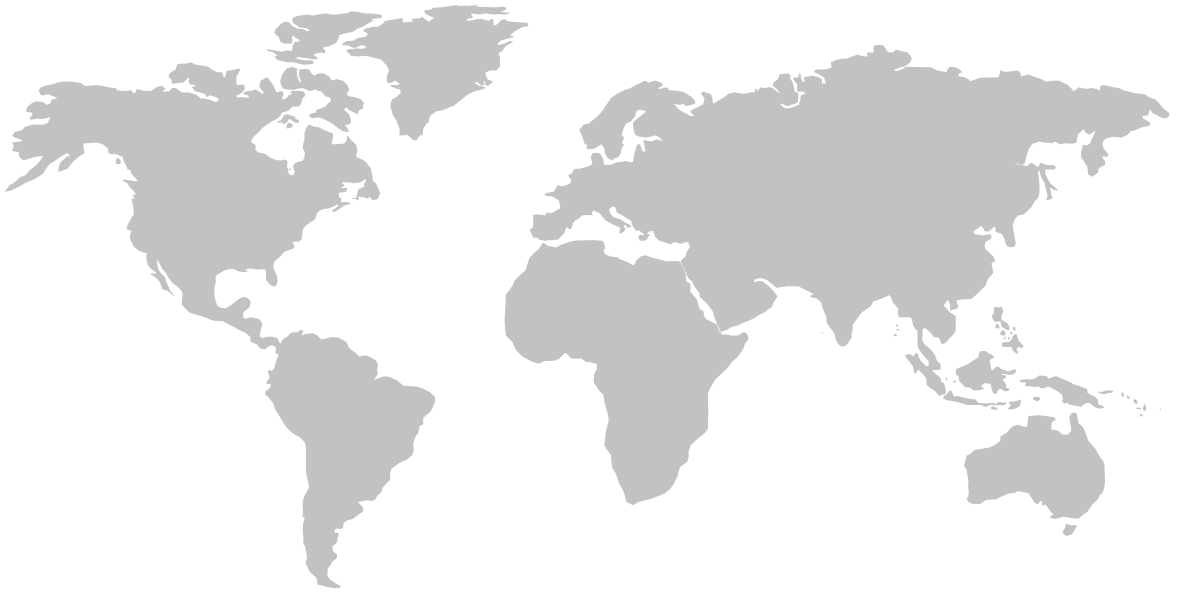




JOY
JOIE
FREUDE
JUBILO
VREUGDE
GIOIA



WE SPREAD JOY
IN MANY LANGUAGES





The Morepen Group has grown from a single-product Company to a multi-activity pharma major over a period of 26 eventful years. The Company which commenced its business as a pure Active Pharma Ingredients player, is currently the world's largest manufacturer of Loratadine, an anti-allergy drug internationally known as Claritin, from its USFDA approved plant in Parwanoo. The state-of-the-art integrated manufacturing complex in Baddi produces Formulations that meet the most stringent quality standards, and cater to discerning markets across the world. The Company has recently diversified into the sphere of Contract Manufacturing as well.

Morepen entered the Branded Business segment with the launch of Dr. Morepen - a sophisticated range of OTC products for upwardly mobile consumers with hectic schedules. What's more, the Company has tied up with international majors to market the world's finest Diagnostic Devices in India. This initiative has empowered people to monitor their own health and lead improved lifestyles.

Today, Morepen's strong customer base includes top generic companies worldwide and its market spans over 50 countries across Asia, Africa, Europe and America.



Late Shri K.B. Suri
Founder, Morepen Group

"Would the human race survive without a positive outlook, even as it faces the challenge of pain and suffering day after day?

Would life be so beautiful if we did not have the means to bring wellness within our reach?

At Morepen, I look at our expertise in healthcare as an instrument to spread joy. From a corporate perspective, I am inspired by the fact that we have the power to bring forth a healthy change in lifestyles - not only in the diverse regions of India but across the world."

Board of Directors

Sushil Suri

Chairman & Managing Director

Dr. Arun Kumar Sinha

Director

Manoj Joshi

Director

Bhupender Raj Wadhwa

Director

Sukhcharan Singh

Director

Auditors

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

Registered Office

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

Corporate Office

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

Registrar & Share Transfer Agents

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

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Sushil Suri



From the desk of Chairman

I have said this before and I will say it again — there is no phenomenon more universal than joy. The happiness on a mother's face is the same when she nurses her child back to health — no matter which country she belongs to. The exuberance that comes with a healthy lifestyle is the same, anywhere in the world. At Morepen, we take immense pleasure in being part of this 'joyful' movement. There are no compromises here. We think of ourselves as responsible to the world at large. Whether it is through our Bulk Drugs and Formulations Divisions, Diagnostic Products or Lifestyle related brands, we strive to deliver quality that stands the test, across the globe.

For over 26 silver years, we have re-invented ourselves, consolidated existing ventures and diversified into new avenues. The mantra, however, has been singular and unshakeable — the language may differ, the expression may vary, but we remain dedicated to spreading joy, pure and simple.



GLOBAL GENERICS

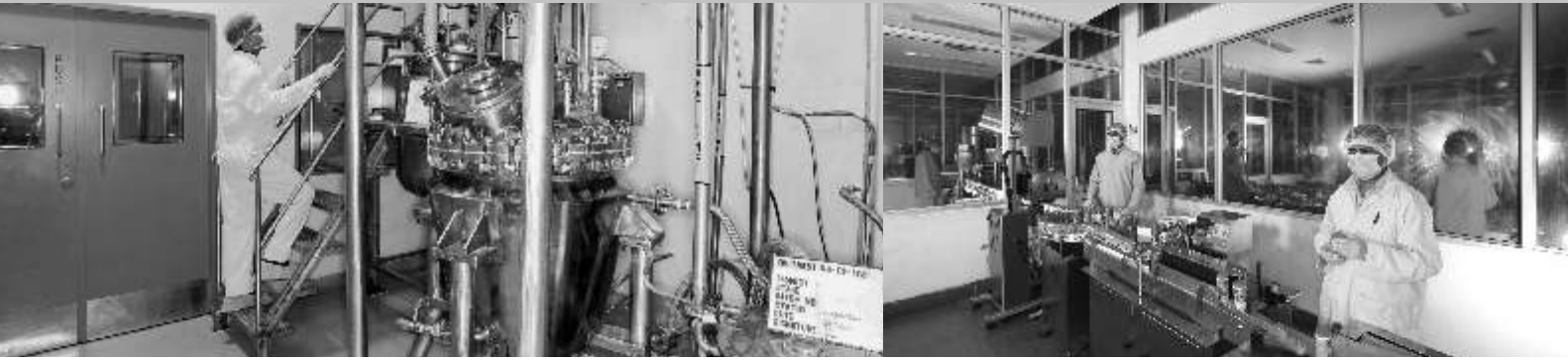
Setting benchmark standards for Bulk Drugs across global markets.



Morepen began its journey in the sphere of wellness with the development and commercialization of bulk drugs for the regulated markets of USA, Canada and Europe. The company manufactures the anti-allergy drug Loratadine – internationally known as Claritin – from its USFDA approved plant at Masulkhana. Today Morepen has over 90% share for the supply of Loratadine in the US market, and has launched many other products such as Atorvastatin, Montelukast, Pioglitazone etc for various markets globally. Its state-of-the-art facility at Baddi is an integrated complex of ten independent plants, each with a specific product profile. The company has a very strong quality system and follows the most advanced GMP standards across all its manufacturing units.



The USFDA approved plant at Masulkhana

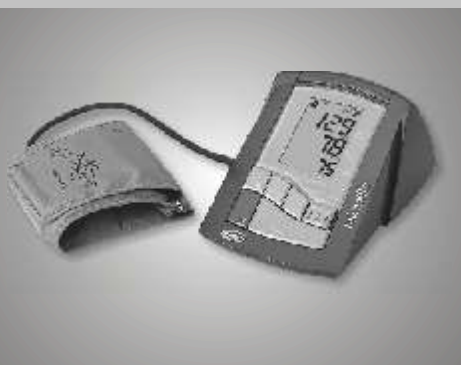


MEDICUS

Developing effective healthcare solutions for a better world.



The Formulations Division at Morepen strives to bring the mantra of “Help, Healing, Happiness” to life. The mandate is to provide the most effective health care solutions at an affordable price to the common man. The company has a spectrum of strengths such as an aggressive field force and an excellent network of retailers on the one hand and sophisticated manufacturing facilities on the other. The company's Baddi plant manufactures over 100 branded formulations for India and the world.



MEDIPATH

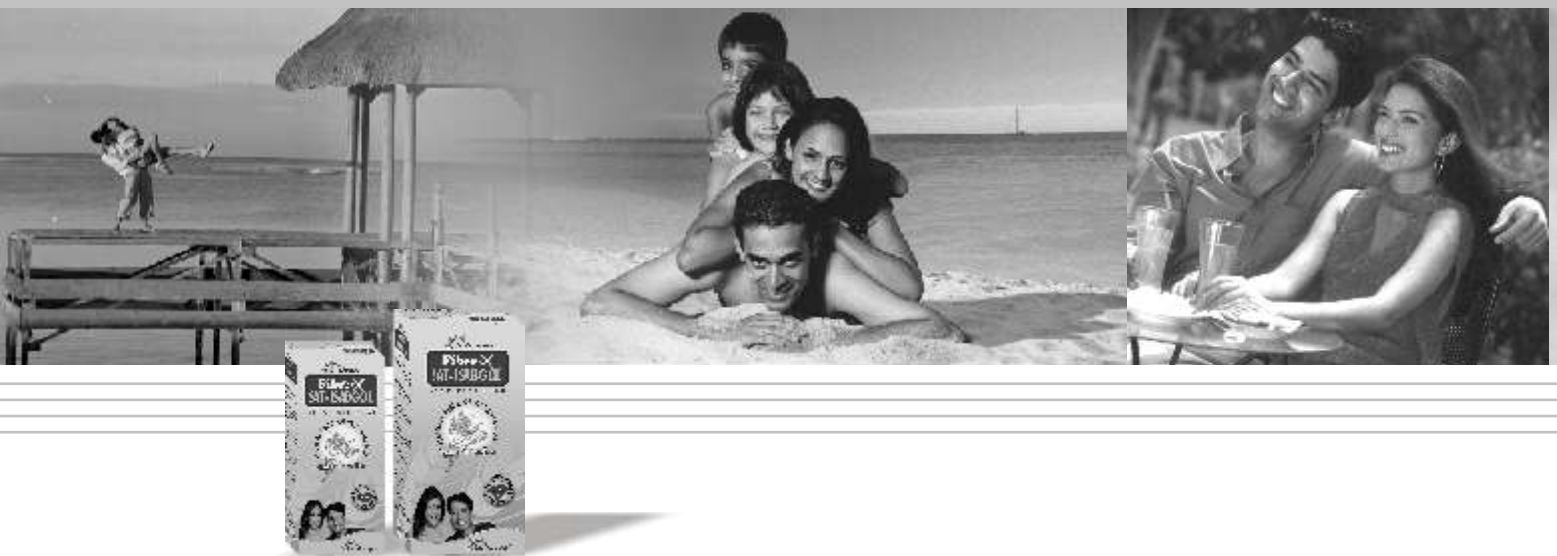
Bringing international diagnostic products within every Indian's reach.



Morepen created a whole new category for marketing of global brands of medical devices and clinical diagnostic products with the launch of Medipath. This division has introduced many innovative products in the country under two mother brands – the rapid test kits called 'QuickChek' and the self-health diagnostic products called 'HomeHealth'. The range of self-monitoring healthcare products is meant to manage the excessive stress of today's fast-paced lifestyle. Morepen has entered into JV agreements with world leaders and caters to an all-India network of hospitals, clinical labs and retail distributors.

Dr. Morepen

Enabling a futuristic lifestyle for today's generation.



In line with the group's commitment to a healthier future, Dr Morepen was launched as a forward-looking, lifestyle-driven brand that empowers the modern consumer with a range of popular OTC products. With this, Morepen stormed the FMHG market with the slogan "Health in your Hands". Products such as Burnol, Lemolate, Sat Isabgol and many more serve as everyday solutions for health ailments affecting the consumer's lifestyle. The brand has been immensely successful right since inception.

MOREPEN





CONTRACT MANUFACTURING

Providing the finest manufacturing hubs for global brands.



The company's integrated manufacturing complex at Baddi and Parwanoo is ideal for taking up contract manufacturing for third party operations. The Baddi complex is made up of ten plants, and each has in-built customized temperature controls and quality systems in place suited to the product profile. Depending upon the manufacturing requirements of the different products, Morepen can provide customer-specific environs. What's more, the units are marked by skilled workforce, world-class equipment, R&D facilities and internationally accepted Environment, Health and Safety legislations.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting this 26th Annual Report and Audited Accounts for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
Particulars	2010-11	2009-10
Sales and Other Income	21510	19616
Operating Surplus	940	1360
Interest	604	357
Cash Surplus	336	1003
Non Cash Items		
Depreciation & Amortisation	4571	4563
Loss before Extra ordinary Items	(4234)	(3560)
Extra ordinary items (Net)	-	3386
Loss Before Tax	(4234)	(174)
Loss after Taxation	(4234)	(174)

MANAGEMENT OVERVIEW

The current year revenues at Rs. 21510 lacs are up by 10% over the last year. The company is steadily improving upon its sales performance year after year. During the year the company's Sales and operating income has gone up to Rs. 21100 Lacs against Rs. 19583 Lacs in the previous year. The cost reduction and process improvement efforts are on to improve upon the bottom line. Increased product manufacturing cost vis-à-vis sales price realization both for domestic and export markets and change in product mix have affected the bottom-line of the company. Current year operational surplus has come down to RS. 940 Lacs from Rs. 1360 Lacs in the last year, on account of the margins squeeze. Apart from reduced operating surplus increased interest burden by Rs. 247 Lacs in the current year, has also contributed to reduced cash surplus available with company to Rs. 336 Lacs from Rs. 1003 Lacs in the last year.

The management is focusing on the continuous improvement in business dynamics so as to have a positive impact both on top line and bottom line. It is putting in its best of the efforts to help the company to move forward on the profitable growth path.

DIVIDEND

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

OPERATIONS

During the year the company has recorded a growth of 10% in its annual sales revenues as compared to previous year. It could be made possible by adopting focused approach for growth of business, across all segments. The operating surplus during the year was at Rs. 336 Lacs against Rs. 1360 Lacs in the last year on account of tight operating margins and higher interest pay outs.



API business recorded a growth of 7% in its annual sales revenues on the support of increased API business with domestic and un-regulated markets. Loratadine grew up by 18% over the previous year due to growth of its intermediates business and supplies to un-regulated markets. Atorvastatin with annual sales revenue at Rs. 620 Lacs grew up by more than two times over the last year sales revenue. Current year Montelukast business was at Rs. 2252 Lacs against Rs. 2451 Lacs in the previous year on account of stronger rupee, the export realizations were also adversely affected.

Formulation business was able to maintain sales revenues at previous year's level. The company reorganized its distribution channels and product mix was also revamped.

Medipath business at Rs. 3113 Lacs, has recorded a growth of 31% over the last year on account of better market penetration and focus on corporate customers. Home Health and clinical Diagnostics business segment of Medipath business grew up by 41% & 12% respectively, whereas Blood Banking business was down by 7%.

Current year revenues of Pharmaceutical Contract Manufacturing (PCM) business at Rs. 3647 Lacs have shown a growth of 7% over the previous year.

FINANCES

The company continues to service its outstanding debt obligations, as per CDR (Corporate Debt Restructuring) scheme and also as per terms of individual settlement with banks and financial institutions. Absence of institutional working capital support led to slower business growth during the year apart from squeezing the operating margins of the company.

REPORT ON BUSINESS PERFORMANCE

A. ACTIVE PHARMACEUTICAL INGREDIENT (API)

Current year Loratadine API and intermediates business at Rs. 7696 Lacs recorded a growth of 18% over the last year. 'Loratadine' API sales was at Rs. 6558 Lacs against Rs. 5921 Lacs of the previous year. 'Loratadine' exports to the regulated markets at Rs. 5856 Lacs showed a marginal improvement over last year of Rs. 5798 Lacs. During the year, the company has also started supplying advance intermediate of Loratadine to Japanese market. Free markets and intermediate business at Rs. 2140 Lacs is more than two times from the previous year's levels.

Montelukast sodium, an anti-asthmatic drug, recorded annual revenue of Rs. 2252 Lacs, against Rs. 2437 Lacs of the previous year. During the current year USP as well as IP grade API was produced to meet the requirements of various customers.

Atorvastatin has recorded annual sales revenue of Rs. 620 Lacs as against Rs. 176 Lacs in the last year, an increase by 252%. The company has developed a cost effective process for its key intermediates which has also led to improved quality of Atorvastatin intermediates and API.

The company has produced small quantities of Linezolid (API) & its intermediates and commercial quantities of key intermediate of Carvedilol were also produced for export markets. New products and their intermediates have added more than Rs. 691 Lacs during the year.

The company has developed a non-infringing process for 'Fexofenadine' which have yielded highly pure 'Fexofenadine' API & its key intermediates. Further the company has filed a process patent for the same.

Morepen has successfully developed manufacturing process for highly pure Rosuvastatin Calcium. The product has been commercialized in the plant.

USFDA approval for DesLoratadine API is expected very soon. It will give the company greater penetration in highly regulated US API markets.

B. MEDIPATH

Current year sales revenue of Rs. 3113 Lacs has shown a positive growth of 31% over last year revenues of Rs. 2368. The primary component of marked improvement in top line was the 'Home- Health' segment. 'Home Health' with current year sales of Rs. 2422 Lacs has recorded a growth of 41% on the back of strong sales of Nebulisers, Thermometers, BP monitors, Weighing Scales and other equipments. 'Clinical Diagnostics' business has recorded sales of Rs. 534 Lacs, an increase of 12% over the last year. 'Blood Banking' business with annual sales of Rs. 157 Lacs has shown a de- growth of 8%. Sales of Aids & Hepatitis products continue to be hampered on account of regulatory issues. Tight cash flow situation continues to affect the timely material availability, thereby hampering the business growth. Margins also improved during the year on account of stronger rupee against USD.

With the introduction of new Haemoglobin testing machines from Orsense, Israel, & growth in other product categories like Malaria , Pregnancy testing product, Urine Strips , Accuvein etc. Clinical Diagnostics business has gone up by 12%. It has received a good response from market resulting in its higher revenues.

C. BRANDED PRESCRIPTION DRUGS

The domestic formulation business at Rs. 852 Lacs has remained at the previous year level. Antibiotics has grown up by 11% during the year, 'Gastrointestinal' and pain management has shown a de- growth during the year. Share of Antibiotics has gone up to 48% from 43% in the last year, whereas share of Gastrointestinal has come down to 31% from 33% in the last year.

D. PHARMACEUTICAL CONTRACT MANUFACTURING (PCM)

The company has expanded its activities in the field of third party manufacturing for formulations and API intermediates. The company was able to maintain its client base and has added new customers. The third party formulation manufacturing business has recorded an increase of 7% over the last year.

SUBSIDIARIES

Performance of subsidiaries

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


Dr. Morepen Limited

The company during the current year has recorded sale revenue of Rs. 1543 Lacs against Rs. 2018 Lacs in the last year.

During the current year, the company has re- organized the distribution channels with a view to expand the reach of its 'OTC' products through out the country. The expansion of existing markets and coverage of previously un-covered markets with the help of increased sales force has the desired impact in terms of creation of fresh demand. The company re-worked its OTC distribution and marketing model. During the year markets were cleansed and reorganized, saleable stocks were redistributed and revamped. During the year, the company did a major turnaround in its product distribution strategy wherein goods, which in earlier years were being sold on credit, during the current year, were sold against receipt of money in advance. Strong super distributor and trade policies have enabled the company to safe guard its interests and also drive the business forward on the profitable growth path.

The company has reported a cash deficit of Rs. 180.93 Lacs for the current year against deficit of Rs. 192.62 Lacs in the previous year.

The company is expanding marketing and media activities, with a view to enhance product visibility and product



placement. Marketing activities and product development were focused during the year with a view to create fresh demand. The company is hopeful of the better financial performance in the coming years.

Total Care Limited

Your directors hereby report that business of the company has recorded an income of Rs. 49.51 Lacs against Rs. 158.91 Lacs in the last year. The company has been able to bring down the cash losses to Rs. 6.08 Lacs against Rs. 19.01 Lacs in the previous year. The company expects improved cash flow in the next year and is working towards for turnaround of its business.

Morepen Inc.

This company is our marketing and distribution interface in USA for various OTC & other products. The Current year revenue was at Rs. 73.85 Lacs as against Rs. 87.60 Lacs in the previous year.

Morepen Max Inc.

This company is in a dormant state in the absence of any business opportunity and Board of Directors consider it expedient to dispose off the investment in the company at an appropriate time.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

LEGAL MATTERS

The company had allotted, during the last financial year 9,24,90,413 Equity Shares to the fixed deposit holders towards settlement of their dues, under the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla vide order dated 04th August, 2009. The central government preferred an appeal against the said order and the Hon'ble Divisional Bench remanded the matter back to the Single Judge while setting aside the previous order. The matter is under adjudication.

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

ENVIRONMENT

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

HUMAN RESOURCES

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

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

As on 31st March 2011, 1283 employees were working for the company across all levels and at various locations.

DISCLOSURE OF PARTICULARS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors certify:

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

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Dr. A.K. Sinha, Director of the company retires by rotation and offers himself for reappointment. Your Directors recommend his reappointment as Director on the Board in the ensuing Annual General Meeting.

AUDITORS

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

EXPLANATION TO AUDITORS' REPORT

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

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

LISTING

The Company has paid the annual listing fee for the year 2010-2011 to The Bombay Stock Exchange Limited, Mumbai



(BSE) and The National Stock Exchange Limited, Mumbai (NSE) .The Equity shares continue to be listed on BSE and NSE.

CORPORATE GOVERNANCE

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

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Sushil Suri
Chairman & Managing Director

Place : New Delhi

Date : 13th May, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL PHARMACEUTICAL SCENARIO

The value of the global pharmaceutical market is expected to grow 5-7% in 2011, to \$880 billion, compared with a 4-5% growth in last year. It is expected to grow at an average growth rate of around 6.5% during 2011-2013. During past 2 years, the pharma market had experienced a slump however it is expected to reach \$1.1 trillion by 2015.

In 2011, products with sales of more than \$30 billion are expected to face the prospect of generic competition in the major developed markets. The future growth will be driven by low cost factor, increasing prevalence of diseases worldwide, and rising per capita income of consumers. Sales of generic drugs will emerge as the most prominent segment of the pharma market, indicating large opportunities for generics manufacturers to tap.

The share in global pharmaceutical spending for US and top five European national markets will decline from 61% in 2005 to 43% in 2015. The share of high-growth emerging markets, led by Brazil, Russia, India, China and others, will move up to 28% by 2015, up from only 12% in 2005. These emerging countries are forecasted to grow at a rate of 15-17% in 2011, to \$170-180 billion. Gains in pharmaceutical spending in the emerging markets will be driven by overall strong economic growth and governments' commitment to expand healthcare access. Many of these markets are benefiting from greater government spending on healthcare and broader public and private healthcare funding, which is driving greater demand and access to medicines. Of the total increase in spending, approximately 20% will come from branded products.

The next five years also will see an accelerating shift in spending toward generic drugs, whose share of pharmaceutical spending will rise to 39% in 2015, up from 20% in 2005.

The level of patient expiries will continue to have a strong effect on the global pharmaceutical market. Spending for branded products in developed markets will remain at the same level in 2015 as it was in 2010. Globally, market share for branded medicines, which fell from 70% in 2005 to 64% in 2010, is expected to decline further to 53% by 2015.

Pharma industry is growing at a rapid rate in emerging countries, such as India, China, Brazil, Russia, among others, while a slowdown in the growth has been encountered in the developed markets.

MOREPEN'S STRATEGY

Morepen continues to produce and supply high quality drugs, formulations and diagnostic products at competitive prices to exports and domestic markets, to grow its business in the coming years.

The company's engagement in its current business hold great potential and would generate good return on its capital employed. The company strives to achieve leadership position in its areas of operations. The company's API business continues to file new DMFs (Drug Master Files) and process patents and improvements, to generate remunerative product portfolio.

The company is working continuously to improve upon its knowledge base, across technical, regulatory and other related matters, for availing of business opportunities across its way.

OPPORTUNITIES AHEAD

GLOBAL MARKETS

ACTIVE PHARMA INGREDIENTS (API)

The pharmaceutical growth in the next five years, in emerging markets, is expected to be nearly double from their 2010 levels.

According to estimates, the Indian custom research and manufacturing segment is expected to reach a market size of \$ 7.6 billion by 2012, with custom manufacturing at its top.

The global outsourcing market is expected to grow at a compounded annual growth rate 12.6 percent to reach a market size of \$ 85 billion by FY12, whereas during the same period, the Indian CRAM is growing at about 41 percent. The Indian CRAMS business has benefitted from large domestic branded generics players who outsource manufacturing activities to such players.

The outsourcing of activities such as manufacturing and research work to India leads to huge cost saving as compared to developed countries. As a result, non-core activities such as manufacturing of active pharmaceutical ingredients, dosage development and packaging have been out-sourced to low cost destinations such as India and China. Off-late, global pharma companies are also partnering Indian companies for drug discovery and development of new chemical entities with focus on biological skills to take advantage of skilled manpower and scientific talent pool.

Patents Filing

The company remains committed in building its IPR (Intellectual Proprietary Rights) portfolios to stay competitive in the market place. During the year 2010-11, the company has filed 2 new process patents which have taken the tally of patents filed by the company to 52. The company has been granted patents on 'Desloratadine' in INDIA. Furthermore, the patent on Montelukast is in final examination phase in US, Canada, INDIA as well as Europe.

DOMESTIC MARKETS

FORMULATIONS

Rx MARKETING

The company continues to improve upon its formulations business by focusing on existing therapeutic categories and by improving distribution network. It has added a new therapeutic category 'Cardio-vascular' to expand its reach in domestic markets. It also is continuously expanding its sales and marketing influence to capture large untapped territories.

PRODUCT CONTRACT MANUFACTURING (PCM)

The Company has improved upon the last year numbers and has grown by 7% business during the year. This business model does not involve any additional outlay, therefore the company in spite of having no working capital facilities, is able to utilise its production facilities and also earn small revenues. The company is successful in leveraging its brand name for outsourced products and servicing wide range of therapeutic areas.

OUTLOOK ON THREATS, RISKS AND CONCERNS

Apart from risks faced by the pharmaceuticals industry at large, the global Generics business faces risk associated with regulatory issues and product liability, especially in developed markets. Further, Innovator pharmaceutical companies also continuously work on developing new ways to hold on their patented drugs to delay entry of generic versions. With more drugs going off-patent, the Generics space is becoming more competitive even in the Emerging countries. Manufacture of pharmaceuticals is strictly regulated and controlled by authorities across the world. Further the regulators across the world have become stricter, in respect of compliance to requirements.

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

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

FIXED ASSETS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company places special emphasis on the internal control system by way of internal audit of the Company and also

by way of strengthening its systems & processes. Discrepancies and weaknesses, found at various levels are adequately and timely addressed towards efficient management of company's valuable resources.

CAUTIONARY STATEMENT

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

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

Annexure 'B'

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

FORM A

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

A) ELECTRICITY AND FUEL CONSUMPTION:

S. no.	Particulars	Year ended 31.03.2011	Year ended 31.03.2010
1.	Electricity		
a.	Purchase Units(KWH) (Units in Lacs)	75.55	71.85
	Total amount(Rs. in Lacs)	347.10	266.82
	Rate/Unit(Rs.)	4.59	3.71
b.	Own Generation		
I)	Through Diesel Generator Unit(KWH) (Units in Lacs)	7.88	6.13
	Unit per Litre of Diesel Oil	3.02	3.02
	Cost/Unit(Rs.)	12.51	11.07
II)	Through Steam Turbine/Generator	N.A.	N.A.
2.	Coal (Specify quality where used)	N.A.	N.A.
3.	Furnace Oil Quantity (k.litres) (Qty. in Lacs)	10.70	10.52
	Total Amount (Rs.)	305.29	249.78
	Average Rate(Rs. Per Litre)	28.52	23.73
4.	Other/Internal Generation		N.A

B) CONSUMPTION

Particulars	Unit	Standards	Year ended 31.03.2011	Year ended 31.03.2010
Electricity	KWH	No Specific standards	24.57	49.34
Furnace Oil	Ltr./Kg	No Specific standards	3.15	6.66
Coal		N.A	N.A	N.A
Others		N.A	N.A	N.A

Note : Consumption depends upon product mix.

FORM B

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

1. Research & Development

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

- Innovation and up gradation of existing technologies/products to meet customer requirements.
- Development of new dosage forms in different therapeutic categories for domestic market for in-house marketing as well as for contract manufacturing.
- Development of safe and environment friendly production process.
- Development of cost effective, eco-friendly & non infringing processes of various API's & intermediates.
- Product development in formulation for export as per the registration requirements and making the dossier for the same.
- Improvement / reworking on the existing formulations to make the products cost effective and improve quality.
- Development of novel processes & increases the intellectual property of the organization.
- Development of finished formulation with In-House developed API with the target to offer the product for domestic market to third party marketing companies.

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

- Yield improvement and reduction in the input quantities of raw material resulting in cost reduction and economisation.
- Process/Quality improvements and product up-gradation as per customer requirements.
- Addition of several new high value products like Aliskiren, Rosuvastatin & Voglibose etc.
- Enhanced global presence/visibility.
- Process simplification and standardization of parameters resulting in uniform quality and better efficiencies.
- Formulation product registration in foreign markets.
- Newly developed research work was utilized in the production of commercialized products.
- Increase in CRAM Business with the In-House developed API based formulation.

(c) Future plan of action

- Plan for the product registration of formulation products with special reference to Europe, China and CIS countries.
- Bioequivalence study of certain formulation products for registration for export market.
- Identifying the new potential drugs and their development and registration for domestic market.
- Continuous investment of resources in augmenting R & D capabilities and productivity.
- To improve the quality of the intermediates of various API's for sale in various countries.
- Greater focus on innovative, commercially viable process know-how for both APIs and dosage forms.
- Greater focus on the expansion of intellectual property on all the work carried out in R&D.
- To develop and commercialize API's which has good potential in international market with early patent expiry.

(d) Expenditure on R&D

	Year Ended 31.03.2011	Year Ended 31.03.2010
Capital	-	-
Revenue	149.40	170.30
Total	149.40	170.30
Total R&D expenditure as % of total turnover	0.70%	0.87%

2. Technology Absorption, Adaptation and Innovation

a) Efforts in brief made towards technology absorption and innovation

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

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

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

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

Not Applicable.

3. Conservation of Energy

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

4. Foreign exchange earnings and outgo

The information on earnings and outgo of foreign exchange is given in notes on Accounts part IV, under point no. 6, 7 & 8.

The following steps were taken for strengthening of export markets -

- 2 patents (in US and CANADA) of amorphous Atorvastatin Calcium were granted to the company.

ANNEXURE 'C'

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Rs. in Lacs)

1	Name of the subsidiary Company	: Morepen Max Inc.	: Morepen Inc.	: Dr. Morepen Limited.	: Total Care Limited
2	The Financial year of the Subsidiary Company ended on	31.03.2011	31.03.2011	31.03.2011	31.03.2011
3	Extent of interest	: 51 Equity shares of US\$ 1000 each	: 9400 Fully paid shares of US\$ 1 each	: 40679500 Equity shares of Rs.10/- each	: 886716 Equity Shares of Rs.10/- each (Held by Dr. Morepen Ltd., a 100% subsidiary of the Morepen Laboratories Ltd.)
4	Extent of Shareholding	: 51%	: 100%	: 100%	: 95%
5	Net aggregate amount of profit/losses of the subsidiary so far as it concerns the members of Morepen Laboratories Limited and is not dealt within the Company's Accounts.				
a	Profit/Losses for the Financial Year ended as on 31st March, 2011 of the Subsidiary	: (0.49)	: (31.69)	: (421.42)	: (6.22)
b	Profit/Losses for the previous financial years of the subsidiary since it became subsidiary	: (7.35)	: (32.09)	: (2349.33)	: (600.70)
6	Capital	: 24.89	: 22.23	: 4067.95	: 886.72
a.	Reserve	: --	: --	: 3287.25	: --
b.	Total Assets	: 24.89	: 22.23	: 7355.20	: 2121.28
c.	Total Liabilities	: 24.89	: 22.23	: 7355.20	: 2121.28
d.	Investment (except in case of investment in the subsidiaries)				
e.	Turnover	: -	: 73.51	: 1568.80	: 49.51
f.	Profit before tax	: (0.49)	: 37.81	: (421.42)	: (6.22)
g.	Provision for Taxation	: -	: 6.13	: -	: -
h.	Profit after Taxation	: (0.49)	: 31.69	: (421.42)	: (6.22)
i.	Proposed Dividend	: -	: -	: -	: -

Notes:

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

Report on Corporate Governance

CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

1. BOARD OF DIRECTORS

COMPOSITION AND CATEGORY OF DIRECTORS AS ON MARCH 31, 2011

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

The Chairman of the Board is an Executive Director.

DIRECTORS' PROFILE

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

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

Four Board Meetings were held during the period under review i.e. on May 13, 2010, July 30, 2010, October 30, 2010 and February 11, 2011 as against the minimum requirement of four.

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

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

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

Shareholding of Directors as on March 31, 2011

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

2. AUDIT COMMITTEE

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

Terms of reference

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

Compositions of Audit Committee

All the members of Committee are Independent Directors. Six meetings were held during the period under review i.e. on May 13, 2010, May 27, 2010, July 30, 2010, October 30, 2010, February 11, 2011 and February 17, 2011. The attendance of various Directors was as follows:

Sl. No.	Name of Director	Designation	No. of meetings held	Attendance
1.	Mr. Manoj Joshi	Chairman	6	6
2.	Mr. Sukhcharan Singh	Member	6	6
4	Mr. B. R. Wadhwa	Member	6	6

3. REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. Manoj Joshi, Chairman and Mr. B. R. Wadhwa and Mr. Sukhcharan Singh as the Members. The Committee has been constituted to handle inter alia the remuneration of Executive Directors and administration and superintendence of matters relating to Employee Stock Option Scheme. Further, no remuneration

is paid to the Non-Executive Directors except sitting fees. One meeting was held during the period under review i.e. on May 13, 2010.

The attendance of directors was as follows:

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

REMUNERATION OF DIRECTORS

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

(Amount in Rs.)

Name of Director	Salary	Perks	Commission	Total
Mr. Sushil Suri	1284360	1399888	NIL	2684248
Dr. A. K. Sinha	1357449	495200	NIL	1852649

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

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

Four meetings of the Shareholders/Investors Grievance Committee were held during the period under review i.e. on May 13, 2010, July 30, 2010, October 30, 2010 and February 11, 2010.

The attendance of various directors was as follows:

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

Details as to the shareholders complaints received and handled during the year ended 31st March, 2011 is given as under:

Nature of complaint	No. of complaints received	No. of complaints replied	No. of pending complaints
With regard to non-receipt of dividend	NIL	NIL	NIL
With regard to shares transfer, transmission / transposition etc.	10	10	NIL
With regard to delay in dematerialization/Remat	52	52	NIL
SEBI/ROC	4	4	NIL
Non Receipt of Annual Report & Others	10	10	NIL
TOTAL	76	76	NIL

5. SHARE TRANSFER COMMITTEE

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

6. GENERAL BODY MEETINGS

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

A) Location and Time where last three AGMs held:

Date of AGM	Location	Time
17.09.2010	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:30 a.m
18.09.2009	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:30 a.m
04.07.2008	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	10:00 a.m

Details of Extra Ordinary General Meetings (EGMs):

Apart from the Annual General Meeting held on September 17, 2010, no Extra Ordinary General Meeting has been held during the period under review.

B.) Special Resolutions

Various Special Resolutions proposed in the above said meetings were duly passed by show of hands with the requisite majority.

B.1) Postal Ballot

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

7. DISCLOSURES

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

None of the transactions with any of the related parties was in conflict with the interest of the Company. Attention of members is drawn to the disclosures of transactions with the related parties as set out in Clause 18 of Part III of Schedule 18 (Notes to Accounts) to the Financial Statements of the Company for the year ended March 31, 2011 forming part of this Annual Report.

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

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

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

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

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

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

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

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

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

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

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

8. SUBSIDIARY MONITORING FRAME WORK

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

Brief of Company's Subsidiary companies as on March 31, 2011

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

Morepen Max Inc., subsidiary of Morepen Laboratories Limited was non operational for the period ended March 31, 2011.

9. MEANS OF COMMUNICATON

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

10. SHAREHOLDERS INFORMATION

- Date & Time of Annual General Meeting
September 16, 2011 at 10:30 A.M.
- Venue
Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh
- Financial Year
April 01, 2010 - March 31, 2011
- Date of Book Closure
September 13, 2011 to September 16, 2011 (both days inclusive)
- Listing on Stock Exchanges in India at
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051

- Bombay Stock Exchange Limited
Floor 25, PJ Towers, Dalal Street,
Mumbai - 400001
- f) Listing Fees Listing fees has been paid to The National Stock Exchange of India Ltd., Mumbai and The Stock Exchange-Mumbai, for the year 2010-2011.
- g) Registered Office Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh
- h) Corporate Office 409, Antriksh Bhawan, 22, K.G. Marg, New Delhi-110 001
- i) Registrar and Transfer Agents MAS Services Ltd. T-34, 2nd Floor, Okhla Industrial Area, Ph- II, Delhi-110 020
- j) Share Transfer System Share transfer system is computerized. In compliance with the Listing Guidelines of stock exchanges, every six months, the Share Transfer system is audited by a practising Company Secretary and a certificate to that effect is issued by him and submitted to the stock exchanges, where shares of your company are presently listed.
- k) Stock code :

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

l) Market Price Data :

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2010	9.78	7.55	71,01,869	9.75	7.60	1,12,55,733
May 2010	9.20	7.50	46,55,026	9.10	7.45	81,61,391
June 2010	7.95	7.40	32,08,460	7.95	7.40	54,03,861
July 2010	8.25	6.14	36,85,130	8.45	7.15	56,20,033
August 2010	7.49	6.39	37,09,845	7.40	6.35	71,94,544
September 2010	7.09	6.31	29,84,668	7.10	6.35	62,55,535
October 2010	7.40	6.23	32,15,537	7.25	6.25	57,20,869
November 2010	7.80	5.50	55,52,126	7.80	5.50	97,89,594
December 2010	6.63	5.44	24,13,900	6.65	5.40	40,39,949
January 2011	6.65	5.15	17,84,537	6.65	5.15	34,11,628
February 2011	6.90	5.00	39,50,290	7.30	5.00	80,57,834
March 2011	6.10	5.10	16,56,357	6.20	5.05	31,61,986

(Source: Official website of BSE & NSE)

m) Distribution of shareholding as on March 31, 2011

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Upto 5000	133846	91.789	97758271	21.732
5001 - 10000	7843	5.379	26982560	5.998
10001 - 20000	2508	1.720	18244130	4.056
20001 - 30000	620	0.425	7763272	1.726
30001 - 40000	283	0.194	5138821	1.142
40001 - 50000	177	0.121	4018283	0.893
50001 - 100000	257	0.176	9117494	2.027
100001 and above	285	0.195	280803372	62.425
Total	145819	100.00	449826203	100.00

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

Month	NIFTY		MOREPEN (NSE)		SENSEX	
	OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
April 2010	5249.20	5278.00	7.85	8.20	17555.04	17558.71
May 2010	5278.40	5086.30	8.20	7.60	17536.86	16944.63
June 2010	5086.25	5312.50	7.65	7.70	16942.82	17700.90
July 2010	5312.05	5367.60	7.60	7.20	17679.34	17868.29
August 2010	5369.55	5402.40	7.25	6.40	17911.31	17971.12
September 2010	5403.05	6029.95	6.45	6.45	18027.12	20069.12
October 2010	6030.30	6017.70	6.45	6.30	20094.10	20032.34
November 2010	6092.30	5862.70	6.35	6.05	20272.49	19521.25
December 2010	5871.00	6134.50	6.05	6.30	19529.99	20509.09
January 2011	6177.45	5505.90	6.40	5.20	20621.61	18327.76
February 2011	5537.30	5333.25	5.45	5.45	18425.18	17823.40
March 2011	5382.00	5833.75	5.70	5.35	17982.28	19445.22

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2011

Category	No. of shares held	Shareholding (%)
Promoters Holdings	155371588	34.540
Financial Institutions/ Banks	6798990	1.511
Insurance Companies	22484570	4.999
Foreign Institutional Investors	1577691	0.351
Bodies Corporate	23049399	5.124
Individuals	176615664	39.263
NRI/OCBs	3712071	0.825
Others (Foreign Company, Trust and Clearing Member)	60216230	13.387
Total	449826203	100.00

11. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Equity Shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. The ISIN Number of company on both the NSDL and CDSL is INE083A01026. As on March 31, 2011 the No. of Equity Shares of Rs. 2/- each (38.24 %) in electronic form are 17,19,98,167.

12. DEPOSITORY SERVICES

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

National Securities Depository Ltd. Trade World, 4th Floor, Kamla Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Telephone : 022 - 24972964-70 Fax : 022 - 24972993 022 - 24976351	Central Depository Services (India) Ltd. Phiroze Jeejeebhoy Towers 28th Floor, Dalal Street Mumbai - 400 023 Telephone : 022 - 22723333-3224 Fax : 022 - 22723199
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13. OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

A. OUTSTAINING WARRANTS/ANY OTHER CONVERTIBLE INSTRUMENTS

Type of security	Date of conversion	Likely impact on equity
97,35,201 - 0.01% Optionally Convertible Preference Shares The above shares have been allotted as per the following detail i. 70,40,276 allotted on May 4, 2007 ii. 1,76,20,000 allotted on May 31, 2007 and iii. 9,32,925 allotted on February 9, 2008	Optionally Convertible into Equity Shares at the end of 7 years from the respective date of its allotment.	The exact impact on the equity would be determinable at the time of conversion of OCPS into equity shares.

14. PLANT LOCATIONS:

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

15. ADDRESS FOR INVESTOR CORRESPONDENCE:

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

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

17. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

CEO/CFO CERTIFICATION

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

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

Place : New Delhi

SUSHIL SURI

AJAY SHARMA

Date : 13th May, 2011

Chairman & Managing Director

Chief Financial Officer

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

To the Shareholders of Morepen Laboratories Limited.

We have examined the Compliance of conditions of Corporate Governance by Morepen Laboratories Limited, for the financial year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

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

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

We state that in respect of investor grievances received during the financial year ended March 31, 2011, no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Shareholders/ Investor Grievance Committee.

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

For Manoj Verma & Associates
Company Secretaries

Manoj Kr. Verma
Company Secretary

Place : New Delhi

Date : 13th May, 2011

C.P. No. 8275

Auditors' Report

To
The Members of Morepen Laboratories Limited

We have audited the attached balance sheet of Morepen Laboratories Limited, as at 31st March, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- c. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the act;
- e. On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the act;

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

- a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011;
- b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flow for the year ended on that date.

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

(M K Mahajan)
(Partner)

Membership No.F-17418

Place : New Delhi
Date : 13th May, 2011

Annexure to Audit Report of Morepen Laboratories Limited

Referred to in our report of even date

- (i)
 - a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets except for items like pipe, meter instruments and other similar items.
 - b) As explained to us, most of the fixed assets have been physically verified by the management during the year and we have been informed that no material discrepancy was noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its business.
 - c) During the year, the company has not disposed off substantial part of the fixed assets.
- (ii)
 - a) As explained to us, the inventory has been physically verified at reasonable intervals by the management.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. During the year, the company has taken interest free unsecured loan of Rs 408.39 lacs from a party covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and service. In our opinion, no continuing failure to correct major weakness in internal control system has been noticed.
- (v)
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions entered in the registers maintained under Section 301 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) With approval of scheme of Arrangement and Compromise u/s 391 of the Companies Act, 1956 for the fixed deposit holders by Hon'ble High Court of Himachal Pradesh at Shimla and issue of equity shares thereafter to the fixed deposit holders, in our opinion there is no default u/s 58A of the Companies Act, 1956.
- (vii) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company pursuant to rules made by the Central Government under section 209(1)(d) of the Companies Act, 1956 for maintenance of Cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete;
- (ix) According to the records of the company, the company, in general, is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise-duty, Cess and other statutory dues applicable to it and as on 31.3.2011, there are no statutory dues outstanding for a period exceeding six months.. There is no amounts payable in respect of Income-tax, Sales-tax, Wealth tax, Service-tax, Customs duty, cess were outstanding as at 31st March,2011 due to any dispute.
- (x) The accumulated losses of the company at the end of the financial year are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

- (xi) Based on our audit procedures and on the information and explanations given by the management, the company is negotiating settlement as per the approved CDR scheme with two debenture holders with whom the company is in default in repayment amounting to Rs. 565.00 lacs.
- (xii) Based on our examination of documents and records, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund/nidhi/mutual benefit fund/societies.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion, and according to the information and explanations given to us and on the basis of our verification of books of accounts of the company and based on our examination of the records, we are of the opinion that the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, we are of the opinion that the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, we are of the opinion that funds raised from short term basis were not used for long term investment.
- (xviii) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act.
- (xix) Necessary charge has been created in respect of debentures issued by the company.
- (xx) During the year covered by our audit report, the company has not raised any money by way of public issue hence provisions of this clause are not applicable to it.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

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

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

Place : New Delhi
Date : 13th May, 2011

MOREPEN LABORATORIES LIMITED

Balance Sheet

As at 31st March, 2011

(Rs. in Lacs)

	Schedules	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	20961.07	20961.07
Reserves and Surplus	2	24275.49	24275.49
		<u>45236.56</u>	<u>45236.56</u>
LOAN FUNDS			
Secured Loans	3	12680.88	12845.17
Unsecured Loans	4	1523.70	1128.78
		<u>14204.58</u>	<u>13973.95</u>
Total		<u>59441.14</u>	<u>59210.51</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	89606.44	89366.22
Less : Depreciation		47948.20	43527.35
Net Block		41658.24	45838.87
INVESTMENTS	6	12190.92	12190.92
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	3360.50	3046.57
Sundry Debtors	8	2773.44	2056.79
Cash and Bank Balances	9	233.61	82.39
Loans and Advances	10	1241.87	1261.42
		<u>7609.42</u>	<u>6447.17</u>
Less : CURRENT LIABILITIES & PROVISIONS	11		
Current Liabilities		9268.46	8315.13
Provisions		388.39	306.34
		<u>9656.85</u>	<u>8621.47</u>
NET CURRENT ASSETS		(2047.43)	(2174.30)
MISCELLANEOUS EXPENDITURE		128.48	142.38
(To the extent not written off /adjusted)			
PROFIT & LOSS ACCOUNT (DEBIT BALANCE)		7510.93	3212.64
Total		<u>59441.14</u>	<u>59210.51</u>
SIGNIFICANT ACCOUNTING POLICIES	17		
NOTES ON ACCOUNTS	18		

Per our separate report of even date

For & on behalf of the Board

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

(Sushil Suri)
Chairman & Managing Director

(Manoj Joshi)
Director

(M.K. Mahajan)
Partner
Membership No. F-17418
Place : New Delhi
Date : 13th May, 2011

(Ajay Sharma)
GM- Finance & Accounts

(Rahul)
Company Secretary

Profit and Loss Account

For the year ended 31st March, 2011

(Rs. in Lacs)

	Schedules	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Sales and other income	12	21735.11	19616.16
Accretion / (Decretion) to Stocks	13	339.76	504.84
		<u>22074.87</u>	<u>20121.00</u>
EXPENDITURE			
Materials	14	14992.53	13350.19
Personnel	15	2728.35	2162.43
Manufacturing and others	16	3525.51	3248.75
		<u>21246.39</u>	<u>18761.37</u>
OPERATING SURPLUS			
		828.48	1359.63
Interest Cost (Net)		623.12	356.59
CASH SURPLUS			
		205.36	1003.04
NON CASH ITEMS			
Depreciation and Amortisation		4578.17	4562.86
PROFIT/(LOSS) BEFORE EXTRA ORDINARY ITEMS			
		(4372.81)	(3559.82)
Extraordinary Items		-	3385.77
PROFIT/(LOSS) AFTER EXTRA ORDINARY ITEMS			
		(4372.81)	(174.05)
Provision for Income Tax -			
- Current year		-	-
- Previous years		(74.52)	-
PROFIT/(LOSS) AFTER TAX			
		(4298.29)	(174.05)
Surplus/(Loss) brought from last year		(3212.64)	(3396.01)
Amount Transferred from -			
Debenture Redemption Reserve		-	357.42
Surplus/(Loss) Carried Forward		<u>(7510.93)</u>	<u>(3212.64)</u>
SIGNIFICANT ACCOUNTING POLICIES			
	17		
NOTES ON ACCOUNTS			
	18		

Per our separate report of even date

For & on behalf of the Board

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

(Sushil Suri)
Chairman & Managing Director

(Manoj Joshi)
Director

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

(Ajay Sharma)
GM- Finance & Accounts

(Rahul)
Company Secretary

Place : New Delhi
Date : 13th May, 2011

Schedules

FOR THE YEAR ENDED 31st MARCH 2011

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
1. SHARE CAPITAL		
Authorised		
- 45,00,00,000 Equity Shares of Rs.2/- each	9000.00	9000.00
- 1,20,00,000 Preference Shares of Rs.100/- each	12000.00	12000.00
	<u>21000.00</u>	<u>21000.00</u>
Issued, Subscribed and paid up (Refer Note No. 1 of I of Schedule 18)		
- 44,98,26,203 Equity Shares of Rs.2/- each fully paid up	8996.53	8996.53
- 97,35,201 0.01% Optionally Convertible Preference Share of Rs. 100/- each fully paid up	9735.20	9735.20
- 15,30,000 0.01% Redemable Preference Shares of Rs. 100/- each fully paid up	1530.00	1530.00
- 2,00,000 0.01% Redemable Preference Shares of Rs. 100/- each fully paid up	200.00	200.00
- 5,00,000 9.75% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	500.00	500.00
	<u>20961.73</u>	<u>20961.73</u>
Less : Calls in arrears	0.66	0.66
	<u>20961.07</u>	<u>20961.07</u>
2. RESERVES AND SURPLUS		
Capital Reserve	270.40	270.40
Securities Premium Account	16740.51	16740.51
Preference Share Redemption Reserve	7123.33	7123.33
Debenture Redemption Reserve	141.25	141.25
	<u>24275.49</u>	<u>24275.49</u>
3. SECURED LOANS		
(Refer Note No. 2 of I of Schedule 18)		
Non Convertible Debentures	565.00	565.00
Term Loans from Financial Institutions/Banks	-	237.50
Restructured Debts		
- Interest Bearing Portion	6264.56	
- Interest Free Portion	<u>5558.38</u>	11885.38
Other Loans	36.21	28.40
Interest Accrued & due	256.73	128.89
	<u>12680.88</u>	<u>12845.17</u>
4. UNSECURED LOANS		
(Refer Note No. 3 of I of Schedule 18)		
Short Term Loans		
- From Others	1523.70	1128.78
	<u>1523.70</u>	<u>1128.78</u>

5. FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	For the year	Deductions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Free hold Land	119.42	-	-	119.42	-	-	-	-	119.42	119.42
Leasehold Land	33.14	-	-	33.14	-	-	-	-	33.14	33.14
Buildings	6895.23	67.26	-	6962.49	1861.69	182.89	-	2044.58	4917.91	5033.54
Plant & Machinery	81819.38	241.03	84.21	81976.20	41357.18	4308.57	84.21	45581.54	36394.66	40462.19
Furnitures & Fixtures	242.99	3.64	-	246.63	160.68	15.49	-	176.17	70.46	82.31
Vehicles	256.06	44.96	32.46	268.56	147.80	25.43	27.32	145.91	122.65	108.27
Total	89366.22	356.89	116.67	89606.44	43527.35	4532.38	111.53	47948.20	41658.24	45838.87
Previous Year	88936.98	438.79	9.55	89366.22	39007.09	4527.69	7.43	43527.35	45838.87	-

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
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6. INVESTMENTS (At cost)

(A) Govt. & Trust Securities

(i) 10, 11.50% IDBI Bonds of aggregate face value of Rs.10.00 Lacs **10.00** 10.00

(B) Shares

Unquoted :-

(i) 38,65,500 Equity Shares of Rs. 10/- each fully paid up of Morepen Biotech Ltd. **386.55** 386.55

(C) Subsidiary Companies

Shares:-unquoted

(i) 4,06,79,500 Equity shares of Rs.10/- each fully paid up of Dr. Morepen Ltd. **11747.25** 11747.25

(ii) 51, fully paid and non-assessable Shares @ US\$ 1000 each in MorepenMax Inc. **24.89** 24.89

(iii) 9,400 fully paid Shares of Common Voting Stocks in Morepen Inc. **22.23** 22.23

12190.92 12190.92

7. CURRENT ASSETS, LOANS AND ADVANCES

INVENTORIES

(As certified by management)

Raw materials **1420.07** 1445.90

Finished goods **789.03** 722.24

Work-in-progress **1065.98** 830.22

Others - Stores and Spares **85.42** 48.21

Total **3360.50** 3046.57

	(Rs. in Lacs)	
	As at 31.03.2011	As at 31.03.2010
8. SUNDRY DEBTORS		
(Unsecured - good, unconfirmed)		
Debts over six months	210.94	195.97
Other debts	2562.50	1860.82
Total	<u>2773.44</u>	<u>2056.79</u>
9. CASH AND BANK BALANCES		
Cash on hand	5.72	18.49
Banks Balances		
- In Current Accounts	82.98	35.38
- In Deposit Accounts	144.91	28.52
	<u>233.61</u>	<u>82.39</u>
10. LOANS AND ADVANCES		
(Unsecured, unconfirmed-Good)		
Advances recoverable in cash or in kind or for value to be received with suppliers and others	594.69	619.79
Other Current Assets	183.98	203.71
Security Deposits	123.38	83.36
Advance Income Tax	14.35	13.57
Central Excise Balances	325.47	340.99
	<u>1241.87</u>	<u>1261.42</u>
11. CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Acceptances	9.16	41.44
Sundry Creditors	8,290.02	7160.11
Subsidiary companies	969.28	1113.58
	<u>9268.46</u>	<u>8315.13</u>
B. Provisions		
Provision for Grauity	388.39	306.34
	<u>388.39</u>	<u>306.34</u>
	<u>9656.85</u>	<u>8621.47</u>
12. SALES AND OTHER INCOMES		
Sales & Operating Income		
Sales : Domestic	11606.29	9526.24
Export	9493.35	9666.41
Export Incentive	296.82	372.44
Others	234.17	18.27
	<u>21630.63</u>	<u>19583.36</u>
Other Income		
Exchange Fluctuations	86.40	27.80
Interest Income	18.08	5.00
	<u>104.48</u>	<u>32.80</u>
	<u>21735.11</u>	<u>19616.16</u>

				(Rs. in Lacs)	
				Year Ended 31.03.2011	Year Ended 31.03.2010
13. ACCRETION / (DECRETION) TO STOCKS					
Opening Stock : Finished goods				722.24	716.14
Others				48.21	-
Work-in-progress				<u>830.22</u>	<u>379.69</u>
				<u>1600.67</u>	<u>1095.83</u>
Closing Stock : Finished goods				789.03	722.24
Others				85.42	48.21
Work-in-progress				<u>1065.98</u>	<u>830.22</u>
				<u>1940.43</u>	<u>1600.67</u>
				<u>339.76</u>	<u>504.84</u>
14. MATERIALS					
	Opening Stock	Purchase	Closing Stock		
Raw Materials	1255.22	14394.39	1221.01	14428.60	12868.52
Packing Materials	190.68	572.31	199.06	563.93	481.67
	<u>1445.90</u>	<u>14966.70</u>	<u>1420.07</u>	<u>14992.53</u>	<u>13350.19</u>
15. PERSONNEL					
Salaries and Wages				2597.22	2045.45
Staff Welfare				<u>131.13</u>	<u>116.98</u>
				<u>2728.35</u>	<u>2162.43</u>
16. MANUFACTURING AND OTHERS					
Power and Fuel				769.29	601.24
Plant & Machinery Repair				288.40	199.24
Building Repair				99.14	80.83
General Repairs				34.16	33.49
Research & Development				149.40	170.30
Rent				134.34	153.93
Travelling				458.88	393.75
Telephone, Telex and postage				127.76	141.04
Vehicle Running Expenses				75.59	70.42
Printing and Stationery				69.90	50.09
Insurance				22.43	18.34
Legal and Professional				182.93	206.20
Bank charges				17.47	43.80
Miscellaneous Expenses				244.36	253.96
Selling & Distribution Expenses				790.12	789.84
Rates and Taxes				24.16	36.85
Advertisement and Publicity				<u>37.18</u>	<u>5.43</u>
				<u>3525.51</u>	<u>3248.75</u>

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

17. SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of financial statements

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

2. Fixed assets

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

3. Depreciation

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

4. Investments

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

5. Foreign exchange transactions

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

6. Valuation of inventories

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

7. Revenue Recognition

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

8. Excise duty on finished goods

Excise duty on finished goods is accounted for as and when the clearance is made from the factory premises.

9. Researches and Development

- a) Capital expenditure on research and development is included in the cost of fixed assets.
- b) Revenue expenditure on research and development is charged to the profit & loss account.
- c) Expenses in respect of major product development are however, treated as deferred revenue expenditure for amortisation over a period of subsequent five years.

10. Employee Retirement benefits

- a) The contributions to the provident fund, under the defined contribution plans, are charged to revenue.
- b) Gratuity provision has been made as per actuarial valuation.
- c) Leave encashment is accounted for on accrual basis.

11. Taxation

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

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

12. Miscellaneous expenditure

- a) Preliminary Expenses / Public Issue expenses are written off over a period of ten years.
- b) Deferred Revenue Expenses are written off over a period of upto five subsequent years.

13. Impairment of Assets

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

18. NOTES ON ACCOUNTS**I BALANCE SHEET****1. Share Capital****1.1 Preference Share Capital**

1,19,65,201 Preference Shares of Rs. 100/- each consist of -

- 97,35,201, 0.01% Optionally Convertible Preference Shares, amounting to Rs. 9735.20 Lacs are due for redemption/conversion in financial year 2014-15.
- 15,30,000, 0.01% Preference Shares amounting Rs.1530.00 Lacs are redeemable in two equal installments in the financial years 2016-17 and 2017-18.
- 2,00,000, 0.01% Preference Shares amounting Rs. 200.00 lacs, are due for redemption in the financial year 2011-12.
- 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to Rs. 500.00 Lacs have already become due for redemption.

2. Secured Loans

- 2.1 Non Convertible Debentures of Rs. 565.00 lacs (Previous Year Rs. 565.00 lacs) are privately placed and comprise of: 100,000 - 15% NCDs (Rs.33.33 paid up); 100,000- 18.5% NCDs (Rs.66.00 paid up);2,00,000 - 17 % NCDs (Rs.66.50 paid up); 200,000 19% NCDs (Rs. 33.33 paid up); 400,000- 15.5% NCDs (Rs. 66.50 paid up).

All these debentures along with interest, remuneration payable to trustees and other money due in respect thereof are secured by a first charge created jointly along with banks / financial institutions providing term and corporate rupee loans except borrowings stated in Para 2.5 below.

- 2.2 Interest bearing portion of restructured debts of Rs. 6264.56Lacs (Previous Year Rs. 6325.62Lacs) due to institutions/banks is payable starting from financial year 2010-11 and shall be fully payable by 31st March, 2018.
- 2.3 Interest free portion of restructured debts of Rs. 5558.38 Lacs (Previous Year Rs 5559.76 Lacs) due to institutions/banks shall be due for payment in the financial years starting 2016-17 and shall be fully payable by 31st March 2018. The debt will be interest bearing from the financial year 2015-16.
- 2.4 Non-convertible debentures/ Term loans / restructured debts, are secured by a first charge created by way of joint equitable mortgage on pari - passu basis on all immovable and movable properties both present and future except borrowings stated in Para 2.5 below.
- 2.5 Other loans of Rs. 36.21 lacs (Previous year Rs. 28.40 lacs) are secured by hypothecation of specific assets purchased under the hire purchase scheme.

3. Unsecured Loans

Short term loans from others represent loans and inter corporate deposits from friends, relatives & others.

4. Current liabilities

Based on the information available with the Company, no amount is payable to Micro & Small Enterprises as defined under the MSMED Act, 2006. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

5. Fixed Assets

- 5.1 During the year, the company has made addition to fixed assets of Rs. 356.89 lacs (Previous year Rs. 438.79 lacs). Additions to fixed assets put to use have been capitalized. Depreciation on fixed assets is provided from the subsequent month after the asset is put to use. Fixed assets installed and put to use have been certified by the management.
- 5.2 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.

6. Investments

The fall in value of investments, in unquoted shares and in respect of losses in subsidiary companies, has not been provided, as this, in view of management's perception, is temporary.

7. Inventories

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

8. Bank Balances

Bank balances of Rs. 144.91 lacs (Previous year Rs. 28.52 lacs) in deposit accounts are pledged as margin money.

9. Miscellaneous expenditure

The miscellaneous expenditure of Rs. 128.48 Lacs (Previous Year Rs. 142.38 lacs) includes Rs. 69.06 Lacs in respect of capital issue expenses remaining un-adjusted and Rs 59.42 lacs towards marketing expenses, benefits of which are expected up to a period of 5 years.

10. In the opinion of directors, the current assets, loans and advances are of the value stated except otherwise stated in the accounts, if realized in the ordinary course of business and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
11. Balances of sundry creditors, secured and unsecured loans, sundry debtors, bank balances, loans and advances and security deposits are subject to confirmation.
12. The application for compounding of various offences under provisions of the Companies Act, 1956 is pending with the Central Govt.
13. The company had allotted, in the last financial year, 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues, under the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla. The central government preferred an appeal against the said order and the Hon'ble Divisional Bench while admitting the appeal directed the implementation of the Scheme subject to the final outcome of the Appeal. The matter has now been remanded back to the single judge of Hon'ble Himachal Pradesh High Court for giving central government a hearing and adjudicating the matter.

II. CONTINGENT LIABILITIES

	(Rs. in lacs)	
	As at	As at
	31st March 2011	31st March 2010
Bank Guarantees	144.91	28.52
Accumulated dividend on preference shares	4.40	3.26
Claim against the Company not acknowledged as debt	342.84	338.51
Liability, if any, arising out of legal cases filed against the company by parties.	Amount not as certainable	Amount not ascertainable

III. PROFIT & LOSS ACCOUNT

1. Directors Remuneration

	(Rs. in lacs)	
	As at	As at
	31st March 2011	31st March 2010
A. Directors Remuneration		
a) Details of Remuneration to the Managing Director & Whole time Directors		
Remuneration	30.42	26.07
Other perquisites	18.95	18.77
Commission	-	-
Total	49.37	44.84
b) Calculation of Profits in accordance with Section 198 of the Companies Act, 1956 for the purpose of calculation of commission Payable to directors:		
Profit /(loss) before tax as per Profit & Loss Account.	(4372.81)	(174.04)
Less: Directors remuneration as above	(49.37)	(44.84)
Profit/(Loss)on sale of fixed assets	(0.64)	(0.45)
	(4322.80)	(128.75)
Add: Prior period items	5.34	32.05
Total Amount	(4317.46)	(96.70)
4% of the above	-	-
B. Sitting fee	1.90	2.40

Note:-

- a. The above remuneration and remuneration paid during the period April 2005 till March 2010 amounting to Rs. 198.17 lacs is subject to approval from Central Govt.
- b. In view of losses during the year, the managing director has been paid a salary of Rs. 26.84 lacs, out of approved salary of Rs. 60.20 lacs. Balance salary of Rs. 33.36 lacs has been forgone by him and hence not provided in the accounts.

2. Remuneration to auditors

2.1 Statutory auditors

(Rs. in lacs)

	As at 31st March 2011	As at 31st March 2010
- Audit fee	9.50	9.50
-Tax audit fee	5.50	5.50
-Tax matters	3.00	3.00
-Certification	2.56	1.09
-Service tax	2.11	1.85
Total	22.67	20.94

2.2 Cost auditors

- Audit fee	1.20	1.20
- Others	0.30	0.30
Total	1.50	1.50

3. Income tax deducted at source

(Rs. in lacs)

	Year Ended 31st March 2011	Year Ended 31st March 2010
- Interest income	0.78	0.30
- Others	-	1.59
	0.78	1.89

4. Detail of Depreciation and Amortisation

Depreciation	4532.38	4527.69
Miscellaneous expenses written off	45.79	35.17
	<u>4578.17</u>	<u>4562.86</u>

5. Taxation

No Provision for current Income tax has been made in view of loss during the year.

6. Expenses include Rs. 5.40 lacs (Previous Year Rs. 32.05 lacs) as expenses (net) relating to earlier years.

7. Sales Tax assessments for earlier years are in progress. Demand, if any, shall be accounted for, on the completion of assessments.

8. Dividend

No dividend is provided on equity/preference share capital in view of loss during the year.

9. Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.

10. Segment Reporting

As the Company's business activity falls within a single primary business segment viz. "Pharmaceuticals" the disclosure requirements of Accounting Standards (AS-17) "Segment Reporting", issued by The Institute of Chartered Accountants of India are not applicable.

11. Earnings per share

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
Profit/(Loss) after tax (Rs. in Lacs)	(4298.29)	(174.04)
Weighted average number of equity shares outstanding	449826203	416124217
Earnings/(loss) per share in rupees (face value Rs.2/- per share)		
Basic & Diluted (after pref. Dividend)	(0.96)	(0.04)

12. Deferred Tax Liability/ (Asset)

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

13. Impairment

It is the view of management that there are no impairment conditions that exist as on 31st March, 2011. Hence, no provision is required in the accounts for the year under review.

14. Related party disclosures

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

Related Parties

1 Subsidiary Companies

MorepenMax Inc.	Overseas Company
Morepen Inc.	Overseas Company
Doctor Morepen Limited	Domestic Company
Total Care Limited	Domestic Company

2 Associates

Morepen Biotech Limited	Domestic Company
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**3 Key Management Personnel
(Whole-time Directors)**

Mr. Sushil Suri
Chairman & Managing Director

Dr. A. K. Sinha - Whole-time Director

Mr. Manoj Joshi - Independent Director

Mr. Bhupender Raj Wadhwa
Independent Director

Mr. Sukhcharan Singh
Independent Director

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.

Blue Coast Infrastructure
Development Private Limited

Transactions with related parties		
	Nature of transaction	(Rs. in lacs)
1 Subsidiary Companies	Sale of inventories	364.13
	Purchase of inventories	128.71
	Balance as on 31.03.11 - Payable (Maximum balance outstanding Rs. 1206.22 Lacs)	969.28
2 Associate Company	Nil	Nil
3 Key management Personnel	Remuneration	49.37
	Sitting fee	1.90
	Balance as on 31.03.11	Nil
4 Relatives of key management personnel	Nil	Nil
5 Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence	Receipt of unsecured loan (Max. bal. outstanding Rs. 1432.48 Lacs)	408.39
	Balance as on 31.03.11 (Payable)	1432.48

IV. ADDITIONAL INFORMATION PURSUANT TO CLAUSE 4C OF PART-II TO SCHEDULE VI OF THE COMPANIES ACT, 1956

1. DETAIL OF INSTALLED CAPACITY/PRODUCTION

	Unit of Measure	Year Ended 31.03.2011	Year Ended 31.03.2010
a) Installed capacity			
- Drugs & Drug Intermediates	(MT)	884.000	884.000
- Formulations			
Tablets/Capsules	(Nos/Lacs)	37100.00	37100.00
Oral Liquids	(MT)	375.000	375.000
Powders	(MT)	500.000	500.000
b) Production *			
- Drugs & Drug Intermediates	(MT)	339.643	158.037
- Formulations	(Nos/Lacs)	4439.59	4997.74

2. DETAILS OF OPENING STOCK / CLOSING STOCK / SALES OF FINISHED GOODS

		(Rs. in Lacs)			
		As at 31.03.2011		As at 31.03.2010	
	Unit of Measure	Qty.	Value	Qty.	Value
<u>OPENING STOCK</u>					
- Drugs & Drug Intermediates	(MT)	3.229	174.01	1.032	205.21
- Formulations	(Nos/Lacs)	347.29	217.93	210.66	202.26
- Diagnostic Devices	(Nos/Units)	185505	330.30	86655	308.68
	Total		<u>722.24</u>		<u>716.15</u>
<u>CLOSING STOCK</u>					
- Drugs & Drug Intermediates	(MT)	1.320	60.27	3.229	174.01
- Formulations	(Nos/Lacs)	205.93	281.34	347.29	217.93
- Diagnostic Devices	(Nos/Units)	169988	447.43	185505	330.29
	Total		<u>789.03</u>		<u>722.24</u>
<u>SALES</u>					
- Drugs & Drug Intermediates	(MT)	341.552	12354.56	155.840	11506.82
- Formulations **	(Nos/Lacs)	5768.15	5499.10	5698.39	5253.81
- Diagnostic Devices ***	(Nos/Units)	900078	3112.87	661956	2367.45
- Others			133.11		64.56
	Total		<u>21099.64</u>		<u>19192.64</u>

(Rs. in Lacs)					
		As at 31.03.2011		As at 31.03.2010	
	Unit of Measure	Qty.	Value	Qty.	Value
3. PURCHASES OF FINISHED GOODS					
-	Formulations (Nos/Lacs)	1187.20	2467.86	837.28	1883.07
-	Diagnostic Devices (Nos/Units)	884561	2054.90	760806	1546.74
	Total		<u>4522.76</u>		<u>3429.81</u>
4. RAW MATERIAL CONSUMED (including consumption for Research & Development)					
	Key Intermediates (MT)	4109.920	7071.81	3883.72	6195.15
	Others		2834.04		3243.56
	Total		<u>9905.84</u>		<u>9438.71</u>
*	Production of Drugs & Drug Intermediates is net of Captive Consumption of 5.614 MT (Previous Year 21.452 MT)				
**	Inclusive of free samples & free of cost quantity distributed i.e. 96.58 Nos/Lacs(Previous year 129.91 Nos/Lacs)				
***	Inclusive of free of cost quantity i.e. 46937 Nos/Units(Previous year 18922 Nos/Units) (Quantitative details and installed capacity are as certified by management)				
5. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED AND PERCENTAGE THEREOF					
(Rs. in Lacs)					
		Year Ended		Year Ended	
		31.03.2011		31.03.2010	
		%	Value	%	Value
	Imported	27.78%	2752.02	20.83%	1965.89
	Indigenous	72.22%	7153.82	79.17%	7472.82
	Total	<u>100.00%</u>	<u>9905.84</u>	<u>100.00%</u>	<u>9438.71</u>
6. VALUE OF IMPORTS ON CIF BASIS					
	Raw Materials		2597.93		2240.20
	Finished Goods		861.38		968.42
	Capital Goods		15.92		32.11
7. EXPENDITURE IN FOREIGN CURRENCY					
	Technical Knowhow/Professional Fees		-		-
	Others		64.16		226.07
8. INCOME IN FOREIGN CURRENCY					
	F.O.B. Value of Exports		5027.75		4093.30

V BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAIL

Registration No.	6028
State Code	06
Date of Balance Sheet	31.03.11

II. Capital raised during the Year (Amount in Rs. Thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	5944114
Total Assets	5944114
Sources of Funds	
Paid up Capital	2096107
Reserve & Surplus	2427549
Secured Loans	1268088
Unsecured Loans	152370
Application of Funds	
Net Fixed Assets	4165824
Investments	1219092
Net Current Assets	(204743)
Profit & Loss Account (Debit Balance)	751093
Misc. Expenditure	12848

IV. Performance of Company (Amount in Rs. Thousands)

Turnover & Other Income	2173511
Total expenditure	2610792
Profit/ Loss before Tax	(437281)
Profit/ Loss after Tax	(429829)
Earning per share of Rs. 2/-each (in Rs.)	(0.96)
Dividend Rate (%)	NIL

V. Generics Names of Three Principal Products/Services of Company

(As per monetary terms)

Item code No. (ITC Code)	Product Description
a) 294200	LORATADINE
b) 294110	SULTAMICILLIN TOSYLATE
c) 29420090	MONTELUKAST

Per our separate report of even date

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. F-17418

Place : New Delhi

Date : 13th May, 2011

For & on behalf of the Board

(Sushil Suri)

Chairman & Managing Director

(Ajay Sharma)

GM- Finance & Accounts

(Manoj joshi)

Director

(Rahul)

Company Secretary

Cash Flow Statement

For the year ended 31st March, 2011

	Year Ended 31st March 2011	Year Ended 31st March 2010
(Rs. in Lacs)		
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and extraordinary items	(4372.81)	(3559.82)
Adjustments for :		
Depreciation & Amortisation	4578.17	4562.86
Profit/(Loss) on Sale of Fixed Assets	(0.64)	(0.45)
Interest Cost (net)	623.12	356.59
Operating profit before working capital changes	829.12	1360.08
Adjustments for :		
Trade and Other Receivables	(697.10)	(36.26)
Inventories	(313.93)	(910.30)
Trade Payables	1035.38	286.58
Cash generated from operations	853.47	700.10
Income tax	74.52	-
Misc. Expenditure	(31.89)	(38.16)
NET CASH FROM OPERATING ACTIVITIES	896.10	661.94
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(356.89)	(438.79)
Sale of Fixed Assets	4.50	1.67
NET CASH USED IN INVESTING ACTIVITIES	(352.39)	(437.12)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Equity Issued to fixed depositors	-	10,469.92
Extraordinary items-waiver relating to fixed deposits	-	3385.77
Interest Cost (net)	(623.12)	(356.59)
Proceeds from Long Term borrowings (Net)	(299.94)	(897.93)
Proceeds from Short Term borrowings (Net)	530.57	(13173.51)
NET CASH USED IN FINANCING ACTIVITIES	(392.49)	(572.34)
Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	151.22	(347.52)
Cash and Cash equivalents as at 01.04.2010	82.39	429.91
Cash and Cash equivalents as at 31.03.2011	233.61	82.39

Per our separate report of even date

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

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

Place : New Delhi
Date : 13th May, 2011

For & on behalf of the Board

(Sushil Suri)
Chairman & Managing Director

(Ajay Sharma)
GM- Finance & Accounts

(Manoj Joshi)
Director

(Rahul)
Company Secretary

Auditors' Report on Consolidated Financial Statements

To

The Board of Directors

Morepen Laboratories Limited

We have audited the attached consolidated balance sheet of Morepen Laboratories Limited and its subsidiaries (**as per list appearing in Note No. I of Schedule 18**), collectively referred to as "Morepen Group" as at 31st March, 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the "Morepen Group" management and have been prepared by the management on the basis of the separate financial statements and other financial information regarding Morepen Group. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the foreign subsidiaries of the company whose financial statements reflect total assets of Rs. 119.45 lacs as at 31st March, 2011, total revenues of Rs. 73.02 lacs and cash flow amounting to Rs. 2.28 lacs for the year then ended. These financial statements have not been audited by us in view of which our opinion on consolidated financial statements is limited to the financial statements of the parent company and its two domestic subsidiary companies only.

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

On the basis of information and explanations given to us and on the consideration of the separate audit reports of the financial statements of the parent company and its two domestic subsidiaries and on the other financial information of the components, we are of the opinion that the said consolidated financial statements, subject to

Note No. 5.3 of I of Schedule 19 regarding dispute in respect of ownership of Trademark "Burnol"

read together with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the consolidated balance sheet, of the state of affairs of the company and its subsidiaries as at 31st March, 2011;
- b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the company and its subsidiaries for the year ended on that date and
- c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

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

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

Place : New Delhi
Date : 13th May, 2011

Consolidated Balance Sheet

As at 31st March, 2011

		(Rs. in Lacs)	
	Schedules	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	20961.07	20961.07
Reserves and Surplus	2	24275.49	24275.49
		<u>45236.56</u>	<u>45236.56</u>
LOAN FUNDS			
Secured Loans	3	12680.88	12845.17
Unsecured Loans	4	1523.70	1128.78
		<u>14204.58</u>	<u>13973.95</u>
Total		<u>59441.14</u>	<u>59210.51</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	99795.23	99553.59
Less : Depreciation		50193.60	45535.47
Net Block		<u>49601.63</u>	<u>54018.12</u>
INVESTMENTS	6	396.55	396.55
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	3470.73	3168.42
Sundry Debtors	8	2963.98	2383.18
Cash and Bank Balances	9	258.18	110.29
Loans and Advances	10	1320.03	1333.75
		<u>8012.92</u>	<u>6995.64</u>
Less : CURRENT LIABILITIES & PROVISIONS	11		
Current Liabilities		9186.27	8217.58
Provisions		388.39	306.34
		<u>9574.66</u>	<u>8523.92</u>
NET CURRENT ASSETS		(1561.74)	(1528.28)
MINORITY INTEREST	12	43.86	43.82
MISCELLANEOUS EXPENDITURE		128.48	142.38
(To the extent not written off /adjusted)			
PROFIT & LOSS ACCOUNT (DEBIT BALANCE)		10832.36	6137.93
Total		<u>59441.14</u>	<u>59210.51</u>
SIGNIFICANT ACCOUNTING POLICIES	18		
NOTES ON ACCOUNTS	19		

Per our separate report of even date

For & on behalf of the Board

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

(Sushil Suri)
Chairman & Managing Director

(Manoj Joshi)
Director

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

(Ajay Sharma)
GM- Finance & Accounts

(Rahul)
Company Secretary

Place : New Delhi
Date : 13th May, 2011

Consolidated Profit and Loss Account

For the year ended 31st March, 2011

		(Rs. in Lacs)	
	Schedules	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Sales and other income	13	22933.60	21218.33
Accretion / (Decreton) to Stocks	14	339.76	504.84
		<u>23273.36</u>	<u>21723.17</u>
EXPENDITURE			
Materials	15	15211.91	13678.86
Personnel	16	3101.20	2395.44
Manufacturing and others	17	4281.27	4500.14
		<u>22594.38</u>	<u>20574.44</u>
OPERATING SURPLUS/(DEFICIT)		678.98	1148.73
Interest Cost (Net)		626.59	356.59
CASH SURPLUS		52.39	792.14
NON CASH ITEMS			
Depreciation and Amortisation		4815.53	4802.06
PROFIT/(LOSS) BEFORE EXTRA ORDINARY ITEMS		(4763.14)	(4009.92)
Extraordinary Items		-	3,385.77
PROFIT/(LOSS) AFTER EXTRA ORDINARY ITEMS		(4763.14)	(624.15)
Provision for Tax			
- Current Year		6.13	2.68
- Previous Years		(74.52)	-
PROFIT/(LOSS) AFTER TAX BUT BEFORE MINORITY INTEREST		(4,694.74)	(626.83)
Share of Minority Interest in Profit/(Loss)		(0.31)	(5.13)
PROFIT/(LOSS) AFTER TAX & MINORITY INTEREST		(4694.43)	(621.70)
Surplus/(Loss) brought from last year		(6137.93)	(5873.65)
Amount Transferred from Debenture Redemption Reserve		-	357.42
Surplus/(Loss) Carried Forward		<u>(10832.36)</u>	<u>(6137.93)</u>
SIGNIFICANT ACCOUNTING POLICIES			
	18		
NOTES ON ACCOUNTS			
	19		

Per our separate report of even date

For M.Kamal Mahajan And Co.

Chartered Accountants

Firm Regn. No. 006855N

(M.K. Mahajan)

Partner

Membership No. F-17418

Place : New Delhi

Date : 13th May, 2011

For & on behalf of the Board

(Sushil Suri)

Chairman & Managing Director

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director

(Rahul)

Company Secretary

Schedules

Forming part of the Consolidated Financial Statements for the year ended 31st March, 2011

	(Rs. in Lacs)	
	As at 31.03.2011	As at 31.03.2010
1. SHARE CAPITAL		
Authorised		
- 45,00,00,000 Equity Shares of Rs.2/- each	9000.00	9000.00
- 1,20,00,000 Preference Shares of Rs.100/- each	12000.00	12000.00
	<u>21000.00</u>	<u>21000.00</u>
Issued, Subscribed and paid up		
- 44,98,26,203 Equity Shares of Rs.2/- each fully paid up	8996.53	8996.53
- 97,35,201 0.01% Optionally Convertible Preference Share of Rs. 100/- each fully paid up	9735.20	9735.20
- 15,30,000 0.01% Redeemable Preference Shares of Rs. 100/- each fully paid up	1530.00	1530.00
- 2,00,000 0.01% Redeemable Preference Shares of Rs.100/- each fully paid up	200.00	200.00
- 5,00,000 9.75% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	500.00	500.00
	<u>20961.73</u>	<u>20961.73</u>
Less : Calls in arrears	0.66	0.66
	<u>20961.07</u>	<u>20961.07</u>
2. RESERVES AND SURPLUS		
Capital Reserve	270.40	270.40
Securities Premium Account	16740.51	16740.51
Preference Share Redemption Reserve	7123.33	7123.33
Debenture Redemption Reserve	141.25	141.25
	<u>24275.49</u>	<u>24275.49</u>
3. SECURED LOANS		
(Refer Note No. 2 of I of Schedule 19)		
Non Convertible Debentures	565.00	565.00
Term Loans from Financial Institutions/Banks	-	237.50
Restructured Debts		
- Interest Bearing Portion	6264.56	
- Interest Free Portion	5558.38	11885.38
Other Loans	36.21	28.40
Interest Accrued & due	256.73	128.89
	<u>12680.88</u>	<u>12845.17</u>
4. UNSECURED LOANS		
(Refer Note No. 3 of I of Schedule 19)		
Short Term Loans		
- From Others	1523.70	1128.78
	<u>1523.70</u>	<u>1128.78</u>

5. FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	For the year	Deductions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Goodwill	7,794.41	-	-	7794.41	-	-	-	-	7794.41	7,794.41
Free hold Land	134.36	-	-	134.36	-	-	-	-	134.36	134.36
Leasehold Land	33.14	-	-	33.14	-	-	-	-	33.14	33.14
Buildings	6895.23	67.26	-	6962.49	1861.69	182.89	-	2044.58	4917.91	5033.54
Plant & Machinery	81833.43	241.03	84.21	81990.25	41360.81	4308.88	84.21	45585.48	36404.77	40472.62
Furnitures & Fixtures	257.40	3.64	-	261.04	165.77	16.40	-	182.17	78.87	91.63
Vehicles	278.62	44.96	32.46	291.12	192.53	27.57	27.32	192.78	98.34	86.09
Patents & Trade Marks	2,323.23	-	-	2323.23	1,951.84	232.32	-	2184.16	139.07	371.39
Computers	3.77	1.90	0.48	5.19	2.83	1.68	0.08	4.43	0.76	0.94
Total	99553.59	358.79	117.15	99795.23	45535.47	4769.74	111.61	50193.60	49601.63	54018.12
Previous Year	99131.48	444.68	22.57	99553.59	40787.50	4764.95	16.98	45535.47	54018.12	-

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
6. INVESTMENTS (At cost)		
(A) Govt. & Trust Securities		
(i) 10, 11.50% IDBI Bonds of aggregate face value of Rs.10.00 Lacs	10.00	10.00
(B) Shares		
Unquoted :-		
(i) 38,65,500 Equity Shares of Rs. 10/- each fully paid up of Morepen Biotech Ltd.	386.55	386.55
	<u>396.55</u>	<u>396.55</u>

CURRENT ASSETS, LOANS AND ADVANCES

7. INVENTORIES

(As certified by management)

Raw materials	1420.07	1445.90
Finished goods	899.26	844.09
Work-in-progress	1065.98	830.22
Others - Stores and Spares	85.42	48.21
Total	<u>3470.73</u>	<u>3168.42</u>

	(Rs. in Lacs)	
	As at 31.03.2011	As at 31.03.2010
8. SUNDRY DEBTORS		
(Unsecured-unconfirmed)		
Debts over six months :-		
- Considered Good	231.64	216.80
- Doubtful	24.90	15.84
Less : Provisions	(24.90)	(15.84)
Other debts :-		
- Good	2732.34	2166.38
Total	<u>2963.98</u>	<u>2383.18</u>
9. CASH AND BANK BALANCES		
Cash on hand	9.24	24.39
Banks Balances		
- In Current Accounts	101.03	54.38
- In Deposit Accounts	147.91	31.52
	<u>258.18</u>	<u>110.29</u>
10. LOANS AND ADVANCES		
(Unsecured, unconfirmed-Good)		
Advances recoverable in cash or in kind or for value to be received with suppliers and others	647.58	672.24
Other Current Assets	195.97	215.16
Security Deposits	131.87	87.03
Advance Income Tax	19.14	18.33
Central Excise Balances	325.47	340.99
	<u>1320.03</u>	<u>1333.75</u>
11. CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Acceptances	9.16	41.44
Sundry Creditors	9177.11	8176.14
	<u>9186.27</u>	<u>8217.58</u>
B. Provisions		
Provision for Gratuity	388.39	306.34
	<u>388.39</u>	<u>306.34</u>
	<u>9574.66</u>	<u>8523.92</u>
12. MINORITY INTEREST		
Share Capital	71.65	71.65
Share in Profit/(Loss)	(115.50)	(115.47)
	<u>(43.85)</u>	<u>(43.82)</u>

(Rs. in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010			
13. SALES AND OTHER INCOMES					
Sales & Operating Income					
Sales - Domestic	12706.31	10950.89			
- Export	9567.20	9754.01			
Export Incentive	296.82	372.44			
Others	259.62	108.19			
	<u>22829.95</u>	<u>21185.53</u>			
Other Income					
Interest Income	18.08	5.00			
Exchange Fluctuations	85.57	27.80			
	<u>103.65</u>	<u>32.80</u>			
	<u>22933.60</u>	<u>21218.33</u>			
14. ACCRETION / (DECRETION) TO STOCKS					
Opening Stock : Finished goods	722.24	716.14			
Work-in-progress	830.22	379.69			
Others - Stores and Spares	48.21	-			
	<u>1600.67</u>	<u>1095.83</u>			
Closing Stock : Finished goods	789.03	722.24			
Work-in-progress	1065.98	830.22			
Others - Stores and Spares	85.42	48.21			
	<u>1940.43</u>	<u>1600.67</u>			
	<u>339.76</u>	<u>504.84</u>			
15. MATERIALS					
	Opening	Purchase	Closing		
	Stock		Stock		
Raw Materials	1439.72	14602.15	1331.24	14710.63	13210.45
Stores	128.03	572.31	199.06	501.28	468.41
	<u>1567.75</u>	<u>15174.46</u>	<u>1530.30</u>	<u>15211.91</u>	<u>13678.86</u>
16. PERSONNEL					
Salaries and Wages				2970.07	2278.46
Staff Welfare				131.13	116.98
				<u>3101.20</u>	<u>2395.44</u>

	(Rs. in Lacs)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
17. MANUFACTURING AND OTHERS		
Power and Fuel	769.29	601.24
Plant & Machinery Repair	288.40	199.24
Building Repair	99.14	80.83
General repairs	37.34	40.90
Research & Development	149.40	170.30
Rent	167.07	202.47
Travelling	635.45	496.73
Telephone, Telex and postage	134.38	147.87
Vehicle Running Exp.	78.81	73.24
Printing and Stationery	71.86	51.99
Insurance	23.57	19.41
Legal and Professional	231.42	257.84
Bank charges	18.59	46.36
Miscellaneous Expenses	426.82	327.03
Selling & Distribution Expenses	1,037.34	1617.79
Rates and Taxes	24.16	36.97
Exchange Fluctuations	-	7.83
Advertisement and Publicity	88.22	122.11
	<u>4281.27</u>	<u>4500.14</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

18. SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of financial statements

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

The consolidated financial statements consist of financial statements of Morepen Laboratories Ltd. (parent company) and its four subsidiaries namely Doctor Morepen Ltd., Total Care Ltd., (Domestic Companies) and MorepenMax Inc., Morepen Inc. (Foreign Companies). Financial statements of foreign subsidiaries have been recasted for the purpose of consolidation. One of the subsidiary company i.e. MorepenMax Inc. has remained dormant during the year ending 31.03.2011 & its financial statements are un-audited.

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

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

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

*(Held by Dr. Morepen Limited)

2. Fixed assets

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

3. Depreciation

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

4. Investments

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

5. Foreign exchange transactions

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

6. Valuation of inventories

Stocks of raw materials and other ingredients have been valued at cost on first in first out basis or net realizable value whichever is less, finished goods have been valued at lower of cost and net realizable value, work-in-progress is

valued at raw material cost up to the stage of completion, as certified by the management on technical basis. Goods in transit are carried at cost.

7. Revenue Recognition

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

8. Excise duty on finished goods

Excise duty on finished goods is accounted for as and when the clearance is made from the factory premises.

9. Researches and Development

- a) Capital expenditure on research and development is included in the cost of fixed assets.
- b) Revenue expenditure on research and development is charged to the profit & loss account.
- c) Expenses in respect of major product development are however, treated as deferred revenue expenditure for amortisation over a period of subsequent five years.

10. Employee Retirement benefits

- a) The contributions to the provident fund, under the defined contribution plans, are charged to revenue.
- b) Gratuity provision has been made as per actuarial valuation.
- c) Leave encashment is accounted for on accrual basis.

11. Taxation

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

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

12. Miscellaneous expenditure

- a) Preliminary Expenses / Public Issue expenses are written off over a period of ten years.
- b) Deferred Revenue Expenses are written off upto a period of five subsequent years.

13. Impairment of Assets

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

19. NOTES ON ACCOUNTS

I BALANCE SHEET

1. Share Capital

1.1 Preference Share Capital

1,19,65,201 Preference Shares of Rs. 100/- each consist of-

- 97,35,201, 0.01% Optionally Convertible Preference Shares, amounting to Rs. 9735.20 Lacs issued to banks/financial institutions are due for redemption/conversion in financial year 2014-15.
- 15,30,000, 0.01% Preference Shares amounting Rs.1530.00 Lacs are redeemable in two equal installments in the financial years 2016-17 and 2017-18.
- 2,00,000, 0.01% Preference Shares amounting Rs. 200.00 lacs, are due for redemption in the financial year 2011-12.
- 5,00,000, 9.75% Cumulative Redeemable Preference shares amounting to Rs. 500.00 Lacs have already become due for redemption.

2. Secured Loans

- 2.1 Non Convertible Debentures of Rs. 565.00 lacs (Previous Year Rs. 565.00 lacs) are privately placed and comprise of: 100,000 - 15% NCDs (Rs.33.33 paid up); 100,000- 18.5% NCDs (Rs.66.00 paid up);2,00,000 - 17 % NCDs (Rs.66.50 paid up) ; 200,000 19% NCDs (Rs. 33.33 paid up); 400,000- 15.5% NCDs (Rs. 66.50 paid up).

All these debentures along with interest, remuneration payable to trustees and other money due in respect thereof are secured by a first charge created jointly along with banks / financial institutions providing term and corporate rupee loans except borrowings stated in Para 2.5 below.

- 2.2 Interest bearing portion of restructured debts of Rs. 6264.56 Lacs (Previous Year Rs. 6325.62 Lacs) due to institutions/banks is payable starting from financial year 2010-11 and shall be fully payable by 31st March, 2018.
- 2.3 Interest free portion of restructured debts of Rs. 5558.38 Lacs (Previous Year Rs 5559.76 Lacs) due to institutions/banks shall be due for payment in the financial years starting 2016-17 and shall be fully payable by 31st March 2018. The debt will be interest bearing from the financial year 2015-16.
- 2.4 Non Convertible Debentures/ Term loans / restructured debts, are secured by a first charge created by way of joint equitable mortgage on pari - passu basis on all immovable and movable properties both present and future except borrowings stated in Para 2.5 below.
- 2.5 Other loans of Rs. 36.21 lacs (Previous year Rs. 28.40 lacs) are secured by hypothecation of specific assets purchased under the hire purchase scheme.

3. Unsecured Loans

Short Term loans from others represent loans and inter corporate deposits from friends, relatives & others.

4. Current liabilities

Based on the information available with the Company, no amount is payable to Micro & Small Enterprises as defined under the MSMED Act, 2006. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

5. Fixed Assets

- 5.1 During the year, the company has made addition to fixed assets of Rs. 358.79 lacs (Previous year Rs. 444.68 lacs). Addition to plant and machinery put to use have been capitalized. Depreciation on fixed assets is provided from the subsequent month after the asset is put to use. Fixed assets installed and put to use have been certified by the management.

- 5.2 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.
- 5.3 Trade mark "Burnol" brand was given as a Collateral security to M/s Poysha Power Generation (P) Limited against inter corporate deposit taken by Morepen Laboratories Limited, 100% holding company of Doctor Morepen Limited. M/s Poysha Power Generation (P) Limited raised dispute in respect of ownership of the brand which the company challenged and matter is pending in the court.

6. Bank Balances

Bank balances of Rs. 147.91 lacs (Previous year Rs. 31.52 lacs) in deposit accounts are pledged as margin money.

II. CONTINGENT LIABILITIES

	(Rs. in lacs)	
	As at 31st March 2011	As at 31st March 2010
Bank Guarantees	147.91	31.52
Accumulated dividend on preference shares	4.40	3.26
Claim against the Company not acknowledged as debt	353.33	349.01
Liability, if any, arising out of legal cases filed against the company by parties.	Amount not ascertainable	Amount not ascertainable

III. PROFIT & LOSS ACCOUNT

1. Details of Depreciation & Amortisation

	(Rs. in lacs)	
	As at 31st March 2011	As at 31st March 2010
- Depreciation	4769.74	4764.95
- Capital Issue expenses written off	35.16	37.11
Deferred revenue expenses written off	10.63	Nil
Total	4815.53	4802.06

2. Directors Remuneration

	(Rs in lacs.)	
	As at 31st March 2011	As at 31st March 2010
A. Directors Remuneration		
a) Details of Remuneration to the Managing Director & Whole time Directors		
Remuneration	30.42	26.07
Other perquisites	18.95	18.77
Commission	-	-
Total	49.37	44.84
b) Calculation of Profits in accordance with Section 198 of the Companies Act, 1956 for the purpose of calculation of commission Payable to Directors		
Profit / (loss) before tax as per Profit & Loss Account	(4763.14)	(624.15)
Less: Directors remuneration as above	(49.37)	(44.84)

Profit/(loss) on sale of fixed assets	(0.56)	(3.92)
	(4713.21)	(575.39)
Add: Prior period items	102.04	45.64
	(4611.17)	(529.75)
4% of the above	-	-
B. Sitting fee	1.90	2.40

Note: -

- The above remuneration and remuneration paid during the period April 2005 till March 2010 amounting to Rs. 198.17 lacs is subject to approval from Central Govt.
- In view of losses during the year, the Managing Director has been paid a salary of Rs. 26.84 lacs, out of approved salary of Rs. 60.20 lacs. Balance salary of Rs. 33.36 lacs has been forgone by him and hence not provided in the accounts.

3. Earnings per share

Particulars	(Rs in lacs.)	
	Year ended 31st March 2011	Year ended 31st March 2010
Profit/(Loss) after tax (Rs in Lacs)	(4694.43)	(621.70)
Weighted average number of equity shares outstanding	449826203	416124217
Earnings/(loss) per share in rupees (face value Rs.2/- per share)		
Basic & Diluted*(after Preference Dividend)	(1.04)	(0.15)

4. Deferred Tax Liability/ (Asset)

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

5. Impairment

It is the view of management that there are no impairment conditions that exist as on 31st March, 2011. Hence, no provision is required in the accounts for the year under review.

6. Related party disclosures

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

Related Parties

1 Subsidiary Companies	
MorepenMax Inc.	Overseas Company
Morepen Inc.	Overseas Company
Doctor Morepen Limited	Domestic Company
Total Care Limited	Domestic Company

2	Associates Morepen Biotech Limited	Domestic Company
3	Key Management Personnel	Mr. Sushil Suri - Chairman & Managing Director Dr. A. K. Sinha - Whole-time Directors Mr. Manoj Joshi - Independent Director Mr. Bhupender Raj Wadhwa - Independent Director Mr. Sukhcharan Singh - Independent Director
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.	Blue Coast Infrastructure Development Private Limited

Transactions with related parties

	Nature of transaction	(Rs. In lacs)
1 Associate Company	Nil	Nil
2 Key management Personnel	Remuneration	49.37
	Sitting fee	1.90
	Balance as on 31.03.11	Nil
3 Relatives of key management personnel	Nil	Nil
4 Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence	Receipt of unsecured loan (Max. balance outstanding Rs. 1432.48 Lacs)	408.39
	Balance as on 31.03.11 (Payable)	1432.48

IV BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAIL

Registration No.	6028
State Code	06
Date of Balance Sheet	31.03.11

II. Capital raised during the Year (Amount in Rs. Thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	5944114
Total Assets	5944114

Sources of Funds

Paid up Capital	2096107
Reserve & Surplus	2427549
Secured Loans	1268088
Unsecured Loans	152370

Application of Funds

Net Fixed Assets	4960163
Investments	39655
Net Current Assets	(156174)
Profit & Loss Account (Debit Balance)	1083236
Minority Interest	4386
Misc. Expenditure	12848

IV. Performance of Company (Amount in Rs. Thousands)

Turnover & Other Income	2293360
Total expenditure	2769642
Profit/ Loss before Tax	(476282)
Profit/ Loss after Tax	(469443)
Earning per share of Rs. 2/-each (in Rs.)	(1.04)
Dividend Rate (%)	NIL

V. Generics Names of Three Principal Products/Services of Company

(As per monetary terms)

Item code No. (ITC Code)	Product Description
a) 294200	LORATADINE
b) 294110	SULTAMICILLIN TOSYLATE
c) 29420090	MONTELUKAST

Per our separate report of even date

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. F-17418

Place : New Delhi

Date : 13th May, 2011

For & on behalf of the Board

(Sushil Suri)
Chairman & Managing Director

(Manoj joshi)
Director

(Ajay Sharma)
GM- Finance & Accounts

(Rahul)
Company Secretary

Consolidated Cash Flow Statement

For the year ended 31st March, 2011

(Rs. in Lacs)

	Year Ended 31st March 2011	Year Ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and extraordinary items	(4763.14)	(4009.92)
Adjustments for :		
Depreciation & Amortisation	4815.53	4802.06
Profit/(Loss) on Sale of Fixed Assets	(0.56)	(3.92)
Interest Cost (net)	626.59	356.59
Minority Interest	0.31	5.13
Operating profit before working capital changes	679.86	1157.78
Adjustments for :		
Trade and Other Receivables	(567.11)	52.42
Inventories	(302.31)	(939.03)
Trade Payables	1050.73	436.55
Cash generated from operations	861.16	707.72
Income tax	(68.39)	2.68
Cash Flow before extraordinary items	929.55	705.05
Misc. Expenditure	(31.89)	(38.16)
NET CASH FROM OPERATING ACTIVITIES	897.66	666.89
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets incl.Capital work in progress	(358.79)	(444.68)
Sale of Fixed Assets	4.98	1.67
NET CASH USED IN INVESTING ACTIVITIES	(353.81)	(443.01)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Equity Issued to fixed depositors	-	10469.92
Extraordinary items-waiver relating to fixed deposits	-	3,385.77
Proceeds from Long Term borrowings (Net)	(299.94)	(897.93)
Proceeds from Short Term borrowings (Net)	530.57	(13173.51)
Interest (Net)	(626.59)	(356.59)
NET CASH USED IN FINANCING ACTIVITIES	(395.96)	(572.34)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	147.89	(348.46)
Cash and Cash equivalents as at 01.04.2010	110.29	458.75
Cash and Cash equivalents as at 31.03.2011	258.18	110.29

Per our separate report of even date

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. F-17418

Place : New Delhi

Date : 13th May, 2011

For & on behalf of the Board

(Sushil Suri)

Chairman & Managing Director

(Ajay Sharma)

GM- Finance & Accounts

(Manoj Joshi)

Director

(Rahul)

Company Secretary



The USFDA approved plant at Masulkhana.



MOREPEN



MOREPEN
The Joy Of Growing Together

Morepen Laboratories Limited

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