

Do you see
what we see?



Do you see what we see?

Change ... Evolution ... Transformation ... Expectation ... these are some words that outline life's continuum.

Indeed, times have changed ... and with the years have emerged choices, opportunities, challenges and dimensions that have altered lives radically and impacted living tremendously.

At Morepen, we see these as exciting times for the human race and exacting times for us as enablers of wellbeing and providers of healthcare. More than anything else we are inspired to make medicine meaningful and put wellness within reach of all thereby ensuring each and everyone can do more, live more and enjoy more.

By doing so we want you to see what we see and truly believe in ... that existence becomes a celebration when touched with the priceless wealth of better health.



CORPORATE INFORMATION

Chairman & Managing Director

Mr. Sushil Suri

Whole-time Director

Dr. Arun Kumar Sinha

Independent Directors

Mr. Manoj Joshi

Mr. Bhupender Raj Wadhwa

Mr. Sukhcharan Singh

Director

Ms. Anju Suri

Chief Financial Officer

Mr. Ajay Sharma

Registered Office

Morepen Village, Nalagarh Road

Near Baddi, Distt. Solan

Himachal Pradesh - 173 205

Statutory Auditors

M/s. Satinder Goyal & Co.

Chartered Accountants

Cost Auditors

M/s. Vijender Sharma & Co.

Cost Accountants

Secretarial Auditor

Mr. Praveen Dua

M/s. PD and Associates

Company Secretaries

Registrar & Share Transfer Agent

MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area

Phase - II, New Delhi - 110 020

Company Secretary

Mr. Thomas P. Joshua

Corporate Office

409, 4th floor, Antriksh Bhawan

22, Kasturba Gandhi Marg

New Delhi - 110 001

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 33rd Annual Report on business, operations and achievements of the Company together with the audited financial statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Sales	55,294.67	53,964.99	59,775.29	58,640.63
Other Operating Income	788.37	785.96	875.62	906.78
Other Income	354.01	371.58	372.27	371.58
Total Income	56,437.05	55,122.53	61,023.18	59,918.99
Operating Surplus	6,380.93	6,420.27	6,845.02	6,509.53
Finance cost	429.46	747.35	435.73	756.10
Cash Surplus	5,951.47	5,672.92	6,409.29	5,753.43
Non-Cash Items:				
Depreciation & Amortisation	3,339.95	3,356.17	3,432.20	3,390.41
Profit/(Loss) before Tax	2,611.52	2,316.75	2,977.09	2,363.02
<u>Tax Expense:</u>				
- Tax (MAT)	-	(351.38)	-	(351.38)
- MAT Credit Entitlement	-	351.38	-	351.38
Profit/(Loss) before non-controlling interest	2,611.52	2,316.75	2,977.09	2,363.02
Non - controlling interest	-	-	17.95	(0.45)
Profit/(Loss) after non-controlling interest	2,611.52	2,316.75	2,959.14	2,363.47
Other Comprehensive Income	10.95	(61.68)	8.87	(58.79)
Total Comprehensive Income	2,622.47	2,255.07	2,968.01	2,304.68
EPS (Basic/Diluted)	0.58	0.52	0.66	0.53

Note: Figures for the Financial Year 2016-17 have been restated, wherever necessary, as per Ind AS and therefore may not be comparable with financials approved by the Directors and disclosed in the Financial Statement of previous year (Financial Year 2016-17).

INDIAN ACCOUNTING STANDARDS (Ind AS)

The financial statements for the year ended March 31, 2018 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the previous year ended March 31, 2017. Further, the Company has prepared the opening consolidated balance sheet as at April 1, 2016 (the transition date) in accordance with Ind AS.

REVIEW OF PERFORMANCE

Active Pharmaceutical Ingredients (API) business, constituting 57% of consolidated sales revenues of the Company, has witnessed increased focus on value delivery but the margins shrank because of growing intensity of competition. To remain competitive in the API business, the Company is investing its resources in process improvements and taking steps for cost reduction. In view the above, the Company is also putting greater focus on domestic markets.

API business on account of lower price realisation has recorded a fall of 1% in its current year revenues. However, Home Diagnostics business continues to remain upbeat and have recorded astounding revenue growth of 34% during the current financial year. The Formulation business has remained steady at last year level with marginal growth. OTC (over the counter) business carried under wholly owned subsidiary 'Dr. Morepen Limited' has registered marginal de-growth of 1%.

Financial Performance:

Sales

Your Company attained new heights in terms of sales and profits during the year ended March 31, 2018. Consolidated sales revenues of ₹59,775.29 Lakhs as against ₹58,640.63 Lakhs of the previous year, grew marginally by 1.9%, mainly driven by volumes. Export business now contributes 32% to the consolidated sales revenues of the Company.

On standalone basis, the Company registered sales revenues of ₹55,294.67 Lakhs as compared to ₹53,964.99 Lakhs during previous financial year, a growth of 2.5 %.

Material Cost

Consolidated Material cost, as a percentage of sales has come down to 61.66% as compared to 62.39% in the previous year primarily because of cost reduction and buying efficiencies. There has been decrease in sales realisation because of general reduction in drug prices.

Employee Cost

During the year under review, the people strength of the Company has increased by 14.29%. The increase in employee cost is both on account of annual merit based increase as well as on account of increased manpower. The current year consolidated employee cost is 12.80% of the sales revenue against 11.88% in the preceding year.

Other Expenses

Consolidated expenditure on manufacturing, sales & marketing and administrative activities has come down to 16.17% of sales revenues, against 16.81% in the previous year. Keeping in view the debt servicing commitments, spending on sales and marketing activities has been kept under tighter control.

Finance Cost & Depreciation

Consolidated Finance cost at ₹435.73 Lakhs has come down by 42% against previous year cost of ₹756.10 Lakhs. Depreciation cost for the year has been at ₹3,432.20 Lakhs against ₹3,390.14 Lakhs of previous year, an increase of 1.23%, mainly on account of additional charge on assets discarded during the year.

Other Operating Income & Other Income

Consolidated Other Operating Income represents export incentives, income from foreign operations & others. Current year export incentives are at ₹777.32 Lakhs against ₹779.95 Lakhs, whereas others have come down to ₹98.30 Lakhs during the current year as against ₹126.83 Lakhs in the previous year.

Consolidated Other Income representing currency fluctuations and interest income at ₹372.27 Lakhs, is almost at previous levels of ₹371.58 Lakhs.

Profit after Tax

Consolidated Profit before interest, depreciation and tax is higher at ₹6,845.02 Lakhs as against ₹6,509.53 Lakhs in the previous year. Net profit after tax but before share of profit from non-controlling interest is at ₹2,977.09 Lakhs. Consolidated Net profit, exclusive of minority share, is at ₹2,959.14 Lakhs, an increase by 25% over previous years' profit. Total Comprehensive Income for the year stood at ₹2,968.01 Lakhs vis-a-vis ₹2,304.68 Lakhs of previous year.

On standalone basis, the Company has registered Net profits of ₹2,611.52 Lakhs as against ₹2,316.75 Lakhs during previous financial year. Total Comprehensive Income for the year stood at ₹2,622.47 Lakhs vis-a-vis ₹2,255.07 Lakhs of previous year.

Division wise Business Performance:

Active Pharmaceutical Ingredients (API)

Sales revenues for the API business have come down to ₹33,738.91 Lakhs against last year revenues of ₹34,016.64 Lakhs, a fall of 0.82%. Fall in export revenues at 6.31% has been made up by increase in domestic revenues by 13.08%. Though volume growth across various products has been recorded but there have been lower sales price realisation particularly in Loratadine and Montelukast. Rosuvastatin and Fexofenadine business recorded growth of 17% and 54%, respectively. Loratadine, Montelukast and Atorvastatin sales revenues are down between 1% to 8%.

With Sales revenue of ₹11,221.88 Lakhs, Loratadine continues to be leading revenue generator for the API business closely followed by Montelukast with sales revenue of ₹9,076.68 Lakhs recorded during the current year. Rosuvastatin sales revenues, for the year under review, are at ₹2,885.91 Lakhs against ₹2,459.93 Lakhs of last year. Fexofenadine sales revenue for the current year is at ₹2,196.67 Lakhs, whereas during last year revenues of ₹1,430.34 Lakhs were recorded.

Continuous focus on research, quality of the products offerings and cost reduction have helped the Company to face competitive pricing pressure. API business has recorded a compound annual growth rate (CAGR) 13.56% of during last 5 years.

The Company has recently received US FDA (*United States Food and Drug Administration*) approvals for both its bulk drugs manufacturing facilities situated in Himachal Pradesh. The Baddi facility has got US FDA approval for the manufacture of bulk drug 'Atorvastatin Calcium', a Cholesterol reducing drug; while the Masulkhana facility has got the nod for manufacturing anti-asthma bulk drug 'Montelukast Sodium' for export to the US market. It is significant to note here that the US market size for these two bulk drugs viz. Atorvastatin Calcium and Montelukast Sodium is approximately ₹5,000 Crores and ₹2,000 Crores, respectively.

Home Diagnostics

The Home Devices portfolio has been growing with fast pace and has recorded a compound annual growth rate (CAGR) of 24% during last 5 years. Blood Gluco Monitors with Sales revenues of ₹6,481.42 Lakhs have registered a CAGR of 38% during last 5 years. Gluco Monitor installations during the current year were 56% more than the previous year and has completed the target of 2 million



installations. Glucose Testing Strips, sold during the year has crossed 68 million, registering a jump of 43% over the previous year. The Blood Gluco testing business has recorded a CAGR of 39% during last 5 years.

Blood Pressure Monitors with current year sales revenues of ₹2,175.87 Lakhs has posted astounding growth of 75% over the previous year. It has recorded a CAGR of 35% during last 5 years.

Nebulisers with current year sales revenues of ₹583.99 Lakhs also recorded a robust growth of 34% in this fiscal, whereas Thermometers with current year sales revenues of ₹464.98 Lakhs has gone up by 12%.

In line with its commitment of delivering good health at home at affordable prices, the Company started in house manufacture of Blood Glucose Monitors. The Company has become self-reliant in the production of Glucometers. It has manufactured 6.5 Lakh Blood Glucose Monitors in the current year. This makes Morepen one of the largest manufacturer of Blood Glucose Monitors in India and the SAARC region. The Company has started adopting state of the art robotic technology in its production process of medical devices to improve quality and efficiency. Glucometer production has replaced import of around US\$ 3 Million during the current year. The Company has also started production of Glucometer strips and its first batch was successfully produced in May, 2018. The Company has plans to start production of Nebulizer & Thermometers in the coming months. Home Diagnostics business is growing in the right direction and will be achieving many more milestones in coming years.

The Company has also invested heavily in Glucometers placement in the market to expand the customer base by supplying these free or at the subsidized cost. The investment has helped the Company to expand its customer base for the gluco strips and is also expected to pay off in the coming years.

Finished Formulations

Finished Dosages has been growing steadily with a CAGR of 10% during last 5 years and recorded annual sales revenues of ₹11,036.11 Lakhs, a marginal growth of 0.2%. Branded Prescription (Rx) products forming part of Finished Formulation business with annual sales revenues of ₹2,562.49 Lakhs are marginally up by 0.5% vis-à-vis last year. Branded Generics business having suffered during GST implementation period, has also bounced back with better last quarterly results. Antibiotics and Vitamins therapeutic categories recorded better results during the current year with their respective growth of 8.83% and 10.69% recorded during the current year.

Revenues from distribution based and contract manufacturing remained stable at ₹8,473.62 Lakhs.

DIVIDEND

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

RESERVES

Standalone Net Profit after tax of ₹2,611.52 Lakhs is carried forward to the Retained Earning. During the year under review, no amount was transferred to the General Reserve.

DEPOSITS

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

During the financial year ended March 31, 2010, the Company had allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues pursuant to the Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956, approved by the Hon'ble Shimla High Court vide its order dated August 4, 2009. In an appeal preferred by the Central Government before Division Bench of Hon'ble High Court of Himachal Pradesh at Shimla, the Division Bench vide its order dated September 14, 2010 set aside the order of the Hon'ble Single Judge dated August 4, 2009 and remanded the case back to the Hon'ble Single Judge to decide the Petition afresh after hearing all the parties and considering the representation of the Central Government.

On the constitution of National Company Law Tribunal (NCLT), this petition under Section 391 of the Companies Act, 1956 was later transferred to the Chandigarh Bench of NCLT. The Hon'ble NCLT, Chandigarh, on March 12, 2018, dismissed the Company's petition seeking approval of the Scheme of arrangement with the Fixed Deposit holders. The Hon'ble NCLT directed the Company to cancel the shares issued, under the aforesaid scheme, which have not yet been transferred by original allottees (FD holders) and payment of dues, as per Company Law Board order within 3 months from the date of receipt of the certified copy of the judgment.

The Company, preferred an appeal before the Hon'ble National Company Law Appellate Tribunal (NCLAT) at New Delhi against the aforesaid Judgement of NCLT, Chandigarh. The Hon'ble NCLAT vide its order dated April 27, 2018 has issued notice to the respondents and in the meantime, stayed the direction issued by NCLT, Chandigarh.

FINANCES

It has been the management's endeavor to maximize the return on investment in all the business segments while keeping its commitment of profitable growth across all business segments.

Major portion of the outstanding debt has been discharged during the year, as per the terms approved by lenders of the Company. The Company is poised to be debt free soon. Internal accruals are being channelized to drive the growth of different business verticals of the Company. However, growth was marginal during the year owing to lower sales realisation and limited spending on sales and marketing activities to drive volume growth.

Under the provisions of the Act past accumulated losses restricts the ability of the Company to redeem Preference Shares issued to lenders under the Corporate Debt Restructuring (CDR) Scheme and also to other entities as per CDR terms. As a result, the Company has not been able to redeem these Preference Shares, during the year, although they have become due for redemption. The Company has taken up matter with its preference shareholders to work out a scheme which is in the interest of all the stakeholders.

SHARE CAPITAL

During the year under review, there was no change in the paid-up equity share capital of the Company which as on March 31, 2018, was ₹8,995.86 Lakhs.

The Equity Shares issued by the Company are listed at following Stock Exchanges as on March 31, 2018:

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

Annual listing fee for the financial year 2018-19 has been paid to both the Stock Exchanges. The Equity Shares continue to be listed on both NSE and BSE.

The provisions of the Act have placed statutory restriction on the Company, having accumulated losses, from payment of dividends on Preference Shares. As a result, dividends on Preference Shares have not been paid for more than two years, thereby making the holders of these shares entitled to vote on all resolutions placed before the Company. The proportion of voting rights of Equity Shareholders to the voting rights of Preference Shareholders shall be in proportion to their paid up capital.

SUBSIDIARIES / JOINT VENTURES / ASSOCIATES

The Company has three subsidiaries as on March 31, 2018 namely:

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

Dr. Morepen Limited

The consumer business of the Company is being promoted under brand 'Dr. Morepen'. OTC business, carried under wholly owned subsidiary Dr. Morepen Limited, is growing steadily with a CAGR of 10% during last 5 years. On standalone basis the Company has recorded a topline of ₹4,890.71 Lakhs as against ₹4,924.16 Lakhs recorded in the

preceding year, a drop of 0.68%. The management foresees a huge potential in its consumer facing business and hopes that with conclusion of debt servicing, greater amount of resources will be available for this business towards brand building and marketing.

The Company's lead brands like Burnol (Burn Cream), Lemolate (Cough & Cold) and Fiber-X (Sat Isabgol) have bounced back in last quarter after some slowdown in first 2-3 quarters due to GST implementation and have registered a growth of 6% during the current year. Other small brands which are distribution and reach based have recorded de-growth of 7%, however 5 years CAGR has been at 14%.

The Brand Sharing business has nearly 400 Stock Keeping Units (SKUs) under various product categories, comprising of Cough & Cold Relief, General Wellbeing, Vitamins & Minerals, Skin, Hair & Oral Care. The Company expects to continue its growth in the OTC and Brand Sharing business with the continuous addition of fresh products under the existing or new brands, entering new markets and increasing product reach and availability.

The Grooming business of the Company, launched two years back, has registered growth of 15.49% during current year with annual revenues of ₹645.57 Lakhs. The revenues are expected to increase in the coming years.

The 'Dr. Morepen - NOW (Nation on Wellness)' business, which offers customized comprehensive programme on wellness for individuals is yet to catch up. The management will consider various business models which do not require the Company to deploy large capital on this business. The brand 'Life Spring' owned by its subsidiary 'Total care Limited' also is now owned by the Company for achieving brand synergies and recognition.

Total Care Limited

The Company is dealing in OTC & Health Care products. The scale of Company's operations has been very small during past few years with no operating revenue recorded during the year. The brand 'Life Spring' is now being owned by Dr. Morepen Limited, for achieving better synergies.

Morepen Inc.

Morepen Inc. is the marketing and distribution interface of the Company in USA for its API business, various OTC & other products. During the year under review, the Company recorded a growth of 33% with revenue at ₹87.25 Lakhs (US\$134,606) as against ₹65.25 Lakhs (US\$101,089) in the previous year. The Company has recorded a profit of ₹31.65 Lakhs against loss of ₹32.62 Lakhs in the preceding year.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended March 31, 2018 has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the



Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the previous year ended March 31, 2017. Further, the Company has prepared the opening consolidated balance sheet as at April 1, 2016 (the transition date) in accordance with Ind AS.

In accordance with the Companies Act, 2013 and Indian Accounting Standards (Ind AS) 110 on 'Consolidated Financial Statements' read with Ind AS 112 on 'Disclosure of Interest in other entities', the Audited Consolidated Financial Statements is provided in the Annual Report.

In accordance with the provisions of Section 129(3) of the Act, read with the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the subsidiaries is attached as ANNEXURE 'A' to this Report in the prescribed form, AOC-1.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Changes in Directors & Key Managerial Personnel

The members at the 32nd Annual General Meeting (AGM) of the Company held on September 22, 2017 approved the re-appointment of Dr. Arun Kumar Sinha, Whole-time Director of the Company, who was liable to retire by rotation pursuant to Section 152 and other applicable provisions of the Act, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended or re-enacted from time to time.

The members also appointed Ms. Anju Suri (DIN: 00042033) as a Non-Executive Director (Woman Director) who shall be liable to retire by rotation, pursuant to the provisions of Section 149, 152, 161 and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended or re-enacted from time to time.

Mr. Sushil Suri, Chairman and Managing Director of the Company, who is liable to retire by rotation pursuant to the provisions of Section 152 and other applicable provisions of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014, as amended or re-enacted from time to time, has given his consent and being eligible has offered himself for re-appointment, in the ensuing AGM.

Your Directors also recommend the re-appointment of Mr. Sushil Suri, Chairman & Managing Director of the Company, who holds office up to October 19, 2018 and being eligible, has offered himself for re-appointment pursuant to the provisions of Section 196, 197, 198, 203,

Schedule V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended or re-enacted from time to time, as the Chairman & Managing Director of the Company, for another term of 5 years w.e.f. October 20, 2018, in the ensuing AGM.

Declaration by Independent Director(s) and re-appointment

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

Evaluation of Board, Committees and Directors

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

Familiarization Programme for Independent Directors

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

Meetings of Board of Directors

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

Independent Directors Meeting

During the year under review, a separate meeting of the Independent Directors of the Company was held on January 22, 2018, without the presence of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and time-lines of flow of information between the Company Management and the Board. All the Independent Directors of the Company were present in the meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable;



- b) your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detecting of fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

MANAGERIAL REMUNERATION AND OTHER DISCLOSURES

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

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

AUDIT COMMITTEE

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

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

RISK MANAGEMENT

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

The detailed policy formulated by Noutmination and Remuneration Committee is annexed to the Directors Report of the Company as **ANNEXURE 'D'** and can be accessed at: <http://www.morepen.com/pdf/Nomination-and-Remuneration-Policy.pdf>.

STATUTORY AUDITORS

M/s. Satinder Goyal & Co. (Chartered Accountants FRN: 027334N), the Statutory Auditors of the Company, were appointed by the shareholders in the last AGM held on September 22, 2017, pursuant to provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Act, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to all



the applicable laws and regulations for a term of five (5) consecutive years, i.e. to hold office from the conclusion of the 32nd AGM until the conclusion of 37th AGM, to be held in the year 2022.

EXPLANATION TO AUDITORS REPORT

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

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Praveen Dua, Company Secretary, Proprietor of M/s. PD And Associates, Company Secretaries, was appointed by Board of Directors of the Company as Secretarial Auditor of the Company for the financial year 2017-18. The Secretarial Audit Report is annexed and forms part of this report as **ANNEXURE 'E'**.

EXPLANATION TO SECRETARIAL AUDIT REPORT

The Secretarial Auditor has observed that the Company has not redeemed the Preference Shares due for redemption. The reasons for not redeeming the Preference Shares have been explained in Note No. 18 to the Financial Statements for the year ended March 31, 2018.

COST AUDIT

Pursuant to Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting Records maintained by the Company in respect of its Bulk Drugs and Formulations activity are required to be audited by Cost Auditors. The Board of Directors of the Company has, on the recommendation of the Audit Committee, appointed M/s. Vijender Sharma & Co., Cost Accountants, as the Cost Auditor of the Company for the financial year ended March 31, 2019, at a remuneration of ₹3.00 Lakhs, subject to the ratification of their remuneration by the shareholders in the ensuing AGM.

INTERNAL FINANCIAL CONTROLS

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

LEGAL & CORPORATE MATTERS

The Equity Shares preferentially issued, as per the in terms of the Debt Restructuring Scheme approved by the CDR cell, to two allottees are pending for listing on NSE & BSE wherein certain observations were made by the Stock Exchanges. The Company has approached the allottees and the Stock Exchanges to find a suitable resolution in the matter and for the listing of these shares.

On the basis of investigation carried under Section 235 of the Companies Act, 1956 prosecutions were filed by the Registrar of Companies/Central Government against the Company and its Directors which are being defended by the Company.

The Company's appeal against the appointment of special Directors on the board of the Company under Section 408 of the Companies Act, 1956 is pending for final disposal with the Hon'ble Supreme Court. Meanwhile, a 'Status Quo' ordered by Supreme Court is being maintained.

EXTRACT OF ANNUAL RETURN

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. During the year under review there were no materially significant related party

transactions, including arm's length transactions; hence, disclosure in Form AOC – 2 is not required.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of the operations and performance of the Company is set out in the Management Discussion and Analysis Report pursuant to Part B of Schedule V of Listing Regulations which forms part of the Annual Report for the year under review as **ANNEXURE 'I'**.

HUMAN RESOURCES

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of Board of Directors

**Place: New Delhi
Date: August 13, 2018**

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



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

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

(₹ in Lakhs)

Name of the Subsidiary Company	Dr. Morepen Limited	Total Care Limited	Morepen Inc.
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018	01-04-2017 to 31-03-2018
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	-	US\$₹64.82 (As on 31.03.2018)
Share Capital	4,06,79,500 Equity Shares of ₹10/- each)	933.39 (9,33,390 Equity Shares of ₹100/- each)	22.23 (9,400 Fully paid shares of US\$1 each)
Reserves & Surplus	(277.60)	(1,841.72)	81.46
Total Assets	5,712.94	5.47	158.72
Total Liabilities	5,712.94	5.47	158.72
Investments	1,171.00	-	-
Turnover	4,889.36	(0.49)	87.25
Profit/(Loss) before taxation	321.81	359.06	31.69
Provision for taxation	-	-	-
Profit after taxation	321.81	359.06	31.69
Proposed Dividend	-	-	-
Percentage of Shareholding	100%	95%	100%

PART B:- ASSOCIATES & JOINT VENTURES - N.A.

For and on behalf of Board of Directors

Place: New Delhi
Date: August 13, 2018

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

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

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

Name of the Director/KMP	Designation	Ratio of Remuneration to Median Remuneration of Employees	% increase of Remuneration in 2017-18#
Mr. Sushil Suri	Chairman & Managing Director	23.03	(0.34%)
Dr. A. K. Sinha	Whole-time Director	5.98	(41.33%)
Mr. B. R. Wadhwa*	Independent Director	0.39	26.67%
Mr. Sukhcharan Singh*	Independent Director	0.41	17.64%
Mr. Manoj Joshi*	Independent Director	0.47	21.05%
Ms. Anju Suri	Director	N.A.	N.A.
Mr. Ajay Kumar Sharma	Chief Financial Officer	32.45	9.82%
Mr. Thomas P. Joshua	Company Secretary	8.64	35.49%

Note:

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

- B. The percentage decrease in the median remuneration of employees in the F.Y. 2017-18 was 8.33%.
- C. The number of permanent employees on the rolls of the Company as on March 31, 2018 was 1,240.
- D. The average percentile increase in the salaries of the employees other than the managerial personnel in F.Y. 2017-18 was 15.63% while increase in managerial remuneration was 8.60%.
- E. It is here by affirmed that the remuneration is as per Remuneration Policy of the Company.

For and on behalf of Board of Directors

Place: New Delhi
Date: August 13, 2018

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028



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

S. No.	Employee Name	Designation	Remuneration (₹ in Lakhs)	Qualification	Experience (years)	Date of Joining	Age	Previous employment
1.	Mr. Anubhav Suri	Head - Medipath Division	84.00	B. Finance	7	01-Feb-11	31	Entrepreneur
2.	Mr. Shantanu Tuli	Vice President - Sales & Marketing	80.00	PGDBM	31	17-Jun-05	52	Lifescan - Johnson & Johnson
3.	Mr. Ajay Sharma	Chief Financial Officer	79.31	C.A.	33	03-Apr-02	51	Auro Textiles (A unit of VSGM Ltd.)
4.	Mr. Sushil Suri	Chairman & Managing Director	56.47	C.A.	36	01-Feb-93	54	Entrepreneur
5.	Mr. Sanjay Suri	Head - API Business	54.00	B.Sc	31	01-Jan-15	49	Entrepreneur
6.	Mr. Piyush Tandon	Asst. Vice President (Sales & Marketing)	48.16	M.Sc	31	09-Sep-13	54	Nexgen Fluoropolymers
7.	Mr. Mahinder Kumar Sharma	Asst. Vice President (QA & QC)	45.28	M.Sc	34	03-Mar-90	55	Cepharm
8.	Ms. Amita Sharma	Asst. Vice President (Commercial & PPC)	41.71	CWA, B.Com	28	18-Jan-93	51	DCM Shri Ram Industries
9.	Ms. Sunita Suri	Manager - Administration	40.02	B.A.	24	01-Oct-16	54	Entrepreneur
10.	Dr. Madan Pal Tanwar	Asst. Vice President (R & D)	38.21	Phd	25	23-Mar-06	53	Surya Pharmaceuticals

Note:

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

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN:00012028

Place: New Delhi
Date: August 13, 2018

ANNEXURE 'D'

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

INTRODUCTION

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

OBJECTIVE AND PURPOSE

The objective and purpose of this policy are:

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

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

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

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

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

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

DEFINITIONS

1. **Board** means Board of Directors of the Company.
2. **Director** means Directors of the Company.
3. **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. **Company** means Morepen Laboratories Limited.
5. **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013.
6. **Key Managerial Personnel (KMP)** means a KMP as defined under the Companies Act, 2013 and includes:
 - i. CEO/Managing Director/Manager;
 - ii. Whole-time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary; and
 - v. Such other officer as may be prescribed under the applicable statutory provisions/regulations.
7. **Senior Management Personnel** means personnel of the Company occupying the position of Chief Executive Officer (CEO), Vice President (VP), Assistant Vice President (AVP) or General Manager (GM) of any unit, division, business, function or responsibility area.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

APPLICABILITY

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

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



GENERAL

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

PART – A

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

The Committee shall:

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

PART – B

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

Appointment criteria and qualifications:

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

Term / Tenure:

A. Managing Director / Whole-Time Director

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

B. Independent Director

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

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

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

Evaluation:

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

Removal:

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

Retirement:

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

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, WHOLE-TIME DIRECTOR, KMP'S AND SENIOR MANAGEMENT PERSONNEL

General:

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

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

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

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

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

Remuneration to Managing Director, Whole-Time Director, KMP's and Senior Management Personnel:

Fixed Pay

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

shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Minimum Remuneration

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

Provisions for excess remuneration

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

Remuneration to Non- Executive / Independent Director:

Remuneration / Commission

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

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

Sitting Fees

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount, as may be prescribed by the Central Government from time to time.

Stock Options

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

OTHERS

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

REVIEW OF THE POLICY

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

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: August 13, 2018



SECRETARIAL AUDIT REPORT

(Form No. MR-3)

(FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018)

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

To,
The Members,
Morepen Laboratories Limited

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

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

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

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

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

I further report that:

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

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

To,
The Members
Morepen Laboratories Limited

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

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

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

- (i) 7,65,000 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹100 each/- aggregating to ₹7,65,00,000/- due for redemption during the f.y. 2017-18;
- (ii) 7,65,000 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹100 each/- aggregating to ₹7,65,00,000/- due for redemption during the f.y. 2016-17;
- (iii) 97,35,201 0.01% Optionally Convertible Preference Shares (OCPS) of ₹100 each/- aggregating to ₹97,35,20,100/- due for redemption during the f.y. 2014-15;
- (iv) 2,00,000 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹100 each/- aggregating to ₹2,00,00,000/- due for redemption during the f.y. 2011-12;
- (v) 5,00,000 9.75% Cumulative Redeemable Preference Shares (CRPS) of ₹100 each/- aggregating to ₹5,00,00,000/- due for redemption during the f.y. 2003-04.

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

**Place: New Delhi
Date: August 13, 2018**

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

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

**Place: New Delhi
Date: August 13, 2018**



ANNEXURE 'F'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

The Company undertakes the CSR activities through **K.B. Suri Memorial Trust** which runs a Charitable Dispensary at Katra, Jammu & Kashmir.

II. Composition of CSR Committee of the Board

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

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

(₹ in Lakhs)

Particulars	Amount
Average net profit of the Company for the last 3 financial years	1,308.85
Prescribed CSR Expenditure (2% of the average net profits)	26.18
Details of CSR Expenditure during the financial year:	
Total amount to be spent for the financial year	26.18
Amount unspent	Nil

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

(₹ in Lakhs)

CSR Project or activity identified	Sector in which the project is	Location of project (District covered)	Amount outlay (budget) project or program & State)	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent directly or through implementing agency
				Direct expenditure on project or programs	Overheads		
Promotion of healthcare including preventive healthcare	Health	Katra, Jammu & Kashmir	26.18	31.80	–	31.80	K.B. Suri Memorial Trust (Implementing Agency)
Total			26.18	31.80	–	31.80	

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

IV. Responsibility Statement

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

For Morepen Laboratories Limited

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

Place: New Delhi
Date: August 13, 2018

ANNEXURE 'G'

Form No MGT-9: Extract of Annual Return as on Financial Year Ended on March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Dr. Morepen Limited 220, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110 001	U24232DL2001PLC111636	Subsidiary	100	2 (87)
2.	Total Care Limited 2 nd Floor, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110 001	U24246DL2000PLC105296	Subsidiary	95	2 (87)
3.	Morepen Inc. 666, Plainsboro Road, Suite 215, Plainsboro, NJ 08536, United States of America (USA)	–	Subsidiary	100	2 (87)



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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on March 31, 2017]			No. of Shares held at the end of the year [As on March 31, 2018]			% Change during the year
	De-mat	Physical	Total	De-mat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/HUF	3,77,41,750	35,00,000	4,12,41,750	4,12,41,750	-	4,12,41,750	9.17
b) Central Govt.	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-
d) Bodies Corp.	11,41,29,838	-	11,41,29,838	11,41,29,838	-	11,41,29,838	25.37
e) Banks / FIs	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-
Sub-total (A)(1)	15,18,71,588	35,00,000	15,53,71,588	15,53,71,588	-	15,53,71,588	34.54
(2) Foreign							
a) NRI's - Individuals	-	-	-	-	-	-	-
b) Others - Individuals	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-
d) Banks/FIs	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-
Total shareholding of Promoters							
(A) = (A)(1) + (A)(2)	15,18,71,588	35,00,000	15,53,71,588	15,53,71,588	-	15,53,71,588	34.54
B. Public Shareholding							
(1) Institutions							
a) Mutual Funds	-	-	-	-	-	-	-
b) Banks / FIs	47,55,876	6,87,500	54,43,376	15,73,293	6,87,500	22,60,793	0.50
c) Central Govt.	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-

f) Insurance Companies	2,15,79,754	85,125	2,16,64,879	4.82	2,15,79,754	85,125	2,16,64,879	4.82	0.00
g) FIs	-	5,85,30,000	5,85,30,000	13.01	-	3,85,30,000	3,85,30,000	8.57	(4.45)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (FPIs)	16,932	-	16,932	0.00	19,65,743	-	19,65,743	0.44	0.43
Sub-total (B)(1)	2,63,52,562	5,93,02,625	8,56,55,187	19.04	2,51,18,790	3,93,02,625	6,44,21,415	14.32	(4.72)
(2) Non-Institutions									
a) Bodies Corp.	2,14,33,066	7,35,043	2,21,68,109	4.93	2,31,96,180	7,37,837	2,39,34,017	5.32	0.39
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	11,14,74,840	3,81,28,156	14,96,02,996	33.26	11,32,11,049	3,58,81,879	14,90,92,928	33.14	0.11
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	2,68,82,759	1,65,637	2,70,48,396	6.01	2,82,34,069	1,65,637	2,83,99,706	6.31	0.30
c) Any Other									
i) Non-Resident Indian/ OCB	50,19,567	-	50,19,567	1.12	2,60,59,667	-	2,60,59,667	5.79	4.68
ii) Clearing Member	33,27,964	-	33,27,964	0.74	24,05,114	-	24,05,114	0.53	(0.21)
iii) Trust	16,21,046	-	16,21,046	0.36	16,068	-	16,068	0.00	(0.36)
iv) NBFC	11,350	-	11,350	0.00	1,25,700	-	1,25,700	0.03	0.03
Sub-total (B)(2)	16,97,70,592	3,90,28,836	20,87,99,428	46.42	19,32,47,847	3,67,85,353	23,00,33,200	51.14	4.72
Total Public Shareholding (B) = (B)(1) + (B)(2)	19,61,23,154	9,83,31,461	29,44,54,615	65.46	21,83,66,637	7,60,87,978	29,44,54,615	65.46	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A + B + C)	34,79,94,742	10,18,31,461	44,98,26,203	100.00	37,37,38,225	7,60,87,978	44,98,26,203	100.00	0.00



ii) Shareholding of Promoters:

S. No.	Shareholder's Name	At the beginning of the year			At the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Baby Aakriti Suri	55,000	0.01	–	55,000	0.01	–	0.00
2.	Gulfy Suri	11,50,000	0.26	–	11,50,000	0.26	–	0.00
3.	Rajas Suri	1,55,000	0.03	–	1,55,000	0.03	–	0.00
4.	Anju Suri	51,86,369	1.15	–	51,86,369	1.15	–	0.00
5.	P.L. Suri	24,00,000	0.53	–	4,00,000	0.09	–	(0.44)
6.	Sara Suri	7,05,000	0.16	–	7,05,000	0.16	–	0.00
7.	Master Arjun Suri	6,97,060	0.15	–	6,97,060	0.15	–	0.00
8.	Kanta Suri	1,510	0.00	–	1,510	0.00	–	0.00
9.	Sushil Suri & Sons (HUF)	12,01,560	0.27	–	12,01,560	0.27	–	0.00
10.	Praduman Lal Suri (HUF)	2,990	0.00	–	2,990	0.00	–	0.00
11.	Aanandi Suri	7,50,000	0.17	–	7,50,000	0.17	–	0.00
12.	Arun Suri & Sons (HUF)	15,00,000	0.33	–	15,00,000	0.33	–	0.00
13.	Arun Suri	3,510	0.00	–	3,510	0.00	–	0.00
14.	Sanjay Suri	14,17,240	0.32	–	34,17,240	0.76	–	0.44
15.	Varun Suri	30,52,357	0.68	–	30,52,357	0.68	–	0.00
16.	Anubhav Suri	7,82,134	0.17	–	7,82,134	0.17	–	0.00
17.	Aanchal Suri	6,85,922	0.15	–	6,85,922	0.15	–	0.00
18.	Baby Kanak Suri	9,97,060	0.22	–	9,97,060	0.22	–	0.00
19.	Sushil Suri	55,01,510	1.22	–	55,01,510	1.22	–	0.00
20.	K B Suri & Sons (HUF)	9,72,830	0.22	–	9,72,830	0.22	–	0.00
21.	Shalu Suri	20,52,250	0.46	–	20,52,250	0.46	–	0.00
22.	Sonia Suri	36,79,718	0.82	–	36,79,718	0.82	–	0.00
23.	Mamta Suri	30,04,000	0.67	–	30,04,000	0.67	–	0.00
24.	Sunita Suri	31,88,730	0.71	–	31,88,730	0.71	–	0.00
25.	Sanjay Suri Sons (HUF)	21,00,000	0.47	–	21,00,000	0.47	–	0.00
26.	React Investments & Financial Services Private Limited	1,14,42,134	2.54	–	1,14,42,134	2.54	–	0.00
27.	Liquid Holdings Private Limited	3,000	0.00	–	3,000	0.00	–	0.00
28.	Epitome Holding Private Limited	1,10,00,820	2.45	–	1,10,00,820	2.45	–	0.00
29.	Concept Credits & Consultants Private Limited	1,18,47,724	2.63	–	1,18,47,724	2.63	–	0.00
30.	Square Investments & Financial Services Private Limited	1,06,02,075	2.36	–	1,06,02,075	2.36	–	0.00
31.	Solitary Investments & Financial Services Private Limited	1,16,14,045	2.58	–	1,16,14,045	2.58	–	0.00
32.	Solace Investments & Financial Services Private Limited	1,15,82,790	2.57	–	1,15,82,790	2.57	–	0.00
33.	Brook Investments & Financial Services Private Limited	1,16,59,252	2.59	–	1,16,59,252	2.59	–	0.00
34.	Scope Credits & Financial Services Private Limited	1,20,75,405	2.68	–	1,20,75,405	2.68	–	0.00
35.	Mid-Med Financial Services & Investments Private Limited	1,14,73,813	2.55	–	1,14,73,813	2.55	–	0.00
36.	Seed Securities & Services Private Limited	1,08,28,780	2.41	–	1,08,28,780	2.41	–	0.00
	TOTAL	15,53,71,588	34.54	NIL	15,53,71,588	34.54	NIL	NIL

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

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

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

S. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Share-holding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	PINFOLD OVERSEAS LIMITED				
	At the beginning of the year	3,85,30,000	8.57		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year			3,85,30,000	8.57
2.	FERRY HOLDINGS LIMITED				
	At the beginning of the year	-	-		
	Increase/(Decrease) in Shareholding during the year 16/03/2018	2,00,000	4.45	2,00,000	4.45
	At the end of the year			2,00,000	4.45
3.	LIFE INSURANCE CORPORATION OF INDIA				
	At the beginning of the year	76,11,574	1.69		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year			76,11,574	1.69
4.	DAMODAR PRASAD AGARWAL				
	At the beginning of the year	65,76,489	1.46		
	Increase/(Decrease) in Shareholding during the year				
	07/04/2017	20,000	0.00	65,96,489	1.47
	12/05/2017	10,000	0.00	66,06,489	1.47
	30/06/2017	20,000	0.00	66,26,489	1.47
	11/08/2017	10,000	0.00	66,36,489	1.48
	08/09/2017	30,000	0.01	66,66,489	1.48
	15/09/2017	(50,000)	0.01	66,16,489	1.47
	22/09/2017	20,000	0.00	66,36,489	1.48
	30/09/2017	40,000	0.01	66,76,489	1.48
	06/10/2017	30,000	0.01	67,06,489	1.49
	27/10/2017	20,000	0.00	67,26,489	1.50
	08/12/2017	(10,000)	0.00	67,16,489	1.49
	12/01/2018	20,000	0.00	67,36,489	1.50
	19/01/2018	5,720	0.00	67,42,209	1.50
	At the end of the year			67,42,209	1.50
5.	UNITED INDIA INSURANCE COMPANY LIMITED				
	At the beginning of the year	41,56,275	0.92		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year			41,56,275	0.92



6. GENERAL INSURANCE CORPORATION OF INDIA				
At the beginning of the year	35,66,869	0.79		
Increase/(Decrease) in Shareholding during the year	–	–	–	–
At the end of the year			35,66,869	0.79
7. THE NEW INDIA ASSURANCE COMPANY LIMITED				
At the beginning of the year	30,41,425	0.68		
Increase/(Decrease) in Shareholding during the year	–	–	–	–
At the end of the year			30,41,425	0.68
8. BAYSWATER ENTERPRISES LIMITED				
At the beginning of the year	29,04,000	0.65		
Increase/(Decrease) in Shareholding during the year	–	–	–	–
At the end of the year			29,04,000	0.65
9. NATIONAL INSURANCE COMPANY LIMITED				
At the beginning of the year	19,29,500	0.43		
Increase/(Decrease) in Shareholding during the year	–	–	–	–
At the end of the year			19,29,500	0.43
10. BNP PARIBAS				
At the beginning of the year	14,71,356	0.33		
Increase/(Decrease) in Shareholding during the year	–	–	–	–
At the end of the year			14,71,356	0.33

v) Shareholding of Directors and Key Managerial Personnel:

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

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



V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans (excluding deposits)	Ind AS impact	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	4,832.41	11,965.20*	–	16,797.61
(ii) Interest due but not paid	121.84	782.94	–	904.78
(iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	4,954.25	12,748.14	–	17,702.39
Change in Indebtedness during the financial year				
Addition	676.51	48.75	–	725.26
Reduction	4,153.97	–	–	4,153.97
Net Change	(3,477.46)	48.75	–	(3,428.71)
Indebtedness at the end of the financial year				
(i) Principal Amount	1,411.67	11,965.20	–	13,376.87
(ii) Interest due but not paid	65.12	831.69	–	896.81
(iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	1,476.79	12,796.89	–	14,273.68

*Refer Note no. 14, of notes to financial statements

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Sushil Suri Chairman & Managing Director	Dr. A. K. Sinha Whole-time Director	
1.	Gross salary			
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	44.95	14.05	59.00
	b. Value of perquisites under Section 17(2) of the Income Tax Act, 1961	11.52	1.95	13.47
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	56.47	16.00	72.47
	Ceiling as per the Act	134.47	134.47	268.94

B. Remuneration to other Directors:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Manoj Joshi	Mr. Sukhcharan Singh	Mr. B. R. Wadhwa	Ms. Anju Suri*	
1.	Independent Directors					
	• Fee for attending board committee meetings	1.15	1.00	0.95	–	3.10
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (1)	1.15	1.00	0.95	–	3.10
2.	Other Non-Executive Directors					
	• Fee for attending board committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	1.15	1.00	0.95	–	3.10
	Total Managerial Remuneration (A + B)					75.57
	Overall Ceiling as per the Act					295.84

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

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

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Ajay Sharma Chief Financial Officer	Mr. Thomas P. Joshua Company Secretary	
1.	Gross salary			
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	76.31	21.11	97.42
	Value of perquisites under Section 17(2) of the Income Tax Act, 1961	3.00	–	3.00
	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total	79.31	21.11	100.42

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for the year ended March 31, 2018.

For and on behalf of Board of Directors

Place: New Delhi
Date: August 13, 2018

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028



ANNEXURE 'H'

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

[Information under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of Directors' Report for the year ended March 31, 2018]

A. CONSERVATION OF ENERGY

1) Energy Conservation measures taken:

- Replacement of worn out gear boxes with helical inline (more efficient) gear boxes in the plant equipment's.
- Steam condensate recovery by putting Float type trap instead of Thermodynamic in SRP & plants.
- Replacement of plant motors with high efficient motors.
- Providing high efficiency hot water system in the manufacturing facilities which replaces existing hot water system (direct steam purging).
- Addition of Structured Distillation Column along with packing in SRP which increases the solvent recovery.
- Replacement of random structured packing with the Structured packing.
- Generation of steam at high pressure and reduction of pressure near the equipment.
- Recovery of entire plant condensate by installation of pressure power pump package unit.
- Controlling the temperature on SRP kettle by installation of PID based temperature control valve.

2) Impact of measures taken:

- Reduction in power consumption by 2%/kg of productivity.
- Reduction in fuel consumption by 2%.
- Reduction in our overall energy bill, power & fuel by around 3%/kg of productivity.
- Reduction in solvent consumption by around 5%.
- Reduction in time cycle by around 10%.
- Reduction in BF3 consumption by using gas induction/high efficient agitators.

3) Steps taken for utilizing alternate source of energy:

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

4) Capital investment on energy conservation equipment:

Capital investment on energy conservation equipment made during the year is ₹121 Lakhs.

B. TECHNOLOGY ABSORPTION (R&D)

1) Efforts made towards technology absorption:

With a view to upgrade the existing technologies of various APIs to compete in the market, the Company is carrying out innovative process improvements for the manufacture of its entire APIs as well as Formulations. Research and Development (R&D) activities continue to be a strong support for profitable growth of business of the Company as well as to meet the stringent requirements of various regulated markets. Efforts & resources put in R&D have yielded the desired results in developing robust and safe formulations at affordable cost, development of cost effective processes for synthesis of new APIs and improving processes for existing APIs and formulation products. The key areas and efforts made towards development /improvements of technologies of various APIs, are as under:

- Transfer of Technology to the manufacturing plant & Commercialization of Dapagliflozin Propanediol in anti-diabetic category.
- Transfer of Technology of Canagliflozin Hemihydrate in Anti-diabetic category to plant.
- Transfer of Technology of Empagliflozin in Anti-diabetic category to plant.
- Transfer of Technology of blockbuster molecule Esomeprazole Magnesium Dihydrate as well as Trihydrate in Proton pump inhibitors/Anti-ulcer category to plant.
- Development of Alogliptin Benzoate in new 'gliptin' series of Anti-diabetic category was started in the R&D & is in advanced stages.
- Development of Vildagliptin in new 'gliptin' series of Anti-diabetic category completed in the R&D.
- Development of a new drug Ursodeoxycholic acid, which used in treatment of Primary Biliary Cirrhosis, was started in the R&D and is in advanced stages.
- Development and launch of following product in different therapeutic categories.
 - Etoricoxib and its combination, Diclofenac potassium and chlorzoxazone combination as tablet and tranexamic acid and its combination are launched in pain management category

- Rebeprazole/pantoprazole along with ltopride combination are launched in as capsules (G.I) gastrointestinal category
- Montelukast and levocitirizin chewable tablet and syrup, Acebrophylline capsules are launched in respiratory category
- Pregabaline and Methylcobalamine, Gabapentine as capsules and Citicholine as tablets are launched in neuro category
- Itraconazole capsules and Terbinafine tablets are launched in anti-fungal category
- Vitamin D3 as a single dose liquid shot / drops and vitamin D3 in orange flavour as powder in sachet
- Products developed to be launched under different therapeutic categories:
 - Montelukast and Fexofenadine and Montelukast and Desloratadine tablets, Montelukast sachet, Acebrophylline capsules - additional strength
 - Levosalbutamol and Ambroxol HCL combination syrup - respiratory category
 - Deflazacort tablet and suspension - Immunity booster
 - Orlistat capsules-weight management category
 - Nano curcumin capsules-Anti-inflammatory category
 - Iron and Vitamins as chewable tables, Alphalipoic acid and mecobalamin along with Vitamin-B group capsules - Vitamins category
- Development under progress:
 - Levocarnitine tablet
 - Esomeprazole tablet
 - Cilindipine capsules
 - Levetiracetam tablets
 - Tadalafil tablet
 - Thiocolchicoside tablet
 - Desloratadine syrup/chewable tablet
 - Montelukast and Loratadine chewable tablets
 - Voglibose mouth dissolving tablets
- PCT WIPO application for our Rosuvastatin Calcium was published as WO2017/183040. It essentially covers new polymorphic forms & novel processes thereof, developed by Morepen.
- The Company has been granted an Indian Patent #IN 287549 entitled "New amine salts of Atorvastatin and novel processes thereof" by Indian patent office.
- The Company has also been granted Indian patent #IN 295670 entitled, "Improved purification process for Loratadine" by Indian patent office which is explored on commercial scale in plant for the production of Loratadine.
- Patent Filing (complete specifications) entitled "Improved Process for the synthesis of highly pure Linagliptin along with New Polymorph & Novel processes for preparation of various polymorphs of Linagliptin".
- Patent Filing (complete specifications) entitled "Improved processes of Candesartan Cilexetil for the control as well as removal of critical impurities".
- Patent Filing (complete specifications) entitled "Novel processes for preparation of Anhydrous Crystalline Sitagliptin Phosphate".
- Patent Filing (complete specifications) entitled "New Polymorphic form of Canagliflozin & Novel processes thereof.
- Patent Filing (complete specifications) entitled "Novel Processes for Preparation of Crystalline Empagliflozin".
- Patent Filing (complete specifications) entitled "Novel processes for the preparation of Crystalline Dapagliflozin Propanediol Monohydrate.
- Yield improvement and reduction in the input quantities of raw material resulting in cost reduction and economization.
- Process/Quality improvements and product up-gradation as per customer requirements.
- CRAM business is being focused on major customers with high value products giving better gross margins.
- Cost improvement in different formulations by altering the excipient without affecting the quality parameters.

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

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

3) Future plan of action:

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

- New drugs like Alogliptin Benzoate & Vildagliptin in Anti-diabetic category, Selexipag in Pulmonary Arterial Hypertension category,



Lesinurad in Uric Acid control category & Dabigatran Etexilate in Anti-thrombotic category are being considered for development.

- Commercialization of Esomeprazole Magnesium Dihydrate/Trihydrate, Empagliflozin and Canagliflozin Hemihydrate are planned due to their high demand.
- Technology Transfer and Scale up of Alogliptin Benzoate & Vildagliptin are planned.
- Greater focus on the expansion of intellectual property on all the work carried out in R&D.
- To focus on in-house API formulations and also on export markets.

4) Imported Technology (imported during last 3 years

reckoned from beginning of the financial year)
None.

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

The Company has incurred a total expenditure of ₹50.20 Lakhs, in comparison to expenditure of ₹41.40 Lakhs in the previous year (including capital and revenue expenses), towards Research and Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on earnings and outgo of foreign exchange is given in notes to Financial Statements under note no. 31.

For and on behalf of Board of Directors

Place: New Delhi
Date: August 13, 2018

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL PHARMACEUTICAL SCENARIO

The global prescription drug sales are forecasted to grow at an impressive annual compound rate of 6.5% in the next five years. According to reports, worldwide sales are expected to be US\$1.06 trillion in 2022. This growth is impressive than the 2.2% compounded annual growth rate (CAGR) in 2012-2016, but still under the 8.4% CAGR before the global financial crisis in 2004-2008. However, this trajectory could be tempered by pricing pressures and a potential second patent cliff.

Most of the research-based pharmaceutical companies are reporting an uptick in revenue and profits. Spending on prescription drugs is expected to increase in most of the markets over the next few years. Recovery in spending will be fueled by consolidation in generics markets and increased budgets for high-priced treatments, including orphan drugs. Some Companies are still struggling with patent expiries, estimated to be a US\$194 billion risk for sales in 2022.

The industry will continue to look to emerging markets for growth, though not as aggressively as in the past. Among the top 20 pharmaceutical markets in the world, eight are emerging countries supported by an increasing middle class. China is expected to reach the top three in the near future. However, constraints could come from government incentives that reduce medication reimbursements and health care costs.

The global population is increasing by 1.24% per year until 2030 and ageing at the same time. Overall, the proportion of people aged 65 to 80 is expected to rise to 28%, compared to 22% in 2000. Increasing urbanization and a growing middle class are making drugs available and affordable for more people and also lead to a higher demand for medication.

The huge shift of the population to urban areas and increased accessibility of people to healthcare services has opened doors to a wider target market for the pharmaceutical industry players. These emerging markets are becoming increasingly important for pharma companies. However, to be successful in the market, it becomes essential for companies in the pharmaceutical industry to shift from a marketing and sales-focused model to an access-driven

commercial model. Additionally, with the governments of several countries making healthcare a priority in their policies, the future looks bright for Pharma Companies. But on the flipside, the market conditions and several other factors might not entirely be in favor of Pharma Companies.

One of the most popular trends in the healthcare industry in recent times is the shift towards a patient-centric care model. Bringing the spotlight to the quality of care given to patients and making them active participants in the treatment process has put immense pressure on the pharmaceutical industry players. Furthermore, increasing regulatory measures are forcing pharma companies to deliver the best quality of services to prevent any regulatory actions. The reduction in the GDP of low-income countries with high pharmaceutical growth prospects has triggered a corresponding reduction in the volume growth. Unless these emerging markets pick up on their economic growth, the development of pharma companies in these markets will prove to be difficult.

While the demand for common medication such as pain killers and prescription drugs like antibiotics is increasing in the pharmerging markets, completely new forms of treatment are emerging in industrialized countries thanks to the access to more complex substances. Accordingly, one of the most important pharmaceutical trends of the past years is extending to more and more people and regions.

The current trend of consolidation is likely to continue, given the globalized nature of the industry's major players and their need to sustain waning drug pipelines due to the patent cliff. Additionally, a large number of small acquisitions are expected to occur across national boundaries as many pharmaceutical manufacturers acquire biotechnology firms.

DOMESTIC PHARMACEUTICAL MARKET

India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of global exports in terms of volume. Over the next decade, the market will present a variety of opportunities. Indian pharmaceuticals market is expected to grow to US\$ 55 billion by 2020 driven by a steady increase in affordability and a step jump in market access. At the projected scale, this market will be comparable to all developed markets other than the US, Japan and China. In terms of volumes, India will be at the



top, a close second only to the US market. This combination of value and volume provides interesting opportunities for upgrading therapy and treatment levels. To lead, players must not only participate across multiple opportunity areas, but also significantly modify their business models to enable a profitable scaling up. Rising income levels and enhanced medical infrastructure have strengthened the step-up in growth trajectories. This growth has been broad-based across therapy and geography segments. Several leading players are beginning to focus on new and emerging opportunities.

The branded generics make up for 70 to 80% of the retail market. The local players have enjoyed a dominant position driven by formulation development capabilities and early investments. The price levels are quite low, driven by intense competition. While India ranks tenth globally in terms of value, it is ranked third in volumes. These characteristics present their own opportunities and challenges. The traditional sources of growth are making room for newer ones.

The mix of therapies will continue to gradually move in favor of specialty and super-specialty therapies. Nevertheless this shift, mass therapies will constitute half the market in 2020. Metro and Tier-I markets expected to make significant contributions to growth, driven by rapid urbanization and greater economic development. Rural markets will grow the fastest driven by step-up from current poor levels of penetration. The hospital segment is expected to increase its share and influence, growing to 25% of the market in 2020, from the current 13%.

Currently, as much as 80 to 85% of the market is being accounted for by the retail segment. Even in 2020, the retail segment is expected to remain the mainstay of the market. However, consumption in hospitals will rise to a considerable 25 to 30% share of the market. India will continue to witness a remarkable rise in medical infrastructure throughout the next decade. The hospital segment of the pharmaceuticals market is expected to grow over 20% and reach a size of US\$ 14 billion in next 2-3 years' time.

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

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies. It needs to play a direct role in driving access to healthcare through long range initiatives.

MOREPEN'S STRATEGY

ACTIVE PHARMACEUTICAL INGREDIENTS (API)

The Company is having strong foothold in the fields of Anti-hypertensive, Anti-histaminic, Anti-asthmatic & Anti-diabetic drugs and has been servicing customers both in export as well as domestic markets. The Drug Master File (DMF) filing for unique sartans like Candesartan Cilexetil and Olmesartan Medoxomil is slated during the current calendar year and is in advanced stage. To add more to its anti-diabetic product portfolio, it has also commercialized latest anti-diabetic drug such as Linagliptin, the DMF filing for which is also planned for the current year. Also three new products in Gliflozin series, Dapagliflozin Propanediol, Canagliflozin Hemihydrate & Empagliflozin have been developed, wherein Dapagliflozin Propanediol & Empagliflozin have also been commercialized successfully. The DMF filing for Dapagliflozin Propanediol & Empagliflozin has been planned for the next year. The commercialization of Canagliflozin is being planned in the current year. Furthermore, development of another polymorph 'Amorphous Dapagliflozin' has also been completed and its transfer of technology to plant is in advanced stage. New molecules of this series i.e. Alogliptin Benzoate & Vildagliptin are in advanced stage of R&D development. These valuable additions would make 'Morepen' very strong in anti-diabetic category. The new product additions in aforesaid new categories are expected to bring additional business to the Company.

Apart from above, development of another complex molecules like 'Ursodiol or Ursodeoxycholic acid, are also being considered for development for treatment of primary biliary cirrhosis. The above mentioned bile acid is being developed by chemo enzymatic methods as a green chemistry initiative. Another molecule Dabigatran Etxilate Mesylate is also considered for development, which is used for Thromboembolic disorders. Morepen is also considering / developing intermediate stage of various chemo enzymatic method for commercial synthesis of

intermediates of various API's such as Atorvastatin Calcium, Rosuvastatin calcium & Sitagliptin Phosphate as a step forward towards green chemistry initiative to be eco-friendly.

Morepen continues to be a prominent player in commercial production of Atorvastatin Calcium. The Company has achieved leadership position, of being one of the largest producer/ supplier of block buster drugs i.e. anti-asthmatic drug Montelukast Sodium and anti-histaminic drug Loratadine.

The Company has been granted New amine salts of Atorvastatin and novel processes thereof by Indian patent office. The Company has also been granted patent on improved purification process for Loratadine by Indian patent office which is explored on commercial scale in plant for the production of Loratadine.

The Company has recently received US FDA (*United States Food and Drug Administration*) approvals for both its bulk drugs manufacturing facilities situated in Himachal Pradesh. The Baddi facility has got US FDA approval for the manufacture of bulk drug 'Atorvastatin Calcium', a Cholesterol reducing drug; while the Masulkhana facility has got the nod for manufacturing anti-asthma bulk drug 'Montelukast Sodium' for export to the US market. It is significant to note here that the US market size for these two bulk drugs viz. Atorvastatin Calcium and Montelukast Sodium is approximately ₹5,000 Crores and ₹2,000 Crores, respectively.

FORMULATIONS AND HOME HEALTH DIAGNOSTICS

Your Company has gained new heights by recording extraordinary growth both in Diabetics as well as Blood Pressure equipment market. Blood Pressure monitor, which is the second highest grossing product, is up by 75% of the Home Diagnostics portfolio.

Your Company has done exceeding well in Home Diagnostics business and gained significant ground in the business. It had achieved a target of installing 2 million Glucometers in the market which is expected to give captive market of sales of Gluco Testing strips. The manufacturing of Blood Glucometers started in previous year and has now has become self-reliant. It had saved foreign exchange worth US\$ 3 million during the current year. Further in house production of Glucometer strips is also underway and also in house manufacturing nebulizers and Thermometers will also be taken in the coming year.

The formulation business has been performing steadily and

is working on this segment to improve its performance in the coming years. The Company, on account of its trust reposed by customers in its quality products delivery and established brand name, is expected to improve its business and financial performance in the coming years.

BRAND SHARING AND PRODUCT CONTRACT MANUFACTURING (PCM)

Your Company continues to provide quality formulations at competitive prices with an objective to cater to common man and also to expand its brand coverage.

Morepen Laboratories Ltd. has entered into a tie-up with Vésale Pharma International of Belgium to strengthen its position in the ₹1,000 crore Probiotics market in India. The tie up will expand Morepen's formulations portfolio in the Indian market, especially in the gastroenterology segment. Four major Probiotics to be introduced by Vésale Pharma in the Indian market include Bacilac Infantis, Bacilac ORS, Bacilac Forte and Cibalax.

In the growing therapies of Cardiology & Diabetics, new products like Nitro-kuf which will strengthen our cardia portfolio.

The company expects that it will touch more people by way of fresh product offerings in the coming years by expanding the scale of its branded formulation business with special focus on nutrition for all age groups.

OPPORTUNITIES AHEAD

India's strong position as a pharmaceutical supplier rests on its ability to provide high quality medicines backed by strong innovation capabilities and a structural cost advantage.

The cost of manufacturing formulations in India remains 30-40% lower than other comparative manufacturing hubs such as China and Eastern Europe, in spite of low productivity levels. This is driven by lower labour costs vis-à-vis other geographies. Despite inflationary trends, India's labour cost advantage will sustain in the medium to long term, provided Indian companies can improve productivity through operational excellence and digital initiatives.

The supply of local talent into the pharmaceutical industry is stronger than in countries such as China. Indian pharmaceutical companies are entering into complex products, building capabilities in R&D and the manufacturing of these products while still ensuring the required quality. Ensuring India's self-sufficiency in API/intermediates will be critical to maintain the



competitiveness of Indian players and to ensure supply security for the local market. Investing in next-generation APIs can help India pharmaceutical companies be at the forefront of these technologies and differentiate itself from other players. The industry could also explore alternate sourcing locations while indigenous capabilities & capabilities ramp up.

There is an opportunity for India Pharmaceutical to drive growth by building on the cost advantage and improving reliability of supply, a major buying criteria for customers. Three priority areas thus emerge for Indian pharmaceutical companies include Build stronger quality systems and achieve full compliance, re-focus efforts on operational excellence and alternate sourcing and self-sufficiency in APIs/intermediates. These imperatives are inter-related-operational excellence is a strong enabler of quality and supply reliability.

While the overall cost of manufacturing in India is likely to remain competitive, productivity in Indian pharmaceutical sites continues to be 40-50% lower than the global median. This presents a significant opportunity to drive efficiencies and offset some of the cost pressures.

While on average, the pharmaceutical industry lags advanced industries in the adoption of digital & advanced analytics, players who have merely piloted these applications have seen 10-30% improvement in conversion costs, deviations, yields and equipment efficiencies.

Amidst this challenging and transitional period, we believe that greater opportunities will unfold in the future for the Indian Pharmaceutical sector. This will enable the sector to scale greater heights, and cement India's position as a Pharmaceutical hub for the world in its true sense.

OUTLOOK ON THREATS, RISKS AND CONCERNS

The industry is facing several challenges in supplying to export markets. The increasing pricing pressure in the regulated market is squeezing margins and profitability. Key drivers being customer consolidation, greater competition in commoditized, easy to manufacture products with increased ANDA approvals and a slowdown in new launches. The last few years have seen Indian pharmaceutical manufacturers experience intense regulatory scrutiny and numerous compliance challenges in meeting the evolving cGMP requirements. However, similar trends are seen at leading pharmaceutical companies in other major manufacturing

hubs as well viz. China, Europe, North America. Many global pharma companies have gone through a similar learning curve of multi-year and network wide remediation. Some Indian pharmaceutical companies have addressed the issues and built strong quality systems by deploying India-specific interventions in addition to global best practices.

India continues to rely on imports of key starting materials, intermediates and APIs for, China with the share of dependence increasing over time. This potentially exposes us to raw material supply disruptions and pricing volatility. The government can play a crucial role to help the industry achieve self-sufficiency in APIs/ intermediates. It could explore setting up dedicated clusters across the Country for the API/ intermediate industry. It could further support by offering additional incentives to players for R&D investments in these areas. It could also offer grants to academic institutions and public-sector undertakings to invest in this area, or set up dedicated centres for such research.

FIXED ASSETS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

HUMAN RESOURCES

Your Company recognises that employees are the most valuable resource and comes forward to enable its employees to meet business requirements while meeting their career aspirations. The management is committed to make the organization future ready so that current growth is sustainable in the long run. It continues to focus on



progressive employee relations policies and building a high-performance culture with a growth mind-set where employees are engaged, productive and efficient. Its traditions of fair play, equal opportunity and value chain enhancement are alive and progressing. The inter-personal relationship amongst workers, staff and officers has always been pleasant and of peaceful co-existence. As on March 31, 2018, there were 1,240 permanent employees on the rolls of the Company.

Your Directors would also like to take this opportunity to express their appreciation for the hard work and commitment of the employees of the Company and look forward to their continued contribution.

Information as per Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in 'ANNEXURE B' to the Directors report. Further, the information pertaining to 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the names and other particulars of

employees is provided in 'ANNEXURE C' to the Directors report.

CAUTIONARY STATEMENT

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

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

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: August 13, 2018



REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forming part of the Directors' Report for the year ended March 31, 2018]

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

The Governance Philosophy of Morepen Laboratories Limited (Morepen) is based on strong foundations of ethical values and professionalism which over the past 33 years of the Company's existence has become a part of its culture and DNA. Your Company strongly believes in adopting and adhering to the best corporate governance practices and benchmarking itself against the industry's best practices. Corporate Governance followed by your Company encompasses a set of systems, policies and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions. It ensures greater transparency and timely reporting of the affairs of the Company to its stakeholders. Your Company conducts its affairs in compliance with the principles of Corporate Governance prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and in the process strives to adopt various legal and regulatory measures with the ultimate objective of creating and maximizing stakeholders' wealth.

2. BOARD OF DIRECTORS

Composition of the Board as on March 31, 2018

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

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

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

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

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

S. No.	Name of Director	Category	Shareholding as on March 31, 2018	No. of Directorships / Committee Memberships/ Chairmanships (including Morepen) as on March 31, 2018			
				Directorships in Public Companies	Directorships in Private Companies	Committee Membership	Committee Chairmanship
1.	Mr. Sushil Suri	Chairman & Managing Director- Promoter & Executive Director	55,01,510	2	10	1	Nil
2.	Mr. Manoj Joshi	Independent Non-Executive Director	Nil	1	1	2	2
3.	Mr. Sukhcharan Singh	Independent Non-Executive Director	Nil	2	Nil	3	Nil
4.	Mr. B. R. Wadhwa	Independent Non-Executive Director	Nil	2	1	2	Nil
5.	Dr. A. K. Sinha	Whole-time Director- Executive Director	100	1	Nil	Nil	Nil
6.	Ms. Anju Suri	Non-Executive Director	51,86,369	3	5	Nil	Nil

Note:

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

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

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

During the financial year under review, five Board Meetings were held i.e. on April 29, 2017, June 12, 2017, September 11, 2017, November 10, 2017 and January 22, 2018.

The detail of number of Board Meetings and attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) held on September 22, 2017 is given below:

Name	No. of Board meetings held during the tenure	No. of Board meetings attended	Attendance at last AGM
Mr. Sushil Suri	5	5	Yes
Mr. Manoj Joshi	5	5	Yes
Mr. Sukhcharan Singh	5	5	No
Mr. B. R. Wadhwa	5	5	No
Dr. A. K. Sinha	5	4	Yes
Ms. Anju Suri	5	5	No

Independent Directors Meeting

During the year under review a separate meeting of the Independent Directors of the Company was held on January 22, 2018, without the presence of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of the



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

Familiarisation Programme for Independent Directors

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

Evaluation of the Board's Performance

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

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

3. AUDIT COMMITTEE

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

Composition of the Committee:

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

Meetings and attendance during the year:

During the period under review, five meetings were held i.e. on April 29, 2017, June 12, 2017, September 11, 2017, November 10, 2017 and January 22, 2018. The attendance of members was as follows:

S. No.	Name	Designation	Category	No. of meetings held during the tenure	Attendance
1.	Mr. Manoj Joshi	Chairman	Non-Executive Independent Director	5	5
2.	Mr. Sukhcharan Singh	Member	Non-Executive Independent Director	5	5
3.	Mr. B. R. Wadhwa	Member	Non-Executive Independent Director	5	5

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

4. NOMINATION AND REMUNERATION COMMITTEE

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

Composition of the Committee:

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

Meetings and attendance during the year:

During the financial year under review, five meetings were held, i.e. on April 29, 2017, June 12, 2017, September 11, 2017, November 10, 2017 and January 22, 2018. The attendance of members was as follows:

S. No.	Name	Designation	Category	No. of meetings held during the tenure	Attendance
1.	Mr. Manoj Joshi	Chairman	Non-Executive Independent Director	5	5
2.	Mr. Sukhcharan Singh	Member	Non-Executive Independent Director	5	5
3.	Mr. B. R. Wadhwa	Member	Non-Executive Independent Director	5	5

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

Performance evaluation of Directors and criteria for Independent Directors

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

5. REMUNERATION TO DIRECTORS:

Remuneration Policy:

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

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

The detailed policy formulated by Nomination and Remuneration Committee is annexed to the Directors Report of the Company as ANNEXURE 'D' and can be accessed at: <http://www.morepen.com/pdf/Nomination-and-Remuneration-Policy.pdf>.

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

(Amount in ₹)

Name of Director	Salary	Perks	Commission	Sitting Fee	Total
Mr. Sushil Suri	44,95,008	11,51,769	Nil	N.A.	56,46,777
Dr. A. K. Sinha	14,05,008	1,95,000	Nil	N.A.	16,00,008
Mr. Manoj Joshi	N.A.	N.A.	Nil	1,15,000	1,15,000
Mr. Sukhcharan Singh	N.A.	N.A.	Nil	1,00,000	1,00,000
Mr. B. R. Wadhwa	N.A.	N.A.	Nil	95,000	95,000
Ms. Anju Suri	N.A.	N.A.	Nil	Nil	Nil

Note:

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

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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



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

The Company received 8 shareholders'/investors' complaints during the year and all complaints have been resolved/answered to the satisfaction of the shareholders. No complaint remained un-attended/pending for more than 30 days. As on March 31, 2018, no investor complaints were outstanding/pending.

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

7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

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

8. GENERAL BODY MEETINGS

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

Details of last three Annual General Meetings (AGMs):

Date & Time	Location	Special Resolution(s) Passed
22.09.2017 at 10.30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	–
23.09.2016 at 10.30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	–
18.09.2015 at 10:30 a. m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Re-appointment of Chairman & Managing Director

Postal Ballot:

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

Remote e-voting and ballot voting at the AGM:

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

9. SUBSIDIARY MONITORING FRAMEWORK

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

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

Brief detail of Company's Subsidiary Companies as on March 31, 2018 is given below:

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

10. MEANS OF COMMUNICATION

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

Morepen Laboratories Limited	http://www.morepen.com
National Stock Exchange	http://www.nseindia.com
Bombay Stock Exchange	http://www.bseindia.com

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

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

11. GENERAL SHAREHOLDER INFORMATION

a) Date, Time and Venue of Annual General Meeting (AGM)	Friday, September 21, 2018 at 10:30 a.m. at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh – 173 205		
b) Financial Year	April 01, 2017 to March 31, 2018		
c) Date of Book Closure	The dates of book closure will be from Saturday, September 15, 2018 to Friday, September 21, 2018 (both days inclusive) for AGM. The Board of Directors of the Company has not recommended dividend for the financial year ended March 31, 2018.		
d) Stock Exchanges	<p>National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051</p> <p>BSE Limited (BSE) Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001</p> <p>Listing fees for the year 2018-19 has been duly paid to NSE & BSE.</p>		
e) Stock code	<p>NSE</p> <p>Symbol MOREPENLAB</p> <p>ISIN No. INE083A01026</p> <p>RIC Code Morl.ns</p>	<p>BSE</p> <p>Scrip Code 500288</p> <p>ISIN No. INE083A01026</p> <p>RIC Code Morl.ns</p>	
f) Registrar and Share Transfer Agents (RTA)	<p>MAS Services Limited</p> <p>T-34, 2nd Floor, Okhla Industrial Area, Ph.- II, New Delhi - 110 020 Tel. No.: 011 - 26387281/82/83; Fax. No.: 011 - 26387281 e-mail id: info@masserv.com; website: www.masserv.com</p>		
g) Share Transfer System	<p>Share Transfer System of the Company is computerized and M/s. MAS Services Limited is the Company's Registrar and Share Transfer Agent (RTA) for equity shares (kept in physical as well as electronic mode). The requests for share transfer, transmission, sub-division, consolidation, renewal, re-mat, duplicate, etc. are processed and share certificates duly endorsed/issued are dispatched within the prescribed time period, subject to documents being valid and complete in all respects. The Company Secretary acts as the Compliance Officer of the Company, who oversees the process of share transfer/transmission, re-mat/de-mat, etc. on regular basis and reports to the Board of Directors/Stakeholders Relationship Committee of the Directors.</p> <p>In compliance with the Regulation 7(3) of the Listing Regulations, the Company submits a Compliance Certificate duly signed by the compliance officer of the Company and the authorised representative of the Share Transfer Agent, within one month of each half of the financial year, stating that all activities in relation to both physical and electronic share transfer facilities are maintained by the Company's Registrar and Share Transfer Agent (RTA) M/s. MAS Services Limited.</p>		



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

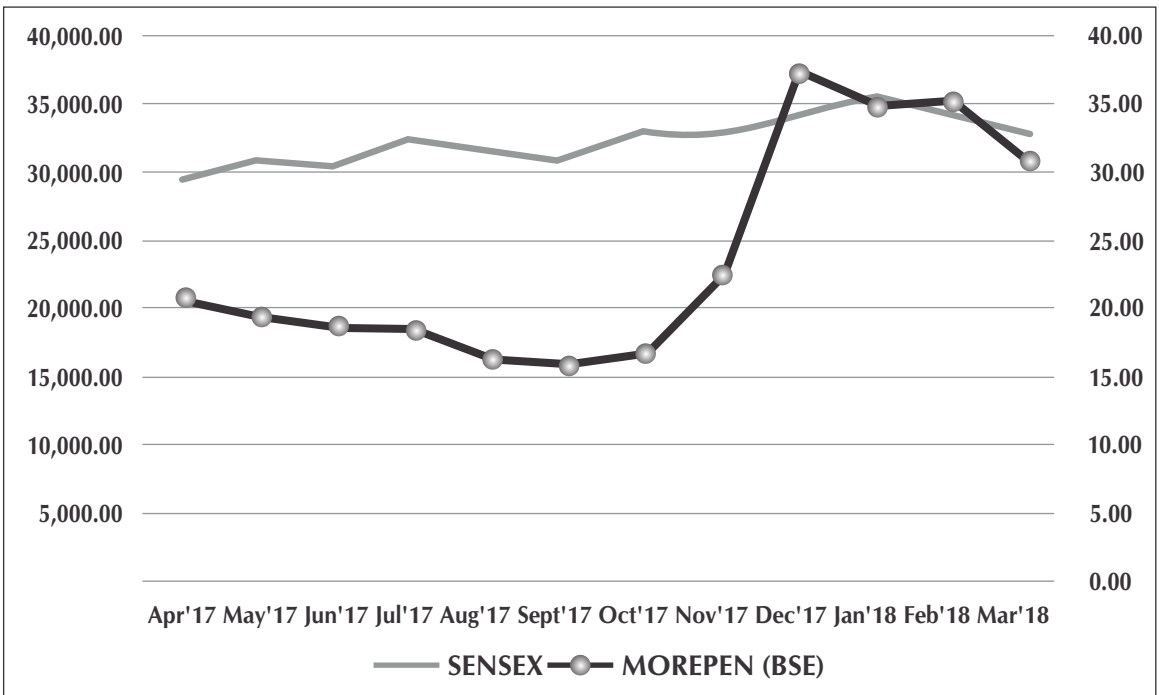
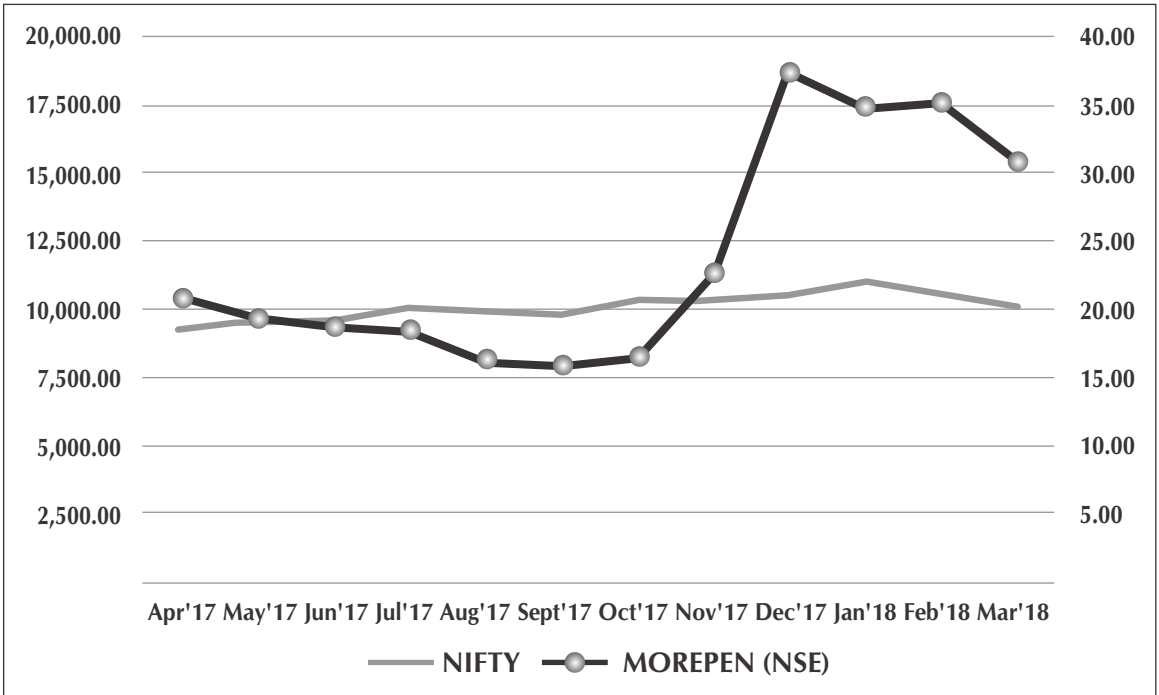
h) Dematerialization of Shares and Liquidity	The Equity Shares of the Company are in compulsory de-mat segment and are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. The ISIN Number of Company on both the NSDL and CDSL is INE083A01026. As on March 31, 2018, 37,37,38,225 Equity Shares of Rs. 2/- each (83.08%) are held in electronic/de-mat form.
i) Commodity price risk or foreign exchange risk and hedging activities	The Company is not engaged in commodity trading, hedging or exchange risk management activities.
j) Plant Locations	<ul style="list-style-type: none"> • Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205 • Plot No.12 B & Plot No.12 C, Sector - 2, Parwanoo, District Solan, Himachal Pradesh - 173 220 • Village Masulkhana, District Solan, Himachal Pradesh - 173 220
k) Address for correspondence	<p>Registered Office: Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205 Tel No.: 01795 - 276201/02/03; Fax No.: 01795 - 276204 Email id: investors@morepen.com; Website: www.morepen.com</p> <p>Corporate Office: 409, Antriksh Bhawan, 22, K.G. Marg, New Delhi - 110 001 Tel No.: 011 - 2332 4443/2371 2025 Fax No.: 011 - 2372 2422 Email id: investors@morepen.com; Website: www.morepen.com</p> <p>Investor Correspondence (RTA): MAS Services Ltd. Unit: Morepen Laboratories Limited T-34, 2nd Floor, Okhla Industrial Area, Ph. - II, New Delhi - 110 020 Tel No.: 011 - 2638 7281/82/83; Fax No.: 011 - 2638 7281 Email id: info@masserv.com; Website: www.masserv.com</p>

D) Market Price Data:

Month	BSE		NSE	
	High	Low	High	Low
April, 2017	22.15	19.00	22.20	19.00
May, 2017	23.90	18.70	23.95	18.70
June, 2017	21.70	18.10	21.45	18.40
July, 2017	20.00	18.00	19.85	18.00
August, 2017	18.70	14.80	18.70	14.70
September, 2017	21.35	15.70	21.60	15.70
October, 2017	18.25	15.90	18.10	15.90
November, 2017	23.90	16.65	23.95	16.70
December, 2017	44.20	23.00	44.15	23.00
January, 2018	44.35	33.30	44.20	33.05
February, 2018	40.65	29.50	40.65	29.30
March, 2018	35.95	29.95	35.90	29.10

(Source: Official website of BSE & NSE)

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



Note: Closing price on the last trading day of the month



n) **Distribution of shareholding as on March 31, 2018:**

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares	% of total shareholding
1 - 5,000	1,33,662	92.19	8,15,16,234	18.12
5,001 - 10,000	6,803	4.69	2,42,41,897	5.39
10,001 - 20,000	2,553	1.76	1,89,18,407	4.21
20,001 - 30,000	692	0.48	87,80,673	1.95
30,001 - 40,000	380	0.26	68,56,084	1.52
40,001 - 50,000	213	0.15	48,42,456	1.08
50,001 - 1,00,000	379	0.26	1,33,73,806	2.97
1,00,001 and above	310	0.21	29,12,96,6466	4.76
Total	1,44,992	100.00	44,98,26,203	100.00

Categories of shareholders as on March 31, 2018

Category	No. of shares held	Shareholding (%)
Promoters Holdings	15,53,71,588	34.54
Financial Institutions/Banks	22,60,793	0.50
Insurance Companies	2,16,64,879	4.82
Foreign Institutional Investors (FIIs)	3,85,30,000	8.57
Bodies Corporate	2,39,34,017	5.32
Individuals	17,74,92,634	39.46
NRI/OCBs	2,60,59,667	5.79
Others (FPIs, Clearing Member, Trust and NBFCs)	45,12,625	1.00
Total	44,98,26,203	100.00

o) **Outstanding GDRS/ADRS/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity:**

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

12. EQUITY SHARES IN THE SUSPENSE ACCOUNT

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

Particulars	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2017	4,916	54,54,186
Number of shareholders who approached the Company for transfer of shares from Unclaimed Suspense Account during the year	25	31,616
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	25	31,616
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2018	4,891	54,22,570

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

13. DEPOSITORY SERVICES

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

National Securities Depository Ltd.

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

Central Depository Services (India) Ltd.

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

14. CORPORATE GOVERNANCE COMPLIANCE

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

15. OTHER DISCLOSURES

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

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

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

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

The Company has made requisite disclosure with respect to related party transaction in the significant accounting policies and note to accounts to the financial statements. Transactions with the related parties as per the requirements of Ind AS 24 are disclosed in Note no. 33 to the Financial Statements of the Company for the year ended March 31, 2018 forming part of this Annual Report.

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

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

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

The Equity Shares preferentially issued, as per the terms of Debt Restructuring Scheme approved by the CDR cell, to two allottees are pending for listing on NSE & BSE wherein certain observations were made by the Stock Exchanges. The Company has approached the allottees and the Stock Exchanges to find a suitable resolution in the matter.

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

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

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

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

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

i. Reporting of Internal Auditor:

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



ii. Modified opinion(s) in Audit Report:

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

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

The financial statements are prepared under the historical cost convention, in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 of the Act, as adopted and followed consistently by the Company.

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

f) **Code of Conduct:**

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

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

All the Board Members and Senior Management Personnel have confirmed compliance with the Code as on March 31, 2018. A declaration to that effect signed by the Managing Director & CEO is attached and forms part of the Annual Report of the Company.

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

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

g) **CEO/CFO Certification:**

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

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

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct of Board of Directors and Senior Management, as applicable to them, for the year ended March 31, 2018.

For Morepen Laboratories Limited

Place: New Delhi
Date: August 13, 2018

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

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

To,

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

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

- a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2018 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Morepen Laboratories Limited

**Place: New Delhi
Date: May 16, 2018**

**Ajay Sharma
(Chief Financial Officer)**

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



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

To,

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

We have examined the compliance of conditions of Corporate Governance by Morepen Laboratories Limited ("the Company") for the financial year ended on March 31, 2018 as stipulated in Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchanges.

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

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

On the basis of information / documents provided to us, we state that in respect of investor grievances received during the financial year ended March 31, 2018, no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Stakeholders Relationship Committee (Shareholders/Investor Grievance Committee).

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

**For PD and Associates
Company Secretaries**

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

**Place: New Delhi
Date: August 13, 2018**

INDEPENDENT AUDITOR'S REPORT

To

The Members of Morepen Laboratories Limited Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Morepen Laboratories Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

Management's responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the adequacy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedure selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and as per information and explanations given to us during the course of audit, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of the Changes in Equity dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issues thereunder.
 - (e) On the basis of the written representations received from the Directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as director in terms of Section 164(2) of the Act.
 - (f) Based on the checking of the books and records of the Company as we considered appropriate and as per information and explanations given to us, our separate report with respect to the adequacy of the internal financial



controls over financial reporting of the company and the operating effectiveness of such controls is as per Annexure B.

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note No. 20 to the Standalone Ind AS financial statements;
 - ii. the Company has made provision, as required

under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

- iii. there has been no delay in transferring amounts, requiring to be transferred to the Investor Education and Protection Fund by the Company.

For Satinder Goyal & Co.
Chartered Accountants
FRN: 027334N

(CA S. K. Goyal)
Partner

Place: New Delhi
Date: 16th May, 2018

Membership No.: 084613

Annexure-A to the Independent Auditors' Report **Morepen Laboratories Limited**

Annexure "A" referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone Ind AS financial statements of **Morepen Laboratories Limited** for the year ended 31st March, 2018.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the explanation and information given to us, the Company has a regular programme of physical verification of its fixed assets. In our opinion, the frequency of physical verification is reasonable having regard to the size and the nature of its assets. As, informed to us, the discrepancies noticed on such verification are not material and have been properly dealt with adjusted in the books of accounts.
- (c) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the title deeds of immovable property are held in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. The discrepancies noticed on physical verification of inventory as compared to books of accounts were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence provision of this clause is not applicable.
- (iv) According to the information and explanations given to us and based on audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the Company has complied with the provisions of Section 185 and 186 of the Act.

- (v) With approval of scheme of Arrangement and Compromise u/s 391 of the Companies Act, 1956 for the fixed deposit holders by Hon'ble high Court of Himachal Pradesh in Shimla and in compliance thereof, the Company issued equity shares to the fixed deposit holders towards settlement of their dues. However, pursuant to the representation by the Central Government, the NCLT, Chandigarh rejected the scheme vide its order dated 12.03.2018. On an appeal filed by the Company before National Company Law Appellate Tribunal (NCLAT), the NCLAT while issuing notice has stayed the operation of the NCLT order dated 12.03.2018) (Refer note 38(d) to the standalone Ind AS financial statements).
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of the Company's products to which the said rules are made applicable and that prima facie, the prescribed cost records have been made and maintained. However we have not carried out detailed examination of the records with a view to determine whether these are accurate and complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the amount deducted / accrued in the books of accounts in respect of undisputed statutory dues including sales tax, service tax, duty of custom, duty of excise, cess have generally been regularly deposited during the year by the Company with the appropriate authorities. However the Company is not regular in depositing the dues of Employee's State Insurance, Provident fund, Income Tax (TDS) & Value Added Tax (VAT), Goods and Services Tax (GST) though the delays in deposit have not been serious. According to the records and information and explanations given to us, no undisputed amount payable in respect of provident fund, sales tax, income tax, value added tax, duty of custom, service tax, cess and other material statutory dues were in arrears as on March 31, 2018 for a period of more than six months from the date they became payable.

- (b) According to the records and information and explanation given to us there are no dues in respect of Income-tax, Sales-tax, VAT, Service-tax, Customs duty, cess outstanding as at March 31, 2018 due to any dispute. According to the information provided to us, the following duties of excise have not been deposited by the company on account of disputes:

Name of the statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	35,22,989	April, 2003 to July, 2003	CESTAT - Ahmedabad
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	6,05,49,602	August, 2001 to April, 2004	CESTAT - Delhi
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	70,14,776	June, 2004 to July, 2008	CESTAT - Chandigarh
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	72,44,941	June, 2004 to March, 2009	CESTAT - Chandigarh
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	83,456	December, 2008 to March, 2009	CESTAT - Chandigarh
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	13,27,597	April, 2009 to March, 2010	CESTAT - Chandigarh
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	1,59,828	April, 2009 to March, 2010	CESTAT - Chandigarh
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	2,00,175	April, 2010 to September, 2010	CESTAT - Chandigarh
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	7,07,894	April, 2010 to December, 2010	Commissioner of Appeal - Chandigarh
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	25,60,641	January, 2011 to June, 2015	Commissioner of Appeal - Chandigarh
Central Excise Act, 1944	Excise duty, Penalty, Fine and Interest	10,78,144	July, 2015 to June, 2017	Commissioner of Appeal - Chandigarh

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

Name of Lenders	Interest Amount (₹ in Lakhs)	Period of default
UCO Bank	27.31	Less than 3 months
Karur Vysya Bank	3.57	Less than 3 months
Exim Bank	34.23	Less than 3 months

- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.



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

For Satinder Goyal & Co.
Chartered Accountants
Firm's Regn. No: 027334N

(CA S. K. Goyal)
Partner

Place: New Delhi
Date: 16th May 2018

Membership No.: 084613

Annexure - B to the Auditors' Report

(Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone Ind AS financial statements of Morepen Laboratories Limited for the year ended March 31, 2018)

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

We have audited the internal financial controls over financial reporting of **Morepen Laboratories Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that

were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial control. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate



internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Satinder Goyal & Co.
Chartered Accountants
Firm's Regn. No: 027334N**

(CA S. K. Goyal)

Partner

Membership No.: 084613

**Place: New Delhi
Date: 16th May 2018**



Balance Sheet

As at 31st March, 2018

(₹ in Lakhs)

	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
A ASSETS				
1. NON-CURRENT ASSETS				
Property, Plant and Equipment	2	17013.84	19084.73	21554.64
Goodwill	2	1.12	1.68	2.24
Other Intangible Assets	2	1195.24	42.83	44.78
Financial Assets:				
Investments	3	11769.48	11769.48	11769.48
Loans	4	2.05	28.04	12.42
Other Non-Current Assets	5	6003.29	5997.96	5418.85
		<u>35985.02</u>	<u>36924.72</u>	<u>38802.41</u>
2. CURRENT ASSETS				
Inventories	6	7394.46	6249.69	4081.93
Financial Assets:				
Investments	7	21.78	–	–
Trade Receivables	8	11022.27	8309.97	8035.47
Cash and Cash Equivalents	9	546.69	615.89	287.10
Bank Balances other than Cash and Cash Equivalents	10	23.38	58.64	76.14
Loans	4	44.66	32.84	33.25
Other Current Assets	11	4026.38	2589.03	2161.75
		<u>23079.62</u>	<u>17856.06</u>	<u>14675.64</u>
TOTAL		<u>59064.64</u>	<u>54780.78</u>	<u>53478.05</u>
B EQUITY AND LIABILITIES				
1. EQUITY				
Equity Share Capital	12	8995.86	8995.86	8995.86
Other Equity	13	16060.26	13437.79	11182.72
		<u>25056.12</u>	<u>22433.65</u>	<u>20178.58</u>
2. NON - CURRENT LIABILITIES				
Financial Liabilities:				
Borrowings	14	269.69	93.58	5039.18
Other Financial Liabilities	15	172.39	164.99	176.00
Provisions	16	1345.30	1269.21	1071.43
		<u>1787.38</u>	<u>1527.78</u>	<u>6286.61</u>
3. CURRENT LIABILITIES				
Financial Liabilities:				
Trade Payables	17	16489.21	11620.35	10748.13
Other Financial Liabilities	18	15238.75	18801.35	15394.93
Other Current Liabilities	19	366.74	268.46	453.33
Provisions	16	126.44	129.19	416.47
		<u>32221.14</u>	<u>30819.35</u>	<u>27012.86</u>
TOTAL		<u>59064.64</u>	<u>54780.78</u>	<u>53478.05</u>
SIGNIFICANT ACCOUNTING POLICIES	1			
NOTES ON FINANCIAL STATEMENTS	2-39			

As per our separate report of even date

For Satinder Goyal & Co.
Chartered Accountants
Firm Regn. No. 027334N

(CA S. K. Goyal)
Partner
Membership No. 084613

Place : New Delhi
Date : 16th May, 2018

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
Chief Financial Officer

(Manoj Joshi)
Director
DIN : 00036546

(Thomas P. Joshua)
Company Secretary

Statement of Profit and Loss

For the Year Ended 31st March, 2018

(₹ in Lakhs)

	Note No.	Year Ended 31.03.2018	Year Ended 31.03.2017
REVENUE			
Revenue from Operations (Net)	21	56083.04	54750.95
Other Income	22	354.01	371.58
TOTAL INCOME (I)		<u>56437.05</u>	<u>55122.53</u>
EXPENSES			
Cost of Materials Consumed	23	22052.65	22600.19
Purchases of Stock-in-Trade	24	11782.66	12417.71
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	424.49	(1444.10)
Employee Benefits Expense	26	6821.90	6079.40
Finance Costs	27	429.46	747.35
Depreciation and Amortization Expense	2	3339.95	3356.17
Other Expenses	28	8974.42	9049.06
TOTAL EXPENSES (II)		<u>53825.53</u>	<u>52805.78</u>
PROFIT BEFORE TAX		2611.52	2316.75
TAX EXPENSE			
Tax (MAT)		–	(351.38)
MAT Credit Entitlement		–	351.38
PROFIT FOR THE YEAR (III)		2611.52	2316.75
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Profit & Loss:		10.95	(61.68)
Actuarial Gain/(Loss) on Employee Benefits			
OTHER COMPREHENSIVE INCOME FOR THE YEAR (IV)		10.95	(61.68)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (III + IV)		<u>2622.47</u>	<u>2255.07</u>
Earning per equity share (Face Value of ₹ 2/- each)	34		
(1) Basic		0.58	0.52
(2) Diluted		0.58	0.52
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-39		

As per our separate report of even date

For Satinder Goyal & Co.
Chartered Accountants
Firm Regn. No. 027334N

(CA S. K. Goyal)
Partner
Membership No. 084613

Place : New Delhi
Date : 16th May, 2018

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
Chief Financial Officer

(Manoj Joshi)
Director
DIN : 00036546

(Thomas P. Joshua)
Company Secretary



Cash Flow Statement

For the Year Ended 31st March, 2018

(₹ in Lakhs)

	Note No.	Year Ended 31.03.2018	Year Ended 31.03.2017
A. CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before Tax		2622.47	2255.07
Adjustments for:			
Depreciation & Amortisation	2	3339.95	3356.17
(Profit)/Loss on Sale of Property, Plant & Equipments		5.50	(11.77)
Finance Cost	27	429.46	747.35
Operating Profit before changes in Current Assets and Liabilities		6397.38	6346.82
Changes in Current Assets and Liabilities -			
Trade Receivables	8	(2712.30)	(274.50)
Loans, Bank balance other than cash & cash equivalent and other Current Assets	4,10,11	(1413.91)	(409.37)
Inventories	6	(1144.77)	(2167.76)
Current Liabilities	16,17,18,19	4998.64	1428.94
NET CASH GENERATED FROM OPERATING ACTIVITIES		6125.05	4924.13
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant & Equipments	2	(1030.85)	(922.77)
Purchase/Addition of Intangibles		(1397.14)	-
Proceeds from Sale of Property, Plant & Equipments		1.58	50.79
Purchase of Investments	7	(21.78)	-
Investment in Other Non-Current Assets	4,5	20.66	(594.73)
NET CASH USED IN INVESTING ACTIVITIES		(2427.54)	(1466.71)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost	27	(429.46)	(747.35)
Proceeds (Repayments) of Long Term Borrowings (Net)	4,14	(3420.74)	(2568.05)
Change in Other Long Term Liabilities & Provisions (Net)	15,16	83.49	186.77
NET CASH USED IN FINANCING ACTIVITIES		(3766.71)	(3128.63)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		(69.20)	328.79
Cash and Cash Equivalents as at Beginning of the Year		615.89	287.10
Cash and Cash Equivalents as at End of the Year		546.69	615.89
Bank Balances other than Cash and Cash Equivalents		23.38	58.64
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-39		

As per our separate report of even date

For Satinder Goyal & Co.
Chartered Accountants
Firm Regn. No. 027334N

(CA S. K. Goyal)
Partner
Membership No. 084613

Place : New Delhi
Date : 16th May, 2018

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
Chief Financial Officer

(Manoj Joshi)
Director
DIN : 00036546

(Thomas P. Joshua)
Company Secretary

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

1.0 Company Overview

Morepen Laboratories Limited ("the Company") is a Public limited company incorporated and domiciled in India and has its listing on the BSE Limited and National Stock Exchange of India Limited. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company is in the business of manufacturing, producing, developing and marketing a wide range of Active Pharmaceutical Ingredients (APIs), branded and generic formulations and also the Home Health products. The Company has its manufacturing locations situated in the state of Himachal Pradesh with trading and other incidental and related activities extending to both domestic and global markets.

1.1 Basis for preparation of financial statements

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The financial statements for the year ended March 31, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. For all periods up to and including the year ended March 31, 2017, the Company reported its Financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'IGAAP'). The Financial statements for the year ended March 31, 2017 and the opening Balance Sheet as at April 1, 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from IGAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note no.39.

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on May 16, 2018.

Functional and Presentation Currency

The financial statements are presented in Indian

Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

Operating Cycle

Based on the nature of products/activities of the company and normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.2 Use of Estimates and Judgements

The presentation of financial statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues 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 & others.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to financial statements.

1.3 Property, Plant and Equipment (PPE)

The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

- a) Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including



import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

- b) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.
- c) Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- d) The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.4 Intangible Assets and Amortisation

Internally generated Intangible Assets - Research and Development expenditure

Expenditure pertaining to research is expensed as incurred. Expenditure incurred on development is capitalised if such expenditure leads to creation of an asset and/or benefits are expected over more than one period, otherwise such expenditure is charged to the Statement of Profit and Loss.

Expenditure providing benefits for more than one period is amortised proportionately over the periods during which benefits are expected to occur.

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment, if any. The Company determines the amortisation period as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

1.5 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

- a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it except assets costing less than ₹5000/- on which depreciation is charged in full during the year.
- b) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

1.6 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.

1.7 Foreign Currency Transactions/ Translations

- i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction or at rates that closely approximate the rate at the date of the transaction.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as

an adjustment to interest costs on those foreign currency borrowings.

- iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.
- v) In case of long term monetary items outstanding as at the end of year, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

1.8 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

1.9 Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of minimum lease payments at the inception of lease, whichever is lower. Lease under which the risks and rewards incidental to ownership are not transferred to lessee, is classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of profit and loss over the lease term.

2.0 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

i) Initial Recognition and measurement

On initial recognition, all the financial assets and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the

financial asset or financial liability except financial asset or financial liability measured at fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities carried at fair value through the Profit and Loss are immediately recognized in the Statement of Profit and Loss.

ii) Subsequent measurement

a) **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) **Financial assets at fair value through profit or loss (FVTPL)**

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

d) **Investments in subsidiaries, joint ventures and associates**

The Company has adopted to measure investments in subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27 and carrying amount as per previous GAAP at the date of transition has been considered as deemed cost in accordance with Ind AS 101.

e) **Financial liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.



Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Other Financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

iv) Fair value measurement of financial instruments

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer.

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

2.1 Impairment of Assets

i) Financial Assets

In accordance with Ind AS 109, the company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

ii) Non-Financial Assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

2.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

- a) Revenue is recognised at the fair value of the consideration received or receivable. The amount disclosed as revenue is inclusive of excise duty (applicable till June 30, 2017) and net of returns, trade discounts, value added tax, Goods and Services Tax (GST).



Provisions for rebates, discount and return are estimated and provided for in the year of sales and recorded as reduction of revenue.

- b) Dividend income is accounted for when the right to receive the income is established.

2.3 Interest

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.4 Income Taxes

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is also recognized in equity or other comprehensive income respectively.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.5 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.6 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.



A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

2.7 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.

2.8 Employee Retirement benefits

i) 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.

ii) Post – employment benefits

Defined contribution plans –

Retirement benefits in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans –

Gratuity

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity payment plan provides for a lump sum payment to the vested employees at retirement, death, incapacitation 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.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. Re-measurements comprising of actuarial gains and losses, are recognised in other comprehensive income which are not reclassified to profit or loss in the subsequent periods.

iii) Long – term employee benefits

Leave Encashment

The liability of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

2.9 Segment Reporting

The company operates in one reportable business segment i.e. “Pharmaceuticals”.

3.0 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018
2. I) PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	GROSS BLOCK		DEPRECIATION		CARRYING VALUE	
	As at 01.04.2017	Additions (Disposals)/ Adjustments	As at 01.04.2017	For the year Adjustments	As at 31.03.2018	As at 31.03.2017
Land	143.03	-	-	-	143.03	143.03
Buildings	7327.22	58.75	3119.14	176.89	4089.94	4208.08
Plant & Machinery	83731.52	595.16	69263.35	2845.32	12210.93	14468.17
Furnitures & Fixtures	274.97	10.11	242.90	3.98	38.20	32.07
Vehicles	400.54	329.13	229.93	45.17	454.57	170.61
Office Equipments	201.23	37.70	138.46	23.30	77.17	62.77
Total	92078.51	1030.85	72993.78	3094.66	17013.84	19084.73
Previous Year	91262.14	897.86	69707.50	3328.75	19084.73	
II) GOODWILL						
Goodwill	2.80	-	1.12	0.56	1.12	1.68
Total	2.80	-	1.12	0.56	1.12	1.68
Previous Year	2.80	-	0.56	0.56	1.68	
III) OTHER INTANGIBLE ASSETS						
Computer Software	144.36	52.09	101.53	20.08	74.84	42.83
Customer Acquisition Cost	-	1345.05	-	224.65	1120.40	-
Total	144.36	1397.14	101.53	244.73	1195.24	42.83
Previous Year	118.65	24.91	73.87	26.86	42.83	
GRAND TOTAL						
Current year	92225.67	2427.99	73096.43	3339.95	18210.20	19129.24
Previous Year	91383.59	922.77	69781.93	3356.17	19129.24	

Note:
Customer Acquisition cost represents amount spent towards expansion of product market and customer reach.

I) PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			CARRYING VALUE		
	As at 01.04.2016	Additions	Disposals/ Adjustments	As at 31.03.2017	As at 01.04.2016	For the year	Deductions/ Adjustments	As at 31.03.2017	As at 31.03.2016
Land	143.03	–	–	143.03	–	–	–	143.03	143.03
Buildings	7227.98	99.24	–	7327.22	2944.77	174.37	–	3119.14	4283.21
Plant & Machinery	83166.20	646.81	81.49	83731.52	66205.98	3099.84	(42.47)	69263.35	16960.22
Furnitures & Fixtures	254.96	20.01	–	274.97	239.87	3.03	–	242.90	15.09
Vehicles	313.45	87.09	–	400.54	195.02	34.91	–	229.93	118.43
Office Equipments	156.52	44.71	–	201.23	121.86	16.60	–	138.46	34.66
Total	91262.14	897.86	81.49	92078.51	69707.50	3328.75	(42.47)	72993.78	21554.64
Previous Year	90621.99	760.33	(120.18)	91262.14	66279.46	3461.67	(33.63)	69707.50	21554.64

II) GOODWILL

Goodwill	2.80	–	–	2.80	0.56	0.56	–	1.12	2.24
Total	2.80	–	–	2.80	0.56	0.56	–	1.12	2.24
Previous Year	–	2.80	–	2.80	–	0.56	–	0.56	2.24

III) OTHER INTANGIBLE ASSETS

Computer Software	118.65	24.91	0.80	144.36	73.87	26.86	0.80	101.53	44.78
Total	118.65	24.91	0.80	144.36	73.87	26.86	0.80	101.53	44.78
Previous Year	93.99	24.66	–	118.65	43.92	29.95	–	73.87	44.78
GRAND TOTAL									
Current year	91383.59	922.77	82.29	92225.67	69781.93	3356.17	(41.67)	73096.43	21601.66
Previous Year	90715.98	787.79	(120.18)	91383.59	66323.38	3492.18	(33.63)	69781.93	21601.66



NOTES ON FINANCIAL STATEMENTS

For the Year Ended 31st March 2018

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016			
3. INVESTMENTS (NON-CURRENT)						
Trade Investments (At Cost)						
<u>Investment in Equity Instruments (Unquoted)</u>						
Subsidiary Companies						
i) <u>Dr. Morepen Limited</u>						
4,06,79,500 (Previous Year 4,06,79,500)						
Equity shares of ₹10/- each fully paid up	11747.25	11747.25	11747.25			
ii) <u>Morepen Inc.</u>						
9,400 (Previous Year 9,400) fully paid	22.23	22.23	22.23			
Shares of Common Voting Stocks						
	<u>11769.48</u>	<u>11769.48</u>	<u>11769.48</u>			
Aggregate amount of unquoted investments (At Cost)	11769.48	11769.48	11769.48			
Aggregate amount of provision for fall in carrying value of investments Provision for fall in carrying value of investments, in respect of losses in the subsidiaries has not been made, as these losses, in management's perception, are temporary in nature.	-	-	-			
4. LOANS						
	Current Portion			Non Current Portion		
	As at 31.03.18	As at 31.03.17	As at 01.04.16	As at 31.03.18	As at 31.03.17	As at 01.04.16
Unsecured (Considered good)	-	-	-	-	-	-
Financial Assets at amortised cost:						
Loans to Employees	44.66	32.84	33.25	2.05	28.04	12.42
Total	44.66	32.84	33.25	2.05	28.04	12.42
5. OTHER NON CURRENT ASSETS						
<u>Unsecured</u>						
Capital Advances (Considered good)*	5790.08	5790.08	5246.06			
Leasehold Land Prepayments	25.70	26.06	26.41			
Prepaid (Deffered)Expenses for Employee Benefit	1.16	-	-			
Security Deposits	186.35	123.18	70.24			
Fixed deposit with banks more than twelve months maturity	-	58.64	76.14			
	<u>6003.29</u>	<u>5997.96</u>	<u>5418.85</u>			
*Includes ₹5771.27 Lakhs (Previous year ₹5771.27 Lakhs provided to subsidiary) advanced for the acquisition/buyout of new OTC brands.						
6. INVENTORIES						
Raw Materials	4005.01	1870.69	1546.91			
Work-in-progress	1450.72	1712.54	968.82			
Finished goods	727.11	858.49	529.53			
Stock -in-trade	1035.01	1138.97	794.36			
Goods in transit	2.05	567.11	167.25			
Stores and spares	174.56	101.89	75.06			
	<u>7394.46</u>	<u>6249.69</u>	<u>4081.93</u>			



(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
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The inventory of stocks, stores and spares has been taken, valued and certified by the management.

Breakup of Inventory

i) Raw materials -			
API & Intermediates	2479.65	1202.30	1334.07
Home Health	823.56	421.81	-
Formulations	701.80	246.58	212.84
Total Raw Materials	4005.01	1870.69	1546.91
ii) Work in Progress -			
API & Intermediates	1239.16	1648.31	949.09
Home Health	113.83	52.09	-
Formulations -			
Tablets	87.86	11.91	15.95
Syrup	1.17	-	2.28
Capsules	7.19	0.23	1.50
Others	1.51	-	-
Formulations Sub Total	97.73	12.14	19.73
Total Work -in -progress	1450.72	1712.54	968.82
iii) Finished goods -			
API & Intermediates	434.95	670.16	446.39
Home Health	151.05	37.20	-
Formulations -			
Tablets	118.48	101.40	53.48
Syrup	13.90	40.98	23.84
Capsules	7.76	8.69	4.78
Others	0.97	0.06	1.04
Formulations Sub Total	141.11	151.13	83.14
Finished Goods Inventory	727.11	858.49	529.53
iv) Stock in trade -			
Home Health	833.84	916.74	702.75
Formulations -			
Tablets	80.96	116.06	30.52
Syrup	46.19	23.07	26.27
Capsules	21.22	64.18	21.60
Others	52.80	18.92	13.22
Formulations Sub -total	201.17	222.23	91.61
Stock in trade Inventory	1035.01	1138.97	794.36

7 INVESTMENTS

Other Investments (At Cost)

Financial Assets carried at Cost

Financial Assets measured at fair value through Profit & Loss

Investment in Debt Funds (Quoted)

21,000 (31st March 2017 : Nil, 1st April 2016 : Nil) Units of ₹100/- each of ICICI Prudential Saving Fund-Daily Dividend

21.68	-	-
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	(₹ in Lakhs)		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
100 (31 st March 2017 : Nil, 1 st April 2016 : Nil) Units of ₹100/- each of ICICI Prudential Money Market Fund-Daily Dividend	0.10	—	—
	<u>21.78</u>	—	—
Market Value of Quoted Investments	21.78	—	—
8. TRADE RECEIVABLES			
<u>Trade receivables outstanding for a period exceeding six months</u>			
Unsecured -			
Considered good	688.84	2044.54	166.39
Considered Doubtful	96.28	79.99	—
Less: Provision for doubtful debts	<u>(96.28)</u>	<u>(79.99)</u>	—
	688.84	2044.54	166.39
<u>Other Debts</u>			
Unsecured -			
Considered good	10333.43	6265.43	7869.08
	<u>11022.27</u>	<u>8309.97</u>	<u>8035.47</u>
9. CASH AND CASH EQUIVALENTS			
<u>Balances with banks</u>			
Current Accounts	534.97	593.63	277.51
Cash in hand	11.72	22.26	9.59
	<u>546.69</u>	<u>615.89</u>	<u>287.10</u>
10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
<u>Other bank balances</u>			
Earmarked balances with banks			
Margin Money	11.82	36.16	58.17
Guarantees	11.56	22.48	17.97
	<u>23.38</u>	<u>58.64</u>	<u>76.14</u>
11. OTHER CURRENT ASSETS			
<u>Unsecured considered good, unless otherwise stated</u>			
Advances with Suppliers & Others	1568.99	975.34	876.98
Leasehold Land Prepayments	0.36	0.36	0.36
Balance with Government Authorities	1431.64	662.20	244.77
Due from Income Tax Department	368.86	391.82	361.48
Security Deposits	23.64	68.45	55.95
Export Incentives Receivable	403.87	273.92	449.91
Recoverable from Customs	61.47	124.42	60.62
Loans & Advances to Employees	83.89	36.27	41.69
Prepaid Expenses	73.56	46.70	40.51
Interest accrued but not due	10.10	9.55	29.49
	<u>4026.38</u>	2589.03	2161.76
Advances Considered Doubtful	157.73	157.73	157.73
Less: Provision for doubtful advances	<u>(157.73)</u>	<u>(157.73)</u>	<u>(157.73)</u>
	4026.38	2589.03	2161.76



12. STATEMENT OF CHANGE IN EQUITY

A. Equity Share Capital

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Authorised Equity Shares of ₹2/- each	450000000	9000.00	450000000	9000.00	450000000	9000.00
Issued, Subscribed & paid up Equity Shares of ₹2/- each	449826203	8996.53	449826203	8996.53	449826203	8996.53

Reconciliation of the numbers and amount of Equity shares -

For the year ended	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding at beginning of the year	449826203	8995.86	449826203	8995.86	449826203	8995.86
Add : Shares issued during the year	-	-	-	-	-	-
Less : Shares bought back during the year	-	-	-	-	-	-
Outstanding at the end of year	449826203	8995.86	449826203	8995.86	449826203	8995.86

B. Shareholders holding more than 5% shares -

Equity Shares

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Pinfold Overseas Ltd.	38530000	8.57	38530000	8.57	9632500	2.14

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

- The company has equity shares having a par value of ₹2/- each. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and their voting right on poll shall be in proportion to their share in the paid-up equity share capital of the Company.
- 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.

D. During last 5 years immediately preceding the balance sheet date, no equity 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 during aforesaid period of 5 years.

E. Disclosure about unpaid calls -

(₹ in Lakhs)

Unpaid Calls	31.03.2018	31.03.2017	01.04.2016
By Directors & Officers	-	-	-
By Others	0.66	0.66	0.66

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

13. OTHER EQUITY
For the year ended March 31, 2018

Reserves & Surplus							(₹ in Lakhs)
Particulars	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	Total
Balance as at 1st April, 2017	270.40	7123.33	16740.51	(10634.77)	–	(61.68)	13437.79
Profit for the year	–	–	–	2611.52	–	–	2611.52
Other comprehensive income for the year	–	–	–	–	–	10.95	10.95
Total Comprehensive income for the year	–	–	–	2611.52	–	10.95	2622.47
Balance as at 31 March, 2018	270.40	7123.33	16740.51	(8023.25)	–	(50.73)	16060.26

For the year ended March 31, 2017							
Reserves & Surplus							
Balance as at 1st April, 2016	270.40	7123.33	16740.51	(12951.52)	–	–	11182.72
Profit for the year	–	–	–	2316.75	–	–	2316.75
Other comprehensive income for the year	–	–	–	–	–	(61.68)	(61.68)
Total Comprehensive income for the year	–	–	–	2316.75	–	(61.68)	2255.07
Balance as at 31 March, 2017	270.40	7123.33	16740.51	(10634.77)	–	(61.68)	13437.79

14. BORROWINGS

	Current Portion			Non Current Portion		
	As at 31.03.18	As at 31.03.17	As at 01.04.16	As at 31.03.18	As at 31.03.17	As at 01.04.16
Secured						
Term Loans from Banks & Institutions						
- Restructured Debts	1053.95	4712.37	2361.27	–	–	4219.18
- Other Loans	88.03	26.46	25.86	269.69	93.58	55.00
Preference Shares (Refer note no. 18)	11965.20	11965.20	11200.20	–	–	765.00
	13107.18	16704.03	13587.33	269.69	93.58	5039.18

I. Term Loans from Banks & Institutions

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

Year of Repayment	2019-20	2020-21	2021-22	2022-23	Total
Annual Repayment Amount (₹ in Lakhs)	90.54	84.81	66.03	28.31	269.69
Annual Rate of Interest (%)	9.85-10.30	9.85	9.85	9.85	



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

Name of Lender	Interest Amount (₹ in Lakhs)	Period of Default (Months)
UCO Bank	27.31	less than 3 months
Karur Vysya Bank	3.57	less than 3 months
EXIM Bank	34.23	less than 3 months
Total	65.11	

II. Current Portion of Non-Current Borrowings is appearing under the head Other Financial Liabilities. (Refer Note No. 18)

15. **OTHER FINANCIAL LIABILITIES (NON-CURRENT)**

	31.03.2018	31.03.2017	01.04.2016
Security Deposits from Business Associates & Others	172.39	164.99	176.00
Total	172.39	164.99	176.00

16. **PROVISIONS**

	Current			Non-Current		
	As at 31.03.18	As at 31.03.17	As at 01.04.16	As at 31.03.18	As at 31.03.17	As at 01.04.16
Provision for Employees' Benefits (Unfunded) -						
Gratuity	74.34	95.57	57.20	1,029.84	946.83	805.32
Leave Encashment	52.10	33.62	21.58	315.46	322.38	266.11
Provision for Income Tax	-	-	337.69	-	-	-
Total	126.44	129.19	416.47	1345.30	1,269.21	1,071.43

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
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17. **TRADE PAYABLES**

Total outstanding dues of micro small and medium enterprises	38.88	34.57	42.277
Total outstanding dues of creditors other than micro small and medium enterprises	16450.33	11585.78	10705.86
	<u>16489.21</u>	<u>11620.35</u>	<u>10748.13</u>

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

18. **OTHER FINANCIAL LIABILITIES – CURRENT**

Current maturities of Long Term Borrowings (Refer note no. 14)	1141.98	4738.83	2387.13
Preference Shares (Refer note no.14)	11965.20	11965.20	11200.20
Interest Accrued and Due on Borrowings	896.81	904.77	934.76
Accrued Salaries and Benefits	754.12	622.04	604.70
Others	480.64	570.51	268.14
	<u>15238.75</u>	<u>18801.35</u>	<u>15394.93</u>

Under the previous GAAP, preference shares were shown as part of equity and carried at cost. Redeemable preference shares contain a contractual obligation to deliver cash to the holders. Under Ind AS the same is classified as liability. Dividend on cumulative preference shares has accordingly shown as part of financial cost.

A. Preference Shares

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Authorised						
Preference Shares of ₹100/- each	12000000	12000.00	12000000	12000.00	12000000	12000.00
Issued, Subscribed & paid up						
Preference Shares of ₹100/- each	11965201	11965.20	11965201	11965.20	11965201	11965.20
0.01 % Optionally Convertible	9735201	9735.20	9735201	9735.20	9735201	9735.20
0.01 % Cumulative Redeemable	1730000	1730.00	1730000	1730.00	1730000	1730.00
9.75 % Cumulative Redeemable	500000	500.00	500000	500.00	500000	500.00
	11965201	11965.20	11965201	11965.20	11965201	11965.20

Reconciliation of the numbers and amount of Preference shares

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding at beginning of the year	11965201	11965.20	11965201	11965.20	11965201	11965.20
Add: Shares issued during the year	-	-	-	-	-	-
Less: Shares bought back/redeemed during the year	-	-	-	-	-	-
Outstanding at the end of year	11965201	11965.20	11965201	11965.20	11965201	11965.20

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

- i) The Company has preference shares of ₹100/- each. Every member of the Company holding preference shares shall be entitled to vote on resolutions placed before the Company which directly affect the rights attached to their shares and any resolution for winding up of the Company or for repayment or reduction of capital and their voting right on poll shall be in proportion to their share in the paid-up preference share capital of the Company. However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all resolutions placed before the Company and the proportion of voting rights of equity shareholders to the voting rights of preference shareholders shall be in proportion to their paid up capital.
- ii) All 97,35,201, 0.01% Optionally Convertible Preference Shares, had already become due for redemption/conversion in the financial year 2014-15 and could not be redeemed due to unavailability of surplus.
- iii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, 2,00,000 Shares amounting to ₹200.00 Lakhs were due for redemption in financial year ending 31.03.2012, whereas 50% of 15,30,000 Shares amounting to ₹765.00 Lakhs were due for redemption in the financial year ending March 31, 2017 and balance 50% had fallen due for redemption during the current year.
- iv) 5,00,000, 9.75% Cumulative Redeemable Preference Shares amounting to ₹500.00 Lakhs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber has filed a legal case against the Company for the recovery of the sum invested as well as dividend thereon. The Company is contesting the claim of the subscriber at appropriate forum.
- v) During the year, the Company could not redeem the Preference Shares, already due for redemption, on account unavailability of distributable profits in terms of Section 55(2)(a) and Section 123 of Companies Act, 2013.



C. Shareholders holding more than 5% shares -

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	1179000	12.11	1179000	12.11	1179000	12.11
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87	961044	9.87
EXIM Bank Ltd.	916333	9.41	916333	9.41	916333	9.41
SICOM Ltd.	829463	8.52	829463	8.52	829463	8.52
Punjab National Bank	671522	6.90	671522	6.90	671522	6.90
Oriental Bank of Commerce	623828	6.41	623828	6.41	623828	6.41
Dena Bank	593936	6.10	593936	6.10	593936	6.10
UCO Bank	515900	5.30	515900	5.30	515900	5.30

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56	200000	11.56

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	500000	100	500000	100	500000	100

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
19. OTHER CURRENT LIABILITIES			
Advance received from Customers	271.13	124.66	342.81
Direct Taxes	58.99	49.04	82.09
Indirect Taxes	36.62	94.76	28.43
	<u>366.74</u>	<u>268.46</u>	<u>453.33</u>
20. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)			
a) Contingent Liabilities			
Claim against the Company not acknowledged as debts	844.50	850.98	809.29
Guarantees	22.69	66.31	26.59
Other money for which company is contingently liable	1740.00	1891.50	1304.60
Bills discounted with banks	—	385.41	—
	<u>2607.19</u>	<u>3194.20</u>	<u>2140.48</u>
b) Commitments	—	—	—
	<u>2607.19</u>	<u>3194.20</u>	<u>2140.48</u>

	(₹ in Lakhs)	
	As at 31.03.2018	As at 31.03.2017
21. REVENUE FROM OPERATIONS		
<u>Sale of products</u>		
Domestic	36928.36	29461.11
Exports	18366.31	24503.88
[includes third party & deemed exports of ₹2901.25 Lakh (Previous year ₹10272.50 Lakh)]		
Total	55294.67	53964.99
<u>Other Operating Revenues</u>		
Export Incentives	777.32	779.95
Other items	11.05	6.01
	788.37	785.96
	56083.04	54750.95
Break-up of revenue from sale of products (net of excise duty)		
Classification -		
<u>Manufactured goods</u>		
API & Intermediates	33908.12	35249.97
Home Health	790.84	86.84
Formulations -		
Tablets	2882.51	2726.81
Syrup	555.49	491.02
Capsules	499.87	154.49
Others	153.49	48.40
Formulations Sub-Total	4091.36	3420.72
Sale of Manufactured Goods - (A)	38790.32	38757.53
<u>Traded Goods</u>		
Home Health	9544.57	7612.09
Formulations -		
Tablets	3663.16	4070.13
Syrups	950.21	995.18
Capsules	952.21	1112.11
Others	1394.20	1417.95
Formulations Sub-Total	6959.78	7595.37
Total Sales of Stock in Trade - (B)	16504.35	15207.46
Revenue from Sales operations (A + B)	55294.67	53964.99
22. OTHER INCOME		
Interest Income	12.05	10.34
Others	341.96	361.24
	354.01	371.58



	As at 31.03.2018	(₹ in Lakhs) As at 31.03.2017
23. COST OF MATERIALS CONSUMED		
Raw Materials	21323.68	21850.42
Packing Materials	728.97	749.77
	<u>22052.65</u>	<u>22600.19</u>
Break up of cost of Raw Material consumed		
Classification -		
API & Intermediates	18783.32	19976.45
Formulations	2296.16	2060.71
Home Health	973.17	563.03
Total	<u>22052.65</u>	<u>22600.19</u>
24. PURCHASE OF STOCK-IN-TRADE		
Home Health	5775.31	5657.36
Formulations -		
Tablets	3172.53	3691.75
Syrups	807.27	848.60
Capsules	753.22	963.63
Others	1274.33	1256.37
Formulations Sub-total	<u>6007.35</u>	<u>6760.35</u>
Total	<u>11782.66</u>	<u>12417.71</u>
25. CHANGE IN INVENTORY		
Opening Balance -		
Work-in-progress	1712.54	974.47
Finished goods	858.49	523.90
Stock-in-trade	1138.97	794.36
Stores and spares	101.89	75.06
	<u>3811.89</u>	<u>2367.79</u>
Closing Balance -		
Work-in-progress	1450.72	1712.54
Finished goods	727.11	858.49
Stock-in-trade	1035.01	1138.97
Stores and spares	174.56	101.89
	<u>3387.40</u>	<u>3811.89</u>
Change in Inventory	<u>424.49</u>	<u>(1444.10)</u>
26. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	6033.66	5375.70
Contribution to provident fund/ ESI	256.28	215.24
Gratuity and Leave Encashment	214.89	235.40
Staff Welfare	317.07	253.06
	<u>6821.90</u>	<u>6079.40</u>

	(₹ in Lakhs)	
	As at 31.03.2018	As at 31.03.2017
27. FINANCE COST		
Interest expense	380.71	698.60
Interest on Cumulative Preference shares (refer Note No. 18)	48.75	48.75
	<u>429.46</u>	<u>747.35</u>
28. OTHER EXPENSES		
Consumption of Stores and spare parts	112.65	111.70
Power and Fuel	1108.29	983.53
Rent	355.66	345.42
Repairs to buildings	120.62	86.87
Repairs to machinery	305.57	277.00
General Repairs	96.43	48.76
Insurance	42.89	40.94
Research & Development	50.20	41.40
Quality Control & Testing Charges	303.22	238.56
Rates and Taxes	134.02	168.10
Legal and Professional Expenses	834.20	580.65
Travelling Expenses	971.56	968.92
Selling and Distribution Expenses	2912.86	2903.75
Miscellaneous Expenses	1626.25	2253.46
	<u>8974.42</u>	<u>9049.06</u>
29. PAYMENTS TO AUDITORS (excluding Service Tax/GST)		
Statutory Auditors -		(₹ in Lakhs)
Year Ended	31.03.2018	31.03.2017
Audit Fee	20.00	20.00
Tax Audit Fee	6.00	6.00
Tax Matters	4.00	4.00
Certification	2.71	2.16
Others	8.71	-
Total	<u>41.42</u>	<u>32.16</u>
Cost Auditors-		
Audit Fees	4.50	3.44
Others	-	1.14
Total	<u>4.50</u>	<u>4.58</u>
30. PRIOR PERIOD ITEMS		
Expenses include ₹14.73 Lakhs (Previous Year ₹6.53 Lakhs) as expenses (net) relating to earlier years.		
31. DISCLOSURES ABOUT IMPORTS, EXPENDITURE IN FOREIGN CURRENCY, RAW MATERIAL CONSUMPTION & EARNINGS IN FOREIGN EXCHANGE -		
A. VALUE OF IMPORTS ON CIF BASIS		
Raw Materials	12465.13	11938.88
Stock -in -trade	2351.61	2081.87
Capital Goods	122.11	29.38
	<u>14938.85</u>	<u>14050.13</u>



	As at 31.03.2018	(₹ in Lakhs) As at 31.03.2017
B. EXPENDITURE IN FOREIGN CURRENCY		
Purchase of Capital Goods/ Travel/ Commission	<u>536.47</u>	<u>377.75</u>
	<u>536.47</u>	<u>377.75</u>
C. VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF		
Imported	11547.05	12468.21
Indigenous	10535.61	10131.98
	<u>22082.66</u>	<u>22600.19</u>
% Imported	52.29%	55.17%
% Indigenous	47.71%	44.83%
	<u>100.00%</u>	<u>100.00%</u>
D. EARNINGS IN FOREIGN EXCHANGE		
Exports of Goods on F.O.B. basis [Excluding third party & deemed exports of ₹2901.25 Lakhs (Previous Year ₹10272.50 Lakhs)]	15465.05	14231.38
	<u>15465.05</u>	<u>14231.38</u>

32. SEGMENT REPORTING

In accordance with Indian Accounting Standard, Ind AS-108 "Operating Segment", 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.

33. RELATED PARTY DISCLOSURES

Disclosure as required by Indian Accounting Standard "Related Party Disclosures" (Ind AS 24) issued by the Institute of Chartered Accountants of India are as under:

Related Parties

1. Subsidiary Companies	
Morepen Inc.	Overseas Company
Dr. Morepen Limited	Domestic Company
Total Care Limited	Domestic Company
2. Key Management Personnel	Mr. Sushil Suri, Chairman & Managing Director Mr. Ajay Sharma, Chief Financial Officer Mr. Thomas P. Joshua, Company Secretary
3. Relatives of Key Management Personnel with whom the Company has any transaction during the year	Mr. Sanjay Suri, Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Mrs. Amita Sharma
4. Entities over which Key Management Personnel/ or Relatives of Key Management Personnel are able to exercise significant influence with which the Company has any transactions during the year	Park Hyatt Goa Resort and Spa (a unit of Blue Coast Hotels Ltd.)

Transactions with related parties -

Particulars	Nature of transaction	(₹ in Lakhs)
1. Subsidiary Companies	Sale of inventories	406.60
	Purchase of inventories	1.65
	Amount payable/adjusted as on 31.03.18	72.56
	(Maximum balance outstanding ₹5771.27 Lakhs)	
2. Key Management Personnel	Remuneration	156.89
	Payable Balance as on 31.03.18	21.19
	(Maximum amount outstanding - ₹24.11 Lakhs)	
3. Relatives of Key Management Personnel with whom the Company has any transaction during the year	Remuneration	392.67
	Payable Balance as on 31.03.18	36.42
	(Maximum amount outstanding - ₹69.41 Lakhs)	
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 services	163.57
	Payable Balance as on 31.03.18	158.46
	(Maximum amount outstanding - ₹158.46 Lakhs)	

34. EARNING PER SHARE

Particulars	Year Ended	
	31.03.2018	31.03.2017
Profit/ (Loss) after Tax (₹ in Lakhs)	2611.52	2316.75
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value ₹2/- per share)- Basic & Diluted	0.58	0.52

35. EMPLOYEE BENEFITS

Disclosures as per Accounting Standard, Ind AS -19 'Employee Benefits' is as under -

(A) Disclosures for Defined Contribution Plans -

Particulars	31.03.2018	31.03.2017
Employer's Contribution to Provident Fund	209.59	188.59
Employer's Contribution to Employees State Insurance	46.68	26.65

(B) Disclosures for Defined Benefit Plans - Unfunded

Particulars	Gratuity		Leave Encashment	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
i. Change in the present value of obligation:				
Present Value of Obligation at beginning of the year	1042.39	862.53	356.00	287.67
Add: Interest Cost	82.09	64.58	26.87	21.01
Add: Current Service Cost	79.54	78.69	30.38	56.46
Less:- Benefit Paid	88.89	26.06	51.36	22.82
Add: Actuarial loss/(gain) on obligations	(10.95)	62.65	5.67	13.68
Present Value of Obligation at year end	1104.18	1042.39	367.56	356.00
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	-	-	-	-



Particulars	Gratuity		Leave Encashment	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
iii. Expense recognized in the Profit and Loss Account				
Current Service Cost	79.54	78.69	30.38	56.46
Add: Interest Cost	82.09	64.58	26.87	21.01
Less: Expected Return on plan asstes	–	–	–	–
Less: Settlement Credit	–	–	9.67	–
Add: Net actuarial loss/(gain) recognised	(10.95)	62.65	5.67	13.68
Total expenses recognized in profit & loss account	150.68	205.92	53.25	91.15
iv. The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment- Assumptions				
Discount Rate	7.70%	7.60%	7.70%	7.60%
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
Expected Return on Assets	–	–	–	–
Employee Turnover rates	3.00%	3.00%	3.00%	3.00%
Expected average remaining working lives of employees (years)	20	20	20	20

36. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2018. Hence, no provision is required in the accounts for the year under review.

37. INCOMETAX

- As required by Indian Accounting Standard "Income - taxes" i.e. (Ind-AS 12) issued by the Institute of Chartered Accountants of India, deferred tax asset on accumulated losses, is not recognized as a matter of prudence.
- The company has carried forward losses, therefore no provision for tax is required during the current year.

38. OTHERS SIGNIFICANT DISCLOSURES

- In the opinion of Directors, all assets and non-current investments stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- During the financial year ended March 31, 2010, pursuant to a Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956 approved by the Hon'ble High Court of Himachal Pradesh vide its Order dated August 4, 2009 the Company allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues. On an appeal filed against the said Order by the Central Government, the Hon'ble Division Bench of the Hon'ble High Court of Himachal Pradesh remanded the matter back to single judge for considering the representation of central government and deciding the matter afresh. The matter was later transferred to Hon'ble National Company Law Tribunal (NCLT), Chandigarh.

The Hon'ble NCLT vide its judgement dated March 12, 2018 dismissed the Company's petition seeking approval of the Scheme of arrangement with the Fixed Deposit holders. However, Hon'ble NCLT clarified that the Order will not affect the allotment of the shares to the FD holders who have traded the shares to the third parties or transferred the allotted shares. It was further directed that the Company shall pay the outstanding amount as per the scheme approved the Company Law Board (CLB) to the original FD holders (except to those who have since traded/transferred the shares allotted to them).

The Company had filed an appeal before the Hon'ble National Company Law Appellate Tribunal (NCLAT) at New Delhi against the order dated March 12, 2018 of the Hon'ble NCLT. The Hon'ble NCLAT while issuing notice to the Respondents have stayed the operation of the impugned Order dated March 12, 2018.

- e) Remuneration paid to directors for the period April 2005 - March 2014 amounting to ₹356.00 Lakhs is subject to central government approval.
- f) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.

39. FIRST TIME ADOPTION OF IND AS

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of Significant Accounting Policies. The transition to Ind AS has been carried out in accordance with Ind AS 101-‘First time adoption of Indian Accounting Standards’ with 1st April, 2016 as the transition date.

This note explains the exemptions availed by the Company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April 2016 and financial statements as at and for the year ended 31st March, 2017 in accordance with Ind AS 101.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- a) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant & Equipment.
- b) The Company has adopted to measure investments in subsidiaries at cost in accordance with Ind AS 27 and therefore has measured such investments in its separate opening Ind AS balance sheet at carrying amount as per Indian GAAP at the date of transition in accordance with Ind AS 101.
- c) The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 01st April, 2016.
- d) The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
 - Fair values of Financial Assets & Financial Liabilities
 - Impairment of financial assets based on expected credit loss modal
 - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017.



Disclosure as required by Ind AS 101- First time adoption of Indian Accounting Standards

Reconciliation of Equity -

(₹ in Lakhs)

Particulars	As at 31 st March, 2017			As at 1 st April, 2016		
	As per Indian GAAP	Ind AS Adjustments	As per Ind AS	As per Indian GAAP	Ind AS Adjustments	As per Ind AS
ASSETS						
Non-current assets						
Property Plant and Equipment	19119.00	(34.27)	19084.73	21588.91	(34.27)	21554.64
Goodwill	1.68	-	1.68	2.24	-	2.24
Other Intangible Assets	42.83	-	42.83	44.78	-	44.78
Financial Assets:						
Investments	11769.48	-	11769.48	11769.48	-	11769.48
Loans	-	28.04	28.04	-	12.42	12.42
Other Financial Assets	-	-	-	-	-	-
Other Non-Current Assets	5971.90	26.06	5997.96	5392.44	26.41	5418.85
Total Non-current assets	36904.89	19.83	36924.72	38797.85	4.56	38802.41
Current assets						
Inventories	6249.69	-	6249.69	4081.93	-	4081.93
Financial Assets:						
Trade receivables	8309.97	-	8309.97	8035.47	-	8035.47
Cash and Cash Equivalents	674.53	(58.64)	615.89	363.06	(75.96)	287.10
Bank Balances other than Cash and Cash Equivalents	-	58.64	58.64	-	76.14	76.14
Loans	-	32.84	32.84	-	33.25	33.25
Other current Assets	2649.55	(60.52)	2589.03	2207.26	(45.50)	2161.75
Total Current Assets	17883.74	(27.68)	17856.06	14687.72	(12.08)	14675.64
Total Assets	54788.63	(7.85)	54780.78	53485.57	(7.52)	53478.05
EQUITY AND LIABILITIES						
Equity						
(a) Equity Share Capital	20961.06	(11965.20)	8995.86	20961.06	(11965.20)	8995.86
(b) Other equity	14228.58	(790.79)	13437.79	11924.40	(741.68)	11182.72
Total Equity	35189.64	(12755.99)	22433.65	32885.46	(12706.88)	20178.58
Liabilities						
Non-current Liabilities						
Financial Liabilities:						
Borrowings	93.58	-	93.58	4274.18	765.00	5039.18
Other Financial liabilities	164.99	-	164.99	176.00	-	176.00
Long term provisions	1269.21	-	1269.21	1071.43	-	1071.43
Total Non-current Liabilities	1527.78	-	1527.78	5521.61	765.00	6286.61
Current Liabilities						
Financial Liabilities:						
Borrowings	-	-	-	-	-	-
Trade Payables	11620.35	-	11620.35	10748.13	-	10748.13
Other Financial Liabilities	6053.21	12748.14	18801.35	3460.57	11934.36	15394.93
Other Current Liabilities	268.46	-	268.46	453.33	-	453.33
Provisions	129.19	-	129.19	416.47	-	416.47
Total Current Liabilities	18071.21	12,748.14	30819.35	15078.50	11,934.36	27012.86
Total Equity and Liabilities	54788.63	(7.85)	54780.78	53485.57	(7.52)	53478.05

Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	As per Indian GAAP	Ind AS Adjustments	As per Ind AS
Revenue from Operations (Net)	53703.54	1047.41	54750.95
Other Income	369.54	2.043	71.58
Total revenue	54073.08	1049.45	55122.53
Expenses:			
Cost of materials consumed	22600.19	–	22600.19
Purchases of stock-in-trade	12417.71	–	12417.71
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1444.10)	–	(1444.10)
Employee benefits expense	6139.04	(59.64)	6079.4
Finance costs	698.6	48.75	747.35
Depreciation and amortization	3356.17	–	3356.17
Other expenses	8001.29	1047.77	9049.06
Total Expenses	51768.91	036.88	52805.78
Profit before Tax	2304.18	12.57	2316.75
Tax expense			
Tax (MAT)	–	–	–
MAT Credit Entitlement	–	–	–
Profit for the Year	2304.18	12.57	2316.75
Other Comprehensive Income			
Items that will not be reclassified to profit or loss -			
Remeasurements of the defined benefit plans	–	(61.68)	(61.68)
Total Comprehensive Income for the period	2304.18	(49.11)	2255.07

Notes to the reconciliation of equity as at 1st April, 2016 and 31st March, 2017 and Total comprehensive income for the year ended 31st March, 2017

1. Leasehold land

Under Indian GAAP, land on lease was not covered under 'Leases' and therefore it was shown as Tangible assets. Under Ind AS, land on lease is considered as operating lease. Therefore, net block of leasehold land (31st March, 2017 ₹26.06 Lakhs, 1st April, 2016 ₹26.42 Lakhs) has been re-classified under the head "Other Non-Current Assets" whereas lease rental of ₹0.36 Lakhs chargeable within next 12 months has been classified under the head "Other Current Assets". Further, lease rental of ₹0.36 Lakhs has been charged to revenue during the year ended 31st March, 2017. Lease rentals of earlier years amounting to ₹5.51 Lakhs and a sum of ₹1.98 Lakhs spent on leasehold land have been charged to total equity as on 1st April, 2016.

2. Financial instruments measured at amortized cost

Under Indian GAAP, interest free loan to employees are recorded at their transaction value. Under Ind AS, these loans are to be measured at amortized cost on the basis of effective interest rate method. Due to this, long term loans to employees and short term loans to employees has been decreased and difference between carrying amount and amortized cost has been recognized as 'Deferred employee cost' under the head 'Other non-current assets' (01st April, 2016 ₹12.41Lakh, 31st March, 2017 ₹28.03 Lakh) and 'Other current assets' (01st April, 2016 ₹29.43 Lakh, 31st March, 2017 ₹32.71 Lakh). Further, Employee benefit expense has been increased due to amortisation of the deferred employee benefit of ₹2.04Lakh for 2016-17 which is offset by the notional interest income on loan to employees.

3. Defined benefit obligation

Under Ind AS, remeasurements i.e. actuarial gains and losses are to be recognized in 'Other Comprehensive Income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit or loss. Therefore, actuarial gain/loss amounting to ₹61.68 Lakhs for the financial year 2016-17 has been recognized in OCI, which was earlier recognised as Employee benefits expense. However, the same has no impact on the total equity as at 31st March, 2017.

4. Sale of goods

- Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased by ₹1233.33 Lakhs with a corresponding increase in other expenses.
- Under Indian GAAP, discounts including damaged and expired goods sales return were shown as expense. However under Ind AS, revenue is to be shown as net of discounts including damaged and expired goods sales returns. Accordingly, discounts and value of damaged and expired goods sales return, amounting to ₹185.56 Lakhs has been reduced from revenue with a corresponding adjustment in other expenses.

5. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on statement of cash flows.



Independent Auditor's Report

To The Members of Morepen Laboratories Limited Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of **Morepen Laboratories Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

Management's responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with relevant rules issued thereunder.

The respective board of Directors of the entities included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the adequacy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statement that give a true and fair view and free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, and based on the consideration of reports of other auditors, referred to in the 'Other Matters' paragraph below, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the



Consolidated changes in equity for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the Note no. 2(2) of the Ind AS financial statements regarding Trade Mark Burnol forming part of trade mark was given as collateral security against inter corporate deposit taken by the parent company. Legal case in respect of the above trade mark is pending for final adjudication.

Other Matters

We did not audit the financial statements of foreign subsidiary named as Morepen Inc. included in consolidated financial statements whose financial statements reflect total assets of ₹158.72 lakhs as at March 31, 2018, total revenue of ₹87.25 lakhs, total profit after tax of ₹31.69 lakhs and total comprehensive income of ₹31.69 lakhs for the year ended on that date, as considered in the consolidated financial statements. The aforesaid financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the auditor of such Company.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the company so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Cash Flows and the Consolidated Statement of the Changes in Equity dealt with by this report are in agreement with the books of accounts.
 - (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian

Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issues thereunder.

- (e) On the basis of the written representations received from the Directors of the Holding Company and its Indian subsidiaries as on 31st March, 2018 taken on record by the Board of Directors of the respective Companies, none of the Directors is disqualified as on 31st March, 2018 from being appointed as director in terms of section 164(2) of the Act.
- (f) Based on the checking of the books and records of the Group as we considered appropriate and as per information and explanations given to us, our separate report with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls is as per Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Consolidated Ind AS financial statements has disclose the impact of pending litigations on its financial position in its financial statements – **Refer Note No. 20 to the Consolidated Ind AS financial statements;**
 - ii. provision has been made in the Consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivate contracts and as at the year end;
 - iii. there has been no delay in transferring amounts, requiring to be transferred to the Investor Education and Protection Fund by the Holding Company

**For Satinder Goyal & Co.
Chartered Accountants
Firm's Regn. No: 027334N**

**(CA S. K. Goyal)
Partner**

**Place : New Delhi
Date : 16th May 2018**

Membership No.: 084613



Annexure “A” referred to in paragraph (f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the Consolidated Ind AS financial statements of Morepen Laboratories Limited for the year ended 31st March 2018

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

In conjunction with our audit of the Consolidated Ind AS financial statements of the Holding Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Morepen Laboratories Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of directors of the holding company and its subsidiaries which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's and its subsidiaries incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its Subsidiaries incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are



subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanation given to us, and based on the consideration of reports of other auditors, referred to in the 'Other Matters' paragraph, the Holding Company, its Subsidiaries incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies, considering the essential

components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far as it relates to the financial statements of foreign subsidiary named as Morepen Inc., is based solely on the reports of the auditor of such Company.

**For Satinder Goyal & Co.
Chartered Accountants
Firm's Regn. No: 027334N**

(CA S. K. Goyal)

Partner

Membership No. : 084613

Place : New Delhi

Date : 16th May, 2018



Consolidated Balance Sheet

As at 31st March, 2018

(₹ in Lakhs)

	Notes	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS				
1. NON-CURRENT ASSETS				
Property Plant and Equipment	2	17239.67	19341.42	21795.91
Goodwill	2	7448.54	7796.08	7796.64
Other Intangible Assets	2	1741.07	42.83	44.78
Financial Assets:				
Loans	3	2.05	28.04	12.42
Other Non-Current Assets	4	7436.45	7426.02	7008.15
		33867.78	34634.39	36657.90
2. CURRENT ASSETS				
Inventories	5	7688.69	6466.49	4214.18
Financial Assets:				
Investments	6	21.78	–	–
Trade Receivables	7	12185.05	9295.12	8801.07
Cash and Cash Equivalents	8	571.61	700.47	360.18
Bank Balances other than Cash and Cash Equivalents	9	23.38	58.64	76.14
Loans	3	46.31	36.28	36.72
Other current assets	10	4176.04	2637.55	2221.47
		24712.86	19194.55	15709.76
		58580.64	53828.94	52367.66
TOTAL				
EQUITY AND LIABILITIES				
1. EQUITY				
Equity Share Capital	11	8995.86	8995.86	8995.86
Other Equity	12	13598.30	10630.30	8325.61
		22594.16	19626.16	17321.47
2. MINORITY INTEREST				
	13	(45.42)	(63.37)	(62.92)
3. NON - CURRENT LIABILITIES				
Financial Liabilities:				
Borrowings	14	294.73	138.34	5106.13
Other Financial liabilities	15	282.66	282.46	271.53
Long term provisions	16	1442.37	1359.23	1134.28
		2019.76	1780.03	6511.94
4. CURRENT LIABILITIES				
Financial Liabilities:				
Borrowings				
Trade Payables	17	17488.44	12487.94	11539.78
Other Financial liabilities	18	15576.77	19142.03	15711.16
Other Current Liabilities	19	813.60	723.30	926.81
Provisions	16	133.33	132.85	419.42
		34012.14	32486.12	28597.17
		58580.64	53828.94	52367.66
TOTAL				
SIGNIFICANT ACCOUNTING POLICIES				
	1			
NOTES ON FINANCIAL STATEMENTS				
	2-35			

As per our separate report of even date

For Satinder Goyal & Co.
Chartered Accountants
Firm Regn. No. 027334N

(CA S. K. Goyal)
Partner
Membership No. 084613

Place : New Delhi
Date : 16th May, 2018

For & on behalf of the Board of Directors of Morepen Laboratories Limited

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)
Chief Financial Officer

(Manoj Joshi)
Director
DIN : 00036546

(Thomas P. Joshua)
Company Secretary

Consolidated Statement of Profit and Loss

For the Year Ended 31st March, 2018

(₹ in Lakhs)

	Notes No.	Year Ended 31.03.2018	Year Ended 31.03.2017
REVENUE			
Sales Revenue	21	59775.29	58640.63
Other Income		875.62	906.78
Revenue from operations (Net)	21	60650.91	59547.41
Other Income	22	372.27	371.58
TOTAL INCOME (I)		61023.18	59918.99
EXPENSES			
Cost of Materials Consumed	23	22052.65	22600.19
Purchases of Stock-in-Trade		14457.40	15514.06
Changes in inventories of Finished goods, Work-in-progress and Stock-in-Trade		347.06	(1528.64)
Employee Benefits Expense	24	7653.37	6969.26
Finance Cost	25	435.73	756.10
Depreciation and Amortization Expense	26	3432.20	3390.41
Other Expenses	27	9667.68	9854.59
TOTAL EXPENSES (II)		58046.09	57555.97
PROFIT BEFORE TAX		2977.09	2363.02
Tax Expense			
EARLIER YEARS			
Tax (MAT)		—	(351.38)
MAT Credit Entitlement		—	351.38
PROFIT FOR THE YEAR (III)		2977.09	2363.02
Share of minority interest in Profit/ (loss)	28	17.95	(0.45)
PROFIT FOR THE YEAR AVAILABLE FOR MAJORITY SHAREHOLDERS		2959.14	2363.47
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Profit & Loss:			
Actuarial Gain/(Loss) on Employee Benefits		8.87	(58.79)
OTHER COMPREHENSIVE INCOME FOR THE YEAR (IV)		8.87	(58.79)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (III + IV)		2968.01	2304.68
Earning per equity share (Face Value of ₹2/- each)	32		
(1) Basic		0.66	0.53
(2) Diluted		0.66	0.53
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-35		

As per our separate report of even date

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(Thomas P. Joshua)
Company Secretary



Consolidated Cash Flow Statement

For the Year Ended 31st March, 2018

(₹ in Lakhs)

	Notes No.	Year Ended 31.03.2018	Year Ended 31.03.2017
A. CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(Loss) before extraordinary items and tax		2985.96	2304.23
Adjustments for:			
Depreciation & Amortisation	2	3432.20	3390.41
(Profit)/Loss on Sale of Fixed Assets		5.50	(6.53)
Finance Cost (Net)	25	435.73	756.10
Minority Interest	28	(17.95)	0.45
Operating Profit before changes in Current Assets and Liabilities		6841.43	6444.66
Changes in Current Assets and Liabilities -			
Trade Receivables	7	(2889.93)	(494.06)
Current Loans, Advances and other Current Assets	3,9,10	(1513.26)	(398.14)
Inventories	5	(1222.20)	(2252.31)
Current Liabilities	17,18,19,20	5125.36	772.36
Cash generated from operations		6341.41	4072.51
Income Tax		-	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		6341.41	4072.51
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets		(1032.80)	(985.27)
Purchase/Addition of Intangibles		(1655.44)	-
Proceeds from Sale of Property, Plant & Equipments		1.58	58.39
Purchase of Investments	6	(21.78)	-
Investment in Other Non-Current Assets	3,4	15.56	(433.49)
NET CASH USED IN INVESTING ACTIVITIES		(2692.89)	(1360.37)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost	25	(435.73)	(756.10)
Change in Long Term borrowings (Net)	14	(3442.93)	(1851.19)
Change in Long Term liabilities & provisions (Net)	13,15,16	101.29	235.43
NET CASH USED IN FINANCING ACTIVITIES		(3777.37)	(2371.86)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		(128.85)	340.28
Cash and Cash Equivalents as at Beginning of the Year		700.47	360.18
Cash and Cash Equivalents as at End of the Year		571.61	700.47
Bank Balances other than Cash and Cash Equivalents		23.38	58.64
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-35		

As per our separate report of even date

For Satinder Goyal & Co.
Chartered Accountants
Firm Regn. No. 027334N

(CA S. K. Goyal)
Partner
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Place : New Delhi
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(Thomas P. Joshua)
Company Secretary



1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

1.0 Company Overview

Morepen Laboratories Limited ("the Company") is a Public limited company incorporated and domiciled in India and has its listing on the BSE Limited and National Stock Exchange of India Limited. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company has its manufacturing locations situated in the state of Himachal Pradesh with trading and other incidental and related activities extending to both domestic and global markets. The Company is in the business of manufacturing, producing, developing and marketing a wide range of Active Pharmaceutical Ingredients (APIs), branded and generic formulations and also the Home Health products.

1.1 Basis for preparation of financial statements

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The financial statements for the year ended March 31, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. For all periods up to and including the year ended March 31, 2017, the Company reported its Financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'IGAAP'). The Financial statements for the year ended March 31, 2017 and the opening Balance Sheet as at April 1, 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from IGAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note no. 35.

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

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

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

*(Held by Dr. Morepen Limited)

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on May 16, 2018.

Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

Operating Cycle

Based on the nature of products/activities of the company and normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.2 Use of Estimates and Judgements

The presentation of financial statements in conformity with Ind AS requires the management of the Company to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues 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 & others.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if



material, their effects are disclosed in the notes to financial statements.

1.3. Property, Plant and Equipment (PPE)

The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

- a) Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.
- b) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.
- c) Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- d) The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.4 Intangible Assets and Amortisation

Internally generated Intangible Assets - Research and Development expenditure

Expenditure pertaining to research is expensed as incurred. Expenditure incurred on development is capitalised if such expenditure leads to creation of an asset and/or benefits are expected over more than one period, otherwise such expenditure is charged to the Statement of Profit and Loss.

Expenditure providing benefits for more than one period is amortised proportionately over the periods during which benefits are expected to occur.

Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment, if any. The Company determines the amortisation period as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

1.5 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

- a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it except assets costing less than ₹5000/- on which depreciation is charged in full during the year.
- b) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

1.6 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.

1.7 Foreign Currency Transactions / Translations

- i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction or at rates that closely approximate the rate at the date of the transaction.

- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.
- v) In case of long term monetary items outstanding as at the end of year, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

1.8 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

1.9 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of minimum lease payments at the inception of lease, whichever is lower. Lease under which the risks and rewards incidental to ownership are not transferred to lessee, is classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of profit and loss over the lease term.

2.0 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

i) Initial Recognition and measurement

On initial recognition, all the financial assets and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except financial asset or financial liability measured at fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities carried at fair value through the Profit and Loss are immediately recognized in the Statement of Profit and Loss.

ii) Subsequent measurement

a) **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) **Financial assets at fair value through profit or loss (FVTPL)**

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.



d) Investments in subsidiaries, joint ventures and associates

The Company has adopted to measure investments in subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27 and carrying amount as per previous GAAP at the date of transition has been considered as deemed cost in accordance with Ind AS 101.

e) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Other Financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

iv) Fair value measurement of financial instruments

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Based on the three level fair value hierarchy, the methods used to determine the fair value of

financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer.

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

2.1 Impairment of Assets

i) Financial Assets

In accordance with Ind AS 109, the company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

ii) Non-Financial Assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was

previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

2.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

- a) Revenue is recognised at the fair value of the consideration received or receivable. The amount disclosed as revenue is inclusive of excise duty (applicable till June 30, 2017) and net of returns, trade discounts, value added tax, Goods and Services Tax (GST).

Provisions for rebates, discount and return are estimated and provided for in the year of sales and recorded as reduction of revenue.

- b) Dividend income is accounted for when the right to receive the income is established.

2.3 Interest

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.4 Income Taxes

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is also recognized in equity or other comprehensive income respectively.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.5 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.6 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of



resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

2.7 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.

2.8 Employee Retirement benefits

i) 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.

ii) Post – employment benefits

Defined contribution plans –

Retirement benefits in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans –

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity payment plan provides for a lump sum payment to the vested employees at retirement, death, incapacitation 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.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. Re-measurements comprising of actuarial gains and losses, are recognised in other comprehensive income which are not reclassified to profit or loss in the subsequent periods.

iii) Long – term employee benefits

Leave Encashment

The liability of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

2.9 Segment Reporting

The Company operates in one reportable business segment i.e. “Pharmaceuticals”.

3.0 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH, 2018

2. I) PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			CARRYING VALUE		
	As at 01.04.2017	Additions	Disposals/ Adjustments	As at 31.03.2018	As at 01.04.2017	For the year	Deductions/ Adjustments	As at 31.03.2018	As at 31.03.2017
Land	158.22	-	-	158.22	-	-	-	158.22	158.22
Buildings	7326.92	58.75	-	7385.67	3119.73	176.89	-	4089.05	4207.19
Plant & Machinery	83826.55	595,116	(5559.95)	78861.76	69270.67	2852.19	(5552.87)	12291.77	14555.88
Furnitures & Fixtures	322.22	10.62	-	332.84	259.95	7.25	-	65.64	62.27
Vehicles	562.77	329.13	(63.69)	828.21	280.35	62.97	(63.69)	548.58	282.42
Office Equipments	234.37	39.18	-	273.55	158.93	28.16	0.05	86.41	75.44
Total	92431.05	1032.84	(5623.64)	87840.25	73089.63	3127.46	(5616.51)	17239.67	19341.42
Previous Year	91570.62	960.36	99.93	92431.05	69774.71	3362.99	(48.07)	19341.42	
II) GOODWILL									
Goodwill	7797.20	-	346.98	7450.22	1.12	0.56	-	7,448.54	7796.08
Total	7797.20	-	346.98	7450.22	1.12	0.56	-	7448.54	7796.08
Previous Year	7796.71	-	(0.49)	7797.20	0.56	0.56	-	7796.08	
III) OTHER INTANGIBLE ASSETS									
Computer Software	144.77	52.09	-	196.86	101.94	20.08	122.02	74.84	42.83
Customer Acquisition Cost	-	1585.09	-	1585.09	-	270.40	-	1314.69	-
Patents & Trade Marks	2322.49	365.24	-	2687.73	2322.49	13.70	-	351.54	-
Total	2467.26	2002.42	-	4469.68	2424.43	304.18	-	1741.07	42.83
Previous Year	2441.64	24.91	(0.31)	2466.24	2396.77	26.86	(0.22)	42.83	
GRAND TOTAL									
Current year	102695.51	3,035.26	(5276.66)	99760.15	75515.58	3432.20	(5616.51)	73330.87	27180.33
Previous Year	101808.97	985.27	99.13	102695.11	72172.04	3390.41	(48.29)	27180.33	

Note:

- Trade mark "Burnol" forming part of Patents & Trade Marks was given as a Collateral security against inter-corporate deposit taken by the parent company. Legal case in respect of the above trade mark is pending final adjudication.
- Freehold land includes land having gross value of ₹14.94 Lakhs sold in earlier years and advance received against sale revenue on this transaction is not recognised in the books as some obligations are still pending to be completed.
- Customer Acquisition cost represents amount spent towards expansion of product market and customer reach.



I) PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			CARRYING VALUE	
	As at 01.04.2016	Additions	Disposals/ Adjustments	As at 31.03.2017	For the year	Deductions/ Adjustments	As at 31.03.2017	As at 31.03.2016
Freehold Land	158.22	-	-	158.22	-	-	158.22	158.22
Buildings	7227.68	99.24	-	7326.92	174.37	-	3119.73	4282.32
Plant & Machinery	83208.20	704.09	85.74	83826.55	3106.97	(42.82)	69270.67	17001.68
Furnitures & Fixtures	300.98	21.24	-	322.22	6.27	-	259.95	47.30
Vehicles	489.87	87.09	14.19	562.77	53.82	(5.25)	280.35	258.09
Office Equipments	185.67	48.70	-	234.37	21.56	-	158.93	48.30
Total	91570.62	960.36	99.93	92431.05	3362.99	(48.07)	73089.63	21795.91
Previous Year	90690.13	966.40	(85.91)	91570.62	3489.05	(34.82)	69774.71	21795.91

II) GOODWILL

Goodwill	7797.20	-	-	7797.20	0.56	-	1.12	7796.64
Total	7797.20	-	-	7797.20	0.56	-	1.12	7796.64
Previous Year	7793.91	2.80	(0.49)	7797.20	-	0.56	0.56	7796.64

III) OTHER INTANGIBLE ASSETS

Computer Software	118.66	24.91	0.80	144.37	26.86	0.40	101.14	44.78
Patents & Trade Marks	2322.49	-	-	2322.49	-	-	2322.89	-
Total	2441.15	24.91	0.80	2466.86	26.86	0.40	2424.03	44.78
Previous Year	2416.98	24.66	0.49	2441.15	29.95	(0.39)	2396.37	44.78

GRAND TOTAL

Current year	101808.97	985.27	100.73	102695.12	3390.41	(47.67)	75514.78	29637.33
Previous Year	100901.02	993.86	(85.91)	101808.97	3519.56	(35.21)	72171.64	29637.33

Note:

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

Notes on Consolidated Financial Statements

For the year ended 31st March, 2018

3. LOANS

	Current Portion			Non Current Portion		
	As at 31.03.18	As at 31.03.17	As at 01.04.16	As at 31.03.18	As at 31.03.17	As at 01.04.16
<u>Secured</u> (Unsecured, considered good) Financial Assets at amortised cost						
Loans to Employees	46.31	36.28	36.72	2.05	28.04	12.42
	46.31	36.28	36.72	2.05	28.04	12.42

(₹ in Lakhs)

As at	As at	As at
31.03.2018	31.03.2017	01.04.2016

4. OTHER NON CURRENT ASSETS

Unsecured

Capital Advances (Considered good)*	1413.42	1413.42	1574.66
Advances other than Capital Advances	5790.08	5790.08	5246.06
Leasehold Land Prepayments	25.70	26.06	26.41
Prepaid (Deferred) Expenses for Employee Benefit	1.16	0.00	0.00
Security Deposits	206.09	137.82	84.88
Fixed deposit with banks more than twelve months maturity	0.00	58.64	76.14
	7436.45	7426.02	7008.15

*Represents sum advanced for the acquisition/expansion of OTC brands/business.

5. INVENTORIES

Raw Materials	4005.01	1870.69	1546.91
Work-in-progress	1450.72	1712.54	968.82
Finished goods	727.11	858.49	529.53
Stock -in-trade	1329.24	1355.77	926.61
Goods in transit	2.05	567.11	167.25
Stores and spares	174.56	101.89	75.06
	7688.69	6466.49	4214.18

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

6. INVESTMENTS (NON-CURRENT)

Other Investments (At Cost)

Financial Assets carried at Cost

Financial Assets measured at fair value through Profit & Loss

Investment in Debt Funds (Quoted)

21,000 (31 st March 2017: Nil, 1 st April 2016: Nil) Units of ₹100/- each of ICICI Prudential Saving Fund-Daily Dividend	21.68	—	—
100 (31 st March 2017: Nil, 1 st April 2016: Nil) Units of ₹100/- each of ICICI Prudential Money Market Fund-Daily Dividend	0.10	—	—
Market Value of Quoted Investments	21.78	—	—



	As at 31.03.2018	As at 31.03.2017	(₹ in Lakhs) As at 01.04.2016
7. TRADE RECEIVABLES			
<u>Trade receivables outstanding for a period exceeding six months</u>			
Unsecured -			
Considered good	729.02	2084.99	196.94
Considered doubtful	146.46	102.01	14.44
Less: Allowance for bad & doubtful debts	<u>(146.46)</u>	<u>(102.01)</u>	<u>(14.44)</u>
	729.02	2084.99	196.94
<u>Other Debts</u>			
Unsecured -			
Considered good	11456.03	7210.13	8604.13
	<u>12185.05</u>	<u>9295.12</u>	<u>8801.07</u>
8. CASH AND CASH EQUIVALENTS			
<u>Balances with banks</u>			
Current Accounts	558.95	676.85	349.91
Cash in hand	12.66	23.62	10.27
	<u>571.61</u>	<u>700.47</u>	<u>360.18</u>
9. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
<u>Other bank balances</u>			
Earmarked balances with banks			
Margin Money	11.82	36.16	58.17
Guarantees	11.56	22.48	17.97
Deposit with more than three months but less than twelve months maturity	-	-	-
	<u>23.38</u>	<u>58.64</u>	<u>76.14</u>
10. OTHER CURRENT ASSETS			
<u>Unsecured considered good, unless otherwise stated</u>			
Advances with Suppliers & Others	1690.79	998.02	913.49
Leasehold Land Prepayments	0.36	0.36	0.36
Balance with Government Authorities	1442.43	664.33	246.45
Advance Income Tax - Tax Deducted at source	0.45	0.45	-
Due from Income Tax Department	368.86	391.82	361.48
Security Deposits	23.64	68.45	55.95
Export Incentives Receivable	403.87	273.92	449.91
Recoverable from Customs	69.27	140.36	66.89
Loans & Advances to Employees	88.13	43.58	49.90
Prepaid Expenses	78.14	46.70	45.72
Interest accrued but not due	10.10	9.56	29.49
	<u>4176.04</u>	<u>2637.55</u>	<u>2219.64</u>
Advances Considered Doubtful	159.56	159.56	159.56
Less : Provision for doubtful advances	<u>(159.56)</u>	<u>(159.56)</u>	<u>(157.73)</u>
	<u>4176.04</u>	<u>2637.55</u>	<u>2221.47</u>

11. STATEMENT OF CHANGE IN EQUITY

A. Equity Share Capital

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Authorised						
Equity Shares of ₹2/- each	450000000	9000.00	450000000	9000.00	450000000	9000.00
Issued, Subscribed & paid up						
Equity Shares of ₹2/- each	449826203	8996.53	449826203	8996.53	449826203	8996.53

Reconciliation of the numbers and amount of Equity shares -

For the year ended	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding at beginning of the year	449826203	8995.86	449826203	8995.86	449826203	8995.86
Add: Shares issued during the year	-	-	-	-	-	-
Less: Shares bought back during the year	-	-	-	-	-	-
Outstanding at the end of year	449826203	8995.86	449826203	8995.86	449826203	8995.86

B. Shareholders holding more than 5% shares -

Equity Shares

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Pinfold Overseas Ltd.	38530000	8.57	38530000	8.57	9632500	2.14

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

- The company has equity shares having a par value of ₹2/- each. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and their voting right on poll shall be in proportion to their share in the paid-up equity share capital of the Company.
- 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.

D. During last 5 years immediately preceding the balance sheet date, no Equity 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 during aforesaid period of 5 years.

E. Disclosure about unpaid calls -

(₹ in Lakhs)

Unpaid Calls	31.03.2018	31.03.2017	01.04.2016
By Directors & Officers	-	-	-
By Others	0.66	0.66	0.66

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



12. OTHER EQUITY

For the Year ended March 31, 2018

Reserves & Surplus								(₹ in Lakhs)
Particulars	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	Total	
Balance as at 1st April, 2017	270.40	7123.33	16740.51	(13445.15)	–	(58.79)	10630.30	
Profit for the year	–	–	–	2959.13	–	–	2959.13	
Other comprehensive income for the year	–	–	–	–	–	8.87	8.87	
Total Comprehensive income for the year	–	–	–	(10486.02)	–	–	–	
Balance as at 31 March, 2018	270.40	7123.33	16740.51	(10486.02)	–	(49.92)	13598.30	

For the Year ended March 31, 2017

Reserves & Surplus							
Balance as at 1st April, 2016	270.40	7123.33	16740.51	(15808.63)	–	–	8325.61
Profit for the year	–	–	–	2363.48	–	–	2363.48
Other comprehensive income for the year	–	–	–	–	–	(58.79)	(58.79)
Total Comprehensive income for the year	–	–	–	(13445.15)	–	–	–
Balance as at 31 March, 2017	270.40	7123.33	16740.51	(13445.15)	–	(58.79)	10630.30

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
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13. MINORITY INTEREST

Share Capital	46.66	46.66	46.66
Share in Profit/(Loss)	(92.08)	(110.03)	(109.58)
	(45.42)	(63.37)	(62.92)

14. BORROWINGS

	Current Portion			Non Current Portion		
	As at 31.03.18	As at 31.03.17	As at 01.04.16	As at 31.03.18	As at 31.03.17	As at 01.04.16
Secured						
<u>Term Loans from Banks & Institutions</u>						
Restructured Debts	1053.95	4712.37	2361.27	–	–	4219.18
Other Loans	107.75	48.65	48.15	294.73	138.34	121.95
Preference Shares (Refer note no. 18)	11965.20	11965.20	11200.20	–	–	765.00
	13126.90	16726.22	13609.62	294.73	138.34	5106.13

I. Term Loans from Banks & Institutions

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

Year of Repayment	2019-20	2020-21	2021-22	2022-23	Total
Annual Repayment Amount (₹ in Lakhs)	111.80	88.59	66.03	28.31	294.73
Annual Rate of Interest (%)	9.85-10.30	9.85	9.85	9.85	

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

Name of Lender	Interest Amount (₹ in Lakhs)	Period of Default (Months)
UCO Bank	27.31	less than 3 months
Karur Vysya Bank	3.57	less than 3 months
EXIM Bank	34.23	less than 3 months
Total	65.11	

- II. Current Portion of Non-Current Borrowings is appearing under the head Other Financial Liabilities. (Refer Note No. 18)

15. **OTHER FINANCIAL LIABILITIES (NON-CURRENT)**

	31.03.2018	31.03.2017	01.04.2016
Security Deposits from Business Associates & Others	282.66	282.46	271.53
Total	282.66	282.46	271.53

16. **PROVISIONS**

	Current			Non-Current		
	As at 31.03.18	As at 31.03.17	As at 01.04.16	As at 31.03.18	As at 31.03.17	As at 01.04.16
Provision for employees' benefits (Unfunded) - Gratuity	76.56	97.50	58.78	1088.31	998.79	842.53
Leave Encashment	56.77	35.35	22.95	354.06	360.44	291.75
Provision for Income Tax	-	-	337.69	-	-	-
Total	133.33	132.85	419.42	1442.37	1359.23	1134.28

(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
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17. **TRADE PAYABLES**

Total outstanding dues of micro small and medium enterprises	38.88	34.57	42.27
Total outstanding dues of creditors other than micro small and medium enterprises	17449.57	12453.37	11497.51
	<u>17488.45</u>	<u>12487.94</u>	<u>11539.78</u>

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



(₹ in Lakhs)

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
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18. OTHER FINANCIAL LIABILITIES - CURRENT

Current maturities of Long Term Borrowings (Refer note no. 14)	1161.70	4761.02	2409.42
Preference Shares (Refer note no. 14)	11965.20	11965.20	11200.20
Interest accrued and due on borrowings	896.81	904.77	934.76
Accrued salaries and benefits	896.69	765.95	744.87
Others	656.37	745.09	421.91
	15576.77	19142.03	15711.16

Under the previous GAAP, preference shares were shown as part of equity and carried at cost. Redeemable preference shares contain a contractual obligation to deliver cash to the holders. Under Ind As the same is classified as liability. Dividend on cumulative preference shares has accordingly shown as part of financial cost.

B. Preference Share Capital

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Authorised						
Preference Shares of ₹100/- each	12000000	12000.00	12000000	12000.00	12000000	12000.00
Issued, Subscribed & paid up						
Preference Shares of ₹100/- each	11965201	11965.20	11965201	11965.20	11965201	11965.20
0.01% Optionally Convertible	9735201	9735.20	9735201	9735.20	9735201	9735.20
0.01% Cumulative Redeemable	1730000	1730.00	1730000	1730.00	1730000	1730.00
9.75% Cumulative Redeemable	500000	500.00	500000	500.00	500000	500.00
	11965201	11965.20	11965201	11965.20	11965201	11965.20

Reconciliation of the numbers and amount of Preference shares

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding at beginning of the year	11965201	11965.20	11965201	11965.20	11965201	11965.20
Add : Shares issued during the year	-	-	-	-	-	-
Less : Shares bought back/redeemed during the year	-	-	-	-	-	-
Outstanding at the end of year	11965201	11965.20	11965201	11965.20	11965201	11965.20

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

- a) i) The Company has preference shares of ₹100/- each. Every member of the Company holding preference shares shall be entitled to vote on resolutions placed before the Company which directly affect the rights attached to their shares and any resolution for winding up of the Company or for repayment or reduction of capital and their voting right on poll shall be in proportion to their share in the paid-up preference share capital of the Company. However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all resolutions placed before the Company and the proportion of voting rights of equity shareholders to the voting rights of preference shareholders shall be in proportion to their paid up capital.

- ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.
- b) i) All 97,35,201, 0.01% Optionally Convertible Preference Shares, had already become due for redemption/ conversion in the financial year 2014-15 and could not be redeemed due to unavailability of surplus.
- ii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, 2,00,000 Shares amounting to ₹200.00 Lakhs were due for redemption in financial year ending 31.03.2012, whereas 50% of 15,30,000 Shares amounting to ₹765.00 Lakhs were due for redemption in the financial year ending March 31, 2017 and balance 50% had fallen due for redemption during the current year.
- iii) 5,00,000, 9.75% Cumulative Redeemable Preference shares amounting to ₹500.00 Lakhs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber has filed a legal case against the Company for the recovery of the sum invested as well as dividend thereon. The Company is contesting the claim of the subscriber at appropriate forum.
- iv) During the year, the Company could not redeem the Preference Shares, already due for redemption, on account unavailability of distributable profits in terms of Section 55(2)(a) and Section 123 of Companies Act, 2013.

Preference Shares

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	1179000	12.11	1179000	12.11	1179000	12.11
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87	961044	9.87
EXIM Bank Ltd.	916333	9.41	916333	9.41	916333	9.41
SICOM Ltd.	829463	8.52	829463	8.52	829463	8.52
Punjab National Bank	671522	6.90	671522	6.90	671522	6.90
Oriental Bank of Commerce	623828	6.41	623828	6.41	623828	6.41
Dena Bank	593936	6.10	593936	6.10	593936	6.10
UCO Bank	515900	5.30	515900	5.30	515900	5.30

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56	200000	11.56

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	500000	100	500000	100	500000	100



	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(₹ in Lakhs)			
19. OTHER CURRENT LIABILITIES			
Advance Received from Customers	271.13	124.66	342.81
Direct Taxes	65.77	56.95	96.08
Indirect Taxes	41.70	106.69	52.92
Advance against sale of Fixed Assets*	435.00	435.00	435.00
	<u>813.60</u>	<u>723.30</u>	<u>926.81</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. 2 (b) of notes of financial statements under the head Fixed Assets and the profit on this transaction is not recognised in the books as some obligations are still pending to be completed.			
20. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)			
a) Contingent Liabilities			
Claim against the Company not acknowledged as debts	844.50	850.98	809.29
Guarantees	22.69	66.31	26.59
Other money for which company is contingently liable	1740.00	1891.50	1304.60
Bills discounted with banks	—	385.41	—
	<u>2607.19</u>	<u>3194.20</u>	<u>2833.25</u>
b) Commitments	—	—	—
	<u>2607.19</u>	<u>3194.20</u>	<u>2833.25</u>
(₹ in Lakhs)			
	As at 31.03.2018	As at 31.03.2017	
21. REVENUE FROM OPERATIONS			
<u>Sale of Products</u>			
Domestic	41408.98		34136.75
Exports	18366.31		24503.88
Sales	59775.29		58640.63
<u>Other Operating Revenues</u>			
Export Incentives	777.32		779.95
Others	98.30		126.83
	875.62		906.78
	<u>60650.91</u>		<u>59547.41</u>
22. OTHER INCOME			
Interest Income	12.05		10.34
Others	360.22		361.24
	<u>372.27</u>		<u>371.58</u>
23. COST OF MATERIALS CONSUMED			
Raw Materials	21323.68		21850.42
Packing Materials	728.97		749.77
	<u>22052.65</u>		<u>22600.19</u>

	(₹ in Lakhs)	
	As at 31.03.2018	As at 31.03.2017
24. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	6798.40	6196.98
Contribution to provident fund/ ESI	301.14	250.62
Gratuity and Leave Encashment Expenses	236.76	268.60
Staff Welfare	317.07	253.06
	<u>7653.37</u>	<u>6969.26</u>
25. FINANCE COST		
Interest expense	386.98	707.35
	<u>48.75</u>	<u>48.75</u>
	<u>435.73</u>	<u>756.10</u>
26. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation	3432.20	3390.41
Amortisation	-	-
	<u>3432.20</u>	<u>3390.41</u>
27. OTHER EXPENSES		
Consumption of Stores and spare parts	112.65	111.70
Power and Fuel	1108.29	983.53
Rent	414.07	418.11
Repairs to buildings	120.62	86.87
Repairs to machinery	305.57	277.00
General Repairs	101.16	54.87
Insurance	56.31	51.13
Research & Development	50.42	41.40
Quality Control & Testing Charges	303.22	968.92
Rates and taxes excluding taxes on income	138.21	238.56
Legal and Professional Expenses	898.06	243.96
Travelling Expenses	1244.29	804.79
Miscellaneous Expenses	1811.13	2994.83
Selling and Distribution Expenses	3003.68	2578.92
	<u>9667.68</u>	<u>9854.59</u>

28. PRIOR PERIOD ITEMS

Expenses include ₹14.73 Lakhs (Previous Year ₹6.53 Lakhs) as expenses (net) relating to earlier years.

29. SEGMENT REPORTING

In accordance with Ind AS-108, "Operating Segment " 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 (₹ in Lakhs)	
	2017-18	2016-17
USA	3921.38	4619.65
Rest of World	14444.93	19884.23
India	41408.98	34136.75
Total	<u>59775.29</u>	<u>58640.63</u>



30. RELATED PARTY DISCLOSURES

Disclosure as required by Indian Accounting Standard "Related Party Disclosures" (Ind AS 24) issued by the Institute of Chartered Accountants of India are as under :

Related Parties

1. Key Management Personnel	<p>Morepen Laboratories Limited Mr. Sushil Suri, Chairman & Managing Director, Mr. Ajay Sharma, Chief Financial Officer Mr. Thomas P. Joshua, Company Secretary</p> <p>Dr. Morepen Limited Mr. Sanjay Suri, MD Mr. Deepak Kumar Das, Company Secretary from 22.12.2017 Ms. Hansa Sharma, Company Secretary upto 02.09.2017</p>
2. Entities over which Key Management Personnel/ or Relatives of Key Management Personnel are able to exercise significant influence with which the Company has any transactions during the year	Park Hyatt Goa Resort and Spa (a unit of Blue Coast Hotels Ltd.)
3. Relatives of Key Management Personnel with whom the Company has any transaction during the year	Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri Mrs. Amita Sharma

Transactions with related parties -

Particulars	Nature of transaction	(₹ in Lakhs)
1. Key Management Personnel	Remuneration Payable Balance as on 31.03.18 (Maximum amount outstanding ₹26.93 Lakhs)	159.74 22.92
2. Relatives of Key Management Personnel with whom the Company has any transaction during the year	Remuneration Payable Balance as on 31.03.18 (Maximum amount outstanding - ₹69.41 Lakhs)	392.67 36.42
3. Entities over which Key Management Personnel/ or Relatives of Key Management Personnel are able to exercise significant influence with which the Company has any transactions during the year	Receipt of services Payable Balance as on 31.03.18 (Maximum amount outstanding - ₹158.46 Lakhs)	163.57 158.46

31. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2018	31.03.2017
Profit/(Loss) after Tax (₹ in Lakh)	2959.14	2363.47
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value ₹2/- per share)	0.66	0.53

32. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2018. Hence, no provision is required in the accounts for the year under review.

33. TAXES

a) DEFERRED TAX LIABILITY/(ASSET)

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

b) MAT PROVISIONS

The company has carried forward losses, therefore no provision for Minimum Alternative Tax (MAT) is required during the current year.

34. OTHERS SIGNIFICANT DISCLOSURES

- a) In the opinion of directors, all assets and non-current investments stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- b) Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- c) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- d) During the financial year ended March 31, 2010, pursuant to a Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956 approved by the Hon'ble Shimla High Court vide its Order dated August 4, 2009 the Company allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues. On an appeal filed against the said Order by the Central Government, the Hon'ble Division Bench of the Hon'ble High Court of Himachal Pradesh remanded the matter back to single judge for considering the representation of central government and deciding the matter afresh. The matter was later transferred to Hon'ble National Company Law Tribunal (NCLT), Chandigarh.

The Hon'ble NCLT vide its judgement dated March 12, 2018 dismissed the Company's petition seeking approval of the Scheme of arrangement with the Fixed Deposit holders. However, Hon'ble NCLT clarified that the Order will not affect the allotment of the shares to the FD holders who have traded the shares to the third parties or transferred the allotted shares. It was further directed that the Company shall pay the outstanding amount as per the scheme approved the Company Law Board (CLB) to the original FD holders (except to those who have since traded/transferred the shares allotted to them).

The Company had filed an appeal before the Hon'ble National Company Law Appellate Tribunal (NCLAT) at New Delhi against the order dated March 12, 2018 of the Hon'ble NCLT. The Hon'ble NCLAT while issuing notice to the Respondents have stayed the operation of the impugned Order dated March 12, 2018.

- e) Remuneration paid to directors for the period April, 2005 - March, 2014 amounting to ₹356.00 Lakhs is subject to central government approval.
- f) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.

35. FIRST TIME ADOPTION OF IND AS

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31st March, 2017, as described in the summary of Significant Accounting Policies. The transition to Ind AS has been carried out in accordance with Ind AS 101-First time adoption of Indian Accounting Standards' with 1st April, 2016 as the transition date.

This note explains the exemptions availed by the Company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April, 2016 and financial statements as at and for the year ended 31st March, 2017 in accordance with Ind AS 101.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- a) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant & Equipment.
- b) The Company has adopted to measure investments in subsidiaries at cost in accordance with Ind AS 27 and therefore has measured such investments in its separate opening Ind AS balance sheet at carrying amount as per Indian GAAP at the date of transition in accordance with Ind AS 101.
- c) The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 01st April, 2016.
- d) The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
 - Fair values of Financial Assets & Financial Liabilities
 - Impairment of financial assets based on expected credit loss modal
 - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017.



Disclosure as required by Ind AS 101- First time adoption of Indian Accounting Standards

Reconciliation of Equity -

(₹in Lakhs)

Particulars	As at 31 st March, 2017			As at 1 st April, 2016		
	As per Indian GAAP	Ind AS Adjustments	As per Ind AS	As per Indian GAAP	Ind AS Adjustments	As per Ind AS
ASSETS						
Non-current asset						
Property Plant and Equipment	19375.69	(34.27)	19341.42	21830.18	(34.27)	21795.91
Goodwill	7796.08	(0.00)	7796.08	7796.64	(0.00)	7796.64
Other Intangible Assets	42.83	-	42.83	44.78	-	44.78
Financial Assets:						
Loans	-	28.04	28.04	-	12.42	12.42
Other Financial Assets	-	-	-	-	-	-
Other Non-Current Assets	7399.96	26.06	7426.02	6981.74	26.41	7008.15
Total Non-current assets	34614.56	19.83	34634.39	36653.34	4.56	36657.90
Current assets						
Inventories	6466.49	-	6466.49	4214.18	-	4214.18
Financial Assets :						
Trade receivables	9289.72	5.40	9295.12	8794.33	6.74	8801.07
Cash and Cash Equivalents	759.11	(58.64)	700.47	436.14	(75.96)	360.18
Bank Balances other than Cash and Cash Equivalents	-	58.64	58.64	0.00	76.14	76.14
Loans	-	36.28	36.28	-	36.72	36.72
Other current Assets	2701.49	(63.94)	2637.55	2270.44	(48.97)	2221.47
Total Current Assets	19216.81	(22.26)	19194.55	15715.09	(5.33)	15709.76
Total Assets	53831.37	(2.42)	53828.95	52368.43	(0.77)	52367.66
EQUITY AND LIABILITIES						
Equity						
(a) Equity Share Capital	20961.06	(11965.20)	8995.86	20961.06	(11965.20)	8995.86
(b) Other equity	11421.08	(790.78)	10630.30	9067.29	(741.68)	8325.61
Total Equity	32382.14	(12755.98)	19626.16	30028.35	(12706.88)	17321.47
Minority Interest	(63.37)	-	(63.37)	(63.92)	-	(63.92)
Liabilities						
Non-current Liabilities						
Financial Liabilities						
Borrowings	138.34	-	138.34	4341.13	765.00	5106.13
Other Financial liabilities	282.46	-	282.46	271.53	-	271.53
Long term provisions	1359.23	-	1359.23	1134.28	-	1134.28
Total Non-current Liabilities	1780.03	-	1780.03	5746.94	765.00	6511.94
Current Liabilities						
Financial Liabilities						
Borrowings	-	-	-	-	-	-
Trade Payables	12482.54	5.40	12487.94	11533.04	6.74	11539.78
Other Financial Liabilities	7117.18	12024.85	19142.03	4703.60	11007.56	15711.16
Other Current Liabilities	-	723.30	723.30	-	926.81	926.81
Provisions	132.85	-	132.85	419.42	-	419.42
Total Current Liabilities	19732.57	12753.55	32486.12	16656.06	11941.11	28597.17
Total Equity and Liabilities	53831.37	(2.42)	53828.95	52368.43	(0.77)	52367.66

Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

(₹in Lakhs)

Particulars	As per Indian GAAP	Ind AS Adjustments	As per Ind AS
Revenue from Operations (Net)	58390.20	1157.21	59547.41
Other Income	369.54	2.04	371.58
Total Revenue	58759.74	1159.25	59918.99
Expenses:			
Cost of materials consumed	22600.19	–	22600.19
Purchases of stock-in-trade	15196.76	317.30	15514.06
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1528.64)	–	(1528.64)
Employee benefits expense	7026.02	(56.76)	6969.26
Finance costs	715.82	40.28	756.10
Depreciation and amortization	3390.41	–	3390.41
Other expenses	9005.85	848.74	9854.59
Total Expenses	56406.41	1149.56	57555.97
Profit before Tax	2353.33	9.69	2363.02
Tax expense			
Tax (MAT)	(351.38)	–	(351.38)
MAT Credit Entitlement	351.38	–	351.38
Profit for the Year	2353.33	9.69	2363.02
Share of minority interest in Profit/ (loss)	(0.45)	–	(0.45)
Profit for the year available for majority shareholders	2353.78	9.69	2363.47
Other Comprehensive Income			
Items that will not be reclassified to profit or loss -			
Remeasurements of the defined benefit plans	–	(58.79)	(58.79)
Total Comprehensive Income for the period	2353.78	(49.10)	2304.68

Notes to the reconciliation of equity as at 1st April, 2016 and 31st March, 2017 and Total comprehensive income for the year ended 31st March, 2017

1. Leasehold land

Under Indian GAAP, land on lease was not covered under 'Leases' and therefore it was shown as Tangible assets. Under Ind AS, land on lease is considered as operating lease. Therefore, net block of leasehold land (31st March, 2017 ₹26.06 Lakhs, 1st April, 2016 ₹26.42 Lakhs) has been re-classified under the head "Other Non-Current Assets" whereas lease rental of ₹0.36 Lakhs chargeable within next 12 months has been classified under the head "Other Current Assets". Further, lease rental of ₹0.36 Lakhs has been charged to Profit & Loss account during the year ended 31st March, 2017. Lease rentals of earlier years amounting to ₹5.51 Lakhs and a sum of ₹1.98 Lakhs spent on leasehold land have been charged to total equity as on 1st April, 2016.

2. Financial instruments measured at amortized cost

Under Indian GAAP, interest free loan to employees are recorded at their transaction value. Under Ind AS, these loans are to be measured at amortized cost on the basis of effective interest rate method. Due to this, long term loans to employees and short term loans to employees has been decreased and difference between carrying amount and amortized cost has been recognized as 'Deferred employee cost' under the head 'Other non-current assets' (01st April, 2016 ₹12.41 Lakh, 31st March, 2017 ₹28.03 Lakh) and 'Other current assets' (01st April, 2016 ₹29.43 Lakh, 31st March, 2017 ₹32.71 Lakh). Further, Employee benefit expense has been increased due to amortisation of the deferred employee benefit of ₹2.04 Lakh for 2015-16 and ₹5.88 Lakh for 2016-17 which is offset by the notional interest income on loan to employees.

3. Defined benefit obligation

Under Ind AS, remeasurements i.e. actuarial gains and losses are to be recognized in 'Other Comprehensive Income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit or loss. Therefore, actuarial gain/loss amounting to ₹61.67 Lakhs for the financial year 2016-17 has been recognized in OCI, which was earlier recognised as Employee benefits expense. However, the same has no impact on the total equity as at 31st March, 2017.

4. Sale of goods

- Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased by ₹1233.33 Lakhs with a corresponding increase in other expenses.
- Under Indian GAAP, discounts including damaged and expired goods sales return were shown as expense. However under Ind AS, revenue is to be shown as net of discounts including damaged and expired goods sales returns. Accordingly, discounts and value of damaged and expired goods sales return, amounting to ₹185.56 Lakhs has been reduced from revenue with a corresponding adjustment in other expenses.

5. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on statement of cash flows.



MOREPEN LABORATORIES LIMITED

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

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

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

NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting (AGM) of the members of **Morepen Laboratories Limited** will be held on **Friday, 21st day of September, 2018 at 10.30 A.M.** at the Registered Office of the Company at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh – 173 205, to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Financial Statements, including Consolidated Financial Statements, of the Company for the financial year ended March 31, 2018 together with the reports of the Directors' and Auditors' thereon.
- To appoint a Director in place of Mr. Sushil Suri (DIN: 00012028), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

- To re-appoint Mr. Sushil Suri (DIN: 00012028) as the Chairman & Managing Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby approves the re-appointment of Mr. Sushil Suri (DIN: 00012028) as the Chairman & Managing Director of the Company, who shall not be liable for retirement by rotation and to hold office for a term of 5 (Five) consecutive years with effect from 20th October, 2018 upto 19th October, 2023 on such terms and conditions as specified in the statement, pursuant to Section 102 of the Act, annexed to the notice, subject to the following:

S. No.	Particulars	Amount (Rs.)
1.	Fixed Pay and Allowances	Upto ₹2,60,00,000 p.a.
2.	Other Perquisites	Upto ₹40,00,000 p.a.
3.	Variable Pay based on the performance and profits of the Company but not exceeding the overall limit of 5% of Net Profits inclusive of all remuneration.	

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

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

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

- Approval of the appointment and remuneration of M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the remuneration of M/s. Vijender Sharma & Co., Cost Accountants, Cost Auditors of the Company, who have been appointed by the Board to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019 (FY 2018-19) at the following remuneration:

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

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

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

**Place: New Delhi
Date: August 13, 2018
CIN: L24231HP1984PLC006028**

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

NOTES

1. The Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out under Item Nos. 3 & 4 of the Notice, is annexed hereto and forms part of the notice.
2. The relevant details, as required under Secretarial Standard - 2 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors at the Annual General Meeting ('AGM') are furnished herewith and forms part of the Notice.
3. **A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in the aggregate not more than ten percent (10%) of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent (10%) of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.
The instrument appointing proxies, in order to be effective, should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send, to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 15, 2018 to Friday, September 21, 2018 (both days inclusive).
6. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in and signed, for attending the meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their de-mat accounts. Members holding shares in physical form can submit their PAN to the RTA 'MAS Services Limited'.
8. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to MAS Services Limited, for consolidation into a single folio.
9. **To support the 'Green Initiative', the Members are requested to register/update their e-mail id's, contact details and addresses with the RTA 'MAS Services Limited'/Depositories for receiving all communications including Annual Report, Notices, Circulars, etc., from the Company electronically.**
10. **With a view to ensure transparency and to streamline the process of share transfers, SEBI has directed that w.e.f. December 5, 2018 the requests for transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository, except in case of transmission or transposition. Therefore, all the shareholders holding securities in physical form are advised to dematerialise the same, at the earliest.**
11. The Notice of the 33rd AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. Members may also note that the Notice of 33rd AGM and the Annual Report 2017-18 will be available on Company's website, www.morepen.com. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who have any queries may write to us at investors@morepen.com.



13. The Auditors Report pursuant to Section 145 of the Companies Act, 2013, Register of Directors & Key Managerial Personnel and their Shareholdings pursuant to Section 170, Register of Contracts or Arrangements in which Directors are interested pursuant to Section 189 and the Register of Proxies, will be available for inspection by the members at the AGM.
14. Route Map showing directions to reach the venue of 33rd AGM is given at the end of this Notice.
15. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members the facility to exercise their right to vote, on all the resolutions set forth in the Notice of 33rd AGM of the Company, by electronic means through the remote e-voting services provided by National Securities Depository Limited (NSDL).

The Members, whose name appear in the Register of Members, holding shares in physical or in dematerialised form, as on the cut-off date i.e. Friday September 14, 2018 (end of day), including those preference shareholders whose dividends have remained unpaid for more than two years, are entitled to cast their votes on the resolutions set forth in this Notice.

The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). The remote e-voting shall commence at 9.00 a.m. on Monday, September 17, 2018 and shall end at 5.00 p.m. on Thursday, September 20, 2018.

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

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

Procedure for Remote E-voting:

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

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

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

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

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

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

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

General Instructions:

- (a) During the remote e-voting period, members of the Company, holding shares either in physical or dematerialized form as on the cut-off date i.e. Friday, September 14, 2018 (end of day), may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.
- (b) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or contact Ms. Pallavi Mhatre on toll free no.: 1800-222-990.
- (c) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (d) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Friday, September 14, 2018 (end of day).
- (e) Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date, i.e. Friday, September 14, 2018 (end of day), may obtain the login ID and password by sending a request to NSDL at evoting@nsdl.co.in or to the Company's Registrar - Mas Services Limited at info@masserv.com. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote.

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

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

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

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

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

Place: New Delhi
Date: August 13, 2018
CIN: L24231HP1984PLC006028

Sushil Suri
(Chairman & Managing Director)
DIN : 00012028

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



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013, the following statement sets out all material facts concerning each item of special business mentioned under Item Nos. 3 to 4 of the accompanying Notice:

Item No. 3:

Mr. Sushil Suri (DIN: 00012028), is a fellow member of the Institute of Chartered Accountants of India (ICAI) and possesses a vast experience of more than 28 years in the various fields including finance, operations, management and managerial entrepreneurship in the pharmaceutical and hospitality industry. He has served on the Board of Morepen Laboratories Limited since February, 1992 while he has been the Chairman & Managing Director of the Company since October, 2000.

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

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

Considering his valued contribution in the conduct and growth of business, the Nomination and Remuneration Committee of the Board has recommended his appointment as Chairman & Managing Director of the Company, who shall not be liable for retirement by rotation and to hold office for a term of 5 (Five) consecutive years with effect from 20th October, 2018 upto 19th October, 2023 and increase in his remuneration from the existing levels. His appointment has been approved by the Board of Directors of the Company, subject to the approval of members in the ensuing AGM.

The terms and conditions of his appointment are as follows:

- a) Remuneration: As provided in the resolution.
- b) Period of Appointment: Term of 5 (five) consecutive years with effect from 20th October, 2018 upto 19th October, 2023.
- c) Termination: The appointment may be terminated by either party by giving six months' notice in writing of such termination or as may be mutually agreed between the parties.
- d) Duties and Responsibilities: Mr. Sushil Suri, Chairman & Managing Director of the Company, shall perform such duties and responsibilities as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board and various other duties and responsibilities as per the provisions of Companies Act, 2013, Listing Agreement and other applicable laws, if any.
- e) Other Details: Further details as required under the provisions of Companies Act, 2013, Listing Agreement and Secretarial Standards are enclosed herewith.

Pursuant to the provisions of Section 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Board of Directors of the Company recommend the passing of the resolution set out under Item No. 3 of the Notice as an **Ordinary Resolution**.

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

Item No. 4:

As per the recommendations of the Audit Committee, the Board of Directors of the Company have appointed M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019 (FY 2018-19) pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

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

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

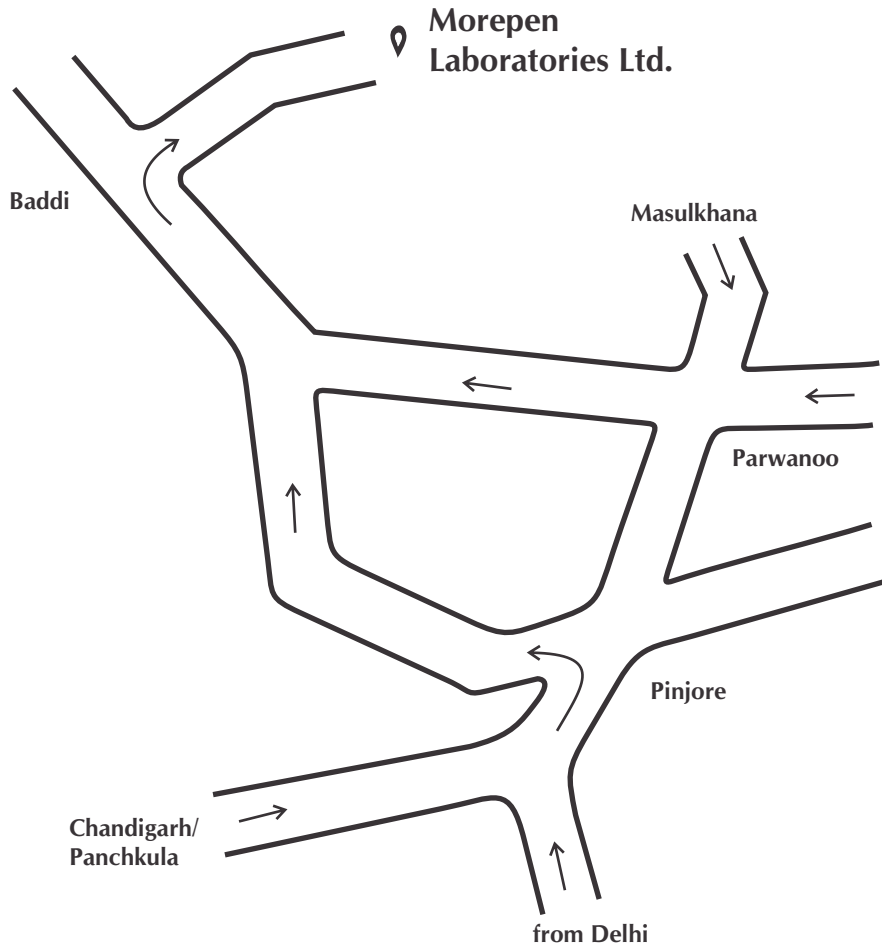
None of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way, concerned or interested, financially or otherwise, in this resolution.

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

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

Name	Mr. Sushil Suri
Date of Birth	18.01.1964
Age	54
Qualification	B.Sc., FCA
Date of first appointment	01.02.1992
Expertise in specific functional areas	Wide experience of more than 28 years in the various fields including finance, operations, management and managerial entrepreneurship in the pharmaceutical and hospitality industry.
Directorships in other Companies (excluding foreign companies)	<ul style="list-style-type: none"> • Shivalik Pesticides And Chemicals Private Limited • Blue Coast Hotels Limited • Concept Credits And Consultants Private Limited • Scope Credits And Financial Services Private Limited • React Investments And Financial Services Private Limited • Seed Securities And Services Private Limited • Epitome Holdings Private Limited • Brook Investments And Financial Services Private Limited • Square Investments And Financial Services Private Limited • Liquid Holdings Private Limited • Silver Resort Hotel India Private Limited
Memberships/Chairmanships of Board Committees in other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil
Number of shares held in the Company	55,01,510
DIN	00012028
No. of meetings of Board attended during the year (2017-18)	5
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	H/o. Anju Suri, Director
Terms and conditions of	Chairman and Managing Director, not liable to retire by rotation.

ROUTE MAP TO THE AGM VENUE



(Map not to scale)

MOREPEN LABORATORIES LIMITED

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

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

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

Form No. MGT – 11 PROXY FORM

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

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

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

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

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Friday, the 21st day of September, 2018 at 10.30 a.m. at the Registered Office of the Company at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, H. P. – 173205 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Description	For	Against
1.	To receive, consider and adopt the Audited Financial Statements, including Consolidated Financial Statements, of the Company for the financial year ended March 31, 2018 together with the reports of the Directors' and Auditors' thereon.		
2.	To appoint a Director in place of Mr. Sushil Suri (DIN: 00012028), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.		
3.	To re-appoint Mr. Sushil Suri (DIN: 00012028) as the Chairman & Managing Director of the Company.		
4.	To ratify the remuneration of M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company for the financial year ending March 31, 2019.		

Signed this day of 2018. Signature of Member(s):

Affix
Revenue
Stamp

NOTES:

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

MOREPEN LABORATORIES LIMITED

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

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

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

E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

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

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

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

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

Best Regards,

Sd/-

Sushil Suri

(Chairman & Managing Director)

E-COMMUNICATION REGISTRATION FORM

Folio No./DP ID & Client ID:

Name of the 1st Registered Holder:

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

Registered Address:

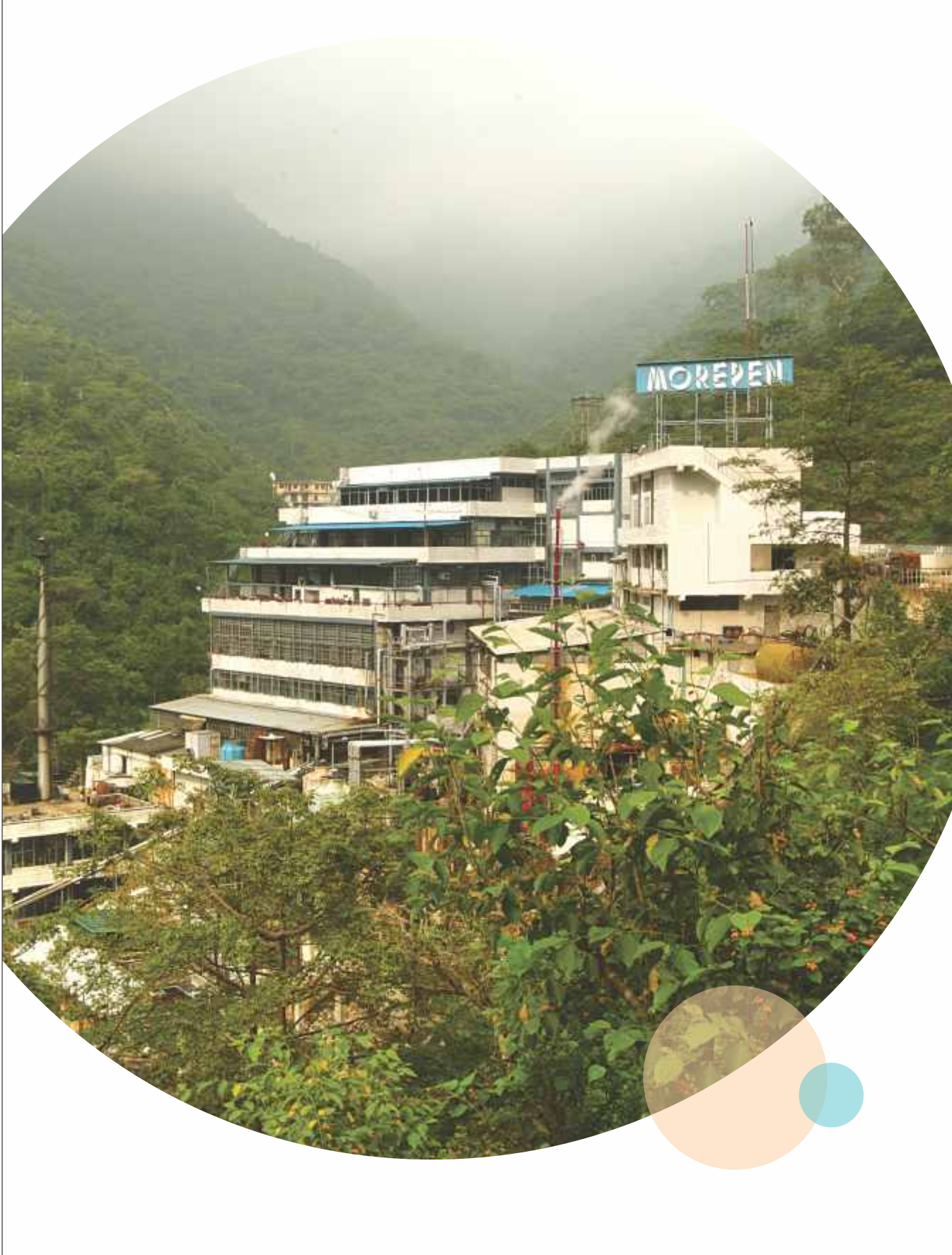
E-mail ID (to be registered): Mob./Tel. No.:

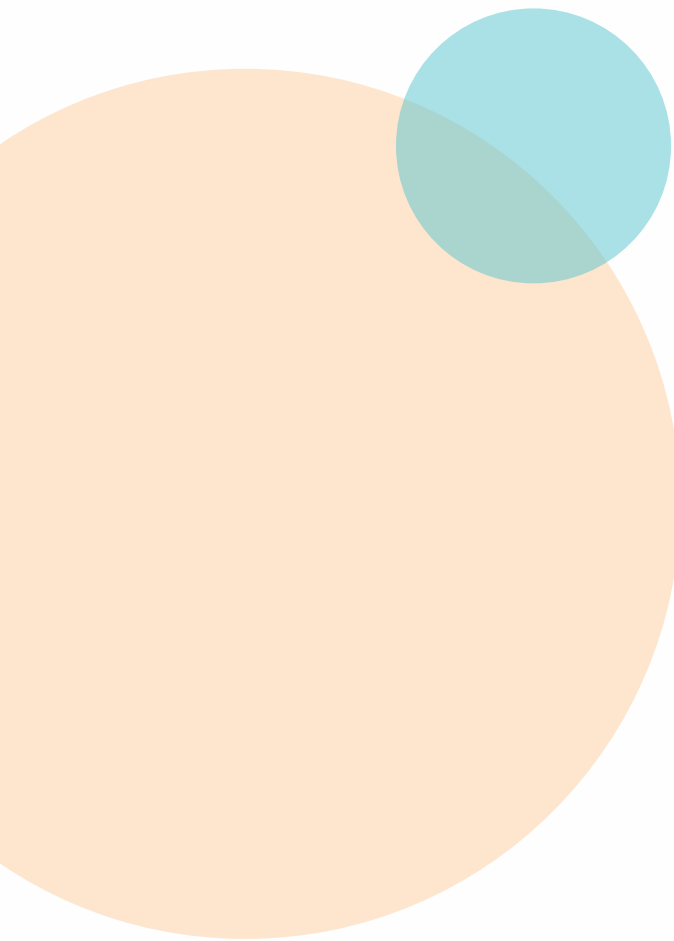
I/We shareholder(s) of Morepen Laboratories Limited hereby agree to receive communications from the Company in electronic mode. Please register my above E-mail ID in your records for sending communications in electronic form.

Date:

Signature:

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





Morepen Laboratories Limited

(CIN: L24231HP1984PLC006028)

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

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

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