,000 | 63,18,654 | 1.40 |
| | | | | Increase | 10/06/2016 | 30,000 | 63,48,654 | 1.41 |
| | | | | Increase | 17/06/2016 | 20,000 | 63,68,654 | 1.42 |
| | | | | Increase | 05/08/2016 | 60,000 | 64,28,654 | 1.43 |
| | | | | Increase | 12/08/2016 | 20,000 | 64,48,654 | 1.43 |
| | | | | Increase | 19/08/2016 | 10,000 | 64,58,654 | 1.44 |
| | | | | Increase | 28/10/2016 | 1,00,000 | 65,58,654 | 1.46 |
| | | | | Increase | 13/01/2017 | 3,196 | 65,61,850 | 1.46 |
| | | | | Increase | 20/01/2017 | 10,000 | 65,71,850 | 1.46 |
| | | | | Increase | 27/01/2017 | 70,000 | 66,41,850 | 1.48 |
| | | | | Transfer | 24/02/2017 | (2,00,000) | 64,41,850 | 1.43 |
| | | | | Increase | 03/03/2017 | 50,000 | 64,91,850 | 1.44 |
| | | | | Increase | 10/03/2017 | 50,000 | 65,41,850 | 1.45 |
| | | | | Increase | 24/03/2017 | 34,639 | 65,76,489 | 1.46 |
| 5. | UNITED INDIA INSURANCE COMPANY LIMITED | 41,56,275 | 0.92 | | | | 41,56,275 | 0.92 |



| S. No. | Top Ten Shareholders | Shareholding at the beginning of the year | | Date wise Increase/Decrease in shareholding during the year (specifying reasons) | | | Cumulative Shareholding during/ end of the year | |
|--------|---|---|----------------------------------|--|--------------------------------|------------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Reason | Date of change in shareholding | Increase/Decrease in no. of shares | No. of shares | % of total shares of the Company |
| 6. | GENERAL INSURANCE CORPORATION OF INDIA | 35,66,869 | 0.79 | | | | 35,66,869 | 0.79 |
| 7. | THE NEW INDIA ASSURANCE COMPANY LIMITED | 30,41,425 | 0.68 | | | | 30,41,425 | 0.68 |
| 8. | BAYSWATER ENTERPRISES LIMITED | 29,04,000 | 0.65 | | | | 29,04,000 | 0.65 |
| 9. | NATIONAL INSURANCE COMPANY LIMITED | 19,29,500 | 0.43 | | | | 19,29,500 | 0.43 |
| 10. | STRESSED ASSETS STABILIZATION FUND | 2,50,000 | 0.06 | Transfer | 13/05/2016 | (22,000) | 2,50,000 | 0.06 |
| | | | | Increase | 16/09/2016 | 13,72,920 | 16,00,920 | 0.36 |
| 11. | G L INDIA MAURITIUS III LTD. | 2,88,97,500 | 6.42 | Transfer | 30/11/2016 | (2,88,97,500) | 0 | 0.00 |

v) Shareholding of Directors and Key Managerial Personnel:

| S. No. | Director's & KMP's | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | MR. SUSHIL SURI Chairman & Managing Director At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year) | 55,01,510 – 55,01,510 | 1.22 – 1.22 | 55,01,510 – 55,01,510 | 1.22 – 1.22 |
| 2. | DR. A. K. SINHA Whole-time Director At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year) | 100 – 100 | 0.00 – 0.00 | 100 – 100 | 0.00 – 0.00 |
| 3. | MR. MANOJ JOSHI Independent Director At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year) | – – – | – – – | – – – | – – – |

| S. No. | Director's & KMP's | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 4. | MR. SUKHCHARAN SINGH Independent Director At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year) | — — — | — — — | — — — | — — — |
| 5. | MR. B. R. WADHWA Independent Director At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year) | — — — | — — — | — — — | — — — |
| 6. | MS. ANJU SURI Director At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year) | 51,86,369 — 51,86,369 | 1.15 — 1.15 | 51,86,369 — 51,86,369 | 1.15 — 1.15 |
| 7. | MR. AJAY SHARMA Chief Financial Officer At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year) | — — — | — — — | — — — | — — — |
| 8. | MR. THOMAS P. JOSHUA Company Secretary At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year) | — — — | — — — | — — — | — — — |



V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. in Lakhs)

| Particulars | Secured Loans (excluding deposits) | Unsecured Loans | Deposits | Total Indebtedness |
|--|--|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| (i) Principal Amount | 6,661.32 | — | — | 6,661.32 |
| (ii) Interest due but not paid | 200.57 | — | — | 200.57 |
| (iii) Interest accrued but not due | — | — | — | — |
| Total (i + ii + iii) | 6,861.89 | — | — | 6,861.89 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 750.18 | — | — | 750.18 |
| * Reduction | 2,657.82 | — | — | 2657.82 |
| Net Change | (1,907.64) | — | — | (1,907.64) |
| Indebtedness at the end of the financial year | | | | |
| (i) Principal Amount | 4,832.41 | — | — | 4,832.41 |
| (ii) Interest due but not paid | 121.84 | — | — | 121.84 |
| (iii) Interest accrued but not due | — | — | — | — |
| Total (i + ii + iii) | 4,954.25 | — | — | 4,954.25 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lakhs)

| S. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | Total Amount |
|--------|--|--|---|--------------|
| | | Mr. Sushil Suri Chairman & Managing Director | Dr. A. K. Sinha Whole-time Director | |
| 1. | Gross salary | | | |
| | a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 44.95 | 21.05 | 66.00 |
| | b. Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | 11.71 | 3.95 | 15.66 |
| | c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | — | — | — |
| 2. | Stock Option | — | — | — |
| 3. | Sweat Equity | — | — | — |
| 4. | Commission | | | |
| | - as % of profit | — | — | — |
| | - others, specify | — | — | — |
| 5. | Others, please specify | — | — | — |
| | Total (A) | 56.66 | 25.00 | 81.66 |
| | Ceiling as per the Act | 119.29 | 119.29 | 238.58 |

B. Remuneration to other Directors:

(Rs. in Lakhs)

| S. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|--------|--|-------------------|----------------------|------------------|----------------|-------------------------|--------------|
| | | Mr. Manoj Joshi | Mr. Sukhcharan Singh | Mr. B. R. Wadhwa | Ms. Anju Suri* | Ms. Archana S. Bharagva | |
| 1. | Independent Directors | | | | | | |
| | • Fee for attending board committee meetings | 0.95 | 0.85 | 0.75 | – | – | 2.55 |
| | • Commission | – | – | – | – | – | – |
| | • Others, please specify | – | – | – | – | – | – |
| | Total (1) | 0.95 | 0.85 | 0.75 | – | – | 2.55 |
| 2. | Other Non-Executive Directors | | | | | | |
| | • Fee for attending board committee meetings | – | – | – | – | 0.10 | 0.10 |
| | • Commission | – | – | – | – | – | – |
| | • Others, please specify | – | – | – | – | – | – |
| | Total (2) | – | – | – | – | 0.10 | 0.10 |
| | Total (B)=(1 + 2) | 0.95 | 0.85 | 0.75 | – | 0.10 | 2.65 |
| | Total Managerial Remuneration (A + B) | | | | | | 84.31 |
| | Overall Ceiling as per the Act | | | | | | 262.44 |

*Ms. Anju Suri, being a Non-Executive Non-Independent Director of the Company, is not paid any remuneration.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Rs. in Lakhs)

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|--------|---|--|---|--------------|
| | | Mr. Ajay Sharma Chief Financial Officer | Mr. Thomas P. Joshua Company Secretary | |
| 1. | Gross salary | | | |
| | Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 69.22 | 15.58 | 84.80 |
| | Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | 3.00 | – | 3.00 |
| | Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | – | – | – |
| 2. | Stock Option | – | – | – |
| 3. | Sweat Equity | – | – | – |
| 4. | Commission | | | |
| | - as % of profit | – | – | – |
| | - others, specify | – | – | – |
| 5. | Others, please specify | – | – | – |
| | Total | 72.22 | 15.58 | 87.80 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for the year ended March 31, 2017.

For and on behalf of Board of Directors

Place: New Delhi
Date: June 12, 2017

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028



ANNEXURE 'H'

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Information under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of Directors' Report for the year ended March 31, 2017]

A. CONSERVATION OF ENERGY

1) Energy Conservation measures taken:

- Replacement of reciprocating machines with Screw machines in Utility Plant.
- All Street lights (Mercury Bulbs) replaced with LED lights.
- Installation of Automatic voltage controller in Transformer.
- Corrugated heat exchanger to reduce solvent consumption.
- Structured Distillation column along with packing in SRP.
- Installation of cooling water with raw water resulting in saving of ETP load and energy conservation.

2) Impact of measures taken:

- Reduction in power consumption by 4% as against previous financial year (against/kg of productivity).
- Reduction in fuel consumption by 3%.
- Reduction in our overall energy bill, power & fuel by around 5% (against/kg of productivity).
- Reduction in solvent consumption by around 4%.
- Reduction in time cycle by around 16%.

3) Steps taken for utilizing alternate source of energy:

- The feasibility study for utilising solar energy, as an alternate source of power, at plant locations is under consideration.
- Plan for replacement of all reciprocating machine with screw compressor is under review.

4) Capital investment on energy conservation equipment:

Capital investment on energy conservation equipment made during the year is Rs. 154 Lakhs.

B. TECHNOLOGY ABSORPTION (R&D)

1) Efforts made towards technology absorption:

With a view to upgrade its processes, the Company has been implementing innovative processes for the manufacture of all of its API's as well as formulations. Research and Development (R&D) activities continue to be the strong support for profitable growth of business of the Company.

Efforts & resources put in R&D's have yielded the desired results in developing robust and safe formulations at affordable cost, development of newer cost effective processes for synthesis of API and improving processes for existing APIs and formulation products. The key areas and efforts made towards development/ improvements of Technologies of various APIs, are as under:

- Commercialization of Saxagliptin Hydrochloride in anti-diabetic category.
- Commercialization of Linagliptin in Anti-diabetic category.
- Development of Empagliflozin in Anti-diabetic category.
- Development & Scale up of blockbuster molecule Esomeprazole Magnesium dihydrate in Proton pump inhibitors / Anti-ulcer category.
- Development of Canagliflozin Hemihydrate in new 'gliflozin' series of Anti-diabetic category.
- New products Aprepitant & Fosaprepitant in Antiemetic category, Alogliptin & Vildagliptin in Anti-diabetic category, Ivabradine in Anti-anginal, Selexipag in Pulmonary Arterial Hypertension, Lesinurad in Uric Acid control & Fingolimod in Multiple Sclerosis, are also considered for development.
- Commercialization of Fexofenadine for Japan market.
- Commercialization of Sitagliptin, Saxagliptin & Rosuvastatin for Iran & Middle East market.
- COS approval of Rosuvastatin calcium & Fexofenadine Hydrochloride.
- Development of new dosage forms in different therapeutic categories for domestic market, for in-house marketing as well as for contract manufacturing.
- Development and launch of following products in cardiovascular therapeutic category:
 - Launch of oxygen enhancer tablets by using Hawthorn berry and Citrulline under the brand names – Neomust, Neomust Forte & Pregamust.
 - Launch of Vitamin D3 Drops for kids under the brand name D-Annum Drops.
 - Launch of Loratadine with Ambroxol and Guaiphenesin Syrup under brand name Claridin AM.

- Products developed to be launched under different therapeutic categories:
 - Terbinafine Tablets
 - Itraconazole Capsules
 - Fluoxetine Capsules
 - Gabapentine Capsules
 - Diacerein Capsules
 - Tranexamic Acid Tablets
 - Tranexamic Acid + Mefenamic Acid Tablets
 - Desloratadine Tablets
 - Montelukast & Fexofenadine Tablets
 - Vitamin D3 single dose liquid
- Development under progress :
 - Sitagliptin Tablets and Sitagliptin with Metformin HCl Tablets (*For export market, in the countries where patent does not exist*)
 - DHA with Calcium Tablets

2) Benefits derived as a result of Research and Development (R&D) activities:

The Research and Development activities undertaken by the Company have helped it in improving its processes and build new product pipeline both in API and formulation segments. Benefits derived as a result of the above efforts including product improvement, cost reduction, new product development, import substitution etc. are detailed hereunder:

- Patent Filing titled "An Improved Process for the synthesis of Highly pure Linagliptin along with New Polymorph & Novel processes for preparation of various polymorphs of Linagliptin".
- Patent Filing titled "Improved processes of Candesartan Cilexetil for the control as well as removal of critical impurities".
- Patent Filing titled "Novel processes for preparation of Anhydrous Crystalline Sitagliptin Phosphate".
- Patent Filing titled "New Polymorphic form of Canagliflozin & Novel processes thereof".
- Patent Filing titled "Novel Processes for Preparation of Crystalline Empagliflozin".
- Patent Filing titled "Novel processes for the preparation of Crystalline Dapagliflozin Propanediol Monohydrate".
- Yield improvement and reduction in the input quantities of raw material resulting in cost reduction and economization.
- Process/Quality improvements and product upgradation as per customer requirements.
- Cram business is being focused on major customers with high value products giving better gross margins.

- Cost improvement in different formulations by altering the excipient without affecting the quality parameters.

3) Future plan of action:

The Company continues to carry on various R&D initiatives and is regularly upgrading its capabilities to stay ahead of the demanding market requirements. The R&D work is focused on:

- New high value drugs like Aprepitant & Fosaprepitant in Antiemetic category, Alogliptin & Vildagliptin in Anti-diabetic category, Ivabradine in Anti-anginal category, Selexipag in Pulmonary Arterial Hypertension category, Lesinurad in Uric Acid control category & Fingolimod in Multiple Sclerosis category are being considered for development.
- Selexipag & Lesinurad are being specially focused upon to meet specific requirements of specific markets.
- Commercialization of Esomeprazole Magnesium Dihydrate/ Trihydrate is planned due to its high demand.
- Technology Transfer and Scale up of high value Anti-diabetic drugs Empagliflozin & Canagliflozin, Anti-ulcer drug Esomeprazole Magnesium Dihydrate/ Trihydrate are planned.
- USDMF / COS filing for Amorphous Rosuvastatin Calcium, Sitagliptin Phosphate, Olmesartan Medoxomil & Candesartan Cilexetil, also planned.
- Greater focus on innovative, commercially viable process know-how for both API and dosage forms.
- Greater focus on the expansion of intellectual property on all the work carried out in R&D.
- To focus on in-house API formulations and also on export markets.

4) Imported Technology (imported during last 3 years reckoned from beginning of the financial year)

None.

5) Expenditure incurred on Research and Development (R&D)

The Company has incurred a total expenditure of Rs. 41.40 Lakhs, in comparison to expenditure of 46.41 Lakhs in the previous year (including capital and revenue expenses), towards Research and Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on earnings and outgo of foreign exchange is given in notes to Financial Statements under note no. 29.

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: June 12, 2017



ANNEXURE 'I'

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL PHARMACEUTICAL SCENARIO

The Global pharma companies continue to deal with the ramifications of patent expiries and payers' cost control efforts, and are banking on the growing acceptance of innovative orphan drugs and ongoing industry consolidation to drive sales growth for the next several years. Sales are expected to improve over next 3-4 years period, growing at an average of 4.4% annually to total a projected USD 1.2 trillion in 2020.

Global health care expenditures are projected to reach USD 8.7 trillion by 2020, driven by improving treatments in therapeutic areas (TA) coupled with rising labor costs and increased life expectancy. Health care spending as a percentage of Gross Domestic Product (GDP) should also rise slightly, from present 10.4% to 10.5% in 2020. Government health care expenditures as a percentage of GDP are projected to rise more quickly in low-income countries than other income groups.

Increased pharma spending is projected across all regions: North America and Asia & Australasia, with 46% and 23.4% shares, respectively, dominate current and projected global pharmaceutical spending. Asia continues to surpass Western Europe in terms of projected global pharma spending. Russia and Latin America's pharma markets are expected to be lifted by the anticipated recovery of their economies by 2017.

Growth in specialty medicines used in hepatitis and oncology, the ability to detect diseases and diagnose patients earlier, the slower-than-anticipated roll-out of biosimilars, and possible expansions of certain government health programs are some of the factors driving the North America region's pharma sales growth.

The Latin America region's pharma spending, at a projected 6.3% compound annual growth rate (CAGR), is anticipated to improve through 2020; however, economic pressures, currency decline, focus on generics, and restrictions on pharma imports may offset growth.

India and Indonesia are the Asia & Australasia region's fastest-growing countries in pharma sales from 2016 to 2020, at 13% and 11% CAGR, respectively, due to the rising incidence of chronic diseases and increasing demand from

the growing middle class for more advanced medicines. China, meanwhile, is projected to sustain an above-average CAGR of 5.8% through 2020.

Life expectancy is projected to increase by one year by 2020, which will increase the aging population (over 65 years old) by 8% from 559 million in 2015 to 604 million in 2020.

Chronic diseases are on the rise, assisted by rapid urbanization, sedentary lifestyles, changing diets, and rising obesity levels. By 2020, 50% of global health care expenditures—about USD 4 trillion—will be spent on three leading causes of death: Cardiovascular diseases, Cancer and Respiratory diseases.

China and India have the largest number of diabetes sufferers in the world, at around 110 million and 69 million, respectively. Globally, the number is expected to rise from the current 415 million to 642 million by 2040.

From 2015 to 2050, the prevalence of dementia has been forecasted to increase in every region of the world. From present count of around 48 million people worldwide, number is anticipated to double every 20 years, reaching 74.7 million in 2030 and 131.5 million in 2050.

Communicable diseases are an ongoing threat. HIV-AIDS continues to affect 36.9 million people worldwide, with around 70% of them living in Sub-Sahara Africa. The Zika virus and associated upsurge in microcephaly are major threats in Latin America.

The generic prescription drug market continues to thrive due to pro-generic policies in several regions, including Western Europe. Generic prescription drug sales having reached USD 79 billion, is expected to grow to USD 112 billion by 2020. The high-volume/low-margin generics market is generally fragmented among the top 20 companies. Analysts expect that the lower price advantage associated with generic drugs may be partially offset by increasing industry consolidation.

Similar to generics' impact on branded pharmaceuticals, biosimilars threaten to steal market share from more costly biotech drugs. Since the first biosimilar approval in the European Union (EU) in 2006, there are now more than 700 biosimilars approved or in the pipeline globally. Analysts expect the biosimilars market to reach USD 25 billion-USD 35

billion by 2020. Most biosimilars manufacturers have been and remain focused on developed markets—whether it is for their historic and current opportunities (EU) or for their future market potential (United States, Japan). However, a considerable opportunity for long-term growth exists in emerging markets, where biosimilars have little-to-no presence.

Global medical device and technology (medtech) market growth was stagnant (CAGR of 1.3%) from 2011-2015 due to the lasting impact of the 2009 recession, which resulted in lean financing from investors. However, it is projected to gain momentum and grow at a CAGR of 5.3% from 2016 to 2020, strengthened by government support for the use of diagnostics to improve clinical outcomes and patient affordability; the rising preference for minimally invasive procedures; dramatic advances in digital health applications; and endorsements for branded devices such as diagnostic imaging and accessories.

The global wholesale and distribution market is expected to see steady growth of 6.8% till 2019 due to increased demand for pharmaceutical products (led by the Americas region) as well as technology advances. Revenues are projected to increase from USD 752 billion to USD 1.04 trillion during the period. The U.S. market is expected to have a 37% share of the overall market by 2024.

DOMESTIC PHARMACEUTICAL MARKET

India enjoys an important position in the global pharmaceuticals industry. Indian pharmaceutical sector accounts for about 2.4% of the global pharmaceutical industry in value terms and 10% in volume terms with market size of USD 36.7 billion. The Indian pharma industry, expected to grow at a Compound Annual Growth Rate (CAGR) of around 16% till 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5% between the same periods. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size with market size of USD 55 billion.

With 71% market share, generic drugs form the largest segment of the Indian pharmaceutical sector. The country accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) and is the world's leader in Drug Master Files (DMFs) applications with the US. Indian drugs are exported to more than 200 countries in the world, with the US as the key market. India is the largest provider of generic medicines globally and expected to expand even

further in coming years. India accounts for 20% of global exports in generics having exported pharmaceutical products over USD 17 billion during the previous year, the number is expected to reach USD 40 billion by 2020.

India also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80% of the anti-retroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Active Pharmaceutical Ingredients (API)

API is the largest segment of the Indian pharmaceuticals sector and India has become the third largest global generic API merchant market by 2016, with a 7.2% market share. The Indian pharmaceutical industry accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) and is the world's leader in Drug Master Files (DMFs) applications with the US.

Contract Research and Manufacturing Services (CRAMS)

CRAMS is a fragmented market with more than 1,000 players. CRAMS industry is estimated to reach USD 18 billion in 2018 and expected to witness a strong growth at a CAGR of 18-20% till 2018.

Formulations

India is the largest exporter of formulations in terms of volume, with 14% market share and 12th in terms of export value. Domestic market size currently valued at USD11.2 billion. Formulations are expected to generate double-digit growth over the next five years.

Biosimilars

Biosimilars sector is expected to touch USD1.4 billion by 2016 and is expected to grow annually at a rate of 30% in India. The domestic market is expected to reach USD 40 billion by 2030.

MOREPEN'S STRATEGY

Active Pharmaceutical Ingredients (API)

Your Company, by working over the years on various classes of advanced drugs & their intermediates like Anti-hypertensive, Anti-histaminic, Anti-asthmatic & Anti-diabetic has cemented its enviable position both in export as well as domestic markets. Unique sartans like Candesartan Cilexetil and Olmesartan Medoxomil has already been commercialized. The DMF filing of both Olmesartan Medoxomil & Candesartan Cilexetil is slated during the



current calendar year. To add more to its anti-diabetic product portfolio, it has also developed and commercialized latest anti-diabetic drug such as Linagliptin. The Company has also developed Anhydrous Sitagliptin Phosphate for some of the markets. Also another new product in gliflozin series, Dapagliflozin Propanediol Monohydrate, developed successfully, is ready for the commercialization. New molecules of this series i.e. Canagliflozin Hemihydrate and Empagliflozin are in advanced stage of R&D development. The new product additions in aforesaid new categories are expected to bring fresh business to the Company.

Your Company has also developed blockbuster Proton pump inhibitor drug Esomeprazole Magnesium Dihydrate as well as its trihydrate. Apart from above, development of other new complex molecules like 'Fingolimod' of Multiple Sclerosis series, 'Aprepitant & Fosaprepitant' of Anti-emetic series, Selexipag for Pulmonary Arterial Hypertension, Lesinurad for control of Uric Acid formation in gout patients, Vildagliptin and Alogliptin Benzoate for Diabetes, are also being considered for development.

Morepen is one of the leading players in commercial production of Atorvastatin calcium. It has already developed various polymorphic forms of major Anti-cholesterol drugs Rosuvastatin Calcium including filing of its patent along with commercial production. On the strength of its strong technical parameters, the Company has achieved leadership position, of being one of the largest producer/ supplier of block buster drugs i.e. Anti-asthmatic drug Montelukast Sodium and Anti-histaminic drug Loratadine. During the year, the Company got COS approval for Fexofenadine Hydrochloride as well as Anti-cholesterol drug Rosuvastatin Calcium. The COS as well as USDMF filing for another block buster drug Sitagliptin Phosphate is also being planned.

Besides this, continuous improvements are underway for all the existing molecules/ product portfolio both with a view to be cost effective as well as to be at par with stringent quality standard of today's competitive markets. Over last few years, the Company has been successful in exploiting the huge potential offered by Middle East markets of Iran, Egypt and Turkey. It has exported huge volumes of Sitagliptin, Rosuvastatin, Saxagliptin and Montelukast to these countries. The Company is focusing on development of new markets for the recently developed molecules like Canagliflozin, Dapagliflozin, Empagliflozin and Linagliptin presently catering to Middle East markets only.

In the area of technological advancement, the Company has filed six new patent applications, for its invention of novel polymorphic form of Canagliflozin Hemihydrate, Linagliptin and novel processes for preparation of Crystalline Dapagliflozin Propanediol, Canagliflozin Hemihydrate and Empagliflozin. The other two patent application covers preparation of Anyhydrous Sitagliptin Phosphate & improved processes of preparation of highly pure Candesartan Cilexetil.

Formulations and Home Health Diagnostics

Your Company is committed towards expansion of its Home Diagnostics and Formulation products across all the domestic territories. The Company has achieved new heights by recording remarkable growth in Diabetic market. Blood Pressure monitor, which is the second highest grossing product, has also shown handsome growth leading to overall growth of the Home Diagnostics portfolio.

Your Company has been consistently working on increasing its market share by introducing new product lines in both Home Diagnostics and Formulation business. The strategic focus is on leveraging brand image and increase product penetration amongst customers. Apart from enlarging its product portfolio, it continues to focus on products, on which it has carved a niche for itself in the market. As a result, the Company has started manufacturing some of these products, including glucometers in its Baddi plant from the current year.

The Company, on account of its established brand name and trust enjoyed with its customers, is slated to record growth and improvement in business and financial performance in the coming years.

Brand Sharing and Product Contract Manufacturing (PCM)

Your Company has always focused on providing quality formulations at most competitive prices to the consumers so that its product offerings remain within the reach and capacity of a common man.

Over the last three years, focus has been on promotion of nutrition brands apart from delivering products in Gynecology, Pediatrics and several other segments like Neuro & Cardio. Product basket comprises important brands like Rythmix Mom, Rythmix Kid, Kompact, Neomust, Pregamust, and Nitro-kuf.

Morepen mission is to improve the quality of life and it

continues to be recognized as a reliable provider of healthcare products.

To capture the latest growing therapies of Cardiology & Diabetics in the domestic markets, Morepen has been focusing on 'Cardia' business. Now products like Nitro-kuf will strengthen cardia portfolio, which has complete range of cardiac and diabetic products.

We are building scale in our branded formulation business by widening the product basket, optimizing our product mix in line with market dynamics with special focus on nutrition for all age groups.

OPPORTUNITIES AHEAD

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value. India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of global exports in terms of volume. The Indian pharmaceutical market size is expected to grow to USD55 billion by 2020 & USD 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

The Indian pharmaceutical industry benefits from the advantages of low cost of production and R&D - with cost of production being approximately 60% lower than that of the US and almost half of that of Europe. It accounts for accounts for over 10% of the global pharmaceutical production.

The Government of India has unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Some of the major initiatives proposed by the government to promote the pharmaceutical sector in India includes setting up of mini drug-testing laboratories across major ports and airports in the country and providing incentives to bulk drug manufacturers, to encourage 'Make in India' programme and reduce dependence on imports of Active Pharmaceutical Ingredients (API). Indian Pharmaceutical Association (IPA) plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers. India is expected to rank among the top five global pharmaceutical innovation hubs by 2020.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-

cancers that are on the rise. Increase in the size of middle class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

OUTLOOK ON THREATS, RISKS AND CONCERNS

The environment in which pharmaceutical companies operate is increasingly challenging, being driven by a more and more demanding healthcare agenda. The global need for innovative, cost effective medicines continues to rise whilst regulators, payers, health care providers and patients are demanding greater value for money, proven effectiveness of products, more transparency and access to information.

The Pharmaceutical sector operates in one of the world's most regulated environments. The organizations will need to deal with a highly complex, changing set of global, regional, country, and industry-specific laws and directives that span a drug or device's developmental and commercial life-cycle.

The challenges faced by pharmaceutical industry include R&D (research and development) failures, changes in regulatory aspects, litigation, patent expiries, and foreign currency movements. However, the major challenge is the drug pricing, which has been a major global debate. A higher incidence of lifestyle-related diseases is further fueling governments' healthcare expenditure. The governments across the world are trying to curb these healthcare costs either by drug price revisions, asking for higher discounts and rebates to the manufacturers, or by promoting generic drugs. In India price controls have expanded significantly with the implementation of the Drug Price Control Order, 2013 (DPCO 2013) and their scope was further increased following the latest update of the NLEM in September, 2016. But with the launch of innovative drugs, pharmaceutical companies can bring in sales growth.

FIXED ASSETS

Fixed Assets of the Company are generally well maintained and are in good condition.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company's internal systems are adequate and commensurate with the size of operations. These controls ensure that transactions are authorized, recorded and reported on time. They ensure that assets are safe guarded and protected against loss or unauthorized disposal.

The Internal Audit department carried out audits in different areas of your Company's operations. Post-audit reviews were carried out to ensure that audit recommendations were implemented. Discrepancies and weaknesses, if any, found at various levels are timely and suitably addressed with a view to efficiently manage the Company's valuable resources.

HUMAN RESOURCES

Your Company believes in fair practices and equal opportunity to employees across all levels. The Company is judicious in rewarding its efficient workforce and values the importance of Human Capital. It has strong belief in collective efforts of all the team members. Its traditions of fair play, equal opportunity and value chain enhancement are alive and progressing. The inter-personal relationship amongst workers, staff and officers has always been pleasant and of peaceful co-existence.

Your Company had been consistent in its efforts to retain experienced and talented manpower. The employees have shown their faith in the Company by staying with it over the years and are instrumental in the smooth running of the Company. As on March 31, 2017 there were 1,085 permanent employees on the rolls of the Company.

CAUTIONARY STATEMENT

Market data and other information contained herein have been based on the statistics gathered from various published and unpublished sources and the Company does not take any assurance about their authenticity. The Company Management reserves the right to revisit any of the analytical statements to decide the best course of action for the maximization of Shareholders' value in addition to meeting social and corporate obligations.

Certain statements contained in the Management Discussions and Analysis Report pertaining to Company's objectives, strategies, estimates, expectations or predictions, future plans and projections may be forward looking statements within the meaning of applicable laws and regulations and have been made in good faith. The actual results may be affected by many factors that may be different from what is envisaged in terms of future performance and outlook presented above.

For and on behalf of Board of Directors

Place: New Delhi
Date: June 12, 2017

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forming part of the Directors' Report for the year ended March 31, 2017]

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good corporate governance leads to long-term stakeholder value and enhances interests of all stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and stakeholder value.

The governance philosophy of Morepen Laboratories Limited (Morepen) is based on strong foundations of ethical values and professionalism which over the past 32 years of the Company's existence has become a part of its culture. Your Company strongly believes in adopting and adhering to the best corporate governance practices and bench-marking itself against the industry's best practices. Corporate governance followed by your Company encompasses a set of systems, policies and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions. It ensures greater transparency and timely reporting of the affairs of the Company to its stakeholders. Your Company conducts its affairs in compliance with the principles of corporate governance prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and in the process strives to adopt various legal and regulatory measures with the ultimate objective of creating and maximizing stakeholders' wealth.

2. BOARD OF DIRECTORS

Composition of the Board as on March 31, 2017

The composition of Board is in conformity with Regulation 17 of the Listing Regulations and provisions of the Companies Act, 2013 (Act) as amended from time to time. The Board has optimum combination of Executive and Non-Executive Directors with one Woman Director, the Chairman being an Executive Director, not less than fifty percent of the Board of Directors comprises of Non-Executive Independent Directors. The Board consists of six (6) Directors including two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non - Executive Director.

Your Directors have rich and diversified experience in the fields of managerial entrepreneurship, management, administration, pharmaceuticals, banking, finance and taxation.

The Company has received necessary declaration from each Independent Director as per the provisions of Section 149(7) of the Act that he/she meets the criteria of independence laid down in Section 149(6) of the Act. There are no inter-se relationships between the Directors of the Company.

Pursuant to the provisions of Section 149, 152, 161 and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the Listing Regulations, as amended or re-enacted from time to time, the Company has appointed Ms. Anju Suri (DIN: 00042033) as a Non-Executive Director (Additional Director) in compliance with the statutory requirement of appointment of a Woman Director on the Board. The aforesaid appointment was the result of vacancy caused by Ms. Archana S. Bhargava (DIN: 02505308) ceasing to be a Director of the Company.



Composition of Board of Directors of the Company is as follows:

| S. No. | Name of Director | Category | Shareholding as on March 31, 2017 | No. of Directorships / Committee Memberships/ Chairmanships (including Morepen) as on March 31, 2017 | | | |
|--------|----------------------|---|-----------------------------------|--|------------------------------------|----------------------|------------------------|
| | | | | Directorships in Public Companies | Directorships in Private Companies | Committee Membership | Committee Chairmanship |
| 1. | Mr. Sushil Suri | Chairman & Managing Director- Promoter & Executive Director | 55,01,510 | 2 | 10 | 1 | Nil |
| 2. | Mr. Manoj Joshi | Independent Non-Executive Director | Nil | 1 | 1 | 2 | 2 |
| 3. | Mr. Sukhcharan Singh | Independent Non-Executive Director | Nil | 2 | Nil | 3 | Nil |
| 4. | Mr. B. R. Wadhwa | Independent Non-Executive Director | Nil | 2 | 1 | 2 | Nil |
| 5. | Dr. A. K. Sinha | Whole-time Director- Executive Director | 100 | 1 | Nil | Nil | Nil |
| 6. | Ms. Anju Suri* | Non-Executive Director | 51,86,369 | 3 | 5 | Nil | Nil |

*Appointed as Director w.e.f. November 9, 2016

Note:

- The Chairman of the Board is an Executive Director.
- The directorships held by Directors as mentioned above does not include directorships of foreign companies and companies registered under Section 8 of the Act.
- In accordance with Regulation 26 of the Listing Regulations, memberships/chairmanships of only the Audit Committee and Stakeholders Relationship Committee of all public limited companies have been considered.

Number of Board Meetings and attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM)

The Board meets at least four times a year to review the quarterly results and other items of the agenda and if necessary additional meetings are held. The gap between two Board meetings does not exceed one hundred and twenty days. Board meeting dates are finalised in consultation with the Directors and Notice of the meetings alongwith detailed agenda and other background notes or information, which is essential for the Board to effectively and reasonably perform their duties and functions, are circulated well in advance thereby enabling the Board to take informed decisions.

During the financial year under review, five Board meetings were held i.e. on May 10, 2016, August 09, 2016, September 17, 2016, November 09, 2016 and February 08, 2017.

The detail of number of Board meetings and attendance of each Director at the Board meetings and the last Annual General Meeting (AGM) held on September 23, 2016 is given below:

| Name | No. of Board meetings held during the tenure | No. of Board meetings attended | Attendance at last AGM |
|--------------------------|--|--------------------------------|------------------------|
| Mr. Sushil Suri | 5 | 5 | Yes |
| Mr. Manoj Joshi | 5 | 5 | Yes |
| Mr. Sukhcharan Singh | 5 | 5 | No |
| Mr. B. R. Wadhwa | 5 | 5 | No |
| Dr. A. K. Sinha | 5 | 1 | Yes |
| Ms. Archana S. Bhargava* | 3 | 2 | No |
| Ms. Anju Suri# | 2 | 2 | N.A. |

*Ms. Archana S. Bhargava ceased to be Director w.e.f. September 23, 2016.

#Ms. Anju Suri was appointed as Director w.e.f. November 09, 2016 i.e. after the 31st AGM.

Independent Directors Meeting

During the year under review, a separate meeting of the Independent Directors of the Company was held on February 08, 2017, without the presence of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of

the Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and timelines of flow of information between the Company management and the Board. All the Independent Directors of the Company were present in the meeting.

Familiarisation Programme for Independent Directors

The Company has put in place a system to familiarise the Independent Directors about the Company, its products, business and the on-going events relating to the Company. The details of such familiarisation programme for Independent Directors have been posted on the website of the Company and can be accessed at: <http://www.morepen.com/pdf/Familiarisation-Programme-for-Independent-Directors.pdf>

Evaluation of Board's Performance

Pursuant to the provisions of the Act and Listing Regulations, the annual performance evaluation of the Board and its Committees was carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues, etc. A separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, etc.

The evaluation of Directors was carried out by the entire Board, excluding the Director being evaluated. The Directors were satisfied with the evaluation process, which reflected the overall engagement of the Board and its Committees with the Company.

3. AUDIT COMMITTEE

The Company has an Audit Committee, as per the requirements of Regulation 18 of the Listing Regulations and Section 177 of the Act. The terms of reference of the Audit Committee includes the matters specified under Regulation 18 and Part C of Schedule II of the Listing Regulations and Section 177 of the Act, as amended from time to time and other matters referred by Board. The Audit Committee oversees the work carried out in the financial reporting process by the Management, the Internal Auditors and Independent Auditors.

Composition of the Committee:

The Audit Committee comprises of Mr. Manoj Joshi, as the Chairman while Mr. B.R. Wadhwa and Mr. Sukhcharan Singh are the other members of the Committee. All the members of the Committee are Non-Executive Independent Directors and are financially literate, i.e. have the ability to read and understand financial statements. One member of the Audit Committee possesses accounting or related financial management expertise. The Chief Financial Officer, Statutory Auditors and Internal Auditors are the invitees to the meeting. The Company Secretary of the Company acts as the Secretary to the Committee.

Meetings and attendance during the year:

During the period under review, four meetings were held i.e. on May 10, 2016, August 09, 2016, November 09, 2016 and February 08, 2017. The attendance of members was as follows:

| S. No. | Name | Designation | Category | No. of meetings held during the tenure | Attendance |
|--------|----------------------|-------------|------------------------------------|--|------------|
| 1. | Mr. Manoj Joshi | Chairman | Non-Executive Independent Director | 4 | 4 |
| 2. | Mr. Sukhcharan Singh | Member | Non-Executive Independent Director | 4 | 4 |
| 3. | Mr. B. R. Wadhwa | Member | Non-Executive Independent Director | 4 | 4 |

As per Regulation 18(1) of the Listing Regulations, Section 177 of the Act and the Secretarial Standards, Mr. Manoj Joshi, the Chairman of the Committee was present at the last AGM of the Company to answer shareholder's queries.

4. NOMINATION AND REMUNERATION COMMITTEE

The Company has a duly constituted Nomination & Remuneration Committee. The Committee's constitution and terms of reference are in compliance with the provisions of Regulation 19 and Part D of Schedule II of the Listing Regulations and Section 178 of Companies Act, 2013, as amended from time to time and other matters referred by the Board. The primary role of the Nomination & Remuneration Committee includes the formulation of the criteria for determining qualifications, positive attributes and independence of a Director, formulation of criteria for evaluation of performance of Directors, devising a policy on diversity of board and identifying persons who are qualified to become Directors.

Composition of the Committee:

The Nomination & Remuneration Committee comprises of Mr. Manoj Joshi, as the Chairman while Mr. B.R. Wadhwa and Mr. Sukhcharan Singh are the other members of the Committee. All the members of the Committee are Non-Executive Independent Directors. Further, no remuneration is paid to the Non-Executive Directors except sitting fees. The Company Secretary of the Company acts as the Secretary to the Committee.



Meetings and attendance during the year:

During the financial year under review, four meetings were held, i.e. on May 10, 2016, August 09, 2016, November 09, 2016 and February 08, 2017. The attendance of members was as follows:

| S. No. | Name | Designation | Category | No. of meetings held during the tenure | Attendance |
|--------|----------------------|-------------|------------------------------------|--|------------|
| 1. | Mr. Manoj Joshi | Chairman | Non-Executive Independent Director | 4 | 4 |
| 2. | Mr. Sukhcharan Singh | Member | Non-Executive Independent Director | 4 | 4 |
| 3. | Mr. B. R. Wadhwa | Member | Non-Executive Independent Director | 4 | 4 |

As per Regulation 19(3) of the Listing Regulations, Section 178(7) of the Act and the Secretarial Standards, Mr. Manoj Joshi, the Chairman of the Committee was present at the last AGM of the Company to answer shareholder's queries.

Performance evaluation of Directors and criteria for Independent Directors

The Nomination & Remuneration Committee carries out the evaluation of performance of individual Directors. Further, in accordance with Schedule IV to the Act and Regulation 17(10) of the Listing Regulations, performance evaluation of Independent Directors is done by the entire Board excluding the Director being evaluated.

5. REMUNERATION TO DIRECTORS

Remuneration Policy:

The Company has a well-defined Nomination and Remuneration Policy for Directors, Key Managerial Personnel (KMP) and other Employees of the Company as formulated by Nomination and Remuneration Committee, pursuant to provisions of Section 178 of the Act and Para A of Part D of Schedule II of the Listing Regulations, which lays down the criteria for determining, inter-alia, qualifications, positive attributes and independence of a Director and matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, including Non-Executive Directors, Key Managerial Personnel and other employees.

At present the Non-Executive Independent Directors are only paid sitting fees and Non-Executive Non-Independent Directors are not paid any remuneration. None of the Non-Executive Directors had any pecuniary relationship or transaction vis-a-vis the Company.

The detailed policy formulated by Nomination and Remuneration Committee is annexed to the Directors Report of the Company as ANNEXURE 'D'.

Details of remuneration disbursed to Executive and Non-Executive Directors, during the period under review are as under:

(Amount in Rs.)

| Name of Director | Salary | Perks | Commission | Sitting Fee | Total |
|-------------------------|-----------|-----------|------------|-------------|-----------|
| Mr. Sushil Suri | 44,95,008 | 11,70,814 | Nil | N.A. | 56,65,822 |
| Dr. A. K. Sinha | 21,04,568 | 3,95,000 | Nil | N.A. | 24,99,568 |
| Mr. Manoj Joshi | Nil | Nil | Nil | 95,000 | 95,000 |
| Mr. Sukhcharan Singh | Nil | Nil | Nil | 85,000 | 85,000 |
| Mr. B. R. Wadhwa | Nil | Nil | Nil | 75,000 | 75,000 |
| Ms. Archana S. Bhargava | Nil | Nil | Nil | 10,000 | 10,000 |
| Ms. Anju Suri | Nil | Nil | Nil | Nil | Nil |

Note:

- The Directors are not given any bonus, stock options, pension, etc.
- Notice period and other terms of appointment are as per the appointment letter, service contracts and resolution appointing the respective Directors.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company's Stakeholders Relationship Committee's constitution and terms of reference are in compliance with the provisions of Regulation 20 and Part D of Schedule II of Listing the Regulations and Section 178 of the Act, as amended from time to time and other matters referred by Board.

The Stakeholders Relationship Committee is headed by Mr. Manoj Joshi, Chairman of the Committee, who is a Non-Executive Director, while Mr. Sushil Suri and Mr. Sukhcharan Singh are its Members. Mr. Thomas P. Joshua, Company Secretary of the Company, has been designated as Compliance Officer of the Company and acts as the Secretary of the Committee.

The Committee specifically looks into the redressal of shareholders and investors complaints like transfer of shares, duplicate/split of shares, non-receipt of declared dividends etc., and ensures that share transfers are processed well within the stipulated time period.

The Company's Registrar and Transfer Agent 'MAS Services Limited' redresses the Investor Complaints with respect to shares, dividend, etc.

The Company received 13 shareholders'/investors' complaints during the year and all complaints have been resolved/answered to the satisfaction of the shareholders. No complaint remained un-attended/pending for more than 30 days. As on March 31, 2017, no investor complaints were outstanding/pending.

As per Section 178(7) of the Act read with Regulation 20 of the Listing Regulations and the Secretarial Standards, Mr. Manoj Joshi, the Chairman of the Committee was present at the last AGM of the Company to answer shareholder queries.

7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility (CSR) Committee of the Company was constituted by the Board on May 10, 2016 consequent to qualifying with the criteria specified in Section 135 (1) of the Act in the financial year 2016-17. The Committee's constitution and terms of reference are in compliance with the provisions of Section 135 of the Act and rules framed thereunder, as amended from time to time.

The Corporate Social Responsibility Committee comprises of Mr. Sushil Suri, Chairman of the Committee, while Mr. Manoj Joshi and Mr. B. R. Wadhwa are its Members. Mr. Thomas P. Joshua, Company Secretary of the Company, acts as the Secretary to the Committee.

The CSR Committee has formulated and recommended to the Board the CSR policy of the Company. It allocates the amount of expenditure to be incurred on CSR activities, as per the CSR Policy and Schedule VII of the Act and periodically monitors the implementation of CSR Policy and projects of the Company.

8. GENERAL BODY MEETINGS

The General Body Meetings of the Company were held in accordance with the requirements of erstwhile SEBI Listing Agreement and Companies Act, 2013.

Details of last three Annual General Meetings (AGMs) :

| Date & Time | Location | Special Resolution(s) Passed |
|---------------------------|--|--|
| 23.09.2016 at 10.30 a.m. | Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh | – |
| 18.09.2015 at 10.30 a.m. | Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh | Re-appointment of Chairman & Managing Director |
| 19.09.2014 at 10:30 a. m. | Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh | – |

Postal Ballot:

No Special Resolution was passed or required to be passed, during the period under review, through postal ballot. Further, no Special Resolution is proposed to be conducted through postal ballot.

Remote e-voting and ballot voting at the AGM:

To allow the members to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged National Securities Depository Limited (NSDL) to provide remote e-voting facility to all the members. Members whose names appear in the Register of Members as on the 'cut-off date' shall be eligible to participate in the e-voting. The Preference Shareholders, whose dividends on Preference Shares have remained unpaid for more than two years, are entitled to vote on all matters at the Annual General Meeting and the proportion of voting rights of Equity Shareholders to the voting rights of Preference Shareholders shall be in proportion to their paid up capital.

9. SUBSIDIARY MONITORING FRAMEWORK

All the Subsidiary Companies are Board managed, having the rights and obligations to manage the Company in the best interest of their stakeholders. The Company monitors the performance of such companies by reviewing the financial statements, minutes, etc.

The Company has one material non-listed Subsidiary Company, Dr. Morepen Limited. Pursuant to the requirements of Regulation 24 of the Listing Regulations and the Company's policy for determining 'material' subsidiaries, the Company has appointed one of its Independent Directors on the Board of the aforesaid material non-listed Subsidiary Company. The web link for the policy is <http://www.morepen.com/pdf/Policy-for-Determining-Material-subsiidiary.pdf>.

Brief details of Company's Subsidiary Companies as on March 31, 2017 is given below:

| S.No. | Name of the Subsidiary | Country in which operating |
|-------|------------------------|----------------------------|
| 1. | Dr. Morepen Limited | India |
| 2. | Total Care Limited | India |
| 3. | Morepen Inc. | USA |



10. MEANS OF COMMUNICATION

The Board of Directors approves and takes on record the Unaudited Quarterly Results and Audited Annual Results and forthwith sends the results to both Stock Exchanges, i.e. NSE and BSE, where the shares of the Company are listed. The same are published within 48 hours in various newspapers like 'Financial Express' (English) and 'Jansatta' (Hindi) having wide coverage, with a view that results are communicated to maximum number of stakeholders, and are also displayed on the website of the Company and the Stock Exchanges, where the equity shares of the Company are listed, as given below:

Morepen Laboratories Limited
National Stock Exchange
Bombay Stock Exchange

<http://www.morepen.com>
<http://www.nseindia.com>
<http://www.bseindia.com>

On the happening of any material event, an official news release is made to the Newspapers/Press, Stock Exchanges and the same is also displayed on the Company website and disseminated to Stock Exchanges.

In accordance with the provisions of the Act and Regulation 36 of the Listing Regulations, the Company sends Annual Reports and Notice of Annual General Meeting along with Proxy Form electronically/physically to its stakeholders. Management Discussion and Analysis Report of the Company forms part of this Annual Report.

11. GENERAL SHAREHOLDER INFORMATION

| | | | |
|---|--|---|--|
| a). Date, Time and Venue of Annual General Meeting (AGM) | Friday, September 22, 2017 at 10:30 a.m. at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh – 173 205 | | |
| b). Financial Year | April 01, 2016 to March 31, 2017 | | |
| c). Date of Book Closure/Dividend Payment | The dates of book closure will be from Saturday, September 16, 2017 to Friday, September 22, 2017 (both days inclusive) for AGM. The Board of Directors of the Company has not recommended dividend for the financial year ended March 31, 2017. | | |
| d). Stock Exchanges | National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 BSE Limited (BSE) Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Listing fees for the year 2017-18 has been duly paid to NSE & BSE. | | |
| e). Stock code | NSE Symbol MOREPENLAB ISIN No. INE083A01026 RIC Code Morl.ns | BSE Scrip Code 500288 ISIN No. INE083A01026 RIC Code Morl.ns | |
| f). Registrar to an Issue and Share Transfer Agents (RTA) | MAS Services Limited T-34, 2 nd Floor, Okhla Industrial Area, Ph.- II, New Delhi - 110 020 Tel. No.: 011 - 26387281/82/83; Fax. No.: 011 - 26387281 e-mail id: info@masserv.com ; website: www.masserv.com | | |
| g). Share Transfer System | Share Transfer System of the Company is computerized and M/s. MAS Services Limited is the Company's Registrar and Share Transfer Agent (RTA) for equity shares (kept in physical as well as electronic mode). The requests for share transfer, transmission, sub-division, consolidation, renewal, re-mat, duplicate etc. are processed and share certificates duly endorsed/issued are dispatched within the prescribed time period, subject to documents being valid and complete in all respects. The Company Secretary acts as the Compliance Officer of the Company, who oversees the process of share transfer/transmission, re-mat/de-mat, etc. on regular basis and reports to the Board of Directors/Stakeholders Relationship Committee of the Directors. In compliance with the Regulation 7(3) of the Listing Regulations the Company submits a compliance certificate duly signed by the Compliance Officer of the Company and the authorised representative of the Share Transfer Agent, within one month of each half of the financial year, stating that all activities in relation to both physical and electronic share transfer facility are maintained by the Company's Registrar and Share Transfer Agent (RTA) M/s. MAS Services Limited. | | |

Further, the Share Transfer system is audited by a firm of Practicing Company Secretaries and a half-yearly certificate of compliance, issued by it, with regard to the issuance of share certificates within 30 days of lodgement for transfer, sub-division, consolidation, renewal etc., is submitted to the stock exchanges pursuant to Regulation 40(9) & (10) of the Listing Regulations.

| | |
|--|---|
| h). Dematerialization of Shares and Liquidity | The Equity Shares of the Company are in compulsory de-mat segment and are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. The ISIN Number of Company on both the NSDL and CDSL is INE083A01026. As on March 31, 2017, 34,79,94,742 Equity Shares of Rs. 2/- each (77.36%) are held in electronic/de-mat form. |
| i). Commodity price risk or foreign exchange risk and hedging activities | The Company is not engaged in commodity trading, hedging or exchange risk management activities. |
| j). Plant Locations | <ul style="list-style-type: none"> • Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205 • Plot No.12 B & Plot No.12 C, Sector - 2, Parwanoo, District Solan, Himachal Pradesh - 173 220 • Village Masulkhana, District Solan, Himachal Pradesh - 173 220 |
| k). Address for correspondence | <p>Registered Office: Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205 Tel No.: 01795 - 276201/02/03; Fax No.: 01795 - 276204 Email id: investors@morepen.com; Website: www.morepen.com</p> <p>Corporate Office: 409, 4th floor, Antriksh Bhawan, 22, K.G. Marg, New Delhi - 110 001 Tel No.: 011 - 2332 4443/2371 2025 Fax No.: 011 - 2372 2422 Email id: investors@morepen.com; Website: www.morepen.com</p> <p>Investor Correspondence (RTA): MAS Services Ltd. Unit: Morepen Laboratories Limited T-34, 2nd Floor, Okhla Industrial Area, Ph. - II, New Delhi - 110 020 Tel No.: 011 - 2638 7281/82/83; Fax No.: 011 - 2638 7281 Email id: info@masserv.com; Website: www.masserv.com</p> |

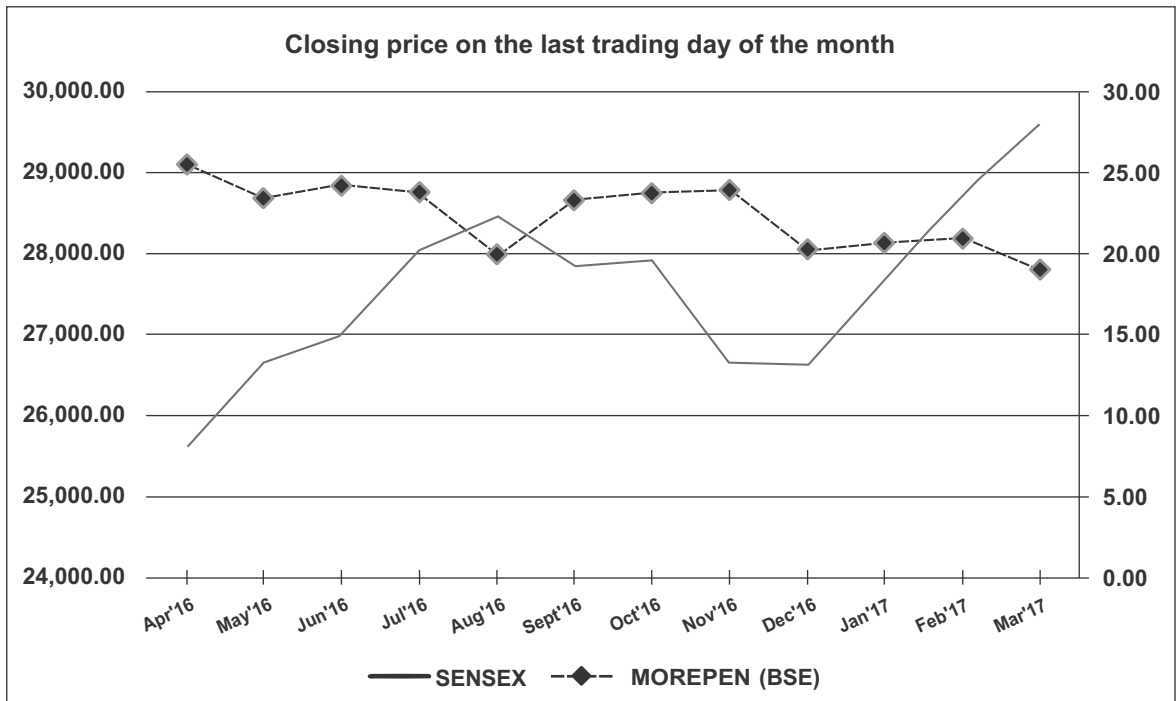
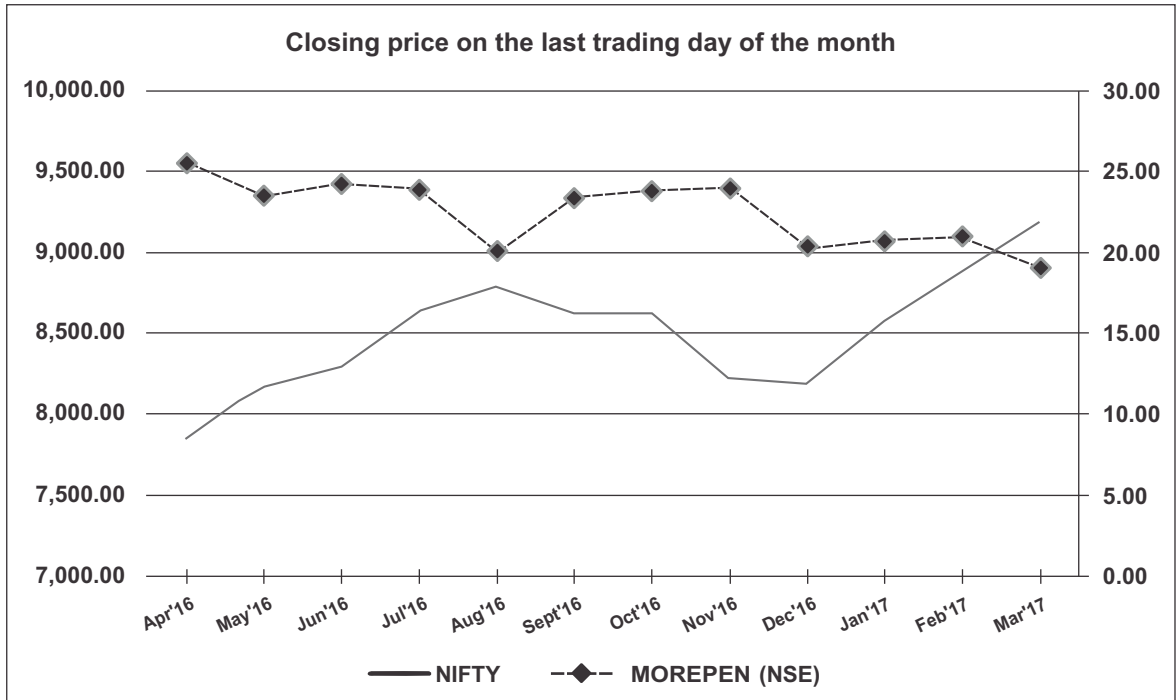
l). Market Price Data:

| Month | BSE | | NSE | |
|-----------------|-------|-------|-------|-------|
| | High | Low | High | Low |
| April, 2016 | 28.45 | 25.30 | 28.45 | 25.30 |
| May, 2016 | 30.85 | 23.00 | 30.80 | 23.00 |
| June, 2016 | 25.85 | 21.30 | 25.90 | 21.20 |
| July, 2016 | 26.20 | 23.00 | 26.20 | 23.00 |
| August, 2016 | 25.25 | 18.60 | 25.25 | 18.10 |
| September, 2016 | 27.95 | 19.70 | 26.85 | 19.60 |
| October, 2016 | 25.25 | 22.70 | 25.25 | 22.65 |
| November, 2016 | 25.10 | 18.55 | 25.40 | 18.00 |
| December, 2016 | 24.60 | 19.65 | 24.50 | 19.85 |
| January, 2017 | 22.40 | 20.25 | 22.40 | 20.20 |
| February, 2017 | 23.80 | 20.10 | 23.80 | 20.00 |
| March, 2017 | 21.50 | 18.60 | 21.50 | 18.70 |

(Source: Official website of BSE & NSE)



m). Performance of Morepen Share Price in comparison to broad based indices such as NSE CNX Nifty and BSE Sensex:



n). Distribution of shareholding as on March 31, 2017:

| No. of Equity Shares held | No. of shareholders | % of shareholders | No. of shares | % of total shareholding |
|---------------------------|---------------------|-------------------|---------------------|-------------------------|
| 1 - 5,000 | 1,23,058 | 91.54 | 8,14,28,630 | 18.10 |
| 5,001 - 10,000 | 6,905 | 5.14 | 2,45,30,533 | 5.45 |
| 10,001 - 20,000 | 2,509 | 1.87 | 1,85,60,365 | 4.13 |
| 20,001 - 30,000 | 707 | 0.53 | 89,00,970 | 1.98 |
| 30,001 - 40,000 | 356 | 0.26 | 64,25,234 | 1.43 |
| 40,001 - 50,000 | 213 | 0.16 | 49,04,189 | 1.09 |
| 50,001 - 1,00,000 | 366 | 0.27 | 1,29,49,370 | 2.88 |
| 1,00,001 and above | 315 | 0.23 | 29,21,26,912 | 64.94 |
| Total | 1,34,429 | 100.00 | 44,98,26,203 | 100.00 |

Categories of shareholders as on March 31, 2017

| Category | No. of shares held | Shareholding (%) |
|---|---------------------|------------------|
| Promoters Holdings | 15,53,71,588 | 34.54 |
| Financial Institutions/Banks | 54,43,376 | 1.21 |
| Insurance Companies | 2,16,64,879 | 4.82 |
| Foreign Institutional Investors (FIIs) | 5,85,30,000 | 13.01 |
| Bodies Corporate | 2,21,68,109 | 4.93 |
| Individuals | 17,66,51,392 | 39.27 |
| NRI/OCBs | 50,19,567 | 1.12 |
| Others (FPIs, Clearing Member, Trust and NBFCs) | 49,77,292 | 1.10 |
| Total | 44,98,26,203 | 100.00 |

o). Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity:

| Type of Security | Date of Conversion | Likely impact on Equity |
|---|---|--|
| 97,35,201 - 0.01% Optionally Convertible Preference Shares (OCPS) | Optionally Convertible into Equity Shares at the end of 7 years from the respective date of its allotment. | The impact on equity would be determined only at the time of conversion of Preference Shares into Equity. |
| The above shares have been allotted as per the following details: <ul style="list-style-type: none"> ● 70,40,276 allotted on May 4, 2007; ● 17,62,000 allotted on May 31, 2007; and ● 9,32,925 allotted on February 9, 2008 | 97,35,201 0.01% OCPS have fallen due for redemption/conversion as follows: <ul style="list-style-type: none"> ● 70,40,276 due on May 4, 2014; ● 17,62,000 due on May 31, 2014; and ● 9,32,925 due on February 9, 2015 | The Equity Shares, if opted, would be allotted at a price determined as per the provisions of SEBI (ICDR) Regulations, 2009 and other laws as may be applicable. |

12. EQUITY SHARES IN THE SUSPENSE ACCOUNT

In terms of Part F of Schedule V of the Listing Regulations, the Company hereby reports the following details in respect of Equity Shares lying in de-mat unclaimed suspense account of the Company which were issued in de-mat form and physical form:

| Particulars | Number of shareholders | Number of Equity Shares |
|--|------------------------|-------------------------|
| Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2016 | 4,958 | 54,94,514 |
| Number of shareholders who approached the Company for transfer of shares from Unclaimed Suspense Account during the year | 42 | 40,328 |
| Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year | 42 | 40,328 |
| Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2017 | 4,916 | 54,54,186 |

Note: The voting rights in respect of the shares lying in the Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares claims the shares.



13. DEPOSITORY SERVICES

Shareholders may write to the Company or to the respective Depositories for any guidance on depository services :

National Securities Depository Ltd.

Trade World, 4th Floor,
Kamla Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013
Telephone : 022 - 2497 2964-70
Fax : 022 - 2497 2993, 022-2497 6351

Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers,
28th Floor, Dalal Street,
Mumbai - 400 023
Telephone : 022 - 2272 3333-3224
Fax : 022 - 2272 3199

14. CORPORATE GOVERNANCE COMPLIANCE

The Company complies with the Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation 2 of Regulation 46 of the Listing Regulations.

15. OTHER DISCLOSURES

a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

During the period under review, the Company had not entered into any materially significant related party transaction with any of its related parties i.e. transactions of the Company of material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc. Further, none of the transactions with any of the related parties were in conflict with the interests of the Company at large.

The Company has formulated and adopted a Policy on Dealing with Related Party Transactions and the web-link for the policy is <http://www.morepen.com/pdf/Policy-on-Dealings-with-Related-Party-Transactions.pdf>.

The related party transactions are entered into based on considerations of various business exigencies such as synergy in operations, sectorial specialisation, etc.

The Company has made requisite disclosure with respect to related party transaction in the significant accounting policies and note to accounts to the financial statements. Transactions with the related parties as per the requirements of AS 18 are disclosed in Note no. 31 to the Financial Statements of the Company for the year ended March 31, 2017 forming part of this Annual Report.

The Audit Committee has reviewed the related party transactions as mandatorily required under relevant provisions of the Listing Regulations and the Act. All the related party transactions are done in the ordinary course of business and at arm's length basis with prior approval of the Audit Committee.

b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years:

The Company strives to adhere to rules and regulations framed by Stock Exchanges(s), SEBI and other Govt. Authorities on matters relating to capital markets.

The Equity Shares preferentially issued, as per the terms of Debt Restructuring Scheme approved by the CDR cell, to two allottees are pending for listing on NSE & BSE wherein certain observations were made by the Stock Exchanges. The Company has taken up the matter with both the allottees and requested them to take appropriate action in this regard.

c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:

The Company has adopted a Whistle Blower Policy / Vigil Mechanism as per the requirements of Companies Act, 2013 and Regulation 22 of the Listing Regulations and affirms that during the year under review, no person has been denied access to the Audit Committee.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:

The Company to the best of its knowledge and belief has complied with and adopted the mandatory requirements and some of the non-mandatory requirements as stipulated under the Part E of Schedule II of the Listing Regulations.

The Company has adopted the following discretionary requirements of Part E of Schedule II of the Listing Regulations:

i. Reporting of Internal Auditor:

The Internal Auditor of the Company periodically reports directly to the Audit Committee.

ii. Modified opinion(s) in Audit Report:

There are no qualifications in the Independent Auditor's Report on the Company's financial statements. The Company wishes to continue in the regime of financial statements with unmodified audit opinion.

e) **Disclosure of accounting treatment, if different, from that prescribed in Accounting Standards with explanations:**

The financial statements are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Act, as adopted and followed consistently by the Company.

The Company has made requisite disclosure with respect to contingent liabilities in the significant accounting policies and notes to accounts, where necessary.

f) **Code of Conduct:**

Code of Conduct and Ethics for Directors and Senior Management Personnel:

Pursuant to the Regulation 17 of the Listing Regulations executed with the Stock Exchanges, the Company has adopted Code of Conduct for Board Members and Senior Management Personnel which is also posted on the website of the Company www.morepen.com.

All the Board Members and Senior Management Personnel have confirmed compliance with the Code as on March 31, 2017. A declaration to that effect signed by the Managing Director & CEO is attached and forms part of the Annual Report of the Company.

Code of Conduct to Regulate, Monitor and Report Trading by Insiders:

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 and with a view to regulate trading in securities by the Promoters, Directors, Designated Persons, Employees and other connected persons, the Company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Insiders.

g) **CEO/CFO Certification:**

The MD and CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Part B of Schedule II of the Listing Regulations and the certificate forms part of this Annual Report.

DECLARATION PURSUANT TO PART D OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct of Board of Directors and Senior Management, as applicable to them, for the year ended March 31, 2017.

For Morepen Laboratories Limited

Place: New Delhi
Date: June 12, 2017

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028



CEO/CFO CERTIFICATE PURSUANT TO PART B OF SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

**The Board of Directors/Audit Committee
Morepen Laboratories Limited**

We, Sushil Suri, Chairman & Managing Director and Ajay Sharma, Chief Financial Officer, of Morepen Laboratories Limited, hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2017 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Morepen Laboratories Limited

**Place : New Delhi
Date : April 29, 2017**

**Ajay Sharma
(Chief Financial Officer)**

**Sushil Suri
(Chairman & Managing Director)
DIN: 00012028**

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE PURSUANT TO PART E OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Shareholders / Members,
Morepen Laboratories Limited

We have examined the compliance of conditions of Corporate Governance by Morepen Laboratories Limited ("the Company") for the financial year ended on March 31, 2017 as stipulated in Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the above mentioned Listing Agreement.

On the basis of information / documents provided to us, we state that in respect of investor grievances received during the financial year ended March 31, 2017, no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Stakeholders Relationship Committee (Shareholders/Investor Grievance Committee).

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PD and Associates
Company Secretaries

CS Praveen Dua
Proprietor
FCS No. 3573
C.P. No.2139

Place: New Delhi
Date: June 12, 2017



INDEPENDENT AUDITORS' REPORT

To
The Members of Morepen Laboratories Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Morepen Laboratories Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017 the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act and the rules, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by

the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the company as we consider appropriate and according to the information and explanations given to us, we give in the Annexure A a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its financial statements – **Refer Note 17 to the financial statements;**
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2017.
 - iii. No amount was required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
 - iv. The Company has provided requisite disclosure in its financial statements as to holdings as well as dealing in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. **Refer Note 18 to the financial statements.**

For M Kamal Mahajan & Co. LLP
Chartered Accountants
FRN: 006855N/ N500061

(CA M K Mahajan)
Partner

New Delhi
April 29, 2017

Membership number: 017418



Annexure -A to the Independent Auditors' Report

Morepen Laboratories Limited

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, most of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties are held in the name of the company.
- (ii) As explained to us, the inventory has been physically verified at reasonable intervals by the management & no material discrepancies were noticed by the management. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) According to the information and explanations furnished to us, the company has not granted any loan secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 hence, provisions of this clause are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investment made, and guarantees and security provided by it.
- (v) With approval of scheme of Arrangement and Compromise u/s 391 of the Companies Act, 1956 for the fixed deposit holders by Hon'ble High Court of

Himachal Pradesh at Shimla and in compliance thereof, issued equity shares to the fixed deposit holders towards settlement of their dues. However, the Central Government has filed an appeal against the order approving the scheme, the Hon'ble Division Bench allowed the appeal and remanded the matter back to the single judge for considering the representation of Central Government & deciding the petition. The matter was pending adjudication before single judge of Hon'ble Himachal Pradesh High Court, has since been transferred to National Company Law Tribunal, regional Bench at Chandigarh. Subject to the pending decision of the National Company Law Tribunal, Chandigarh, in our opinion there is no default by the company of the relevant provisions of the Act.

- (vi) We have reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the amount deducted /accrued in the books of accounts in respect of undisputed statutory dues including sales tax, service tax, duty of custom, duty of excise, cess have generally been regularly deposited during the year by the company with the appropriate authorities, **however the company is not regular in depositing the dues of Employee's State Insurance, Provident fund, Income Tax (TDS) & Value Added Tax (VAT) though the delays in deposit have not been serious.**

According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, sales tax, income tax, value added tax, duty of custom, service tax, cess and other material statutory dues were in arrears as on March 31, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us there are no dues in respect of Income-tax, Sales-tax, VAT, Service-tax, Customs duty, cess outstanding as at March 31, 2017 due to any dispute. According to the information provided to us, the following duties of excise have not been deposited by the company on account of disputes:

| Sl. No. | Name of the statute | Nature of dues | Amount (in Rs) | Period to which the amount relates | Forum where dispute is pending |
|---------|--------------------------|---|----------------|------------------------------------|-------------------------------------|
| 1. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 33,44,991 | April, 2003 to July, 2003 | CESTAT - Ahmedabad |
| 2. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 5,79,60,281 | August, 2001 to April, 2004 | CESTAT - Delhi |
| 3. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 66,62,907 | June, 2004 to July, 2008 | CESTAT - Chandigarh |
| 4. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 68,77,129 | June, 2004 to March, 2009 | CESTAT - Chandigarh |
| 5. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 79,175 | December, 2008 to March, 2009 | CESTAT - Chandigarh |
| 6. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 12,57,930 | April, 2009 to March, 2010 | CESTAT - Chandigarh |
| 7. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 1,51,331 | April, 2009 to March, 2010 | CESTAT - Chandigarh |
| 8. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 1,89,401 | April, 2010 to September, 2010 | CESTAT - Chandigarh |
| 9. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 56,20,232 | February, 2006 | CESTAT - Delhi |
| 10. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 6,51,538 | April, 2010 to December, 2010 | Commissioner of Appeal - Chandigarh |
| 11. | Central Excise Act, 1944 | Excise duty, Penalty, Fine and Interest | 23,03,399 | January, 2011 to June 2015 | Commissioner of Appeal - Chandigarh |

- (viii) According to information and explanation given to us by the management, **the defaults in making payments to Banks/FIs by the Company is as under:**

(Figures in Lacs)

| Name of Lenders | Interest Amount | Period of default |
|------------------|-----------------|--------------------|
| UCO Bank | 68.86 | Less than 3 months |
| Karur Vysya Bank | 16.91 | Less than 3 months |
| Exim Bank | 36.06 | Less than 3 months |



- (ix) According to the information and explanations given to us and based on our examination of the records of the company, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However, loan for purchase of car have been raised during the year.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanations given to us and on the basis of our verification of books of accounts of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V of the Act.
- (xii) In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 & 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully paid convertible debentures during the year under review. Accordingly, the provision of clause 3(xiv) of the Order are not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non - cash transaction with directors or person connected with them during the year. Accordingly, the provision of clause 3(xv) of the Order are not applicable to the company.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of clause 3(xvi) of the Order are not applicable to the company.

For M Kamal Mahajan & Co. LLP
Chartered Accountants
FRN: 006855N/N500061

(CA M K Mahajan)
Partner
New Delhi
April 29, 2017

(CA M K Mahajan)
Partner
Membership number: 017418

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Morepen Laboratories Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of

internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures

that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management, override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M Kamal Mahajan & Co. LLP
Chartered Accountants
FRN: 006855N/ N500061

(CA M K Mahajan)

Partner

Membership number: 017418

New Delhi

April 29, 2017



Balance Sheet

As at 31st March, 2017

(Rs. in Lakhs)

| | Notes | As at 31.03.2017 | As at 31.03.2016 |
|--|-------|---------------------|---------------------|
| EQUITY AND LIABILITIES | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| Share capital | 2 | 20961.06 | 20961.06 |
| Reserves and Surplus | 3 | 14228.58 | 11924.40 |
| | | 35189.64 | 32885.46 |
| 2. NON - CURRENT LIABILITIES | | | |
| Long-term borrowings | 4 | 93.58 | 4274.18 |
| Other Long - term liabilities | 5 | 164.99 | 176.00 |
| Long-term provisions | 6 | 1269.21 | 1071.43 |
| | | 1527.78 | 5521.61 |
| 3. CURRENT LIABILITIES | | | |
| Trade payables : | 7 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 34.56 | 42.67 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 11585.79 | 10705.46 |
| Other current liabilities | 8 | 6321.67 | 3913.90 |
| Short-term provisions | 6 | 129.19 | 416.47 |
| | | 18071.21 | 15078.50 |
| TOTAL | | 54788.63 | 53485.57 |
| ASSETS | | | |
| 1. NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Tangible Assets | 9 | 19119.00 | 21588.91 |
| Intangible Assets | 9 | 44.51 | 47.02 |
| | | 19163.51 | 21635.93 |
| Non-current Investments | 10 | 11769.48 | 11769.48 |
| Long-term loans and advances | 11 | 5971.90 | 5392.44 |
| | | 36904.89 | 38797.85 |
| 2. CURRENT ASSETS | | | |
| Inventories | 12 | 6249.69 | 4081.93 |
| Trade receivables | 13 | 8309.97 | 8035.47 |
| Cash and cash equivalents | 14 | 674.53 | 363.06 |
| Short-term loans and advances | 15 | 2194.96 | 1626.73 |
| Other current assets | 16 | 454.59 | 580.53 |
| | | 17883.74 | 14687.72 |
| TOTAL | | 54788.63 | 53485.57 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |
| NOTES ON FINANCIAL STATEMENTS | 2-36 | | |

As per our separate report of even date

For M Kamal Mahajan & Co. LLP
Chartered Accountants
Firm Regn. No. 006855N/N500061

(CA M.K. Mahajan)
Partner
Membership No. 017418

Place : New Delhi
Date : 29th April, 2017

For & on behalf of the Board of Directors of Morepen Laboratories Ltd.

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
Chief Financial Officer

(Manoj Joshi)
Director
DIN : 00036546

(Thomas P. Joshua)
Company Secretary

Statement of Profit and Loss

For the Year Ended 31st March, 2017

(Rs. in Lakhs)

| | Notes | Year Ended 31.03.2017 | Year Ended 31.03.2016 |
|---|-------|--------------------------|--------------------------|
| REVENUE | | | |
| Revenue from operations (Gross) | 19 | 54936.88 | 46151.78 |
| Less : Excise Duty | | 1233.34 | 905.48 |
| Revenue from operations (Net) | | 53703.54 | 45246.30 |
| Other Income | 20 | 369.54 | 117.24 |
| Total Revenue | | 54073.08 | 45363.54 |
| EXPENSES | | | |
| Cost of materials consumed | 21 | 22600.19 | 18159.46 |
| Purchases of Stock-in-Trade | 22 | 12417.71 | 10226.71 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 23 | (1444.10) | (445.60) |
| Employee benefits expense | 24 | 6139.04 | 5166.65 |
| Finance Costs | 25 | 698.60 | 1041.29 |
| Depreciation and amortization expense | 9 | 3356.17 | 3492.18 |
| Other expenses | 26 | 8001.29 | 5718.75 |
| Total expenses | | 51768.90 | 43359.44 |
| Profit/(Loss) before exceptional and extraordinary items and tax | | 2304.18 | 2004.10 |
| Exceptional items | | — | — |
| Profit/(Loss) before extraordinary items and tax | | 2304.18 | 2004.10 |
| Extraordinary Items - Income/(Expense) | | — | (440.00) |
| Profit/(Loss) before tax | | 2304.18 | 1564.10 |
| Tax expense: | | | |
| Current Year | | | |
| Tax (MAT) | | — | (337.68) |
| MAT Credit Entitlement | | — | 337.68 |
| Earlier Years | | | |
| Tax (MAT) | | (351.38) | — |
| MAT Credit Entitlement | | 351.38 | 13.70 |
| Profit/(Loss) for the year | | 2304.18 | 1577.80 |
| Earning per equity share of Rs. 2/- each: | 32 | | |
| (1) Basic | | 0.50 | 0.35 |
| (2) Diluted | | 0.50 | 0.35 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |
| NOTES ON FINANCIAL STATEMENTS | 2-36 | | |

As per our separate report of even date

For M Kamal Mahajan & Co. LLP
Chartered Accountants
Firm Regn. No. 006855N/N500061

(CA M.K. Mahajan)
Partner
Membership No. 017418

Place : New Delhi
Date : 29th April, 2017

For & on behalf of the Board of Directors of Morepen Laboratories Ltd.

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
Chief Financial Officer

(Manoj Joshi)
Director
DIN : 00036546

(Thomas P. Joshua)
Company Secretary



Cash Flow Statement

For the Year Ended 31st March, 2017

(Rs. in Lakhs)

| | Notes | Year Ended 31.03.2017 | Year Ended 31.03.2016 |
|--|--------|--------------------------|--------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES : | | | |
| Profit/(Loss) before extraordinary items and tax | | 2304.18 | 2004.10 |
| Adjustments for : | | | |
| Depreciation & Amortisation | 9 | 3356.17 | 3492.18 |
| (Profit)/Loss on Sale of Fixed Assets | | (11.77) | (1.40) |
| Finance Cost (Net) | 25 | 698.60 | 1041.29 |
| Operating profit before changes in current assets and liabilities | | 6347.18 | 6536.17 |
| Changes in current assets and liabilities - | | | |
| Trade Receivables | 13 | (274.50) | (3190.95) |
| Short Term Loans and advances and other current assets | 15, 16 | (442.30) | (1007.09) |
| Inventories | 12 | (2167.76) | (545.62) |
| Current liabilities | 6,7,8 | 2992.71 | 3634.50 |
| Cash generated from operations | | 6455.34 | 5427.01 |
| Tax expense | | - | (13.70) |
| Cash Flow before extraordinary items | | 6455.34 | 5440.71 |
| Extraordinary items | | - | (440.00) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | | 6455.34 | 5000.71 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES : | | | |
| Purchase of Fixed Assets | 9 | (922.77) | (787.79) |
| Sale of Fixed Assets | | 50.79 | 53.68 |
| Sale of Non - Current Investments | 10 | - | 24.74 |
| Long-term loans and advances | 11 | (579.46) | (1998.97) |
| NET CASH USED IN INVESTING ACTIVITIES | | (1451.44) | (2708.34) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES : | | | |
| Finance Cost (Net) | 25 | (698.60) | (1041.29) |
| Change in Long Term borrowings (Net) | 4 | (4180.60) | (1948.24) |
| Change in Other Long Term liabilities & provisions (Net) | 5,6 | 186.77 | 200.37 |
| NET CASH USED IN FINANCING ACTIVITIES | | (4692.43) | (2789.16) |
| Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C) | | 311.47 | (496.79) |
| Cash and Cash equivalents as at 01.04.2016 | | 363.06 | 859.85 |
| Cash and Cash equivalents as at 31.03.2017 | | 674.53 | 363.06 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |
| NOTES ON FINANCIAL STATEMENTS | 2-36 | | |

As per our separate report of even date

For & on behalf of the Board of Directors of Morepen Laboratories Ltd.

For M Kamal Mahajan & Co. LLP
Chartered Accountants
Firm Regn. No. 006855N/N500061

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(CA M.K. Mahajan)
Partner
Membership No. 017418

(Ajay Sharma)
Chief Financial Officer

(Thomas P. Joshua)
Company Secretary

Place : New Delhi
Date : 29th April, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on an accrual basis of accounting and comply with applicable Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the provisions of the Act (as applicable), and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 Use of Estimates

The presentation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful life of depreciable assets and provisions for impairments.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to financial statements.

1.3 Fixed assets

- a) Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalised until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Capital work in progress includes pre-operative expenses.
- b) Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.
- c) Expenditure incurred on projects / expansion during implementation is capitalized and apportioned to various assets on commissioning/ completion of the same.

1.4 Depreciation

- a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it.
- b) Cost of leasehold land is not amortized over the period of lease.
- c) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use.

1.5 Investments

Investments are stated at cost. Provision is made, where there is a permanent fall in the value of investment.

1.6 Foreign exchange transactions

Foreign currency liabilities covered by forward contracts/swap agreements are stated at the forward contracts/swap agreements rates, while those not covered by forward contracts/swap agreements are restated at rates ruling at the year-end. Other exchange differences are dealt with in the statement of profit and loss.

1.7 Valuation of inventories

Stocks of raw materials and other ingredients have been valued on First in First Out (FIFO) basis, at cost or net realizable value whichever is less, finished goods and stock-in-trade have been valued at lower of cost and net realizable value, work-in-progress is valued at raw material cost up to the stage of completion, as certified by the management on technical basis. Goods in transit are carried at cost.

1.8 Revenue Recognition

- a) Sales are stated net of returns, excise duty and sales tax.
- b) Dividend income is accounted for when the right to receive the same is established.
- c) Interest on calls-in-arrears on share capital is accounted for as and when received.

1.9 Research and Development

- a) Capital expenditure on research and development is included in the cost of fixed assets.
- b) Revenue expenditure on research and development is charged to the statement of profit & loss.



1.10 Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

Minimum alternate tax (MAT) payable in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future tax liability, is recognised as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax in coming years and the resultant asset can be measured reliably.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.11 Impairment of Assets

The company determines whether there is any indication of impairment of carrying amount of company's assets. The recoverable amounts of such assets are estimated, and if any indication exists, impairment loss is recognised wherever the carrying amount of assets exceeds its recoverable amount.

1.12 Provision and contingent liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is made when there is possible obligation or present obligation that may, but probably will not, require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.13 Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as at beginning of the period, unless they have been issued at a later date.

1.14 Employee Retirement benefits

Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Defined benefit plans

Defined benefit plans of the company consist of gratuity and leave encashment.

- Gratuity

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to the vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and tenure of employment. Vesting occurs upon completion of five years of service.

- Leave Encashment

As per company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods either to be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. The value of benefit is determined based on the seniority and the employee's salary.

The liability in respect of defined benefit plans is accounted for in the books of accounts on the basis of actuarial valuation carried out by an independent actuary.

Defined contribution plans -

Defined contribution plans of the company consist of Provident fund and Employees State Insurance.

- Provident Fund & Employees State Insurance (ESI)

The company makes specified monthly contribution towards the employees' provident fund & ESI for the eligible employees.

The contribution made to provident fund and ESI are charged to the statement of profit and loss as and when these become payable.

NOTES ON FINANCIAL STATEMENTS

For the Year Ended 31st March 2017

| | (Rs. in Lakhs) | |
|---|---------------------|---------------------|
| | As at 31.03.2017 | As at 31.03.2016 |
| 2. A. SHARE CAPITAL | | |
| Authorised | | |
| 45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each | 9000.00 | 9000.00 |
| 1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each | 12000.00 | 12000.00 |
| | 21000.00 | 21000.00 |
| Issued & Subscribed | | |
| <u>Equity Share Capital</u> | | |
| 44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each | 8996.53 | 8996.53 |
| | 8996.53 | 8996.53 |
| <u>Preference Share Capital</u> | | |
| 97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up | 9735.20 | 9735.20 |
| 17,30,000 (Previous year 17,30,000) 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up | 1730.00 | 1730.00 |
| 5,00,000 (Previous Year 5,00,000) 9.75% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up | 500.00 | 500.00 |
| | 11965.20 | 11965.20 |
| Issued, Subscribed & Paid up | | |
| <u>Equity Share Capital</u> | | |
| 44,97,93,203 (Previous Year 44,97,93,203) Equity Shares of Rs. 2/- each fully paid up | 8995.86 | 8995.86 |
| | 8995.86 | 8995.86 |
| <u>Preference Share Capital</u> | | |
| 97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up | 9735.20 | 9735.20 |
| 17,30,000 (Previous year 17,30,000) 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up | 1730.00 | 1730.00 |
| 5,00,000 (Previous Year 5,00,000) 9.75% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up | 500.00 | 500.00 |
| | 11965.20 | 11965.20 |
| | 20961.06 | 20961.06 |

B. Reconciliation of the numbers and amount of Equity shares -

(Rs. in Lakhs)

| | 31.03.2017 | | 31.03.2016 | |
|---|------------------|----------------|------------|---------|
| | Nos. | Amount | Nos. | Amount |
| Outstanding at beginning of the year | 449826203 | 8996.53 | 449826203 | 8996.53 |
| Add : Shares issued during the year | - | - | - | - |
| Less : Shares bought back during the year | - | - | - | - |
| Outstanding at the end of year | 449826203 | 8996.53 | 449826203 | 8996.53 |

Reconciliation of the numbers and amount of Preference shares

| | 31.03.2017 | | 31.03.2016 | |
|---|-----------------|-----------------|------------|----------|
| | Nos. | Amount | Nos. | Amount |
| Outstanding at beginning of the year | 11965201 | 11965.20 | 11965201 | 11965.20 |
| Add : Shares issued during the year | - | - | - | - |
| Less : Shares bought back during the year | - | - | - | - |
| Outstanding at the end of year | 11965201 | 11965.20 | 11965201 | 11965.20 |



C. Rights, preferences and restrictions attached to each class of Shares and terms of redemption -

- a) i) The company has two classes of shares referred as equity shares and preference shares. The equity shares are having a par value of Rs. 2/- each whereas par value for each preference shares is Rs. 100/-. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and their voting right on poll shall be in proportion to their share in the paid-up equity share capital of the Company. Every member of the Company holding preference shares shall be entitled to vote on resolutions placed before the Company which directly affect the rights attached to their shares and any resolution for winding up of the Company or for repayment or reduction of its equity or preference share capital and their voting right on poll shall be in proportion to their share in the paid-up preference share capital of the Company. However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all resolutions placed before the Company and the proportion of voting rights of equity shareholders to the voting rights of preference shareholders shall be in proportion to their paid up capital.
- ii) In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.
- b) i) All 97,35,201, 0.01% Optionally Convertible Preference Shares, had already become due for redemption in the financial year 2014-15 and could not be redeemed due to unavailability of surplus.
- ii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, 7,65,000 Shares amounting to Rs 765.00 Lakhs will be due for redemption on May 4, 2017. Balance 9,65,000 Shares amounting Rs. 965.00 Lakhs, comprising of 2,00,000 Shares amounting to Rs. 200.00 Lakhs & 7,65,000 Shares amounting to Rs 765.00 Lakhs, had already become due for redemption in the financial year ending 31.03.2012 & 31.03.2017 respectively. These shares could not be redeemed because of unavailability of distributable surplus.
- iii) 5,00,000, 9.75% Cumulative Redeemable Preference shares amounting to Rs. 500.00 Lakhs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber had filed a legal case against the company for the recovery of the sum invested as well as interest thereon. The company is contesting the claim of the subscriber at appropriate forum.
- iv) During the year, the company could not redeem the Preference Shares, already due for redemption, on account of unavailability of distributable profits in terms of Section 55(2)(a) and Section 123 of Companies Act, 2013.

D. The company itself being ultimate holding company, therefore, disclosure requirements about its parent company are not applicable in the present case.

E. Shareholders holding more than 5% shares -

i) Equity Shares

| Name of Shareholder | As at 31.03.2017 | | As at 31.03.2016 | |
|-----------------------|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Pinfold Overseas Ltd. | 38530000 | 8.57 | 9632500 | 2.14 |

ii) Preference Shares

a) 97,35,201, 0.01% Optionally Convertible Redeemable Shares -

| Name of Shareholder | As at 31.03.2017 | | As at 31.03.2016 | |
|---|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Bank of Nova Scotia | 1179000 | 12.11 | 1179000 | 12.11 |
| Stressed Assets Stabilisation Fund (SASF) | 961044 | 9.87 | 961044 | 9.87 |
| EXIM Bank Ltd. | 916333 | 9.41 | 916333 | 9.41 |
| SICOM Ltd. | 829463 | 8.52 | 829463 | 8.52 |
| Punjab National Bank | 671522 | 6.90 | 671522 | 6.90 |
| Oriental Bank of Commerce | 623828 | 6.41 | 623828 | 6.41 |
| Dena Bank | 593936 | 6.10 | 593936 | 6.10 |
| UCO Bank | 515900 | 5.30 | 515900 | 5.30 |

b) 17,30,000, 0.01% Cumulative Redeemable Shares -

| Name of Shareholder | As at 31.03.2017 | | As at 31.03.2016 | |
|-------------------------------|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Oriental Bank of Commerce | 1000000 | 57.80 | 1000000 | 57.80 |
| Axis Bank Ltd. | 500000 | 28.90 | 500000 | 28.90 |
| Blue Sky Securities Pvt. Ltd. | 200000 | 11.56 | 200000 | 11.56 |

c) 5,00,000, 9.75% Cumulative redeemable Shares -

| Name of Shareholder | As at 31.03.2017 | | As at 31.03.2016 | |
|-----------------------------|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Jammu and Kashmir Bank Ltd. | 500000 | 100 | 500000 | 100 |

F. During last 5 years immediately preceding the balance sheet date, no Equity Share or Preference Share has been issued pursuant to any contract without payment being received in cash. Further, the company has neither allotted any share by way of bonus shares, nor it had bought back any Equity or Preference Share during aforesaid period of 5 years.

G. Disclosure about unpaid calls -

(Rs. in Lakhs)

| Unpaid Calls | 31.03.2017 | 31.03.2016 |
|-------------------------|------------|------------|
| By Directors & Officers | — | — |
| By Others | 1 | 1 |

H. No share has been forfeited by the company during the year.

(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

3. RESERVES & SURPLUS

| | | |
|----------------------------|------------------|-------------------|
| Capital Reserve | 270.40 | 270.40 |
| Securities Premium Account | 16740.51 | 16740.51 |
| Capital Redemption Reserve | 7123.33 | 7123.33 |
| | <u>24134.24</u> | <u>24134.24</u> |
| <u>Surplus/(Deficit) -</u> | | |
| Opening balance | (12209.84) | (13787.64) |
| Profit/(Loss) for the year | 2304.18 | 1577.80 |
| Closing balance | <u>(9905.66)</u> | <u>(12209.84)</u> |
| | <u>14228.58</u> | <u>11924.40</u> |

4. LONG TERM BORROWINGS

| | Current Portion | | Non Current Portion | |
|---|-----------------|----------------|---------------------|----------------|
| | As at 31.03.17 | As at 31.03.16 | As at 31.03.17 | As at 31.03.16 |
| <u>Secured</u> | | | | |
| <u>Term Loans from Banks & Institutions</u> | | | | |
| Restructured Debts | 4712.37 | 2351.47 | — | 4219.18 |
| Other Loans | 26.46 | 35.66 | 93.58 | 55.00 |
| | <u>4738.83</u> | <u>2387.13</u> | <u>93.58</u> | <u>4274.18</u> |

I. Term Loans from Banks & Institutions

- Term loans, except noted at (b) below, are secured by a first charge created by way of a joint equitable mortgage on pari-passu basis on all immovable and movable fixed assets, including plant and machinery, land & buildings and others, both present and future, first charge over Escrow/Trust and Retention Account and second charge on the current assets of the company, both present and future. Further these loans are secured by personal guarantee of Managing Director of the company.



- b. Other loans represent vehicle loans, repayable on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase scheme.

| Year of Repayment | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | Total |
|-------------------------------------|------------|------------|---------|---------|---------|-------|
| Annual Repayment Amount (Rs./Lakhs) | 27.22 | 24.48 | 20.20 | 12.40 | 9.28 | 93.58 |
| Annual Rate of Interest (%) | 9.85-10.30 | 9.85-10.30 | 9.85 | 9.85 | 9.85 | |

- c. Lenderwise details of delay in repayment of term loans & interest thereon is as under -

| Name of Lender | Interest Amount (Rs./Lakhs) | Period of Default (Months) |
|------------------|-----------------------------|----------------------------|
| UCO Bank | 68.86 | less than 3 months |
| Karur Vysya Bank | 16.91 | less than 3 months |
| EXIM Bank | 36.06 | less than 3 months |
| Total | 121.83 | |

II. Current portion of long term borrowings is appearing under the head Other Current Liabilities. (Refer Note No. 8)

(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

5. OTHER LONG TERM LIABILITIES

Security receipts from business associates & others

| | |
|---------------|---------------|
| 164.99 | 176.00 |
| 164.99 | 176.00 |

6. PROVISIONS

Provision for employees' benefits (Unfunded) -

| | Short-Term | | Long-Term | |
|--------------------------|----------------|----------------|----------------|----------------|
| | As at 31.03.17 | As at 31.03.16 | As at 31.03.17 | As at 31.03.16 |
| Gratuity | 95.57 | 57.20 | 946.83 | 805.33 |
| Leave Encashment | 33.62 | 21.58 | 322.38 | 266.10 |
| Provision for Income Tax | — | 337.69 | — | — |
| Total | 129.19 | 416.47 | 1269.21 | 1071.43 |

7. TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises

| | |
|--------------|-------|
| 34.56 | 42.67 |
|--------------|-------|

Total outstanding dues of creditors other than micro enterprises and small enterprises

| | |
|-----------------|-----------------|
| 11585.79 | 10705.46 |
| 11620.35 | 10748.13 |

No interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

8. OTHER CURRENT LIABILITIES

Current maturities of long term borrowings (Refer note no. 4 II)

| | |
|----------------|---------|
| 4738.83 | 2387.13 |
|----------------|---------|

Interest accrued and due on borrowings

| | |
|---------------|--------|
| 121.83 | 200.57 |
|---------------|--------|

Accrued salaries and benefits

| | |
|---------------|--------|
| 622.04 | 604.70 |
|---------------|--------|

Other payables -

Advance received from Customers

| | |
|---------------|--------|
| 124.66 | 342.81 |
|---------------|--------|

Direct Taxes

| | |
|--------------|-------|
| 49.36 | 82.17 |
|--------------|-------|

Indirect Taxes

| | |
|--------------|-------|
| 94.44 | 28.35 |
|--------------|-------|

Others

| | |
|---------------|--------|
| 570.51 | 268.17 |
|---------------|--------|

| | |
|----------------|----------------|
| 6321.67 | 3913.90 |
|----------------|----------------|

9. FIXED ASSETS

TANGIBLE ASSETS

(Rs. in Lakhs)

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | CARRYING VALUE | |
|-----------------------|---------------------|-----------|---------------------------|---------------------|---------------------|-----------------|---------------------|---------------------|
| | As at 01.04.2016 | Additions | Disposals/ Adjustments | As at 31.03.2017 | As at 01.04.2016 | For the year | As at 31.03.2017 | As at 31.03.2016 |
| Free hold Land | 153.81 | - | - | 153.81 | - | - | 153.81 | 153.81 |
| Leasehold Land | 23.49 | - | - | 23.49 | - | - | 23.49 | 23.49 |
| Buildings | 7227.98 | 99.24 | - | 7327.22 | 2944.77 | 174.37 | 3119.14 | 4283.21 |
| Plant & Machinery | 83166.20 | 646.81 | 81.49 | 83731.52 | 66205.98 | 3099.84 | 69263.35 | 16960.22 |
| Furnitures & Fixtures | 254.96 | 20.01 | - | 274.97 | 239.87 | 3.03 | 242.90 | 15.09 |
| Vehicles | 313.45 | 87.09 | - | 400.54 | 195.02 | 34.91 | 229.93 | 118.43 |
| Office Equipments | 156.52 | 44.71 | - | 201.23 | 121.86 | 16.60 | 138.46 | 34.66 |
| Total | 91296.41 | 897.86 | 81.49 | 92112.78 | 69707.50 | 3328.75 | 72993.78 | 21588.91 |
| Previous Year | 90621.99 | 760.33 | (85.91) | 91296.41 | 66279.46 | 3461.67 | 69707.50 | - |

INTANGIBLE ASSETS

| | | | | | | | | | | |
|-------------------|--------|-------|------|--------|-------|-------|------|--------|-------|-------|
| Computer Software | 118.65 | 24.91 | 0.80 | 144.36 | 73.87 | 26.86 | 0.80 | 101.53 | 42.83 | 44.78 |
| Goodwill | 2.80 | - | - | 2.80 | 0.56 | 0.56 | - | 1.12 | 1.68 | 2.24 |
| Total | 121.45 | 24.91 | 0.80 | 147.16 | 74.43 | 27.42 | 0.80 | 102.65 | 44.51 | 47.02 |
| Previous Year | 93.99 | 27.46 | - | 121.45 | 43.92 | 30.51 | - | 74.43 | 47.02 | - |

GRAND TOTAL

| | | | | | | | | | | |
|---------------|----------|--------|---------|----------|----------|---------|---------|----------|----------|----------|
| Current year | 91417.86 | 922.77 | 82.29 | 92259.94 | 69781.93 | 3356.17 | (41.67) | 73096.43 | 19163.51 | 21635.93 |
| Previous Year | 90715.98 | 787.79 | (85.91) | 91417.86 | 66323.38 | 3492.18 | (33.63) | 69781.93 | 21635.93 | - |

Note-

Leasehold land is not amortised in view of para 1(c) of Accounting Standard on Leases (AS-19) issued by the Institute of Chartered Accountants of India defining scope of the standard.



(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|--|---------------------|---------------------|
| 10. NON- CURRENT INVESTMENTS | | |
| A. Trade Investments | | |
| <u>Investment in Equity Instruments (Unquoted)</u> | | |
| Subsidiary Companies | | |
| i) Dr. Morepen Limited | | |
| 4,06,79,500 (Previous Year 4,06.79,500) Equity Shares of Rs.10/- each fully paid up | 11747.25 | 11747.25 |
| ii) Morepen Inc. | | |
| 9,400 (Previous Year 9,400) fully paid Shares of Common Voting Stocks | 22.23 | 22.23 |
| | <u>11769.48</u> | <u>11769.48</u> |
| B. Other Investments (At Cost) - | - | - |
| | <u>11769.48</u> | <u>11769.48</u> |
| Aggregate amount of unquoted investments (At Cost) | <u>11769.48</u> | <u>11769.48</u> |
| Aggregate amount of provision for fall in carrying value of investments | - | - |
| Provision for fall in carrying value of investments, in respect of losses in the subsidiaries has not been made, as these losses, in management's perception, are temporary in nature. | | |
| 11. LONG TERM LOANS AND ADVANCES | | |
| <u>Unsecured</u> | | |
| Capital Advances (Considered good) * | 5790.08 | 5227.25 |
| Security Deposits | 181.82 | 165.19 |
| | <u>5971.90</u> | <u>5392.44</u> |
| *Includes Rs.5771.10 Lakhs (Previous year Rs.5227.25 Lakhs) advanced to Dr. Morepen Limited, a wholly owned subsidiary, for the acquisition/buyout of new OTC brands. | | |
| 12. INVENTORIES | | |
| Raw Materials | 1870.69 | 1546.91 |
| Work-in-progress | 1712.54 | 974.47 |
| Finished goods | 858.49 | 523.90 |
| Stock -in-trade | 1138.97 | 794.36 |
| Goods in transit | 567.11 | 167.23 |
| Stores and spares | 101.89 | 75.06 |
| | <u>6249.69</u> | <u>4081.93</u> |
| The inventory of stocks, stores and spares has been taken, valued and certified by the management. | | |
| Breakup of Inventory | | |
| i) Raw materials - | | |
| API & Intermediates | 1202.30 | 1334.07 |
| Home Health | 421.81 | - |
| Formulations | 246.58 | 212.84 |
| Total Raw Materials | <u>1870.69</u> | <u>1546.91</u> |
| ii) Work in Progress - | | |
| API & Intermediates | 1648.31 | 954.74 |
| Home Health | 52.09 | - |

(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---------------------|---------------------|
| Formulations - | | |
| Tablets | 11.91 | 15.95 |
| Syrup | — | 2.28 |
| Capsules | 0.23 | 1.50 |
| Formulations - Sub Total | 12.14 | 19.73 |
| Total Work-in-progress | 1712.54 | 974.47 |
| iii) Finished goods - | | |
| API & Intermediates | 670.16 | 440.76 |
| Home Health | 37.20 | — |
| Formulations - | | |
| Tablets | 101.40 | 53.48 |
| Syrup | 40.98 | 23.84 |
| Capsules | 8.69 | 4.78 |
| Others | 0.06 | 1.04 |
| Formulations - Sub Total | 151.13 | 83.14 |
| Finished Goods Inventory | 858.49 | 523.90 |
| iv) Stock in trade - | | |
| Home Health | 916.74 | 702.75 |
| Formulations- | | |
| Tablets | 116.06 | 30.52 |
| Syrup | 23.07 | 26.27 |
| Capsules | 64.18 | 21.60 |
| Others | 18.92 | 13.22 |
| Formulations - Sub Total | 222.23 | 91.61 |
| Stock in trade Inventory | 1138.97 | 794.36 |
| 13. TRADE RECEIVABLES | | |
| Trade receivables outstanding for a period exceeding six months | | |
| Unsecured - | | |
| Considered good | 2044.54 | 166.39 |
| Considered Doubtful | 79.99 | — |
| Less : Provision for doubtful debts | (79.99) | — |
| | 2044.54 | 166.39 |
| Other Debts | | |
| Unsecured - | | |
| Considered good | 6265.43 | 7869.08 |
| | 8309.97 | 8035.47 |
| 14. CASH AND CASH EQUIVALENTS | | |
| Balances with banks | | |
| i) Current Accounts | 593.63 | 277.33 |
| ii) Bank Balances held as - | | |
| Margin Money | 34.67 | 56.77 |
| Guarantees | 23.97 | 19.37 |
| Cash in hand | 22.26 | 9.59 |
| | 674.53 | 363.06 |



(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 | |
|---|---------------------|---------------------------------|-----------------|
| 15. SHORT TERM LOANS AND ADVANCES | | | |
| <u>Others- Unsecured</u> | | | |
| <u>Considered good</u> | | | |
| Indirect Taxes including Central Excise Balances | 662.20 | 244.77 | |
| Advance Income Tax - Tax Deducted at source | 9.08 | 10.05 | |
| Due from Income Tax Department | 382.46 | 351.38 | |
| Security Deposits | 68.45 | 55.95 | |
| Advances with Suppliers & Others | 975.75 | 880.86 | |
| Loans & advances to employees | 97.02 | 83.72 | |
| | <u>2194.96</u> | <u>1626.73</u> | |
| Advances Considered Doubtful | 157.73 | 157.73 | |
| Less : Provision for doubtful advances | <u>(157.73)</u> | <u>(157.73)</u> | |
| | <u>-</u> | <u>-</u> | |
| | <u>2194.96</u> | <u>1626.73</u> | |
| 16. OTHER CURRENT ASSETS | | | |
| Export Incentives Receivable | 273.92 | 449.91 | |
| Recoverable from Customs | 124.42 | 60.62 | |
| Prepaid Expenses | 46.70 | 40.51 | |
| Interest accrued but not due | 9.55 | 29.49 | |
| | <u>454.59</u> | <u>580.53</u> | |
| 17. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for) | | | |
| a) Contingent Liabilities | | | |
| Claim against the Company not acknowledged as debts | 850.98 | 809.29 | |
| Guarantees | 66.31 | 26.59 | |
| Other money for which company is contingently liable | 1891.50 | 1304.60 | |
| Arrears of Fixed Cumulative Dividends on Preference Shares | 742.67 | 692.77 | |
| Bills discounted with banks | 385.41 | - | |
| | <u>3936.87</u> | <u>2833.25</u> | |
| b) Commitments | <u>-</u> | <u>-</u> | |
| | <u>3936.87</u> | <u>2833.25</u> | |
| 18. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 | | | |
| | SBNs | Other denomination notes | Total |
| Closing cash in hand as on 08.11.2016 | 33.66 | 1.67 | 35.32 |
| (+) Permitted receipts | - | - | - |
| (-) Permitted payments | - | - | - |
| (-) Amount deposited in Banks | 33.66 | 0.48 | 34.13 |
| Closing cash in hand as on 30.12.2016 | - | 12.27 | 12.27 |
| 19. REVENUE FROM OPERATIONS (Gross) | | | |
| <u>Sale of products (including Excise Duty)</u> | | | |
| Domestic | 29647.04 | | 23897.60 |
| Exports | 24503.88 | | 20677.09 |
| [includes third party & deemed exports of Rs.10272.50 Lakhs (Previous year Rs. 8138.73 Lakhs)] | | | |
| Total | <u>54150.92</u> | | <u>44574.69</u> |

| | (Rs. in Lakhs) | |
|---|---------------------|---------------------|
| | As at 31.03.2017 | As at 31.03.2016 |
| <u>Other Operating Revenues</u> | | |
| Export Incentives | 779.95 | 632.77 |
| Other items | 6.01 | 944.32 |
| | <u>785.96</u> | <u>1577.09</u> |
| | <u>54936.88</u> | <u>46151.78</u> |
| Break-up of revenue from sale of products (net of excise duty) | | |
| Classification - | | |
| <u>Manufactured goods</u> | | |
| API & Intermediates | 34016.63 | 27645.67 |
| Home Health | 86.84 | — |
| Formulations - | | |
| Tablets | 2783.51 | 2638.28 |
| Syrup | 519.55 | 579.63 |
| Capsules | 159.09 | 144.56 |
| Others | 67.22 | 135.65 |
| Formulations - Sub Total | <u>3529.37</u> | <u>3498.12</u> |
| Sale of Manufactured Goods - (A) | <u>37632.84</u> | <u>31143.79</u> |
| <u>Stock in trade</u> | | |
| Home Health | 7689.37 | 6311.77 |
| Formulations - | | |
| Tablets | 4070.13 | 3343.78 |
| Syrups | 995.18 | 923.92 |
| Capsules | 1112.11 | 1065.94 |
| Others | 1417.95 | 880.01 |
| Formulations - Sub Total | <u>7595.37</u> | <u>6213.65</u> |
| Total Sales of Stock in Trade - (B) | <u>15284.74</u> | <u>12525.42</u> |
| Total Sales Revenues (A + B) (Net of Excise) | <u>52917.58</u> | <u>43669.21</u> |
| Excise Duty | 1233.34 | 905.48 |
| Revenue from Sales operations (Gross) | <u>54150.92</u> | <u>44574.69</u> |
| 20. OTHER INCOME | | |
| Interest Income | 8.30 | 18.42 |
| Others | 361.24 | 98.82 |
| | <u>369.54</u> | <u>117.24</u> |
| 21. COST OF MATERIALS CONSUMED | | |
| Raw Materials | 21852.05 | 17523.24 |
| Packing Materials | 748.14 | 636.22 |
| | <u>22600.19</u> | <u>18159.46</u> |
| Break up of cost of Raw Material consumed | | |
| Classification - | | |
| API & Intermediates | 19976.45 | 16256.74 |
| Formulations | 2060.71 | 1902.72 |
| Home Health | 563.03 | — |
| Total | <u>22600.19</u> | <u>18159.46</u> |
| 22. PURCHASE OF STOCK-IN-TRADE | | |
| Home Health | 5657.36 | 4935.15 |
| Formulations - | | |
| Tablets | 3691.75 | 2872.97 |
| Syrups | 848.60 | 804.06 |
| Capsules | 963.63 | 841.13 |
| Others | 1256.37 | 773.40 |
| Formulations - Sub Total | <u>6760.35</u> | <u>5291.56</u> |
| Total | <u>12417.71</u> | <u>10226.71</u> |



(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---------------------------------------|---------------------|---------------------|
| 23. CHANGE IN INVENTORY | | |
| Opening Balance - | | |
| Work-in-progress | 974.47 | 983.08 |
| Finished goods | 523.90 | 288.86 |
| Stock-in-trade | 794.36 | 577.83 |
| Stores and spares | 75.06 | 72.42 |
| | <u>2367.79</u> | <u>1922.19</u> |
| Closing Balance - | | |
| Work-in-progress | 1712.54 | 974.47 |
| Finished goods | 858.49 | 523.90 |
| Stock-in-trade | 1138.97 | 794.36 |
| Stores and spares | 101.89 | 75.06 |
| | <u>3811.89</u> | <u>2367.79</u> |
| | <u>(1444.10)</u> | <u>(445.60)</u> |
| 24. EMPLOYEE BENEFITS EXPENSE | | |
| Salaries and Wages | 5373.67 | 4510.63 |
| Contribution to provident fund/ ESI | 215.24 | 196.48 |
| Gratuity and Leave Encashment | 297.08 | 243.26 |
| Staff Welfare | 253.05 | 216.28 |
| | <u>6139.04</u> | <u>5166.65</u> |
| 25. FINANCE COST | | |
| Interest expense | 698.60 | 1041.29 |
| | <u>698.60</u> | <u>1041.29</u> |
| 26. OTHER EXPENSES | | |
| Consumption of Stores and spare parts | 111.70 | 103.34 |
| Power and Fuel | 983.53 | 763.66 |
| Rent | 345.42 | 272.98 |
| Repairs to buildings | 86.87 | 72.74 |
| Repairs to machinery | 277.00 | 245.32 |
| General Repairs | 48.76 | 55.95 |
| Insurance | 40.94 | 37.49 |
| Research & Development | 41.40 | 46.41 |
| Quality Control & Testing Charges | 238.56 | 228.51 |
| Rates and Taxes | 168.10 | 135.36 |
| Legal and Professional Expenses | 580.65 | 423.29 |
| Travelling Expenses | 968.93 | 608.67 |
| Selling and Distribution Expenses | 3089.67 | 1986.92 |
| Miscellaneous Expenses | 1019.76 | 738.11 |
| | <u>8001.29</u> | <u>5718.75</u> |
| 27. PAYMENTS TO AUDITORS | | |
| Statutory Auditors - | | (Rs. in Lakhs) |
| Year Ended | 31.03.2017 | 31.03.2016 |
| Audit Fee | 20.00 | 12.00 |
| Tax Audit Fee | 6.00 | 5.00 |
| Tax Matters | 4.00 | 3.00 |
| Certification | 2.16 | 1.84 |
| Service Tax | 4.82 | 3.16 |
| Total | 36.98 | 25.00 |

Cost Auditors-

| | | |
|--------------|-------------|-------------|
| Audit Fees | 3.44 | 3.44 |
| Others | 1.14 | 1.14 |
| Total | 4.58 | 4.58 |

28. PRIOR PERIOD ITEMS

Expenses include Rs.6.53 Lakhs (Previous Year Rs. 5.05 Lakhs) as expenses (net) relating to earlier years.

29. DISCLOSURES ABOUT IMPORTS, EXPENDITURE IN FOREIGN CURRENCY, RAW MATERIAL CONSUMPTION & EARNINGS IN FOREIGN EXCHANGE -

(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|--|---------------------|---------------------|
| A. VALUE OF IMPORTS ON CIF BASIS | | |
| Raw Materials | 11938.88 | 8866.71 |
| Stock - in - trade | 2081.87 | 1306.61 |
| Capital Goods | 29.38 | 63.84 |
| | 14050.13 | 10237.16 |
| B. EXPENDITURE IN FOREIGN CURRENCY | | |
| Technical Knowhow/ Professional fees | — | — |
| Others | 377.75 | 213.34 |
| | 377.75 | 213.34 |
| C. VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF | | |
| Imported | 12468.21 | 8814.18 |
| Indigenous | 10131.98 | 9345.28 |
| | 22600.19 | 18159.46 |
| % Imported | 55.17% | 48.54% |
| % Indigenous | 44.83% | 51.46% |
| | 100.00% | 100.00% |
| D. EARNINGS IN FOREIGN EXCHANGE | | |
| Exports of Goods on F.O.B. basis | 14231.38 | 12538.36 |
| [Excluding third party & deemed exports of Rs.10272.50 Lakhs (Previous Year Rs. 8138.73 Lakhs)] | 14231.38 | 12538.36 |

30. SEGMENT REPORTING

In accordance with AS-17 "Segment Reporting", segment information has been given in consolidated financial statements of the company and therefore, no separate disclosure on segment information is given in these financial statements.

31. RELATED PARTY DISCLOSURES

Disclosure as required by accounting standard "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India are as under:

Related Parties

| | |
|--|---|
| 1. Subsidiary Companies | |
| Morepen Inc. | Overseas Company |
| Dr. Morepen Limited | Domestic Company |
| Total Care Limited | Domestic Company |
| 2. Key Management Personnel | Mr. Sushil Suri, Chairman & Managing Director Mr. Ajay Sharma, Chief Financial Officer Mr. Thomas P. Joshua, Company Secretary |
| 3. Relatives of Key Management Personnel with whom the company has any transaction during the year | Mr. Sanjay Suri, Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Amita Sharma |
| 4. Entities over which Key Management Personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year | Not Any |



Transactions with related parties -

| Particulars | Nature of transaction | (Rs. in Lakhs) |
|--|---|-------------------------------------|
| 1. Subsidiary Companies | Sale of inventories Purchase of inventories Other Advances Balance as on 31.03.17 - Receivable/ Adjustable(Maximum balance outstanding Rs.5771.27 Lakhs) | 303.06 1.19 544.03 5771.27 |
| 2. Key Management Personnel | Remuneration Payable Balance as on 31.03.17 (Maximum amount outstanding - Rs.41.74 Lakhs) | 144.46 8.79 |
| 3. Relatives of Key Management Personnel with whom the company has any transaction during the year | Remuneration Payable Balance as on 31.03.17 (Maximum amount outstanding - Rs. 65.80 Lakhs) | 467.90 13.70 |
| 4. Entities over which Key Management Personnel/ or Relatives of Key Management Personnel are able to exercise significant influence with which the company has any transactions during the year | Not Any | |

32. EARNING PER SHARE

| Particulars | Year ended 31.03.2017 | Year ended 31.03.2016 |
|--|--------------------------|--------------------------|
| Profit/ (Loss) after Tax (Rs. in Lakhs) | 2304.18 | 1577.80 |
| Weighted average number of equity shares outstanding | 449826203 | 449826203 |
| Earnings/(loss) per share in rupees (face value Rs.2/- per share)- Basic & Diluted | 0.50 | 0.35 |

EPS has been computed after considering dividend on cumulative preference shares.

33. EMPLOYEE BENEFITS

Disclosures as per Accounting Standard, AS -15 (Revised) 'Employee Benefits' is as under -

(A) Disclosures for Defined Contribution Plans -

| Particulars | 31.03.2017 | 31.03.2016 |
|--|------------|------------|
| Employer's Contribution to Provident Fund | 188.59 | 176.20 |
| Employer's Contribution to Employees State Insurance | 26.65 | 20.28 |

(B) Disclosures for Defined Benefit Plans - Unfunded

| Particulars | Gratuity | | Leave Encashment | |
|--|------------|------------|------------------|------------|
| I Change in the present value of obligation | 31.03.2017 | 31.03.2016 | 31.03.2017 | 31.03.2016 |
| Present Value of Obligation at beginning of the year | 862.53 | 703.39 | 287.67 | 236.81 |
| Add: Interest Cost | 64.58 | 54.78 | 21.01 | 18.21 |
| Add: Current Service Cost | 78.69 | 67.29 | 56.46 | 54.87 |
| Less:- Benefit Paid | 26.06 | 20.27 | 22.82 | 12.98 |
| Add: Actuarial loss/(gain) on obligations | 62.65 | 57.34 | 13.68 | (9.24) |
| Present Value of Obligation as at year end | 1042.39 | 862.53 | 356.00 | 287.67 |
| II Change in the fair value of plan Assets | 31.03.2017 | 31.03.2016 | 31.03.2017 | 31.03.2016 |
| Fair Value of Plan Assets at the beginning of year | - | - | - | - |
| Add : Expected Return on Plan Assets | - | - | - | - |
| Add : Contributions | - | - | - | - |
| Less: Benefits Paid | - | - | - | - |
| Fair Value of Plan Assets at year end | - | - | - | - |

| III Expense recognized in the Profit and Loss Account | 31.03.2017 | 31.03.2016 | 31.03.2017 | 31.03.2016 |
|--|-------------------|-------------------|-------------------|-------------------|
| Current Service Cost | 78.69 | 67.29 | 56.46 | 54.87 |
| Add: Interest Cost | 64.58 | 54.78 | 21.01 | 18.21 |
| Less: Expected Return on plan assets | – | – | – | – |
| Less: Settlement Credit | – | – | – | – |
| Add: Net actuarial loss/(gain) recognised | 62.65 | 57.34 | 13.68 | (9.24) |
| Total expenses recognized in profit & loss account | 205.92 | 179.41 | 91.15 | 63.84 |

IV The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment -

| Assumptions | 31.03.2017 | 31.03.2016 | 31.03.2017 | 31.03.2016 |
|---|-------------------|-------------------|-------------------|-------------------|
| Discount Rate | 7.26% | 7.60% | 7.26% | 7.60% |
| Salary Escalation Rate | 5.00% | 5.00% | 5.00% | 5.00% |
| Expected Return on Assets | – | – | – | – |
| Employee Turnover rates | 3.00% | 3.00% | 3.00% | 3.00% |
| Expected average remaining working lives of employees (years) | 20 | 21 | 20 | 21 |

34. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2017. Hence, no provision is required in the accounts for the year under review.

35. TAXES

a) DEFERRED TAX LIABILITY/(ASSET)

As required by Accounting Standard “Accounting for taxes on income” i.e. (AS-22) issued by the Institute of Chartered Accountants of India, deferred tax asset on accumulated losses, is not recognized as a matter of prudence.

b) MAT PROVISIONS

The company has carried forward losses, therefore no provision for Minimum Alternative Tax (MAT) is required during the current year. Accordingly provision of Rs.351.38 Lakhs made during the previous years has also been reversed during the current year.

36. OTHER SIGNIFICANT DISCLOSURES

- In the opinion of directors, all assets and non-current investments stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- During the financial year ending 31st March, 2010, pursuant to the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956 approved by Hon’ble High Court at Shimla, the company had allotted 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues. The Central Government preferred an appeal against the said order, the Hon’ble Division Bench allowed the appeal and remanded the matter back to the single judge for considering the representation of Central Government & deciding the petition. The matter which was pending adjudication before single judge of Hon’ble Himachal Pradesh High Court, has since been transferred to National Company Law Tribunal (NCLT), regional bench at Chandigarh.
- Remuneration paid to directors for the period April, 2005 - March, 2014 amounting to Rs. 356.00 Lakhs is subject to Central Government approval.
- Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.



Independent Auditors' Report

To

**The Members of Morepen Laboratories Limited
Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Morepen Laboratories Limited** (herein after referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 (herein after referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of Companies Accounts Rules 2014. The Holding Company's Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While

conducting the audit, we have taken into account the provisions of the Act and the rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their report referred to in sub - paragraph "Other Matter" below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at March 31, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the Note no. 11(b) to the financial statement regarding legal case in respect of Trade Mark "Burnol". Our opinion is not qualified in respect of this matter.

Other Matters

We did not audit the financial statements of the foreign subsidiary named as Morepen Inc. whose financial statements reflect total assets of Rs 135.64 Lakhs as at March 31, 2017, total revenue of Rs. 65.25 Lakhs and Loss amounting to Rs. (32.62) Lakhs for the year then ended, as considered in the consolidated financial statements. The aforesaid financial statements have been audited by other auditor whose report has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary is based solely on the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company and its Indian subsidiaries as on March 31, 2017 taken on

record by the Board of Directors of the respective companies, none of the Directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as at March 31, 2017. **Refer Note no 18 to the consolidated financial statements;**
 - ii. The Group as a whole did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2017.
 - iii. No amount was required to be transferred to the Investors Education and Protection Fund by the Holding Company, and its subsidiaries companies incorporated in India during the year ended March 31, 2017.
 - iv. The company has provided requisite disclosure in its financial statements as to holdings as well as dealing in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the company. **Refer Note 19 to the consolidated financial statements.**

For M Kamal Mahajan & Co. LLP
Chartered Accountants
FRN: 006855N/ N500061

(CA M K Mahajan)

New Delhi
April 29, 2017

Partner
Membership number: 017418



Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **Morepen Laboratories Limited** ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **M Kamal Mahajan & Co. LLP**

Chartered Accountants

FRN: 006855N/ N500061

(CA M K Mahajan)

Partner

New Delhi

April 29, 2017

Membership number: 017418



Consolidated Balance Sheet

As at 31st March, 2017

(Rs. in Lakhs)

| | Notes | As at 31.03.2017 | As at 31.03.2016 |
|--|-------|---------------------|---------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| Share capital | 2 | 20961.06 | 20961.06 |
| Reserves and surplus | 3 | 11421.08 | 9067.29 |
| | | <u>32382.14</u> | <u>30028.35</u> |
| 2. MINORITY INTEREST | 4 | (63.37) | (62.92) |
| 3. NON - CURRENT LIABILITIES | | | |
| Long-term borrowings | 5 | 138.34 | 4341.13 |
| Other Long - term liabilities | 6 | 282.46 | 271.53 |
| Long-term provisions | 7 | 1359.23 | 1134.28 |
| | | <u>1780.03</u> | <u>5746.94</u> |
| 4. CURRENT LIABILITIES | | | |
| Trade payables : | 8 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 34.56 | 42.67 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 12447.98 | 11490.37 |
| Other current liabilities | 9 | 7117.18 | 4703.60 |
| Short-term provisions | 10 | 132.85 | 419.42 |
| | | <u>19732.57</u> | <u>16656.06</u> |
| TOTAL | | <u>53831.37</u> | <u>52368.43</u> |
| <u>ASSETS</u> | | | |
| 1. NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | 19375.69 | 21830.18 |
| Intangible Assets | 11 | 7838.91 | 7841.42 |
| | | <u>27214.60</u> | <u>29671.60</u> |
| Long-term loans and advances | 12 | 7399.96 | 6981.74 |
| | | <u>34614.56</u> | <u>36653.34</u> |
| 2. CURRENT ASSETS | | | |
| Inventories | 13 | 6466.49 | 4214.18 |
| Trade receivables | 14 | 9289.72 | 8794.33 |
| Cash and cash equivalents | 15 | 759.11 | 436.14 |
| Short-term loans and advances | 16 | 2230.96 | 1676.61 |
| Other current assets | 17 | 470.53 | 593.83 |
| | | <u>19216.81</u> | <u>15715.09</u> |
| TOTAL | | <u>53831.37</u> | <u>52368.43</u> |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |
| NOTES ON FINANCIAL STATEMENTS | 2-33 | | |

As per our separate report of even date

For M Kamal Mahajan & Co. LLP
Chartered Accountants
Firm Regn. No. 006855N/N500061

(CA M.K. Mahajan)
Partner
Membership No. 017418

Place : New Delhi
Date : 29th April, 2017

For & on behalf of the Board of Directors of Morepen Laboratories Ltd.

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
Chief Financial Officer

(Manoj Joshi)
Director
DIN : 00036546

(Thomas P. Joshua)
Company Secretary

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2017

(Rs. in Lakhs)

| | Notes | Year Ended 31.03.2017 | Year ended 31.03.2016 |
|--|-------|--------------------------|--------------------------|
| REVENUE | | | |
| Revenue from operations (Gross) | 20 | 59623.54 | 49413.52 |
| Less : Excise Duty | | 1233.34 | 905.48 |
| Revenue from operations (Net) | | 58390.20 | 48508.04 |
| Other Income | 21 | 369.54 | 120.14 |
| Total Revenue | | 58759.74 | 48628.18 |
| EXPENSES | | | |
| Cost of materials consumed | 22 | 22600.19 | 18159.46 |
| Purchases of Stock-in-Trade | | 15196.76 | 12211.69 |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade | | (1528.64) | (402.42) |
| Employee benefits expense | 23 | 7026.02 | 5829.08 |
| Finance Costs | 24 | 715.82 | 1050.39 |
| Depreciation and amortization expense | 25 | 3390.41 | 3519.56 |
| Other expenses | 26 | 9005.85 | 6553.99 |
| Total expenses | | 56406.41 | 46921.75 |
| Profit/(Loss) before exceptional and extraordinary items and tax | | 2353.33 | 1706.43 |
| Exceptional items | | — | — |
| Profit/(Loss) before extraordinary items and tax | | 2353.33 | 1706.43 |
| Extraordinary Items - Income/(Expense) | | — | (440.00) |
| Profit/(Loss) before tax | | 2353.33 | 1266.43 |
| Tax expense: | | | |
| Current Year | | | |
| Tax (MAT) | | — | (337.91) |
| MAT Credit Entitlement | | — | 337.68 |
| Earlier Years | | | |
| Tax (MAT) | | (351.38) | — |
| MAT Credit Entitlement | | 351.38 | 13.70 |
| Profit/(Loss) for the year | | 2353.33 | 1279.90 |
| Share of minority interest in Profit/ (loss) | | (0.45) | (0.07) |
| Profit/ (Loss) for the year available for majority shareholders | | 2353.78 | 1279.97 |
| Earning per equity share of Rs. 2/- each: | 30 | | |
| (1) Basic | | 0.51 | 0.28 |
| (2) Diluted | | 0.51 | 0.28 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |
| NOTES ON FINANCIAL STATEMENTS | 2-33 | | |

As per our separate report of even date

For & on behalf of the Board of Directors of Morepen Laboratories Ltd.

For M Kamal Mahajan & Co. LLP
Chartered Accountants
Firm Regn. No. 006855N/N500061

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(CA M.K. Mahajan)
Partner
Membership No. 017418

(Ajay Sharma)
Chief Financial Officer

(Thomas P. Joshua)
Company Secretary

Place : New Delhi
Date : 29th April, 2017



Consolidated Cash Flow Statement

For the year ended 31st March, 2017

(Rs. in Lakhs)

| | Notes | Year Ended 31.03.2017 | Year Ended 31.03.2016 |
|--|--------|--------------------------|--------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES : | | | |
| Profit/(Loss) before extraordinary items and tax | | 2353.33 | 1706.43 |
| Adjustments for : | | | |
| Depreciation & Amortisation | 11 | 3390.41 | 3519.56 |
| (Profit)/Loss on Sale of Fixed Assets | | (6.53) | (1.40) |
| Finance Cost (Net) | 24 | 715.82 | 1050.39 |
| Minority Interest | 4 | 0.45 | 0.07 |
| Operating profit before changes in current assets and liabilities | | 6453.48 | 6275.05 |
| Changes in current assets and liabilities - | | | |
| Trade Receivables | 14 | (495.39) | (3180.13) |
| Short Term Loans and advances and other current assets | 16, 17 | (431.05) | (1022.61) |
| Inventories | 13 | (2252.31) | (502.84) |
| Current liabilities | 8,9,10 | 3076.51 | 3864.21 |
| Cash generated from operations | | 6351.24 | 5433.68 |
| Income Tax | | - | (13.47) |
| Cash Flow before extraordinary items | | 6351.24 | 5447.15 |
| Extraordinary items | | - | (440.00) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | | 6351.24 | 5007.15 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of Fixed Assets | | (985.27) | (993.86) |
| Sale of Fixed Assets | | 58.39 | 52.10 |
| Outflow on Long Term advances (Net) | 12 | (418.22) | (1788.23) |
| NET CASH USED IN INVESTING ACTIVITIES | | (1345.10) | (2729.99) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Finance Cost (Net) | 24 | (715.82) | (1050.39) |
| Change in Long Term borrowings (Net) | 5 | (4202.79) | (1885.68) |
| Change in Long Term liabilities & provisions (Net) | 6,7 | 235.43 | 210.20 |
| NET CASH USED IN FINANCING ACTIVITIES | | (4683.18) | (2725.87) |
| Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C) | | 322.97 | (448.71) |
| Cash and Cash equivalents as at 01.04.2016 | | 436.14 | 884.85 |
| Cash and Cash equivalents as at 31.03.2017 | | 759.11 | 436.14 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |
| NOTES ON FINANCIAL STATEMENTS | 2-33 | | |

As per our separate report of even date

For & on behalf of the Board of Directors of Morepen Laboratories Ltd.

For M Kamal Mahajan & Co. LLP
Chartered Accountants
Firm Regn. No. 006855N/N500061

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(CA M.K. Mahajan)
Partner
Membership No. 017418

(Ajay Sharma)
Chief Financial Officer

(Thomas P. Joshua)
Company Secretary

Place : New Delhi
Date : 29th April, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for presentation of Financial Statements

The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on an accrual basis of accounting and comply with applicable Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the provisions of the Act (as applicable), and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated financial statements consist of financial statements of Morepen Laboratories Ltd. (parent company) and its three subsidiaries namely Dr. Morepen Ltd., Total Care Ltd., (Domestic Companies) and Morepen Inc. (Foreign Company). Financial statements of foreign subsidiary have been recasted for the purpose of consolidation.

The names of subsidiary companies included in consolidation and parent company's holding therein are as under-

| Subsidiary Company | Country of Incorporation | Percentage of Holding (%) |
|--------------------|--------------------------|---------------------------|
| Morepen Inc. | U.S.A. | 100 |
| Dr. Morepen Ltd. | India | 100 |
| Total Care Ltd. | India | 95* |

*(Held by Dr. Morepen Limited)

1.2 Use of Estimates

The presentation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful life of depreciable assets and provisions for impairments.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to financial statements.

1.3 Fixed assets

- Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalised until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Capital work in progress includes pre-operative expenses.
- Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.
- Expenditure incurred on projects / expansion during implementation is capitalized and apportioned to various assets on commissioning / completion of the same.

1.4 Depreciation

- Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it.
- Cost of leasehold land is not amortized over the period of lease.
- Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use.

1.5 Investments

Investments are stated at cost. Provision is made, where, there is a permanent fall in the value of investment.

1.6 Foreign exchange transactions

Foreign currency liabilities covered by forward contracts/swap agreements are stated at the forward contracts/swap agreements rates, while those not covered by forward contracts/swap agreements are restated at rates ruling at the year-end. Other exchange differences are dealt with in the statement of profit and loss.

1.7 Valuation of inventories

Stocks of raw materials and other ingredients have been valued on First in First Out (FIFO) basis, at cost or net realizable value whichever is less, finished goods and stock-in-trade have been valued at lower of cost and net realizable value, work-in-progress is valued at raw material cost up to the stage of completion, as certified by the management on technical basis. Goods-in-transit are carried at cost.

1.8 Revenue Recognition

- Sales are stated net of returns, excise duty and sales tax.



- b) Dividend income is accounted for when the right to receive the same is established.
- c) Interest on calls-in-arrears on share capital is accounted for as and when received.

1.9 Researches and Development

- a) Capital expenditure on research and development is included in the cost of fixed assets.
- b) Revenue expenditure on research and development is charged to the statement of profit & loss.

1.10 Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.11 Impairment of Assets

The company determines whether there is any indication of impairment of carrying amount of company's assets. The recoverable amounts of such assets are estimated, and if any indication exists, impairment loss is recognised wherever the carrying amount of assets exceeds its recoverable amount.

1.12 Provision & contingent liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is made when there is possible obligation or present obligation that may, but probably will not, require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.13 Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted at the beginning of the period, unless they have been issued at a later date.

1.14 Employee Retirement benefits

Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Defined benefit plans –

Defined benefits plans of the company consist of gratuity and leave encashment.

- Gratuity

The company has an obligation towards gratuity, a defined benefits retirement plan covering eligible employees. The plan provides for a lump sum payment to the vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and tenure of employment. Vesting occurs upon completion of five years of service.

- Leave Encashment

As per company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods either to be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. The value of benefit is determined based on the seniority and the employee's salary.

The liability in respect of defined benefit plans is accounted in the books of accounts on the basis of actuarial valuation carried out by an independent actuary.

Defined contribution plans –

Defined contribution plans of the company consist of Provident fund and Employees State Insurance fund.

- Provident Fund & Employees State Insurance (ESI)

The company makes specified monthly contribution towards the employees' provident fund & ESI for the eligible employees.

The contribution made to provident fund and ESI are charged to the statement of profit and loss as and when these become payable.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2017

(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|--|---------------------|---------------------|
| 2. A. SHARE CAPITAL | | |
| Authorised | | |
| 45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each | 9000.00 | 9000.00 |
| 1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each | 12000.00 | 12000.00 |
| | 21000.00 | 21000.00 |
| Issued & Subscribed | | |
| <u>Equity Share Capital</u> | | |
| 44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each | 8996.53 | 8996.53 |
| | 8996.53 | 8996.53 |
| <u>Preference Share capital</u> | | |
| 97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up | 9735.20 | 9735.20 |
| 17,30,000 (Previous year 17,30,000) 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up | 1730.00 | 1730.00 |
| 5,00,000 (Previous Year 5,00,000) 9.75% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up | 500.00 | 500.00 |
| | 11965.20 | 11965.20 |
| Issued, Subscribed & Paid up | | |
| <u>Equity Share Capital</u> | | |
| 44,97,93,203 (Previous Year 44,97,93,203) Equity Shares of Rs. 2/- each fully paid up | 8995.86 | 8995.86 |
| | 8995.86 | 8995.86 |
| <u>Preference Share capital</u> | | |
| 97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up | 9735.20 | 9735.20 |
| 17,30,000 (Previous year 17,30,000) 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up | 1730.00 | 1730.00 |
| 5,00,000 (Previous Year 5,00,000) 9.75% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up | 500.00 | 500.00 |
| | 11965.20 | 11965.20 |
| | 20961.06 | 20961.06 |

B. Reconciliation of the number and amount of Equity shares -

(Rs. in Lakhs)

| | 31.03.2017 | | 31.03.2016 | |
|---|------------|---------|------------|---------|
| | Nos. | Amount | Nos. | Amount |
| Outstanding at beginning of the year | 449826203 | 8996.53 | 449826203 | 8996.53 |
| Add : Shares issued during the year | - | - | - | - |
| Less : Shares bought back during the year | - | - | - | - |
| Outstanding at the end of year | 449826203 | 8996.53 | 449826203 | 8996.53 |

Reconciliation of the number and amount of Preference shares -

(Rs. in Lakhs)

| | 31.03.2017 | | 31.03.2016 | |
|---|------------|----------|------------|----------|
| | Nos. | Amount | Nos. | Amount |
| Outstanding at beginning of the year | 11965201 | 11965.20 | 11965201 | 11965.20 |
| Add : Shares issued during the year | - | - | - | - |
| Less : Shares bought back during the year | - | - | - | - |
| Outstanding at the end of year | 11965201 | 11965.20 | 11965201 | 11965.20 |



C. Rights, preferences and restrictions attached to each class of Shares and terms of redemption -

- a) i) The company has two classes of shares referred as equity shares and preference shares. The equity shares are having a par value of Rs. 2/- each whereas par value for each preference share is Rs. 100/-. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and their voting right on poll shall be in proportion to their share in the paid-up equity share capital of the Company. Every member of the Company holding preference shares shall be entitled to vote on resolutions placed before the Company which directly affect the rights attached to their shares and any resolution for winding up of the Company or for repayment or reduction of its equity or preference share capital and their voting right on poll shall be in proportion to their share in the paid-up preference share capital of the Company. However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all resolutions placed before the Company and the proportion of voting rights of equity shareholders to the voting rights of preference shareholders shall be in proportion to their paid up capital.
- ii) In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.
- b) i) All 97,35,201, 0.01% Optionally Convertible Preference Shares, had already become due for redemption/conversion in the financial year 2014-15 and could not be redeemed due to unavailability of surplus.
- ii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, 7,65,000 Shares amounting to Rs 765.00 Lakhs will be due for redemption on May 4, 2017. Balance 9,65,000, Shares amounting Rs. 965.00 Lakhs, comprising of 2,00,000 Shares amounting to Rs. 200.00 Lakhs & 7,65,000 Shares amounting to Rs 765.00 Lakhs, had already become due for redemption in the financial year ending 31.03.2012 & 31.03.2017 respectively.
- iii) 5,00,000, 9.75% Cumulative Redeemable Preference shares amounting to Rs. 500.00 Lakhs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber has filed a legal case against the company for the recovery of the sum invested as well as interest thereon. The company is contesting the claim of the subscriber at appropriate forum.
- iv) During the year, the company could not redeem the Preference Shares, already due for redemption, on account unavailability of distributable profits in terms of Section 55(2)(a) and Section 123 of Companies Act, 2013.

D. Shareholders holding more than 5% shares -

i) Equity Shares

| Name of Shareholder | As at 31.03.2017 | | As at 31.03.2016 | |
|-----------------------|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Pinfold Overseas Ltd. | 38530000 | 8.57 | 9632500 | 2.14 |

ii) Preference Shares

a) 97,35,201, 0.01% Optionally Convertible Redeemable Shares -

| Name of Shareholder | As at 31.03.2017 | | As at 31.03.2016 | |
|---|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Bank of Nova Scotia | 1179000 | 12.11 | 1179000 | 12.11 |
| Stressed Assets Stabilisation Fund (SASF) | 961044 | 9.87 | 961044 | 9.87 |
| EXIM Bank Ltd. | 916333 | 9.41 | 916333 | 9.41 |
| SICOM Ltd. | 829463 | 8.52 | 829463 | 8.52 |
| Punjab National Bank | 671522 | 6.90 | 671522 | 6.90 |
| Oriental Bank of Commerce | 623828 | 6.41 | 623828 | 6.41 |
| Dena Bank | 593936 | 6.10 | 593936 | 6.10 |
| UCO Bank | 515900 | 5.30 | 515900 | 5.30 |

b) 17,30,000, 0.01% Cumulative Redeemable Shares -

| Name of Shareholder | As at 31.03.2017 | | As at 31.03.2016 | |
|-------------------------------|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Oriental Bank of Commerce | 1000000 | 57.80 | 1000000 | 57.80 |
| Axis Bank Ltd. | 500000 | 28.90 | 500000 | 28.90 |
| Blue Sky Securities Pvt. Ltd. | 200000 | 11.56 | 200000 | 11.56 |

c) 5,00,000, 9.75% Cumulative Redeemable Shares -

| Name of Shareholder | As at 31.03.2017 | | As at 31.03.2016 | |
|-----------------------------|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Jammu and Kashmir Bank Ltd. | 500000 | 100 | 500000 | 100 |

- E. During last 5 years immediately preceeding the balance sheet date, no Equity Share or Preference share has been issued pursuant to any contract without payment being received in cash. Further the company has neither allotted any share by way of bonus shares, nor it had bought back any Equity or Preference Share during aforesaid period of 5 years.

F. Disclosure about unpaid calls -

| | (Rs. in Lakhs) | |
|-------------------------|----------------|------------|
| Unpaid Calls | 31.03.2017 | 31.03.2016 |
| By Directors & Officers | — | — |
| By Others | 1 | 1 |

- G. No shares have been forfeited by the company during the year.

| | (Rs. in Lakhs) | |
|---|---------------------|---------------------|
| | As at 31.03.2017 | As at 31.03.2016 |
| 3. RESERVE & SURPLUS | | |
| Capital Reserve | 270.40 | 270.40 |
| Securities Premium Account | 16740.51 | 16740.51 |
| Preference Share Redemption Reserve | 7123.33 | 7123.33 |
| | <u>24134.24</u> | <u>24134.24</u> |
| <u>Surplus/(Deficit) -</u> | | |
| Opening balance | (15066.95) | (16346.93) |
| Profit/(Loss) for the year | 2353.78 | 1279.98 |
| Closing balance | <u>(12713.16)</u> | <u>(15066.95)</u> |
| | <u>11421.08</u> | <u>9067.29</u> |
| 4. MINORITY INTEREST | | |
| Share Capital | 46.66 | 46.66 |
| Share in Profit/(Loss) | (110.03) | (109.58) |
| | <u>(63.37)</u> | <u>(62.92)</u> |
| 5. LONG TERM BORROWINGS | | |
| Secured | | |
| <u>Term Loans from Banks & Institutions</u> | | |
| - Restructured Debts | — | 4219.18 |
| Other Loans | 138.34 | 121.95 |
| | <u>138.34</u> | <u>4341.13</u> |



Nature of Security and Terms of Repayment -

I. Term Loans from Banks & Institutions

- a. Term loans, except noted at (b) below, are secured by a first charge created by way of a joint equitable mortgage on pari-passu basis on all immovable and movable fixed assets, including plant and machinery, land & buildings and others, both present and future, first charge over Escrow/Trust and Retention Account, and second charge on the current assets of the company, both present and future. Further these loans are secured by personal guarantee of Managing Director of the company.
- b. Other loans represent vehicle loans, repayable on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase scheme.

| Year of Repayment | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | Total |
|-------------------------------------|------------|------------|------------|---------|---------|--------|
| Annual Repayment Amount (Rs./Lakhs) | 46.94 | 45.74 | 23.97 | 12.40 | 9.28 | 138.33 |
| Annual Rate of Interest (%) | 9.85-10.30 | 9.85-10.30 | 9.85-10.30 | 9.85 | 9.85 | |

- c. Details of delay in repayment of term loans & interest thereon is as under -

| Amount (Rs. in Lakhs) | |
|-----------------------|--------------------|
| Particulars | More than 3 Months |
| Interest | 121.83 |

II. Current portion of long term borrowings is appearing under the head Other Current Liabilities. (Refer Note No. 9)

| (Rs. in Lakhs) | |
|--|---------------|
| As at | As at |
| 31.03.2017 | 31.03.2016 |
| 6. OTHER LONG TERM LIABILITIES | |
| Security receipts from business associates | 271.53 |
| 282.46 | 271.53 |

7. LONG TERM PROVISIONS

Provision for employees' benefits (Unfunded) -

| | | |
|------------------|----------------|----------------|
| Gratuity | 998.79 | 842.54 |
| Leave Encashment | 360.44 | 291.74 |
| | 1359.23 | 1134.28 |

| | (Rs. in Lakhs) | |
|--|---------------------|---------------------|
| | As at 31.03.2017 | As at 31.03.2016 |
| 8. TRADE PAYABLES | | |
| Total outstanding dues of micro enterprises and small enterprises | 34.56 | 42.67 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 12447.98 | 11490.37 |
| | <u>12482.54</u> | <u>11533.04</u> |
| Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006. | | |
| 9. OTHER CURRENT LIABILITIES | | |
| Current maturities of long-term debt (Refer note no. 5) | 4761.02 | 2409.42 |
| Interest accrued and due on borrowings | 121.83 | 200.57 |
| Accrued salaries and benefits | 765.95 | 744.86 |
| <u>Other Payables -</u> | | |
| Advance received from Customers | 124.66 | 342.81 |
| Direct Taxes | 57.39 | 96.28 |
| Indirect Taxes | 106.37 | 52.84 |
| Advance against sale of Fixed Assets* | 435.00 | 435.00 |
| Others | 744.96 | 421.82 |
| | <u>7117.18</u> | <u>4703.60</u> |
| *Advance against sale of Fixed Assets | | |
| Advance against the sale of fixed assets represents amount received for the sale of land appearing in the Note no. 11 (c) of notes of financial statements under the head Fixed Assets and the profit on this transaction is not recognised in the books as some obligations are still pending to be completed . | | |
| 10. SHORT TERM PROVISIONS | | |
| Provision for employees' benefits - | | |
| Gratuity | 97.50 | 58.78 |
| Leave Encashment | 35.35 | 22.95 |
| Provision for Income Tax | — | 337.69 |
| | <u>132.85</u> | <u>419.42</u> |

11. FIXED ASSETS

TANGIBLE ASSETS

(Rs. in Lakhs)

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | CARRYING VALUE | |
|-----------------------|---------------------|-----------|---------------------------|---------------------|---------------------|-----------------|---------------------|---------------------|
| | As at 01.04.2016 | Additions | Disposals/ Adjustments | As at 31.03.2017 | As at 01.04.2016 | For the Year | As at 31.03.2017 | As at 31.03.2016 |
| Free hold Land | 169.05 | - | - | 169.05 | - | - | 169.05 | 169.05 |
| Leasehold Land | 23.44 | - | - | 23.44 | - | - | 23.44 | 23.44 |
| Buildings | 7227.68 | 99.24 | - | 7326.92 | 2945.36 | 174.37 | 4207.19 | 4282.32 |
| Plant & Machinery | 83208.20 | 704.09 | 85.74 | 83826.55 | 66206.52 | 3106.97 | 69270.67 | 17001.68 |
| Furnitures & Fixtures | 300.98 | 21.24 | - | 322.22 | 253.68 | 6.27 | 259.95 | 47.30 |
| Vehicles | 489.87 | 87.09 | 14.19 | 562.77 | 231.78 | 53.82 | 280.35 | 258.09 |
| Office Equipments | 185.67 | 48.70 | - | 234.37 | 137.37 | 21.56 | 158.93 | 48.30 |
| Total | 91604.89 | 960.36 | 99.93 | 92465.32 | 69774.71 | 3362.99 | 73089.63 | 21830.18 |
| Previous Year | 90724.40 | 966.40 | (85.91) | 91604.89 | 66320.48 | 3489.05 | 69774.71 | 21830.18 |

INTANGIBLE ASSETS

| | | | | | | | | | | |
|-----------------------|----------|-------|------|----------|---------|-------|--------|---------|---------|---------|
| Computer Software | 119.15 | 24.91 | 0.80 | 144.86 | 73.88 | 26.86 | 1.20 | 101.94 | 42.92 | 45.27 |
| Goodwill | 7796.71 | - | - | 7796.71 | 0.56 | 0.56 | - | 1.12 | 7795.59 | 7796.15 |
| Patents & Trade Marks | 2322.49 | - | - | 2322.49 | 2322.49 | - | - | 2322.49 | - | - |
| Total | 10238.35 | 24.91 | 0.80 | 10264.06 | 2396.93 | 27.42 | 1.20 | 2425.55 | 7838.51 | 7841.42 |
| Previous Year | 10210.89 | 27.46 | - | 10238.35 | 2366.81 | 30.51 | (0.39) | 2396.93 | 7841.42 | |

GRAND TOTAL

| | | | | | | | | | | |
|---------------|-----------|--------|---------|-----------|----------|---------|---------|----------|----------|----------|
| Current year | 101843.24 | 985.27 | 100.73 | 102729.39 | 72172.04 | 3390.41 | (47.27) | 75515.18 | 27214.20 | 29671.60 |
| Previous Year | 100935.29 | 993.86 | (85.91) | 101843.24 | 68687.29 | 3519.56 | (35.21) | 72171.64 | 29671.60 | |

Note :

- Leasehold land is not amortised in view of para 1(c) of Accounting Standard on Leases (AS-19) issued by the Institute of Chartered Accountants of India defining scope of the standard.
- Trade mark "Burnol" forming part of Patents & Trade Marks was given as a Collateral security against inter-corporate deposit taken by the parent company. Legal case in respect of the above trade mark is pending final adjudication.
- Freehold land includes land having gross value of Rs. 14.94 Lakhs sold in earlier years and advance received against sale revenue on this transaction is not recognised in the books as some obligations are still pending to be completed.

(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|--|---------------------|---------------------|
| 12. LONG TERM LOANS AND ADVANCES | | |
| <u>Unsecured</u> | | |
| Capital Advances (Considered good)* | 7203.50 | 6801.91 |
| Security Deposits | 196.46 | 179.83 |
| Loans and advances to related parties | — | — |
| | <u>7399.96</u> | <u>6981.74</u> |
| *Represents sum advanced for the acquisition/expansion of OTC brands/business. | | |
| 13. INVENTORIES | | |
| Raw Materials | 1870.69 | 1546.91 |
| Work-in-progress | 1712.54 | 974.47 |
| Finished goods | 858.49 | 523.90 |
| Stock-in-trade | 1355.77 | 926.61 |
| Goods-in-transit | 567.11 | 167.23 |
| Stores and spares | 101.89 | 75.06 |
| | <u>6466.49</u> | <u>4214.18</u> |
| The inventory of stocks, stores and spares has been taken, valued and certified by the management. | | |
| 14. TRADE RECEIVABLES | | |
| Trade receivables outstanding for a period exceeding six months | | |
| Unsecured - | | |
| Considered good | 2079.59 | 190.20 |
| Considered doubtful | 102.01 | 14.44 |
| Less: Allowance for bad & doubtful debts | (102.01) | (14.44) |
| | <u>2079.59</u> | <u>190.20</u> |
| Other Debts | | |
| Unsecured - | | |
| Considered good | 7210.13 | 8604.13 |
| | <u>9289.72</u> | <u>8794.33</u> |
| 15. CASH AND CASH EQUIVALENTS | | |
| Balances with banks | | |
| i) Current Accounts | 676.85 | 349.73 |
| ii) Bank Balances held as - | | |
| Margin Money | 34.67 | 56.77 |
| Guarantees | 23.97 | 19.37 |
| Cash in hand | 23.62 | 10.27 |
| | <u>759.11</u> | <u>436.14</u> |
| 16. SHORT TERM LOANS AND ADVANCES | | |
| Others- unsecured & considered good | | |
| Indirect Taxes including Central Excise Balances | 664.32 | 244.77 |
| Advance Income Tax - Tax Deducted at source | 9.08 | 10.05 |
| Due from Income Tax Department - (refer Note No. 32(b)) | 382.46 | 351.38 |
| Security Deposits | 68.45 | 57.64 |
| Advance with suppliers and others | 998.87 | 917.36 |
| Loans & advances to employees | 107.78 | 95.41 |
| | <u>2230.96</u> | <u>1676.61</u> |
| <u>Advances Considered Doubtful</u> | 157.73 | 157.73 |
| Less : Provision for doubtful advances | (157.73) | (157.73) |
| | <u>—</u> | <u>—</u> |
| | <u>2230.96</u> | <u>1676.61</u> |



(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 | |
|---|---------------------|---------------------------------|-----------------|
| 17. OTHER CURRENT ASSETS | | | |
| Export Incentives Receivable | 273.92 | 449.91 | |
| Recoverable from Customs | 140.36 | 68.72 | |
| Prepaid Expenses | 46.70 | 45.71 | |
| Interest accrued but not due | 9.55 | 29.49 | |
| | <u>470.53</u> | <u>593.83</u> | |
| 18. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for) | | | |
| a) Contingent Liabilities | | | |
| Claim against the Company not acknowledged as debts | 850.98 | 809.29 | |
| Guarantees | 66.31 | 26.59 | |
| Other money for which company is contingently liable | 1891.50 | 1304.60 | |
| Arrears of Fixed Cumulative Dividends on Preference Shares | 742.67 | 692.77 | |
| Bills discounted with banks | 385.41 | — | |
| | <u>3936.87</u> | <u>2833.25</u> | |
| b) Commitments | <u>—</u> | <u>—</u> | |
| | <u>3936.87</u> | <u>2833.25</u> | |
| 19. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 | | | |
| | SBNs | Other denomination notes | Total |
| Closing cash in hand as on 08.11.2016 | 36.69 | 2.03 | 38.71 |
| (+) Permitted receipts | — | — | — |
| (-) Permitted payments | — | — | — |
| (-) Amount deposited in Banks | 36.69 | 0.48 | 37.16 |
| Closing cash in hand as on 30.12.2016 | — | 13.58 | 13.58 |
| 20. REVENUE FROM OPERATIONS (GROSS) | | | |
| <u>Sale of Products</u> | | | |
| Domestic | 34212.88 | | 27105.00 |
| Exports | 24503.88 | | 20677.09 |
| Gross Sales | 58716.76 | | 47782.09 |
| <u>Other Operating Revenues</u> | | | |
| Export Incentives | 779.95 | | 632.77 |
| Others | 126.83 | | 998.66 |
| | <u>906.78</u> | | <u>1631.43</u> |
| | <u>59623.54</u> | | <u>49413.52</u> |
| 21. OTHER INCOME | | | |
| Interest Income | 8.30 | | 18.42 |
| Others | 361.24 | | 101.72 |
| | <u>369.54</u> | | <u>120.14</u> |
| 22. COST OF MATERIALS CONSUMED | | | |
| Raw Materials | 21852.05 | | 17523.24 |
| Packing Materials | 748.14 | | 636.22 |
| | <u>22600.19</u> | | <u>18159.46</u> |
| 23. EMPLOYEE BENEFITS EXPENSE | | | |
| Salaries and Wages | 6194.95 | | 5124.24 |
| Contribution to provident fund/ ESI | 250.63 | | 225.98 |
| Gratuity and Leave Encashment Expenses | 327.39 | | 262.87 |
| Staff Welfare | 253.05 | | 216.28 |
| | <u>7026.02</u> | | <u>5829.37</u> |

(Rs. in Lakhs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---------------------|---------------------|
| 24. FINANCE COST | | |
| Interest expense | 715.82 | 1050.39 |
| | <u>715.82</u> | <u>1050.39</u> |
| 25. DEPRECIATION AND AMORTIZATION EXPENSES | | |
| Depreciation | 3390.41 | 3519.56 |
| | <u>3390.41</u> | <u>3519.56</u> |
| 26. OTHER EXPENSES | | |
| Consumption of Stores and spare parts | 111.70 | 103.34 |
| Power and Fuel | 983.53 | 763.66 |
| Rent | 418.11 | 328.85 |
| Repairs to buildings | 86.87 | 72.74 |
| Repairs to machinery | 277.00 | 245.32 |
| General Repairs | 54.87 | 62.71 |
| Insurance | 51.13 | 44.85 |
| Research & Development | 41.40 | 46.50 |
| Rates and taxes excluding taxes on income | 168.10 | 135.36 |
| Legal and Professional Expenses | 656.51 | 434.15 |
| Travelling Expenses | 1193.07 | 808.17 |
| Quality Control & Testing Charges | 238.56 | 228.51 |
| Miscellaneous Expenses | 1186.69 | 934.53 |
| Selling and Distribution Expenses | 3538.31 | 2345.30 |
| | <u>9005.85</u> | <u>6553.99</u> |

27. PRIOR PERIOD ITEMS

Expenses include Rs. 6.53 Lakhs (Previous Year Rs. 5.25 Lakhs) as expenses (net) relating to earlier years.

28. SEGMENT REPORTING

In accordance with AS-17, "Segment Reporting" the Company's business activity falls within a single primary business segment viz. "Pharmaceuticals". The secondary business segment in terms of geographical markets have been recognised as India, USA and rest of world. The segment revenues for the year is as under-

| | Sales Revenues (Rs. in Lakhs) | |
|----------------------|-------------------------------|-----------------|
| Geographical Segment | 2016-17 | 2015-16 |
| USA | 4619.65 | 4676.78 |
| Rest of World | 19884.23 | 16000.31 |
| India | 34212.88 | 27158.97 |
| Total | 58716.76 | 47836.06 |



29. RELATED PARTY DISCLOSURES

Disclosure as required by accounting standard "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India are as under :

Related Parties

| | |
|--|--|
| 1. Key Management Personnel | Morepen Laboratories Limited Mr. Sushil Suri, Chairman & Managing Director, Mr. Ajay Sharma, Chief Financial Officer Mr. Thomas P. Joshua, Company Secretary Dr. Morepen Limited Mr. Sanjay Suri, MD Ms. Hansa Sharma, Company Secretary |
| 2. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the Company has any transactions during the year | Not Any |
| 3. Relatives of Key Management personnnels with whom the company has any transaction during the year | Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Amita Sharma |

Transactions with related parties -

| Particulars | Nature of transaction | (Rs. in Lakhs) |
|--|--|-----------------|
| 1. Key Management Personnel | Remuneration Payable Balance as on 31.03.17 (Maximum amount outstanding - Rs. 55.26 Lakhs) | 289.25 10.07 |
| 2. Relatives of key Management personnnels with whom the company has any transaction during the year | Remuneration Payable Balance as on 31.03.17 (Maximum amount outstanding - Rs.56.51 Lakhs) | 344.58 14.77 |
| 3. Entities over which key management personnel/ or relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year | Not Any | - |

30. EARNING PER SHARE (EPS)

| Particulars | Year Ended | |
|---|------------|------------|
| | 31.03.2017 | 31.03.2016 |
| Profit/ (Loss) after Tax (Rs. in Lakhs) | 2353.78 | 1279.97 |
| Weighted average number of equity shares outstanding | 449826203 | 449826203 |
| Earnings/(loss) per share in rupees (face value Rs.2/- per share) | 0.51 | 0.28 |

EPS has been computed after considering dividend on cumulative preference shares.

31. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2017. Hence, no provision is required in the accounts for the year under review.

32. TAXES

a) DEFERRED TAX LIABILITY/ (ASSET)

As required by Accounting Standard "Accounting for taxes on income" i.e. (AS-22) issued by the Institute of Chartered Accountants of India, deferred tax asset on accumulated losses, is not recognized as a matter of prudence.

MAT PROVISIONS

b) The company has carried forward losses, therefore no provision for Minimum Alternative Tax (MAT) is required during the current year. Accordingly, provision of Rs.351.38 Lakhs made during the previous years has also been reversed during the current year.

33. OTHER SIGNIFICANT DISCLOSURES

- a) In the opinion of Directors, all assets and non-current investments stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- b) Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- c) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- d) During the financial year ending 31st March 2010, pursuant to the Scheme of Arrangement or Compromise u/s 391 of the Companies Act, 1956 approved by Hon'ble High Court at Shimla, the company had allotted 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues. The Central Government preferred an appeal against the said order, the Hon'ble Division Bench allowed the appeal and remanded the matter back to the single judge for considering the representation of Central Government & deciding the petition. The matter which was pending adjudication before single judge of Hon'ble Himachal Pradesh High Court, has since been transferred to National Company Law Tribunal (NCLT), regional bench at Chandigarh.
- e) Remuneration paid to directors for the period April 2005 - March 2014 amounting to Rs. 356.00 Lakhs is subject to Central Government approval.
- f) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.



MOREPEN LABORATORIES LIMITED

Regd. Off: Morepen Village, Nalagarh Road, Near Baddi, Distt.Solan, H.P. - 173 205

CIN: L24231HP1984PLC006028; **Website:** www.morepen.com;

E-mail Id: investors@morepen.com; **Tel No.:** +91-01795-276201-03; **Fax No.:** +91-01795-276204

NOTICE

NOTICE is hereby given that the **32nd Annual General Meeting (AGM)** of the members of **Morepen Laboratories Limited** will be held on **Friday, 22nd day of September, 2017 at 10.30 A.M.** at the Registered Office of the Company at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement, including Consolidated Financial Statements, of the Company for the financial year ended March 31, 2017 together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Arun Kumar Sinha (DIN: 00450783), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. Satinder Goyal & Co., Chartered Accountants (FRN: 027334N), as the Statutory Auditors of the Company, to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

“RESOLVED THAT pursuant to provision of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to all the applicable laws and regulations, including but not limited to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as proposed by the Board of Directors pursuant to the recommendations of the Audit Committee, M/s. Satinder Goyal & Co., Chartered Accountants (FRN: 027334N), be and are hereby appointed as Statutory Auditors of the Company, in place of retiring auditors M/s. M Kamal Mahajan & Co. LLP, Chartered Accountants (FRN: 006855N/N500061), for a term of five (5) consecutive years, i.e. to hold office from the conclusion of this Annual General Meeting until the conclusion of 37th Annual General Meeting, to be held in the year 2022 and that the Board of Directors of the Company, be and are hereby authorized to fix such remuneration including out-of-pocket expenses (collectively “Auditor's Remuneration”) as may be recommended by the Audit Committee of the Board, in consultation with Statutory Auditors, to be agreed upon between the Statutory Auditors and the Board of Directors of the Company.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

Appointment of Ms. Anju Suri (DIN: 00042033) as Director of the Company

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Ms. Anju Suri (DIN: 00042033), who holds office up to the conclusion of this Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

Approval of the appointment and remuneration of M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby approves the appointment, by the Board of Directors, of M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 (FY 2017-18) at the following remuneration:

| Particulars | Amount (Rs.) |
|--|-----------------|
| Bulk Drugs | 1,25,000 |
| Drug Formulations | 1,25,000 |
| Out of Pocket Expenses (Limited to Actual) | 50,000 |
| Total (Maximum) | 3,00,000 |

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By order of the Board of Directors
For Morepen Laboratories Limited**

**Place : New Delhi
Date : June 12, 2017**

**Sushil Suri
(Chairman & Managing Director)
DIN : 00012028**



NOTES

1. The Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out under Item Nos. 4 to 5 of the Notice, is annexed hereto and forms part of the notice.
2. The relevant details, as required under Secretarial Standard – 2 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors at the Annual General Meeting ('AGM') are furnished herewith and forms part of the Notice.
3. **A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in the aggregate not more than ten percent (10%) of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent (10%) of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.

The instrument appointing proxies, in order to be effective, should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send, to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 16, 2017 to Friday, September 22, 2017 (both days inclusive).
6. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in and signed, for attending the meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their de-mat accounts. Members holding shares in physical form can submit their PAN to the RTA 'MAS Services Limited'.
8. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to MAS Services Limited, for consolidation into a single folio.
9. **To support the 'Green Initiative', the Members are requested to register/update their e-mail id's, contact details and addresses with the RTA 'MAS Services Limited'/Depositories for receiving all communications including Annual Report, Notices, Circulars, etc., from the Company electronically.**
10. The Notice of the 32nd AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
11. Members may also note that the Notice of 32nd AGM and the Annual Report 2016-17 will be available on Company's website, www.morepen.com. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who have any queries may write to us at investors@morepen.com.
12. The Auditors Report pursuant to Section 145 of the Companies Act, 2013, Register of Directors & Key Managerial Personnel and their Shareholdings pursuant to Section 170, Register of Contracts or Arrangements in which Directors are interested pursuant to Section 189 and the Register of Proxies, will be available for inspection by the members at the AGM.
13. Route Map showing directions to reach the venue of 32nd AGM is given at the end of this Notice.

14. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members the facility to exercise their right to vote, on all the resolutions set forth in the Notice of 32nd AGM of the Company, by electronic means through the remote e-voting services provided by National Securities Depository Limited (NSDL).

The Members, whose name appear in the Register of Members, holding shares in physical or in dematerialised form, as on the cut-off date i.e. Friday, September 15, 2017 (end of day), including those preference shareholders whose dividends have remained unpaid for more than two years, are entitled to cast their votes on the resolutions set forth in this Notice.

The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-voting'). The remote e-voting shall commence at 9.00 a.m. on Monday, September 18, 2017 and shall end at 5.00 p.m. on Thursday, September 21, 2017.

In addition, the facility for voting by use of 'Ballot Paper' shall also be made available at the AGM, for all those members who are present at the AGM but have not cast their votes by remote e-voting.

The members desirous to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

Procedure for Remote E-voting:

The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitation of remote e-voting for AGM. The instructions for remote e-voting are as under :

(a) In case of Members receiving e-mail from NSDL:

- i) Open the PDF file 'Morepen remote e-Voting.pdf' attached to the email, using your Client Id / Folio No. as password. The PDF file contains your User Id and Password for remote e-voting. Please note that the password provided in PDF file is 'Initial Password'.
- ii) Launch internet browser and open <https://www.evoting.nsdl.com/>.
- iii) Click on Shareholder – Login.
- iv) If you are already registered with NSDL for remote e-voting then you can use your existing User Id and Password/PIN for casting your vote.
- v) If you are logging in for the first time, please enter the 'User Id' and 'Initial Password' as noted in step (i) above and click on 'Login'.
- vi) Password change menu will appear. Change the 'Initial Password' with a new Password of your choice with minimum 8 digits/characters or combination thereof. Note the new Password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vii) Home page of remote e-voting will open. Click on remote e-voting: Active Voting Cycles.
- viii) Select 'EVEN' of '**MOREPEN LABORATORIES LIMITED**'.
- ix) Now you are ready for remote e-voting as 'Cast Vote' page opens.
- x) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
- xi) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- xii) Once you have confirmed your vote on the resolution, you cannot modify your vote.
- xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to investors@morepen.com with a copy marked to evoting@nsdl.co.in.



(b) In case of Members receiving physical copy of the Notice of AGM and Attendance Slip:

- i) Initial Password is provided as follows along with Attendance Slip:

| EVEN (E-Voting Event Number) | USER ID | PASSWORD/PIN | NO. OF SHARES |
|------------------------------|---------|--------------|---------------|
| – | – | – | – |

- ii) Please follow all steps from S. No. (ii) to S. No. (xiii) above, to cast your vote.

General Instructions :

- (a) During the remote e-voting period, members of the Company, holding shares either in physical or dematerialized form as on the cut-off date i.e. Friday, September 15, 2017 (end of day), may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.
- (b) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- (c) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (d) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Friday, September 15, 2017 (end of day).
- (e) Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date, i.e. Friday, September 15, 2017 (end of day), may obtain the login ID and password by sending a request to NSDL at evoting@nsdl.co.in or to the Company's Registrar - Mas Services Limited at info@masserv.com.

However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote.

Note: If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com.

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID + Client ID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No + Folio No).

- (f) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- (g) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- (h) The Company has appointed Mr. P. C. Goel, Practicing Company Secretary (Membership No. FCS 1434 & C.P. No. 457) as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- (i) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of 'Ballot Paper' for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
- (j) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- (k) The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.morepen.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall, simultaneously, be forwarded to NSE & BSE which shall place the results on their website.

**By order of the Board of Directors
For Morepen Laboratories Limited**

**Place : New Delhi
Date : June 12, 2017**

**Sushil Suri
(Chairman & Managing Director)
DIN : 00012028**



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013, the following statement sets out all material facts concerning each item of special business mentioned under Item Nos. 4 and 5 of the accompanying Notice:

Item No. 4:

Pursuant to Rule 13 of the Companies (Appointment & Qualification of Directors) Rules, 2014, the members of the Company are hereby informed that the Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 ("Act"), from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Ms. Anju Suri, for the office of Director of the Company, to be appointed as such under the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

The Company has received from Ms. Anju Suri, Director of the Company, the following disclosures as per the relevant provisions of Companies Act, 2013:

- a) Consent in writing to act as Director of the Company pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014,
- b) Intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under sub-section (2) of Section 164 of the Act.

The Board of Directors of the Company recommends the passing of the resolution set out under Item No. 4 of the Notice as an **Ordinary Resolution**.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Ms. Anju Suri (Director), Mr. Sushil Suri (Chairman and Managing Director) and their relatives, are in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 5:

As per the recommendations of the Audit Committee, the Board of Directors of the Company have appointed M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 (FY 2017-18) pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors of the Company, has to be approved by the shareholders of the Company.

The Board of Directors of the Company recommends the passing of the resolution set out under Item No. 5 of the Notice as an **Ordinary Resolution**.

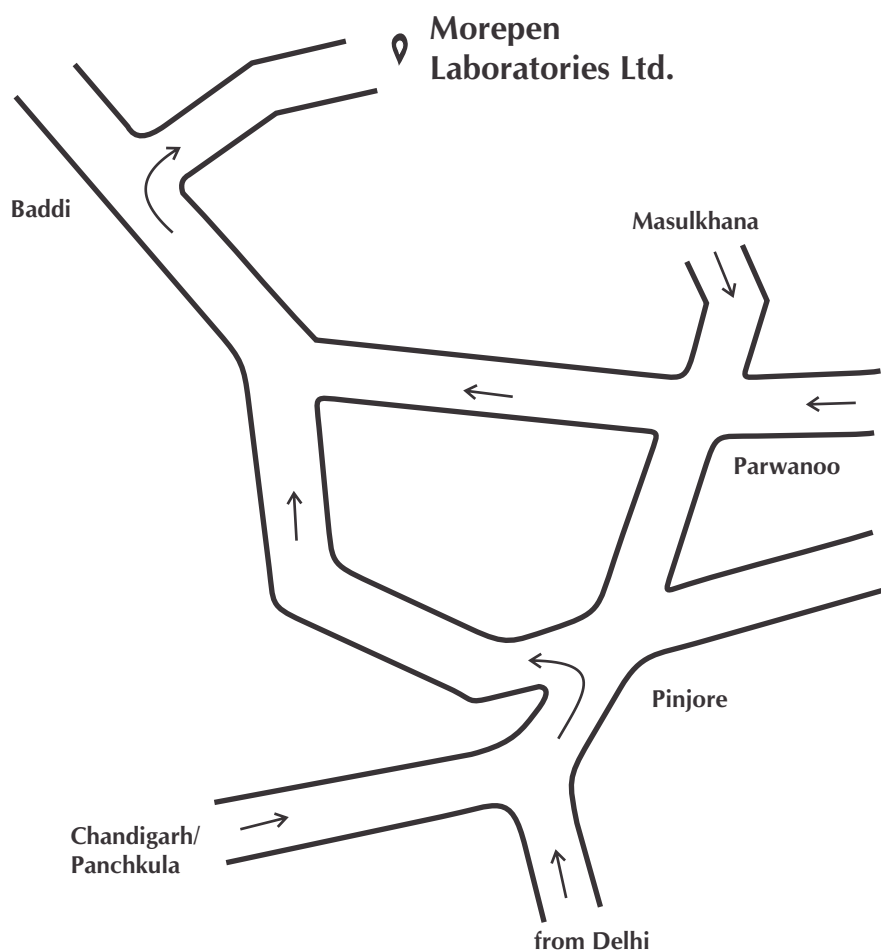
None of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way, concerned or interested, financially or otherwise, in this resolution.

Details of Directors Seeking Appointment/Re-appointment at the Annual General Meeting

(Pursuant to Secretarial Standards - 2, Regulation 36 (3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 & Companies Act, 2013)

| Particulars | Dr. Arun Kumar Sinha | Ms. Anju Suri |
|--|---|---|
| Date of Birth | 17.03.1951 | 23.10.1967 |
| Age | 66 | 49 |
| Qualification | M.Sc. – Chemistry, Ph.D.–Chemistry, PG Diploma in Personnel Management & Industrial Relations | M.A. (Sociology) & B.Ed. |
| Date of first appointment | 15.06.2005 | 09.11.2016 |
| Expertise in specific functional areas | Wide professional and technical expertise of more than 43 years in the pharmaceutical industry. | Experience of more than 14 years in Administration & HR and implementation and execution of Special Projects. |
| Directorships in other Companies (excluding foreign companies) | Nil | <ul style="list-style-type: none"> • Epitome Holdings Private Limited • Backhome Foods and Foods Private Limited • Morepen Biotech Limited • Morepen Hospitality Limited • React Investments and Financial Services Private Limited • Square Investments and Financial Services Private Limited • Seed Securities and Services Private Limited |
| Memberships/Chairmanships of Board Committees in other Companies (includes only Audit Committee and Stakeholders Relationship Committee) | Nil | Nil |
| Number of shares held in the Company | 100 | 51,86,369 |
| DIN | 00450783 | 00042033 |
| No. of meetings of Board attended during the year and other directorships | 1 | 2 |
| Relationship with other Directors, Manager and Key Managerial Personnel of the Company | Nil | W/o. Mr. Sushil Suri Chairman & Managing Director |
| Terms and conditions of appointment | Whole-time Director, liable to retire by rotation | Non-Executive Director, liable to retire by rotation |

ROUTE MAP TO THE AGM VENUE



(Map not to scale)

MOREPEN LABORATORIES LIMITED

Regd. Off: Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, H. P.– 173 205

CIN : L24231HP1984PLC006028; Website : www.morepen.com;E-mail Id : investors@morepen.com; Tel No.: + 91-01795-276201-03; Fax No.: + 91-01795-276204**Form No. MGT – 11
PROXY FORM**[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

| |
|--|
| Name of the Member(s): |
| Registered address:..... |
| E-mail Id: Folio No./DP ID & Client ID:..... |

I/We, being the member(s) of the above named company holding shares of Rs. each, hereby appoint

- 1) Name: E-mail Id:
 Address: Signature: or failing him/her
- 2) Name: E-mail Id:
 Address: Signature:

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Friday, the 22nd day of September, 2017 at 10.30 a.m. at the Registered Office of the Company at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, H. P. – 173 205 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Res. No. | Description | For | Against |
|----------|---|-----|---------|
| 1. | Receive, consider and adopt the Audited Financial Statement, including Consolidated Financial Statements, of the Company for the financial year ended March 31, 2017 together with the reports of the Directors' and Auditors' thereon. | | |
| 2. | Appointment of Director in place of Dr. Arun Kumar Sinha (DIN: 00450783), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment. | | |
| 3. | Appointment of M/s. Satinder Goyal & Co., Chartered Accountants (FRN: 027334N), as Statutory Auditors of the Company. | | |
| 4. | Appointment of Ms. Anju Suri (DIN: 00042033) as Director of the Company. | | |
| 5. | Approval of appointment and remuneration of M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company for the financial year ending March 31, 2018. | | |

Signed this day of 2017.

Signature of Member(s):

Affix
Revenue
Stamp**NOTES:**

- Please put a 'X' in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in the aggregate not more than ten percent (10%) of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent (10%), of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.
- This form of Proxy in order to be effective should be duly completed, stamped, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

MOREPEN LABORATORIES LIMITED

Regd. Off : Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, H. P.– 173205

CIN: L24231HP1984PLC006028; **Website :** www.morepen.com;

E-mail Id : investors@morepen.com; **Tel No.:** +91-01795-276201-03; **Fax No.:** +91-01795-276204

E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

You are aware that the provisions of Companies Act, 2013 have been made effective from 1st April, 2014. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued thereunder, Companies can serve Annual Reports, Notices and other communications through electronic mode to those shareholders who have registered their email address either with the Company/RTA or with the Depository.

It is a welcome move that would benefit the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment. This provides a golden opportunity to every shareholder of Morepen Laboratories Limited to contribute to the cause of '**Green Initiative**' by giving their consent to receive various communications from the Company through electronic mode.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the appended registration form from the website of the Company www.morepen.com.

[Please note that as a Member of the Company, you will be entitled to receive all such communication in physical form, upon request.]

Best Regards,

Sd/-

Sushil Suri

(Chairman & Managing Director)

E-COMMUNICATION REGISTRATION FORM

Folio No. /DP ID & Client ID:

Name of the 1st Registered Holder:

Name of the Joint Holder[s]: (1) (2)

Registered Address:

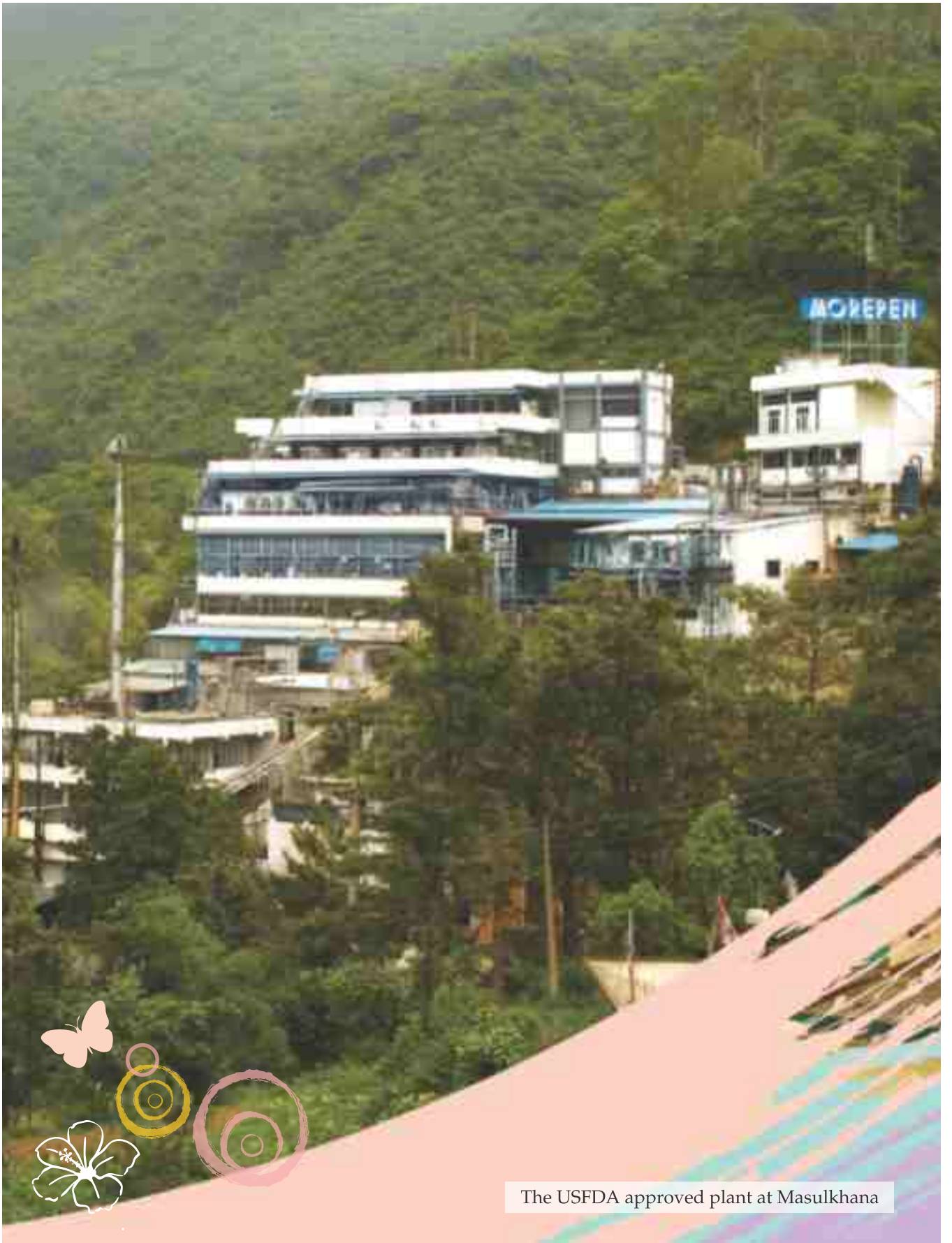
E-mail ID (to be registered): Mob./Tel. No.:

I/We shareholder(s) of Morepen Laboratories Limited hereby agree to receive communications from the Company in electronic mode. Please register my above E-mail ID in your records for sending communications in electronic form.

Date:

Signature:

Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.



The USFDA approved plant at Masulkhana



Morepen Laboratories Limited

(CIN: L24231HP1984PLC006028)

Corp. Off. : 409, 4th floor, Antriksh Bhawan, 22 K.G. Marg, New Delhi - 110 001, INDIA

Tel.: 91-11-23324443, 23712025, Fax : 91-11-23722422

E-mail : investors@morepen.com Website : www.morepen.com