



The alchemy of  
**wellbeing**

## *The alchemy of* **wellbeing**

*The human body is nature's perfect creation with the inherent wisdom to heal itself. A healthy lifestyle only adds to the joy of celebrating every moment of our existence. If wellbeing makes life beautiful, what makes it happy is the means to have wellness within reach.*

*At Morepen, we are committed to touch & transform lives with **the alchemy of wellbeing**. It is life that inspires us to making medicine meaningful ... to boldly explore the horizons of wellness and to infuse its exciting journey with the priceless wealth of better health. For only then can each and every one of us do more, live more and enjoy more!*





## CORPORATE INFORMATION

### **Chairman & Managing Director**

Mr. Sushil Suri

### **Auditors**

M/s. M. Kamal Mahajan And Co.,  
Chartered Accountants

### **Whole-time Director**

Dr. Arun Kumar Sinha

### **Cost Auditor**

M/s. Vijender Sharma & Co.,  
Cost Accountants

### **Independent Directors**

Mr. Manoj Joshi  
Mr. Bhupender Raj Wadhwa  
Mr. Sukhcharan Singh

### **Secretarial Auditor**

Mr. Praveen Dua  
M/s. PD and Associates,  
Company Secretaries

### **Chief Financial Officer**

Mr. Ajay Sharma

### **Registrar & Share Transfer Agent**

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

### **Company Secretary**

Mr. Thomas P. Joshua

### **Registered Office**

Morepen Village, Nalagarh Road,  
Near Baddi, Distt. Solan,  
Himachal Pradesh - 173 205

### **Corporate Office**

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

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## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 30th Annual Report on business, operations and achievements of the Company together with the Audited financial statements for the financial year ended March 31, 2015.

### FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
Particulars	2014-15	2013-14
Total Revenue	37162	33676
Operating Surplus	4794	4660
Finance cost	863	989
Cash Surplus	3931	3671
<b>Non-Cash Items:</b>		
Depreciation & Amortisation	3859	4577
Profit/(Loss) before Extra-ordinary items and Tax	72	(906)
Extra ordinary items - Income (Net)	-	290
Profit/(Loss) Before Tax	72	(616)
Tax	14	-
Profit/(Loss) After Tax	58	(616)

### REVIEW OF PERFORMANCE

Your Company has recorded revenues of Rs. 37,162 lacs during the current financial year against previous year revenues of Rs. 33,676 lacs recording a growth of 10% over last year revenues. Operating revenue for the current year has increased to Rs.37,026 lacs against last year revenues of Rs. 33,597 lacs. Sales revenues of the Company are steadily improving year on year basis.

Better customer reach, improved productivity and efficient cost management have helped the Company to offset the pressure in margins on account of product and market mix.

Growth in Active Pharmaceutical Ingredients (API) business has been steady at 7%. Home Diagnostics and Finished Formulations have shown significant improvement in its sales revenues recording a growth of 16% and 10% respectively.

Current year's operating surplus of Rs. 4,794 lacs translates into a moderate growth of 3% against last year surplus of Rs. 4,660 lacs.

Finance cost at Rs. 863 lacs has come down by 13% against Rs. 989 lacs in the previous year.

Cash generated during the year is Rs. 3,931 lacs against Rs. 3,671 lacs generated during previous financial year.

### DIVIDEND

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

### RESERVES

As per the provisions of Companies Act, 2013, additional depreciation of Rs. 1,176 lacs, on account of change in useful life of assets, has been charged to opening balance of Reserve & Surplus account. The profit of Rs. 58 lacs earned during the year has been added to the Reserves & Surplus.

### DEPOSITS

The Company has not accepted deposit within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### FINANCES

The Management is committed to profitable growth of all its business segments by improving upon operating and financial performance.

The Company continues to service its debt obligations as per the terms approved by its lender banks and financial institutions. The Company has been managing its day to day operations without any institutional working support. It is running its business on the strength of surplus generated out of its operations.

Further, on account of accumulated losses, the provisions of Companies Act, 2013 places restrictions on redemption of Preference Shares. In view of above, the Company has not been able to redeem optionally convertible preference shares which have fallen due for redemption and/or conversion during the year.

## SHARE CAPITAL

The total paid up share capital of the Company as on March 31, 2015 of Rs. 20,961 lacs comprises of Equity Share Capital of Rs. 8,996 lacs and Preference Share Capital of Rs. 11,965 lacs. During the year under review, there was no change in the paid-up share capital of the Company. No Provision of money was made by the Company for purchase of its own shares by employees or by trustees for the benefit of employees.

The shares issued by Company are listed at the following Stock Exchanges as on March 31, 2015:

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

Annual listing fees for the financial year 2015-16 have been paid to both the Stock Exchanges. The Equity shares continue to be listed on both BSE and NSE.

## BUSINESS PERFORMANCE

During the year under review, sales revenues at Rs. 35,459 lacs have registered a growth of around 10% against last year revenues of Rs. 32,206 lacs. Active Pharmaceutical Ingredients (API) business has recorded a growth of 7%. Home Diagnostics business has recorded a growth of 16% in its sales revenues and Finished Formulation business has recorded a growth of 10%.

Continued focus on margin improvement, cost control and efficient utilization of resources has helped the Company to moderately improve its operating margins over the preceding years despite margin erosion on account of product and market mix.

The operating surplus for the current year has improved to Rs. 4,794 lacs from Rs. 4,660 lacs in the previous year. Current year operating surplus has recorded 3% growth over the last financial year. After servicing the finance cost of Rs. 863 lacs, current year net cash surplus is Rs. 3,931 lacs, against Rs. 3,671 lacs generated in the previous year, a growth of around 11%.

The Company foresees improvement in revenues across all business segments and also expects that bottom line would improve over the preceding year.

### Division wise business performance is detailed hereunder:

#### Active Pharmaceutical Ingredients (API)

Domestic API business recorded a growth of 31% over the last year whereas export business was down by 1%. Montelukast and Atorvastatin business recorded handsome growth during the year. Current year Loratadine revenues have recorded a dip of 20% against previous year revenues.

Over the years API business has significantly contributed

towards the overall growth of the Company. During last few years expansion of domestic and export markets has added momentum to the revenue growth. During the current year growth of 7% has been recorded in the annual sales revenues. Current year Revenues are at Rs. 21,606 lacs against last year revenues of Rs. 20,288 lacs. Montelukast and Atorvastatin have recorded a growth of 13% and 80% respectively. Fexofenadine with current year revenues of Rs. 1,087 lacs has recorded a dip of around 16%.

There has been volume growth of 12% in 'Loratadine' Non-US business. However, lower price realisation has resulted in fall in US business.

Desloratadine 'API' has recorded a growth of 67% in its annual sales revenue over the preceding year. The Company expects steady business in the coming years.

Montelukast has recorded sales revenue of Rs. 5,604 lacs in the current year, against Rs. 4,967 lacs in last year. Atorvastatin with its annual sales revenues of Rs. 4,229 lacs has registered a growth of 80% over the last year.

During the current year, products like Sitagliptin Phosphate, Rosuvastatin Calcium, Olmesartan Medoxomil, Pioglitazone and Aliskirin have registered impressive volume growth. Product basket consisting of these products has recorded sales revenue of Rs. 1,966 lacs against Rs. 599 lacs recorded in the last financial year. The highest growth has been achieved by Rosuvastatin, which clocked annual sales of Rs. 815 lacs in the current year against Rs. 317 lacs done in last year.

#### Home Diagnostics

During the Current year 'Home Diagnostics' business has recorded a growth in revenues by 16%. Revenues for the current year are at Rs. 5,133 lacs against Rs. 4,431 lacs in the previous year. Blood Glucose Monitors, the biggest contributor to this business segment with annual revenue of Rs. 2,372 lacs has registered a growth of 37%. Blood Pressure Monitors with annual sales of Rs. 797 lacs have gone up by 22% over the last year. The Company is expanding its foothold all across India and also touching the markets/areas which were hitherto uncovered.

#### Finished Formulations

Finished Formulation business has recorded sales revenues of Rs. 8,256 lacs against Rs. 7,506 lacs recorded in the previous year.

Current year annual revenues have registered a growth of 10% over the last financial year. Branded formulation as a part of finished formulations registered a fall of 7% whereas contract manufacturing and brand sharing business reported a growth of 24%.

## **SUBSIDIARIES / JOINT VENTURES / ASSOCIATES**

The Company has four subsidiaries as on March 31, 2015 namely:

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

The Company does not have any Associates or Joint Ventures as on March 31, 2015.

### **Dr. Morepen Limited**

Over The Counter (OTC) business of the Company carried out through its wholly owned subsidiary, Dr. Morepen Limited (DML) has gone up marginally. Sales revenue for the current year stood at Rs. 3,448 lacs against last year revenues of Rs. 3,356 lacs.

The Company is carrying two types of business under its brand name Dr. Morepen i.e. marketing of OTC products & Brand sharing.

There was marginal fall of around 2% in OTC marketing business. However brand sharing business registered a growth of around 14%. This business also looks promising keeping in view brand recall value attached to 'Dr. Morepen' brand.

In brand sharing segment, 31 Stock Keeping Units (SKUs) were launched in the current year, taking the tally to 183 SKUs during the year. It recorded sales revenue of Rs. 1,188 lacs as compared to Rs. 1,045 lacs in the last year. In 2015-16, Brand Sharing business has sales target of Rs. 1500 lacs.

In its OTC marketing segment, the Company has launched new products namely Burnol X, Burnol Spray and Burnol Prickderm as extension to its existing main brand 'Burnol'.

During the year, the Company changed its distribution model from Super Stockist model to C&F Model in respect of states having annual sale of more than Rs.150 lacs. The Company expects that the exercise will help the Company to increase its sales by direct billing to Distributors. Further the cost of distribution is also expected to come down significantly. Hence the Company expects to do better, on both the fronts i.e. increase in sales revenue and cost control.

On account of change in distribution model midway during the current year, sales was adversely affected, however it will give better revenues in the coming years.

### **Total Care Limited**

The Company is now dealing in OTC & Health products. The scale of Company's operations was marginal during the year with the total revenues of Rs. 16 lacs. The Company plans to clock annual revenue of Rs. 100 lacs in the coming 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. 45 lacs (\$72,574) as against Rs. 69 Lacs (\$120,022) in the previous year. Current year loss is Rs. 38 lacs, against profit of Rs. 24 lacs in the last year.

### **Morepen Max Inc.**

This Company has been in a dormant state for last few years. Board of Directors considers it expedient to divest the investment in the Company at an appropriate time.

Morepen Biotech Limited has ceased to be an associate Company during the year.

## **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company pursuant to Section 129 (3) of the Companies Act, 2013, prepared in accordance with relevant Accounting Standards (AS) viz. AS 21 & AS 23, forms part of this Annual Report.

A Statement containing the salient features of the financial statements of Company's Subsidiaries, pursuant to Section 129 of the Companies Act, 2013 read with the Rule 5 of the Companies (Accounts) Rules, 2014 is annexed to this report as ANNEXURE 'A' in the prescribed form, AOC-1.

## **DIRECTORS' & KEY MANAGERIAL PERSONNEL**

### **Changes in Directors' & Key Managerial Personnel**

The Company has appointed Mr. Sukhcharan Singh, Mr. Manoj Joshi and Mr. Bhupender Raj Wadhwa, as Independent Directors of the Company for a term of 5 years with effect from 19th September, 2014 in the 29th Annual General Meeting (AGM) of the Company pursuant to provision of Section 149, 150, 152, Schedule IV and other applicable provisions, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014. Your Directors extended a warm welcome to Mr. Sukhcharan Singh, Mr. Manoj Joshi and Mr. Bhupender Raj Wadhwa for being a part of the Board of Directors of Morepen Laboratories Limited.

Pursuant to Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Mr. Sushil Suri, Chairman & Managing Director and Mr. Thomas P. Joshua, Company Secretary, who were already in office before the commencement of Companies Act, 2013, have been designated as Whole-Time Key Managerial Personnel of the Company. Mr. Ajay Sharma has been appointed as the Chief Financial Officer, designated as Whole-Time Key Managerial Personnel, of Morepen Laboratories Limited w.e.f. 9th August, 2014.

Mr. Sushil Suri, Chairman & Managing Director of the

Company, who holds his office up to 19th October, 2015 and being eligible, has offered himself to be re-appointed pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended or re-enacted from time to time. Your Directors recommend his appointment as the Chairman & Managing Director of the Company, in the ensuing Annual General Meeting, for another term of 3 years w.e.f. 20th October, 2015.

Dr. A. K. Sinha, Whole Time Director of the Company, who is liable to retire by rotation pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, as amended or re-enacted from time to time, has given his consent and being eligible has offered himself for re-appointment. Your Directors recommend his re-appointment as Whole-Time Director of the Company, in the ensuing Annual General Meeting.

Pursuant to the provisions of Section 149(1) of the Companies Act, 2013, Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 and revised Clause 49 of Listing Agreement it was mandatory for the Company to appoint a Woman Director on the Board of the Company on or before March 31, 2015. However, Hon'ble Supreme Court of India, vide its order dated July 16, 2007, in respect of petition filed by the Company before it, challenging the appointment of Special Directors by Hon'ble High Court of Himachal Pradesh, Shimla, has ordered 'status quo' to be maintained. Therefore, the Board in its meeting held on March 31, 2015 took note of the same and felt that since the matter is sub-judice and the status quo order is still in force, as on date, the composition of the Board should remain unchanged. The Company has also apprised the matter to both the stock exchanges i.e. NSE and BSE. The Company is willing and ready to appoint a Woman Director on the Board of the Company as soon as the above matter is resolved.

#### **Declaration by Independent Director(s) and re-appointment**

As per the provision of Section 149(7) of Companies Act, 2013 and Listing Agreement, every Independent Director is required to give declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of Companies Act, 2013 and Clause 49 of the Listing Agreement.

At present there are total of three Independent Directors on the Board of the Company and accordingly in compliance

with the aforesaid provisions of the Companies Act, 2013 and the Listing Agreement, Mr. Sukhcharan Singh, Mr. Manoj Joshi and Mr. Bhupender Raj Wadhwa, have given the Declaration of Independence to the Company.

#### **Evaluation of Board, Committees and Directors**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out its own performance evaluation, Board Committees and its directors individually. The manner in which the evaluation has been carried out has been detailed in Corporate Governance Report.

#### **Familiarization Programme for Independent Directors**

The details pertaining to Familiarization Programme for Independent Directors has been detailed in Corporate Governance Report.

#### **Meetings of Board of Directors**

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

#### **Independent Directors Meeting**

During the year under review a separate meeting of the Independent Directors of the Company was held on February 11, 2015, without the presence of Non Independent Directors and members of Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and timelines of flow of information between the Company management and the Board. All the Independent Directors of the Company were present in the meeting.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable;
- b) 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;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,

2013 for safeguarding the assets of the Company and for prevention and detecting fraud and other irregularities;

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

#### **MANAGERIAL REMMUNERATION AND OTHER DISCLOSURES**

Disclosure pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a) Ratio of the remuneration of each Director to the median employee's remuneration and other details pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: The aforesaid Disclosure is annexed and forms part of this report as ANNEXURE 'B'.
- b) Detail of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: The aforesaid Disclosure is annexed and forms part of this report as ANNEXURE 'C'.
- c) No Director of the Company, including its Managing Director or Whole-Time Director, is in receipt of any commission from the Company or its Subsidiary Company.

#### **AUDIT COMMITTEE**

Your Company has an Audit Committee in compliance to the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The complete details with respect to Audit Committee as required to be given under the Companies Act, 2013 and Clause 49 of the Listing agreement is given in the 'Corporate Governance Report'.

#### **WHISTLE BLOWER/VIGIL MECHANISM**

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

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

#### **RISK MANAGEMENT**

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

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

#### **NOMINATION AND REMUNERATION COMMITTEE**

Your Company has a Nomination and Remuneration Committee in compliance to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing agreement. The complete details with respect to Nomination and Remuneration Committee as required to be given under the Companies Act, 2013 and Clause 49 of the Listing agreement is given in the 'Corporate Governance Report'.

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel (KMP) and other employees of the Company as formulated by Nomination and Remuneration Committee, pursuant to provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, which shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

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

#### **STATUTORY AUDITORS**

M/s. M. Kamal Mahajan and Co., the Statutory Auditors' of the Company, appointed by shareholders pursuant to Section 129 of the Companies Act, 2013, in 29th Annual General Meeting to hold office till conclusion of 31st Annual General Meeting have confirmed their eligibility under Section 141(3) of the Companies Act, 2013 and are willing to continue as the Auditors of the Company, subject to ratification of their appointment by the shareholders in the ensuing Annual General Meeting of the Company.

#### **EXPLANATION TO AUDITORS REPORT**

The Auditors vide Para (ix) of the annexure to the audit report have commented on delay in payment of dues to the lenders. The delay in payment was for a period less than 90 days and the Company reiterates its commitment to service its debt obligations as per the agreed terms.





Further, the Auditors in the independent audit report on consolidated financial statements have drawn attention to the Note No. 12(b) to the financial statements regarding legal case in respect of trademark "Burnol". The Company reiterated its comments mentioned therein.

#### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. PD and Associates, Company Secretaries were appointed by Board of Directors of the Company as Secretarial Auditors of the Company for the financial year 2014-15.

The Secretarial Audit Report given by Secretarial Auditors' is annexed and forms part of this report as ANNEXURE 'E'.

#### **EXPLANATION TO SECRETARIAL AUDIT REPORT**

The Secretarial Auditor has observed that the Company has not appointed a Woman Director pursuant to the provisions of Companies Act, 2013 and not redeemed the preference shares due for redemption. The reasons for non-appointment of Woman Director has been duly explained under the head Directors' & Key Managerial Personnel in this report, while the reason for not redeeming the preference shares have been suitably explained in Note No. 2(C) to the Financial Statements for the year ended March 31, 2015.

#### **COST AUDIT**

Pursuant to Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Accounting Records maintained by the Company in respect of its Bulk Drugs and Formulations activity are required to be audited by Cost Auditors. The Board of Directors of the Company has, on the recommendation of the Audit Committee, appointed M/s. Vijender Sharma & Co., Cost Accountants, as the Cost Auditor of the Company for the financial year ended March 31, 2016, at a remuneration of Rs. 3 Lacs, subject to the ratification of their remuneration by the shareholders in the in the ensuing Annual General Meeting.

#### **INTERNAL FINANCIAL CONTROLS**

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

To maintain its objectivity and independence, the Internal Audit Team reports to the Chairman of the Audit Committee of the Board. Based on the internal audit report, process

owners undertake corrective action in their respective areas and thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board. Team engaged in internal audit carries out extensive audits throughout the year across all functional areas, and submits its reports from time to time to the Audit Committee of the Board of Directors.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Section 135 of the Companies Act, 2013 lays down the criteria for the constitution of Corporate Social Responsibility (CSR) Committee by a Company and other compliances applicable under the said provisions. As the Company does not fulfill any of the criteria mentioned therein the provisions of Corporate Social Responsibility (CSR) are presently not applicable on the Company and hence the Company was not required to comply with the same.

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

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment of women at workplace pursuant to the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, while dealing with issues related to sexual harassment at the work place. All women employees whether permanent, temporary, contractual and trainees are covered under this policy. The Company has not received any complaints during the year.

#### **LEGAL & CORPORATE MATTERS**

During the financial year ending March 31, 2010, the Company had allotted 9,24,90,413 equity shares to the fixed deposit holders towards settlement of their dues under the Scheme of Arrangement or Compromise under Section 391 of the Companies Act, 1956, approved by the Hon'ble Shimla High Court vide its order dated August 4, 2009. The Central Government appealed against the said order which was allowed by the Division Bench and the matter was remanded back to provide a hearing to Central Government. The matter is pending before the Single Judge for final adjudication.

During the year, the Company had withdrawn a Writ Petition filed before the Hon'ble High Court, Delhi for a decision in respect of listing of equity shares, allotted on preferential basis by the Company to Banks & Financial

Institutions, Promoters and Foreign Investors in terms of Debt Restructuring Scheme approved by the CDR Cell in June, 2006. The Company has been constantly taking up the matter with the Stock Exchanges and SEBI. The Stock Exchanges have now allowed listing of shares, preferentially issued to promoters in the year 2005 and the Company is hopeful that it will get listing approval in respect of shares which have been issued to banks & financial institutions, foreign investor and balance unlisted shares of the promoters.

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

The Company's appeal with the Hon'ble Supreme Court against the appointment of special directors on the board of the Company under Section 408 of Companies Act, 1956 is pending for final disposal.

#### **EXTRACT OF ANNUAL RETURN**

The detailed extract of Annual Report in Form MGT-9 as required under Section 134 (3) (a) of the Companies Act, 2013 is annexed and forms part of this report as ANNEXURE 'F'.

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

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and out go, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed and forms part of this report as ANNEXURE 'G'.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

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

The complete details with respect to contracts or arrangements with related parties as required to be given under the Companies Act, 2013 and Clause 49 of the Listing agreement is given in the 'Corporate Governance Report'.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A detailed review of the operations and performance of the Company is set out in the Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement which forms part of this Annual Report as ANNEXURE 'H'.

#### **HUMAN RESOURCES**

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

#### **CORPORATE GOVERNANCE**

A Report on Corporate Governance along with a certificate from the Practicing Company Secretary regarding compliance with conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement forms part of this report and is annexed as ANNEXURE 'I'.

#### **ACKNOWLEDGEMENTS**

Your Directors also take this opportunity to place on record their sincere appreciation to the Customers, Suppliers, Collaborators, Company's GMP consultants, Directors, Auditors, Bankers, Financial Institutions, Medical & Legal Professionals, Drug Control Authorities, Government Agencies, Business Associates, Employees and Shareholders for their unstinted support and confidence reposed in the Company and its Management.

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

**For and on behalf of Board of Directors**

**Sushil Suri**

**Place: New Delhi (Chairman & Managing Director)**

**Date: August 7, 2015**

**DIN: 00012028**

**ANNEXURE 'A'**

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

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

(Rs. In Lacs)

Name of the Subsidiary Company	Dr.: Morepen Limited	Total Care Limited	Morepen Inc.	Morepen Max Inc.
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015	01-04-2014 to 31-03-2015
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	-	US\$/Rs. 62.27 (As on 31.03.2015)	US\$/Rs. 62.27 (As on 31.03.2015)
Share Capital	4067.95 (4,06,79,500 Equity Shares of Rs. 10/- each)	933.39 (9,33,390 Equity Shares of Rs. 100/- each)	22.23 (9,400 Fully paid shares of US\$ 1 each)	48.80 (51 Equity shares of US\$ 1,000 each)
Reserves & Surplus	(400.17)	(2190.52)	91.12	(2.60)
Total Assets	8262.71	15.80	185.06	48.80
Total Liabilities	8262.71	15.80	185.06	48.80
Investments	1171.00	-	-	-
Turnover	3448.86	16.37	45.19	-
Profit/(Loss) before taxation	208.34	(17.30)	(38.24)	-
Provision for taxation	-	-	-	-
Profit after taxation	208.34	(17.30)	(38.24)	-
Proposed Dividend	-	-	-	-
% of Shareholding	100%	95%	100%	51%

**Notes:**

- MOREPEN BIOTECH LIMITED has ceased to be an Associate Company of Morepen Laboratories Limited w.e.f. 30th June, 2014 on account of divestment by the Company.

**For and on behalf of Board of Directors**

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

**Place: New Delhi**  
**Date: August 7, 2015**



## ANNEXURE 'B'

### DETAILS PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

#### Remuneration paid to Directors & Key Managerial Personnel's (KMP's):

Name of the Director	Title	Remuneration in F.Y. 2014-15 (Rs. In Lacs)	Remuneration in F.Y. 2013-14 (Rs. In Lacs)	No. of Stock options/ RSUs granted in F.Y. 2014-15	% increase of remuneration in 2014-15 as compared to 2013-14	Excl. MP Ratio of remuneration to MRE	Incl. MP Ratio of remuneration to MRE and MP	Ratio of remuneration to	
								Revenues (F.Y. 2014-15)	Net Profit (F.Y. 2014-15)
Mr. Sushil Suri	Chairman & Managing Director	53.68	23.98	-	124%	20.59	20.59	0.002	0.92
Dr. A. K. Sinha	Whole-Time Director	26.10	27.73	-	(6%)	10.01	10.01	0.001	0.45
Mr. B. R. Wadhwa	Independent Director	0.85	0.60	-	42%	-	-	-	-
Mr. Sukhcharan Singh	Independent Director	0.85	0.60	-	42%	-	-	-	-
Mr. Manoj Joshi	Independent Director	0.55	0.40	-	38%	-	-	-	-
Mr. Ajay Kumar Sharma	Chief Financial Officer	41.32	32.98	-	25%	15.85	15.85	0.001	0.71
Mr. Thomas P. Joshua	Company Secretary	8.40	6.23	-	35%	3.22	3.22	0.0002	0.14

The Median Remuneration of Employees (MRE) excluding Managerial Personnel (MP) was Rs. 2,60,702/- and Rs. 2,29,517/- in F.Y. 2014-15 and F.Y. 2013-14 respectively. The increase in MRE (excluding MP) in F.Y. 2014-15, as compared to F.Y. 2013-14 is 14%.

The Median Remuneration of Employees (MRE) including Managerial Personnel (MP) was Rs. 2,60,719/- and Rs. 2,29,741/- in F.Y. 2014-15 and F.Y. 2013-14 respectively. The increase in MRE (including MP) in F.Y. 2014-15, as compared to F.Y. 2013-14 is 13%.

The number of permanent employees on the rolls of the Company as of March 31, 2015 and March 31, 2014 was 993 and 1028 respectively.

The revenue growth during F.Y. 2014-15 over F.Y. 2013-14 was 10% and net profit of Rs. 58 lacs was recorded during the F.Y. 2014-15 against a loss of Rs. 616 lacs in the F.Y. 2013-14. The aggregate remuneration of employees excluding MP grew by 8% over the previous financial year. The aggregate increase in salary for MP and other KMP's, in the current financial year, was 42% over F.Y. 2013-14. This was based on the recommendation of the nomination and remuneration committee to revise the remuneration as per industry benchmarks.

The market capitalization of the Company increased by 208% to Rs. 52,630 lacs as of March 31, 2015 from Rs. 17,093 lacs as of March 31, 2014. The Price Earning (P/E) Ratio was 5,850 as of March 31, 2015. The increase in P/E ratio could not be computed for the F.Y. 2013-14 on account of loss of Rs. 616 lacs registered during the year. The closing price of the Company's equity shares on the NSE and BSE as of March 31, 2015 was Rs. 11.70 and Rs. 11.74 respectively, representing a 234% (NSE) increase over the IPO price, adjusted for stock splits and bonuses to date.

The Company's variable compensation philosophy for its managerial personnel is to ensure it is competitive in the global markets in which it operates, for attracting and retaining the best talent.

Component of remuneration to directors and other KMPs	Fixed Salary	Bonus	Commission	Total
As a Percentage of revenue for F.Y. 2014-15	0.4%	-	-	0.4%
As a Percentage of net profit for F.Y. 2014-15	225%	-	-	225%

For and on behalf of Board of Directors

Place: New Delhi  
Date: August 7, 2015

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

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

Employee Name	Designation	Educational Qualification	Age	Experience (years)	Date of joining	Gross remuneration paid (Rs. In Lacs)	Previous employment and designation
Mr. Rajeev Kumar Jain	Vice President- Head Production (Masulkhana & Baddi)	B.Sc, MBA	49	28	02-Nov-2011	69.06	IndSwift Laboratories Ltd. - Head Manufacturing
Mr. Shantanu Tuli	Vice President- Sales & Marketing	P.G.D.B.M, MEP Diploma	49	27	17-Jun-2005	58.92	Channel Partner for FMCG Companies (like Colgate, Palmolive, etc.)

**For and on behalf of Board of Directors**

**Place: New Delhi**  
**Date: August 7, 2015**

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



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

### INTRODUCTION:

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

### OBJECTIVE AND PURPOSE:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 13th November, 2014.

### CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

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

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

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

### DEFINITIONS

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

### APPLICABILITY

This Nomination and Remuneration:

- Directors (Executive and Non - Executive)
- Key Managerial Personnel
- Senior Management Personnel
- Other Employees

### GENERAL

This Policy is divided in three parts: Part-A covers the matters

to be dealt with and recommended by the Committee to the Board, Part-B covers the appointment and nomination and Part-C covers remuneration and perquisites, etc.

#### **PART-A**

#### **MATTERS TO BE DEALT WITH, PERSUED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE:**

The Committee shall:

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

#### **PART-B**

#### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

##### **Appointment criteria and qualifications:**

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

##### **Term / Tenure:**

#### **A. Managing Director / Whole-Time Director**

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

#### **B. Independent Director**

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

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

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

##### **Evaluation:**

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

##### **Removal:**

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

##### **Retirement:**

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

#### **PART-C**

#### **POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

##### **General:**

The remuneration / compensation / commission etc. payable

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

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

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

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

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

#### **Remuneration to Managing Director, Whole-time Director/Executive/Managing Director, KMP's and Senior Management Personnel:**

##### Fixed Pay

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

#### **For Morepen Laboratories Limited**

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

to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

##### Minimum Remuneration

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

##### Provisions for excess remuneration

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

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

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

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

##### Sitting Fees

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

##### Stock Options

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

#### **For Morepen Laboratories Limited**

**Manoj Joshi**  
**(Chairman-Nomination & Remuneration Committee)**  
**DIN: 00036546**



**SECRETARIAL AUDIT REPORT**

Form No. MR-3

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Morepen Laboratories Limited

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

Based on my verification of the Morepen Laboratories Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Morepen Laboratories Limited ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules 1945;
- (vii) Drugs (Price Control) Order, 2013;
- (viii) Indian Boilers Act, 1923;
- (ix) Standards of Weights and Measures Act, 1976;
- (x) Trademark Act, 1999.

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

- (i) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- (ii) The Secretarial Standard issued by the Institute of the Company Secretaries of India.

**I FURTHER REPORT THAT:**

- The Board of Directors of the Company is duly

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

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the resolutions have been passed unanimously and did not find any dissenting views in the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has got the approval of members in the 29th Annual General Meeting of the Company held on 19th September, 2014 for the appointment of Dr. Arun Kumar Sinha as Whole Time Director of the Company apart from appointment of Independent Directors and Statutory Auditors.

*I further report that during the audit period the Company*

- A. *has not appointed a Woman Director as per the provisions of the Companies Act, 2013;*
- B. *has not redeemed the following preference shares aggregating to Rs. 104,35,20,100/-*
- (i) *97,35,201 0.01% Optionally Convertible Preference Shares (OCPS) of Rs. 100 each/- aggregating to Rs. 97,35,20,100/- due for redemption during the f.y. 2014-15;*
- (ii) *2,00,000 0.01% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100 each/- aggregating to Rs. 2,00,00,000/- due for redemption during the f.y. 2011-12;*
- (iii) *5,00,000 9.75% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100 each/- aggregating to Rs. 5,00,00,000/- due for redemption during the f.y. 2003-04;*

**CS Praveen Dua**

(Proprietor)

PD and Associates

Company Secretaries

FCS No.: 3573

CP No.: 2139

Place: New Delhi

Date: August 7, 2015

**Form No MGT-9: Extract of Annual Return as on Financial Year Ended on 31st March, 2015**

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

**I. REGISTRATION AND OTHER DETAILS:**

i) CIN	:	L24231HP1984PLC006028
ii) Registration Date	:	01/12/1984
iii) Name of the Company	:	MOREPEN LABORATORIES LIMITED
iv) Category/Sub-Category of the Company	:	Public Company / Limited by Shares
v) Address of the Registered office and contact details	:	Morepen Village, Malkumajra, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205 Tel No.: + 91-01795-276201-03 Fax No.: + 91-01795-276204 Email Id: investors@morepen.com
vi) Whether listed Company	:	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	MAS Services Limited T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020 Tel No.: + 91-11-2638 7281/82/83 Fax No.: + 91-11-26387384 Email id: info@masserv.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

S. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1.	Pharmaceuticals	21001 and 21002	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Dr. Morepen Limited 220, Antriksh Bhawan, 22, K. G. Marg, New Delhi 110 001	U24232DL2001PLC111636	Subsidiary	100	2 (87)
2.	Total Care Limited 2nd Floor, Antriksh Bhawan, 22, K. G. Marg, New Delhi 110 001	U24246DL2000PLC105296	Subsidiary	95	2 (87)
3.	Morepen Inc. United States of America	-	Subsidiary	100	2 (87)
4.	Morepen Max Inc. United States of America	-	Subsidiary	51	2 (87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2014]				No. of Shares held at the end of the year [As on 31st March, 2015]				% Change during
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	1,00,41,750	3,12,00,000	4,12,41,750	9.17	1,00,41,750	3,12,00,000	4,12,41,750	9.17	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	56,29,838	10,85,00,000	11,41,29,838	25.37	56,29,838	10,85,00,000	11,41,29,838	25.37	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):</b>	<b>1,56,71,588</b>	<b>13,97,00,000</b>	<b>15,53,71,588</b>	<b>34.54</b>	<b>1,56,71,588</b>	<b>13,97,00,000</b>	<b>15,53,71,588</b>	<b>34.54</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRI's-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoters (A) = (A)(1) + (A)(2)</b>	<b>1,56,71,588</b>	<b>13,97,00,000</b>	<b>15,53,71,588</b>	<b>34.54</b>	<b>1,56,71,588</b>	<b>13,97,00,000</b>	<b>15,53,71,588</b>	<b>34.54</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	400	63,67,540	63,67,940	1.42	400	63,67,540	63,67,940	1.42	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

f) Insurance Companies	2,22,57,945	2,26,625	2,24,84,570	5.00	2,22,57,945	2,26,625	2,24,84,570	5.00	-
g) FIs	-	5,85,30,000	5,85,30,000	13.01	-	4,88,97,500	4,88,97,500	10.86	2.15
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	<b>2,22,58,345</b>	<b>6,51,24,165</b>	<b>8,73,82,510</b>	<b>19.43</b>	<b>2,22,58,345</b>	<b>5,54,91,665</b>	<b>7,77,50,010</b>	<b>17.28</b>	<b>2.15</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corp.	2,39,83,667	17,71,044	2,57,54,711	5.73	2,10,57,235	17,71,044	2,28,28,279	5.07	0.66
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	10,33,14,620	4,75,11,965	15,08,26,585	33.53	10,40,46,511	4,46,32,432	14,86,78,943	33.05	0.48
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2,32,18,410	4,15,637	2,36,34,047	5.25	2,64,29,228	4,15,637	2,68,44,865	5.97	0.72
c) Any Others (specify)									
i) Any Others (specify) Non-Resident Indian/OCB	42,85,746	-	42,85,746	0.95	45,29,846	1,37,02,500	1,41,62,346	3.15	2.20
ii) Any Others (specify) Clearing Member	22,98,386	-	22,98,386	0.51	39,17,542	-	39,17,542	0.87	0.36
iii) Any Others (specify) Trust	2,72,630	-	2,72,630	0.06	2,72,630	-	2,72,630	0.06	-
<b>Sub-total (B)(2):</b>	<b>15,73,73,459</b>	<b>4,96,98,646</b>	<b>20,70,72,105</b>	<b>46.03</b>	<b>16,02,52,992</b>	<b>5,64,51,613</b>	<b>21,67,04,605</b>	<b>48.18</b>	<b>2.15</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>17,96,31,804</b>	<b>11,48,22,811</b>	<b>29,44,54,615</b>	<b>65.46</b>	<b>18,25,11,337</b>	<b>11,19,43,278</b>	<b>29,44,54,615</b>	<b>65.46</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A + B + C)</b>	<b>19,53,03,392</b>	<b>25,45,22,811</b>	<b>44,98,26,203</b>	<b>100</b>	<b>19,81,82,925</b>	<b>25,16,43,278</b>	<b>44,98,26,203</b>	<b>100</b>	<b>-</b>

ii) Shareholding of Promoters:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Baby Aakriti Suri	55,000	0.012	-	55,000	0.012	-	-
2.	Gulfy Suri	11,50,000	0.256	-	11,50,000	0.256	-	-
3.	Rajas Suri	1,55,000	0.034	-	1,55,000	0.034	-	-
4.	Anju Suri	51,86,369	1.153	-	51,86,369	1.153	-	-
5.	P.L. Suri	24,00,000	0.534	-	24,00,000	0.534	-	-
6.	Sara Suri	7,05,000	0.157	-	7,05,000	0.157	-	-
7.	Master Arjun Suri	6,97,060	0.155	-	6,97,060	0.155	-	-
8.	Kanta Suri	1,510	0.000	-	1,510	0.000	-	-
9.	Sushil Suri & Sons (HUF)	12,01,560	0.267	-	12,01,560	0.267	-	-
10.	Praduman Lal Suri	2,990	0.001	-	2,990	0.001	-	-
11.	Aanandi Suri	7,50,000	0.167	-	7,50,000	0.167	-	-
12.	Arun Suri & Sons	15,45,310	0.344	-	15,45,310	0.344	-	-
13.	Arun Suri	3,510	0.001	-	3,510	0.001	-	-
14.	Sanjay Suri	14,17,240	0.315	-	14,17,240	0.315	-	-
15.	Varun Suri	30,52,357	0.679	-	30,52,357	0.679	-	-
16.	Anubhav Suri	7,36,824	0.164	-	7,36,824	0.164	-	-
17.	Aanchal Suri	6,85,922	0.152	-	6,85,922	0.152	-	-
18.	Baby Kanak Suri	9,97,060	0.222	-	9,97,060	0.222	-	-
19.	Sushil Suri	55,01,510	1.223	-	55,01,510	1.223	-	-
20.	K B Suri & Sons (HUF)	9,72,830	0.216	-	9,72,830	0.216	-	-
21.	Shalu Suri	20,52,250	0.456	-	20,52,250	0.456	-	-
22.	Sonia Suri	36,79,718	0.818	-	36,79,718	0.818	-	-
23.	Mamta Suri	30,04,000	0.668	-	30,04,000	0.668	-	-
24.	Sunita Suri	31,88,730	0.709	-	31,88,730	0.709	-	-
25.	Sanjay Suri Sons HUF	21,00,000	0.467	-	21,00,000	0.467	-	-
26.	React Investments & Financial Services Private Limited	1,14,42,134	2.544	-	1,14,42,134	2.544	-	-
27.	Liquid Holdings Private Limited	3,000	0.001	-	3,000	0.001	-	-
28.	Epitome Holding Private Limited	1,10,00,820	2.446	-	1,10,00,820	2.446	-	-
29.	Concept Credits & Consultants Private Limited	1,18,47,724	2.634	-	1,18,47,724	2.634	-	-
30.	Square Investments & Financial Services Private Limited	1,06,02,075	2.357	-	1,06,02,075	2.357	-	-
31.	Solitary Investments & Financial Services Private Limited	1,16,14,045	2.582	-	1,16,14,045	2.582	-	-
32.	Solace Investments & Financial Services Private Limited	1,15,82,790	2.575	-	1,15,82,790	2.575	-	-
33.	Brook Investments & Financial Services Private Limited	1,16,59,252	2.592	-	1,16,59,252	2.592	-	-
34.	Scope Credits & Financial Services Private Limited	1,20,75,405	2.684	0.136	1,20,75,405	2.684	0.136	-
35.	Mid-Med Financial Services & Investments Private Limited	1,14,73,813	2.551	-	1,14,73,813	2.551	-	-
36.	Seed Securities & Services Private Limited	1,08,28,780	2.407	-	1,08,28,780	2.407	-	-
	<b>TOTAL</b>	<b>15,53,71,588</b>	<b>34.543</b>	<b>0.136</b>	<b>15,53,71,588</b>	<b>34.543</b>	<b>0.136</b>	<b>NIL</b>

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

S. No.	Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	15,53,71,588	34.543	15,53,71,588	34.543
	Increase/(Decrease) in Promoters Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year	15,53,71,588	34.543	15,53,71,588	34.543

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

S. No.	TOP TEN SHAREHOLDERS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>G L INDIA MAURITIUS III LTD.</b>				
	At the beginning of the year	3,85,30,000	8.566	3,85,30,000	8.566
	Increase/(Decrease) in Shareholding during the year	(96,32,500)	(2.141)	2,88,97,500	6.424
	At the end of the year (or on the date of separation, if separated during the year)	2,88,97,500	6.424	2,88,97,500	6.424
2.	<b>JETTY CAPITAL LIMITED</b>				
	At the beginning of the year	2,00,00,000	4.446	2,00,00,000	4.446
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	2,00,00,000	4.446	2,00,00,000	4.446
3.	<b>PINFOLD OVERSEAS LIMITED</b>				
	At the beginning of the year	-	-	-	-
	Increase/(Decrease) in Shareholding during the year	96,32,500	2.141	96,32,500	2.141
	At the end of the year (or on the date of separation, if separated during the year)	96,32,500	2.141	96,32,500	2.141
4.	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	82,89,765	1.843	82,89,765	1.843
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	82,89,765	1.843	82,89,765	1.843
5.	<b>DAMODAR PRASAD AGARWAL</b>				
	At the beginning of the year	49,20,629	1.094	49,20,629	1.094
	Increase/(Decrease) in Shareholding during the year	10,01,871	0.002	59,22,500	1.317
	At the end of the year (or on the date of separation, if separated during the year)	59,22,500	1.317	59,22,500	1.317

S. No.	TOP TEN SHAREHOLDERS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	<b>UNITED INDIA INSURANCE COMPANY LIMITED</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	41,56,275 No Change 41,56,275	0.924 No Change 0.924	41,56,275 No Change 41,56,275	0.924 No Change 0.924
7.	<b>GENERAL INSURANCE CORPORATION OF INDIA</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	35,66,869 No Change 35,66,869	0.793 No Change 0.793	35,66,869 No Change 35,66,869	0.793 No Change 0.793
8.	<b>THE NEW INDIA ASSURANCE COMPANY LIMITED</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	30,41,425 No Change 30,41,425	0.676 No Change 0.676	30,41,425 No Change 30,41,425	0.676 No Change 0.676
9.	<b>BAYSWATER ENTERPRISES LIMITED</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	29,04,000 No Change 29,04,000	0.646 No Change 0.646	29,04,000 No Change 29,04,000	0.646 No Change 0.646
10.	<b>NATIONAL INSURANCE COMPANY LTD</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	19,29,500 No Change 19,29,500	0.429 No Change 0.429	19,29,500 No Change 19,29,500	0.429 No Change 0.429
11.	<b>ANGEL FINCAP PRIVATE LIMITED</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	16,16,036 (14,48,100) 1,67,936	0.359 (0.322) 0.037	16,16,036 1,67,936 1,67,936	0.359 0.037 0.037



v) Shareholding of Directors and Key Managerial Personnel:

S. No.	DIRECTOR's & KMP's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>MR. SUSHIL SURI</b> <b>Chairman &amp; Managing Director</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	55,01,510 No Change 55,01,510	1.223 No Change 1.223	55,01,510 No Change 55,01,510	1.223 No Change 1.223
2.	<b>DR. A. K. SINHA</b> <b>Whole-Time Director</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	100 No Change 100	0.000 No Change 0.000	100 No Change 100	0.000 No Change 0.000
3.	<b>MR. MANOJ JOSHI</b> <b>Independent Director</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	- No Change -	- No Change -	- No Change -	- No Change -
4.	<b>MR. SUKHCHARAN SINGH</b> <b>Independent Director</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	- No Change -	- No Change -	- No Change -	- No Change -
5.	<b>MR. B. R. WADHWA</b> <b>Independent Director</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	- No Change -	- No Change -	- No Change -	- No Change -
6.	<b>MR. AJAY SHARMA</b> <b>Chief Financial Officer</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	- No Change -	- No Change -	- No Change -	- No Change -
7.	<b>MR. THOMAS P. JOSHUA</b> <b>Company Secretary</b> At the beginning of the year Increase/(Decrease) in Shareholding during the year At the end of the year (or on the date of separation, if separated during the year)	- No Change -	- No Change -	- No Change -	- No Change -

## V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	8784.41	-	-	8784.41
ii) Interest due but not paid	181.79	-	-	181.79
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>8966.20</b>	-	-	<b>8966.20</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	774.61	-	-	774.61
* Reduction	1731.05	-	-	1731.05
<b>Net Change</b>	<b>(956.44)</b>	-	-	<b>(956.44)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	7852.23	-	-	7852.23
ii) Interest due but not paid	157.51	-	-	157.51
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>8009.74</b>	-	-	<b>8009.74</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. In Lakhs)
		Mr. Sushil Suri Chairman & Managing Director	Dr. A. K. Sinha Whole-Time Director	
1.	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	41.59	22.15	63.74
	b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	12.10	3.95	16.05
	c) Profits in lieu of salary under Section 17(3) of the Income- tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>53.69</b>	<b>26.10</b>	<b>79.79</b>
	Ceiling as per the Act	60.00	60.00	120.00

**B. Remuneration to other Directors:**

S. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. In Lakhs)
		Mr. Manoj Joshi	Mr. Sukhcharan Singh	Mr. B. R. Wadhwa	
1.	Independent Directors				
	• Fee for attending board committee meetings	0.85	0.85	0.55	2.25
	• Commission	-	-	-	
	• Others, please specify	-	-	-	
	<b>Total (1)</b>	<b>0.85</b>	<b>0.85</b>	<b>0.55</b>	<b>2.25</b>
2.	Other Non-Executive Directors	Not Applicable			
	• Fee for attending board committee meetings				
	• Commission				
	• Others, please specify				
	<b>Total (2)</b>	-	-	-	-
	<b>Total (B) = (1 + 2)</b>	<b>0.85</b>	<b>0.85</b>	<b>0.55</b>	<b>2.25</b>
	<b>Total Managerial Remuneration (A + B)</b>				<b>82.04</b>
	Overall Ceiling as per the Act				122.25

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs. In Lakhs)
		Mr. Ajay Sharma Chief Financial Officer	Mr. Thomas P. Joshua Company Secretary	
1.	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	38.84	8.40	47.24
	b) Value of perquisites under Section 17(2) Income-tax Act, 1961	2.48	-	2.48
	c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>41.32</b>	<b>8.40</b>	<b>49.72</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties/punishment/compounding of offences for the year ended March 31, 2015.

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

*[Information under Section 134 of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 and forming part of Board's Report for the year ended March 31, 2015]*

### A. CONSERVATION OF ENERGY

#### 1) Energy Conservation measures taken:

- Upgraded utility by replacing reciprocating compressor (2 x 30 TR) with 60 TR screw compressor along with cooling tower (2 x 450 TR) along with some modification in pipe lines.
- Mercury bulb replaced with 42 W LED circuit.
- Steam ejector replaced with Vacuum Pump.
- Corrugated heat exchanger to reduce solvent consumption.
- Vacuum insulated line to reduce liquid nitrogen consumption.

#### 2) Impact of measures taken:

- Reduction in power consumption by around 8% against previous financial year.
- Reduction in our overall energy bill, power & fuel by around 10%.
- Reduction in solvent consumption by around 5%.
- Reduction in liquid nitrogen consumption by around 10%.
- Reduction in time cycle by around 10%.

#### 3) Steps taken for utilizing alternate source of energy:

- Exploring the possibility of producing solar energy as an alternate source of power generation. This project is under study.
- Planned for replacement of all reciprocating machine with screw compressor in coming financial year.

#### 4) Capital investment on energy conservation equipment:

Capital investment on energy conservation equipment made during the year is Rs. 120 Lacs.

### B. TECHNOLOGY ABSORPTION (R&D)

#### 1) Efforts made towards technology absorption:

The Company is continuously adopting innovative processes in the manufacture of all of its API's and intermediates as well as in formulations. Research

and Development (R&D) continues to be the key driver for sustained growth of the Company. It covers Formulation and Active Pharmaceutical Ingredients (API) development. R&D's major capabilities vest in developing robust and safe formulations at affordable cost, development of newer processes for synthesis of API and improving processes for existing API and formulation products. The key areas are as under:

- Development of anti-diabetic product Saxagliptin hydrochloride.
- Development of highly pure Olmesartan Medoxomil in anti-hypertensive category.
- Development of Candesartan Cilexetil in anti-hypertensive category.
- Development, scale up & commercialization of Voglibose in anti-diabetic category.
- Development work on Alternative Route of Sitagliptin Phosphate in anti-diabetic category.
- Development work on Dapagliflozin & Linagliptin is in advanced stages in anti-diabetic category.
- Development of new dosage forms in different therapeutic categories for domestic market, for in-house marketing as well as for contract manufacturing.
- Development and launch of following products in cardiovascular therapeutic category:
  - a) Valsartan Tablets indifferent strengths along with the different combinations with Hydrochlorothiazide.
  - b) Olmesartan Tablets indifferent strengths along with the different combinations with Hydrochlorothiazide and Amlodipine.
  - c) Telmisartan in combinations with Hydrochlorothiazide and Amlodipine.
- In Nutraceuticals, following product has been developed and launched:
  - a) Multivitamin, Multimineral tablets with Lycopene as Antioxidant.

- b) Mecobalamine with Pregabalamine Capsules.
- Development under progress:
  - a) DHA with Calcium Tablets.
  - b) Montelukast and Fexofenadine chewable Tablets.
  - c) Sultamicillin in dry syrup form.
  - d) Oxygen enhancer tablets by using Hawthorn berry.
  - e) Combination of Glucosamine and Diacerein.

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

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

- Company was awarded prestigious “Pharmexcil Patent Award” third time.
- Granted Montelukast Sodium Amorphous patent in United States.
- Filing of two new process patents for Sitagliptin Phosphate & Rosuvastatin calcium.
- DMF/CoS filing of Desloratadine in all 27 European Countries.
- DMF filing of Desloratadine to Taiwan Foods & Drug administration (TFDA).
- DMF filing of Montelukast Sodium to Taiwan Foods & Drug administration (TFDA).
- Yield improvement and reduction in the input quantities of raw material resulting in cost reduction and economization.
- Process/Quality improvements and product upgradation as per customer requirements.
- Cram business is being focused on major customers with high value products giving better gross margins.

- The export business initiated for non-regulated markets for Formulations.
- Cost improvement in different formulations by altering the excipient without affecting the quality parameters.
- Documents submitted for Registration of Formulation plant along with some products in Sri Lanka.

## 3) Future plan of action:

The Company continues to scale up R&D facilities by adding resources and enhancing capacity and capabilities to meet growing needs. The R&D work is focused on:

- New high value drugs like Canagliflozin, Dutogliptin Tartarate, Empagliflozin.
- Vildagliptin, Gemigliptin Tartarate, Omarigliptin, Tenigliptin Hydrobromide hydrate in anti-diabetic category are to be developed.
- DMF / COS filing for crystalline & Amorphous Rosuvastatin Calcium, Candesartan Cilexetil, Sitagliptin Phosphate & Olmesartan Medoxomil.
- 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.
- Cost reduction of other ranges of products by exchanging the high value excipients with the low value, without any compromise on quality parameters.

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

None.

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

The Company has incurred a total expenditure of Rs. 31 lacs (including capital and revenue expenses) towards Research and Development.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL PHARMACEUTICAL SCENARIO

Spend on medicines is growing at a slow rate of 3-6% and is expected to touch \$1,100 Bn by end of 2015. On account of intensifying government and pay or pressure to reduce costs, the health care spending is expected to be lower than in the past five years when the annual growth has been in the range of 6.2%. The U.S. share of global spending will decline from 41% in 2005 to 31% in 2015, whereas high growth emerging markets led by China will contribute 28% of total spending by 2015. The next five years will also see an accelerating shift in spending towards generics, rising to 39% of spending in 2015, up from 20% in 2005. The most rapid growth is expected to be in Middle East and Africa, which could see an annual increase of 8.7% till 2018 due to population growth and efforts to expand access to care.

In the major developed markets, spending on branded medicines will remain unchanged in 2015 from the level in 2010, since all increases in spending on brands will be offset by reduced spending on those brands losing patent protection. Spending on generics will increase in developed markets over the next five years. In high growth emerging markets, spending will increase by \$150 Bn, as improved access and strengthening economies drive higher demand, primarily for generic drugs.

Spend on most therapies will grow at slower rates or even decline - through 2015. Specialty medicines will experience continued growth in the medium term driven by novel mechanisms, improved efficacy and relatively large patient populations, leading to increased uptake of these high-value medicines.

Patents are expected to expire in one or more of the developed markets for 11 of the top 20, current leading medicines. It is expected to result in a \$98 Bn patent "dividend" in the coming 5 years against net savings of \$54 Bn in preceding 5 years. Increased generic spending in the next five years will be driven by generic competition in new molecules due to patent expiry. Additional generic share gains will come from increased incentives for the usage of generics in many markets. The U.S. will see the largest expansion of generics market spending. Japan will remain the developed market with the lowest generic share despite significant policy incentives to increase generic prescribing and dispensing. South Korea, with its well-developed domestic industry, will continue to spend on generics. Pharming countries are expected to nearly double pharmaceutical spending, adding \$150 Bn by 2015. Of the

total increase in spending, approximately 20% will come from branded products.

### DOMESTIC PHARMACEUTICAL MARKET

Domestic Pharmaceutical industry has been growing at 13 to 14% over the last 5 years, a sharp rise from the 9% compounded annual growth rate recorded between 2000 and 2005. From a market size of \$12.6 Bn in 2009, Indian pharmaceuticals market is expected to grow to \$55 Bn by 2020. The growth is driven by a steady increase in affordability and jump in market access. The affordability of drugs will rise due to sustained growth in incomes and increases in insurance coverage. With real GDP growing at nearly 8% over the next decade, income levels will rise steadily.

There has been manifold rise in public healthcare spending on account of rising income levels and patient awareness. There has been tremendous growth in medical infrastructure and health insurance coverage.

The treatment of chronic diseases has also gone up. The growth has been broad-based across therapy and geography segments.

Metro and large cities will make significant contributions to growth, driven by rapid urbanisation and greater economic development. Rural markets will grow the fastest driven by step-up from current poor levels of penetration.

In addition to income growth, health insurance coverage will augment affordability. However, the largest impact will be seen through government sponsored programmes that are largely focused on the 'Below Poverty Line' (BPL) segment, and are expected to provide coverage to nearly 380 million people by 2020.

Government spending in healthcare will increase significantly. It has been growing at 18 per cent annually since 2005-06, and is translating into a higher level of access in smaller cities and rural markets.

### MOREPEN'S STRATEGY

#### ACTIVE PHARMACEUTICAL INGREDIENTS (API)

Morepen has been handling complex chemical manufacturing processes for quite a number of years. Greater emphasis is being placed on various classes of advanced drugs & intermediates like Anti-hypertensive & Anti-diabetic. Morepen has already developed unique sartans like Candesartan Cilexetil and Olmesartan Medoxomil. R&D development for various new sartan drugs

like Fimasartan is being planned for future. In a similar manner Morepen is already in advanced stages of development of new anti-diabetic drugs like Linagliptin in gliptin series and Dapagliflozin in other unique gliptin series. Morepen foresees great market potential in these two categories as a future prospect. Morepen has already developed various polymorphic forms of both major anti-cholesterol drugs like Atorvastatin Calcium & Rosuvastatin Calcium. New polymorphs of these two drugs are already commercialized/scale up for attracting US & European regulated markets.

Besides all this new work which is being carried out, continuous improvements are being made in all existing molecules / product portfolio to keep at par with stringent standard of today's competitive market. Morepen is also beginning to focus more on various high profile markets like Japan, with its high standard or almost impurity free APIs & Intermediates.

Towards its journey of profitable growth and technological advancement two new patent applications have been filed during the year. Morepen was awarded prestigious "Pharmexcil Patent Award 2013-14" for grant of US Patent for Montelukast Sodium.

#### **FORMULATIONS AND HOME HEALTH DIAGNOSTICS**

The company has expanded its reach in domestic markets in respect of Home Health Diagnostics and Formulation products. The company is focusing on those products on which it has greater say in the market. At the same time the company is also testing newer products in the market with the objective that new product lines are also established. The company has established a brand name for its products across all business segments and the company hopes to leverage its position in the market. The company will continue to work on better products mix and markets with a view to improve its business and financial performance.

In order to retain its customers and also to capture new markets, the company continues to offer products at the competitive price. It has been able to build a steady relationship with its customers by delivering high quality products at competitive prices.

#### **PRODUCT CONTRACT MANUFACTURING (PCM) AND BRAND SHARING**

The company continues to deliver good quality products to its existing customers and also adds new customers in brand sharing space. The Vitamins, Cardio and Diabetic category has continued to remain as the main focused category. The company expects continued performance improvement in the segment. The company is able to utilize its formulation production capacities and capabilities. Brand sharing

business is steadily growing with the introduction of new product categories in the market.

Operating revenues of the Company are steadily improving year on year basis. Current year operating revenue of Rs. 37,026 lacs has posted a growth of 10% over previous year. Better customer reach, improved productivity and efficient cost management have helped the Company to offset the squeeze in margins on account of product and market mix. Operating Surplus of Rs. 4,394 lacs was registered during the year.

#### **OPPORTUNITIES AHEAD**

The Indian pharma market size is expected to record double digit growth till 2020. The growth in Indian domestic market will be on back of increasing consumer spending, rapid urbanisation, changing disease profile, raising healthcare insurance and so on. There has been rapid growth in Tier II and Tier III cities.

Going forward, better growth in domestic sales will depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers are on the rise. There is growing demand for generics on account of low income levels.

Moreover, the government has been taking several cost effective measures in order to bring down healthcare expenses. Thus, governments are focusing on speedy introduction of generic drugs into the market. This too will benefit Indian pharma companies. In addition, the thrust on rural health programmes, life-saving drugs and preventive vaccines also augurs well for the pharma companies.

The government has given its approval to amend the existing FDI policy in the pharmaceutical sector in order to cover medical devices. 100% FDI has been allowed under the automatic route for manufacturing of medical devices. It will attract foreign device manufactured to come to India, leading to availability of medical devices at lower prices to local customers.

#### **OUTLOOK ON THREATS, RISKS AND CONCERNS**

The Indian pharma industry has come a long way and made significant progress in infrastructure development and technical and R&D capabilities. With the integration of the Indian pharma market with the global market, new issues are being faced and tackled by the industry. Some old challenges such as IPR and pricing continue to be contentious issues in the market. The trends of increased foreign interest in the markets and increased investments in R&D are expected to stay.

Indian pharma market is a price controlled one and pricing

remains a contentious issue. The pharma industry and the regulators at times lock horns on pricing issues. With numerous strengths and a growing consumer class, the pharma industry in India may face certain legacy and new issues, but it is expected to grow multifold and continue to be an attractive investment destination.

Fake counterparts, stiff competition from developing economies and unregulated markets also pose threat to Indian pharmaceutical companies.

The sharp fluctuations in foreign exchange rates also impact the Company's financial results as API business is largely export oriented, whereas 'Home Health Diagnostics' business is largely import driven.

The above-mentioned details 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 continues to place special emphasis on the internal control systems by way of internal audit of the various areas of operations of the Company and also by way of strengthening the systems & processes. Discrepancies and weaknesses, found at various levels are timely and adequately addressed with a view to efficiently manage the company's valuable resources.

#### **HUMAN RESOURCES**

Your Company had been able to retain good and talented people. Significant no. of employees has chosen to stay back with Company and have contributed a lot in smooth running of the Company.

Fair practices and equal opportunity has been afforded to employees at all levels. The Company is keeping these traditions alive and is making conscious effort to grow year after year. The Company understands the importance of Human capital and acts judiciously in rewarding its workforce. It has strong belief in collective efforts of all the team members. The inter-personal relationship amongst workers, staff and officers has always been cordial and healthy.

As on March 31, 2015 there were 1,028 permanent employees on the rolls of the Company.

#### **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 cannot 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 corporate obligations.





## ANNEXURE 'I'

### REPORT ON CORPORATE GOVERNANCE

[Pursuant to Clause 49 of the Listing Agreement entered into with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and forming part of the Directors' Report for the year ended 31st March, 2015]

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Morepen Laboratories Limited (MLL) strongly believes in adopting and adhering to the best corporate governance practices and benchmarking itself against the industry's best practices. Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions. The objective of corporate governance is to meet stakeholders' aspirations as well as expectations of the Society. It ensures greater transparency 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 in compliance of the principles of Corporate Governance and in the process strives to adopt various legal and regulatory measures with the ultimate objective of creating and maximizing stakeholders' wealth.

#### 2. BOARD OF DIRECTORS

##### Composition and Category of Directors as on March 31, 2015

The Board consists of 5 Directors consisting of 2 Executive Directors and 3 Non-Executive Independent Directors.

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

Pursuant to the provisions of Section 149(1) of the Companies Act, 2013, Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 and revised Clause 49 of Listing Agreement it was mandatory for the Company to appoint a Woman Director on the Board of the Company on or before March 31, 2015. However, Hon'ble Supreme Court of India, vide its order dated July 16, 2007, in respect of petition filed by the Company before it, challenging the appointment of Special Directors by Hon'ble High Court of Himachal Pradesh, Shimla, has ordered status quo to be maintained. Therefore, the Board in its meeting held on March 31, 2015 took note of the same and felt that since the matter is sub-judice and the status quo order is still in force, as on date, the composition of the Board should remain unchanged. The Company has also apprised of the matter to both the stock exchanges i.e. NSE and BSE. The Company is willing and ready to appoint a Woman Director on the Board of the Company as soon as the above matter is resolved.

The details of composition, category and profile of directors' of the Company are as follows:

S. No.	Name of Director	Designation	Category	Qualification	Nature of Expertise
1.	Mr. Sushil Suri	Chairman & Managing Director	Promoter & Executive Director	B.Sc., FCA	Managerial Entrepreneurship
2.	Mr. Manoj Joshi	Director	Non-Executive Independent Director	M.Com in Business Administration	Board Level and Policy Management
3.	Mr. Sukhcharan Singh	Director	Non-Executive Independent Director	B.A., Retired Inspector General of Police	Administration
4.	Mr. B. R. Wadhwa	Director	Non-Executive Independent Director	B. Com, FCA	Taxation and Finance
5.	Dr. A. K. Sinha	Whole-Time Director	Executive Director	M.Sc., PHD	Technical

##### **Note:**

- The Chairman of the Board is an Executive Director.

## Board Meetings, attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM), Membership / Chairmanship of Boards or Board Committees

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

During the financial year under review five Board Meetings were held i.e. on May 21, 2014, August 09, 2014, November 13, 2014, February 11, 2015 and March 31, 2015 as against the minimum requirement of four meetings.

The details of number of Board Meetings held, attendance of each director at the Board Meetings and the last Annual General Meeting (AGM), number of Boards or Board Committees in which he/she is a member or chairperson and shareholding of each Director:

Name	Date of Appointment	No. of Board meetings held during the year	No. of Board meetings attended	Last AGM attendance	Number of directorship in other companies	Share-holding member-	All Committee Membership	
							Member	Chairman
Mr. Sushil Suri	01.02.1992	5	5	Yes	1	55,01,510	1	Nil
Mr. Manoj Joshi	27.06.1992	5	5	Yes	Nil	Nil	2	2
Mr. Sukhcharan Singh	15.06.2005	5	5	Yes	1	Nil	3	Nil
Mr. B. R. Wadhwa	15.06.2005	5	4	No	1	Nil	3	Nil
Dr. A. K. Sinha	15.06.2005	5	1	Yes	Nil	100	Nil	Nil

### Note:

- The Directorships held by directors as mentioned above does not include directorships of foreign companies, Companies registered under Section 8 of the Companies Act, 2013 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 Company's.
- In accordance with clause 49 of the listing agreement, memberships/chairmanships of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies have been considered.

### Independent Directors Meeting

During the year under review a separate meeting of the Independent Directors of the Company was held on February 11, 2015, without the presence of Non - Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and timelines of flow of information between the Company management and the Board. All the Independent Directors of the Company were present in the meeting.

### Familiarisation programme for Independent Directors

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

### Evaluation of the Board's performance

During the year, the Board adopted Criteria for Performance Evaluation of Board, Committees & Directors of the Company, including the Chairman of the Board. The Board Evaluation was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest, etc.

The evaluation of the Independent Directors was carried out by the entire Board, excluding the director being evaluated and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

### 3. AUDIT COMMITTEE

The Company has an Audit Committee, as per the requirements of both Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee includes the matters specified under Clause 49 (III) of the Listing Agreement and Section 177 of the Companies Act, 2013, as amended from time to time, and other matters referred by Board.

#### Compositions of the Committee:

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

#### Meetings and attendance during the year:

During the period under review, four meetings were held i.e. on May 21, 2014, August 09, 2014, November 13, 2014 and February 11, 2015. The attendance of various directors was as follows:

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

### 4. NOMINATION AND REMUNERATION COMMITTEE

The Company has a duly constituted Nomination & Remuneration Committee. The Committee's constitution and terms of reference are in compliance with the provisions of Clause 49 of the Listing Agreement and Section 178 of Companies Act, 2013, as amended from time to time and other matters referred by the Board.

#### Compositions of the Committee:

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

#### Meetings and attendance during the year:

During the financial year under review, four meetings were held, i.e. on August 09, 2014, November 13, 2014, February 11, 2015 and March 31, 2015. The attendance of various directors was as follows:

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

#### Remuneration Policy:

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company as formulated by Nomination and Remuneration Committee, pursuant to provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, which shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

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

## Remuneration to Directors:

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

(Amount in Rs.)

Name of Director	Salary	Perks	Commission	Sitting Fee	Total
Mr. Sushil Suri	41,58,504	12,09,994	Nil	N.A.	53,68,498
Dr. A. K. Sinha	22,15,443	3,95,000	Nil	N.A.	26,10,433
Mr. Manoj Joshi	Nil	Nil	Nil	85,000	85,000
Mr. Sukhcharan Singh	Nil	Nil	Nil	85,000	85,000
Mr. B. R. Wadhwa	Nil	Nil	Nil	55,000	55,000

### Note:

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

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company's Stakeholders Relationship Committee's constitution and terms of reference are in compliance with the provisions of Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013, as amended from time to time and other matters referred by Board.

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

The Committee specifically looks into the redressal of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc., and ensures that share transfers are processed well within the stipulated time period. The Company's Registrar and Transfer Agent 'MAS Services Limited' redresses the Investor Complaints with respect to shares, dividend etc.

Four meetings of the Stakeholders Relationship Committee were held during the period under review i.e. on May 21, 2014, August 09, 2014, November 13, 2014 and February 11, 2015.

### Meetings and attendance during the year:

S. No.	Name of the Member	Designation	Category	No. of meetings held	Attendance
1.	Mr. Manoj Joshi	Chairman	Non-Executive Independent Director	4	4
2.	Mr. Sukhcharan Singh	Member	Non-Executive Independent Director	4	4
3.	Mr. Sushil Suri	Member	Promoter & Executive Director	4	4

The Company received 26 shareholders/investors complaints during the year and all the complaints have general been resolved/answered to the satisfaction of the shareholders. No complaint remained un-attended/pending for more than 30 days. As on March 31, 2015 no complaints were outstanding/pending.

## 6. GENERAL BODY MEETINGS

The Annual General Meetings (AGMs) of the Company were held in accordance with the requirement of Listing Agreement with Stock Exchanges and Companies Act, 2013.

### Details of last three Annual General Meetings (AGMs):

Date & Time	Location	Special Resolution(s) Passed
19.09.2014 at 10:30 a. m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	-
13.09.2013 at 10:30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Appointment of Auditors
14.09.2012 at 10:30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Appointment of Auditors

**Details of Extra Ordinary General Meetings (EGMs):**

No Extra-Ordinary General Meeting has been held during the period under review.

**Postal Ballot:**

No resolution was passed during the period under review through postal ballot. Further, no business required passing of a resolution through Postal Ballot and none of the businesses is proposed to be transacted through postal ballot at the ensuing Annual General Meeting.

**7. DISCLOSURES****a) Disclosures on Materially significantly related party transactions that may have potential conflict with the interests of Company at large:**

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

The Company has formulated and adopted a Policy on Dealing with Related Party Transactions and the same is displayed under the 'Investors' section on the Company's website 'www.morepen.com'. The weblink for the policy is (<http://www.morepen.com/pdf/Policy-on-Dealing-with-Related-Party-Transactions.pdf>).

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

The Company has made requisite disclosure with respect to related party transaction in the significant accounting policies and note to accounts to the financial statements. Transactions with the related parties as per the requirements of AS 18 are disclosed in Note no. 31 to the Financial Statements of the Company for the year ended March 31, 2015 forming part of this Annual Report.

The Audit Committee has reviewed the related party transactions as mandatorily required under relevant provisions of the Listing Agreement and the Companies Act, 2013. All the related party transactions are done in the ordinary course of business and at arm's length basis with prior approval of the Audit Committee.

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

During the last 3 years there were no penalties or strictures imposed on the Company by Stock Exchange(s), SEBI or any other statutory authority, on any matter related to capital markets.

The Company strives to adhere to rules and regulations framed by Stock Exchanges(s), SEBI and other Govt. Authorities on matters relating to capital markets. However, the Company's application for listing of equity shares issued on preferential basis to Banks & Financial Institutions, Foreign Investors and Promoters under the approved Corporate Debt Restructuring (CDR) Scheme is pending disposal.

**c) Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee:**

The Company has adopted a Whistle Blower Policy / Vigil Mechanism as per the requirements of Companies Act, 2013 and Clause 49 of the Listing Agreement and affirms that during the year under review, no person has been denied access to the audit committee.

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

The Company to the best of its knowledge and belief has complied with and adopted the mandatory requirements and some of the non-mandatory requirements of the Code of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement with the Stock Exchanges.

**e) Compliance with Non-mandatory Requirements:**

The Company has adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement:

**Reporting of Internal Auditor:**

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

**Audit Qualifications:**

There are no qualification in the Independent Auditors Report on the Company's financial statements. The Company wishes to continue in the regime of unqualified financial statements.

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

The financial statements are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 2013, as adopted and followed consistently by the Company.

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

**g) Code of Conduct**

Code of 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 Board Members and Senior Management Personnel which is also posted on the website of the Company [www.morepen.com](http://www.morepen.com).

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

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

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

**h) CEO/CFO Certification**

The MD and CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (IX) of the Listing Agreement and the certificate forms part of the Annual Report.

**8. SUBSIDIARY MONITORING FRAME WORK**

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

The Company has one material non-listed subsidiary Company Dr. Morepen Limited. Pursuant to the requirements of Clause 49 of the Listing Agreement and the Company's policy for determining 'material' subsidiaries the Company has appointed one of its Independent Directors on the Board of Directors of the aforesaid material non-listed subsidiary company. The web link for the policy is (<http://www.morepen.com/pdf/Policy-for-Determining-Material-Subsidiary.pdf>).

Brief details of Company's Subsidiary Companies as on March 31, 2015 is given below:

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

Morepen Max Inc., subsidiary of Morepen Laboratories Limited was non-operational during the financial year under review.

**9. MEANS OF COMMUNICATION**

The Board of Directors approve and take on record the Unaudited Quarterly Results and Audited Annual Results and forthwith sends the results to both Stock Exchanges, i.e. NSE and BSE, where the shares of the Company are listed. The same are published within 48 hours in various newspapers like Financial Express (English) and Jansatta (Hindi) having wide coverage, with a view that results are communicated to maximum number of stakeholders, and are also displayed on the website of the Company [www.morepen.com](http://www.morepen.com). On the happening of any material event an official news release is made to the Newspapers/Press, Stock Exchanges and the same are also displayed on the Company website.

In accordance with the provisions of the Companies Act, 2013 and Clause 32 of the Listing Agreements with the Stock Exchanges, the Company sends Annual Reports and Notice of Annual General Meeting along with Proxy Form electronically/physically to its stakeholders. Management Discussion and Analysis Report of the Company forms part of the Annual Report.

## 10. GENERAL SHAREHOLDER INFORMATION

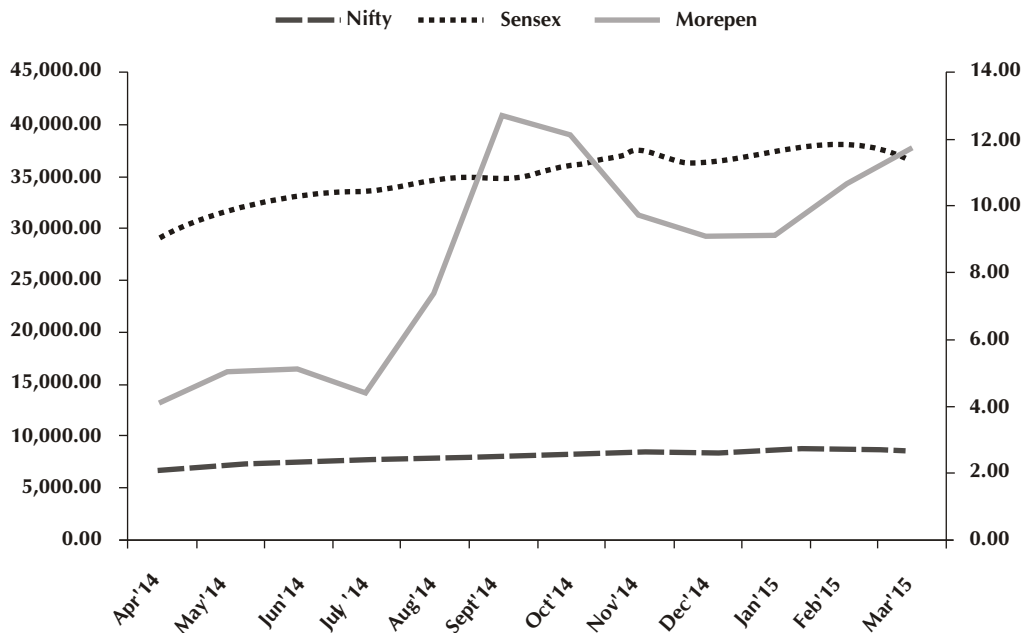
i. Date, Time and Venue of Annual General Meeting (AGM)	September 18, 2015 at 10:30 a.m. at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh-173 205																		
ii. Financial Year	April, 01 to March, 31																		
iii. Date of Book Closure	Saturday, September 12, 2015 to Friday, September 18, 2015 (both days inclusive) for AGM																		
iv. Listing on Stock Exchanges	<p><b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra-Kurla Complex, Bandra(E), Mumbai 400051</p> <p><b>BSE Limited (BSE)</b> Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001</p>																		
v. Stock code	<table border="1"> <thead> <tr> <th colspan="2">NSE</th> <th colspan="2">BSE</th> </tr> </thead> <tbody> <tr> <td><b>Symbol</b></td> <td>MOREPENLAB</td> <td><b>Scrip Code</b></td> <td>500288</td> </tr> <tr> <td><b>ISIN No.</b></td> <td>INE083A01026</td> <td><b>ISIN No.</b></td> <td>INE083A01026</td> </tr> <tr> <td><b>RIC Code</b></td> <td>Morl.ns</td> <td><b>RIC Code</b></td> <td>Morl.ns</td> </tr> </tbody> </table>	NSE		BSE		<b>Symbol</b>	MOREPENLAB	<b>Scrip Code</b>	500288	<b>ISIN No.</b>	INE083A01026	<b>ISIN No.</b>	INE083A01026	<b>RIC Code</b>	Morl.ns	<b>RIC Code</b>	Morl.ns		
NSE		BSE																	
<b>Symbol</b>	MOREPENLAB	<b>Scrip Code</b>	500288																
<b>ISIN No.</b>	INE083A01026	<b>ISIN No.</b>	INE083A01026																
<b>RIC Code</b>	Morl.ns	<b>RIC Code</b>	Morl.ns																
vi. Listing Fees	Listing fees for the year 2015-2016 has been duly paid to NSE & BSE.																		
vii. Registered Office	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh-173 205																		
viii. Corporate Office	409, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110 001																		
ix. Registrar and Transfer Agents	<p>MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Ph.- II, New Delhi - 110 020 Tel. No.: 011-26387281/82/83; Fax. No.: 011-26387281 e-mail id: info@masserv.com; website: www.masserv.com</p>																		
x. Share Transfer System	<p>Share Transfer System of the Company is computerized. The Share transfers are processed and share certificates duly endorsed are returned within the prescribed time period, subject to documents being valid and complete in all respects. In compliance with the clause 47(C) of the Listing Agreement, the Share Transfer system is audited by a firm of Practicing Company Secretaries and a half-yearly certificate of compliance with the share transfer process, issued by it, is submitted to the stock exchanges. The Company Secretary acts as the Compliance Officer of the Company, who oversees the process of share transfer/transmission, re-mat/de-mat, etc. on regular basis and reports to the Board of Directors/Stakeholders Relationship Committee of the Directors.</p> <p>M/s. MAS Services Limited is the Company's Registrar and Transfer Agent (RTA) for equity shares (kept in physical as well as electronic mode).</p>																		

xi). **Market Price Data :**

Month	BSE		NSE	
	High	Low	High	Low
April, 2014	4.72	3.82	4.80	3.80
May, 2014	6.10	3.85	6.15	3.85
June, 2014	5.60	4.75	5.60	4.70
July, 2014	5.68	4.32	5.65	4.35
August, 2014	7.47	4.03	7.35	4.00
September, 2014	17.58	7.76	17.05	7.70
October, 2014	14.08	10.51	13.75	10.40
November, 2014	14.80	9.65	14.80	9.60
December, 2014	10.67	7.53	10.65	7.60
January, 2015	11.49	8.85	11.45	8.85
February, 2015	12.33	8.93	12.35	8.75
March, 2015	14.03	9.55	14.00	9.50

(Source: Official website of BSE & NSE)

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





xiii). Distribution of shareholding as on March 31, 2015

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of Total shareholding
Upto 1,000	47,651	38.98	1,16,56,725	2.59
1,001-2,000	39,685	32.46	3,15,93,103	7.02
2,001-4,000	21,238	17.37	3,13,56,713	6.97
4,001-6,000	5,462	4.47	1,41,51,571	3.15
6,001-8,000	2,123	1.74	76,26,322	1.70
8,001-10,000	1,669	1.37	79,76,017	1.77
10,001-20,000	2,520	2.06	1,85,95,947	4.13
20,001 and Above	1,896	1.55	32,68,69,805	72.67
<b>Total</b>	<b>1,22,244</b>	<b>100.00</b>	<b>44,98,26,203</b>	<b>100.00</b>

Categories of shareholders as on March 31, 2015

Category	No. of shares held	Shareholding (%)
Promoters Holdings	15,53,71,588	34.54
Financial Institutions/ Banks	63,67,940	1.42
Insurance Companies	2,24,84,570	5.00
Foreign Institutional Investors	4,88,97,500	10.87
Bodies Corporate	2,28,28,279	5.07
Individuals	17,55,23,808	39.02
NRI/OCBs	1,41,62,346	3.15
Others (Foreign Company, Trust and Clearing Member)	41,90,172	0.93
<b>Total</b>	<b>44,98,26,203</b>	<b>100.00</b>

11. EQUITY SHARES IN THE SUSPENSE ACCOUNT

In terms of Clause 5A(I) and Clause 5A(II) of the Listing Agreement, the Company hereby reports the following details in respect of equity shares lying in the Suspense Accounts which were issued in demat form and physical form:

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2014	5,095	57,12,890
Number of shareholders who approached the Company for transfer of shares from Unclaimed Suspense Account during the year	68	1,11,124
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	68	1,11,124
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2015	5,027	56,01,766

12. 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. 19,81,82,925 Equity Shares of Rs. 2/- each (44.06%) are held in electronic/ de-mat form as on March 31, 2015.

### 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,  
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, Senapati Bapat Marg,  
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

Type of security	Date of conversion	Likely impact on equity
97,35,201 - 0.01% Optionally Convertible Preference Shares (OCPS)	Optionally Convertible into Equity Shares at the end of 7 years from the respective date of its allotment.	The exact impact on the equity would be determined only at the time of conversion of OCPS into equity shares.
The above shares have been allotted as per the following details: 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	Out of the 97,35,201 0.01% OCPS issued to preference shareholders the following shares have fallen due for redemption / conversion as follows: i. 70,40,276 due on May 4, 2014; and ii. 17,62,000 due on May 31, 2014 iii. 9,32,925 due on February 9, 2015	The OCPS would be converted into Equity Shares at a price determined as per the provisions of SEBI (ICDR) Regulations, 2009 and other laws as may be applicable.

### 15. PLANT LOCATIONS

**Baddi** : Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh  
**Parwanoo** : Sector-2, Parwanoo, District Solan, Himachal Pradesh  
**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.: 011 - 23324443/23712025  
Fax No.: 011 - 23722422  
Email id: [investors@morepen.com](mailto:investors@morepen.com)

**MAS Services Ltd.**

Unit : Morepen Laboratories Limited  
T-34, 2nd Floor, Okhlal Ind. Area, Ph.II  
New Delhi-110 020  
Tel No.: 011 - 26387281/82/83  
Fax No.: 011 26387281  
Email id: [info@masserv.com](mailto:info@masserv.com)  
(REGISTRAR AND TRANSFER AGENT)

## **DECLARATION PURSUANT TO CLAUSE 49 (II) (E) OF THE LISTING AGREEMENT**

In accordance with Clause 49 (II) (E) of the Listing Agreement with the Stock Exchanges, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct, as applicable to them, for the year ended March 31, 2015.

**For Morepen Laboratories Limited**

**Place:** New Delhi  
**Date:** 15th May, 2015

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

## CEO/CFO CERTIFICATE PURSUANT TO CLAUSE 49 (IX) OF THE LISTING AGREEMENT

To,  
**The Board of Directors/Audit Committee**  
**Morepen Laboratories Limited**  
We, Sushil Suri, Chairman & Managing Director and Ajay Sharma, Chief Financial Officer, of Morepen Laboratories Limited, hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2015 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For Morepen Laboratories Limited**

**Place:** New Delhi  
**Date:** 15th May, 2015

**Ajay Sharma**  
Chief Financial Officer

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

## CERTIFICATE ON CORPORATE GOVERNANCE PURSUANT TO CLAUSE 49 (XI) OF THE LISTING AGREEMENT

To,  
**The Shareholders / Members,**  
**Morepen Laboratories Limited**

We have examined the compliance of conditions of Corporate Governance by Morepen Laboratories Limited ("the Company") for the financial year ended on March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

On the basis of information / documents provided to us, we state that in respect of investor grievances received during the financial year ended March 31, 2015, no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Stakeholders Relationship Committee (Shareholders/ Investor Grievance Committee).

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

**For PD and Associates**  
Company Secretaries

**Place:** New Delhi  
**Date:** 7th August, 2015

**CS Praveen Dua**  
proprietor  
C.P. No.2139

## Independent Auditors' Report

To

**The Members of Morepen Laboratories Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Morepen Laboratories Limited ('the Company'), which comprise the balance sheet as at 31 March, 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements

are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015 and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required

by law have been kept by the Company so far as it appears from our examination of those books;

- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in annexure A; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements Refer Note 18 to the financial statements;
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. No amount was required to be transferred to the Investor Education and Protection Fund by the Company.

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

New Delhi  
15th May, 2015

**M K Mahajan**  
Partner  
Membership number: 017418

## Annexure to Independent Auditors' Report of Morepen Laboratories Limited

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, most of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (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 accounts.
- (iii) According to the information and explanations furnished to us, the company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act hence provisions of this clause are not applicable.
- (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) 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 by the company of any of the provisions of the Act.
- (vi) The Central Government under section (1) of section 148 of the Act has prescribed maintenance of cost records for the company and company has maintained such accounts and records.
- (vii) (a) As per records of the company, the company, in general, is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities and no such dues are outstanding for a period exceeding six months from the date they became payable.
- (b) There is no amount in respect of Income-tax, Sales-tax, Wealth tax, Service-tax, Customs duty, cess outstanding as at 31st March, 2015 due to any dispute. According to the information provided to us, the following duties of excise have not been deposited by the company on account of disputes:

Sl. No.	Name of the statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
1.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	18,99,630	April 2003 to July 2003	CESTAT-Ahmedabad
2.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	487,74,545	August 2001 to April 2004	CESTAT - Delhi
3.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	54,58,206	June 2004 to July 2008	CESTAT-Chandigarh
4.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	56,40,498	June 2004 to March 2009	CESTAT-Chandigarh
5.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	70,601	December 2008 to March 2009	CESTAT-Chandigarh

6.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	11,18,405	April 2009 to March 2010	CESTAT-Chandigarh
7.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	1,34,313	April 2009 to March 2010	CESTAT-Chandigarh
8.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	1,67,824	April 2010 to September 2010	CESTAT-Chandigarh
9.	Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	43,03,960	February/06	CESTAT -Delhi
10.	Central Excise Act, 1944	Excise duty	3,13,091	April 2010 to December 2010	Commissioner of Appeal-Chandigarh
11.	Central Excise Act, 1944	Excise duty	2,42,477	January 2011 to October 2011	A.C. -Shimla
12.	Central Excise Act, 1944	Excise duty	3,19,412	April 2007 to December 2008	A.C. -Shimla
13.	Central Excise Act, 1944	Excise duty	67,952	November 2011 to March 2012	A.C. -Shimla
14.	Central Excise Act, 1944	Excise duty	3,80,702	January 2012 to September 2012	D.C.-Baddi
15.	Central Excise Act, 1944	Excise duty	2,24,842	March 2012 to September 2012	ACCE-Shimla
16.	Central Excise Act, 1944	Excise duty	2,29,040	October 2012 to June 2013	ACCE-Shimla
17.	Central Excise Act, 1944	Excise duty	3,53,219	July 2013 to June 2014	ACCE-Shimla

(c) As per records of the company, no amount was required to be transferred to the Investor Education and Protection Fund by the Company.

- (viii) 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.
- (ix) **Based on our audit procedures and on the information and explanations given by the management the company has defaulted in repayment of dues to financial institutions amounting to Rs. 358 lacs and interest Rs. 158 lacs both for a period less than three months. (Refer Note no. 4(I)(e) of notes on financial statements).**
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) 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.
- (xii) 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's Regn. No: 006855N

New Delhi  
15th May, 2015

**M K Mahajan**  
Partner  
Membership number: 017418

# Balance Sheet

As at 31st March, 2015

(Rs. in Lacs)

	Notes	As at 31.03.2015	As at 31.03.2014
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
Share capital	2	20961	20961
Reserves and Surplus	3	10347	11465
		<b>31308</b>	<b>32426</b>
<b>2. NON - CURRENT LIABILITIES</b>			
Long-term borrowings	4	6222	7465
Other Long - term liabilities	5	176	205
Long-term provisions	6	871	735
		<b>7269</b>	<b>8405</b>
<b>3. CURRENT LIABILITIES</b>			
Short-term borrowings	7	223	119
Trade payables	8	7855	6675
Other current liabilities	9	3282	3091
Short-term provisions	6	84	73
		<b>11444</b>	<b>9958</b>
<b>TOTAL</b>		<b>50021</b>	<b>50789</b>
<b><u>ASSETS</u></b>			
<b>1. NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	24343	28888
Intangible Assets		50	59
		<b>24393</b>	<b>28947</b>
Non-current Investments	11	11794	11794
Long-term loans and advances	12	3393	851
		<b>39580</b>	<b>41592</b>
<b>2. CURRENT ASSETS</b>			
Inventories	13	3536	3291
Trade receivables	14	4845	4009
Cash and cash equivalents	15	860	807
Short-term loans and advances	16	889	731
Other current assets	17	311	359
		<b>10441</b>	<b>9197</b>
<b>TOTAL</b>		<b>50021</b>	<b>50789</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES ON FINANCIAL STATEMENTS</b>	2-36		

For 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. 017418

Place : New Delhi

Date : 15th May, 2015

**(Sushil Suri)**

Chairman & Managing Director  
DIN : 00012028

**(Ajay Sharma)**

Chief Financial Officer

**(Manoj Joshi)**

Director  
DIN : 00036546

**(Thomas P. Joshua)**

Company Secretary



## Statement of Profit and Loss

For the year ended 31st March, 2015

(Rs. in Lacs)

	Notes	Year Ended 31.03.2015	Year ended 31.03.2014
<b>REVENUE</b>			
Revenue from operations (Gross)	19	37786	34073
Less : Excise Duty		760	476
Revenue from operations (Net)		37026	33597
Other Income	20	136	79
<b>Total Revenue</b>		<b>37162</b>	<b>33676</b>
<b>EXPENSES</b>			
Cost of materials consumed	21	14523	13099
Purchases of Stock-in-Trade	22	8322	6791
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	207	161
Employee benefits expense	24	4352	3968
Finance Costs	25	863	989
Depreciation and amortization expense	10	3859	4577
Other expenses	26	4964	4997
<b>Total expenses</b>		<b>37090</b>	<b>34582</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>		<b>72</b>	<b>(906)</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>72</b>	<b>(906)</b>
Extraordinary Items - Income		-	290
<b>Profit/(Loss) before tax</b>		<b>72</b>	<b>(616)</b>
Tax expense:			
(1) Current tax(MAT)		14	-
(2) Deferred tax		-	-
<b>Profit/(Loss) for the year</b>		<b>58</b>	<b>(616)</b>
Earning per equity share of Rs. 2/- each:	32		
(1) Basic		0.002	(0.15)
(2) Diluted		0.002	(0.15)
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES ON FINANCIAL STATEMENTS</b>	2-36		

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. 017418

Place : New Delhi

Date : 15th May, 2015

(Sushil Suri)

Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)

Chief Financial Officer

(Manoj Joshi)

Director  
DIN : 00036546

(Thomas P. Joshua)

Company Secretary

# Cash Flow Statement

For the year ended 31st March, 2015

(Rs. in Lacs)

	Notes	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Profit/(Loss) before extraordinary items and tax		72	(906)
Adjustments for :			
Depreciation & Amortisation	10	3859	4577
(Profit)/Loss on Sale of Fixed Assets		(0.5)	(0.2)
Finance Cost (Net)	25	863	989
<b>Operating profit before changes in current assets and liabilities</b>		<b>4794</b>	<b>4660</b>
Changes in current assets and liabilities -			
Trade Receivables	14	(836)	(350)
Short Term Loans and advances and other current assets	16, 17	(111)	(852)
Inventories	13	(245)	384
Current liabilities	6,7,8,9	1486	(813)
<b>Cash generated from operations</b>		<b>5088</b>	<b>3029</b>
Tax expense		14	-
<b>Cash Flow before extraordinary items</b>		<b>5074</b>	<b>3029</b>
Extraordinary items		-	290
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>5074</b>	<b>3319</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets	10	(481)	(434)
Sale of Fixed Assets		1	0.3
Provision for fall in value in Non- Current Investments	11	-	387
Long-term loans and advances	12	(2542)	(18)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(3022)</b>	<b>(65)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Finance Cost (Net)	25	(863)	(989)
Change in Long Term borrowings (Net)	4	(1243)	(1984)
Change in Other Long Term liabilities & provisions (Net)	5,6	107	54
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(1999)</b>	<b>(2919)</b>
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		53	335
Cash and Cash equivalents as at 01.04.2014		807	472
Cash and Cash equivalents as at 31.03.2015		860	807
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES ON FINANCIAL STATEMENTS</b>	2-36		

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. 017418

Place : New Delhi

Date : 15th May, 2015

**(Sushil Suri)**

Chairman & Managing Director  
DIN : 00012028

**(Ajay Sharma)**

Chief Financial Officer

**(Manoj Joshi)**

Director  
DIN : 00036546

**(Thomas P. Joshua)**

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 under Sec. 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, other pronouncements of the Institute of Chartered Accountants of India 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 II of the Companies Act, 2013 and in the manner as prescribed by it.
- b) Cost of leasehold land is not amortized over the period of lease.

### 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 statement of profit and loss.

### 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 statement of profit & loss.

### 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 statement of profit and loss in the period in which the employee renders the related service.

### Defined benefit plans –

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

#### **- Gratuity**

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible

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

#### **- Leave Encashment**

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

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

### Defined contribution plans -

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

#### **- Provident Fund & Employees State Insurance (ESI)**

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

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

## NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2015

	(Rs. in Lacs)	
	As at 31.03.2015	As at 31.03.2014
<b>2. A SHARE CAPITAL</b>		
<b>Authorised</b>		
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
	<b>21000</b>	<b>21000</b>
<b>Issued &amp; Subscribed</b>		
<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
	<b>8997</b>	<b>8997</b>
<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
	<b>11965</b>	<b>11965</b>
<b>Issued, Subscribed &amp; Paid up</b>		
<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
	<b>8996</b>	<b>8996</b>
<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
	<b>11965</b>	<b>11965</b>
	<b>20961</b>	<b>20961</b>

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

(Rs./Lacs)

	31.03.2015		31.03.2014	
	Nos.	Amount	Nos.	Amount
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 -

	31.03.2015		31.03.2014	
	Nos.	Amount	Nos.	Amount
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 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. However, a preference shareholder acquires voting rights at par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years.
- 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) 17,30,000, 0.01% Redeemable Preference Shares of Rs. 100/- each and 5,00,000, 9.75% Redeemable Preference Shares of Rs. 100/- each are cumulative. Dividend arrears on these shares as at 31.03.2015 are Rs. 635 Lacs (Previous year Rs. 586 Lacs).
- b) i) All 97,35,201, 0.01% Optionally Convertible Preference Shares, Shares having fallen due for redemption/conversion during the year, could not be redeemed because of unavailability of surplus. The conversion, if opted for, of preference shares into equity shares will be at price determined as per SEBI guidelines. Dividend arrears on above preference shares as at 31.03.2015 are Rs. 8 Lacs (Previous year Rs. 7 Lacs).
- 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, had already become due for redemption in the financial year ending 31.03.2012, could not be redeemed because of unavailability of surplus.
- iii) 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to Rs. 500 Lacs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber has filed a legal case against the company for the recovery of the sum invested as well as interest thereon. The company has contested the claim of the subscriber and have moved the jurisdictional appellate authorities against the said claim.
- iv) Capital Redemption Reserve for redemption of Preference Shares could not be created during the year 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 31-03-2015		As at 31-03-2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
GL India Mauritius (III) Ltd.	28897500	6.42	38530000	8.57

**ii) Preference Shares**

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

Name of Shareholder	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	1179000	12.11	1179000	12.11
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87
EXIM Bank	916333	9.41	916333	9.41
SICOM	829463	8.52	829463	8.52
Punjab National Bank	671522	6.90	671522	6.90
Oriental Bank of Commerce	623828	6.41	623828	6.41
Dena Bank	593936	6.10	593936	6.10
UCO Bank	515900	5.30	515900	5.30

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

Name of Shareholder	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	500000	100	500000	100

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

**G. Disclosure about unpaid calls -**

(Rs. in Lacs)

Unpaid Calls	31-03-2015	31-03-2014
	By Directors & Officers	-
By Others	1	1

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

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>3. RESERVES &amp; SURPLUS</b>		
Capital Reserve	270	270
Securities Premium Account	16741	16741
Capital Redemption Reserve	7123	7123
	<b>24134</b>	<b>24134</b>
<u>Surplus/(Deficit) -</u>		
Opening balance	(12669)	(12053)
Less : Depreciation on assets whose useful life is already exhausted (Refer Note No. 10(b))	(1176)	-
Profit/(Loss) for the year	58	(616)
Closing balance	<b>(13787)</b>	<b>(12669)</b>
	<b>10347</b>	<b>11465</b>

**4. LONG TERM BORROWINGS**

	Current Portion		Non Current Portion	
	As at 31-03-15	As at 31-03-14	As at 31-03-15	As at 31-03-14
<b>Secured</b>				
<u>Term Loans from Banks &amp; Institutions</u>				
Restructured Debts -				
Interest Bearing	1600	1310	1776	3018
Interest Free	-	-	4441	4441
	<b>1600</b>	<b>1310</b>	<b>6217</b>	<b>7459</b>
Other Loans	29	9	5	6
	<b>1629</b>	<b>1319</b>	<b>6222</b>	<b>7465</b>
<b>Unsecured</b>				
Loans from related parties	-	-	-	-
	<b>1629</b>	<b>1319</b>	<b>6222</b>	<b>7465</b>

## I. Term Loans from Banks & Institutions

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	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	888	888	1776
Annual Rate of Interest	18%	18%	

C. Yearwise re-payment schedule of Interest free portion of term loans, payable in quarterly instalments is as under. Debt was interest free till March 31, 2015.

Year of Repayment	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	1110	3331	4441
Annual Rate of Interest	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	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	3	2	5
Annual Rate of Interest	8.5% -11%	8.5% -11%	

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

Particulars	Amount (Rs./Lacs)	Period
Principal	358	Less than 3 Months
Interest	158	Less than 3 Months

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

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
--	---------------------	---------------------

### 5. OTHER LONG TERM LIABILITIES

Security receipts from business associates & others	176	205
	<u>176</u>	<u>205</u>

### 6. PROVISIONS

	Short-Term		Long-Term	
	As at 31-03-15	As at 31-03-14	As at 31-03-15	As at 31-03-14
Provision for employees' benefits (Unfunded) -				
Gratuity	51	51	667	538
Leave Encashment	19	22	204	197
Provision for Income Tax	14	-	-	-
Total	<u>84</u>	<u>73</u>	<u>871</u>	<u>735</u>



(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>7. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<u>From banks</u>		
Buyer's credit facility	223	119
	<u>223</u>	<u>119</u>
The buyers' credit facility is secured by way of term deposits with the bank.		
<b>8. TRADE PAYABLES</b>		
Trade Payables	7855	6675
	<u>7855</u>	<u>6675</u>
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.		
<b>9. OTHER CURRENT LIABILITIES</b>		
Current maturities of long term borrowings (Refer note no. 4 II)	1629	1319
Interest accrued and due on borrowings	157	182
Accrued salaries and benefits	706	523
<u>Other payables -</u>		
Advance received from -		
Customers	537	755
Direct Taxes	67	73
Indirect Taxes	29	36
Others	157	203
	<u>3282</u>	<u>3091</u>

**10. FIXED ASSETS**

TANGIBLE ASSETS		(Rs. in Lacs)									
		GROSS BLOCK		DEPRECIATION			CARRYING VALUE				
PARTICULARS	As at	Additions	Disposals	As at	As at	On	For the	Deductions	As at	As at	
	01.04.2014			31.03.2015	01.04.2014	Opening Balances	year	31.03.2015	31.03.2015	31.03.2014	
Free hold Land	119	34	-	153	-	-	-	-	-	119	
Leasehold Land	33	-	10	23	-	-	-	-	-	33	
Buildings	7113	32	-	7145	2604	-	170	-	2774	4509	
Plant & Machinery	82259	326	-	82585	58187	1161	3611	-	62959	24072	
Furnitures & Fixtures	252	1	-	253	235	-	2	-	237	17	
Vehicles	262	71	8	325	179	2	28	8	201	83	
Office Equipments	126	12	0.3	138	71	13	24	0.1	108	55	
<b>Total</b>	<b>90164</b>	<b>476</b>	<b>18</b>	<b>90622</b>	<b>61276</b>	<b>1176</b>	<b>3835</b>	<b>8</b>	<b>66279</b>	<b>28888</b>	
Previous Year	89798	389	23	90164	56739	-	4560	23	61276	28888	
<b>INTANGIBLE ASSETS</b>											
Computer Software	79	15	-	94	20	-	24	-	44	59	
Previous Year	35	44	-	79	4	-	16	-	20	-	
<b>GRAND TOTAL</b>											
Current year	90243	491	18	90716	61296	1176	3859	8	66323	28947	
Previous Year	89833	434	23	90243	56743	-	4577	23	61296	28947	

**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.
- B) During the current year, the Company has revised depreciation rates on certain fixed assets as per the useful life specified in the Companies Act, 2013 or as assessed by the company. Depreciation under heading 'On opening Balances' represent additional depreciation relating to assets, whose life have already expired. On account of change in useful life of assets, depreciation for the year ended have been higher by Rs. 304 Lacs.

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>11. NON- CURRENT INVESTMENTS</b>		
<b>A. Trade Investments</b>		
<u>Investment in Equity Instruments (Unquoted)</u>		
<b>Subsidiary Companies</b>		
i) <u>Dr. Morepen Limited</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
	<u>11794</u>	<u>11794</u>
Provision for fall in carrying value of investments, in respect of losses in the subsidiaries has not been made, as these losses, in management's perception, are temporary in nature.		
<b>Associate Companies</b>		
<u>Morepen Biotech Ltd.</u>		
Nil (Previous Year 38,65,500) Equity Shares of Rs. 10/- each fully paid up	-	387
Less : Provision for fall in carrying value of investments being permanent in nature (During the year, the Company has divested its stake in its associate company and has realised a sum of Rs.2 Lacs forming part of Misc. Income).	-	(387)
	<u>11794</u>	<u>11794</u>
<b>B. Other Investments (At Cost) -</b>	-	-
	<u>11794</u>	<u>11794</u>
Aggregate amount of unquoted investments (At Cost)	11794	12181
Aggregate amount of provision for fall in carrying value of investments	-	(387)
<b>12. LONG TERM LOANS AND ADVANCES</b>		
<u>Unsecured</u>		
Capital Advances (Considered good) *	3253	713
Others		
Security Deposits	140	138
	<u>3393</u>	<u>851</u>
* includes a sum of Rs. 3234 lacs advanced to Dr. Morepen Limited, a wholly owned subsidiary, for the acquisition/buyout of new OTC brands.		
<b>13. INVENTORIES</b>		
(At cost or Net Realisable Value whichever is lower)		
Raw Materials	1559	1080
Work-in-progress	983	1134
Finished goods	289	382
Stock -in-trade	578	527
Goods in transit	55	82
Stores and spares	72	86
	<u>3536</u>	<u>3291</u>
The inventory of stocks, stores and spares has been taken, valued and certified by the management.		
<b>Breakup of Inventory</b>		
i) <b>Raw materials -</b>		
API & Intermediates	1195	728
Formulations	364	352
<b>Total Raw Materials</b>	<u>1559</u>	<u>1080</u>

		(Rs. in Lacs)	
		As at 31.03.2015	As at 31.03.2014
<b>ii)</b>	<b>Work in Progress -</b>		
	API & Intermediates	912	1068
	Formulations -		
	Tablets	68	58
	Syrup	2	4
	Capsules	1	3
	Others	-	1
	Formulations Sub Total	<u>71</u>	<u>66</u>
	<b>Total Work -in -progress</b>	<u>983</u>	<u>1134</u>
<b>iii)</b>	<b>Finished goods -</b>		
	API & Intermediates	190	262
	Formulations -		
	Tablets	54	89
	Syrup	35	20
	Capsules	9	6
	Others	1	5
	Formulations Sub Total	<u>99</u>	<u>120</u>
	<b>Finished Goods Inventory</b>	<u>289</u>	<u>382</u>
<b>iv)</b>	<b>Stock in trade -</b>		
	Home Health	475	459
	Formulations-		
	Tablets	58	6
	Syrup	17	9
	Capsules	12	23
	Others	16	30
	Formulations Sub-total	<u>103</u>	<u>68</u>
	<b>Stock in trade Inventory</b>	<u>578</u>	<u>527</u>
<b>14.</b>	<b>TRADE RECEIVABLES</b>		
	Trade receivables outstanding for a period exceeding six months		
	Unsecured -		
	Considered good	393	259
	Considered doubtful	-	10
	Less: Allowance for bad & doubtful debts	-	(10)
		<u>393</u>	<u>259</u>
	Other Debts		
	Unsecured -		
	Considered good	4452	3750
		<u>4845</u>	<u>4009</u>
<b>15.</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Balances with banks		
	i) Current Accounts	484	437
	ii) Bank Balances held as -		
	Margin Money	327	346
	Guarantees	18	14
	Cash on hand	31	10
		<u>860</u>	<u>807</u>

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>16. SHORT TERM LOANS AND ADVANCES</b>		
<u>Others- unsecured &amp; considered good</u>		
Central Excise Balances	243	444
Advance Income Tax - Tax Deducted at source	13	8
Security Deposits	44	47
Advances with Suppliers & Others	510	165
Loans & advances to employees	79	67
<u>Advances Considered Doubtful</u>	158	158
Less : Provision for doubtful advances	(158)	(158)
	<u>889</u>	<u>731</u>
<b>17. OTHER CURRENT ASSETS</b>		
Export Incentives Receivable	215	230
Recoverable from Customs	41	63
Prepaid Expenses	22	40
Interest accrued but not due	33	26
	<u>311</u>	<u>359</u>
<b>18. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
<b>a) Contingent Liabilities</b>		
Claim against the Company not acknowledged as debts	1166	1144
Guarantees	27	9
Other money for which company is contingently liable	1131	1477
Arrears of Fixed Cumulative Dividends on Preference Shares	643	593
Bills discounted with banks	309	126
	<u>3276</u>	<u>3349</u>
<b>b) Commitments</b>	-	-
	<u>3276</u>	<u>3349</u>
<b>19. REVENUE FROM OPERATIONS</b>		
<u>Sale of products (including Excise Duty)</u>		
Domestic	20562	16389
Exports	15657	16293
[(includes third party & deemed exports of Rs.5041 Lacs (Previous year Rs. 5396 Lacs)]		
Total	<u>36219</u>	<u>32682</u>
<u>Other Operating Revenues</u>		
Export Incentives	367	408
Other items	1200	983
	<u>1567</u>	<u>1391</u>
Revenue from operations	<u>37786</u>	<u>34073</u>
<b>Break-up of revenue from sale of products ( net of excise duty )</b>		
Classification -		
<b><u>Manufactured goods</u></b>		
API & Intermediates	21606	20289
Formulations -		
Tablets	2438	2686
Syrup	663	513
Capsules	138	158
Others	145	98
Formulations Sub-Total	<u>3384</u>	<u>3455</u>
<b>Sale of Manufactured Goods - (A)</b>	<u>24990</u>	<u>23744</u>

	(Rs. in Lacs)	
	As at 31.03.2015	As at 31.03.2014
<b><u>Stock in trade</u></b>		
Home Health	5131	4414
Formulations -		
Tablets	2792	1,874
Syrups	784	558
Capsules	819	636
Others	943	980
Formulations Sub -Total	<u>5338</u>	<u>4,048</u>
<b>Total Sales of Stock in Trade - (B)</b>	<u>10469</u>	<u>8,462</u>
<b>Total Sales Revenues (A + B) (Net of Excise)</b>	<u>35459</u>	<u>32206</u>
<b>Excise Duty</b>	<u>760</u>	<u>476</u>
<b>Revenue from operations (Gross)</b>	<u>36219</u>	<u>32682</u>
<b>20. OTHER INCOME</b>		
Interest Income	58	79
Others	78	-
	<u>136</u>	<u>79</u>
<b>21. COST OF MATERIALS CONSUMED</b>		
Raw Materials	13834	12473
Packing Materials	689	626
	<u>14523</u>	<u>13099</u>
<b>Break up of cost of Raw Material consumed</b>		
Classification -		
API & Intermediates	12429	11068
Formulations	2094	2031
<b>Total</b>	<u>14523</u>	<u>13099</u>
<b>22. PURCHASE OF STOCK-IN-TRADE</b>		
Home Health	3773	3242
Formulations -		
Tablets	2382	1730
Syrups	693	510
Capsules	650	501
Others	824	808
Formulations Sub -total	<u>4549</u>	<u>3549</u>
<b>Total</b>	<u>8322</u>	<u>6791</u>

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>23. CHANGE IN INVENTORY</b>		
Opening Balance -		
Work-in-progress	1134	1056
Finished goods	382	712
Stock-in-trade	527	450
Stores and spares	86	72
	<u>2129</u>	<u>2290</u>
Closing Balance -		
Work-in-progress	983	1134
Finished goods	289	382
Stock-in-trade	578	527
Stores and spares	72	86
	<u>1922</u>	<u>2129</u>
	<u>207</u>	<u>161</u>
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	3853	3605
Contribution to provident fund/ ESI	159	133
Gratuity and Leave Encashment	166	87
Staff Welfare	174	143
	<u>4352</u>	<u>3968</u>
<b>25. FINANCE COST</b>		
Interest expense	863	989
	<u>863</u>	<u>989</u>
<b>26. OTHER EXPENSES</b>		
Consumption of Stores and spare parts	89	78
Power and Fuel	741	842
Rent	251	228
Repairs to buildings	74	106
Repairs to machinery	221	226
General Repairs	50	54
Insurance	27	33
Research & Development	31	38
Quality Control & Testing Charges	160	163
Rates and Taxes	121	151
Legal and Professional Expenses	353	307
Travelling Expenses	574	635
Selling and Distribution Expenses	1606	1511
Miscellaneous Expenses	666	625
	<u>4964</u>	<u>4997</u>

## 27. PAYMENTS TO AUDITORS

<b>Statutory Auditors -</b>		(Rs./Lacs)	
Year Ended	<b>31.03.2015</b>	31.03.2014	
Audit Fee	<b>12</b>	12	
Tax Audit Fee	<b>5</b>	5	
Tax Matters	<b>3</b>	3	
Certification	<b>1</b>	1	
Service Tax	<b>3</b>	3	
<b>Total</b>	<b>24</b>	24	
<b>Cost Auditors-</b>			
Audit Fees	<b>3</b>	3	
Others	<b>1</b>	1	
<b>Total</b>	<b>4</b>	4	

## 28. PRIOR PERIOD ITEMS

Expenses include Rs. 11 lacs (Previous Year Rs. 195 lacs) as expenses (net) relating to earlier years.

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

	As at <b>31.03.2015</b>	As at 31.03.2014
<b>A. VALUE OF IMPORTS ON CIF BASIS</b>		
Raw Materials	<b>6307</b>	4691
Stock -in -trade	<b>512</b>	171
Capital Goods	<b>18</b>	-
	<b>6837</b>	4862
<b>B. EXPENDITURE IN FOREIGN CURRENCY</b>		
Technical Knowhow/ Professional fees	-	7
Others	<b>161</b>	293
	<b>161</b>	300
<b>C. VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF</b>		
Imported	<b>6021</b>	4864
Indigenous	<b>8502</b>	8235
	<b>14523</b>	13099
% Imported	<b>41%</b>	37%
% Indigenous	<b>59%</b>	63%
	<b>100%</b>	100%
<b>D. EARNINGS IN FOREIGN EXCHANGE</b>		
Exports of Goods on F.O.B. basis	<b>10615</b>	10898
[Excluding third party & deemed exports of Rs. 5042 Lacs (Previous Year Rs. 5396 Lacs)]	<b>10615</b>	10898

## 30. SEGMENT REPORTING

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

## 31. RELATED PARTY DISCLOSURES

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



## Related Parties

1. Subsidiary Companies	
MorepenMax Inc.	Overseas Company
Morepen Inc.	Overseas Company
Dr. Morepen Limited	Domestic Company
Total Care Limited	Domestic Company
2. Associates	
Morepen Biotech Limited (up to 30.09.2014)	Domestic Company
3. Key Management Personnel	Mr. Sushil Suri, Chairman & Managing Director Dr. A.K. Sinha, Whole Time Directors Mr. Ajay Sharma, Chief Financial Officer Mr. Thomas Joshua, Company Secretary
4. Relatives of Key Management personnnels with whom the company has any transaction during the year	Ms. Amita Sharma Mr. Sanjay Suri
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	Not Any

## Transactions with related parties -

Particulars	Nature of transaction	(Rs. in lacs)
1. Subsidiary Companies	Sale of inventories	472
	Other Advances	3235
	Balance as on 31.03.15 - Receivable (Maximum balance outstanding Rs. 3235 Lacs)	3235
2. Associates	Not Any	Nil
3. Key Management Personnel	Remuneration	130
	Payable Balance as on 31.03.15 (Maximum amount outstanding - Rs.54 Lacs)	29
4. Relatives of key Management personnnels with whom the company has any transaction during the year	Remuneration	46
	Payable Balance as on 31.03.15 (Maximum amount outstanding - Rs.14 Lacs)	13
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	Not Any	Nil

## 32. EARNING PER SHARE

Particulars	Year Ended	
	31.03.2015	31.03.2014
Profit/ (Loss) after Tax (Rs. in Lacs)	58	(616)
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value Rs.2/- per share)- Basic & Diluted	0.002	(0.15)

### 33. EMPLOYEE BENEFITS

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

#### (A) Disclosures for Defined Contribution Plans -

Particulars	31.03.2015	31.03.2014
Employer's Contribution to Provident Fund	138	107
Employer's Contribution to Employees State Insurance	21	26

#### (B) Disclosures for Defined Benefit Plans - Unfunded

Particulars	Gratuity		Leave Encashment	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>I Change in the present value of obligation:</b>				
Present Value of Obligation at beginning of the year	589	551	219	195
Add: Interest Cost	52	45	19	16
Add: Current Service Cost	56	52	46	54
Less:- Benefit Paid	23	13	13	12
Add: Actuarial loss/(gain) on obligations	28	(46)	(35)	(34)
Present Value of Obligation as at year end	702	589	236	219
<b>II Change in the fair value of plan Assets:</b>				
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	-	-	-	-
<b>III Expense recognized in the Profit and Loss Account</b>				
Current Service Cost	56	52	46	54
Add: Interest Cost	52	45	19	16
Less: Expected Return on plan assets	-	-	-	-
Less: Settlement Credit	-	-	-	-
Add: Net actuarial loss/(gain) recognised	28	(46)	(35)	(34)
Total expenses recognized in profit & loss account	136	51	30	35
<b>IV The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment-</b>				
Assumptions	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Discount Rate	7.90%	9.00%	7.90%	9.00%
Salary Escalation Rate	5.00%	7.00%	5.00%	7.00%
Expected Return on Assets	-	-	-	-
Employee Turnover rates	3.00%	5.00%	3.00%	5.00%
Expected average remaining working lives of employees (years)	21	23	21	23

### 34. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2015. Hence, no provision is required in the accounts for the year under review.

### 35. 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.

### 36. OTHERS SIGNIFICANT DISCLOSURES

- a) In the opinion of directors, all assets and non-current investments stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- b) With a view to increase its visibility in the promising FMHG/OTC business and reap the potential benefits in the above business streams, with added advantages of better brand building, customer confidence and better product quality, the company has decided to acquire/buyout new brands, expand the existing brands and product portfolio, a sum of Rs. 3393 Lacs has been advanced to Dr. Morepen Limited, its wholly owned subsidiary for the same.
- c) Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- d) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- e) 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 before Division of the High Court which was allowed. While setting aside the impugned order, matter was remanded back to the single judge for considering the representation of Central Government & deciding the petition afresh after hearing all the parties. The matter is pending for adjudication before single judge of Hon'ble Himachal Pradesh High Court.
- f) Remuneration paid to directors' for the period April 2005 - March 2014 amounting to Rs. 356 lacs is subject to central government approval.
- g) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.
- h) Figures have been rounded off to the nearest lacs.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOREPEN LABORATORIES LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Morepen Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, its consolidated profit and its consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to the Note no. 12(b) to the financial statement regarding legal case in respect of Trade mark "Burnol".

Our opinion is not qualified in respect of this matter.

### Other Matter

We did not audit the financial statements of the foreign subsidiaries of the group whose financial statements reflect total assets of Rs. 231 Lacs as at 31st March, 2015, total revenues of Rs. 45 lacs and cash flows amounting to Rs. 0.1 Lacs for the year then ended as considered in the consolidated financial statements. Out of these two, financial statements of one subsidiary has been audited by other auditors whose report has been furnished to us while the other subsidiary has remained dormant during the year and has not been audited by any auditor and its certified financial statements have been provided to us by the management. Our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the report of the other auditors. Our opinion is not qualified in respect of this matter.

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

**M K Mahajan**  
Partner

New Delhi  
15th May, 2015

Membership number: 017418

# Consolidated Balance Sheet

As at 31st March, 2015

(Rs. in Lacs)

	Notes	As at 31.03.2015	As at 31.03.2014
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
Share capital	2	20961	20961
Reserves and surplus	3	7787	8750
		<b>28748</b>	<b>29711</b>
<b>2. MINORITY INTEREST</b>	4	<b>(40)</b>	<b>(40)</b>
<b>3. NON - CURRENT LIABILITIES</b>			
Long-term borrowings	5	6227	7478
Other Long - term liabilities	6	251	205
Long-term provisions	7	922	782
		<b>7400</b>	<b>8465</b>
<b>4. CURRENT LIABILITIES</b>			
Short-term borrowings	8	223	119
Trade payables	9	8496	6860
Other current liabilities	10	3987	3758
Short-term provisions	11	86	77
		<b>12792</b>	<b>10814</b>
<b>TOTAL</b>		<b>48900</b>	<b>48950</b>
<b><u>ASSETS</u></b>			
<b>1. NON-CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	12	24404	28955
Intangible Assets	12	7844	7853
		<b>32248</b>	<b>36808</b>
Long-term loans and advances	14	5194	2510
		<b>37442</b>	<b>39318</b>
<b>2. CURRENT ASSETS</b>			
Inventories	15	3711	3330
Trade receivables	16	5614	4267
Cash and cash equivalents	17	885	911
Short-term loans and advances	18	934	760
Other current assets	19	314	364
		<b>11458</b>	<b>9632</b>
<b>TOTAL</b>		<b>48900</b>	<b>48950</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES ON FINANCIAL STATEMENTS</b>	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. 017418

Place : New Delhi

Date : 15th May, 2015

**(Sushil Suri)**

Chairman & Managing Director  
DIN : 00012028

**(Ajay Sharma)**

Chief Financial Officer

**(Manoj Joshi)**

Director  
DIN : 00036546

**(Thomas P. Joshua)**

Company Secretary

# Consolidated Statement of Profit and Loss

For the year ended 31st March, 2015

(Rs. in Lacs)

	Notes	Year Ended 31.03.2015	Year ended 31.03.2014
<b>REVENUE</b>			
Revenue from operations (Gross)	21	<b>40824</b>	37161
Less : Excise Duty		<b>760</b>	476
Revenue from operations (Net)		<b>40064</b>	36685
Other Income	22	<b>137</b>	122
Total Revenue		<b>40201</b>	36807
<b>EXPENSES</b>			
Cost of materials consumed	23	<b>14523</b>	13099
Purchases of Stock-in-Trade		<b>9958</b>	8264
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		<b>70</b>	153
Employee benefits expense	24	<b>4879</b>	4508
Finance Costs	25	<b>866</b>	992
Depreciation and amortization expense	26	<b>3867</b>	4584
Other expenses	27	<b>5810</b>	5771
<b>Total expenses</b>		<b>39973</b>	37371
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>		<b>228</b>	(564)
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		<b>228</b>	(564)
Extraordinary Items - Income		-	290
Profit/(Loss) before tax		<b>228</b>	(274)
<b>Tax expense:</b>			
(1) Current tax		<b>14</b>	1
(2) Deferred tax		-	-
Profit/(Loss) for the year		<b>214</b>	(275)
Share of minority interest in Profit/ (loss)		<b>0.2</b>	2
<b>Profit/ (Loss) for the year available for majority shareholders</b>		<b>214</b>	(277)
<b>Earning per equity share of Rs. 2/- each:</b>	31		
(1) Basic		<b>0.04</b>	(0.07)
(2) Diluted		<b>0.04</b>	(0.07)
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES ON FINANCIAL STATEMENTS</b>	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. 017418

Place : New Delhi

Date : 15th May, 2015

**(Sushil Suri)**

Chairman & Managing Director  
DIN : 00012028

**(Ajay Sharma)**

Chief Financial Officer

**(Manoj Joshi)**

Director  
DIN : 00036546

**(Thomas P. Joshua)**

Company Secretary

## Consolidated Cash Flow Statement

For the year ended 31st March, 2015

(Rs. in Lacs)

	Notes	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Profit/(Loss) before extraordinary items and tax		228	(564)
Adjustments for :			
Depreciation & Amortisation	26	3867	4584
(Profit)/Loss on Sale of Fixed Assets		(0.5)	2
Finance Cost (Net)	25	866	992
Minority Interest	4	(0.2)	(2)
<b>Operating profit before changes in current assets and liabilities</b>		<b>4960</b>	<b>5012</b>
Changes in current assets and liabilities -			
Trade Receivables	16	(1347)	(356)
Short Term Loans and advances and other current assets	18, 19	(127)	(2510)
Inventories	15	(381)	376
Current liabilities	8,9,10,11	1978	540
<b>Cash generated from operations</b>		<b>5083</b>	<b>3062</b>
Income Tax		14	1
<b>Cash Flow before extraordinary items</b>		<b>5070</b>	<b>3061</b>
Extraordinary items		-	290
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>5070</b>	<b>3352</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets		(483)	(451)
Sale of Fixed Assets		1	1
Sale of Investments	13	-	387
Outflow on Long Term advances (Net)	14	(2683)	(17)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(3165)</b>	<b>(80)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Finance Cost (Net)	25	(866)	(992)
Change in Long Term borrowings (Net)	5	(1251)	(1987)
Change in Long Term liabilities & provisions (Net)	6,7	186	65
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(1931)</b>	<b>(2914)</b>
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		(26)	358
Cash and Cash equivalents as at 01.04.2014		911	553
Cash and Cash equivalents as at 31.03.2015		885	911
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES ON FINANCIAL STATEMENTS</b>	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. 017418

Place : New Delhi

Date : 15th May, 2015

(Sushil Suri)

Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)

Chief Financial Officer

(Manoj Joshi)

Director  
DIN : 00036546

(Thomas P. Joshua)

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 under Sec. 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014, other pronouncements of the Institute of Chartered Accountants of India 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 31.03.2015 & 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-

<b>Subsidiary Company</b>	<b>Country of Incorporation</b>	<b>Percentage of Holding</b>
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 II of the Companies Act, 2013 and in the manner as prescribed by it.
- Cost of leasehold land is not amortized over the period of lease.
- 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 statement of profit and loss.

## 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

- Sales are stated net of returns, excise duty and sales tax.
- 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 statement of profit & loss.

#### 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 the 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 statement of profit and loss in the period in which the employee renders the related service.

##### Defined benefit plans

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

##### **- Gratuity**

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

##### **- Leave Encashment**

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

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

##### Defined contribution plans

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

##### **- Provident Fund & Employees State Insurance (ESI)**

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

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

# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2015

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>2. A. SHARE CAPITAL</b>		
<b>Authorised</b>		
45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each	<b>9000</b>	9000
1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each	<b>12000</b>	12000
	<b>21000</b>	21000
<b>Issued &amp; Subscribed</b>		
<u>Equity Share Capital</u>		
44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each	<b>8997</b>	8997
	<b>8997</b>	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	<b>9735</b>	9735
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	<b>1730</b>	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	<b>500</b>	500
	<b>11965</b>	11965
<b>Issued, Subscribed &amp; Paid up</b>		
<u>Equity Share Capital</u>		
44,97,93,203 (Previous Year 44,97,93,203) Equity Shares of Rs. 2/- each fully paid up	<b>8996</b>	8996
	<b>8996</b>	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	<b>9735</b>	9735
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	<b>1730</b>	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	<b>500</b>	500
	<b>11965</b>	11965
	<b>20961</b>	20961

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

(Rs./Lacs)

	31.03.2015		31.03.2014	
	Nos.	Amount	Nos.	Amount
Outstanding at beginning of the year	<b>449826203</b>	<b>8997</b>	449826203	8997
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	<b>449826203</b>	<b>8997</b>	449826203	8997

## Reconciliation of the number and amount of Preference shares -

(Rs./Lacs)

	31.03.2015		31.03.2014	
	Nos.	Amount	Nos.	Amount
Outstanding at beginning of the year	<b>11965201</b>	<b>11965</b>	11965201	11965
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	<b>11965201</b>	<b>11965</b>	11965201	11965

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

- a) i) The company has two classes of shares referred as equity shares and preference shares. The equity shares are having a par value of Rs. 2/- each whereas par value for each preference shares is Rs. 100/-. Every 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. However, a preference shareholder acquires voting rights at par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years.
- 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) 17,30,000, 0.01% Redeemable Preference Shares of Rs. 100/- each and 5,00,000, 9.75% Redeemable Preference Shares of Rs. 100/- each are cumulative. Dividend arrears on these shares as at 31.03.2015 are Rs. 635 Lacs (Previous year Rs. 586 Lacs).
- b) i) All 97,35,201, 0.01% Optionally Convertible Preference Shares, Shares having fallen due for redemption/conversion during the year, could not be redeemed because of unavailability of surplus. The conversion, if opted for, of preference shares into equity shares will be at price determined as per SEBI guidelines. Dividend arrears on above preference shares as at 31.03.2015 are Rs. 8 Lacs (Previous year Rs. 7 Lacs).
- 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, had already become due for redemption in the financial year ending 31.03.2012, could not be redeemed because of unavailability of surplus.
- iii) 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to Rs. 500 Lacs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber has filed a legal case against the company for the recovery of the sum invested as well as interest thereon. The company has contested the claim of the subscriber and have moved the jurisdictional appellants authorities against the said claim.
- iv) Capital Redemption Reserve for redemption of Preference Shares could not be created during the year because of unavailability of surplus.

### D. Shareholders holding more than 5% shares -

#### i) Equity Shares

Name of Shareholder	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
GL India Mauritius (III) Ltd.	28897500	6.42	38530000	8.57

#### ii) Preference Shares

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

Name of Shareholder	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	1179000	12.11	1179000	12.11
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87
EXIM Bank	916333	9.41	916333	9.41
SICOM	829463	8.52	829463	8.52
Punjab National Bank	671522	6.90	671522	6.90
Oriental Bank of Commerce	623828	6.41	623828	6.41
Dena Bank	593936	6.10	593936	6.10
UCO Bank	515900	5.30	515900	5.30

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

Name of Shareholder	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	500000	100	500000	100

E. During last 5 years immediately 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 unpaid calls -**

	(Rs. in Lacs)	
	31-03-2015	31-03-2014
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 31.03.2015	As at 31.03.2014
<b>3. RESERVES &amp; SURPLUS</b>		
Capital Reserve	270	270
Securities Premium Account	16741	16741
Preference Share Redemption Reserve	7123	7123
	<b>24134</b>	24134
<u>Surplus/(Deficit) -</u>		
Opening balance	(15385)	(15107)
Less : Depreciation on assets whose useful life is already exhausted (Refer Note No. 12(d))	(1176)	
Profit/(Loss) for the year	214	(277)
Closing balance	<b>(16347)</b>	(15384)
	<b>7787</b>	8750
<b>4. MINORITY INTEREST</b>		
Share Capital	72	72
Share in Profit/(Loss)	(112)	(112)
	<b>(40)</b>	(40)
<b>5. LONG TERM BORROWINGS</b>		
<b>Secured</b>		
<u>Term Loans from Banks &amp; Institutions</u>		
Interest Bearing	1776	3018
Interest Free	4441	4441
	<b>6217</b>	7459
Other Loans	10	19
	<b>6227</b>	7478

## Nature of Security and Terms of Repayment -

### I. Term Loans from Banks & Institutions

- 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	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	888	888	1776
Annual Rate of Interest	18%	18%	

- c. Yearwise re-payment schedule of Interest free portion of term loans, payable in quarterly instalments is as under. Debt is interest free till March 31, 2015.

Year of Repayment	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	1110	3331	4441
Annual Rate of Interest	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	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	4	2	6
Annual Rate of Interest	8.50% -16.00%		

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

Particulars	Amount (Rs./Lacs)	Period
Principal	358	Less than 3 Months
Interest	158	Less than 3 Months

### II. Current portion of long term borrowings is appearing under the head Other Current Liabilities. (Refer Note No. 10)

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>6. OTHER LONG TERM LIABILITIES</b>		
Security receipts from business associates	251	205
	<u>251</u>	<u>205</u>
<b>7. LONG TERM PROVISIONS</b>		
Provision for employees' benefits (Unfunded) -		
Gratuity	697	565
Leave Encashment	225	217
	<u>922</u>	<u>782</u>

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>8. SHORT TERM BORROWINGS</b>		
Secured		
Buyer's credit facility	223	119
	<b>223</b>	119
The buyers' line of credit is secured by way of term deposits with the bank.		
<b>9. TRADE PAYABLES</b>		
Trade Payables	<b>8496</b>	6860
	<b>8496</b>	6860
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.		
<b>10. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer note no. 5)	<b>1639</b>	1331
Interest accrued and due on borrowings	<b>157</b>	182
Accrued salaries and benefits	<b>827</b>	627
<u>Other Payables -</u>		
Advance received from -		
Customers	<b>536</b>	755
Direct Taxes	<b>72</b>	76
Indirect Taxes	<b>36</b>	52
Advance against sale of Fixed Assets*	<b>435</b>	435
Others	<b>285</b>	300
	<b>3987</b>	3758
<b>* Advance against sale of Fixed Assets</b>		
Advance against the sale of fixed assets represents amount received for the sale of land appearing in the Note no. 12 (c) of notes of financial statements under the head Fixed Assets and the profit on this transaction is not recognised in the books as some obligations are still pending to be completed .		
<b>11. SHORT TERM PROVISIONS</b>		
Provision for employees' benefits -		
Gratuity	<b>52</b>	53
Leave Encashment	<b>20</b>	24
Provision for Income Tax	<b>14</b>	-
	<b>86</b>	77

## 12. FIXED ASSETS

### TANGIBLE ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK		DEPRECIATION			CARRYING VALUE		
	As at 01.04.2014	As at 31.03.2015	As at 01.04.2014	On Opening Balances	For the year	Deductions Adjustments	As at 31.03.2015	As at 31.03.2014
Free hold Land	134	168	-	-	-	-	168	134
Leasehold Land	33	23	-	-	-	-	23	33
Buildings	7113	7145	2604	-	170	-	4371	4509
Plant & Machinery	82260	82586	58188	1161	3611	-	19626	24072
Furnitures & Fixtures	266	267	244	-	3	-	20	22
Vehicles	317	380	194	2	32	8	160	123
Office Equipments	142	155	80	13	26	0.1	36	62
Total	90265	90724	61310	1176	3842	8	66320	28955
Previous Year	89891	90265	56771	-	4568	29	28955	-
<b>INTANGIBLE ASSETS</b>								
Goodwill	7794	7794	-	-	-	-	7794	7794
Patents & Trade Marks	2323	2323	2323	-	-	-	2323	-
Computer Software	79	94	20	-	24	-	50	59
Total	10196	10211	2343	-	24	-	7844	7853
Previous Year	1052	10196	2326	-	16	-	7853	-
<b>GRAND TOTAL</b>								
Current year	100461	100936	63653	1176	3867	8	32248	36808
Previous Year	100043	100461	59097	-	4584	29	36808	-

#### Note :

- Leasehold land is not amortised in view of para 1(c) of Accounting Standard on Leases (AS-19) issued by The Institute of Chartered Accountants of India defining scope of the standard.
- Trade mark "Burnol" forming part of Patents & Trade Marks was given as a Collateral security against inter-corporate deposit taken by the parent company. Legal case in respect of the above trade mark is pending final adjudication.
- Freehold land includes land having gross value of Rs. 15 Lacs sold in earlier years and advance received against sale revenue on this transaction is not recognised in the books as some obligations are still pending to be completed.
- During the current year, the Company has revised depreciation rates on certain fixed assets as per the useful life specified in the Companies Act, 2013 or as reassessed by the company. Depreciation under heading 'Opening Balances' represent additional depreciation relating to assets, whose life have already expired. On account of change in useful life of assets, depreciation for the year ended have been higher by Rs. 304 Lacs.

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>13. NON- CURRENT INVESTMENTS</b>		
<b>A. Trade Investments</b>		
<u>Investment in Equity Instruments (Unquoted)</u>		
<b>Associate Companies</b>		
<u>Morepen Biotech Ltd.</u>		
Nil (Previous Year 38,65,500) Equity Shares of Rs. 10/- each fully paid up	-	387
	-	387
Provision for fall in carrying value of investments, in respect of losses in the associate company being permanent in nature	-	(387)
(During the year, the Company has divested its stake in its associate company and has realised a sum of Rs.2 Lacs forming part of Misc. Income).	-	-
	-	-
<b>B. Other Investments (At Cost)</b>	-	-
<b>Unquoted Investments</b>	-	387
Aggregate amount of unquoted investments (At cost)	-	387
Aggregate amount of provision for fall in carrying value of investments	-	(387)
<b>14. LONG TERM LOANS AND ADVANCES</b>		
<u>Unsecured</u>		
Capital Advances (Considered good)*	5045	2326
Others	-	38
Security Deposits	149	146
Loans and advances to related parties	-	-
	5194	2510
* Includes a sum of Rs. 5026 Lacs advanced for the acquisition/buyout of new OTC brands. (Refer Note. 34 (b))		
<b>15. INVENTORIES</b>		
(At cost or Net Realisable Value whichever is lower)		
Raw Materials	1559	1080
Work-in-progress	983	1134
Finished goods	289	382
Stock -in-trade	753	566
Goods in transit	55	82
Stores and spares	72	86
	3711	3330
The inventory of stocks, stores and spares has been taken, valued and certified by the management.		
<b>16. TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months		
<u>Unsecured</u>		
Considered good	405	259
Considered doubtful	39	47
Less: Allowance for bad & doubtful debts	(10)	(19)
	434	287
Other Debts		
Unsecured -		
Considered good	5180	3980
	5614	4267



(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>17. CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
i) Current Accounts	508	537
ii) Bank Balances held as -		
Margin Money	327	346
Guarantees	18	17
Cash on hand	32	11
	<u>885</u>	<u>911</u>
<b>18. SHORT TERM LOANS AND ADVANCES</b>		
<u>Others- unsecured &amp; considered good</u>		
Central Excise Balances	243	444
Advance Income Tax - Tax Deducted at source	13	8
Security Deposits	44	47
Advance with suppliers and others	545	185
Loans & advances to employees	89	76
<u>Advances Considered Doubtful</u>	158	158
Less : Provision for doubtful advances	(158)	(158)
	<u>934</u>	<u>760</u>
<b>19. OTHER CURRENT ASSETS</b>		
Export Incentives Receivable	216	230
Recoverable from Customs	43	63
Prepaid Expenses	22	41
Interest accrued but not due	33	30
	<u>314</u>	<u>364</u>
<b>20. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
<b>a) Contingent Liabilities</b>		
Claim against the Company not acknowledged as debts	1166	1144
Guarantees	27	9
Other money for which company is contingently liable	1131	1477
Arrears of Fixed Cummulative Dividends on Preference Shares	643	593
Bills discounted with banks	309	126
	<u>3276</u>	<u>3349</u>
<b>b) Commitments</b>	-	-
	<u>3276</u>	<u>3349</u>
<b>21. REVENUE FROM OPERATIONS (GROSS)</b>		
<u>Sale of Products</u>		
Domestic	23555	19408
Exports	15657	16293
Gross Sales	39212	35701
<u>Other Operating Revenues</u>		
Export Incentives	367	408
Others	1245	1052
	<u>1612</u>	<u>1460</u>
	<u>40824</u>	<u>37161</u>
<b>22. OTHER INCOME</b>		
Interest Income	58	105
Others	79	17
	<u>137</u>	<u>122</u>

(Rs. in Lacs)

	As at 31.03.2015	As at 31.03.2014
<b>23. COST OF MATERIALS CONSUMED</b>		
Raw Materials	13834	12473
Packing Materials	689	626
	<u>14523</u>	<u>13099</u>
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	4350	4110
Contribution to provident fund/ ESI	182	157
Gratuity and Leave Encashment Expenses	173	98
Staff Welfare	174	143
	<u>4879</u>	<u>4508</u>
<b>25. FINANCE COST</b>		
Interest expense	866	992
	<u>866</u>	<u>992</u>
<b>26. DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Depreciation	3867	4584
	<u>3867</u>	<u>4584</u>
<b>27. OTHER EXPENSES</b>		
Consumption of Stores and spare parts	89	78
Power and Fuel	741	842
Rent	289	266
Repairs to buildings	78	106
Repairs to machinery	221	226
General Repairs	50	64
Insurance	29	41
Research & Development	31	38
Rates and taxes excluding taxes on income	121	151
Legal and Professional Expenses	359	312
Travelling Expenses	741	828
Quality Control & Testing Charges	160	163
Miscellaneous Expenses	761	701
Selling and Distribution Expenses	2140	1955
	<u>5810</u>	<u>5771</u>

**28. PRIOR PERIOD ITEMS**

Expenses include Rs. 11 lacs (Previous Year Rs. 204 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./Lacs)	
	2014-15	2013-14
USA	3611	6462
Rest of World	12045	9831
India	23555	19408
Total	<u>39211</u>	<u>35701</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 as under:

#### Related Parties

1. Associates Morepen Biotech Limited (upto 30.06.2014)	Domestic Company
2. Key Management Personnel (Whole Time Directors)	Mr. Sushil Suri, Chairman & Managing Director Dr. A.K. Sinha, Whole Time Director Mr. Sanjay Kumar, Whole Time Director Mr. Ajay Sharma, Chief Financial Officer Mr. Thomas Joshua, Company Secretary
3. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Not Any

#### Transactions with related parties -

Particulars	Nature of transaction	(Rs. in lacs)
1. Associates	Nil	-
2. Key Management Personnel	Remuneration Balance as on 31.03.15 (Maximum amount outstanding - Rs.56 Lacs)	139 29
3. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Not Any	-

### 31. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2015	31.03.2014
Profit/ (Loss) after Tax (Rs. in Lacs)	214	(277)
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value Rs.2/- per share)	0.04	(0.07)

EPS has been computed after considering dividend on preference shares.

### 32. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2015. 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 of earlier years, is not recognized as a matter of prudence.

### 34. OTHERS SIGNIFICANT DISCLOSURES

- a) In the opinion of directors, all assets and non-current investments, stated otherwise, have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.

- b) Dr. Morepen Limited, with a view to increase its visibility in the promising FMHG/OTC business and reap the potential benefits in the above business streams, with added advantages of better brand building, customer confidence and better product quality, has decided to acquire/buyout new brands, expand the existing brands and product portfolio, has advanced a sum of Rs. 5026 Lacs for buyout of brands.
- c) Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- d) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- e) 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 before Division of the High Court which was allowed. While setting aside the impugned order, matter was remanded back to the single judge for considering the representation of Central Government & deciding the petition afresh after hearing all the parties. The matter is pending for adjudication before single judge of Hon'ble Himachal Pradesh High Court.
- f) Remuneration paid to directors' for the period April 2005 - March 2014 amounting to Rs. 356 lacs is subject to central government approval.
- g) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.
- h) Figures have been rounded off to the nearest lacs.

## MOREPEN LABORATORIES LIMITED

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

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

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

### NOTICE

**NOTICE** is hereby given that the **30th Annual General Meeting (AGM)** of the members of **Morepen Laboratories Limited** will be held on **Friday, 18th day of September, 2015 at 10.30 A.M.** at the Registered Office of the Company at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173205, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement, including Consolidated Financial Statement, of the Company for the financial year ended 31st March, 2015 together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Arun Kumar Sinha (DIN: 00450783), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the appointment of M/s. M. Kamal Mahajan And Co., Chartered Accountants (FRN: 006855N) as the Statutory Auditors of the Company, by the members in the 29th Annual General Meeting (AGM) held on 19th September, 2014, to hold office till the conclusion of 31st Annual General Meeting (AGM) of the Company to be held in the year 2016, be and is hereby ratified.”

#### SPECIAL BUSINESS

4. To re-appoint Mr. Sushil Suri (DIN: 00012028) as the Chairman & Managing Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby approves the re-appointment of Mr. Sushil Suri (DIN: 00012028) as the Chairman & Managing Director of the Company, liable to retire by rotation, to hold office for a term of 3 (three) consecutive years with effect from 20th October, 2015 upto 19th October, 2018 on the terms and conditions as specified in the statement, pursuant to Section 102 and Schedule V of the Act, annexed to the notice and on the remuneration, which is as follows:

S. No.	Particulars	Amount (Rs.)
1.	Fixed Pay and Allowances	Upto Rs. 1,10,00,000 p.a.
2.	Other Perquisites	Upto Rs. 40,00,000 p.a.
3.	Variable Pay based on the performance and profits of the Company but not exceeding the overall limit of 5% of Net Profits inclusive of all remuneration.	

**RESOLVED FURTHER THAT** notwithstanding anything herein above stated, where in any financial year closing on or after 1st April, 2015, during the tenure of Mr. Sushil Suri (DIN: 00012028) as the Chairman & Managing Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay the above remuneration not exceeding the limits specified under Schedule V to the Act or such other limits as may be prescribed by the Central Government, from time to time, as minimum remuneration.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of appointment and/or remuneration, as recommended by the Nomination and Remuneration Committee of the Board, subject to the above limits.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2016 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), on the recommendations of the Audit Committee, the Board of Directors of the Company have appointed M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 (FY 2015-16) at the following remuneration:

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

**RESOLVED FURTHER THAT** the above remuneration as recommended by the Audit Committee and approved by the Board of Directors of the Company be and is hereby ratified by the shareholders of the Company.

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

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

New Delhi; 7th August, 2015  
CIN: L24231HP1984PLC006028

**Sushil Suri  
(Chairman & Managing Director)**

**Registered Office:**  
Morepen Village, Nalagarh Road,  
Near Baddi, Distt. Solan, H.P. - 173205

## NOTES

1. The Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out under Item Nos'. 4 to 5 of the Notice, is annexed hereto and forms part of the notice.
2. The relevant details, as required under Secretarial Standard - 2 and Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors at the Annual General Meeting ('AGM') are furnished herewith and forms part of the Notice.
3. **A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

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

The instrument appointing proxies, in order to be effective, should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send, to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 12th September, 2015 to Friday, 18th September, 2015 (both days inclusive).
6. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in and signed, for attending the meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their de-mat accounts. Members holding shares in physical form can submit their PAN to the RTA 'MAS Services Limited'.
8. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to MAS Services Limited, for consolidation into a single folio.
9. **To support the 'Green Initiative', the Members are requested to register/update their e-mail id's, contact details and addresses with the RTA 'MAS Services Limited'/Depositories for receiving all communications including Annual Report, Notices, Circulars, etc., from the Company electronically.**
10. The Notice of the 30th AGM along with the Annual Report 2014-15 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
11. Members may also note that the notice of 30th AGM and the Annual Report 2014-15 will be available on the Company's website, [www.morepen.com](http://www.morepen.com). The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who have any queries may write to us at [investors@morepen.com](mailto:investors@morepen.com).
12. The Auditors Report pursuant to Section 145 of the Companies Act, 2013, Register of Directors & Key Managerial Personnel and their Shareholdings pursuant to Section 170, Register of Contracts or Arrangements in which Directors are interested pursuant to Section 189 and the Register of Proxies, will be available for inspection by the members at the AGM.
13. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members the facility to exercise their right to vote, on all the resolutions set forth in the Notice of 30th AGM of the Company, by electronic means through the remote e-voting services provided by NSDL.

The Members, whose name appear in the Register of Members, holding shares in physical or in de-materialised form, as on the cut-off date i.e. Friday, 11th September, 2015 (end of day), are entitled to cast their votes on the resolutions set forth in this Notice.

The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). The remote e-voting will commence at 9.00 a.m. on Monday, 14th September, 2015 and will end at 5.00 p.m. on Thursday, 17th September, 2015.

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

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

**Procedure for Remote E-voting:**

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

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

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

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

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

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

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



**General Instructions:**

- (a) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- (b) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (c) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 11th September, 2015.
- (d) Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date, i.e. 11th September, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@masserv.com](mailto:info@masserv.com).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using 'Forgot User Details/Password' option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

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

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

**New Delhi; 7th August, 2015  
CIN: L24231HP1984PLC006028**

**Sushil Suri  
(Chairman & Managing Director)**

**Registered Office:**

Morepen Village, Nalagarh Road,  
Near Baddi, Distt. Solan, H.P. - 173205

## STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

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

### **Item No. 4:**

**Mr. Sushil Suri (DIN: 00012028)**, is a fellow member of the Institute of Chartered Accountants of India (ICAI) and possesses a vast experience of more than 25 years in the various fields including finance, operations, management and managerial entrepreneurship in the pharmaceutical and hospitality industry. He has served on the Board of Morepen Laboratories Limited since February, 1992 while he has been the Chairman & Managing Director of the Company since October, 2000.

Pursuant to Rule 13 of the Companies (Appointment & Qualification of Directors) Rules, 2014, the members of the Company are hereby informed that the Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 ('Act'), from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. Sushil Suri, to the office of Chairman & Managing Director of the Company, to be appointed as such under the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

The Company has received from Mr. Sushil Suri, Chairman & Managing Director of the Company, the following disclosures as per the relevant provisions of Companies Act, 2013:

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

Considering his valued contribution in the conduct and growth of business, the Nomination and Remuneration Committee of the Board has recommended his appointment as Chairman & Managing Director of the Company, liable to retire by rotation, to hold office for a term of 3 (three) consecutive years with effect from 20th October, 2015 upto 19th October, 2018 and increase in his remuneration from the existing levels. His appointment has been approved by the Board of Directors of the Company, subject to the approval of members in the ensuing AGM.

The terms and conditions of his appointment are as follows:

- a) Remuneration: As provided in the resolution.
- b) Period of Appointment: Term of 3 (three) consecutive years with effect from 20th October, 2015 upto 19th October, 2018.
- c) Termination: The appointment may be terminated by either party by giving six months' notice in writing of such termination or as may be mutually agreed between the parties.
- d) Duties and Responsibilities: Mr. Sushil Suri, Chairman & Managing Director of the Company, shall perform such duties and responsibilities as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board and various other duties and responsibilities as per the provisions of Companies Act, 2013, Listing Agreement and other applicable laws, if any.
- e) Other Details: Further details as required under the provisions of Companies Act, 2013, Listing Agreement and Secretarial Standards are enclosed herewith.

**Statement pursuant to Schedule V of the Companies Act, 2013:**

**1. GENERAL INFORMATION**

i)	Nature of industry	:	Pharmaceutical
ii)	Date or expected date of commencement of commercial production	:	01/12/1984
iii)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	:	N.A.
iv)	Financial performance based on given indicators	:	Total revenue generated and profit after tax earned during the f.y. ended March 31, 2015 is Rs. 37,162 lacs and Rs. 58 lacs respectively
v)	Foreign investments or collaborations, if any	:	Investments in two foreign subsidiaries viz. Morepen Inc. & Morepen Max Inc.

**2. INFORMATION ABOUT THE APPOINTEE**

i)	Background details	:	Fellow member of the Institute of Chartered Accountants of India (ICAI) possessing experience of more than 25 years.
ii)	Past remuneration	:	Salary Rs. 41,58,504/- Perks & Allowances Rs. 12,09,994/-
iii)	Recognition or awards	:	N.A.
iv)	Job profile and suitability	:	Fellow member of the Institute of Chartered Accountants of India (ICAI) and possessing a vast experience of more than 25 years in the various fields including finance, operations, management and managerial entrepreneurship in the pharmaceutical and hospitality industry.
v)	Remuneration proposed	:	Fixed Pay and Allowances Upto Rs. 1,10,00,000/- Other Perquisites Upto Rs. 40,00,000/-  Variable Pay based on the performance and profits of the Company but not exceeding the overall limit of 5% of Net Profits inclusive of all remuneration.
vi)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	:	Average annual remuneration profile is generally between Rs. 3,00,00,000/- to 5,00,00,000/-
vii)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	:	Promoter

### 3. OTHER INFORMATION

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i) Reasons of loss or inadequate profits	:	The major reasons for the inadequate profits are market conditions, lack of working capital funding from Banks and Financial Institutions and commitment of funds earned towards repayment of loans pursuant to the approved CDR Scheme.
ii) Steps taken or proposed to be taken for improvement	:	The Company is on a recovery phase and has posted annual profit after tax of Rs. 58 lacs in the year ended March 31, 2015 after around 12 years. The Management is taking several steps to improve its profitability and embolden its cash flow situation. This would be achieved largely by increase in its sales revenues and improvement in product margins coupled with tight control on overheads.
iii) Expected increase in productivity and profits in measurable terms	:	The Projected annual turnover of the Company is expected to exceed Rs. 40,000 lacs by March, 2016 from present of Rs. 37,162 lacs; whereas profit after tax is expected to be around Rs. 500 lacs.

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Pursuant to the provisions of Section 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Board of Directors of the Company recommend the passing of the resolution set out under Item No. 4 of the Notice as a **Special Resolution**.

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

#### Item No. 5:

As per the recommendations of the Audit Committee, the Board of Directors of the Company have appointed M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 (FY 2015-16) pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

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

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

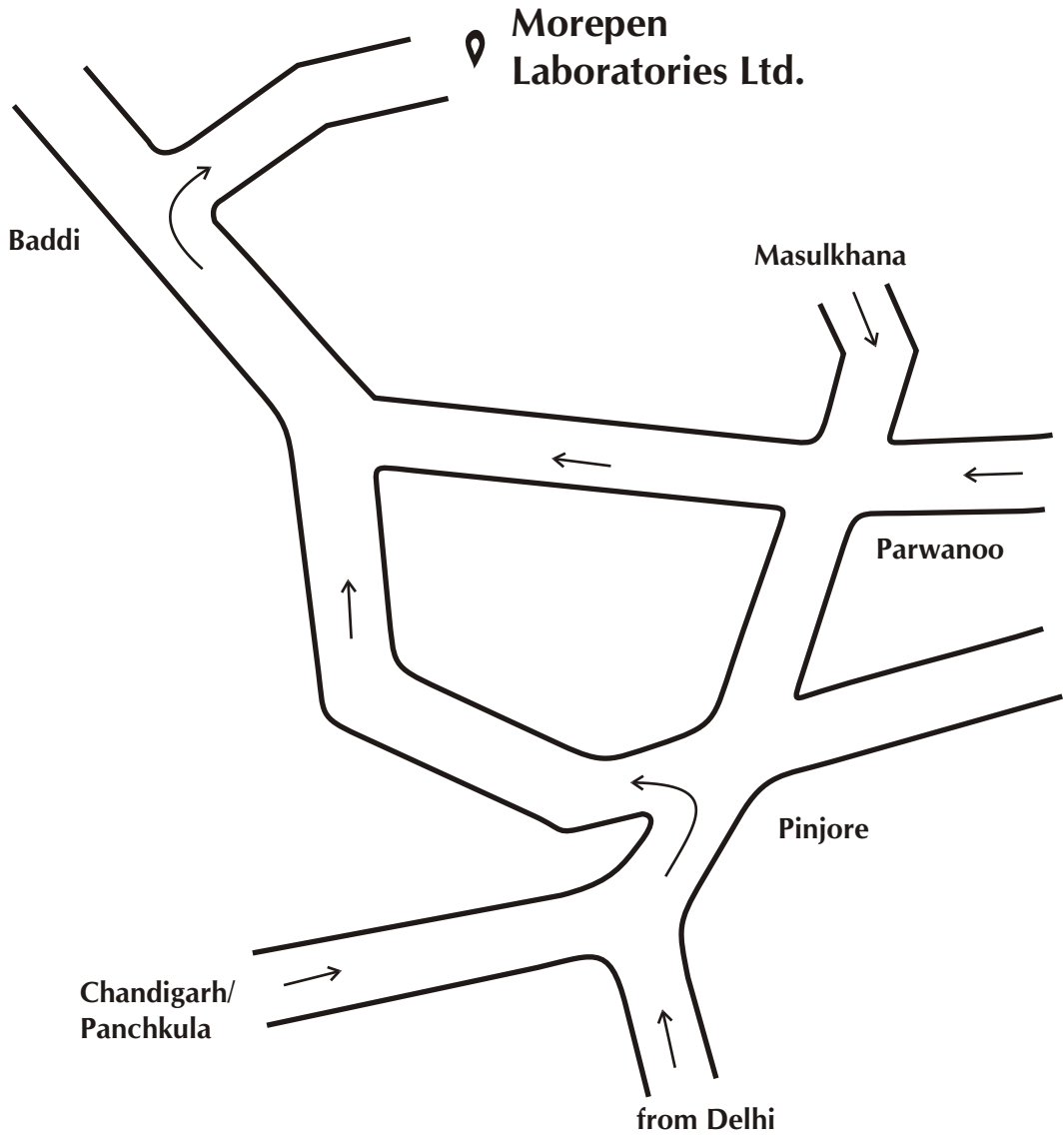
None of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way, concerned or interested, financially or otherwise, in this resolution.

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

*(Pursuant to Secretarial Standards 2, Clause 49 of the Listing Agreement & Companies Act, 2013)*

<b>Particulars</b>	<b>Mr. Sushil Suri</b>	<b>Dr. A.K. Sinha</b>
Date of Birth	18.01.1964	17.03.1951
Age	51	64
Qualifications	FCA, B.Sc.	M.Sc. Chemistry, Ph.D. Chemistry, PG Diploma in Personnel Management & Industrial Relations
Date of first Appointment	01.02.1992	15.06.2005
Expertise in specific functional areas	Wide experience of more than 25 years in the various fields including finance, operations, management and managerial entrepreneurship in the pharmaceutical and hospitality industry.	Wide professional and technical expertise of more than 43 years in the pharmaceutical industry.
Directorships in other Companies (excluding foreign companies)	<ul style="list-style-type: none"> <li>• Square Investments and Financial Services Private Limited</li> <li>• Concept Credits and Consultants Private Limited</li> <li>• Liquid Holdings Private Limited</li> <li>• Brook Investments and Financial Services Private Limited</li> <li>• Seed Securities and Services Private Limited</li> <li>• Scope Credits and Financial Services Private Limited</li> <li>• Epitome Holdings Private Limited</li> <li>• Blue Coast Hotels Limited</li> <li>• React Investments and Financial Services Private Limited</li> <li>• Shivalik Pesticides and Chemicals Private Limited</li> </ul>	Nil
Memberships/Chairmanships of Board Committees in other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	1	Nil
Number of shares held in the Company	55,01,510	100
DIN	00012028	00450783
No. of meetings of Board attended during the year and other directorships	5	1
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil	Nil

## ROUTE MAP TO THE AGM VENUE



## MOREPEN LABORATORIES LIMITED

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

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

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

### Form No. MGT 11 PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

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

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

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

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, the 18<sup>th</sup> day of September, 2015 at 10.30 a.m. at the Registered Office of the Company at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, H. P. - 173205 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Description	For	Against
1.	Receive, consider and adopt the Audited Financial Statement, including Consolidated Financial Statement, of the Company for the financial year ended 31st March, 2015 together with the reports of the Directors' and Auditors' thereon.		
2.	Re-appointment of Dr. Arun Kumar Sinha (DIN: 00450783), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.		
3.	Ratification of appointment of Statutory Auditors.		
4.	Re-appointment of Mr. Sushil Suri (DIN: 00012028) as the Chairman & Managing Director of the Company.		
5.	Approval of remuneration of the Cost Auditors for the financial year ending 31 <sup>st</sup> March, 2016		

Signed this ..... day of ..... 2015. Signature of Shareholder: .....

Affix  
Revenue  
Stamp

**NOTES:**

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







## MOREPEN LABORATORIES LIMITED

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

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

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

### E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

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

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

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

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

Best Regards,

Sd/-

**Sushil Suri**

**(Chairman & Managing Director)**

### E-COMMUNICATION REGISTRATION FORM

Folio No./DP ID & Client ID: .....

Name of the 1<sup>st</sup> Registered Holder: .....

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

Registered Address: .....

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

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

Date: .....

Signature: .....

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





**MOREPEN**  
*The Joy Of Growing Together*



**Morepen Laboratories Limited**

(CIN: L24231HP1984PLC006028)

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

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

E-mail : [investors@morepen.com](mailto:investors@morepen.com) Website : [www.morepen.com](http://www.morepen.com)