



*Life is
beautiful...*



The sight of hope.

The sound of opportunity.

The scent of passion.

The feel of caring.

The taste of success.



*Life is
beautiful...*

Blended together, this has been the formula of Morepen's growth in the sphere of wellness. Our emphasis on quality is uncompromising to the last detail, directly impacting our business figures and countless lives. Driven by the urge to innovate, Morepen is open to treading new grounds in the future.

Life is indeed beautiful.



The USFDA approved plant at Masulkhana.



Late Shri K.B. Suri
Founder, Morepen Group

“In life, there can be no short cuts, no compromises, no second chances. You live once and you should live it well. It is a philosophy I hold very close to my heart. And it is this philosophy around which Morepen functions – every minute, every hour, every day of the year.”

Board of Directors

Sushil Suri

Chairman & Managing Director

Dr. Arun Kumar Sinha

Director

Manoj Joshi

Director

Bhupender Raj Wadhwa

Director

Sukhcharan Singh

Director

Auditors

M/s M. Kamal Mahajan and Co.
Chartered Accountants
S.C.O. 61, Madhya Marg,
Sector 26, Chandigarh

Registered Office

Morepen Village, Nalagarh Road,
Near Baddi, Distt. Solan,
Himachal Pradesh - 173205

Corporate Office

409, 4th Floor, Antriksh Bhawan,
22, Kasturba Gandhi Marg,
New Delhi - 110 001

Registrar & Share Transfer Agents

MAS Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area
Phase - II, New Delhi - 110 020

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From the desk of Chairman

It's that time of the year again!

Time to look forward. Time to look back. Time to reorient, rejuvenate and refresh our body, mind and soul. Time to celebrate the beauty of life!

With every passing year, our resolve to touch every aspect of healthcare has become stronger. It is a holistic approach that goes beyond numbers, and celebrates the passion of researching and discovering new ways of spreading joy.

The future is all set to be a beautiful canvas of challenges and rewards. We are moving on...

Sushil Suri



MOREPEN



GLOBAL GENERICS

Developing Bulk Drugs at par with stringent standards

The manufacture and commercialization of Active Pharma Ingredients (API) and Intermediates for the regulated markets of USA, Canada and Europe remain the Company's flagship activity.

Morepen's anti-allergy drug Loratidine – internationally known as Claritin – has over 90% share of the US market while other products such as Atorvastatin, Fexofenadine, Montelukast etc. have captured various global markets.

This Division functions out of the USFDA approved plant at Masulkhana and the state-of-the-art complex at Baddi. Morepen follows the most advanced GMP standards in every aspect of its functioning.





MOREPEN



The USFDA approved plant at Masulkhana



MEDICUS

Encapsulating innovation with a strong quality edge

Working on the motto of 'Help, Healing and Happiness', the Formulations Division operates at two levels – Medicus and CarDia.

The Medicus portfolio offers a range of healthcare brands that are technologically superior but within reach of the common man. The new 'CarDia' division is meant to cater to the needs of Cardio-Diabetic patients with a wide variety of products.

The most advanced manufacturing facilities, stringent R&D ethos, and dedicated workforce together create products that are trusted by doctors, retailers and stockists alike. Morepen offers over 100 branded formulations for the domestic and international market.



MOREPEN





MEDIPATH

Bringing the finest self-health care devices to India

Morepen has created a whole new category for marketing of global brands of medical devices and clinical diagnostic products. The division of Medipath has introduced many innovative products under two diagnostic brands called 'HomeHealth' and 'QuickCheck'. Today, Medipath has an all-India network of more than 700 distributors, and also caters to Hospitals, Clinical Laboratories and Blood Banks.



MOREPEN



Dr. MOREPEN

Everyday health solutions for every part of India



'Dr. Morepen' Consumer Division has taken popular self health FMHG products into a million households across India. The brand plays on the simple philosophy of "health in your hands", and has been immensely successful right since inception. Products such as Burnol, Lemolate, Sat Isabgol and many more are the preferred choice of discerning customers belonging to today's generation.



MOREPEN

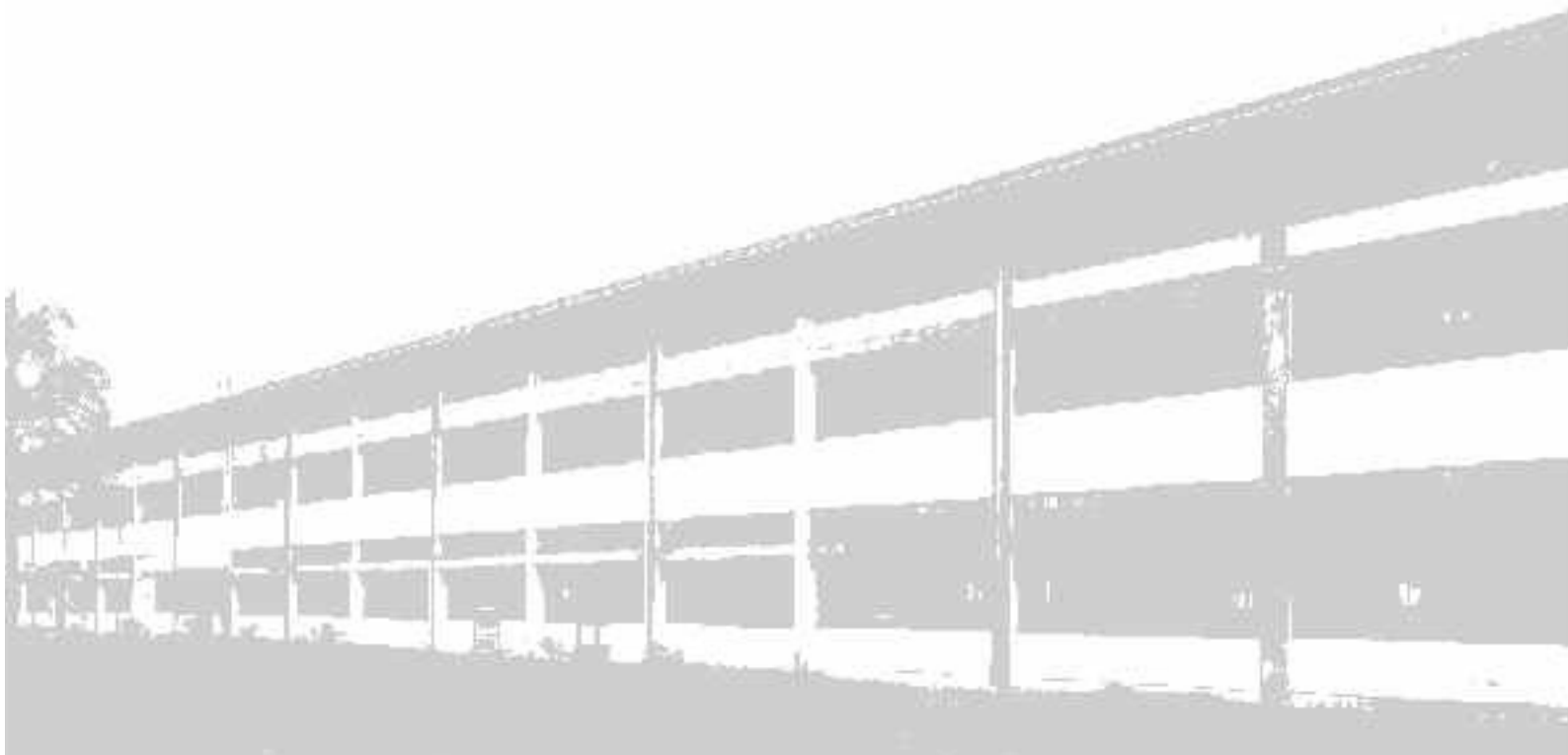




CONTRACT MANUFACTURING

Infusing excellence into third party operations

Morepen has the infrastructural strength to take up contract manufacturing for third party operations. The three state-of-the-art manufacturing plants in Himachal Pradesh are marked by proven international design, stringent quality control systems and skilled workforce. The Baddi complex, with its in-built customized temperature controls, is especially suited to the manufacture of different products for a host of reputed companies.



MOREPEN





DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting this 27th Annual Report and Audited Accounts for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
Particulars	2011-12	2010-11
Total Revenue	27051	21735
Operating Surplus	1865	828
Finance cost	796	623
Cash Surplus	1069	205
Non Cash Items		
Depreciation & Amortisation	4689	4578
(Loss) before Extra ordinary items	(3620)	(4373)
Extra ordinary items - Income (Net)	1204	-
(Loss) Before Tax	(2416)	(4373)
Tax	-	(75)
(Loss) after Taxation	(2416)	(4298)

MANAGEMENT OVERVIEW

Your company has recorded a healthy growth of 25%, in its annual operating revenues for the current year. Operating revenues for the current year have been recorded at Rs. 26950 Lacs against Rs. 21631 Lacs achieved in the previous financial year. The management team and entire work force of your company is working hard to improve upon its business and financial performance across all business segments.

The management's continuous emphasis on cost control and the economies of scale of increased business volumes have led to generation of higher operating surplus in the current financial year as compared to surplus generated in the previous year.

Increased Active Pharmaceutical Ingredients (API) business and better export realization due to weakening rupee has led to improved operating margins for the current year. Operational surplus during the year has risen to Rs. 1865 Lacs from Rs. 828 Lacs, recorded in the last year, on the strength of growth in revenues, better price realization and the cost effective controls. During the current year finance cost has increased by Rs. 173 Lacs on account of higher interest outgo on restructured debt. However during the year, there has been increased net cash generation of Rs. 1069 Lacs against Rs. 205 Lacs generated in the previous year.

Efforts continue towards improving performance across all the business segments so that with profitable growth and increased cash flows, the company is able to timely service all its financial obligations.

DIVIDEND

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

OPERATIONS

In the current year, sales revenues at Rs. 26489 Lacs are up by 24% over previous year sales revenues of Rs. 21410 Lacs. The main driver of this impressive growth in sales revenues is the 'Active Pharmaceutical Ingredients' (API) business, which recorded growth of 38% in the current year.

The increased operating surplus of Rs. 1037 Lacs is attributable to profitable growth in API business and continuous cost control measures exercised across all business segments. However increase in finance cost by Rs. 173 Lacs, on account of increased interest rate on restructured debt, has restricted the growth in cash surplus to Rs. 864 Lacs.

Annual growth of 38% in API business was achieved due to 41% growth in export business and 18% growth in domestic business. Loratadine API & intermediates business has grown to Rs. 11161 Lacs as against Rs. 7708 Lacs in last financial year, thus recording a growth of 45%.

Montelukast, anti-asthmatic drug, with sales revenues of Rs. 3420 Lacs, registered an increase of 52% over the previous year business of Rs. 2255 Lacs. Atorvastatin sales revenues have gone up to Rs. 1059 Lacs, from previous year's sales revenues of Rs. 634 Lacs. Weak rupee has positively affected the API business.

Formulation business, due to on going reorganization in distribution network and product rationalization, has recorded lower annual revenues of Rs. 1796 Lacs, against Rs. 1851 Lacs in the previous financial year.

Home Health & Diagnostics Equipment (Medipath) business, with current year revenue of Rs. 3512 Lacs, has recorded a growth of 13% over the previous year. Home Health segment has recorded a growth of 11%, whereas Clinical Diagnostics segment has shown a growth of 9%.

Pharmaceutical Contract Manufacturing (PCM) business at Rs. 3993 Lacs has registered a growth of 9% over the previous financial year.

FINANCES

The company continues to service its debt obligations and settle its debt in terms of approved CDR (Corporate Debt Restructuring) scheme and also as in terms of individual settlement with banks and financial institutions.

REPORT ON BUSINESS PERFORMANCE

A. ACTIVE PHARMACEUTICAL INGREDIENTS (API)

API business has recorded a handsome growth in its top line for the current financial year, vis-à-vis last financial year. Current year sales revenues at Rs. 17785 Lacs are up by 38% over last year's revenue of Rs. 12893 Lacs. Loratadine API and intermediates business at Rs. 11161 Lacs has recorded a growth of 45% over the last year. Current year 'Loratadine' API sales at Rs. 9411 Lacs, is up by 43% over the last year, whereas its intermediate business has grown by 24%.

'Loratadine', anti-allergic drug, exports to the regulated markets, has registered a handsome growth of 33% over the last financial year. The company's increased business with Japanese and Chinese market for supply of 'Loratadine' intermediates has helped the company to grow at 24% in intermediate business of 'Loratadine'.

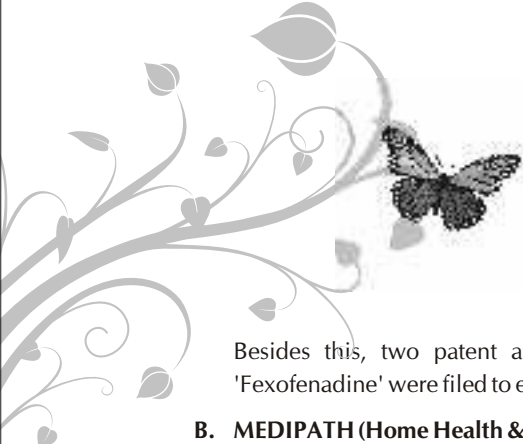
USFDA approval for Desloratadine 'API' was received during the year. Out of current year revenue of Rs. 276 Lacs, US markets generated revenue worth Rs. 102 Lacs. The company is eyeing increased penetration in highly regulated US API markets which is expected to lead to profitable growth in the coming years.

Certificate of Suitability (COS) for Montelukast, anti-asthma drug, was filed during the current year to capture the highly profitable regulated European market. 'Montelukast', with annual growth of 52% has recorded sales revenue of Rs. 3420 Lacs, in the current financial year. Morepen was granted Montelukast process patent in Europe as well as Canada during the year under review.

COS & USDMF for Crystalline Atorvastatin Trihydrate was also filed during the current year to enter the highly profitable regulated markets. Atorvastatin, cholesterol lowering drug, with current year annual revenue of Rs. 1059 Lacs, has shown a growth of 67% over previous financial year. Morepen was awarded Pharmexcil Patent Award for the patent of Amorphous Atorvastatin already granted in US and Canada.

'Fexofenadine' business worth Rs. 721 Lacs was achieved during the current financial year against Rs. 249 Lacs in the previous year.

During the year, new products like Carvedilol, Linezolid, Rosuvastatin and Aliskerin have added more than Rs. 101 L during the year.



Besides this, two patent applications for new polymorphic form of 'Rosuvastatin' and Process patent on 'Fexofenadine' were filed to enhance and strengthen the Intellectual properties of the company.

B. MEDIPATH (Home Health & Diagnostics Equipments)

Sales revenue for the current year at Rs. 3451 Lacs are up by 11% over the previous year. 'Home Health' products with annual revenues of Rs. 2695 Lacs, have registered a growth of 11%. Sale of weighing scales doubled on receipt of big corporate order, whereas glucometer revenues rose by 26% over the last year. 'Clinical Diagnostics' business with annual sales of Rs. 578 Lacs has grown by 9% over the last year. 'Blood Banking' business with annual sales of Rs. 178 Lacs is up by 13%. During the year, Aids & Hepatitis product business has witnessed a growth of 38%. Weak rupee adversely affected the current year margins as the company was not able to pass on the additional cost to consumer due to market competition.

C. BRANDED PRESCRIPTION DRUGS

Current year sales revenues for the domestic formulation business, at Rs. 1790 Lacs, are marginally down against previous year's revenues of Rs. 1851 Lacs, as the company was engaged in reorganizing its market territories, product mix and scaling down the injectable business. Gastrointestinal formulations have shown a growth of 12% whereas Antibiotics business is down by 5%. Share of Gastrointestinal formulations in overall formulations sales has gone up to 36% from 31% in the last year, whereas share of Antibiotics has remained static at 48% of last year.

D. PHARMACEUTICAL CONTRACT MANUFACTURING (PCM)

Co-branding business of Rs. 2436 Lacs has recorded a growth of 15% over the last year, whereas third party formulation manufacturing business is up by 5% over the last year. New customers and new products were added during the year.

Revival of old customer base having confidence in quality of 'Morepen' products has resulted in the increased capacity utilization and business growth.

SUBSIDIARIES

Performance of subsidiaries-

The working of all its subsidiaries for the year under review and the performance of each of its subsidiaries is given here-in-below:

Dr. Morepen Limited

Current year sale revenue of Rs. 2321 Lacs has registered a growth of 50% against last year's revenues of Rs. 1543 Lacs.

The company's efforts in re-jigging the distribution channels have borne fruit and paved the way for deeper penetration of targeted markets for its varied range of its 'OTC' products.

Fresh demand was created by extensive field coverage and product promotion on TV channels. Improved distribution and trade practices helped the company in lowering its investment in working capital and significantly lower return of goods.

Higher current year sales revenues have enabled the company to generate a cash surplus of Rs. 147 Lacs against cash deficit of Rs. 184 Lacs in the previous financial year. This is despite the fact, that the company has made additional marketing spends of Rs. 104 Lacs during the current financial year.

The company is continuously expanding its marketing and media activities, with a view to enhance product visibility and product placement. The financial performance of the company is expected to improve significantly in the coming years.

Total Care Limited

Current year sales revenue of Rs. 106 Lacs, have significantly improved over last year revenues of Rs. 50 Lacs. The company is primarily selling goods to its holding company. Current year loss at Rs. 7 Lacs is nearly the same as last year.

Morepen Inc.

This company is our marketing and distribution interface in USA for various OTC & other products. The Current year revenue was at Rs. 86 Lacs (\$1.69 Lacs) as against Rs. 74 Lacs (\$1.64 Lacs) in the previous year, where as profit after tax is Rs. 28 Lacs.

Morepen Max Inc.

This company is in a dormant state, without any further investment and activity over the previous few years. Board of Directors considers it expedient to dispose off the investment in the company at an appropriate time.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed report on Management Discussion and Analysis of Corporate Governance pursuant to Clause 49 of the Listing Agreement is provided and forms part of the Annual Report as per Annexure 'A'.

LEGAL MATTERS

During the financial year ending March 31st, 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 or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla vide order dated 4th August, 2009. The central government preferred an appeal against the said order which was allowed. The Hon'ble Divisional Bench remanded the matter back to the Single Judge. The matter is pending final adjudication.

The cases filed against the company, on the basis of investigation carried u/s 235 of the Companies Act, 1956 and by the Registrar of Companies are being defended by the company and its directors.

LISTING OF SHARES OF THE COMPANY

In July 2006, debt restructuring scheme of the company was approved by Corporate Debt Restructuring (CDR) Cell. In pursuance of the approved CDR scheme 20,62,95,790 Equity Shares were allotted to the banks & financial institutions, promoters and the foreign investor on a preferential basis. The company has complied with the necessary requirements in respect of listing of these shares by the Stock Exchanges. However these shares are yet to be listed. The company has now filed a writ petition before Hon'ble High Court at Delhi, to facilitate an early decision in respect of the above matter. The matter is now sub-judice.

ENVIRONMENT

The company has always focused on environment protection in its day to day operations by adopting various good practices which take care of effluent treatment and proper disposal. Air and water pollution have been contained within permissible limits by adopting latest techniques. By way of constant up-gradation in the efficiency of Effluent Treatment Plant, other related equipments and the training program, we have consistently maintained the track record of proper upkeep and maintenance.

HUMAN RESOURCES

Your Company is doing its best to attract right and talented people. The company is improving its track record of retaining the valued Human Resources. People at most of the levels have maintained long term association with the company paving the way for improved decision making and operational efficiency.

The Company is committed to provide rightful and fair opportunity to people at all levels and encourage the spirit of openness and transparency. The company believes that its Human Resource is an asset for the company and a participative work environment driven by sense of team work and collective ownership will ensure the growth and success of the company. The inter-personal relationship amongst workers, staff and officers continues to be extremely cordial.

As on 31st March 2012, 1379 employees were working for the company across all levels and at various locations.



DISCLOSURE OF PARTICULARS

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and out go, as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 is annexed and forms part of this report as **Annexure-'B'**.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors certify:

1. That the applicable accounting standards have been followed along with proper explanation relating to material departures in the preparation of annual financial statements.
2. That they 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 or loss of the company for that period.
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detecting fraud and other irregularities.
4. That the annual accounts have been prepared on a going concern basis.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Mr. Manoj Joshi and Mr. Bhupinder Raj Wadhwa, Directors of the company retire by rotation and offer themselves for re-appointment. Your Directors recommend their reappointment as Directors on the Board in the ensuing Annual General Meeting.

AUDITORS

M/s. M. Kamal Mahajan And Co., Chartered Accountants, retire as Auditors of the Company at conclusion of the ensuing Annual General Meeting and have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956 and willingness to continue as Auditors of the Company, if re-appointed.

EXPLANATION TO AUDITORS' REPORT

The Auditors have vide Para (i) (a) of the annexure to the audit report commented on the quantitative details and situation of items like pipe, meter instruments and other similar items. Your Company is a pharmaceutical company, where, in the manufacturing plants controlled reactions take place in the reactors and the items of Plant and Machinery like pipes runs criss-cross throughout the various sections of the plant, like pilot plants, utility sections and various control valves and meters and instrumentations are mounted on such pipes, samplings, reactors and items of Plant & Machinery. Therefore, by the very nature of the industry, these particular items cannot be attributed to a particular place to the exclusion of other place. Further in your Directors view, this is not a qualification but clarification only.

Further the auditors have vide Para (xi) of the annexure to the audit report commented on certain defaults made in repayment of dues to debenture holders. The Company reiterates its commitment to settle these lenders and has taken steps to settle with them as per the CDR terms.

LISTING

The Company has paid the annual listing fee for the year 2011-2012 to The Bombay Stock Exchange Limited, Mumbai (BSE) and The National Stock Exchange Limited, Mumbai (NSE). The Equity shares continue to be listed on BSE and NSE.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is given in a separate section and forms part of the Annual Report.

The statement pursuant to section 212 of the Companies Act, 1956 is annexed as Annexure 'C' and forms part of this Report.

ACKNOWLEDGEMENTS

Your Directors appreciate the valuable co-operation and continued support extended by the Employees, Customers, Suppliers, Collaborators, Company's GMP consultants, Auditors, Bankers, Financial Institutions, Medical Professionals, Drug Control Authorities, Government Agencies, Business Associates, and our large Shareholder Family.

For and on behalf of the Board

Sushil Suri
Chairman & Managing Director

New Delhi
14th May, 2012



Annexure 'A'

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL PHARMACEUTICAL SCENARIO

The global pharmaceutical market is expected to grow at rate of 3-5% in 2012 and may touch \$920-950 billions in 2012. The market is expected to grow at a CAGR of 3-6% over 2011-15, to touch \$1.1 Trillion, in the year 2015.

The high growth emerging markets, the Pharmerging markets are expected to grow at an impressive CAGR of 13-16%, to reach \$315-345 bn by 2015. These markets are expected to contribute around 28% of total global spending by 2015, as against 12% in 2005. China, the third largest market, is expected to grow 25-27% to reach \$50 billion in 2012. However, the pharmaceutical sales in largest market of USA, is expected to grow in the range of 1-4% during the period 2011-13 and expected to reach \$310-330 bn, during this period. The growth in global pharmaceutical markets is being driven by low cost factor, increasing prevalence of diseases worldwide and rising per capita income of consumers.

The share of generics segment in global pharma markets is expected to grow at CAGR of 13%, against CAGR of 1% in the patented branded markets and may touch \$40 billion by 2015. The above shift in trend is applicable not only for developing markets but also for developed markets.

The generics market has expanded on the strength of greater no. of drugs going off patent by 2015, increased drug penetration in certain geographical territories and the healthcare cost containment by governments and users.

Amongst the top 20 countries, India's ranking is expected to move upwards by 4 positions and expected to grow at CAGR of 16% by 2015.

MOREPEN'S STRATEGY

In API business, Morepen continues its focus on improved processes and cost reduction to produce and deliver competitive and consistently high quality API and intermediates to its foreign and local customers. It maintains its core strength for all those products which it is producing presently, on the consistent basis. R&D efforts are being made to add new products to its existing product pipeline.

In formulations and diagnostic business, the company is working on expansion of its customer base. It aims to distribute its products, across the length and breadth of the country. In order to have better penetration for its products it has reworked its distribution strategy and re-organized its sales and field forces. Further it is also taking care that products are delivered to customers at competitive rates but of consistent and assured quality.

The company has been improving its operating and financial performance particularly in its largest business segment- API and hopes to improve performance in rest of the businesses. The company has good standing in its areas of operations and shall endeavor to improve it on continuous basis. The company's API business continues to file new DMFs (Drug Master Files) and process patents and improvements, to generate a rewarding product portfolio.

OPPORTUNITIES AHEAD

GLOBAL MARKETS

ACTIVE PHARMA INGREDIENTS (API)

The rapid growth in Pharmerging markets primarily on account of increased spending on generic drugs is contributing to increase in share of generics drugs in the overall pharmaceutical growth. \$140 billion drugs going off patent by 2015, offers an excellent opportunity for the growth of generics market. India being one of the main players in the generics market sees a huge potential for itself to contribute its mile to global pharma markets.

The lifestyle segments such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers will continue to be lucrative and fast growing owing to increased urbanization and change in lifestyle patterns. Going forward Contract Manufacturing And Research (CRAMS) is expected to gain momentum.

According to estimates, during the period 2011- 2015, global pharma outsourcing market will grow at CAGR of about 12% and will climb to \$150 bn by 2015 from present of \$85bn.

Emerging markets like India offer a number of attractive factors to all global pharma companies like large talent pool, comparable technical capabilities and skills at lower wage rates, large patient population and adherence to international quality standards. The search of local companies in the emerging markets for partnerships with global drug companies is offering huge opportunities for Indian pharma companies.

Patent Filing

The company is consistently building its IPR (Intellectual Proprietary Rights) portfolio to explore the new opportunities in the regulated market as well as to stay competitive in the market place. USFDA approval for 'Desloratadine' was received during the current year. COS for Montelukast Sodium and Atorvastatin calcium were also filed. During the year, the company has filed 2 new patents for new crystalline form of Rosuvastatin calcium and other for novel processes evolved for Fexofenadine and its intermediates which have taken the tally of patents filed by the company to 52. Further, the Company has been granted patent on Montelukast in Canada as well as Europe whereas it is in final examination stage in USA and India.

DOMESTIC MARKETS

FORMULATIONS

Rx MARKETING

The company has reworked its distribution network and product portfolio has also been realigned with the market demand and the company's strengths. The company remained focused on the existing therapeutic categories and is working hard to expand the reach of its products. The products with good demand and higher contribution are being given close attention. New therapeutic category of 'Cardio-vascular' added to the portfolio is being developed and company expects strengthening of the product category.

PRODUCT CONTRACT MANUFACTURING (PCM)

The performance for the segment during the year has improved over the previous financial year. As there is no additional capital outlay and it is offering capacity utilization, the company expects to continue till the capacity is self utilized. The company continues to leverage its brand name for outsourced products and servicing wide range of therapeutic areas.

OUTLOOK ON THREATS, RISKS AND CONCERNS

Apart from risks faced by the pharmaceuticals industry, the global Generic companies face additional risk associated with regulatory issues and product liability, especially in developed markets. Innovator pharmaceutical companies are also continuously working on developing new ways to hold on to their patented drugs so as to delay entry of generic versions. Due to growth opportunities in off-patent products and with a view to retain market share, the innovator companies have also jumped into this segment, in spite of the fact that there is significant price erosion in the off-patent products.

With more drugs going off-patent, the Generics space is becoming more competitive even in the emerging countries as innovator companies have also jumped into the fray. Manufacture of pharmaceuticals is strictly regulated and controlled by authorities across the world. Further the regulators across the world have become stricter, in respect of compliance to requirements and any non-compliance taken very seriously by the regulator.

In the Indian pharmaceuticals market, price of certain pharmaceutical products is regulated by the Drug Pricing Policy through the Drug Pricing Control Order, 1995 (DPCO). Further API business is largely export oriented, whereas 'Medipath' business involves imports for most of its inputs. The sharp movements in foreign exchange rates impact the Company's financial results.

The above-mentioned issues are being provided as disclosure in relation to the company's business by explaining the prevailing business environment.



FIXED ASSETS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company places special emphasis on the internal control system by way of internal audit of the Company and also by way of strengthening its systems & processes. Discrepancies and weaknesses, found at various levels are timely and adequately addressed, towards efficient management of company's valuable resources.

CAUTIONARY STATEMENT

Statements/Declarations contained in the Management Discussions and Analysis Report pertaining to Strategies, future plans and projections have been made in good faith.

Market data and production information contained in this report have been based on the information gathered from various published and unpublished reports and their authenticity can not be completely ensured/assured. The Management of the Company reserves the right to re-visit any of the predictive statements to decide the best course of action for the maximization of Shareholders' value/wealth besides meeting social and human obligations.

Annexure 'B'

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988

FORM A

Form for disclosure of particulars with respect to conservation of energy.

A) ELECTRICITY AND FUEL CONSUMPTION:

S. no.	Particulars	Year ended 31.03.2012	Year ended 31.03.2011
1.	Electricity		
a.	Purchase Units(KWH) (Units in Lacs)	82.81	75.55
	Total amount (Rs. in Lacs)	428.57	347.10
	Rate/Unit(Rs.)	5.18	4.59
b.	Own Generation		
I)	Through Diesel Generator Unit(KWH) (Units in Lacs)	5.27	7.88
	Unit per Litre of Diesel Oil	3.02	3.02
	Cost/Unit(Rs.)	13.39	12.51
II)	Through Steam Turbine/Generator	N.A.	N.A.
2.	Coal (Specify quality where used)	N.A.	N.A.
3.	Furnace Oil Quantity (k.litres) (Qty. in Lacs)	8.16	10.70
	Total Amount (Rs.)	302.57	305.29
	Average Rate(Rs. Per Litre)	37.08	28.52
4.	Diesel Quantity (k.litres) (Qty. in Lacs)	3.93	N.A.
	Total Amount (Rs.)	158.48	N.A.
	Average Rate(Rs. Per Litre)	40.29	N.A.
5.	Other/Internal Generation	N.A.	N.A.

B) CONSUMPTION

Particulars	Unit	Standards	Year ended 31.03.2012	Year ended 31.03.2011
Electricity	KWH	No Specific standards	84.22	24.57
Furnace Oil	Ltr./Kg	No Specific standards	7.80	3.15
Diesel	Ltr./Kg		3.76	N.A
Coal		N.A	N.A	N.A
Others		N.A	N.A	N.A

Note: Consumption depends upon product mix.



FORM B

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules 1988.

1. Research & Development

(a) Key areas in which R & D is carried out by the Company

- Innovation and up gradation of existing technologies/products to meet customer requirements
- Improvement in existing processes of various API's & their intermediates to improve the quality and also for cost reduction
- Development of new dosage forms in different therapeutic categories for domestic market - for in-house marketing as well as for contract manufacturing
- Development of novel polymorphic forms & processes and patents filing to increase the intellectual property of the company
- Finished formulation with In-House developed API with the target to offer the product for domestic market to third party marketing companies.
- Development of bi-layer tablets with incompatible API's and in Cardiovascular therapeutic category of the products
- Development of bi-layer tablets of sustained release formulation along with immediate release formulation in combination of two and three API's in Diabetic range of the products.
- Development of sublingual tablets in neurotonic category

(b) Benefits derived as a result of R & D activities

- Yield improvement and reduction in the input quantities of raw material resulting in cost reduction and economization, helping the company staying ahead of its competitors.
- Process/Quality improvements and product up-gradation as per customer requirements.
- Addition of several new high value products like crystalline & Aliskiren.
- Process simplification and standardization of parameters resulting in uniform quality and better efficiencies.
- Newly developed research work was utilized in the production of commercialized products.
- DMF/COS filing for 'Montelukast' and 'Atorvastatin' using non-infringing processes developed in R&D laboratories by their process validation in plant
- Increase in the CRAM business with the development of bi-layer tablets with in Diabetic and Cardiovascular category of the products

(c) Future plan of action

- New high value drugs 'Saxagliptin' and "Ambrisentan" identified for development
- Identifying the new potential drugs and their development and registration for domestic market
- Continuous investment of resources in augmenting R & D capabilities and productivity
- Greater focus on innovative, commercially viable process know-how for both APIs and dosage forms.
- Greater focus on the expansion of intellectual property on all the work carried out in R&D.
- To develop and commercialize API's which has good potential in international market with early patent expiry.
- DMF filing for crystalline Rosuvastatin Calcium and crystalline 'Aliskiren Hemifumarate
- Filing of patent for novel processes for 'Aliskiren Hemifumarate and 'Atorvastatin Calcium'.
- To develop and commercialize API's which has good potential in international market with early patent expiry.
- Submission of dossiers in different countries to generate the export market and business.

(d) Expenditure on R&D

	Year Ended 31.03.2012	(Rs. in Lacs) Year Ended 31.03.2011
Capital	-	-
Revenue	152.00	149.40
Total	152.00	149.40
Total R&D expenditure as % of total turnover	0.57%	0.70%

1. Technology Absorption, Adaptation and Innovation

a) Efforts in brief made towards technology absorption and innovation

The Company is continuously adopting innovative processes in the manufacture of all of its API's and intermediates as well as in formulations as explained in 1 (a) above.

b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.

Internationally competitive prices and high quality products, improved productivity/process efficiencies, foreign exchange earning/savings and other benefits as explained in 1(b) above.

c) Information in case of imported technology (Imports during last five Years)

Not Applicable.

2. Conservation of Energy

The Company continues to take necessary steps towards conservation of energy.

3. Foreign exchange earnings and outgo

The information on earnings and outgo of foreign exchange is given in notes on Financial Statements under note no. 30.

The following steps were taken for strengthening of export markets -

- 2 patents (in EUROPE and CANADA) of amorphous 'Montelukast Sodium' were granted, whereas it is under examination in USA.
- In recognition of its export performance, the company was awarded 'Pharmexcil Patent' award.
- 'COS' for amorphous 'Montelukast Sodium' and crystalline 'Atorvastatin Calcium' were filed after their process validation in plant
- Patents for new polymorphic form and novel process for crystalline 'Rosuvastatin' calcium in R&D was filed
- USFDA approval was received for 'DesLoratadine' API



ANNEXURE 'C'

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Rs. in Lacs)

1	Name of the subsidiary Company	: Morepen Max Inc.	: Morepen Inc.	: Dr. Morepen Limited	: Total Care Limited
2	The Financial year of the Subsidiary Company ended on	: 31.03.2012	: 31.03.2012	: 31.03.2012	: 31.03.2012
3	Extent of interest	: 51 Equity shares of US\$ 1000 each	: 9400 Fully paid shares of US\$ 1 each	: 40679500 Equity shares of Rs.10/- each	: 886716 Equity Shares of Rs.100/- each (Held by Dr. Morepen Ltd., a 100% subsidiary of the Morepen Laboratories Ltd.)
4	Extent of Shareholding	: 51%	: 100%	: 100%	: 95%
5	Net aggregate amount of profit/losses of the subsidiary so far as it concerns the members of Morepen Laboratories Limited and is not dealt within the Company's Accounts.				
a	Profit/Losses for the Financial Year ended as on 31st March, 2012 of the Subsidiary	: 2.21	: 27.63	: 32.53	: (6.36)
b	Profit/Losses for the previous financial years of the subsidiary since it became subsidiary	: (7.83)	: 63.78	: (2770.75)	: (606.61)
6	Capital	: 24.89	: 22.23	: 4067.95	: 933.39
a	Reserve	: -	: -	: (1144.62)	: (2144.67)
b.	Total Assets	: 37.78	: 162.41	: 3654.97	: 14.02
c.	Total Liabilities	: 37.78	: 162.41	: 3654.97	: 14.02
d.	Investment (except in case of investment in the subsidiaries)	: -	: -	: -	: -
e.	Turnover	: -	: 85.89	: 2321.19	: 106.24
f.	Profit before tax	: 4.33	: 34.03	: 32.53	: (6.70)
g.	Provision for Taxation	: -	: 6.40	: -	: -
h.	Profit after Taxation	: 4.33	: 27.63	: 32.53	: (6.70)
i.	Proposed Dividend	: -	: -	: -	: -

Notes:

The Board of Directors of the Company has given its consent for not attaching the balance sheet of the above listed subsidiaries. The company, on demand, shall make available to its shareholders and the shareholders of its subsidiaries, at any point of time, the annual accounts of the subsidiaries and the related detailed information. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder in the head office of the company and of the subsidiary companies concerned. Further a hard copy of details of accounts shall be furnished on demand to any of its shareholder.



Report on Corporate Governance

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The mechanism of Corporate Governance is aimed at ensuring greater transparency and better and timely reporting of the affairs of the Company to its stakeholders. The element of Corporate Governance contributes in generating the value for its Stakeholders at large. The Company conducts its business affairs with strict compliance of the principles of Corporate Governance and in the process strives to adopt various legal and regulatory measures with the ultimate objective of the creation and maximization of stakeholders' wealth.

1. BOARD OF DIRECTORS

COMPOSITION AND CATEGORY OF DIRECTORS AS ON MARCH 31, 2012

Category	No. of Directors	%
A Executive Director		
Mr. Sushil Suri - (Promoter)	1	20
Dr. A. K. Sinha	1	20
B Non Executive Director		
Promoter	Nil	Nil
Mr. Manoj Joshi, Mr. Sukhcharan Singh, Mr. B. R. Wadhwa (Independent)	3	60
Total	5	100

The Chairman of the Board is an Executive Director.

DIRECTORS' PROFILE

Sl No.	Name of Director	Qualification	Nature of Expertise	No. of Companies in which they hold directorships
1.	MR. SUSHIL SURI	B.Sc., FCA	MANAGERIAL ENTERPRENEURSHIP	1
2.	MR. MANOJ JOSHI	M. COM IN BUSINESS ADMINISTRATION	BOARD LEVEL MANAGEMENT, POLICY MANAGEMENT AND PUBLIC ADVOCACY	1
3.	MR. SUKHCHARAN SINGH	B.A., RETIRED INSPECTOR GENERAL OF POLICE	ADMINISTRATION	2
4.	MR. B. R. WADHWA	FCA, B.COM	TAXATION AND FINANCE	1
5.	DR. A. K. SINHA	M.Sc., PHD	TECHNICAL	1

ATTENDANCE OF EACH DIRECTOR AT MEETING OF THE BOARD OF DIRECTORS AND LAST ANNUAL GENERAL MEETING

Four Board Meetings were held during the period under review i.e. on May 13, 2011, August 08, 2011, November 09, 2011 and February 10, 2012 as were the minimum required.

Name	Date of Appointment	Designation	No. of Board meetings held during the year	No. of Board meetings attended	Last AGM attendance	Number of directorship in other companies	No. of Committee memberships	No. of Chairmanship in Board/committees
Mr. Sushil Suri	01.02.1992	Chairman & Managing Director	4	4	Yes	Nil	3	3
Mr. Manoj Joshi	27.06.1992	Director	4	4	Yes	Nil	5	3
Mr. Sukhcharan Singh	15.06.2005	Director	4	4	Yes	1	5	Nil
Mr. B. R. Wadhwa	15.06.2005	Director	4	4	No	Nil	2	Nil
Dr. A. K. Sinha	15.06.2005	Director	4	4	Yes	Nil	1	Nil

Note: The Directorships held by directors as mentioned above do not include alternate directorships and directorships of foreign companies, Section 25 Companies and Private Limited Companies. As per the information provided to the Company, the Committee memberships and chairmanships as mentioned above relates to Morepen Laboratories Limited and other companies.

In accordance with clause 49 of the listing agreement, memberships/chairmanships of only the audit committee and Shareholders/ Investor Grievance Committee of all Public Limited Companies have been considered.

Shareholding of Directors as on March 31, 2012

Sl. No.	Name of Director	Shareholding
1.	Mr. Sushil Suri	55,01,510
2.	Mr. Manoj Joshi	Nil
3.	Mr. Sukhcharan Singh	Nil
4.	Mr. B. R. Wadhwa	Nil
5.	Dr. A.K. Sinha	100

2. AUDIT COMMITTEE

The Company has an Audit Committee, which meets the requirements of both Listing Agreement and the Companies Act, 1956.

Terms of reference

The committee performs important functions e.g. to review the internal audit systems, review of financial results, monitoring the adherence of accounting standards and other policies of the company.

Compositions of Audit Committee

All the members of Committee are independent directors. Four meetings were held during the period under review i.e. on May 13, 2011, August 08, 2011, November 09, 2011 and February 10, 2012. The attendance of various directors was as follows:

Sl. No.	Name of Director	Designation	No. of meetings held	Attendance
1.	Mr. Manoj Joshi	Chairman	4	4
2.	Mr. Sukhcharan Singh	Member	4	4
3.	Mr. B. R. Wadhwa	Member	4	4

3. REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. Manoj Joshi, Chairman, Mr. B. R. Wadhwa and Mr. Sukhcharan Singh as the Members. The Committee has been constituted to handle inter alia the remuneration of Executive Directors and administration and superintendence of matters relating to Employee Stock Option Scheme. Further, no remuneration is paid to the Non-Executive Directors except sitting fees. No meeting was held during the period under review.



REMUNERATION OF DIRECTORS

Details of remuneration disbursed to following Directors, during the period under review are as under:

(Amount in Rs.)

Name of Director	Salary	Perks	Commission	Total
Mr. Sushil Suri	1284360	1590383	NIL	2874743
Dr. A. K. Sinha	1991049	482120	NIL	2473169

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Board of Directors has constituted Investors Grievance Committee which is headed by a Non-Executive Director. It comprises of Mr. Manoj Joshi, Chairman, Mr. Sushil Suri and Mr. Sukhcharan Singh as the Members. The Committee specifically looks into the redressal of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc, and ensures that share transfers are processed well within the stipulated period. Company's Registrar and Transfer Agent 'MAS Services Limited' redresses the Investor Complaints with respect to shares, dividend etc. Mr. Rahul - Company Secretary has been designated as Compliance Officer of the Company.

Four meetings of the Shareholders/Investors Grievance Committee were held during the period under review i.e. on May 13, 2011, August 08, 2011, November 09, 2011 and February 10, 2012

The attendance of various directors was as follows:

Sl No.	Name of Director	Designation	No of meeting held	Attendance
1.	Mr. Manoj Joshi	Chairman	4	4
2.	Mr. Sukhcharan Singh	Member	4	4
3.	Mr. Sushil Suri	Member	4	4

Details as to the shareholders complaints received and handled during the year ended 31st March, 2012 is given as under:

Nature of complaint	No. of complaints received	No. of complaints replied	No. of pending complaints
With regard to non-receipt of dividend	1	1	NIL
With regard to shares transfer, transmission / transposition etc.	4	4	NIL
With regard to delay in dematerialization/Remat	9	9	NIL
SEBI/ROC	6	6	NIL
Non Receipt of Annual Report & Others	1	1	NIL
TOTAL	21	21	NIL

5. SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of Mr. Sushil Suri, Chairman, Mr. Manoj Joshi and Mr. Sukhcharan Singh as the Members. The Share Transfer Committee has been constituted to monitor the share transfers and dematerialization system and approve the transfer of shares. Mr. Rahul, Company Secretary serves as compliance officer of the Company who looks after the share transfer formalities on regular basis and reports to the Investors Grievance Committee of the Directors. Accordingly, M/s MAS Services Ltd. is Registrar and Transfer Agent for the shares (kept in physical as well as electronic mode). During the period under review, no meeting was held.

6. GENERAL BODY MEETINGS

The Annual General Meeting (AGM) of the company was held in accordance with the requirement of Listing agreement with Stock Exchanges and Companies Act, 1956 etc.

A) Location and Time where last three AGMs held:

Date of AGM	Location	Time
16.09.2011	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:30 a.m
17.09.2010	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:30 a.m
18.09.2009	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:30 a.m

Details of Extra Ordinary General Meetings (EGMs):

Apart from the Annual General Meeting held on September 16, 2011, no Extra Ordinary General Meeting has been held during the period under review.

B) Special Resolutions

No Special Resolution was passed in the above said meetings.

B.1) Postal Ballot

There was no business for which voting by Postal Ballot was required.

7. DISCLOSURES

Disclosures on materially significantly related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

Attention of members is drawn to the disclosures of transactions with the related parties as set out in Note No. 32, to the Financial Statements of the Company for the year ended March 31, 2012 forming part of this Annual Report. None of the transactions with any of these related parties was in conflict with the interest of the Company.

The related party transactions are entered into based on considerations of various business exigencies such as synergy in operations, sectoral specialization and other related factors.

The company has made requisite disclosure with respect to related party transactions in the significant accounting policies and notes to the financial statements.

Details of non-compliance by the Company, penalties, 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.

Your company is adhering to rules and regulations framed by Stock Exchanges, SEBI and other Govt. Authorities on matters relating to capital markets.

Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.

The Company looks forward to adopting a Whistle Blower Policy in the near future.

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company, to the best of its knowledge has provided for all the details required under the head Compliances, mandatorily required under the Listing Agreement.

Disclosure of Accounting treatment, if different, from that prescribed in Accounting Standards with explanations.

The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles, Accounting Standards issued by the Institute of Chartered Accountants of India and the Provisions of the Companies Act, 1956, 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 financial statements, where necessary.



8. SUBSIDIARY MONITORING FRAMEWORK

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

Brief of Company's Subsidiary companies as on March 31, 2012

Sl. No	Name of the Subsidiary	Country in which operating
1	Dr. Morepen Limited	India
2	Total Care Limited	India
3	Morepen Inc	USA
4	Morepen Max Inc.	USA

Morepen Max Inc, subsidiary of Morepen Laboratories Limited was non operational for the year ended March 31, 2012.

9. MEANS OF COMMUNICATON

- Quarterly results as per format prescribed by the Stock Exchanges are submitted to all the stock exchanges where company is listed and are published in various newspapers like Business Standard/The Pioneer/Financial Express and Divya Himachal/Jansatta with a view that results are communicated to maximum number of stakeholders. The financial results are also published in various newspapers. An official release is made to the Newspapers/Press and Stock Exchanges for financial results and also on the happening of any material event.
- The company has its own Website viz., www.morepen.com where information relating to financial results, launch of new products and official releases to news agencies are made available.
- Management Discussion and Analysis Report forms part of this Annual Report

10. SHAREHOLDERS INFORMATION

- Date & Time of Annual General Meeting 14th September, 2012 at 10:30 a.m.
- Venue Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh
- Financial Year April 01, 2011 - March 31, 2012.
- Date of Book Closure September 11, 2012 to September 14, 2012 (both days inclusive)
- Listing on Stock Exchanges in India at
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051
Bombay Stock Exchange Limited
Floor 25, PJ Towers, Dalal Street, Mumbai - 400001
- Listing Fees Listing fees has been paid to The National Stock Exchange of India Ltd., Mumbai for the year 2012-2013. The fee for The Stock Exchange-Mumbai, is being paid for the year 2012-2013.
- Registered Office Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh
- Corporate Office 409, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110 001
- Registrar and Transfer Agents MAS Services Ltd., T-34, 2nd Floor, Okhla Industrial Area, Ph- II, Delhi-110 020
- Share Transfer System Share transfer system is computerized. In compliance with the Listing Guidelines of stock exchanges, every six months, the Share Transfer system is audited by a Practicing Company Secretary and a certificate to that effect is issued by him and submitted to the stock exchanges, where shares of the company are presently listed.

k) Stock code:

	BOMBAY STOCK EXCHANGE	NATIONAL STOCK EXCHANGE
RIC Code	Morl.bo	Morl.ns
Stock Exchange	500288	Morepenlab

l) Market Price Data

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2011	6.30	5.36	2322677	6.30	5.35	3801233
May 2011	5.70	4.60	2191688	5.75	4.30	3843692
June 2011	5.66	4.41	1951147	5.20	4.40	3214149
July 2011	5.29	4.40	3443189	5.35	4.40	6359892
August 2011	4.56	3.50	1998276	4.75	3.50	4726375
September 2011	4.77	3.67	1727586	4.20	3.70	2679291
October 2011	4.05	3.50	1453108	4.00	3.55	2276231
November 2011	3.99	2.80	1479369	3.95	2.90	2038798
December 2011	3.70	2.65	1166859	3.60	2.65	2276137
January 2012	4.05	2.65	1527722	3.75	2.65	2197772
February 2012	4.25	3.36	1935008	4.25	3.35	2404218
March 2012	4.21	3.09	1682536	4.05	3.00	2528979

(Source: Official website of BSE & NSE)

m) Distribution of shareholding as on March 31, 2012

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1- 1000	52515	37.458	12932829	2.875
1001- 2000	47175	33.649	37420709	8.319
2001-4000	25517	18.201	37493236	8.335
4001-6000	6479	4.621	16717346	3.716
6001-8000	2394	1.708	8522184	1.895
8001-10000	1728	1.233	8234532	1.831
10001-20000	2689	1.918	19551820	4.347
20001 and above	1701	1.213	308953547	68.683
Total	145819	100.00	449826203	100.00

n) Performance in comparison to BSE Sensex and NSE S&P CNX Nifty

Month	NIFTY		MOREPEN (NSE)		SENSEX	
	OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
April 2011	5835.00	5749.50	5.40	5.55	19463.11	19135.96
May 2011	5766.90	5560.15	5.50	5.00	19224.05	18503.28
June 2011	5561.05	5647.40	5.00	4.60	18527.12	18845.87
July 2011	5705.75	5482.00	4.80	4.50	18974.96	18197.20
August 2011	5527.50	5001.00	4.55	3.95	18352.23	16676.75
September 2011	5109.80	4943.25	4.10	3.85	16963.67	16453.76
October 2011	4874.40	5326.60	3.85	3.70	16255.97	17705.01
November 2011	5278.60	4832.05	3.70	3.15	17540.55	16123.46
December 2011	4970.85	4624.30	3.20	2.70	16555.93	15454.92
January 2012	4640.20	5199.25	2.90	3.50	15534.67	17193.55
February 2012	5198.15	5385.20	3.40	3.80	17179.64	17752.68
March 2012	5366.00	5295.55	3.95	3.10	17714.62	17404.20

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2012

Category	No. of shares held	Shareholding (%)
Promoters Holdings	155371588	34.54
Financial Institutions/ Banks	6617940	1.471
Insurance Companies	22484570	4.999
Foreign Institutional Investors	58530000	13.012
Bodies Corporate	20696147	4.601
Individuals	179314958	39.863
NRI/OCBs	4533680	1.008
Others (Foreign Company, Trust and Clearing Member)	2277320	0.506
Total	449826203	100.00

11. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Equity Shares of the Company are in compulsory demat 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, 2012, the number of Equity shares of Rs.2 each (35.14%) in electronic form are 17, 56, 55,633. The ISIN allotted to Preference Shares of the company, by NSDL are INE083A03014, INE083A03022, INE083A03030 and INE083A04020.

12. TRANSFER OF SHARES TO SUSPENSE ACCOUNT

In compliance with SEBI circular No. CIR/CFD/DIL/10/2010 dated December 16, 2010 and Clause 5A of Listing Agreement, the company has transferred 58,77,277 Equity Shares of Rs. 2/- each, belonging to 5239 shareholders, to a common account 'Morepen Laboratories Suspense Account' after sending three reminders to the shareholders whose shares remained undelivered/unclaimed. These shares are in dematerialized form in accordance with the SEBI guidelines.

On receipt of any claim from beneficiary shareholders in future, the company shall transfer such shares to these shareholders from the above suspense account, after complying with the due process.

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 - 24972964-70
 Fax : 022 - 24972993
 022 - 24976351

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. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

A. OUTSTAINING WARRANTS/ANY OTHER CONVERTIBLE INSTRUMENTS

Type of security	Date of conversion	Likely impact on equity
97,35,201 - 0.01% Optionally Convertible Preference Shares	Optionally Convertible into Equity Shares at the end of 7 years from the respective date of its allotment.	The exact impact on the equity would be determinable at the time of conversion of OPCS into equity shares.
The above shares have been allotted as per the following detail		
i. 70,40,276 allotted on May 4, 2007;		
ii. 17,62,000 allotted on May 31, 2007; and		
iii. 9,32,925 allotted on February 9, 2008		

15. PLANT LOCATIONS:

At Baddi : Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh.
At Parwanoo : Sector-2, Parwanoo, District Solan, Himachal Pradesh.
At Masulkhana : Village Masulkhana, District Solan, Himachal Pradesh.

16. ADDRESS FOR INVESTOR CORRESPONDENCE :

Morepen Laboratories Limited 409, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110 001 Tel No. 23324443/23712025 Fax No. 23722422	MAS Services Ltd. T-34, 2nd Floor, Okhla Ind. Area, Ph.II New Delhi-110 020 Tel No. 2638 7281/82/83 Fax No. 2638 7281 (REGISTRAR AND TRANSFER AGENTS)
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17. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Pursuant to the clause 49 of the Listing Agreement executed with the Stock Exchanges, the company has adopted Morepen's Code of Conduct for Directors and senior management personnel which is also posted on the website of the Company "www.morepen.com"

18. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

Pursuant to the SEBI (Prevention of Insider Trading) Regulations, 2002 the Board of Directors of the Company has adopted a Code of Conduct for the Prevention of Insider Trading.



CEO/CFO CERTIFICATION

We, Sushil Suri, Chairman & Managing Director and Ajay Sharma, Chief Financial Officer, of Morepen Laboratories Limited, to the best of our knowledge and belief certify that:-

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of their 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.

Place : New Delhi

SUSHIL SURI

AJAY SHARMA

Date : May 14, 2012

Chairman & Managing Director

Chief Financial Officer

CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Shareholders of Morepen Laboratories Limited.

We have examined the Compliance of conditions of Corporate Governance by Morepen Laboratories Limited, for the financial year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the financial year ended March 31, 2012, 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 Shareholders/ Investor Grievance Committee.

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

For B Mathur & Co.
Company Secretaries

Brijeshwar Dayal Mathur
Company Secretary
C.P. No. 5334

Place : New Delhi

Date : May 14, 2012

Auditors' Report

To
The Members of Morepen Laboratories Limited

We have audited the attached balance sheet of Morepen Laboratories Limited, as at 31st March, 2012 and the statement of profit and loss for the year ended on that date annexed thereto, and its cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ("the act"), we enclose in the **Annexure** a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a. We have 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 appears from our examination of those books ;
- c. The balance sheet, the statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the balance sheet, the statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the act;
- e. On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the act;

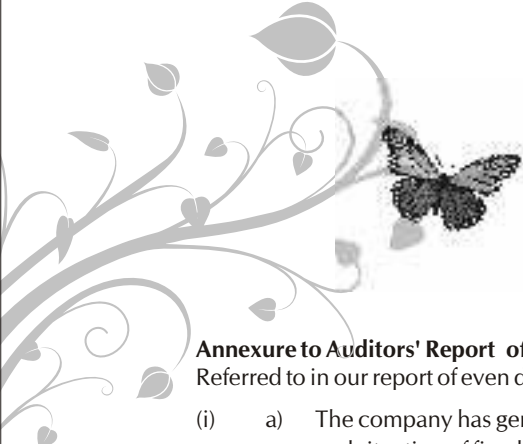
In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon, give the information required by the act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2012;
- b) in the case of the statement of profit and loss, of the loss of the company for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows of the company for the year ended on that date.

For M Kamal Mahajan And Co.
Chartered Accountants
Firm Regn. No. 006855N

Place : New Delhi
Date : 14th May, 2012

(M K Mahajan)
(Partner)
Membership No.F-17418



Annexure to Auditors' Report of Morepen Laboratories Limited

Referred to in our report of even date

- (i)
 - a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets except for items like pipe, meter instruments and other similar items.
 - b) As explained to us, most of the fixed assets have been physically verified by the management during the year and we have been informed that no material discrepancy was noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its business.
 - c) During the year, the company has not disposed off substantial part of the fixed assets.
- (ii)
 - a) As explained to us, the inventory has been physically verified at reasonable intervals by the management.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii)
 - a) According to the information and explanations furnished to us, the company has not granted secured or unsecured loans to companies, firms or other parties whose particulars are recorded in the register maintained under Section 301 of the Companies Act, 1956.
 - b) According to the information and explanations furnished to us, during the year, the company has taken an unsecured loan of Rs. 71 Lacs (year end balance Rs. 1504 Lacs) from a company covered in the register maintained under Section 301 of the act. In our opinion, the term and condition of the loan are not prima facie prejudicial to the interest of the company. (Refer Note 4(II) of the financial statements).
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and service. Further during the course of audit, we have not come across any instance of major weakness in internal control.
- (v)
 - a) Based on the audit procedures applied by us and according to the explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the act have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions which have been entered into pursuant to contract that have been entered in the register maintained under Section 301 of the act have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) 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 issue of equity shares thereafter to the fixed deposit holders, in our opinion there is no default u/s 58A of the Companies Act, 1956.
- (vii) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company pursuant to rules made by the Central Government under section 209(1)(d) of the Companies Act, 1956 for maintenance of Cost records and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete;
- (ix) According to the records of the company, the company, in general, is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise-duty, Cess and other statutory dues applicable to it and as on

31.3.2012, there are no statutory dues outstanding for a period exceeding six months. There is no amounts payable in respect of Income-tax, Sales-tax, Wealth tax, Service-tax Customs duty, cess were outstanding as at 31st March,2012 due to any dispute. According to the information provided to us, an amount of Rs. 453 Lacs is disputed by the company in respect of excise duty matters under the Central Excise Act, 1944 pertaining to years from 2006-07 to 2011-12 and the matter is pending with Customs and Central Excise Appellate Tribunals- Rs. 357 Lacs and Commissioners of Central Excise- Rs. 96 Lacs.

- (x) The accumulated losses of the company at the end of the financial year are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, the company is negotiating settlement as per the approved CDR scheme with two debenture holders with whom the company is in default in repayment amounting to Rs. 565 Lacs.
- (xii) Based on our examination of documents and records, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund/nidhi/mutual benefit fund/societies.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion, and according to the information and explanations given to us and on the basis of our verification of books of accounts of the company and based on our examination of the records, we are of the opinion that the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, we are of the opinion that the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, we are of the opinion that funds raised from short term basis were not used for long term investment.
- (xviii) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act.
- (xix) Necessary charge has been created in respect of debentures issued by the company.
- (xx) During the year covered by our audit report, the company has not raised any money by way of public issue hence provisions of this clause are not applicable to it.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For M Kamal Mahajan And Co.
Chartered Accountants
Firm Regn. No. 006855N

(M K Mahajan)
(Partner)

Place : New Delhi
Date : 14th May, 2012

Membership No.F-17418



Balance Sheet

As at 31st March, 2012

(Rs. in Lacs)

	Notes	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
Share capital	2	20961	20961
Reserves and Surplus	3	14349	16765
		<u>35310</u>	<u>37726</u>
2. NON - CURRENT LIABILITIES			
Long-term borrowings	4	11389	12869
Other Long term liabilities	5	243	242
Long-term provisions	6	469	375
		<u>12101</u>	<u>13486</u>
3. CURRENT LIABILITIES			
Trade payables	7	6359	5732
Other current liabilities	8	4320	4468
Short-term provisions	9	181	174
		<u>10860</u>	<u>10374</u>
TOTAL		<u>58271</u>	<u>61586</u>
ASSETS			
1. NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	10	37357	41658
Intangible Assets		-	-
		<u>37357</u>	<u>41658</u>
Non-current Investments	11	12181	12191
Long-term loans and advances	12	155	130
		<u>49693</u>	<u>53979</u>
2. CURRENT ASSETS			
Inventories	13	3801	3361
Trade receivables	14	3313	2773
Cash and cash equivalents	15	396	234
Short-term loans and advances	16	900	961
Other current assets	17	168	278
		<u>8578</u>	<u>7607</u>
TOTAL		<u>58271</u>	<u>61586</u>
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

Per our separate report of even date

For & on behalf of the Board

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. 17418

Place : New Delhi

Date : 14th May, 2012

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director
DIN : 00036546

(Rahul)

Company Secretary

Profit and Loss Account

For the year ended 31st March, 2012

(Rs. in Lacs)

	Notes	Year Ended 31.03.2012	Year ended 31.03.2011
REVENUE			
Revenue from operations (Gross)	19	27322	21941
Less : Excise Duty		372	310
Revenue from operations (Net)		26950	21631
Other Income	20	101	104
Total Revenue		27051	21735
EXPENSES			
Cost of materials consumed	21	13242	10458
Purchases of Stock-in-Trade	29	5041	4494
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(507)	(340)
Employee benefits expense	22	3265	2728
Finance Costs	23	796	623
Depreciation and amortization expense	24	4689	4578
Other expenses	25	4145	3567
Total expenses		30671	26108
Profit/(Loss) before exceptional and extraordinary items and tax		(3620)	(4373)
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		(3620)	(4373)
Extraordinary Items - Income	26	1204	-
Profit/(Loss) before tax		(2416)	(4373)
Tax expense:			
(1) Current tax		-	(75)
(2) Deferred tax		-	-
Profit/(Loss) for the year		(2416)	(4298)
Earning per equity share of Rs. 2/- each:	33		
(1) Basic		(0.55)	(0.96)
(2) Diluted		(0.55)	(0.96)
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

Per our separate report of even date

For & on behalf of the Board

For M.Kamal Mahajan And Co.
Chartered Accountants
Firm Regn. No. 006855N

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(M.K. Mahajan)
Partner
Membership No. 17418

(Ajay Sharma)
GM-Finance & Accounts

(Rahul)
Company Secretary

Place : New Delhi
Date : 14th May, 2012

Cash Flow Statement

For the year ended 31st March, 2012

		(Rs. in Lacs)	
	Notes	Year Ended 31st March 2012	Year Ended 31st March 2011
A. CASH FLOWS FROM OPERATING ACTIVITIES :			
Profit/(Loss) before extraordinary items and tax		(3620)	(4373)
Adjustments for :			
Depreciation & Amortisation	24	4689	4578
Profit/(Loss) on Sale of Fixed Assets		1	(1)
Finance Cost (Net)	23	796	621
Operating profit before changes in current assets and liabilities		1864	827
Changes in current assets and liabilities -			
Trade Receivables	14	(540)	(717)
Loans and advances and other current assets	12,17	101	20
Inventories	13	(441)	(314)
Current liabilities	7,8,9	489	1076
Cash generated from operations		1473	892
Income Tax (TDS)		-	(75)
Cash Flow before extraordinary items		1473	967
Extraordinary items	26	1204	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		2677	967
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	10	(320)	(389)
Sale of Fixed Assets		1	5
Sale of Non- Current Investments	11	10	-
Long-term loans and advances	12	(25)	(1)
NET CASH USED IN INVESTING ACTIVITIES		(334)	(385)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost (Net)	23	(796)	(623)
Change in Long Term borrowings (Net)	4	(1480)	107
Change in Other Long Term liabilities & provisions (Net)	5,6	95	86
NET CASH USED IN FINANCING ACTIVITIES		(2181)	(430)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		162	152
Cash and Cash equivalents as at 01.04.2011		234	82
Cash and Cash equivalents as at 31.03.2012		396	234
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

Per our separate report of even date

For M.Kamal Mahajan And Co.
Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)
Partner
Membership No. 17418

Place : New Delhi
Date : 14th May, 2012

For & on behalf of the Board

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
GM-Finance & Accounts

(Manoj Joshi)
Director
DIN : 00036546

(Rahul)
Company Secretary

1. SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2012

SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of financial statements

a) Basis for presentation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India, to the extent applicable and as consistently applied by the company.

b) 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.

2. Fixed assets

- a) Fixed assets are stated at cost less depreciation. Capital work in progress includes pre-operative expenses.
- b) Expenditure incurred on projects / expansion during implementation is capitalized and apportioned to various assets on commissioning / completion of the same.

3. Depreciation

- a) Depreciation on fixed assets is provided on straight-line method at the rates not lower than the rates prescribed by the schedule XIV of the Companies Act, 1956 and in the manner as prescribed by it.
- b) Cost of leasehold land is not amortized over the period of lease.

4. Investments

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

5. 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 profit and loss account.

6. 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.

7. 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.

8. Excise duty on finished goods


Excise duty is accounted for at the point of manufacture of goods and accordingly considered for valuation of finished goods stock lying in the factory premises as on the balance sheet date.

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 profit & loss account.

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.

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.

12. Provision

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.

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.

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 profit and loss account 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 accrued 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 profit and loss account as and when these become payable.

Notes on Financial Statements

For the year ended 31st March, 2012

	(Rs. in Lacs)	
	As at	As at
	31.03.2012	31.03.2011
2.A SHARE CAPITAL		
Authorised		
45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each	9000	9000
1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each	12000	12000
	21000	21000
Issued & Subscribed		
<u>Equity Share Capital</u>		
44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each fully paid up	8997	8997
	8997	8997
<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	9735
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500	500
	11965	11965
	20962	20962
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	8996	8996
	8996	8996
<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	9735
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500	500
	11965	11965
	20961	20961



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

	31.03.2012		31.03.2011	
	Amount		Amount	
	Nos.	(Rs./Lacs)	Nos.	(Rs./Lacs)
Outstanding at beginning of the year	449826203	-	449826203	-
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	449826203	-	449826203	-

Reconciliation of the numbers and amount of Preference shares -

	31.03.2012		31.03.2011	
	Amount		Amount	
	Nos.	(Rs./Lacs)	Nos.	(Rs./Lacs)
Outstanding at beginning of the year	11965201	11965	11965201	11965
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	11965201	11965	11965201	11965

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

- a) i) The company has mainly 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 holder of equity shares is entitled to one vote per share in respect of all matters submitted to vote in the shareholders' meeting. Preference share holders are entitled to one vote per share, in respect of every resolutions placed before the company which directly affect the rights attached to their shares.
- 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.
- iii) Preference share capital is non - Cumulative, except in the case of 5,00,000, 9.75% Preference Shares of Rs. 100/- each. Dividend arrears on above cumulative preference shares as at 31.03.2012 are Rs. 488 Lacs.
- b) i) Out of 97,35,201, 0.01% Optionally Convertible Preference Shares, amounting to Rs. 7040 Lacs are due for redemption/conversion on May 4, 2014, shares amounting to Rs. 1762 Lacs are due for redemption on May 31, 2014 whereas balance shares amounting to Rs. 933 Lacs are due for redemption/conversion on February 9, 2015. The conversion, if opted for, of preference shares into equity shares will be at price determined as per SEBI guidelines.
- ii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, 15,30,000 Shares amounting Rs.1530 Lacs are redeemable in two equal installments, on May 4, 2016 & May 4, 2017. Balance 2,00,000, Shares amounting Rs. 200 lacs, due for redemption in the current year, could not be redeemed because of unavailability of surplus.
- iii) 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to Rs. 500.00 Lacs had been due for redemption since March 13, 2004, however, could not be redeemed because of unavailability of surplus.

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 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
GL India Mauritius (III) Ltd.	38530000	8.57	38530000	8.57

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

Name of Shareholder	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Dena Bank	593936	6.10	593936	6.10
Oriental Bank of Commerce	623828	6.41	623828	6.41
Punjab National Bank	671522	6.90	671522	6.90
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87
UCO Bank	515900	5.30	515900	5.30
EXIM Bank	916333	9.41	916333	9.41
SICOM Ltd.	829463	8.52	829463	8.52
Bank of Nova Scotia	1179000	12.11	1179000	12.11

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

Name of Shareholder	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Axis Bank Ltd.	500000	28.90	500000	28.90
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
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 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
J&K Bank Ltd.	500000	100.00	500000	100.00

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 calls un paid -

Unpaid Calls	(Rs. in Lacs)	
	31-03-2012	31-03-2011
By Directors & Officers	-	-
By Others	1	1

H. No shares have been forfeited by the company during the year.



(Rs. in Lacs)

	As at 31.03.2012	As at 31.03.2011
3. RESERVES & SURPLUS		
Capital Reserve	270	270
Securities Premium Account	16,741	16,741
Capital Redemption Reserve	7,123	7,123
Debenture Redemption Reserve	141	141
	<u>24,275</u>	<u>24,275</u>
<u>Surplus/(Deficit) -</u>		
Opening balance	(7511)	(3212)
Profit/(Loss) for the year	(2416)	(4298)
Closing balance	<u>(9927)</u>	<u>(7510)</u>
	<u>14349</u>	<u>16765</u>
4. LONG TERM BORROWINGS		
Secured		
<u>Term Loans from Banks</u>		
Interest Bearing	4,958	5,858
Interest Free	4,910	5,558
	<u>9,868</u>	<u>11,416</u>
Other Loans	17	21
	<u>9,885</u>	<u>11,437</u>
Unsecured		
Loans from related parties	1,504	1,432
	<u>1,504</u>	<u>1,432</u>
	<u>11,389</u>	<u>12,869</u>

Nature of Security and Terms of Repayment -

I. Term Loans from Banks

- a. Term loans, except noted at (d) 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. Yearwise re-payment schedule of Interest bearing portion of term loans, payable in quarterly instalments is as under-

Year of Repayment	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	427	1231	1336	982	982	4958
Annual Rate of Interest	18%	18%	18%	18%	18%	

- c. Yearwise re-payment schedule of Interest free portion of term loan, payable in quarterly instalments is as under. Debt is interest free till March 2015.

Year of Repayment	2015-16	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	-	1227	3683	4910
Annual Rate of Interest	8.25%	8.25%	8.25%	

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

Year of Repayment	2013-14	2014-15	2015-16	Total
Annual Repayment Amount (Rs./Lacs)	9	6	2	17
Annual Rate of Interest	10 - 12.50%	10 -12.50%	10 -12.50%	

- e. Debentures appearing under Note 8, Other Current Liabilities, amounting to Rs. 565 Lacs, along with interest, remuneration payable to trustees and other money due in respect thereof are secured by a first charge created jointly along with banks / financial institutions providing term loans. Surplus arising out of settlement of these debentures, being under negotiation, as per the approved CDR scheme, shall be accounted for at the time of final payout.

- f. Details of delay in repayment of term loan & interest thereon is as under -

Particulars	Amount (Rs./Lacs)	Period
Term Loan	87	Less than a year
Interest	201	Between 1-2 years

II. Unsecured Loans

Loans from related parties are due for repayment in the year 2013-14 and carry interest @ 21% per annum for the years 2012-13 & 2013-14.



(Rs. in Lacs)

	As at 31.03.2012	As at 31.03.2011
5. OTHER LONG TERM LIABILITIES		
Security receipts from business associates & others	243	242
	<u>243</u>	<u>242</u>
6. LONG TERM PROVISIONS		
Provision for employees' benefits - Gratuity (unfunded)	469	375
	<u>469</u>	<u>375</u>
7. TRADE PAYABLES		
Trade Payables	6,359	5,732
	<u>6,359</u>	<u>5,732</u>
<p>Based on the information available with the Company, a sum of Rs. Nil (Previous Year Nil) is payable to Micro & Small Enterprises as defined under the MSMED Act, 2006. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.</p>		
8. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt	704	423
Interest accrued and due on borrowings	201	257
Unpaid matured debentures (Refer note 4 (e))	565	565
Accrued salaries and benefits	643	635
Other payables - Advance received from -		
Customers	838	1348
Subsidiaries (Refer note 32)	1083	969
Direct Taxes	44	44
Indirect Taxes	53	20
Others	189	207
	<u>4320</u>	<u>4468</u>
9. SHORT TERM PROVISIONS		
Provision for employees' benefits - Leave Encashment	181	174
	<u>181</u>	<u>174</u>

10. FIXED ASSETS

TANGIBLE ASSETS		(Rs. in Lacs)									
		GROSS BLOCK		DEPRECIATION		CARRYING VALUE					
PARTICULARS	As at	As at	As at	For the	Deductions	As at	As at	As at	As at	As at	
	01.04.2011	31.03.2012	01.04.2011	year	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2011	
Free hold Land	119	-	-	-	-	-	-	119	119		
Leasehold Land	33	-	-	-	-	-	-	33	33		
Buildings	6962	38	2,045	185	-	2,230	4,918	4,770	4,918		
Plant & Machinery	81883	240	45,533	4,385	353	49,565	36,349	32,205	36,349		
Furnitures & Fixtures	247	2	176	16	-	192	70	57	70		
Vehicles	269	14	146	23	20	149	123	114	123		
Office Equipments	93	26	49	11	6	54	46	59	46		
Total	89606	320	47,949	4,620	379	52,190	41,658	37,357	41,658		
Previous Year	89366	357	43,527	4,533	112	47,948	-	41,658	-		
INTANGIBLE ASSETS											
	-	-	-	-	-	-	-	-	-	-	

Note -

a) 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 Lacs)	
	As at 31.03.2012	As at 31.03.2011
11. NON- CURRENT INVESTMENTS		
A. Trade Investments	-	-
B. Other Investments (At Cost) -		
a) <u>Investment in Equity Instruments (Unquoted)</u>		
Subsidiary Companies		
i) <u>Dr. Morepen Ltd.</u>		
4,06,79,500 (Previous Year 4,06,79,500) Equity shares of Rs.10/- each fully paid up	11747	11747
ii) <u>MorepenMax Inc.</u>		
51(Previous Year 51), fully paid and non-assessable Shares @ US\$ 1000 each	25	25
iii) <u>Morepen Inc.</u>		
9,400 (Previous Year 9,400) fully paid Shares of Common Voting Stocks	22	22
Associate Companies		
<u>Morepen Biotech Ltd.</u>		
38,65,500 (Previous Year 38,65,500) Equity Shares of Rs. 10/- each fully paid up	387	387
b) <u>Investments in Government or Trust Securities</u>		
Nil (Previous Year 10), 11.50% IDBI Bonds of aggregate face value of Rs.10.00 Lacs	-	10
	<u>12181</u>	<u>12191</u>
Provision for fall in carrying value of investments, in respect of losses in the subsidiaries & the associate company has not been made, as these losses, in management's perception, are temporary in nature.		
Unquoted Investments		
Aggregate Amount	12181	12191
12. LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	54	46
Security Deposits	101	84
	<u>155</u>	<u>130</u>
13. INVENTORIES		
(At cost or Net Realisable Value whichever is lower)		
Raw Materials	1354	1421
Work-in-progress	1324	1066
Finished goods	234	135
Stock -in-trade	824	654
Stores and spares	65	85
	<u>3801</u>	<u>3361</u>
The inventory of stocks, stores and spares has been taken, valued and certified by the management.		

	(Rs. in Lacs)	
	As at 31.03.2012	As at 31.03.2011
14. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months		
Unsecured -		
considered good	175	211
considered doubtful	21	-
Less: Allowance for bad & doubtful debts	<u>(21)</u>	<u>-</u>
	175	211
Other Debts		
Unsecured -		
considered good	<u>3138</u>	<u>2562</u>
	<u>3313</u>	<u>2773</u>
15. CASH AND CASH EQUIVALENTS		
Balances with banks		
i) Current Accounts	284	83
ii) Bank Balances held as -		
Margin Money	85	119
Guarantees	19	26
Cash on hand	<u>8</u>	<u>6</u>
	<u>396</u>	<u>234</u>
16. SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties	-	-
Others - unsecured, considered good		
Central Excise Balances	347	325
Recoverable from Customs	58	39
Advance Income Tax - Tax Deducted at source	2	14
Security Deposits	56	39
Advances with Suppliers & Others	365	483
Loans & advances to employees	<u>72</u>	<u>61</u>
	<u>900</u>	<u>961</u>
17. OTHER CURRENT ASSETS		
Export Incentives Receivable	144	123
Prepaid Expenses	17	24
Interest accrued but not due	7	3
Other items	<u>-</u>	<u>128</u>
	<u>168</u>	<u>278</u>
18. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent Liabilities		
Claim against the Company not acknowledged as debts	459	343
Guarantees	4	145
Other money for which company is contingently liable	120	-
Bills discounted with banks	<u>229</u>	<u>-</u>
	<u>812</u>	<u>488</u>
b) Commitments	<u>-</u>	<u>-</u>
	<u>812</u>	<u>488</u>



(Rs. in Lacs)

	Year Ended 31.03.2012	Year Ended 31.03.2011
19. REVENUE FROM OPERATIONS (GROSS)		
<u>Sale of products</u>		
Domestic	13164	11917
Exports	13325	9493
(includes third party & deemed exports of Rs. 5175 Lacs, previous year Rs. 4465 Lacs)		
Gross Sales	<u>26489</u>	<u>21410</u>
<u>Other Operating Revenues</u>		
Export Incentives	600	297
Other items	233	234
	<u>833</u>	<u>531</u>
	<u>27322</u>	<u>21941</u>
20. OTHER INCOME		
Interest Income	10	18
Exchange Fluctuations	91	86
	<u>101</u>	<u>104</u>
21. COST OF MATERIALS CONSUMED		
Raw Materials	12729	9894
Packing Materials	513	564
	<u>13242</u>	<u>10458</u>
22. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	2883	2388
Contribution to provident and other funds	242	209
Staff Welfare	140	131
	<u>3265</u>	<u>2728</u>
23. FINANCE COST		
Interest expense	796	623
	<u>796</u>	<u>623</u>
24. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation	4620	4532
Amortisation	69	46
	<u>4689</u>	<u>4578</u>
25. OTHER EXPENSES		
Consumption of Stores and spare parts	59	40
Power and Fuel	982	769
Rent	187	134
Repairs to buildings	56	99
Repairs to machinery	220	288
General Repairs	37	34
Insurance	36	22
Research & Development	152	149
Rates and Taxes	43	24
Legal and Professional Expenses	242	183
Travelling Expenses	595	534
Selling and Distribution Expenses	1050	827
Miscellaneous Expenses	486	464
	<u>4145</u>	<u>3567</u>

26. Extraordinary items of Rs. 1204 Lacs (Previous year Nil) represent surplus accruing on account of settlement of long term borrowing of the company.

27. PAYMENTS TO AUDITORS

Statutory Auditors -		(Rs./Lacs)	
Year Ended	31.03.2012	31.03.2011	
Audit Fee	10	10	
Tax Audit Fee	6	6	
Tax Matters	3	3	
Certification	2	3	
Service Tax	2	2	
Total	23	23	
Cost Auditors-			
Audit Fees	1	1	
Others	1	1	
Total	2	2	

28. PRIOR PERIOD ITEMS

Expenses include Rs. 6 lacs (Previous Year Rs. 5 lacs) as expenses (net) relating to earlier years.

29. DISCLOSURES IN RESPECT OF FINISHED GOODS, TRADED GOODS, RAW MATERIALS & WORK-IN-PROGRESS

A. Sales Revenues

i) Manufactured goods -		(Rs./Lacs)	
Year Ended	31.03.2012	31.03.2011	
Drugs & Drug Intermediates			
Loratadine API & Intermediates	11161	7708	
Montelukast API & Intermediates	3400	2252	
Fexofenadine API & Intermediates	721	372	
Others	1597	2155	
API & Intermediates sub - total	16879	12487	
Formulations	2613	2459	
Sale of Manufactured Goods - (A)	19492	14946	
ii) Traded goods -		(Rs./Lacs)	
Year Ended	31.03.2012	31.03.2011	
Diagnostics & Home Health			
Blood Glucose Monitors	854	680	
Weighing & Fat Scales	556	257	
Blood Pressure Monitors	391	389	
Thermometers	254	214	
Others	1396	1575	
Diagnostics & Home Health Sub- total	3451	3115	
Formulations			
Tablets	1508	1374	
Syrups	405	492	
Capsules	362	293	
Others	898	880	
Formulations Sub -Total	3173	3039	
Total Sales of Traded Goods - (B)	6624	6154	
Total Sales Revenues (A + B) (Net of Excise)	26117	21100	

**B. Raw Material Consumption -**

(Rs./Lacs)

Year Ended	31.03.2012	31.03.2011
-Drugs & Drug Intermediates		
[S)-(E)]-2[2[3-[3-[2--(Chloro --2-Propanol(Mt-8)	1305	651
Tetrahydrofuran	1092	796
4 Chloro N Methyl Piperadine Base (NMCP)	1019	649
Meta Chloro Benzyl Cyanide	729	581
Others	7596	6336
API & Intermediates sub - total	11741	9013
Formulations	1501	1445
Total	13242	10458

C. Traded Goods Purchases -

(Rs./Lacs)

Year Ended	31.03.2012	31.03.2011
Diagnostics & Home Health		
Blood Glucose Monitors	561	401
Weighing & Fat Scales	404	173
Blood Pressure Monitors	217	224
Nebulisers	188	339
Thermometers	511	135
Others	691	755
Diagnostics & Home Health Sub- total	2572	2027
Formulations		
Tablets	1092	1146
Syrups	377	453
Capsules	342	245
Others	658	623
Formulations Sub -total	2469	2467
Total	5041	4494

D. Inventory**i) Finished goods -**

Year Ended	31.03.2012	31.03.2011
Loratadine API & Intermediates	110	28
Others	59	32
API & Intermediates -Sub Total	169	60
Formulations	66	75
Finished Goods Inventory - (A)	234	135

ii) Traded goods -

Year Ended	31.03.2012	31.03.2011
Diagnostics & Home Health		
Thermometers	395	30
Blood Glucose Monitors	87	63
Others	246	354
Diagnostics & Home Health Sub- total	728	447
Formulations-		
Tablets	41	134
Others	55	73
Formulations Sub -total	96	207
Traded Goods Inventory - (B)	824	654
Total Inventory - Finished & Traded Goods (A + B)	1,058	789

iii) Work in Progress -

Year Ended	31.03.2012	31.03.2011
Loratadine API & Intermediates	669	652
Montelukast API & Intermediates	253	297
Fexofenadine API & Intermediates	260	44
Others	113	64
API & Intermediates- Sub Total	1,295	1,057
Formulations	29	9
Total Work -in -progress	1,324	1,066

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

(Rs. in Lacs)

	As at 31.03.2012	As at 31.03.2011
A. VALUE OF IMPORTS ON CIF BASIS		
Raw Materials	3266	2598
Stock -in -trade	637	861
Capital Goods	24	16
	<u>3927</u>	<u>3475</u>
B. EXPENDITURE IN FOREIGN CURRENCY		
Technical Knowhow/ Professional fees	-	-
Others	144	64
	<u>144</u>	<u>64</u>
C. VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF		
Imported	3271	2752
Indigenous	9971	7706
	<u>13242</u>	<u>10458</u>
% Imported	25%	26%
% Indigenous	75%	74%
	<u>100%</u>	<u>100%</u>
D. EARNINGS IN FOREIGN EXCHANGE		
Exports of Goods on F.O.B. basis	8150	5028
	<u>8150</u>	<u>5028</u>

31. 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.



32. RELATED PARTY DISCLOSURES

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

Related Parties

1. Subsidiary Companies	
MorepenMax Inc.	Overseas Company
Morepen Inc.	Overseas Company
Doctor Morepen Limited	Domestic Company
Total Care Limited	Domestic Company
2. Associates	
Morepen Biotech Limited	Domestic Company
3. Key Management Personnel (Whole Time Directors)	Mr. Sushil Suri, Chairman & Managing Director Dr. A.K. Sinha
4. Relatives of key Management personnnels	Nil
5. 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	Blue Coast Infrastructure Development Private Limited

Transactions with related parties -

Particulars	Nature of transaction	(Rs. in lacs)
1. Subsidiary Companies	Sale of inventories	498
	Purchase of inventories	55
	Balance as on 31.03.12 – Payable	1083
	(Maximum balance outstanding Rs. 1138 Lacs)	
2. Associates	Nil	
3. Key Management Personnel (Whole Time Directors)	Remuneration	53
	(Maximum amount outstanding - Rs.5 Lacs)	
	Balance as on 31.03.12	4
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	Receipt of un-secured loans	71
	(Maximum amount outstanding - Rs.1504 Lacs)	
	Balance as on 31.03.12 – Payable	1504

33. EARNING PER SHARE

Particulars	Year Ended	
	31.03.2012	31.03.2011
Profit/ (Loss) after Tax (Rs. in Lacs)	(2416)	(4298)
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value Rs.2/- per share) - Basic & Diluted	(0.55)	(0.96)

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

34. EMPLOYEE BENEFITS

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

(A) Disclosures for Defined Contribution Plans -

Particulars	31.03.2012	31.03.2011
Employer's Contribution to Provident Fund	106	92
Employer's Contribution to Employees State Insurance	36	37

(B) Disclosures for Defined Benefit Plans - Unfunded

I Particulars	Gratuity		Leave Encashment
	31.03.2012	31.03.2011	31.03.2012
Change in the present value of obligation:			
Present Value of Obligation at beginning of the year	375	306	115
Add: Interest Cost	31	29	9
Add: Current Service Cost	46	39	65
Less:- Benefit Paid	6	12	5
Add: Actuarial loss on obligations	24	13	(3)
Present Value of Obligation as at year end	470	375	181
II Change in the fair value of plan Assets:	31.03.2012	31.03.2011	31.03.2012
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	31.03.2012	31.03.2011	31.03.2012
Current Service Cost	46	39	65
Add: Interest Cost	31	29	9
Less: Expected Return on plan asstes	-	-	-
Less: Settlement Credit	-	-	-
Add: Net actuarial loss recognised	24	13	(3)
Total expenses recognized in profit & loss account	101	81	71
IV The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment-			
Assumptions	31.03.2012	31.03.2011	31.03.2012
Discount Rate	8.60%	8.30%	8.30%
Salary Escalation Rate	7%	7%	7%
Expected Return on Assets	-	-	-
Employee Turnover rates	5%	5%	5%
Expected average remaining working lives of employees (years)	23	24	23



35. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2012. Hence, no provision is required in the accounts for the year under review.

36. 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 losses during the year, is not recognized as a matter of prudence.

37. OTHERS SIGNIFICANT DISCLOSURES

- a) In the opinion of directors, all other assets other than fixed assets and non-current investments 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 are subject to confirmation.
- c) The application for compounding of offences for violation of various provisions of the Companies Act, 1956 as pointed out in the report of inspection conducted under section 209A of the said Act is, pending with the Central Govt.
- d) During the financial year ending 31st March 2010, the company had allotted, 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues, under the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla. The central government preferred an appeal against the said order and the Hon'ble Divisional Bench while admitting the appeal directed the implementation of the Scheme subject to the final outcome of the Appeal. The matter has now been remanded back to the single judge of Hon'ble Himachal Pradesh High Court for giving central government a hearing and adjudicating the matter.
- e) Remuneration paid to directors' for the period April 2005 - March 2012, of Rs. 254 lacs, including current year remuneration of Rs. 53 lacs is subject to approval from Central Govt.
- f) In view of losses during the year, the managing director has been paid a salary of Rs. 29 lacs, out of approved salary of Rs. 60 lacs. Balance salary of Rs. 31 lacs has been forgone by him and hence not provided in the accounts.
- g) Taxation
No Provision for current Income tax has been made in view of loss during the year.
- h) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be accounted for, on the completion of assessments.
- i) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.
- j) Figures have been rounded off to the nearest lacs.

Auditors' Report on Consolidated Financial Statements

To

The Board of Directors

Morepen Laboratories Limited

We have audited the attached consolidated balance sheet of Morepen Laboratories Limited and its subsidiaries (**as per list appearing in Note 1(1)(a) of Financial Statements**), collectively referred to as "Morepen Group" as at 31st March, 2012 and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the "Morepen Group" management and have been prepared by the management on the basis of the separate financial statements and other financial information regarding Morepen Group. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the foreign subsidiaries of the company whose financial statements reflect total assets of Rs. 200 Lacs as at 31st March, 2012, total revenues of Rs. 101 Lacs and cash flows amounting to Rs. 5 Lacs for the year then ended. These financial statements have not been audited by us in view of which our opinion on consolidated financial statements is limited to the financial statements of the parent company and its two domestic subsidiary companies only.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of accounting standards on consolidated financial statements i.e. 'AS-21' issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the parent company and its two domestic subsidiaries and financial statement of its two foreign subsidiaries included in the consolidated financial statements.

On the basis of information and explanations given to us and on the consideration of the separate audit reports of the financial statements of the parent company and its two domestic subsidiaries and on the other financial information of the components, we are of the opinion that the said consolidated financial statements, subject to Foot Note of Note 11 of the Financial Statements regarding dispute in respect of ownership of Trademark "Burnol" read together with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the consolidated balance sheet, of the state of affairs of the company and its subsidiaries as at 31st March, 2012;
- b) in the case of the consolidated statement of profit and loss, of the consolidated results of operations of the company and its subsidiaries for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

For **M Kamal Mahajan And Co.**
Chartered Accountants
Firm Regn. No. 006855N

Place : New Delhi
Date : 14th May, 2012

(M K Mahajan)
(Partner)
Membership No.F-17418

Consolidated Balance Sheet

As at 31st March, 2012

(Rs. in Lacs)

	Notes	As at 31.03.2012	As at 31.03.2011
<u>EQUITY AND LIABILITIES</u>			
1. SHAREHOLDERS' FUNDS			
Share capital	2	20961	20961
Reserves and surplus	3	11079	13444
		<u>32040</u>	<u>34405</u>
2. MINORITY INTEREST			
	4	(42)	(44)
3. NON - CURRENT LIABILITIES			
Long-term borrowings	5	11389	12869
Other Long term liabilities	6	243	242
Long-term provisions	7	482	390
		<u>12114</u>	<u>13501</u>
4. CURRENT LIABILITIES			
Trade payables	8	6498	5979
Other current liabilities	9	3896	4111
Short-term provisions	10	192	188
		<u>10586</u>	<u>10278</u>
TOTAL		<u>54698</u>	<u>58140</u>
<u>ASSETS</u>			
1. NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	11	37392	49492
Intangible Assets	11	7794	110
		<u>45186</u>	<u>49602</u>
Non-current Investments	12	387	397
Long-term loans and advances	13	164	139
		<u>45737</u>	<u>50138</u>
2. CURRENT ASSETS			
Inventories	14	3866	3470
Trade receivables	15	3515	2964
Cash and cash equivalents	16	451	258
Short-term loans and advances	17	960	1030
Other current assets	18	169	280
		<u>8961</u>	<u>8002</u>
TOTAL		<u>54698</u>	<u>58140</u>
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

Per our separate report of even date

For & on behalf of the Board

For M.Kamal Mahajan And Co.
Chartered Accountants
Firm Regn. No. 006855N

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(M.K. Mahajan)
Partner
Membership No. 17418

(Ajay Sharma)
GM- Finance & Accounts

(Rahul)
Company Secretary

Place : New Delhi
Date : 14th May, 2012

Consolidated Profit and Loss Account

For the year ended 31st March, 2012

		(Rs. in Lacs)	
	Notes	Year ended 31.03.2012	Year ended 31.03.2011
REVENUE			
Revenue from operations (Gross)	20	29306	23140
Less : Excise Duty		<u>372</u>	<u>310</u>
Revenue from operations (Net)		28934	22830
Other Income	21	<u>117</u>	<u>104</u>
Total Revenue		<u>29051</u>	<u>22934</u>
EXPENSES			
Cost of materials consumed	22	13242	10458
Purchases of Stock-in-Trade		5560	4714
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		(461)	(340)
Employee benefits expense	23	3658	3101
Finance Costs	24	796	627
Depreciation and amortization expense	25	4806	4816
Other expenses	26	<u>5011</u>	<u>4320</u>
Total expenses		<u>32612</u>	<u>27696</u>
Profit/(Loss) before exceptional and extraordinary items and tax		(3561)	(4762)
Exceptional items		<u>-</u>	<u>-</u>
Profit/(Loss) before extraordinary items and tax		(3561)	(4762)
Extraordinary Items - Income	26	<u>1204</u>	<u>-</u>
Profit/(Loss) before tax		(2357)	(4762)
Tax expense:			
(1) Current tax		6	6
(2) Deferred tax		<u>-</u>	<u>(75)</u>
Profit/(Loss) for the year		(2363)	(4693)
Share of minority interest in Profit/ (loss)		<u>2</u>	<u>(0.3)</u>
Profit/ (Loss) for the year available for majority shareholders		<u>(2365)</u>	<u>(4693)</u>
Earning per equity share of Rs. 2/- each:	31		
1) Basic		(0.54)	(1.04)
(2) Diluted		(0.54)	(1.04)
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

Per our separate report of even date

For & on behalf of the Board

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. 17418

Place : New Delhi
Date : 14th May, 2012

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director
DIN : 00036546

(Rahul)

Company Secretary

Consolidated Cash Flow Statement

For the year ended 31st March, 2012

(Rs. in Lacs)

	Notes	Year Ended 31st March 2012	Year Ended 31st March 2011
A. CASH FLOWS FROM OPERATING ACTIVITIES :			
Profit/(Loss) before extraordinary items and tax		(3561)	(4762)
Adjustments for :			
Depreciation & Amortisation	25	4806	4816
Profit/(Loss) on Sale of Fixed Assets		1	(1)
Finance Cost (Net)	23	796	627
Minority Interest	4	(2)	0.3
Operating profit before changes in current assets and liabilities		2038	682
Changes in current assets and liabilities -			
Trade Receivables	15	(551)	(581)
Loans and advances and other current assets	17,18	112	33
Inventories	14	(396)	(302)
Current liabilities	8,9,10	310	1213
Cash generated from operations		1513	1045
Income Tax (TDS)		6	(68)
Cash Flow before extraordinary items		1507	1113
Extraordinary items	27	1204	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		2711	1113
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets		(321)	(359)
Sale of Fixed Assets		1	5
Sale of Investments	12	10	-
Outflow on Long Term advances (Net)	13	(25)	(51)
NET CASH USED IN INVESTING ACTIVITIES		(335)	(405)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost (Net)	23	(796)	(627)
Change in Long Term borrowings (Net)	5	(1480)	110
Change in Long Term liabilities & provisions (Net)	6,7	93	(43)
NET CASH USED IN FINANCING ACTIVITIES		(2183)	(560)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		193	148
Cash and Cash equivalents as at 01.04.2011		258	110
Cash and Cash equivalents as at 31.03.2012		451	258
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

Per our separate report of even date

For & on behalf of the Board

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. 17418

Place : New Delhi

Date : 14th May, 2012

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director
DIN : 00036546

(Rahul)

Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of financial statements

a) Basis for presentation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India, to the extent applicable and as consistently applied by the company.

The consolidated financial statements consist of financial statements of Morepen Laboratories Ltd. (parent company) and its four subsidiaries namely Dr. Morepen Ltd., Total Care Ltd., (Domestic Companies) and MorepenMax Inc., Morepen Inc. (Foreign Companies). Financial statements of foreign subsidiaries have been recasted for the purpose of consolidation. One of the subsidiary company i.e. MorepenMax Inc. has remained dormant during the year ending 31.03.2012 & its financial statements are un-audited.

Investment in Associate Company has been accounted as per Accounting Standard-13 i.e. Accounting for Investments issued by the Institute of Chartered Accountants of India.

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 Max Inc.	U.S.A.	51
Morepen Inc.	U.S.A.	100
Dr. Morepen Ltd.	India	100
Total Care Ltd.	India	95*

*(Held by Dr. Morepen Limited)

b) 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.

2. Fixed assets

- Fixed assets are stated at cost less depreciation. Capital work in progress includes pre-operative expenses.
- Expenditure incurred on projects / expansion during implementation is capitalized and apportioned to various assets on commissioning / completion of the same.

3. Depreciation

- Depreciation on fixed assets is provided on straight-line method at the rates not lower than the rates prescribed by the schedule XIV of the Companies Act, 1956 and in the manner as prescribed by it.
- Cost of leasehold land is not amortized over the period of lease.
- Cost of patents, trademarks, designs and brands is being amortized over a period of ten years starting from period subsequent to the period of launch of product/period of acquisition.

4. Investments

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



5. 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 profit and loss account.

6. 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.

7. 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.

8. Excise duty on finished goods

Excise duty is accounted for at the point of manufacture of goods and accordingly considered for valuation of finished goods stock lying in the factory premises as on the balance sheet date.

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 profit & loss account.

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.

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.

12. Provision

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.

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 of beginning of the period, unless they have been issued at a later date.

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 profit and loss account 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 benefits plans is accrued 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 profit and loss account as and when these become payable.

Notes on Consolidated Financial Statements

For the year ended 31st March, 2012

(Rs. in Lacs)

	As at 31.03.2012	As at 31.03.2011
2.A SHARE CAPITAL		
Authorised		
45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each	9000	9000
1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each	12000	12000
	21000	21000
Issued & Subscribed		
<u>Equity Share Capital</u>		
44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each	8997	8997
	8997	8997
<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	9735
17,30,000 (Previous year 17,30,000) 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	500	500
	11965	11965
	20962	20962
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	8996	8996
	8996	8996
<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	9735
17,30,000 (Previous year 17,30,000) 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	500	500
	11965	11965
	20961	20961

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

	31.03.2012		31.03.2011	
	Nos.	Amount (Rs./Lacs)	Nos.	Amount (Rs./Lacs)
Outstanding at beginning of the year	449826203	8997	449826203	8997
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	449826203	8997	449826203	8997

Reconciliation of the number and amount of Preference shares -

	31.03.2012		31.03.2011	
	Nos.	Amount (Rs./Lacs)	Nos.	Amount (Rs./Lacs)
Outstanding at beginning of the year	11965201	11965	11965201	11965
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	11965201	11965	11965201	11965

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

- a) i) The company has mainly 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 holder of equity shares is entitled to one vote per share in respect of all matters submitted to vote in the shareholders' meeting. Preference shares holders are entitled to one vote per share, in respect of every resolutions placed before the company which directly affect the rights attached to their shares.
- 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.
- iii) Preference share capital is non - Cumulative, except in the case of 5,00,000, 9.75% Preference Shares of Rs. 100/- each. Dividend arrears on above cumulative preference shares as at 31.03.2012 are Rs. 488 Lacs.
- b) i) Out of 97,35,201, 0.01% Optionally Convertible Preference Shares, amounting to Rs. 7040 Lacs are due for redemption/conversion on May 4, 2014, shares amounting to Rs. 1762 Lacs are due for redemption on May 31, 2014 whereas balance shares amounting to Rs. 933 Lacs are due for redemption/conversion on February 9, 2015. The conversion, if opted for, of preference shares into equity shares will be at price determined as per SEBI guidelines.
- ii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, 15,30,000 Shares amounting Rs.1530 Lacs are redeemable in two equal installments, on May 4, 2016 & May 4, 2017. Balance 2,00,000, Shares amounting Rs. 200 lacs, due for redemption in the current year, could not be redeemed because of unavailability of surplus.
- iii) 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to Rs. 500.00 Lacs had been due for redemption since March 13, 2004, however, could not be redeemed because of unavailability of surplus.

D. Shareholders holding more than 5% shares -
i) Equity Shares

Name of Shareholder	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
GL India Mauritius (III) Ltd.	38530000	8.57	38530000	8.57

ii) Preference Shares

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

Name of Shareholder	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Dena Bank	593936	6.10	593936	6.10
Oriental Bank of Commerce	623828	6.41	623828	6.41
Punjab National Bank	671522	6.90	671522	6.90
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87
UCO Bank	515900	5.30	515900	5.30
EXIM Bank	916333	9.41	916333	9.41
SICOM Ltd.	829463	8.52	829463	8.52
Bank of Nova Scotia	1179000	12.11	1179000	12.11

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

Name of Shareholder	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Axis Bank Ltd.	500000	28.90	500000	28.90
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
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 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
J&K Bank Ltd.	500000	100.00	500000	100.00

E. 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.

F. Disclosure about calls unpaid -

	(Rs. in Lacs)	
	31-03-2012	31-03-2011
Unpaid Calls	-	-
By Directors & Officers	-	-
By Others	1	1

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

	(Rs. in Lacs)	
	As at 31.03.2012	As at 31.03.2011

3. RESERVES & SURPLUS

Capital Reserve	270	270
Securities Premium Account	16741	16741
Preference Share Redemption Reserve	7123	7123
Debenture Redemption Reserve	141	141
	24275	24275
<u>Surplus/(Deficit) -</u>		
Opening balance	(10831)	(6138)
Profit/(Loss) for the year	(2365)	(4693)
Closing balance	(13196)	(10831)
	11079	13444

4. MINORITY INTEREST

Share Capital	72	72
Share in Profit/(Loss)	(114)	(116)
	(42)	(44)

5. LONG TERM BORROWINGS

Secured

Term Loans from Banks

Interest Bearing	4958	5858
Interest Free	4910	5558
	9868	11416
Other Loans	17	21
	9885	11437

Unsecured

Loans from related parties	1504	1432
	1504	1432
	11389	12869

Nature of Security and Terms of Repayment -

I. Term Loans from Banks

- a. Term loans, except noted at (d) 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. Yearwise re-payment schedule of Interest bearing portion of term loans, payable in quarterly instalments is as under-

Year of Repayment	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	427	1231	1336	982	982	4958
Annual Rate of Interest	18%	18%	18%	18%	18%	

- c. Yearwise re-payment schedule of Interest free portion of term loan, payable in quarterly instalments is as under. Debt is interest free till March 2015.

Year of Repayment	2015-16	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	-	1227	3683	4910
Annual Rate of Interest	8.25%	8.25%	8.25%	

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

Year of Repayment	2013-14	2014-15	2015-16	Total
Annual Repayment Amount (Rs./Lacs)	9	6	2	17
Annual Rate of Interest	10 - 12.50%	10 -12.50%	10 -12.50%	

- e. Debentures appearing under Note 9, Other Current Liabilities, amounting to Rs. 565 Lacs, along with interest, remuneration payable to trustees and other money due in respect thereof are secured by a first charge created jointly along with banks / financial institutions providing term loans. Surplus arising out of settlement of these debentures, being under negotiation, as per the approved CDR scheme, shall be accounted for at the time of final payout.

Above debentures along with interest, remuneration payable to trustees and other money due in respect thereof are secured by a first charge created jointly along with banks / financial institutions providing term loans.

- f. Details of delay in repayment of term loan & interest thereon is as under -

Particulars	Amount (Rs./Lacs)	Period
Term Loan	87	Less than a year
Interest	201	Between 1-2 years

II. Unsecured Loans

Loans from related parties are due for repayment in the year 2013-14 and carry interest @ 21% per annum for the years 2012-13 & 2013-14.



(Rs. in Lacs)

	As at 31.03.2012	As at 31.03.2011
6. OTHER LONG TERM LIABILITIES		
Security receipts from business associates	243	242
	<u>243</u>	<u>242</u>
7. LONG TERM PROVISIONS		
Provision for employees' benefits - Gratuity (unfunded)	482	390
	<u>482</u>	<u>390</u>
8. TRADE PAYABLES		
Trade Payables	6498	5979
	<u>6498</u>	<u>5979</u>
<p>Based on the information available with the Company, a sum of Rs. Nil (Previous Year Nil) is payable to Micro & Small Enterprises as defined under the MSMED Act, 2006. Further, no interest during the year has been paid or is payable under the terms of the MSMED Act, 2006.</p>		
9. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt	704	423
Interest accrued and due on borrowings	201	257
Unpaid matured debentures (Refer note 5 (e))	565	565
Accrued salaries and benefits	721	679
Other Payables - Advance received from customers	838	1783
Direct Taxes	47	48
Indirect Taxes	60	21
Others	760	335
	<u>3896</u>	<u>4111</u>
10. SHORT TERM PROVISIONS		
Provision for employees' benefits - Leave Encashment	192	188
	<u>192</u>	<u>188</u>

11. FIXED ASSETS
TANGIBLE ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION		CARRYING VALUE			
	As at 01.04.2011	Addition	Disposals	As at 31.03.2012	As at 01.04.2011	For the year	Deductions	As at 31.03.2012	As at 31.03.2011
Free hold Land	134	-	-	134	-	-	-	134	134
Leasehold Land	33	-	-	33	-	-	-	33	33
Buildings	6962	38	-	7000	2045	185	-	4770	4918
Plant & Machinery	81896	241	353	81784	45510	4387	353	32240	36390
Furnitures & Fixtures	261	2	-	263	182	17	-	64	79
Vehicles	291	14	20	285	193	26	20	86	98
Office Equipments	102	26	6	122	51	12	6	65	46
Total	89679	321	379	89621	47981	4627	379	37392	41698
Previous Year	89437	359	117	89679	43555	4538	112	41698	-

INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION		CARRYING VALUE			
	As at 01.04.2011	Addition	Disposals	As at 31.03.2012	As at 01.04.2011	For the year	Deductions	As at 31.03.2012	As at 31.03.2011
Goodwill	7,794	-	-	7,794	-	-	-	7,794	7,794
Patents & Trade Marks	2,323	-	-	2,323	2,213	110	-	2,323	110
Total	10,117	-	-	10,117	2,213	110	-	2,323	7,904
Previous Year	10,117	-	-	10,117	1,980	233	-	2,213	7904

Note-

Trademark "Burnol" brand was given as a collateral security to M/s. Poysha Power Generation (P) Limited, against inter-corporate deposit taken by 'Morepen Laboratories Ltd., 100% holding company of Doctor Morepen Limited. M/sPoysha Power Generatio (P) Limited raised dispute in respect of ownership of the brand which the company challenged and matter is pending in the court.



	(Rs. in Lacs)	
	As at	As at
	31.03.2012	31.03.2011
12. NON- CURRENT INVESTMENTS		
A. Trade Investments	-	-
B. Other Investments (At Cost)		
a) <u>Investment in Equity instruments (Unquoted)</u>		
Associate Companies		
<u>Morepen Biotech Ltd.</u>		
38,65,500 (Previous Year 38,65,500) Equity Shares of Rs. 10/- each fully paid up	387	387
b) <u>Investments in Government or Trust Securities</u>		
Nil (Previous Year 10), 11.50% IDBI Bonds of aggregate face value of Rs.10.00 Lacs	-	10
	<u>387</u>	<u>397</u>
Provision for fall in carrying value of investments, in respect of losses in the subsidiaries & the associate company has not been made, as these losses, in management's perception, are temporary in nature.		
Unquoted Investments -		
Aggregate Amount	387	397
13. LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	54	46
Security Deposits	110	93
	<u>164</u>	<u>139</u>
14. INVENTORIES		
(At cost or Net Realisable Value whichever is lower)		
Raw Materials	1354	1420
Work-in-progress	1324	1066
Finished goods	234	135
Stock -in-trade	889	764
Stores and spares	65	85
	<u>3866</u>	<u>3470</u>
The inventory of stocks, stores and spares has been taken, valued and certified by the management.		
15. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months		
Unsecured -		
considered good	209	211
considered doubtful	39	25
Less: Allowance for bad & doubtful debts	(39)	(25)
	<u>209</u>	<u>211</u>
Other Debts		
Unsecured -		
considered good	3306	2753
	<u>3515</u>	<u>2964</u>

	(Rs. in Lacs)	
	As at 31.03.2012	As at 31.03.2011
16. CASH AND CASH EQUIVALENTS		
<u>Balances with banks</u>		
i) Current Accounts	329	113
ii) Bank Balances held as -		
Margin Money	85	108
Guarantees	22	28
Cash on hand	<u>15</u>	<u>9</u>
	<u>451</u>	<u>258</u>
17. SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties	-	-
Others - Unsecured, considered good		
Central Excise Balances	347	325
Recoverable from Customs	60	39
Advance Income Tax - Tax Deducted at source	6	19
Security Deposits	56	39
Advance with suppliers and others	408	547
Loans & advances to employees	<u>83</u>	<u>61</u>
	<u>960</u>	<u>1030</u>
18. OTHER CURRENT ASSETS		
Export Incentives Receivable	144	123
Prepaid Expenses	17	24
Interest accrued but not due	8	3
Others	<u>-</u>	<u>130</u>
	<u>169</u>	<u>280</u>
19. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent Liabilities		
Claim against the Company not acknowledged as debts	459	353
Guarantees	4	148
Other money for which company is contingently liable	120	4
Bills discounted with banks	<u>229</u>	<u>-</u>
	<u>812</u>	<u>505</u>
b) Commitments	<u>-</u>	<u>-</u>
	<u>812</u>	<u>505</u>



(Rs. in Lacs)

	Year ended 31.03.2012	Year ended 31.03.2011
20. REVENUE FROM OPERATIONS (GROSS)		
<u>Sale of Products</u>		
Domestic	15062	13017
Exports	<u>13325</u>	<u>9567</u>
Gross Sales	28387	22584
<u>Other Operating Revenues</u>		
Export Incentives	600	297
Others	<u>319</u>	<u>259</u>
	919	556
	<u>29306</u>	<u>23140</u>
21. OTHER INCOME		
Interest Income	10	18
Exchange Fluctuations	106	86
Others	<u>1</u>	<u>-</u>
	117	104
22. COST OF MATERIALS CONSUMED		
Raw Materials	12729	9894
Packing Materials	<u>513</u>	<u>564</u>
	13242	10458
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	3245	2761
Contribution to provident and other funds	269	209
Staff Welfare	<u>144</u>	<u>131</u>
	3658	3101
24. FINANCE COST		
Interest expense	<u>796</u>	<u>627</u>
	796	627
25. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation	4737	4770
Amortisation	<u>69</u>	<u>46</u>
	4806	4816

(Rs. in Lacs)

	Year ended 31.03.2012	Year ended 31.03.2011
26. OTHER EXPENSES		
Consumption of Stores and spare parts	59	40
Power and Fuel	982	769
Rent	225	167
Repairs to buildings	56	99
Repairs to machinery	220	288
General Repairs	41	37
Insurance	40	24
Research & Development	152	149
Rates and taxes excluding taxes on income	43	24
Legal and Professional Expenses	243	231
Travelling Expenses	767	714
Miscellaneous Expenses	599	652
Selling and Distribution Expenses	1582	1126
	<u>5009</u>	<u>4320</u>

27. Extraordinary items of Rs. 1204 Lacs (Previous year Nil) represent surplus accruing on account of settlement of long term borrowing of the company.

28. PRIOR PERIOD ITEMS

Expenses include Rs. 10 lacs (Previous Year Rs. 5 lacs) as expenses (net) relating to earlier years.

29. 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-

Geographical Segment	Sales Revenues (Rs. in Lacs)	
	2011-12	2010-11
USA	7590	5321
Rest of World	5735	4246
India	15062	13017
Total	<u>28387</u>	<u>22584</u>

30. RELATED PARTY DISCLOSURES

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

Related Parties

1. Associates Morepen Biotech Limited	Domestic Company
2. Key Management Personnel (Whole Time Directors)	Mr. Sushil Suri, Chairman & Managing Director Dr. A.K. Sinha Mr. Sanjay Sharma
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	Blue Coast Infrastructure Development Private Limited

Transactions with related parties -

Particulars	Nature of transaction	(Rs. in lacs)
1. Associates	Nil	
2. Key Management Personnel (Whole Time Directors)	Remunertion (Maximum amount outstanding - Rs.5 Lacs) Balance as on 31.03.12	53 4
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	Receipt of un-secured loans (Maximum amount outstanding - Rs. 1504 Lacs) Balance as on 31.03.12 – Payable	71 1504

31. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2012	31.03.2011
Profit/ (Loss) after Tax (Rs. in Lacs)	(2365)	(4693)
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value Rs.2/- per share)	(0.54)	(1.04)

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

32. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2012. Hence, no provision is required in the accounts for the year under review.

33. 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 losses during the year, is not recognized as a matter of prudence.

34. OTHERS SIGNIFICANT DISCLOSURES,

- a) In the opinion of directors, all other assets other than fixed assets and non-current investments 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 are subject to confirmation.
- c) The application for compounding of offences for violation of various provisions of the Companies Act, 1956 as pointed out in the report of inspection conducted under section 209A of the said Act is, pending with the Central Govt.
- d) During the financial year ending 31st March 2010, the company had allotted, 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues, under the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla. The central government preferred an appeal against the said order and the Hon'ble Divisional Bench while admitting the appeal directed the implementation of the Scheme subject to the final outcome of the Appeal. The matter has now been remanded back to the single judge of Hon'ble Himachal Pradesh High Court for giving central government a hearing and adjudicating the matter.
- e) Remuneration paid to directors' for the period April 2005 - March 2012, of Rs. 254 lacs, including current year remuneration of Rs. 53 lacs is subject to approval from Central Govt.
- f) In view of losses during the year, the managing director has been paid a salary of Rs. 29 lacs, out of approved salary of Rs. 60 lacs. Balance salary of Rs. 31 lacs has been forgone by him and hence not provided in the accounts.
- g) Taxation
No Provision for current Income tax has been made in view of loss during the year.
- h) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be accounted for, on the completion of assessments.
- i) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.
- j) Figures have been rounded off to the nearest lacs.





MOREPEN
The Joy Of Growing Together

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