



MOREPEN
The Joy Of Growing Together

A large, light-colored spiral graphic is positioned on the left side of the page, partially overlapping the text.

Celebrating the joy of being



Annual Report
2012-13



Celebrating the joy of being

*Treasure all those special moments that make up your day.
Cherish the everyday happiness that health and well-being bring to
your life. Infuse energy and exuberance into every little experience.
Celebrate the joy of being - the Morepen way!*

*At Morepen, we are taking our expertise and experience in
Wellness to bold new horizons. When you reach out for a Morepen
product, you can be assured that life will be a non-stop celebration.*



Board of Directors

Sushil Suri

Chairman & Managing Director

Dr. Arun Kumar Sinha

Director

Manoj Joshi

Director

Bhupender Raj Wadhwa

Director

Sukhcharan Singh

Director

Auditors

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

Registered Office

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

Corporate Office

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

Registrar & Share Transfer Agents

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

Contents

Notice	02
Directors' Report	04
Report on Corporate Governance	17
Auditors' Report	26
Balance Sheet	30
Profit & Loss Account	31
Cash Flow Statement	32
Significant Accounting Policies	33
Notes on Financial Statements	35
Auditors' Report on Consolidated Financial Statements	53
Consolidated Financial Statements	54

MOREPEN LABORATORIES LIMITED

Morepen Village, Nalagarh Road, Near Baddi, Dist. Solan (H.P.)-173205

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the members of **Morepen Laboratories Limited** will be held at the Registered Office of the Company, Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh, on 13th day of September, 2013 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit & Loss Account for the year ended on that date and reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sukhcharan Singh, who retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and, in this connection, to consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s M. Kamal Mahajan And Co., the retiring Auditors of the Company be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on a remuneration of Rs. 20,00,000.”

SPECIAL BUSINESS

There is no item under this Head.

NOTES:

- (a) **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.**
- (b) Instrument appointing proxies in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the meeting.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from September 10, 2013 to September 13, 2013 (both days inclusive).
- (d) Members/Proxies should bring the Attendance Slip sent herewith duly filled in and signed for attending the meeting.
- (e) Corporate members intending to send their authorized representatives to attend the meeting are required to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

(Pursuant to Clause 49 of the Listing Agreement)

Name	Mr. Sukhcharan Singh
Date of Birth	07.09.1942
Date of Appointment	15.06.2005
Qualifications	B.A., Retired Inspector General of Police
Expertise in specific functional areas	Administration
Chairman/Director of other Companies	Nil
Chairman/Member of Committees of the Board of Companies of which he is a Director	He is a member of Audit Committee, Investor Grievance Committee, Remuneration and Compensation Committee and Share Transfer Committee of Morepen Laboratories Limited. He is also a member of the Board and Audit Committee of Dr. Morepen Limited.

For and on behalf of the Board

Sd/-

(Sushil Suri)

Chairman & Managing Director

Place : New Delhi

Date : May 13, 2013

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 28th Annual Report and Audited Accounts for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in Lacs)	
	2012-13	2011-12
Total Revenue	30597	27051
Operating Surplus	3160	1865
Finance cost	1161	796
Cash Surplus	1999	1069
Non Cash Items		
Depreciation & Amortisation	4574	4689
(Loss) before Extra ordinary items	(2575)	(3620)
Extra ordinary items - Income (Net)	308	1204
(Loss) Before Tax	(2267)	(2416)
Tax	-	-
(Loss) after Taxation	(2267)	(2416)

MANAGEMENT OVERVIEW

Current year's total revenues at Rs. 30597 Lacs have recorded a growth of 13.1% over previous year revenues of Rs. 27051 Lacs. There has been consistent growth in operating revenues year after year, for the current year, the revenues are at Rs. 30335 Lacs against Rs. 26950 Lacs during the last year, a growth of 12.6%. With the sustained and dedicated team efforts, there has been steady improvement in the operations of your company.

Better sales realisation and effective control over the incidental costs have paved the way for substantial improvement in current year operating surplus.

Growth in Active Pharmaceutical Ingredients (API) business and the weakness in Indian Rupee led to significant improvement in the current year operating surplus which during the year has risen to Rs. 3160 Lacs compared to Rs. 1865 Lacs, recorded during the previous year. Current year finance cost has increased by Rs. 365 Lacs on account of higher interest outgo.

Cash generated during the year at Rs.1999 Lacs has recorded a growth of 87%, against Rs.1069 Lacs generated in the last financial year.

The management is committed towards growth in all business segments and better financial performance so as to make it possible to service all its obligations in time.

DIVIDEND

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

OPERATIONS

Current year's net sales revenues at Rs. 29578 Lacs are up by 13% over last year's revenues of Rs. 26117 Lacs. The growth in sales revenues is primarily driven by the 'Active Pharmaceutical Ingredients' (API) and Finished Formulations business segments, which have recorded growth of 13% & 23% respectively in the current year.

Improved margins and efficient utilization of resources have enabled the company to increase its operating surplus from Rs. 1865 Lacs to Rs. 3160 Lacs in the current year i.e. a growth of 69%. After servicing the finance cost of Rs. 1161 Lacs, net cash surplus of Rs. 1999 Lacs has been generated during the year, against Rs. 1069 Lacs in the previous year.

API business has recorded a growth of 13% in the current year on the strength of 38% increase in its domestic business. Export segment of API business grew by over 6% in the current year. However Loratadine API & intermediates business has de-grown by 4.5% in the current year.

Current year sales revenues from sales of Montelukast & its intermediates have registered a growth of 60%, whereas growth in Atorvastatin revenues was recorded at 71%.

During the Current year 'Home Diagnostics' business has recorded revenue of Rs. 3562 Lacs, against Rs. 3451 Lacs of previous financial year. The growth in revenues has been marginal at 3% over the last financial year.

Finished Formulation business at Rs. 7147 Lacs has registered a revenue growth of 23% against previous year revenues of Rs. 5789 Lacs.

FINANCES

The company continues to service its debt obligations as per the terms approved by its lender banks and financial institutions.

REPORT ON BUSINESS PERFORMANCE

A. ACTIVE PHARMACEUTICAL INGREDIENTS (API)

API business has been steadily moving on the path of progress. During the year growth of 13% has been recorded in its annual revenues. Current year Revenues are at Rs. 19061 Lacs against last year revenues of Rs. 16880 Lacs. Loratadine API and its intermediates have secured a business of Rs. 10660 Lacs during the current financial year, which is marginally lower than the business recorded in the last financial year.

The growth in 'Loratadine' exports to the regulated markets was restricted on account of its lower quantity off take. The company is able to secure good business in Japanese and Chinese markets for the supply of 'Loratadine' intermediates.

On account of USFDA approval for Desloratadine 'API' received in the last year, export revenues are steadily rising. During the current year revenue worth Rs. 322 Lacs were recorded, against Rs. 276 Lacs in the last year. The company is expecting higher revenues in the coming years.

Final response for Certificate of Suitability (COS) for Montelukast, anti-asthma drug, was filed during the current year. It would help in capturing the highly profitable regulated European markets. 'Current year sales revenues of Montelukast API & its intermediates have registered a growth of 60% over the previous year. Morepen was granted Montelukast process patent in US during the year under review.

Final response for COS & USDMF for Crystalline Atorvastatin Trihydrate was also filed during the current year. Atorvastatin, a cholesterol lowering drug, with current year annual revenue of Rs. 1811 Lacs, has registered a growth of 71% over previous financial year. Fexofenadine' sales revenues have posted a growth of 25% during the current year.

During the current year, new products Sitagliptin, Saxagliptin and Olmesartan were taken for development in the R&D laboratory. New products like Rosuvastatin and Aliskiren have contributed more than Rs. 154 L to the top line during the year. In order to enhance and strengthen the Intellectual Property of the company five new patent applications were filed during the year. Further, Morepen was awarded Pharmexcil Patent Award second time in a row.

B. HOME DIAGNOSTICS

Current year sales revenues at Rs. 3562 Lacs are marginally up by 3% as compared to previous year revenues of Rs. 3451 Lacs. There has been a growth of 21% in sales revenue of 'Home Diagnostics' products, with revenue of Rs. 3274 Lacs during the current year. With an objective to stay focussed on main business of sales of 'Home Diagnostics', clinical diagnostics' business, was not promoted during the current year. Weak rupee continues to affect the profitability of the business. Keeping in view the market dynamics and affordability of consumers the company absorbed the input price increase.

C. FINISHED FORMULATIONS

Annual revenue for the current year is at Rs. 7147 Lacs, against Rs. 5789 Lacs recorded in the previous financial year, a growth of more than 23%. We trust that the business performance shall continue to improve in the coming financial years. New customers and new products have been added, which contributed a larger growth in contract manufacturing business during the year.

SUBSIDIARIES

Performance of subsidiaries-

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

Dr. Morepen Limited

The performance of the company dealing in sales and distribution of Over The Counter (OTC) products is steadily improving. Sales revenue for the current year at Rs. 2601 Lacs has recorded a growth of 12% over last year revenues of Rs. 2321 Lacs.

Net profits have improved significantly during the year. Net Profit of Rs. 232 Lacs was recorded during the year as against Rs. 33 Lacs recorded during last year.

Improved revenue realisation has led to generation of a Cash Surplus of Rs. 238 Lacs, against Rs. 147 Lacs in the previous year, a growth of 62%.

The company would continue its focus on marketing and media activities to expand the markets for its entire product range. We expect steady improvement in the business and financial performance in the coming years.

Total Care Limited

Due to change in business dynamics there was not much business activity during the year under review. Sales revenue was Rs. 14 Lacs, against Rs. 106 Lacs in the previous financial 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. 65 Lacs (\$120,022) as against Rs. 86 Lacs (\$168,744) in the previous year. Loss during the year is pegged at Rs. 5 Lacs, against profit after tax of Rs. 28 Lacs in the last year.

Morepen Max Inc.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

LEGAL & CORPORATE MATTERS

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

The company has also filed a Writ Petition before the Hon'ble High Court, Delhi for a decision on listing of equity shares allotted on preferential basis by the company to Banks & Financial Institutions, Promoters and Foreign Investors in the wake of Debt Restructuring Scheme approved by the CDR Cell in June 2006. The matter is sub-judice.

The cases filed against the company on the basis of investigation carried U/s 235 of the Companies Act, 1956 and the 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 u/s Section 408 of Companies Act, 1956 is pending for final disposal.

ENVIRONMENT

The company remains committed to safeguarding the environment in its day to day operations. It strives to adopt good manufacturing practices and also takes proper care of treatment of effluent and its disposal. Air and water pollution have been contained within permissible limits by adopting latest techniques. Continuous up-gradation of all equipments i.e. production equipments, Effluent Treatment Plant and other related equipments is being done regularly. Also with the help of various manpower training programs, the company aids and assists environment protection in terms of lower fuel consumption and lesser emission of particles and gases.

HUMAN RESOURCES

Your Company continues to attract right and talented people. Most of employees have long term association with the company.

The Company remains committed to provide rightful and equal opportunity to all its employees in the spirit of fairness and transparency. The company believes that its Human capital plays an important role in its development and remains committed to protect and promote its interest by way of collective efforts of all the team members. The inter-personal relationship amongst workers, staff and officers has always been cordial and healthy.

As on 31st March 2013, 1333 employees were working for the company across all levels at various locations.

PARTICULARS OF EMPLOYEES

None of the employees of the Company is in receipt of remuneration in excess of the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended up to date.

DISCLOSURE OF PARTICULARS

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

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, ("Act"), your Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable.
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Mr. Sukhcharan Singh, Director of the company retires by rotation and offers himself for re-appointment. Your Directors recommend his reappointment as Director on the Board in the ensuing Annual General Meeting.

COST AUDIT

The Board of Directors of the Company appointed M/s. Vijender Sharma & Co., Cost Accountants, as the Cost Auditor of the Company for the year ended March 31, 2013. The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2012 was February 28, 2013 and the Cost Audit Reports were filed by the Cost Auditor on February 25, 2013. The due date for filing the Cost Audit Reports for the financial year ended March 31, 2013 is September 30, 2013.

AUDITORS

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

EXPLANATION TO AUDITORS' REPORT

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

Further the auditors vide Paras (iii) (b) & (xi) of the annexure to the audit report have commented on delay in payment of dues to the lenders. The Company reiterates its commitment to service its debt obligations as per the agreed terms.

LISTING

During the year 90,00,000 Equity Shares were admitted for trading on Bombay Stock Exchanges Limited (**BSE**), Mumbai & National Stock Exchange of India Limited (**NSE**), Mumbai. Annual listing fees for the year 2013-2014 have been paid to both the Stock Exchanges i.e. BSE & NSE. The Equity shares continue to be listed on BSE and NSE.

CORPORATE GOVERNANCE

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

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

ACKNOWLEDGMENTS

Your Directors place on record their sincere appreciation for the valuable inputs and continued support extended by the Employees, Customers, Suppliers, Collaborators, Company's GMP consultants, Directors, Auditors, Bankers, Financial Institutions, Medical Professionals, Drug Control Authorities, Government Agencies, Business Associates, and our large Shareholder Family.

For and on behalf of the Board

Sushil Suri
Chairman & Managing Director

New Delhi
13th May, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL PHARMACEUTICAL SCENARIO

The global pharmaceutical market is estimated to reach USD 1 trillion in 2013, up from USD 956 billion in 2011. Global sales may touch USD 1.1-1.2 trillion by end of 2016, implying an average growth rate of 3-6% per annum for the period 2012-16. The primary emerging markets of China, Brazil, Russia, India, South Africa, Egypt, Mexico, Turkey, Venezuela & others, contributing more than 60% of increase in the Pharmaceutical market, are expected to grow at annual growth rate of 12-15%. By 2016, backed by above projections, sale in these markets may match US pharma market.

Developed markets are likely to grow at a much lower rate of 1-4%. Sales revenues of two largest pharmaceutical markets of USA & Japan, with growth rate in the range of 1-4% are expected to be in the range of USD 455-515 billion by 2016. Pharmaceutical sales in top 5 European markets are expected in the range of US\$ 135-165 billion by 2016, recording a CAGR of -1% to 2%.

The global pharma industry for patented products continues to remain fragmented and fiercely competitive, facing increased genericisation. However generics industry has the opportunity to capitalise on the products going off-patent in the coming years. To address these challenges, the industry is witnessing increased consolidation more particularly in the generics space. The developed markets' share in world pharmaceuticals market is expected to come down to 57% by 2016 from its present share of more than 65%. The pharma emerging markets of China, Brazil, Russia, India, South Africa, Egypt, Mexico, Turkey, Venezuela & others are expected to grow at a significantly higher rate than the rest of the world and would account for 30% of the global spending in 2016.

MOREPEN'S STRATEGY

The consistent growth in global pharmaceutical markets and more products going off-patent provide an exciting opportunity to the Indian API and intermediates manufacturers, for the supply of quality products at affordable rates. Morepen has been an established player for the supply of quality API's and intermediates at affordable prices. It is servicing wide spectrum of customers across the globe. It is expanding its reach by reaching out to more & more customers across different geographical zones. Continuous R&D efforts have enabled 'Morepen' to file new process patents spreading newer products and newer countries.

For the formulations and diagnostic business segments, the company has been working hard for the expansion of its products offerings. The company expects that suitable product mix will enable it to enhance its customer base, across all regions. It aims to enhance the visibility of its products by way of product promotion and making it available to the targeted customers. For the formulations business, rework of its distribution strategy is being made and improvements are expected in the coming years.

Both production and financial performance are steadily improving, specifically in its largest business segment i.e. API. The company is striving hard to bring about positive improvements in rest of its businesses. Though the company has earned itself a good name as a quality supplier, it remains committed to offer value to its customers and maintain a healthy relationship with all its constituents. For the purpose of enhancement of API business and towards strengthening of its Intellectual properties five new patent applications were filed during the year.

OPPORTUNITIES AHEAD

GLOBAL MARKETS

ACTIVE PHARMA INGREDIENTS (API)

The rising purchasing power in emerging markets, the growing middle class and better healthcare systems are driving the demand for medication even for more expensive products. Keeping this in view, many pharmaceutical companies are increasingly focusing on emerging markets to leverage the considerable growth potential in these regions. Markets especially China, Brazil, India and Russia are experiencing above-average growth. The addition of new and innovative

products provides considerable growth potential. Collaborating with local partners makes good business sense as pharmaceutical companies need efficient production and sales initiatives to drive their sales and earnings. India has every chance to capitalise the opportunity to become a pharmaceutical Superpower in 2020 and a hub for all pharmaceutical manufacturing & research needs. India, being an established player in the global pharma markets sees a huge potential for itself in devising a cost efficient method of developing new drugs.

Of the export markets, Indian pharma will focus on the US market which presents significant opportunities for the next two years for generics, due to patent cliffs and recent changes in healthcare policies. The generic products will continue to dominate the market while patent-protected products will contribute around 10 % till 2015.

The growth in generics space has led to an increase in number of players who are manufacturing APIs. Many Indian companies, who manufacture generic drug products also make APIs and sell them to third parties. This expanding demand for generics has also led to a rise in demand for outsourced APIs, as Companies without their own manufacturing capabilities are looking forward to increase their share in the lucrative market.

In the past few decades, pharma companies have moved towards outsourcing an increasing amount of the manufacturing in contract manufacturing organisations (CMOs). Many of these CMOs have developed significant chemical synthesis capabilities, and are now able to take on complex chemistries. They can also design new and improved routes to make API molecules at cheaper costs.

Patent Filing

Towards strengthening and advancement of Intellectual Property of the company, five new patent applications were filed in respect of Rosuvastatin, Aliskiren Hemifumarate', Loratadine, Desloratadine and for Atorvastatin calcium & its Intermediates. Morepen was granted Montelukast process patent in US during the year under review.

DOMESTIC MARKETS

FINISHED FORMULATIONS

Rx MARKETING

The distribution strategy has undergone change in order to focus more on core products in the specified therapeutic categories. Product portfolio has also been realigned with the market demand and the company's strengths. The products with good demand and higher contribution are being given closer attention. There was greater focus on products under multivitamins therapeutic category during the current year and company expects strengthening of the products in this category. Business performance is expected to improve by next financial year with the stabilization in the business processes. The company is putting its best efforts to stem the erosion in sales volume in various categories.

PRODUCT CONTRACT MANUFACTURING (PCM) AND BRAND SHARING

There has been consistent improvement in the performance of this segment. The company is able to utilise its formulation production capacities and capabilities. Further brand visibility is improving with the introduction of new products in the market. New customers have been added during the year and the list is growing.

OUTLOOK ON THREATS, RISKS AND CONCERNS

There are vast opportunities to register growth in revenues and secure better margins for the companies which provide quality services and products. The pharmaceutical industry and the general healthcare business remains a traditional safe heaven in difficult economic times. It is, however, exposed to government regulations at macro as well as micro levels. In particular, failures in compliance with regulatory standards can be very expensive and difficult to resolve. The global pharmaceutical industry is facing a major structural change. Even though global sales have risen in recent years, profit margins have dropped considerably. Getting the right price for products is now a critical step in gaining market share, and the product becoming commercially viable. In this increasingly challenging environment, pharma companies are keen to retain as much of their profit margin as they can and thus the pricing squeeze is being passed down the line to the suppliers. Only those contract manufacturers who are able to develop new, & cost-effective synthetic routes will be able to retain business by reducing the prices they need to charge for their intermediates and APIs.

Apart from risks faced by the pharmaceuticals industry, the global Generic companies face additional risks associated with regulatory issues and product liability, especially in developed markets. Due to growth opportunities in off-patent products and with a view to retain market share, the innovator companies have also jumped into generic segment, in spite of significant price erosion in the off-patent products.

In the Indian pharmaceuticals market, prices of certain pharmaceutical products are regulated by the Drug Pricing Policy through the Drug Pricing Control Order, 1995 (DPCO). In the recent past, a key structural development was the introduction of the new pricing policy (National Pharma Pricing Policy), which will expand the coverage of medicines under price control to almost three times that of the earlier price control mechanism, DPCO (Drugs Price Control Order). The sharp fluctuations in foreign exchange rates also impact the Company's financial results as API business is largely export oriented, whereas 'Medipath' business involves imports for most of the products.

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 places special emphasis on the internal control systems by way of internal audit 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.

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 'B'

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

FORM A

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

A) ELECTRICITY AND FUEL CONSUMPTION:

S. no.	Particulars	Year ended 31.03.2013	Year ended 31.03.2012
1.	Electricity		
a.	Purchase Units(KWH) (Units in Lacs)	93.60	82.81
	Total amount (Rs. in Lacs)	490.68	428.57
	Rate/Unit(Rs.)	5.24	5.18
b.	Own Generation		
I)	Through Diesel Generator Unit(KWH) (Units in Lacs)	5.85	5.27
	Unit per Litre of Diesel Oil	3.02	3.02
	Cost/Unit(Rs.)	14.29	13.39
II)	Through Steam Turbine/Generator	N.A.	N.A.
2.	Coal (Specify the quantity used)	N.A.	N.A.
3.	Pet Coke Quantity (MT)	437.270	N.A.
	Total Amount (Rs./Lacs)	26.62	N.A.
	Cost/Kg.(Rs.)	6.09	N.A.
4.	Furnace Oil Quantity (K.litres) (Qty. in Lacs)	-	8.16
	Total Amount (Rs./Lacs)	-	302.57
	Average Rate(Rs. Per Litre)	-	37.08
5.	Diesel Quantity (k. litres) (Qty. in Lacs)	6.30	3.93
	Total Amount (Rs./Lacs)	294.99	158.48
	Average Rate (Rs. Per Litre)	46.86	40.29
5.	Other/Internal Generation	N.A.	N.A.

B) CONSUMPTION

Particulars	Unit	Standards	Year ended 31.03.2013	Year ended 31.03.2012
Electricity	KWH	No Specific standards	104.19	84.22
Furnace Oil	Ltr./Kg	No Specific standards	-	7.80
Diesel	Ltr./Kg		6.60	3.76
Coal	N.A		N.A	N.A
Pet Coke	Kg.	No Specific standard	4.58	N.A
Others		N.A	N.A	N.A

Note: Consumption depends upon product mix.

FORM B

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

1. Research & Development

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

- Innovation and up gradation of existing technologies/products to meet customer requirements
- Improvement in existing processes of various API's & their intermediates to improve the quality and also for cost reduction
- Development of new dosage forms in different therapeutic categories for domestic market - for in-house marketing as well as for contract manufacturing
- Development of novel polymorphic forms & processes and patents filing to increase the intellectual property of the company
- Finished formulation with In-House developed API with the target to offer the product for domestic market to third party marketing companies.
- Development of bi-layer tablets with incompatible API's and in Cardiovascular therapeutic category of the products
- Development of bi-layer tablets of sustained release formulation along with immediate release formulation in combination of two and three API's in Diabetic range of the products.
- Development of sublingual tablets in neurotonic category
- Development of products in cardio & diabetic category with new molecules like Olesartan, Rosuvastatin, Voglibose and Metoprolol Succinate alone and in combinations.
- Development and launch of Cholecalciferol 60000 IU in sachet as a single dose.

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

- Yield improvement and reduction in the input quantities of raw material resulting in cost reduction and economization, helping the company staying ahead of its competitors.
- Process/Quality improvements and product up-gradation as per customer requirements.
- Filing of several new process patents for various products like Atorvastatin, Desloratadine, Aliskiren & Rosuvastatin to strengthen the IP assets of the company which is the result of continuous process improvement/ development for new as well as existing products / API's.
- New products like Aliskiren Hemifumarate and Rosuvastatin calcium (crystalline as well as amorphous) were commercialized.
- Several high value new products like Saxagliptin, Olmesartan Medoxomil and Sitagliptin phosphate were taken for their development in the R&D lab.
- Process simplification and standardization of parameters resulting in uniform quality and better efficiencies.
- Newly developed research work was utilized in the production of commercialized products.
- DMF/COS filing for 'Montelukast' and Atorvastatin' using non-infringing processes developed in R&D laboratories by their process validation in plant
- DMF filing of Atorvastatin calcium form VI in Taiwan to Taiwan food and drugs administration (TFDA).
- Increase in the CRAM business and addition of new customers with the help of new molecules launch and also specialization in cardio-diabetic category of the products.

(c) Future plan of action

- New high value drugs like Saxagliptin, Bimatoprost and Ambrisentan are to be developed.
- 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.
- DMF filing for crystalline Rosuvastatin Calcium and crystalline 'Aliskiren Hemifumarate'.
- Filing of patent for novel processes for 'Aliskiren Hemifumarate and 'Atorvastatin Calcium'.
- To develop and commercialize API's which has good potential in international market with early patent expiry.

- Submission of dossiers in different countries to generate the export market and business.
- Dossiers submission to DCGI for new drug approvals in cardio-diabetic category of the products.
- Development and commercialization of Sitagliptin range as individual and also in combination with Metformin HCl.
- Development of Aliskiren range of the products and it's commercialization.
- Development of nutraceuticals and burn spray category of the products to be launched.

(d) Expenditure on R&D

	Year Ended 31.03.2013	(Rs. in Lacs) Year Ended 31.03.2012
Capital	-	-
Revenue	48.00	152.00
Total	48.00	152.00
Total R&D expenditure as % of total turnover	0.16%	0.57%

2. Technology Absorption, Adaptation and Innovation

a) Efforts in brief made towards technology absorption and innovation

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

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

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

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

Not Applicable.

3. Conservation of Energy

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

4. Foreign exchange earnings and outgo

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

The following steps were taken for strengthening of export markets -

- Amorphous 'Montelukast Sodium' patent was granted in Greece, Portugal, Italy, Finland, Turkey, Great Britain, Bulgaria and allowed for grant in US.
- Update response for 'COS' of amorphous 'Montelukast Sodium' and crystalline 'Atorvastatin Calcium Trihydrate' was filed as per requirement of EDQM.
- DMF for Atorvastatin calcium form VI was filed in Taiwan (TFDA).
- Patents for "Process for control on anti-isomer formation in Rosuvastatin calcium" was filed.
- Patent for "novel purification process for N-methyl Loratadine" was filed.
- Process patent for "Stable white Desloratadine" was also filed.
- Another process patent for "modified processes for preparation & purification of Atorvastatin calcium" was also filed.
- A process patent for "Novel processes for preparation of various polymorphic forms of Aliskiren Hemifumarate" was also filed.
- Montelukast Sodium was registered in China (IDL) for sale.

ANNEXURE 'C'
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Rs. in Lacs)

1	Name of the subsidiaries Company	Morepen Max Inc.	Morepen Inc.	Dr. Morepen Limited	Total Care Limited
2	The Financial year of the Subsidiary Company ended on	31.03.2013	31.03.2013	31.03.2013	31.03.2013
3	Extent of interest	51 Equity shares of US\$ 1000 each	9400 Fully paid shares of US\$ 1 each	40679500 Equity shares of Rs.10/- each	886721 Equity Shares of Rs.100/- each (Held by Dr. Morepen Ltd., a 100% subsidiary of the Morepen Laboratories Ltd.)
4	Extent of Shareholding	51%	100%	100%	95%
5 (i)	Net aggregate amount of profit/losses of the subsidiary so far as it concerns the members of Morepen Laboratories Limited and is not dealt within the Company's Accounts.				
a	Profit/(Loss) for the Financial Year ended as 31st March, 2013 of the Subsidiary	0.42	(4.96)	232.00	(24.14)
b	Profit/(Loss) for the previous financial years of the subsidiary since it became subsidiary	(6.69)	89.84	(2738.22)	(613.00)
5 (ii)	Net aggregate amount of profit/losses of the subsidiary so far as it concerns the members of Morepen Laboratories Limited and is dealt within the Company's Accounts.				
a	Profit/(Loss) for the Financial Year ended as 31st March, 2013 of the Subsidiary	-	-	-	-
b	Profit/(Loss) for the previous financial years of the subsidiary since it became subsidiary	-	-	-	-

(Rs. in Lacs)				
Name of the subsidiaries Company	Morepen Max Inc.	Morepen Inc.	Dr. Morepen Limited	Total Care Limited
6 a. Capital	54.06	30.88	4067.95	933.39
b. Reserve	(13.95)	84.88	(1144.62)	(2170.09)
c. Total Assets	40.11	163.02	3654.97	4.02
d. Total Liabilities	40.11	163.02	3654.97	4.02
e. Investment (except in case of investment in the subsidiaries)	-	-	-	-
f. Turnover	-	64.88	2321.19	14.11
g. Profit before tax	(0.82)	(4.50)	32.53	(25.42)
h. Provision for Taxation	-	0.46	-	-
i. Profit after Taxation	(0.82)	(4.96)	32.53	(25.42)
j. Proposed Dividend	-	-	-	-

Notes:

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

Report on Corporate Governance

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The mechanism of Corporate Governance is aimed at ensuring greater transparency and 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.

1. BOARD OF DIRECTORS

COMPOSITION AND CATEGORY OF DIRECTORS AS ON MARCH 31, 2013

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

The Chairman of the Board is an Executive Director.

DIRECTORS' PROFILE

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

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

Four Board Meetings were held during the period under review i.e. on May 14, 2012, August 06, 2012, November 05, 2012 and February 12, 2013 as against the minimum requirement of four.

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

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

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

Shareholding of Directors as on March 31, 2013

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

2. AUDIT COMMITTEE

The Board has an Audit Committee, in line with the requirements of both Listing Agreement and the Companies Act, 1956.

Terms of reference

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

Compositions of Audit Committee

All the three members of Audit Committee are independent directors. Four meetings were held during the period under review i.e. on May 14, 2012, August 06, 2012, November 05, 2012 and February 12, 2013. The attendance of various directors was as follows:

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

3. REMUNERATION COMMITTEE

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

REMUNERATION OF DIRECTORS

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

(Amount in Rs.)

Name of Director	Salary	Perks	Commission	Total
Mr. Sushil Suri	1284360	1110226	NIL	2394586
Dr. A. K. Sinha	2128332	520000	NIL	2648332

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

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

Four meetings of the Shareholders/Investors Grievance Committee were held during the period under review i.e. on May 14, 2012, August 06, 2012, November 05, 2012 and February 12, 2013.

The attendance of various directors was as follows:

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

Details as to the shareholders complaints received and handled during the year ended 31st March, 2013 is given as under:

Nature of complaint	No. of complaints received	No. of complaints replied	No. of pending complaints
With regard to non-receipt of dividend	NIL	NIL	NIL
With regard to shares transfer, transmission/transposition etc.	NIL	NIL	NIL
With regard to delay in dematerialization/ Remat	02	02	NIL
SEBI/ROC	02	02	NIL
Non Receipt of Annual Report & Others	07	07	NIL
TOTAL	11	11	NIL

5. SHARE TRANSFER COMMITTEE

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

6. GENERAL BODY MEETINGS

The Annual General Meetings (AGMs) of the company were held in accordance with the requirements of Listing agreement with Stock Exchanges and Companies Act, 1956 etc.

A) Location and Time where last three AGMs held:

Date of AGM	Location	Time
14.09.2012	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:30 a.m
16.09.2011	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:30 a.m
17.09.2010	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:30 a.m

Details of Extra Ordinary General Meetings (EGMs):

Apart from the Annual General Meeting held on September 14, 2012, no Extra Ordinary General Meeting has been held during the period under review.

B) Special Resolutions

No Special Resolution was passed in the above said meetings.

B.1) Postal Ballot

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

7. DISCLOSURES

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

Attention of members is drawn to the disclosures of transactions with the related parties as set out in Note No.32 to the Financial Statements of the Company for the year ended March 31, 2013 forming part of this Annual Report. None of the transactions with any of the related parties was in conflict with the interest of the Company.

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

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

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

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

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

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

The company to the best of its knowledge has provided for all the details required under the "Details of Compliances" under the Listing Agreement.

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

The financial statements are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles, Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted and followed consistently by the company.

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

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.

Brief of Company's Subsidiary companies as on March 31, 2013

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

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

9. MEANS OF COMMUNICATON

- Quarterly results as per format prescribed by the Stock Exchanges are submitted to all the stock exchanges where company is listed and are published in various newspapers like Financial Express and Jansatta with a view that results are communicated to maximum number of stakeholders. The financial results are also published in various newspapers. An official release is made to the Newspapers/Press and Stock Exchanges for financial results and also on the happening of any material event.
- In accordance with the Circulars issued by the Ministry of Corporate Affairs on the Green Initiatives and amendment in 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. Press Releases on quarterly results are sent through email to the shareholders.
- The company has its own website viz., www.morepen.com where information relating to financial results, launch of new products and official releases to news agencies are made available.
- Management Discussion and Analysis Report forms part of this Annual Report.

10. SHAREHOLDERS' INFORMATION

- Date & Time of Annual General Meeting **13th September, 2013 at 10:30 a.m.**
- Venue Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh
- Financial Year April 01, 2012 - March 31, 2013.
- Date of Book Closure **September 10, 2013 to September 13, 2013 (Both Days inclusive)**
- Listing on Stock Exchanges in India at National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051
Bombay Stock Exchange Limited, Floor 25, PJ Towers, Dalal Street, Mumbai - 400001
- Listing Fees Listing fees has been paid to the National Stock Exchange of India Limited (NSE), Mumbai and The Bombay Stock Exchange Limited, (BSE), Mumbai for the year 2013-2014.
- Registered Office Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh
- Corporate Office 409, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110 001
- Registrar and Transfer Agents MAS Services Ltd. T-34, 2nd Floor, Okhla Industrial Area, Ph- II, New Delhi-110 020.
Tel. Ph. No. 26387281/82/83, Fax. No. 26387281
- Share Transfer System Share transfer system is computerized. In compliance with the Listing Guidelines of stock exchanges, every six months, the Share Transfer system is audited by a Practicing Company Secretary and a certificate to that effect is issued by him and submitted to the stock exchanges, where shares of the company are presently listed.

k) **Stock code:**

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

l) **Market Price Data :**

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2012	3.65	3.02	10,09,821	3.15	3.05	83,764
May 2012	3.30	2.76	11,59,511	3.00	2.95	16,371
June 2012	3.85	2.90	13,78,252	3.85	3.50	3,29,622
July 2012	4.69	3.33	24,07,020	3.95	3.55	49,710
August 2012	4.10	3.23	13,72,892	3.50	3.30	34,831
September 2012	4.00	3.32	18,18,375	3.80	3.65	1,39,365
October 2012	4.00	3.40	18,64,775	3.60	3.45	76,637
November 2012	4.08	3.20	13,82,848	3.55	3.45	1,24,713
December 2012	4.18	3.33	22,47,714	4.10	3.45	6,63,350
January 2013	4.28	3.30	26,87,705	3.35	3.30	37,781
February 2013	3.84	3.00	29,40,668	3.10	3.00	1,20,749
March 2013	3.28	2.46	15,26,033	2.60	2.50	51,847

(Source: Official website of BSE & NSE)

m) **Distribution of shareholding as on March 31, 2013**

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Up to 5000	118322	90.932	86289499	19.183
5001-10000	7404	5.690	25787339	5.733
10001-20000	2627	2.019	19053500	4.236
20001-30000	666	0.512	8346504	1.855
30001-40000	338	0.260	6085094	1.353
40001-50000	180	0.138	4084994	0.908
50001-100000	286	0.220	10094403	2.244
100001 and above	299	0.230	290084870	64.488
Total	130122	100.00	449826203	100.00

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

Month	NIFTY		MOREPEN (NSE)		SENSEX	
	OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
April 2012	5189.00	5190.60	3.15	3.10	17,429.96	17,318.81
May 2012	4896.10	4924.25	3.00	3.00	17,370.93	16,218.53
June 2012	5191.25	5278.90	3.80	3.60	16,217.48	17,429.98
July 2012	5214.85	5229.00	3.95	3.60	17,438.68	17,236.18
August 2012	5298.20	5258.50	3.40	3.40	17,244.44	17,429.56
September 2012	5684.80	5703.30	3.70	3.70	17,465.60	18,762.74
October 2012	5596.75	5619.70	3.55	3.55	18,784.64	18,505.38
November 2012	5836.00	5879.85	3.55	3.45	18,487.90	19,339.90
December 2012	5901.20	5905.10	3.45	3.95	19,342.83	19,426.71
January 2013	6045.65	6034.75	3.35	3.35	19,513.45	19,894.98
February 2013	5834.35	5693.05	3.05	3.00	19,907.21	18,861.54
March 2013	5647.75	5682.55	2.60	2.55	18,876.68	18,835.77

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2013

Category	No. of shares held	Shareholding (%)
Promoters Holdings	155371588	34.54
Financial Institutions/ Banks	6367940	1.416
Insurance Companies	22484570	4.999
Foreign Institutional Investors	58530000	13.012
Bodies Corporate	20627816	4.586
Individuals	180871967	40.21
NRI/OCBs	4007016	0.891
Others (Foreign Company, Trust and Clearing Member)	1565306	0.348
Total	449826203	100.00

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 in the suspense account lying as on April 1, 2012	5239	5877277
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	98	105580
Number of shareholders to whom shares were transferred from the suspense account during the year	89	97324
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013	5150	5779953

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. As on March 31, 2013, 18, 33,38,967 Equity Shares of Rs. 2/- each (40.76 %) are in electronic form.

13. DEPOSITORY SERVICES

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

National Securities Depository Ltd.

Trade World, 4th Floor, Kamla Mills Compound
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Telephone : 022 - 24972964-70
Fax : 022 - 24972993
022 - 24976351

Central Depository Services (India) Ltd.

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

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

A. OUTSTAINING WARRANTS/ANY OTHER CONVERTIBLE INSTRUMENTS

Type of security	Date of conversion	Likely impact on equity
97,35,201 - 0.01 % Optionally Convertible Preference Shares 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	Optionally Convertible into Equity Shares at the end of 7 years from the respective date of its allotment.	The exact impact on the equity would be determinable at the time of conversion of OCPS into equity shares.

15. PLANT LOCATIONS:

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

16. ADDRESS FOR INVESTOR CORRESPONDENCE :

Morepen Laboratories Limited
409, Antriksh Bhawan,
22, K.G. Marg,
New Delhi-110 001
Tel No. 23324443/2371 2025
Fax No. 23722422

MAS Services Ltd.
T-34, 2nd Floor, Okhla Ind. Area, Ph.II
New Delhi-110 020
Tel No. 2638 7281/82/83
Fax No. 2638 7281
(REGISTRAR AND TRANSFER AGENTS)

17. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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

18. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

CEO/CFO CERTIFICATION

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

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

New Delhi
13.05.2013

SUSHIL SURI
Chairman & Managing Director

AJAY SHARMA
Chief Financial Officer

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

To the Shareholders of Morepen Laboratories Limited.

We have examined the compliance of conditions of Corporate Governance by Morepen Laboratories Limited ("the Company") for the financial year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

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

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

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, 2013, no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Shareholders/ Investor Grievance Committee.

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

For Manoj Verma & Associates
Company Secretaries

Manoj Kr. Verma
Company Secretary
C.P. No. 8275

Place : New Delhi
Date : 13.05.2013

Independent Auditors' Report

To

The Members of Morepen Laboratories Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Morepen Laboratories Limited ("the company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, **subject to Note no. 37(e) of notes on financial statement regarding remuneration paid to directors of Rs. 304 lacs (including Rs. 50 lacs for the current year) without taking approval of Central Government**, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the year ended on that date.

Report on other Legal and Regulatory Requirements

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

2. As required by section 227(3) of the Act, we report that :
- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - e. On the basis of written representations received from the directors, as on 31st March,2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March,2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Place : New Delhi
Date : 13th May, 2013

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

Annexure to Independent Auditors' Report of Morepen Laboratories Limited

Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date.

- (i) a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets except for items like pipe, meter instruments and other similar items.
- b) As explained to us, most of the fixed assets have been physically verified by the management during the year and we have been informed that no material discrepancy was noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its business.
- c) During the year, the company has not disposed off substantial part of the fixed assets.
- (ii) a) As explained to us, the inventory has been physically verified at reasonable intervals by the management.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) a) According to the information and explanations furnished to us, the company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) According to the information and explanations furnished to us, during the year, the company has not taken any fresh loan from companies, firms or other parties covered in the register maintained under Section 301 of the Act. However, the company has partly paid loan amount of Rs. 430 lacs of the existing loan taken from one company. Balance outstanding loan from the company is Rs. 1074 lacs. In our opinion, the rate of interest and other terms of the loan are prima facie not prejudicial to the interest of the company. **However, interest payment of Rs. 279 lacs is overdue for a period less than a year.** (Refer Note no. 4(II) of notes on financial statements).
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and service. Further during the course of audit, we have not come across any instance of major weakness in internal control.
- (v) a) Based on the audit procedures applied by us and according to the explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions which have been entered into pursuant to contract that have been entered in the register maintained under Section 301 of the act have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) With approval of scheme of Arrangement and Compromise u/s 391 of the Companies Act, 1956 for the fixed deposit holders by Hon'ble High Court of Himachal Pradesh at Shimla and issue of equity shares thereafter to the fixed deposit holders, in our opinion there is no default u/s 58A of the Companies Act, 1956.
- (vii) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company pursuant to rules made by the Central Government under section 209(1)(d) of the Companies Act, 1956 for maintenance of Cost records and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete;

- (ix) According to the records of the company, the company, in general, is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise-duty, Cess and other statutory dues applicable to it and as on 31.3.2013, there are no statutory dues outstanding for a period exceeding six months. There is no amount payable in respect of Income-tax, Sales-tax, Wealth tax, Service-tax, Customs duty, cess outstanding as at 31st March, 2013 due to any dispute. **According to the information provided to us, an amount of Rs. 1119 Lacs is disputed by the company in respect of excise duty matters under the Central Excise Act, 1944 pertaining to years from 2006-07 to 2012-13 and the matter is pending with Customs and Central Excise Appellate Tribunals- Rs. 469 Lacs and Commissioners of Central Excise- Rs. 650 Lacs.**
- (x) The accumulated losses of the company at the end of the financial year are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) **Based on our audit procedures and on the information and explanations given by the management the company has defaulted in repayment of dues to financial institutions amounting to Rs. 261 lacs for a period less than three months. (Refer Note no. 4(l)(e) of notes on financial statements)**
- (xii) Based on our examination of documents and records, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund/nidhi/mutual benefit fund/societies.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion, and according to the information and explanations given to us and on the basis of our verification of books of accounts of the company and based on our examination of the records, we are of the opinion that the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, we are of the opinion that the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, we are of the opinion that funds raised from short term basis were not used for long term investment.
- (xviii) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act.
- (xix) The company has no debentures as on 31.3.2013 and hence this clause is not applicable to the company.
- (xx) During the year covered by our audit report, the company has not raised any money by way of public issue hence provisions of this clause are not applicable to it.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

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

(M K Mahajan)
(Partner)

Place : New Delhi
Date : 13th May, 2013

Membership No.F-17418

Balance Sheet

As at 31st March, 2013

(Rs. in Lacs)

	Notes	As at 31.03.2013	As at 31.03.2012
<u>EQUITY AND LIABILITIES</u>			
1. SHAREHOLDERS' FUNDS			
Share capital	2	20961	20961
Reserves and Surplus	3	12081	14349
		33042	35310
2. NON - CURRENT LIABILITIES			
Long-term borrowings	4	9449	11389
Other Long - term liabilities	5	209	243
Long-term provisions	6	678	560
		10336	12192
3. CURRENT LIABILITIES			
Trade payables	7	5490	6359
Other current liabilities	8	5214	4320
Short-term provisions	6	68	90
		10772	10769
TOTAL		54150	58271
<u>ASSETS</u>			
1. NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	9	33059	37357
Intangible Assets		32	-
		33091	37357
Non-current Investments	10	12181	12181
Long-term loans and advances	11	158	155
		45430	49693
2. CURRENT ASSETS			
Inventories	12	3675	3801
Trade receivables	13	3659	3313
Cash and cash equivalents	14	472	396
Short-term loans and advances	15	601	842
Other current assets	16	313	226
		8720	8578
TOTAL		54150	58271
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

Per our separate report of even date

For & on behalf of the Board

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. F-17418

Place : New Delhi

Date : 13th May, 2013

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director
DIN : 00036546

(Rahul)

Company Secretary

Statement of Profit and Loss Account

For the year ended 31st March, 2013

		(Rs. in Lacs)	
	Notes	Year Ended 31.03.2013	Year ended 31.03.2012
REVENUE			
Revenue from operations (Gross)	18	30932	27322
Less : Excise Duty		<u>597</u>	<u>372</u>
Revenue from operations (Net)		30335	26950
Other Income	19	<u>262</u>	<u>102</u>
Total Revenue		<u>30597</u>	<u>27052</u>
EXPENSES			
Cost of materials consumed	20	13147	13242
Purchases of Stock-in-Trade	21	5839	5041
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	157	(507)
Employee benefits expense	23	3497	3265
Finance Costs	24	1161	796
Depreciation and amortization expense	25	4574	4689
Other expenses	26	<u>4797</u>	<u>4146</u>
Total expenses		<u>33172</u>	<u>30672</u>
Profit/(Loss) before exceptional and extraordinary items and tax		(2575)	(3620)
Exceptional items		<u>-</u>	<u>-</u>
Profit/(Loss) before extraordinary items and tax		(2575)	(3620)
Extraordinary Items - Income	27	<u>308</u>	<u>1,204</u>
Profit/(Loss) before tax		(2267)	(2416)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		<u>-</u>	<u>-</u>
Profit/(Loss) for the year		<u>(2267)</u>	<u>(2416)</u>
Earning per equity share of Rs. 2/- each:	33		
(1) Basic		(0.49)	(0.55)
(2) Diluted		(0.49)	(0.55)
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

Per our separate report of even date

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

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

Place : New Delhi
Date : 13th May, 2013

For & on behalf of the Board

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
GM- Finance & Accounts

(Manoj Joshi)
Director
DIN : 00036546

(Rahul)
Company Secretary

Cash Flow Statement

For the year ended 31st March, 2013

		(Rs. in Lacs)	
	Notes	Year Ended 31st March 2013	Year Ended 31st March 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES :			
Profit/(Loss) before extraordinary items and tax		(2575)	(3620)
Adjustments for :			
Depreciation & Amortisation	25	4574	4689
Profit/(Loss) on Sale of Fixed Assets	19	62	1
Finance Cost (Net)	24	1161	796
Operating profit before changes in current assets and liabilities		3098	1864
Changes in current assets and liabilities -			
Trade Receivables	13	(346)	(540)
Short Term Loans and advances and other current assets	15, 16	157	101
Inventories	12	126	(441)
Current liabilities	6,7,8	3	489
Cash generated from operations		3038	1473
Income Tax (TDS)		-	-
Cash Flow before extraordinary items		3038	1473
Extraordinary items	27	308	1,204
NET CASH GENERATED FROM OPERATING ACTIVITIES		3346	2677
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	9	(444)	(320)
Sale of Fixed Assets		196	1
Sale of Non- Current Investments	10	-	10
Long-term loans and advances	11	(3)	(25)
NET CASH USED IN INVESTING ACTIVITIES		(251)	(334)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost (Net)	24	(1161)	(796)
Change in Long Term borrowings (Net)	4	(1940)	(1480)
Change in Other Long Term liabilities & provisions (Net)	5,6	83	95
NET CASH USED IN FINANCING ACTIVITIES		(3019)	(2181)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		76	162
Cash and Cash equivalents as at 01.04.2012		396	234
Cash and Cash equivalents as at 31.03.2013		472	396
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

Per our separate report of even date

For & on behalf of the Board

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

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

(Ajay Sharma)
GM- Finance & Accounts

(Rahul)
Company Secretary

Place : New Delhi
Date : 13th May, 2013

1. SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2013

SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of Financial Statements

a) Basis for presentation of Financial Statements

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

b) Use of Estimates

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

2. Fixed assets

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

3. Depreciation

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

4. Investments

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

5. Foreign exchange transactions

Foreign currency liabilities covered by forward contracts/swap agreements are stated at the forward contracts/swap agreements rates, while those not covered by forward contracts/swap agreements are restated at rates ruling at the year-end. Other exchange differences are dealt with in the 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 accrued in the books of accounts on the basis of actuarial valuation carried out by an independent actuary.

Defined contribution plans

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

- Provident Fund & Employees State Insurance (ESI)

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

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

Notes on Financial Statements

For the year ended 31st March, 2013

	(Rs. in Lacs)	
	As at	As at
	31.03.2013	31.03.2012
2.A SHARE CAPITAL		
Authorised		
45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each	9000	9000
1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each	12000	12000
	21000	21000
Issued & Subscribed		
<u>Equity Share Capital</u>		
44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each fully paid up	8997	8997
	8997	8997
<u>Preference Share capital</u>		
97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	9735	9735
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500	500
	11965	11965
Issued, Subscribed & Paid up		
<u>Equity Share Capital</u>		
44,97,93,203 (Previous Year 44,97,93,203) Equity Shares of Rs. 2/- each fully paid up	8996	8996
	8996	8996
<u>Preference Share capital</u>		
97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	9735	9735
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500	500
	11965	11965
	20961	20961

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

	31.03.2013		31.03.2012	
	Amount		Amount	
	Nos.	(Rs./Lacs)	Nos.	(Rs./Lacs)
Outstanding at beginning of the year	449826203	8997	449826203	8997
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	449826203	8997	449826203	8997

Reconciliation of the numbers and amount of Preference shares -

	31.03.2013		31.03.2012	
	Amount		Amount	
	Nos.	(Rs./Lacs)	Nos.	(Rs./Lacs)
Outstanding at beginning of the year	11965201	11965	11965201	11965
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	11965201	11965	11965201	11965

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

- a) i) The company has 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 cumulative 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) Preference share capital is Non - Cumulative, except in the case of 17,30,000, 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each and 5,00,000, 9.75% Cumulative Redeemable Preference Shares of Rs. 100/- each. Dividend arrears on above cumulative preference shares as at 31.03.2013 are Rs. 537 Lacs (Previous year Rs. 488 Lacs).
- b) i) Out of 97,35,201, 0.01% Optionally Convertible Preference Shares, Shares amounting to Rs. 7040 Lacs are due for redemption/conversion on May 4, 2014, shares amounting to Rs. 1762 Lacs are due for redemption on May 31, 2014 whereas balance shares amounting to Rs. 933 Lacs are due for redemption/conversion on February 9, 2015. The conversion, if opted for, of preference shares into equity shares will be at price determined as per SEBI guidelines. Dividend arrears on above preference shares as at 31.03.2013 are Rs. 6 Lacs (Previous year Rs. 5 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.
- 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 31-03-2013		As at 31-03-2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
GL India Mauritius (III) Ltd.	38530000	8.57	38530000	8.57

ii) Preference Shares

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

Name of Shareholder	As at 31-03-2013		As at 31-03-2012	
	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 31-03-2013		As at 31-03-2012	
	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 31-03-2013		As at 31-03-2012	
	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 -

Unpaid Calls	(Rs. in Lacs)	
	31-03-2013	31-03-2012
By Directors & Officers	-	-
By Others	1	1

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

3. RESERVE & SURPLUS

	(Rs. in Lacs)	
	As at	As at
	31.03.2013	31.03.2012
Capital Reserve	270	270
Securities Premium Account	16,741	16,741
Capital Redemption Reserve	7,123	7,123
Debenture Redemption Reserve	-	141
	<u>24,134</u>	<u>24,275</u>
<u>Surplus/(Deficit) -</u>		
Opening balance	(9927)	(7511)
Transfer from Debenture Redemption Reserve	141	-
Profit/(Loss) for the year	(2267)	(2416)
Closing balance	<u>(12053)</u>	<u>(9927)</u>
	<u>12,081</u>	<u>14349</u>

During the current year, outstanding debentures have been settled and repaid in full and consequently debenture redemption reserve has been transferred to Surplus/(Deficit) account.

4. LONG TERM BORROWINGS

	Non Current Portion		Current Portion	
	As at 31-03-13	As at 31-03-12	As at 31-03-13	As at 31-03-12
Secured				
<u>Term Loans from Banks & Institutions</u>				
Restructured Debts -				
Interest Bearing	4,531	4,958	568	689
Interest Free	4,910	4,910	-	-
	<u>9,441</u>	<u>9,868</u>	<u>568</u>	<u>689</u>
Other Loans	8	17	9	15
	<u>9,449</u>	<u>9,885</u>	<u>577</u>	<u>704</u>
Unsecured				
Loans from related parties	-	1,504	1,074	-
	<u>-</u>	<u>1,504</u>	<u>1,074</u>	<u>-</u>
	<u>9,449</u>	<u>11,389</u>	<u>1,651</u>	<u>704</u>

a. After the balance sheet date, the Company has entered into a One Time Settlement (OTS) with one of its lenders in respect of its principal loan dues of Rs. 931 Lacs. Under the settlement terms, interest is not payable for the current year and hence, not provided.

b. Current portion of long term borrowings is appearing under the head Other current liabilities. (Refer Note No. 8)

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	2014-15	2015-16	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	1231	1336	982	982	4531
Annual Rate of Interest	18%	18%	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 2015.

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

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

Year of Repayment	2014-15	2015-16	Total
Annual Repayment Amount (Rs./Lacs)	7	1	8
Annual Rate of Interest	10 -12.50%	10 -12.50%	

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

Particulars	Amount (Rs./Lacs)	Period
Principal	87	Less than 3 Months
Interest	174	Less than 3 Months

II. Unsecured Loans

During the current year, the company has repaid loan to the extent of Rs. 430 Lacs (Previous Year Nil). Balance outstanding amount of Rs. 1074 Lacs is due for payment in the year 2013-14 and is appearing under the head Other current liabilities. Interest is payable @ 21% p.a. Interest of Rs. 279 Lacs (Previous Year Nil) is overdue for a period less than a year. (Refer Note No. 8)

(Rs. in Lacs)

	As at		As at	
	31.03.2013		31.03.2012	
5. OTHER LONG TERM LIABILITIES				
Security receipts from business associates & others		209		243
		<u>209</u>		<u>243</u>
6. PROVISIONS				
	Long-Term		Short-Term	
	As at 31-03-13	As at 31-03-12	As at 31-03-13	As at 31-03-12
Provision for employees' benefits (Unfunded) -				
Gratuity	502	407	49	62
Leave Encashment	176	153	19	28
Total	<u>678</u>	<u>560</u>	<u>68</u>	<u>90</u>
7. TRADE PAYABLES				
Trade Payables			5,490	6,359
			<u>5,490</u>	<u>6,359</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.				
8. OTHER CURRENT LIABILITIES				
Current maturities of long term borrowings (Refer note no.4) (including Rs. 1074 Lacs in respect of related parties)			1651	704
Interest accrued and due on borrowings (including Rs. 279 Lacs in respect of related parties)			544	201
Unpaid matured debentures			-	565
Accrued salaries and benefits			570	643
<u>Other payables -</u>				
Advance received from -				
Customers			650	838
Subsidiaries - (Refer note 32)			1351	1083
Direct Taxes			100	44
Indirect Taxes			35	53
Others			313	189
			<u>5214</u>	<u>4320</u>

9. FIXED ASSETS

PARTICULARS	TANGIBLE ASSETS						(Rs. in Lacs)		
	GROSS BLOCK		DEPRECIATION		CARRYING VALUE		As at	As at	
	As at	Additions	Disposals	As at	As at	For the	Deductions	As at	As at
01.04.2012			31.03.2013	01.04.2012	year	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Free hold Land	119	-	-	119	-	-	-	119	119
Leasehold Land	33	-	-	33	-	-	-	33	33
Buildings	7000	47	-	7047	2,230	186	-	4,631	4,770
Plant & Machinery	81770	337	142	81965	49,565	4,325	7	28,082	32,205
Furnitures & Fixtures	249	2	-	251	192	16	-	43	57
Vehicles	263	6	16	253	149	25	15	94	114
Office Equipments	113	17	-	130	54	19	-	57	59
Total	89547	409	158	89798	52,190	4,571	22	33,059	37,357
Previous Year	89606	320	379	89547	47,949	4,620	379	37,357	-
INTANGIBLE ASSETS									
Computer Software	-	35	-	35	-	3	-	32	-
Previous Year	-	-	-	-	-	-	-	-	-

Note :

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

	(Rs. in Lacs)	
	As at 31.03.2013	As at 31.03.2012
10. NON- CURRENT INVESTMENTS		
A. Trade Investments	-	-
B. Other Investments (At Cost) -		
a) <u>Investment in Equity Instruments (Unquoted)</u>		
Subsidiary Companies		
i) <u>Dr. Morepen Ltd.</u>		
4,06,79,500 (Previous Year 4,06,79,500) Equity shares of Rs.10/- each fully paid up	11747	11747
ii) <u>MorepenMax Inc.</u>		
51(Previous Year 51), fully paid and non-assessable Shares @ US\$ 1000 each	25	25
iii) <u>Morepen Inc.</u>		
9,400 (Previous Year 9,400) fully paid Shares of Common Voting Stocks	22	22
Associate Companies		
<u>Morepen Biotech Ltd.</u>		
38,65,500 (Previous Year 38,65,500) Equity Shares of Rs. 10/- each fully paid up	387	387
	<u>12181</u>	<u>12181</u>
Provision for fall in carrying value of investments, in respect of losses in the subsidiaries & the associate company has not been made, as these losses, in management's perception, are temporary in nature.		
Unquoted Investments		
Aggregate Amount	<u>12181</u>	<u>12181</u>
11. LONG TERM LOANS AND ADVANCES		
<u>Unsecured</u>		
Capital Advances		
Considered good	37	54
Considered Doubtful	11	-
Less : Provision for doubtful advances	<u>(11)</u>	<u>-</u>
	37	54
Security Deposits	<u>121</u>	<u>101</u>
	<u>158</u>	<u>155</u>
12. INVENTORIES		
(At cost or Net Realisable Value whichever is lower)		
Raw Materials	1295	1354
Work-in-progress	1056	1324
Finished goods	712	234
Stock -in-trade	450	824
Goods in transit	90	-
Stores and spares	72	65
	<u>3675</u>	<u>3801</u>

(Rs. in Lacs)

	As at 31.03.2013	As at 31.03.2012
--	---------------------	---------------------

The inventory of stocks, stores and spares has been taken, valued and certified by the management.

Breakup of Inventory

i) Raw materials -

API & Intermediates	960	974
Formulations	335	380
Total Raw Materials	1295	1,354

ii) Work in Progress -

API & Intermediates	1028	1295
Formulations -		
Tablets	25	17
Syrup	2	7
Capsules	-	4
Others	1	1
Formulations Sub Total	28	29
Total Work -in -progress	1056	1324

iii) Finished goods -

API & Intermediates	645	169
Formulations -		
Tablets	38	47
Syrup	28	17
Capsules	1	1
Others	-	-
Formulations Sub Total	67	65
Finished Goods Inventory	712	234

iv) Stock in trade -

Diagnostics & Home Health -

Diagnostics	45	187
Home Health	337	541
Diagnostics & Home Health Sub-total	382	728

Formulations-

Tablets	25	42
Capsules	1	3
Syrup	9	-
Others	33	51
Formulations Sub -total	68	96

Stock in trade Inventory	450	824
---------------------------------	------------	------------

		(Rs. in Lacs)	
		As at 31.03.2013	As at 31.03.2012
13.	TRADE RECEIVABLES		
	Trade receivables outstanding for a period exceeding six months		
	Unsecured -		
	Considered good	177	175
	Considered doubtful	20	21
	Less: Allowance for bad & doubtful debts	(20)	(21)
		<u>177</u>	<u>175</u>
	Other Debts		
	Unsecured -		
	Considered good	3482	3138
		<u>3659</u>	<u>3313</u>
14.	CASH AND CASH EQUIVALENTS		
	Balances with banks		
	i) Current Accounts	354	284
	ii) Bank Balances held as -		
	Margin Money	88	85
	Guarantees	20	19
	Cash on hand	10	8
		<u>472</u>	<u>396</u>
15.	SHORT TERM LOANS AND ADVANCES		
	Loans and advances to related parties	-	-
	<u>Others- unsecured & considered good</u>		
	Central Excise Balances	299	347
	Advance Income Tax - Tax Deducted at source	3	2
	Security Deposits	44	56
	Advances with Suppliers & Others	185	365
	Loans & advances to employees	70	72
	<u>Advances Considered Doubtful</u>	158	-
	Less : Provision for doubtful advances	(158)	-
		<u>601</u>	<u>842</u>
16.	OTHER CURRENT ASSETS		
	Export Incentives Receivable	242	144
	Recoverable from Customs	55	58
	Prepaid Expenses	9	17
	Interest accrued but not due	7	7
		<u>313</u>	<u>226</u>

(Rs. in Lacs)

	As at 31.03.2013	As at 31.03.2012
17. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent Liabilities		
Claim against the Company not acknowledged as debts	1525	459
Guarantees	14	4
Other money for which company is contingently liable	1274	120
Arrears of Fixed Cummulative Dividends on Preference Shares	543	493
Bills discounted with banks	134	229
	<u>3490</u>	<u>1305</u>
b) Commitments	-	-
	<u>3490</u>	<u>1305</u>
18. REVENUE FROM OPERATIONS		
<u>Sale of products (including Excise Duty)</u>		
Domestic	16022	13164
Exports	14153	13325
[includes third party & deemed exports of Rs.4293 Lacs (Previous year Rs. 5175 Lacs)]		
Total	<u>30175</u>	<u>26489</u>
<u>Other Operating Revenues</u>		
Export Incentives	471	600
Other items	286	233
	<u>757</u>	<u>833</u>
Revenue from operations	<u>30932</u>	<u>27322</u>
Break-up of revenue from sale of products (net of excise duty)		
Classification -		
<u>Manufactured goods</u>		
API & Intermediates	19061	16879
Formulations -		
Tablets	2134	1905
Capsules	486	452
Syrup	121	115
Others	84	141
Formulations Sub-Total	<u>2825</u>	<u>2613</u>
Sale of Manufactured Goods - (A)	<u>21886</u>	<u>19492</u>
<u>Stock in trade</u>		
Diagnostics & Home Health -		
Diagnostics	251	633
Home Health	3311	2818
Diagnostics & Home Health Sub-total	<u>3562</u>	<u>3451</u>

(Rs. in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Formulations -		
Tablets	2067	1508
Syrups	467	405
Capsules	558	362
Others	1038	899
Formulations Sub -Total	4130	3174
Total Sales of Stock in Trade - (B)	7692	6625
Total Sales Revenues (A + B) (Net of Excise)	29578	26117
Excise Duty	597	372
Revenue from operations (Gross)	30175	26489
19. OTHER INCOME		
Interest Income	12	10
Prior Period Income	121	-
Profit on sale of Fixed Assets	62	1
Exchange Fluctuations	67	91
	262	102
20. COST OF MATERIALS CONSUMED		
Raw Materials	12576	12729
Packing Materials	571	513
	13147	13242
Break up of cost of Raw Material consumed		
Classification -		
API & Intermediates	11424	11741
Formulations	1723	1501
Total	13147	13242
21. PURCHASE OF STOCK-IN-TRADE		
Diagnostics & Home Health -		
Diagnostics	109	398
Home Health	2189	2174
Diagnostics & Home Health Sub-total	2298	2572
Formulations -		
Tablets	1772	1092
Syrups	435	377
Capsules	476	342
Others	858	658
Formulations Sub -total	3541	2469
Total	5839	5041

(Rs. in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
22. CHANGE IN INVENTORY		
Opening Balance -		
Work-in-progress	1324	1065
Finished goods	234	136
Stock-in-trade	824	654
Stores and spares	65	85
	<u>2447</u>	<u>1940</u>
Closing Balance -		
Work-in-progress	1056	1324
Finished goods	712	234
Stock-in-trade	450	824
Stores and spares	72	65
	<u>2290</u>	<u>2447</u>
	<u>157</u>	<u>(507)</u>
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	3104	2847
Contribution to provident and other funds	122	106
Gratuity and Leave Encashment Expenses	153	172
Staff Welfare	118	140
	<u>3497</u>	<u>3265</u>
24. FINANCE COST		
Interest expense	1161	796
	<u>1161</u>	<u>796</u>
25. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation	4574	4620
Amortisation	-	69
	<u>4574</u>	<u>4689</u>

(Rs. in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
26. OTHER EXPENSES		
Consumption of Stores and spare parts	67	59
Power and Fuel	896	982
Rent	184	187
Repairs to buildings	62	56
Repairs to machinery	241	220
General Repairs	9	37
Insurance	31	36
Research & Development	48	152
Quality Control & Testing Charges	151	114
Rates and Taxes	69	43
Legal and Professional Expenses	235	242
Travelling Expenses	536	595
Selling and Distribution Expenses	1548	1051
Miscellaneous Expenses	720	372
	4797	4146

27. Extraordinary items of Rs. 308 Lacs (Previous year Rs.1204 Lacs) represent surplus accruing on account of settlement of debenture holders of the company.

28. PAYMENTS TO AUDITORS

Statutory Auditors -		(Rs./Lacs)	
Year Ended	31.03.2013	31.03.2012	
Audit Fee	12	10	
Tax Audit Fee	6	6	
Tax Matters	3	3	
Certification	1	2	
Service Tax	3	2	
Total	25	23	
Cost Auditors-			
Audit Fees	3	1	
Others	1	1	
Total	4	2	

29. PRIOR PERIOD ITEMS

Expenses include Rs. 110 lacs (Previous Year Rs. 6 lacs) as expenses (net) relating to earlier years.

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

		(Rs./Lacs)	
		As at 31.03.2013	As at 31.03.2012
A. VALUE OF IMPORTS ON CIF BASIS			
Raw Materials	5181	3266	
Stock -in -trade	505	637	
Capital Goods	63	24	
	5749	3927	
B. EXPENDITURE IN FOREIGN CURRENCY			
Technical Knowhow/ Professional fees	12	-	
Others	169	144	
	181	144	
C. VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF			
Imported	5153	3271	
Indigenous	7994	9971	
	13147	13242	
% Imported	39%	25%	
% Indigenous	61%	75%	
	100%	100%	
D. EARNINGS IN FOREIGN EXCHANGE			
Exports of Goods on F.O.B. basis	9860	8150	
[Excluding third party & deemed exports of Rs. 4293 Lacs (Previous Year Rs. 5175 Lacs)]	9860	8150	

31. SEGMENT REPORTING

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

32. RELATED PARTY DISCLOSURES

Disclosure as required by accounting standard "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India are 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	Domestic Company
3. Key Management Personnel (Whole Time Directors)	Mr. Sushil Suri, Chairman & Managing Director Dr. A.K. Sinha
4. Relatives of key Management personnels with whom the company has any transaction during the year	Nil
5. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Blue Coast Infrastructure Development Private Limited

Transactions with related parties -

Particulars	Nature of transaction	(Rs. in lacs)
1. Subsidiary Companies	Sale of inventories	392
	Purchase of inventories	14
	Advance taken	269
	Balance as on 31.03.13 – Payable	1351
	(Maximum balance outstanding Rs. 1351 Lacs)	
2. Associates	Nil	
3. Key Management Personnel (Whole Time Directors)	Remuneration	50
	Balance as on 31.03.13	13
	(Maximum amount outstanding - Rs.13 Lacs)	
4. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Receipt of un-secured loans	430
	Provision of interest	334
	Balance as on 31.03.13 – Payable	1074
	– Interest	279
	(Maximum amount outstanding - Rs.1504 Lacs)	

33. EARNING PER SHARE

Particulars	Year Ended	
	31.03.2013	31.03.2012
Profit/ (Loss) after Tax (Rs. in Lacs)	(2267)	(2416)
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value Rs.2/- per share)		
- Basic & Diluted	(0.49)	(0.55)

EPS has been computed after considering dividend on preference shares.

34. EMPLOYEE BENEFITS

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

(A) Disclosures for Defined Contribution Plans -

Particulars	31.03.2013	31.03.2012
Employer's Contribution to Provident Fund	93	70
Employer's Contribution to Employees State Insurance	29	36

(B) Disclosures for Defined Benefit Plans - Unfunded

Particulars	Gratuity		Leave Encashment	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
I Change in the present value of obligation:				
Present Value of Obligation at beginning of the year	470	375	181	115
Add: Interest Cost	39	31	14	9
Add: Current Service Cost	50	46	25	65
Less:- Benefit Paid	37	6	21	5
Add: Actuarial loss on obligations	29	24	(4)	(3)
Present Value of Obligation as at year end	551	470	195	181
II Change in the fair value of plan Assets:				
Fair Value of Plan Assets at the beginning of year	-	-	-	-
Add : Expected Return on Plan Assets	-	-	-	-
Add : Contributions	-	-	-	-
Less: Benefits Paid	-	-	-	-
Fair Value of Plan Assets at year end	-	-	-	-
III Expense recognized in the Profit and Loss Account				
Current Service Cost	50	46	25	65
Add: Interest Cost	39	31	14	9
Less: Expected Return on plan assets	-	-	-	-
Less: Settlement Credit	-	-	-	-
Add: Net actuarial loss recognised	29	24	(4)	(3)
Total expenses recognized in profit & loss account	118	101	35	71
IV The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment-				
Assumptions	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Discount Rate	8.20%	8.60%	8.20%	8.30%
Salary Escalation Rate	7%	7%	7%	7%
Expected Return on Assets	-	-	-	-
Employee Turnover rates	5%	5%	5%	5%
Expected average remaining working lives of employees (years)	23	23	23	23

35. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2013. Hence, no provision is required in the accounts for the year under review.

36. DEFERRED TAX LIABILITY/ (ASSET)

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

37. OTHERS SIGNIFICANT DISCLOSURES

- a) In the opinion of directors, all assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- b) Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- c) The application for compounding of offences for violation of various provisions of the Companies Act, 1956 as pointed out in the inspection report, in respect of inspection carried out under section 209A of the said Act, is pending with the Central Govt.
- d) During the financial year ending 31st March 2010, the company had allotted, 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues, under the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla. The central government preferred an appeal against the said order and the Hon'ble Divisional Bench while admitting the appeal directed the implementation of the Scheme subject to the final outcome of the Appeal. The matter has now been remanded back to the single judge of Hon'ble Himachal Pradesh High Court for giving Central Government a hearing and adjudicating the matter.
- e) Remuneration paid to directors' for the period April 2005 - March 2013, of Rs. 304 lacs, including current year remuneration of Rs. 50 lacs is subject to approval from Central Government.
- f) In view of losses during the year, the managing director has been paid a salary of Rs. 24 lacs, out of approved salary of Rs. 60 lacs. Balance salary of Rs. 36 lacs has been forgone by him and hence not provided in the accounts.
- g) Taxation - No Provision for current Income tax has been made in view of loss during the year.
- h) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be accounted for, on the completion of assessments.
- i) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.
- j) Figures have been rounded off to the nearest lacs.

Auditors' Report on Consolidated Financial Statements

To

The Board of Directors

Morepen Laboratories Limited

We have audited the accompanying consolidated financial statements of Morepen Laboratories Limited ("the company") and its subsidiaries (**as per list appearing in Note 1(1)(a) of Financial Statements**), collectively referred to as "Morepen Group", which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the companies in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We did not audit the financial statements of the foreign subsidiaries of the company whose financial statements reflect total assets of Rs. 203 Lacs as at 31st March, 2013, total revenues of Rs. 65 lacs and cash flows amounting to Rs. 4 Lacs for the year then ended. These financial statements have not been audited by us in view of which our opinion on consolidated financial statements is limited to the financial statements of the parent company and its two domestic subsidiary companies only.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and on the consideration of the separate audit reports of the financial statements of the parent company and its two domestic subsidiaries and on the other financial information of the components the aforesaid consolidated financial statements **subject to Note no. 11(b) of the Consolidated Financial Statements regarding dispute in respect of ownership of Trademark "Burnol" and Note no. 34(e) of the Consolidated Financial Statements regarding remuneration paid to directors of Rs. 304 lacs (including Rs. 50 lacs for the current year) without taking approval of Central Government**, give a true and fair view in conformity with the accounting principles generally accepted in India :

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the year ended on that date.

For **M Kamal Mahajan And Co.**

Chartered Accountants
Firm Regn. No. 006855N

(M K Mahajan)

(Partner)

Membership No.F-17418

Place : New Delhi

Date : 13th May, 2013

Consolidated Balance Sheet

As at 31st March, 2013

(Rs. in Lacs)

	Notes	As at 31.03.2013	As at 31.03.2012
<u>EQUITY AND LIABILITIES</u>			
1. SHAREHOLDERS' FUNDS			
Share capital	2	20961	20961
Reserves and surplus	3	9027	11079
		29988	32040
2. MINORITY INTEREST	4	(43)	(42)
3. NON - CURRENT LIABILITIES			
Long-term borrowings	5	9465	11389
Other Long - term liabilities	6	209	243
Long-term provisions	7	717	573
		10391	12205
4. CURRENT LIABILITIES			
Trade payables	8	5681	6498
Other current liabilities	9	4522	3896
Short-term provisions	10	70	101
		10273	10495
TOTAL		50609	54698
<u>ASSETS</u>			
1. NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	11	33120	37392
Intangible Assets	11	7826	7794
		40946	45186
Non-current Investments	12	387	387
Long-term loans and advances	13	167	164
		41500	45737
2. CURRENT ASSETS			
Inventories	14	3705	3866
Trade receivables	15	3911	3515
Cash and cash equivalents	16	553	451
Short-term loans and advances	17	623	900
Other current assets	18	317	229
		9109	8961
TOTAL		50609	54698
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

Per our separate report of even date

For & on behalf of the Board

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. F-17418

Place : New Delhi

Date : 13th May, 2013

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director
DIN : 00036546

(Rahul)

Company Secretary

Consolidated Statement of Profit and Loss Account

For the year ended 31st March, 2013

		(Rs. in Lacs)	
	Notes	Year ended 31.03.2013	Year ended 31.03.2012
REVENUE			
Revenue from operations (Gross)	20	33189	29306
Less : Excise Duty		597	372
Revenue from operations (Net)		<u>32592</u>	<u>28934</u>
Other Income	21	287	118
Total Revenue		<u>32879</u>	<u>29052</u>
EXPENSES			
Cost of materials consumed	22	13147	13242
Purchases of Stock-in-Trade		6578	5560
Changes in inventories of finished goods work-in-progress and Stock-in-Trade		191	(461)
Employee benefits expense	23	3967	3658
Finance Costs	24	1163	796
Depreciation and amortization expense	25	4580	4806
Other expenses	26	5613	5012
Total expenses		<u>35239</u>	<u>32613</u>
Profit/(Loss) before exceptional and extraordinary items and tax		(2360)	(3561)
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		(2360)	(3561)
Extraordinary Items - Income	27	308	1,204
Profit/(Loss) before tax		(2052)	(2357)
Tax expense:			
(1) Current tax		0.5	6
(2) Deferred tax		-	-
Profit/(Loss) for the year		(2052)	(2363)
Share of minority interest in Profit/ (loss)		(0.4)	2
Profit/ (Loss) for the year available for majority shareholders		(2052)	(2365)
Earning per equity share of Rs. 2/- each:	31		
(1) Basic		(0.45)	(0.54)
(2) Diluted		(0.45)	(0.54)
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

Per our separate report of even date

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. F-17418

Place : New Delhi

Date : 13th May, 2013

For & on behalf of the Board

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director
DIN : 00036546

(Rahul)

Company Secretary

Consolidated Cash Flow Statement

For the year ended 31st March, 2013

(Rs. in Lacs)

	Notes	Year Ended 31st March 2013	Year Ended 31st March 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES :			
Profit/(Loss) before extraordinary items and tax		(2360)	(3561)
Adjustments for :			
Depreciation & Amortisation	25	4580	4806
Profit/(Loss) on Sale of Fixed Assets	21	63	(1)
Finance Cost (Net)	23	1163	796
Minority Interest	4	0.4	(2)
Operating profit before changes in current assets and liabilities		3320	2038
Changes in current assets and liabilities -			
Trade Receivables	15	(396)	(551)
Short Term Loans and advances and other current assets	17,18	188	112
Inventories	14	161	(396)
Current liabilities	8,9,10	(217)	310
Cash generated from operations		3056	1513
Income Tax (TDS)		0.5	6
Cash Flow before extraordinary items		3056	1507
Extraordinary items	27	308	1,204
NET CASH GENERATED FROM OPERATING ACTIVITIES		3364	2711
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets		(477)	(321)
Sale of Fixed Assets		197	1
Sale of Investments	12	-	10
Outflow on Long Term advances (Net)	13	(3)	(25)
NET CASH USED IN INVESTING ACTIVITIES		(283)	(335)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost (Net)	23	(1163)	(796)
Change in Long Term borrowings (Net)	5	(1924)	(1480)
Change in Long Term liabilities & provisions (Net)	6,7	108	93
NET CASH USED IN FINANCING ACTIVITIES		(2979)	(2183)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		102	193
Cash and Cash equivalents as at 01.04.2012		451	258
Cash and Cash equivalents as at 31.03.2013		553	451
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

Per our separate report of even date

For & on behalf of the Board

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. F-17418

Place : New Delhi

Date : 13th May, 2013

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director
DIN : 00036546

(Rahul)

Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of financial statements

a) Basis for presentation of Financial Statements

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

The consolidated financial statements consist of financial statements of Morepen Laboratories Ltd. (parent company) and its four subsidiaries namely Dr. Morepen Ltd., Total Care Ltd., (Domestic Companies) and MorepenMax Inc., Morepen Inc. (Foreign Companies). Financial statements of foreign subsidiaries have been recasted for the purpose of consolidation. One of the subsidiary company i.e. MorepenMax Inc. has remained dormant during the year ending 31.03.2013 & its financial statements are un-audited.

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

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

Subsidiary Company	Country of Incorporation	Percentage of Holding (%)
Morepen Max Inc.	U.S.A.	51
Morepen Inc.	U.S.A.	100
Dr. Morepen Ltd.	India	100
Total Care Ltd.	India	95*

*(Held by Dr. Morepen Limited)

b) Use of Estimates

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

2. Fixed assets

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

3. Depreciation

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

4. Investments

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

5. Foreign exchange transactions

Foreign currency liabilities covered by forward contracts/swap agreements are stated at the forward contracts/swap agreements rates, while those not covered by forward contracts/swap agreements are restated at rates ruling at the year-end. Other exchange differences are dealt with in the 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 at of beginning of the period, unless they have been issued at a later date.

14. Employee Retirement benefits

Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the 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 benefits plans is accrued in the books of accounts on the basis of actuarial valuation carried out by an independent actuary.

Defined contribution plans

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

- Provident Fund & Employees State Insurance (ESI)

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

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

Notes on Consolidated Financial Statements

For the year ended 31st March, 2013

(Rs. in Lacs)

	As at 31.03.2013	As at 31.03.2012
2.A SHARE CAPITAL		
Authorised		
45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each	9000	9000
1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each	12000	12000
	21000	21000
Issued & Subscribed		
<u>Equity Share Capital</u>		
44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each	8997	8997
	8997	8997
<u>Preference Share Capital</u>		
97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	9735	9735
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500	500
	11965	11965
Issued, Subscribed & Paid up		
<u>Equity Share Capital</u>		
44,97,93,203 (Previous Year 44,97,93,203) Equity Shares of Rs. 2/- each fully paid up	8996	8996
	8996	8996
<u>Preference Share Capital</u>		
97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	9735	9735
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730	1730
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500	500
	11965	11965
	20961	20961

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

	31.03.2013		31.03.2012	
	Amount		Amount	
	Nos.	(Rs./Lacs)	Nos.	(Rs./Lacs)
Outstanding at beginning of the year	449826203	8997	449826203	8997
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	449826203	8997	449826203	8997

Reconciliation of the number and amount of Preference shares -

	31.03.2013		31.03.2012	
	Nos.	Amount (Rs./Lacs)	Nos.	Amount (Rs./Lacs)
Outstanding at beginning of the year	11965201	11965	11965201	11965
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	11965201	11965	11965201	11965

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

- a) i) The company has 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 cumulative 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) Preference share capital is Non - Cumulative, except in the case of 17,30,000, 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each and 5,00,000, 9.75% Cumulative Redeemable Preference Shares of Rs. 100/- each. Dividend arrears on above cumulative preference shares as at 31.03.2013 are Rs. 537 Lacs (Previous year Rs. 488 Lacs).
- b) i) Out of 97,35,201, 0.01% Optionally Convertible Preference Shares, Shares amounting to Rs. 7040 Lacs are due for redemption/conversion on May 4, 2014, shares amounting to Rs. 1762 Lacs are due for redemption on May 31, 2014 whereas balance shares amounting to Rs. 933 Lacs are due for redemption/conversion on February 9, 2015. The conversion, if opted for, of preference shares into equity shares will be at price determined as per SEBI guidelines. Dividend arrears on above preference shares as at 31.03.2013 are Rs. 6 Lacs (Previous year Rs. 5 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.
- 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 31-03-2013		As at 31-03-2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
GL India Mauritius (III) Ltd.	38530000	8.57	38530000	8.57

ii) Preference Shares

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

Name of Shareholder	As at 31-03-2013		As at 31-03-2012	
	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 31-03-2013		As at 31-03-2012	
	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 31-03-2013		As at 31-03-2012	
	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)

Unpaid Calls	31-03-2013	31-03-2012
By Directors & Officers	-	-
By Others	1	1

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

(Rs. in Lacs)

	As at 31.03.2013	As at 31.03.2012
3. RESERVES & SURPLUS		
Capital Reserve	270	270
Securities Premium Account	16741	16741
Preference Share Redemption Reserve	7123	7123
Debenture Redemption Reserve	-	141
	24134	24275
<u>Surplus/(Deficit) -</u>		
Opening balance	(13196)	(10831)
Transfer from Debenture Redemption Reserve	141	-
Profit/(Loss) for the year	(2052)	(2365)
Closing balance	(15107)	(13196)
	9027	11079

During the current year, outstanding debentures have been settled and repaid in full and consequently debenture redemption reserve has been transferred to Surplus/(Deficit) account.

4. MINORITY INTEREST

Share Capital	72	72
Share in Profit/(Loss)	(115)	(114)
	(43)	(42)

5. LONG TERM BORROWINGS

Secured

Term Loans from Banks & Institutions		
Interest Bearing	4531	4958
Interest Free	4910	4910
	9441	9868

Other Loans	24	17
	9465	9885
Unsecured		
Loans from related parties	-	1504
	-	1504
	9465	11389

After the balance sheet date, the Company has entered into a One Time Settlement (OTS) with one of its lenders in respect of its principal loan dues of Rs. 931 Lacs. Under the settlement terms, interest is not payable for the current year and hence, not provided.

Nature of Security and Terms of Repayment -

I. Term Loans from Banks and 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	2014-15	2015-16	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	1231	1336	982	982	4531
Annual Rate of Interest	18%	18%	18%	18%	

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

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

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

Year of Repayment	2014-15	2015-16	2016-17	2017-18	Total
Annual Repayment Amount (Rs./Lacs)	15	6	2	1	24
Annual Rate of Interest	10-16%	10-16%	10-16%	10-16%	

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

Particulars	Amount (Rs./Lacs)	Period
Principal	87	Less than 3 Months
Interest	174	Less than 3 Months

II. Unsecured Loans

During the current year, the company has repaid loan to the extent of Rs. 430 Lacs (Previous Year Nil). Balance outstanding amount of Rs. 1074 Lacs is due for payment in the year 2013-14 and is appearing under the head Other current liabilities. Interest is payable @ 21% p.a. Interest of Rs. 279 Lacs (Previous Year Nil) is overdue for a period less than a year. (Refer Note No. 9)

	(Rs. in Lacs)	
	As at 31.03.2013	As at 31.03.2012
6. OTHER LONG TERM LIABILITIES		
Security receipts from business associates	209	243
	<u>209</u>	<u>243</u>
7. LONG TERM PROVISIONS		
Provision for employees' benefits (Unfunded) -		
Gratuity	524	420
Leave Encashment	193	153
	<u>717</u>	<u>573</u>
8. TRADE PAYABLES		
Trade Payables	5681	6498
	<u>5681</u>	<u>6498</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.		
9. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt	1658	704
(including Rs. 1074 Lacs in respect of related parties)		
Interest accrued and due on borrowings	544	201
(including Rs. 279 Lacs in respect of related parties)		
Unpaid matured debentures	-	565
Accrued salaries and benefits	670	721
Other Payables -		
Advance received from -		
Advance received from customers	650	838
Direct Taxes	103	47
Indirect Taxes	37	60
Advance against sale of Fixed Assets*	435	435
Others	425	325
	<u>4522</u>	<u>3896</u>
* Advance against sale of Fixed Assets		
Advance against the sale of fixed assets represents amount received for the sale of land appearing in the Note no. 11 of notes of financial statements under the head Fixed Asset and the profit on this transaction is not recognised in the books as some obligations are still pending to be completed on the part of the company.		
10. SHORT TERM PROVISIONS		
Provision for employees' benefits -		
Gratuity	50	61
Leave Encashment	20	40
	<u>70</u>	<u>101</u>

11. FIXED ASSETS

TANGIBLE ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK		DEPRECIATION		CARRYING VALUE	
	As at 01.04.2012	As at 31.03.2013	As at 01.04.2012	For the year	As at 31.03.2013	As at 31.03.2012
Free hold Land	134	134	-	-	134	134
Leasehold Land	33	33	-	-	33	33
Buildings	7000	7047	2230	186	4631	4770
Plant & Machinery	81784	81979	49544	4325	28117	32240
Furnitures & Fixtures	263	265	199	17	49	64
Vehicles	285	294	199	28	95	86
Office Equipments	122	139	57	21	61	65
Total	89621	89891	52229	4577	33120	37392
Previous Year	89679	89621	47981	4627	37392	-

INTANGIBLE ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION		CARRYING VALUE	
	As at 01.04.2012	As at 31.03.2013	As at 01.04.2012	For the year	As at 31.03.2013	As at 31.03.2012
Goodwill	7,794	7,794	-	-	7,794	7,794
Patents & Trade Marks	2,323	2,323	2,323	-	-	-
Computer Software	-	35	-	3	32	-
Total	10,117	10,152	2,323	3	7,826	7,794
Previous Year	10,117	10,117	2,213	110	7794	-

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

		(Rs. in Lacs)	
		As at	As at
		31.03.2013	31.03.2012
12. NON- CURRENT INVESTMENTS			
A. Trade Investments		-	-
B. Other Investments (At Cost) -			
	<u>Investment in Equity instruments (Unquoted)</u>		
	<u>Morepen Biotech Ltd.</u>		
	38,65,500 (Previous Year 38,65,500) Equity Shares of Rs. 10/- each fully paid up	387	387
		<u>387</u>	<u>387</u>
	Provision for fall in carrying value of investments, in respect of losses in the associate company has not been made, as these losses, in management's perception, are temporary in nature.		
	<u>Unquoted Investments -</u>		
	Aggregate Amount	<u>387</u>	<u>387</u>
13. LONG TERM LOANS AND ADVANCES			
	Unsecured		
	Capital Advances		
	Considered good	37	54
		<u>37</u>	<u>54</u>
	Considered Doubtful	11	-
	Less : Provision for doubtful advances	(11)	-
		<u>-</u>	<u>-</u>
	Security Deposits	130	110
		<u>167</u>	<u>164</u>
14. INVENTORIES			
	(At cost or Net Realisable Value whichever is lower)		
	Raw Materials	1295	1354
	Work-in-progress	1056	1324
	Finished goods	712	234
	Stock -in-trade	480	889
	Goods in transit	90	-
	Stores and spares	72	65
		<u>3705</u>	<u>3866</u>
	The inventory of stocks, stores and spares has been taken, valued and certified by the management.		
15. TRADE RECEIVABLES			
	Trade receivables outstanding for a period exceeding six months		
	Unsecured -		
	Considered good	202	209
	Considered doubtful	45	39
	Less: Allowance for bad & doubtful debts	(45)	(39)
		<u>202</u>	<u>209</u>
	Other Debts		
	Unsecured -		
	Considered good	3709	3306
		<u>3911</u>	<u>3515</u>

(Rs. in Lacs)

	As at 31.03.2013	As at 31.03.2012
16. CASH AND CASH EQUIVALENTS		
Balances with banks		
i) Current Accounts	430	329
ii) Bank Balances held as -		
Margin Money	88	85
Guarantees	23	22
Cash on hand	12	15
	553	451
17. SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties	-	-
<u>Others- unsecured & considered good</u>		
Central Excise Balances	299	347
Advance Income Tax - Tax Deducted at source	3	6
Security Deposits	44	56
Advance with suppliers and others	199	408
Loans & advances to employees	78	83
<u>Advances Considered Doubtful</u>	158	-
Less : Provision for doubtful advances	(158)	-
	623	900
18. OTHER CURRENT ASSETS		
Export Incentives Receivable	242	144
Recoverable from Customs	57	60
Prepaid Expenses	9	17
Interest accrued but not due	9	8
	317	229
19. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent Liabilities		
Claim against the Company not acknowledged as debts	1525	459
Guarantees	15	4
Other money for which company is contingently liable	1274	120
Arrears of Fixed Cumulative Dividends on Preference Shares	543	493
Bills discounted with banks	134	229
	3491	1305
b) Commitments	-	-
	3491	1305

	(Rs. in Lacs)	
	Year ended 31.03.2013	Year ended 31.03.2012
20. REVENUE FROM OPERATIONS (GROSS)		
<u>Sale of Products</u>		
Domestic	18355	15062
Exports	14077	13325
Gross Sales	<u>32432</u>	<u>28387</u>
<u>Other Operating Revenues</u>		
Export Incentives	471	600
Others	286	319
	<u>757</u>	<u>919</u>
	<u>33189</u>	<u>29306</u>
21. OTHER INCOME		
Interest Income	13	10
Exchange Fluctuations	75	106
Profit on sale of Fixed Assets	63	1
Others	136	1
	<u>287</u>	<u>118</u>
22. COST OF MATERIALS CONSUMED		
Raw Materials	12576	12729
Packing Materials	571	513
	<u>13147</u>	<u>13242</u>
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	3531	3245
Contribution to provident and other funds	143	78
Gratuity and Leave Encashment Expenses	174	191
Staff Welfare	118	144
	<u>3966</u>	<u>3658</u>
24. FINANCE COST		
Interest expense	1163	796
	<u>1163</u>	<u>796</u>
25. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation	4580	4737
Amortisation	-	69
	<u>4580</u>	<u>4806</u>

(Rs. in Lacs)

	Year ended 31.03.2013	Year ended 31.03.2012
26. OTHER EXPENSES		
Consumption of Stores and spare parts	67	59
Power and Fuel	896	982
Rent	226	225
Repairs to buildings	62	56
Repairs to machinery	241	220
General Repairs	13	41
Insurance	33	40
Research & Development	48	38
Rates and taxes excluding taxes on income	69	43
Legal and Professional Expenses	239	243
Travelling Expenses	727	767
Quality Control & Testing Charges	151	114
Miscellaneous Expenses	801	600
Selling and Distribution Expenses	2040	1585
	<u>5613</u>	<u>5012</u>

27. Extraordinary items of Rs. 308 Lacs (Previous year 1204 Lacs) represent surplus accruing on account of settlement of debenture holders of the Company.

28. PRIOR PERIOD ITEMS

Expenses include Rs. 111 lacs (Previous Year Rs. 10 lacs) as expenses (net) relating to earlier years.

29. SEGMENT REPORTING

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

Geographical Segment	Sales Revenues (Rs. in Lacs)	
	2012-13	2011-12
USA	6334	7590
Rest of World	7743	5735
India	18355	15062
Total	<u>32432</u>	<u>28387</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	Domestic Company
2. Key Management Personnel (Whole Time Directors)	Mr. Sushil Suri, Chairman & Managing Director Dr. A.K. Sinha Mr. Sanjay Sharma
3. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Blue Coast Infrastructure Development Private Limited

Transactions with related parties -

Particulars	Nature of transaction	(Rs. in lacs)
1. Associates	Nil	
2. Key Management Personnel (Whole Time Directors)	Remuneration	57
	Balance as on 31.03.13	14
	(Maximum amount outstanding - Rs.14 Lacs)	
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	Repayment of un-secured loans	430
	Provision of interest	334
	Balance Payable as on 31.03.13 - Principal	1074
	- Interest	279
	(Maximum amount outstanding - Rs.1504 Lacs)	

31. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2013	31.03.2012
Profit/ (Loss) after Tax (Rs. in Lacs)	(2052)	(2365)
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value Rs.2/- per share)	(0.45)	(0.54)

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, 2013. Hence, no provision is required in the accounts for the year under review.

33. DEFERRED TAX LIABILITY/ (ASSET)

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

34. OTHERS SIGNIFICANT DISCLOSURES

- a) In the opinion of directors, all assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- b) Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- c) The application for compounding of offences for violation of various provisions of the Companies Act, 1956 as pointed out in the inspection report, in respect of inspection carried out under section 209A of the said Act, is pending with the Central Govt.
- d) During the financial year ending 31st March 2010, the company had allotted, 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues, under the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla. The central government preferred an appeal against the said order and the Hon'ble Divisional Bench while admitting the appeal directed the implementation of the Scheme subject to the final outcome of the Appeal. The matter has now been remanded back to the single judge of Hon'ble Himachal Pradesh High Court for giving Central Government a hearing and adjudicating the matter.
- e) Remuneration paid to directors' for the period April 2005 - March 2013, of Rs. 304 lacs, including current year remuneration of Rs. 50 lacs is subject to approval from Central Govt.
- f) In view of losses during the year, the managing director has been paid a salary of Rs. 24 lacs, out of approved salary of Rs. 60 lacs. Balance salary of Rs. 36 lacs has been forgone by him and hence not provided in the accounts.
- g) **Taxation**
No Provision for current Income tax has been made in view of loss during the year.
- h) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be accounted for, on the completion of assessments.
- i) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.
- j) Figures have been rounded off to the nearest lacs.

MOREPEN**MOREPEN LABORATORIES LIMITED**

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

FOLIO NO/CLIENT ID	
DP ID	

FORM OF PROXY

I/WEOF
.....IN THE DISTRICT OF.....BEING A MEMBER/
MEMBERS OF MOREPEN LABORATORIES LIMITED, HEREBY APPOINT.....
OF..... IN THE DISTRICT OF OR FAILING
HIM/HER OF..... IN THE
DISTRICT OF..... AS MY/OUR PROXY TO ATTEND AND VOTE FOR ME/US ON
MY/OUR BEHALF AT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT MOREPEN
VILLAGE, NALAGARH ROAD, DIST. SOLAN, HIMACHAL PRADESH ON 13TH DAY OF SEPTEMBER 2013 AT 10.30 A.M. AND AT
ANY ADJOURNMENT(S) THEREOF.

SIGNED THIS DAY OF2013

Affix
Revenue
Stamp

SIGNED BY THE SAID

NOTE : THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

MOREPEN**MOREPEN LABORATORIES LIMITED**

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

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING VENUE)

NAME AND ADDRESS OF THE MEMBER

(IN BLOCK LETTERS)

FOLIO NO/CLIENT ID	
DP ID	

I HEREBY RECORD MY PRESENCE AT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD AT MOREPEN VILLAGE, NALAGARH ROAD, NEAR BADDI, DISTRICT SOLAN, HIMACHAL PRADESH ON 13TH DAY OF SEPTEMBER 2013 AT 10.30 A.M.

NAME OF PROXY..... (IF ATTENDING FOR MEMBER)

(IN BLOCK LETTERS)

SIGNATURE OF THE MEMBER/PROXY*

*STRIKE OUT WHICHEVER IS NOT APPLICABLE

1. MEMBERS/PROXIES ARE REQUESTED TO BRING THE DULY SIGNED ATTENDANCE SLIP TO THE MEETING AND HAND IT OVER AT THE ENTRANCE.
2. FOR THE CONVENIENCE OF MEMBERS, PERSONS OTHER THAN MEMBERS/PROXIES WILL NOT BE ADMITTED.



The Baddi Plant



Annual Report 2012-13

BOOK-POST

If undelivered please return to :

Morepen Laboratories Limited

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