

**LIFE  
ANEW**



**Morepen Laboratories Limited**  
(CIN: L24231HP1984PLC006028)

Corp. Off.: 2<sup>nd</sup> Floor, Tower-C, DLF Cyber Park, Udyog Vihar, Sector-20, Gurugram, Haryana-122016  
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# LIFE ANEW

**NEW EFFORTS. NEW GOALS.  
NEW HORIZONS.**

Crises, change, constraints and challenges have a way of disrupting life.

However, given life's intrinsic nature, it has an amazing way of resurrecting itself.

The will to survive gives life its resolute ability to reinvent, renew, revive and forge ahead against all odds.

The future is always uncertain. But that has never deterred mankind from weaving life back and renewing the purpose of existence.

It's all about the spirit which drives us all to make new efforts, reset our goals, seek new horizons and build a new life



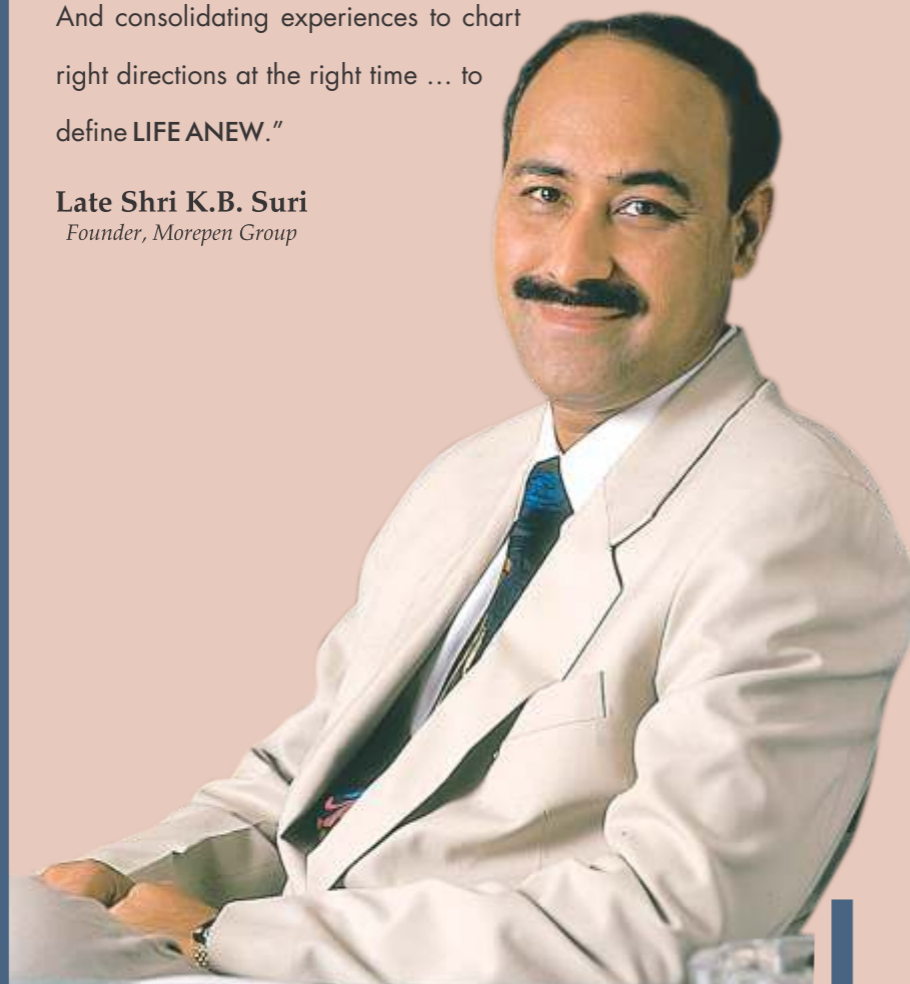
“Life is unpredictable. It is also unstoppable. The best of plans have a way of going awry in the face of unforeseen circumstances and situations.

But life must do what it does best. The ability to rise after a fall, brush-off the dust and start running again is what differentiates men from machines. To re-plan, rework, rethink and redo gives mankind the grit-to-go like no other.

So we move on. Striking a balance between optimism and pessimism. Looking at the past to shape the future. Recalling what's now known to better prepare for the next unknown.

And consolidating experiences to chart right directions at the right time ... to define LIFE ANEW.”

**Late Shri K.B. Suri**  
*Founder, Morepen Group*



## CORPORATE INFORMATION

**Chairman & Managing Director**  
Mr. Sushil Suri

**Whole-time Director**  
Mr. Sanjay Suri

**Independent Directors**  
Mr. Manoj Joshi  
Mr. Bhupender Raj Wadhwa  
Mr. Sukhcharan Singh  
Mr. Praveen Kumar Dutt  
Mrs. Savita

**Chief Financial Officer**  
Mr. Ajay Kumar Sharma

**Company Secretary**  
Mr. Vipul Kumar Srivastava

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

**Statutory Auditors**  
M/s. Satinder Goyal & Co.  
Chartered Accountants

**Cost Auditors**  
M/s. Vijender Sharma & Co.  
Cost Accountants

**Secretarial Auditor**  
Mr. Praveen Dua  
M/s. PD and Associates  
Company Secretaries

**Registrar & Share Transfer Agent**  
MAS Services Ltd.  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area  
Phase - II, New Delhi - 110 020

**Listed at**  
National Stock Exchange of India Ltd.  
BSE Limited

**Depositories**  
National Securities Depository Limited  
Central Depository Service (India) Ltd.

**Corporate Office**  
2<sup>nd</sup> Floor, Tower-C,  
DLF Cyber Park, Udyog Vihar,  
Sector-20, Gurugram, Haryana-122016

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# Healing Beyond Health



## From the desk of Chairman

*“Challenges are gifts that force us to search for a new center of gravity. Don’t fight them. Just find a new way to stand.” - Oprah Winfrey*

That life is uncertain is a given and the pandemic drove home the fact more strongly than ever.

At Morepen, COVID also reminded us of what we already knew – that health care is not the same as health. In health, there are no haves or have-nots. And, the dynamics of health encompass several universal verticals beyond just health care. That’s why, in the history of Morepen, we have always consciously endeavoured to look beyond products, profits and the present to shape our pursuits responsibly and sustainably.

FY 2021-22 saw Morepen consolidate previous gains and forge ahead in pursuit of new opportunities to demonstrate its commitment to serve humanity. As providers of healthcare we had to be certain in an environment of uncertainty. So, without further ado, we rapidly adapted to the changing scenario, embraced evolving challenges, accepted the new and focused on the needs of now ... so that we could continue to do what we do best – restore health, hope and happiness in lives.

During the year ending 31<sup>st</sup> March 2022 the company recorded consolidated annual revenues of Rs.155713.41 Lakh, recording a 30% growth over previous year. Our export revenues went up by 17%, whereas domestic business climbed by 38%. Exports to USA grew by 48%, followed by exports to Europe and Asia, which went up by 18% and 7% respectively.

It has indeed been another exhilarating year for us as we continued to break all previous performance records with every business segment enthusiastically performing at their best potential to pave the way for a new organizational milestone of highest ever growth. Our Home Diagnostics business continued to be anchored by blood glucose and blood pressure monitors to record an astounding growth of 46%. Simultaneously, our API business, domestic formulation business and OTC business logged remarkable revenue growth of 26%, 28% and 23% respectively.

Its landmark performance in 2021-22 has set the pace for Morepen to try and explore new professional and personal dimensions, both in individual capacities and as an organization. I am grateful to all our stakeholders, suppliers and my colleagues for their unstinted support even through these extraordinarily challenging times.

As the world continues to have more dialogues about how to prevent future pandemics and think about health in a bigger sense, modern day Morepen is moving powerfully forward, in newer premises, driven by a new sense of vision, mission, hope, purpose, effort and zeal to create LIFE ANEW.

**I welcome you to the journey of #Morepen2.0.”**

**-Sushil Suri**

# MOREPEN 2.0

NEW EFFORTS,  
NEW DIRECTIONS  
NEW HORIZONS  
NEW ETHOS  
NEW GOALS





**The Journey of Growing Together**



- Company started by Founder Late Sh. K. B. Suri
- Started first API product Ampicillin

**1985**

**1992**

- IPO and listing on Stock Exchanges
- R&D Lab for New Molecules



- USFDA Approval of Loratadine
- Launched Diagnostic Division

**1999**



**2001**

- Launched OTC Brand Dr. Morepen
- Acquired Brand Burnol



- Limca Book of world record for OTC
- Raised GDRs in the International market

**2003**



**2010**

- USFDA of Desloratadine.
- Launched Cardia Division for Diabetic and Cardiac products



**2015**

- Started personal Grooming Division with brand GUBB USA
- USFDA Approval Montelukast API



**2016**

- Started in-house manufacturing of Gluco Meters at Baddi
- Make In India programme



**2018**

- Gluco meters and BP Monitors ranked among top three brands in India
- USFDA Approvals Atorvastatin API



**2019**

- Launched APIs for many anti-diabetic molecules
- Recognition of R&D centre at Baddi by Govt of India



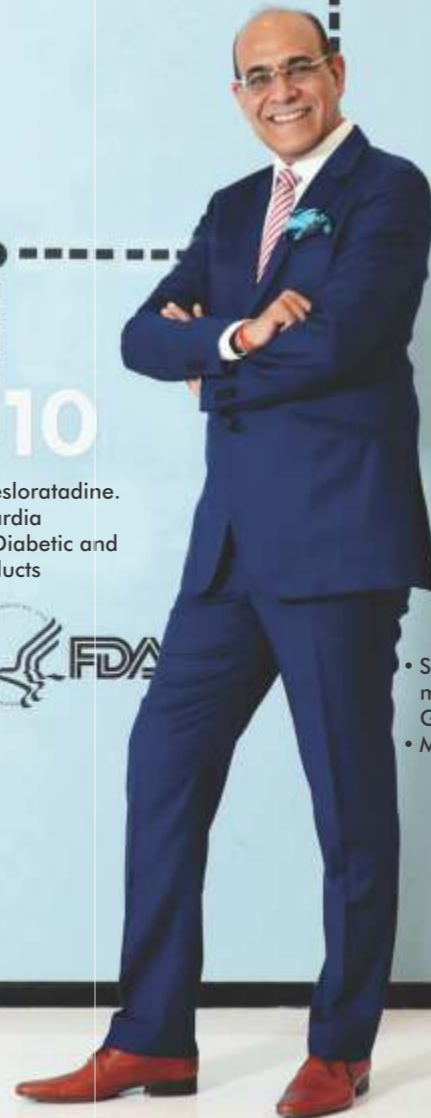
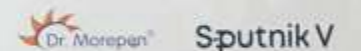
**2020**

- Launched over 20 products for Covid-19
- Grant of ISO-13485 for Medical Devices manufacturing by BSI,UK



**2021**

- Launched exclusive online range of Dr. Morepen products
- Tied up with RDIF for Manufacture of Sputnik Vaccine in India





# Global Generics

Making impact worldwide



**Sanjay Suri**  
Whole Time Director

An established player in domestic and international Active Pharmaceutical Ingredients ('API') markets, Morepen Laboratories Limited ('Morepen') continues to on the path of growth and expansion by adding niche products to its product portfolio.

As an ethical and socially responsible company, Morepen is heavily invested on development of new processes, spending on quality assurance protocols and constant process improvement to serve humanity by supplying top quality at affordable cost. It has increased its focus on R&D efforts to offer new products which will take care of its future growth.

Over the last few years, Morepen has focused on new therapeutic areas of anti-diabetics - 'Gliptins', comprising of Sitagliptin, Saxagliptin Dihydrate, Linagliptin Form A+B, Linagliptin Form C, Vildagliptin & Alogliptin along with 'Gliflozins' consisting of Canagliflozin, Empagliflozin, Dapagliflozin Propanediol, Amorphous Dapagliflozin & Ertugliflozin L-Pyroglytamic Acid. It is also putting resources for the development of products under anti-coagulant therapeutic category i.e., Rivaroxaban, Apixaban and Edoxaban. Morepen has developed Hydrochlorothiazide (Diuretic), Amlodipine (Anti-hypertensive), Vortioxetine (Anti-depressant), Vonoprazan Fumarate (Anti-Ulcerative), Divalproex Sodium (Anti-Convulsant) and Dimenhydrinate (for Multiple Sclerosis).

With upcoming expiry of Sitagliptin, Edoxaban, Apixaban, Vortioxetine & Tofacitinib in 2022, these new products are likely to contribute tremendously to the company's profit.

During the year, Morepen has filed USDMFs for Dapagliflozin Amorphous, Rivaroxaban, Olmesartan Medoxomil, Linagliptin Form C, Edoxaban Tosylate Monohydrate, Apixaban Amorphous, Vortioxetine Hydrobromide. Also, Morepen has filed CEP for Rivaroxaban, Olmesartan Medoxomil and CNDMF for Sitagliptin Phosphate Monohydrate and Linagliptin.

In the current year, Morepen is exploring new horizons by developing anti-arthritis drugs such as Tofacitinib, Upadacitinib and Baricitinib. Arthritis is one of the most dominant diseases in the world. Development of Anti-Gout drugs like Febuxostat in conjunction with anti-arthritis drugs opens another category which Morepen is catering to worldwide.

Morepen is also looking ahead with a whole lot of new drug candidates such as Tafamidis Meglumine (CNS-Agent), Nintedanib Esylate (for Chronic Fibrosis), Bempedoic Acid (Anti-Cholesterol) and Ozanimod Hydrochloride (for Multiple Sclerosis).

Morepen is also planning to enter the anti-cancer segment by considering development of various potential candidates from list of top 100 synthetic molecules.

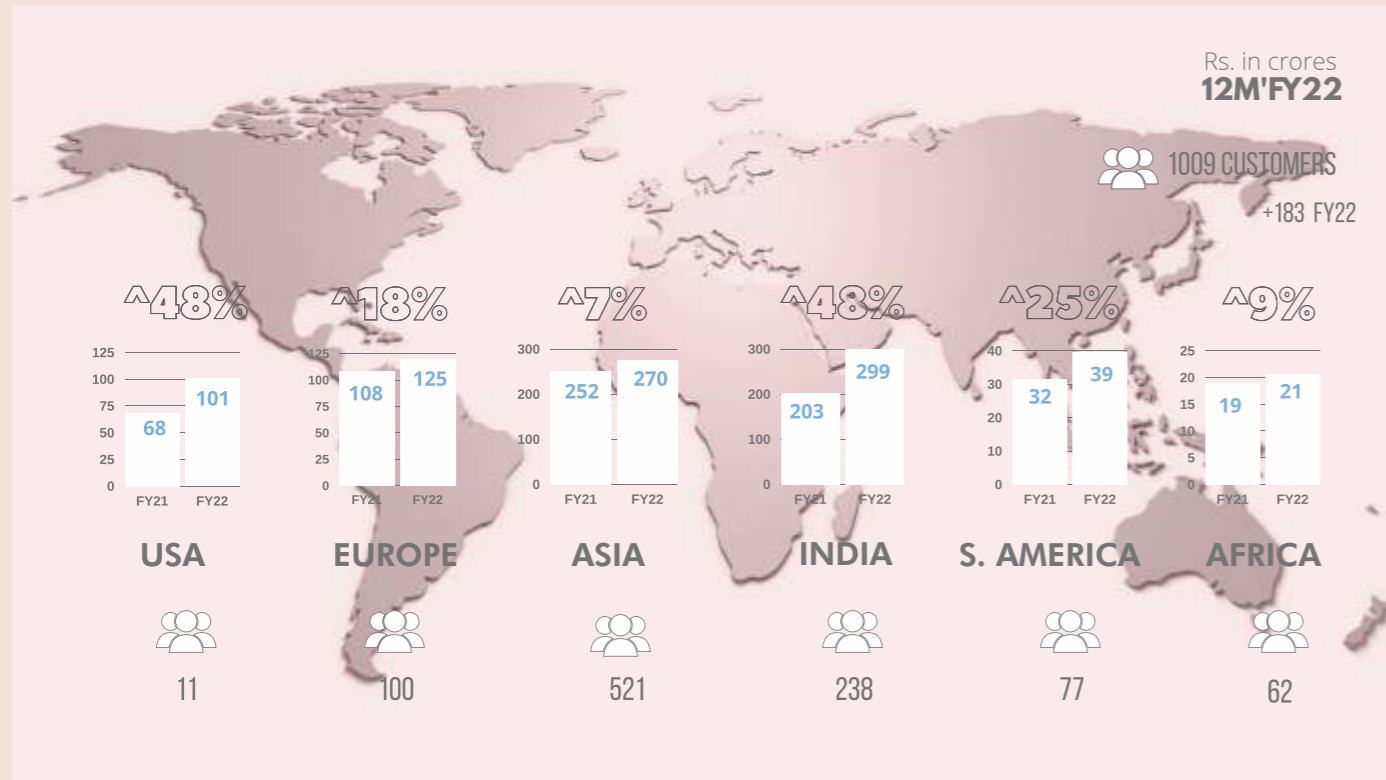


**Team Global Generics**





API Business  
**CONTINENT WISE GROWTH**

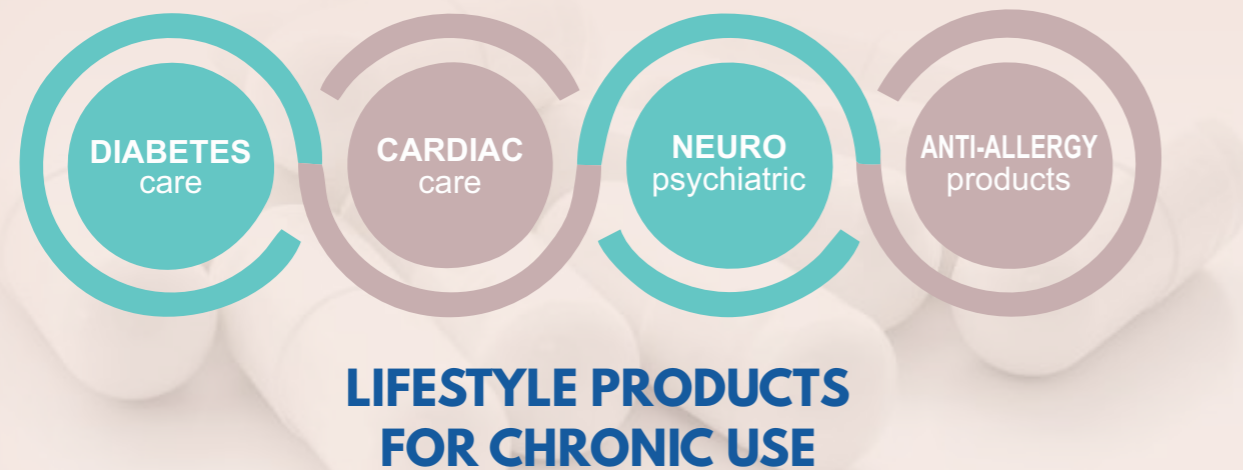


API Business  
**SELECTIVE PORTFOLIO**

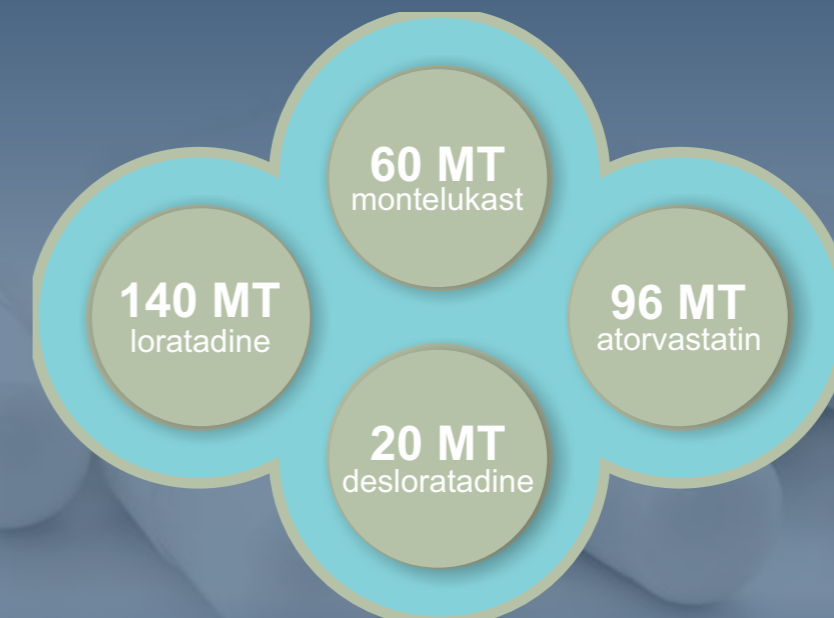
<b>LORATADINE</b> anti-allergy	<b>MONTELUKAST</b> anti-asthmatic	<b>ATORVASTATIN</b> cholesterol reducer	<b>ROSUVASTATIN</b> cholesterol reducer
<b>DESLORATADINE</b> anti-allergy	<b>RIVAROXABAN</b> Anti-couglant	<b>FEXOFENADINE</b> Anti-allergy	<b>OLMESARTAN</b> anti-hypertensive
<b>SITAGLIPTIN</b> anti-diabetes	<b>LINAGLIPTIN</b> anti-diabetes	<b>EMPAGLIFLOZIN</b> anti-diabetes	<b>DAPAGLIFLOZIN</b> anti-diabetes

Note: Products are not offered for sale in the territories where there is valid patent of the product

API Business  
**SELECTIVE PORTFOLIO**



API Business  
**MARKET LEADERSHIP**



**WORLD'S LARGEST CAPACITIES**



Kushal Suri  
Director - API Sales & Marketing



# Global Generics

## REGULATORY STATUS





*State-of-the-art Pharma Complex at Baddi*



## Finished Formulations Quality with health

Dedicated Quality Systems at the core, Morepen's research centers, manufacturing units, testing labs and distribution facilities maintain highest standards of excellence. With an aim to provide quality products to our domestic customers, the prescription business of the company is slowly making its presence felt in most of the domestic terrains.



Over the years, the company has been consolidating its position in various therapeutic categories comprising of Gastro, Antibiotics, Vitamins, Nutritional and Anti-Diabetics as well as Cardiac. A number of product portfolios are being offered to customers catering to varied health needs of each region, covering a wide range of conditions and medical needs.



Health first – the underlying message that COVID 19 has reasserted



When 2020-21 started with a pandemic it led to disruption in the business. Even in 2021-22, Covid pandemic disturbed the business. Our field force worked tirelessly to regain lost business and was successful in doing that. While Pharmaceutical market growth was 10.1%, the Formulation Business overshot the market by posting a growth of 28%.



In year 2021-22, the company launched Krimega and Krileed in collaboration with Aker BioMarine – a Norwegian company and leader in Krill Oil across the globe. With this venture, Morepen has also forayed in adult Omega-3 market which has the potential to grow rapidly as it helps in Hyper-triglyceridemia by lowering Triglycerides. We are already present with RYTHMIX in the pediatric Omega-3 category and this collaboration will help us improve our overall position in the Omega-3 market.

With a range of antibiotics in our product portfolio like Saltum, Klarim and Cefopen, we are committed to remain invested in acute as well as chronic segment.

We are consistent in our belief of adopting the best possible marketing practices for our products. We have a time tested philosophy that all our products shall be manufactured under the highest standards of quality using ethical sourcing practices as we believe in thinking globally and acting locally.

We have been consolidating our position in the Indian probiotics market. 'Intebact', which was introduced in the probiotic



segment with four patented technology products covering people across all ages, has been showing positive results. The company also launched 'IntebactImun' which has unique strain L Johnsani, which helps exclusively in boosting immunity of adults and kids.

Over last decade, the company is providing Cardiac & Diabetic drugs under a separate dedicated business vertical, 'Cardia', which has a portfolio of over 50 plus SKU's. Around 4000 doctors, 25,000 healthcare practitioners (HCP's), 14000 retailers, 1000 stockists and 10 CFA's across the country are being covered by our sales team with the aim of building a healthy future with a vision of "The joy of growing together".





# Home Diagnostics

**Point-of-care products extending help to people at home**

The self-care and diagnostics devices business has extended a helping hand to people by providing easy to operate home use devices. Such devices came as a blessing to people during lockdowns imposed due to Covid 19, enabling people to take care of their health within the comfort of their home.

Home Diagnostics business achieved extraordinary growth of 46% in its annual revenues during the year. During last 4 years, the devices business has recorded a compounded annual growth rate ('CAGR') of 44%. The company has cumulatively sold 900 million glucostrips and gluco-monitor installations have crossed 7.2 million at the close of the year.



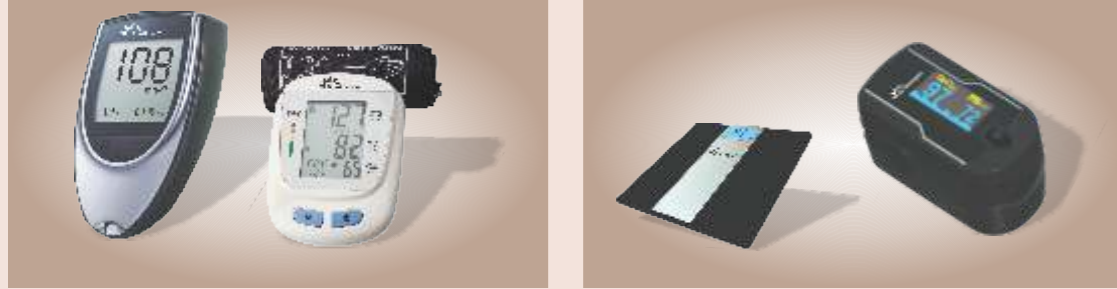
Anubhav Suri  
Business Head-Medipath Division

The business is already self-reliant in the production of glucometers and strips. It has plans to launch pregnancy test kit and ortho products in the financial year 2022-23.



Pregnancy test kits will be manufactured in-house. The business has signed an agreement with renowned Bollywood and sports celebrities for advertisements and marketing of its products. The business will continue to achieve new heights as already proved in previous years.







## Dr. Morepen OTC Business

'Health in your Hands'



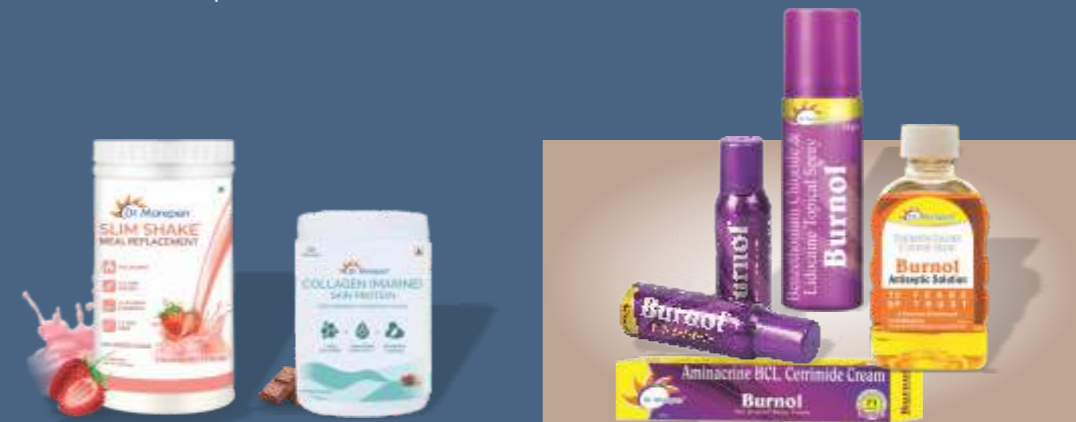
Varun Suri  
CEO- Consumer Division

'Dr. Morepen' brand promoting the consumer business of Morepen, recorded good growth of 23% in annual revenues from its regular products. In the financial year 2020-21, Covid management products were launched and contributed significantly towards revenue augmentation. This year, growth of 23% from its regular range of products is a noteworthy achievement. Excluding Covid product sales of financial year 2020-21, growth in sales revenue is 59%. Sales revenue through online platforms was 5% of total sales revenue in the financial year 2020-21 which has increased to 16% in the financial year 2021-22. Many new products were launched in the baskets of nutrition, personal care and oral care segment during the year.



New product introductions along with the two leading brands - Burnol (Burn Cream) and Lemolate (Cough & Cold), helped the company to grow its OTC business. The new product additions include Dr. Morepen Slim Shake (Fat Loss), Apple Cider Vinegar (Fat loss), Ashwgandha capsules (Stress Management), Cod Liver (Joints & Heart Health), Fat Burner Tablet (Fat Loss), Garcinia Cambogia (Fat Loss), Gokshura (Intimate Wellness), Omega Fish Oil (Joints & Heart Health), PCOS Powder (PCOD Supplements), Sleep Tablets (for sleep disorder), Testosterone Booster (to increase Testosterone in Body), Biotin + (Hair & Skin), Iron & Zinc (Multi-vitamin), Memory Focus & Mood (Memory booster supplements), Multi-vitamins for men & women, Bamboo tooth brush (oral care), Milk Thistle (Liver Supplements), Rose Water (Personal care), Y-Druff Shampoo (Personal care), Veg Omega (Heart health), Natural Collagen Builder (Skin nutrition), Greatgut (Immunity capsules), Weight Gainer (Weight gain), CLA 1000 Capsules (Fat loss) and Aloe Vera Gel (Personal care).

The Company will invest more in marketing and promotion activities in the coming years to boost sale revenues. The company also has bigger plans to increase its reach through online sale platforms.





**Team Dr. Morepen**



# NEW ONLINE RANGE



PCOS POWDER

COLLAGEN



MULTI-VITAMINS



PROBIOTICS

IRON & ZINC  
GARCINIA



SEXUAL WELLNESS

MUSCLE FOOD



VITAMIN-C, E

COQ-10 KRILL OIL

STRESS & SLEEP



SLIM SHAKE

GENERAL HEALTH

GILOY+TULSI  
AMLA JUICE

OMEGA-3



EXCLUSIVE ONLINE RANGE LAUNCHED AT [WWW.HEALTH.DRMOREPEN.COM](http://WWW.HEALTH.DRMOREPEN.COM)





## Senior Management Team



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 37<sup>th</sup> Annual Report on business, operations, and achievements of the company together with the audited financial statements for the financial year ended 31<sup>st</sup> March 2022.

### FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Financial Year		Financial Year	
	2021-22	2020-21	2021-22	2020-21
Sales	144604.93	110172.24	154156.51	117536.73
Other Operating Income	321.73	1070.05	526.18	1268.91
Other Income	1023.53	1177.38	1030.72	1206.89
<b>Total Income</b>	<b>145950.19</b>	<b>112419.67</b>	<b>155713.41</b>	<b>120012.53</b>
<b>Operating Surplus</b>	<b>13937.32</b>	<b>12414.66</b>	<b>14697.96</b>	<b>13058.30</b>
Finance cost	(736.55)	178.79	(736.55)	178.82
<b>Cash Surplus</b>	<b>14673.87</b>	<b>12235.87</b>	<b>15434.51</b>	<b>12879.48</b>
<b>Non-Cash Items:</b>				
Depreciation & Amortisation	2119.49	2811.03	2764.25	3028.33
<b>Profit before Tax</b>	<b>12554.38</b>	<b>9424.84</b>	<b>12670.26</b>	<b>9851.15</b>
Tax – Current Year	2462.35	–	2528.49	143.41
Tax - Earlier Years	(262.52)	–	(274.62)	(1.26)
Deferred Tax	248.26	–	248.26	–
<b>Profit after Tax before non-controlling interest</b>	<b>10106.29</b>	<b>9424.84</b>	<b>10168.13</b>	<b>9709.00</b>
Less: Non - controlling interest	–	–	(0.14)	0.41
<b>Profit after Tax and non-controlling interest</b>	<b>10106.29</b>	<b>9424.84</b>	<b>10168.27</b>	<b>9708.59</b>
Other Comprehensive Income (Net of Tax)	(36.85)	27.26	(37.10)	14.72
<b>Total Comprehensive Income</b>	<b>10069.44</b>	<b>9397.58</b>	<b>10131.17</b>	<b>9693.87</b>
EPS (Basic)	2.25	2.10	2.26	2.16
EPS (Diluted)	1.94	2.09	1.96	2.15

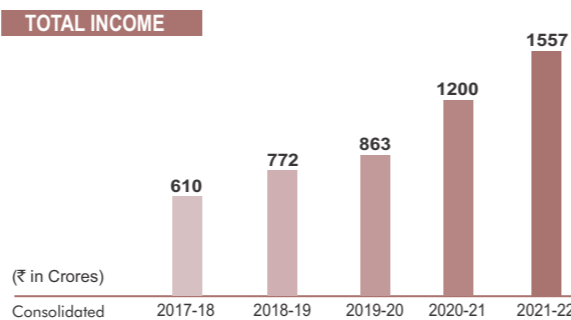
### REVIEW OF PERFORMANCE

During the current year ending 31<sup>st</sup> March 2022, the company recorded consolidated annual revenues of ₹1,55,713.41 Lakhs, a growth 30% from previous year revenues of ₹1,20,012.53 Lakhs.

The export revenues at ₹55,886.94 Lakhs, 36% of current year sales revenues, went up by 17%, whereas domestic sales revenue at ₹98,269.56 Lakhs went up by 38%. Exports to USA grew by 48%, followed by exports to Europe and Asia, which went up by 18% and 7% respectively.

All the business segments worked their best to pave the way for another year of high-level growth, preceded by huge revenue growth of 39% registered in preceding financial year ending 31<sup>st</sup> March 2021. Though the home diagnostics business recorded astounding growth of 46%, API business, domestic formulation business and OTC (Over the Counter) business logged remarkable revenue growth of 26%, 28%, and 23% respectively.

Home diagnostics business with annual sales revenues of ₹41,891.99 Lakhs, continuous to be anchored by blood glucose and blood pressure monitors, with a combined revenue of ₹36,266.33 Lakhs. A revenue growth of 49%



was recorded during the year in respect of combination of said two products. The blood gluco monitor business constituting 67% of the overall devices business revenues, recording revenue growth of 54% over the last year.

API business with annual revenues of ₹85,846.08 Lakhs and having 56% revenue share in consolidated business of the company, is recording new highs with current year revenue growth of 26%. On the strength of huge revenue growth of anti-allergic drug 'Montelukast' in the domestic markets, a revenue growth of 45% was registered in

domestic API markets. API Export markets grew by 17% on the strength of all round growth across export product basket.

The Formulation business with current year revenues of ₹16,866.90 Lakhs recorded huge revenue growth of 28%, on the strength of growth recorded in branded Rx business, generics business and third-party manufacturing business. In the last financial year, annual revenue of ₹13,136.04 Lakhs was registered, recording a dip of 4.5% against preceding financial year.

OTC business, now also participating in online marketing of its products, holds tremendous growth potential, having current year revenues at ₹10,563.99 Lakhs, a growth of 23% over last year revenues of ₹8,554.64 Lakhs.

The operations of the company have been profitable across all business segments except branded formulations where it is working tirelessly to expand its revenues which will make the operations profitable. Apart from capacity expansions, the company is upgrading its facilities, equipments, processes and systems.

On standalone basis, annual sales revenues of ₹1,44,604.93 Lakhs were recorded during the current financial year against last year revenues of ₹1,10,172.24 Lakhs, a growth of 31%.

### Financial Performance

#### Sales

The revenues of the company are on the growth trajectory for past many years. The current year consolidated sales revenues at ₹1,54,156.51 Lakhs are up by 31% against previous year sales revenues of ₹1,17,536.73 Lakhs. Total income for the current year is at ₹1,55,713.41 Lakhs against ₹1,20,012.53 Lakhs in the preceding year. The export revenues at ₹55,886.94 lakhs and domestic revenues at ₹99,826.47 lakhs are up by 17% and 38% respectively.

On standalone basis, the company registered sales revenues of ₹1,44,604.93 Lakhs against ₹1,10,172.24

Lakhs of revenues recorded during previous financial year, an annual growth of 31%.

### Material Cost

The material cost, as a percentage of sales at 68.07%, is 166 basis points more than the previous year material cost, because of absorption of cost at the company's end and increase in low margin domestic API business. Though the company has strived to protect its margins, however with a view to expand its product penetration it also continues to take requisite business calls to grow its business portfolio.

### Employee Cost

The current year's consolidated employee cost is lower at 10.65% against 11.54% of the sales revenue in the last financial year despite growth in team size, on the strength of substantial increase in current year annual revenues. The merit-based increase in annual employee compensation has resulted into growth in manpower cost for the year under review.

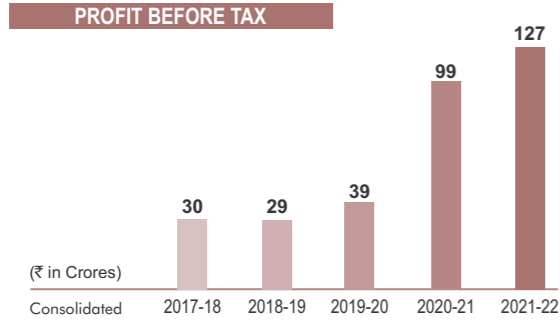
### Other Expenses

The consolidated expenditure on manufacturing, sales & marketing and the administrative activities is at 12.75% of sales revenues, against 13.05% recorded in the preceding financial year. Increase in sales revenues and control on spend on various administrative and sales & marketing activities has helped the company to bring down these expenses.

### Finance Cost & Depreciation

Because of settlement with a preference shareholder, a sum of ₹979.16 Lakhs provided towards dividend during the past years have been reversed during the current year. It has resulted into negative finance cost of ₹736.55 lakhs for the current year. Annual consolidated depreciation & amortisation charge has come down to ₹2,764.25 Lakhs against ₹3,028.33 Lakhs of previous year.





**Other Operating Income & Other Income**

The consolidated other operating income represents export incentives, income from foreign operations & others. The export incentives for the current year at ₹289.15 Lakhs are down by 71% against preceding year incentives at ₹1,007.91 Lakhs. Others, comprising of income from foreign operations and other income, at ₹237.03 Lakhs are down by 9% during the current year as against ₹261.00 Lakhs in the previous year.

The consolidated other income representing currency fluctuations, interest income and others is lower at ₹1,030.72 Lakhs, against previous year of ₹1,206.89 Lakhs.

**Profit after Tax**

The consolidated profit before interest, depreciation and tax is higher at ₹14,697.96 Lakhs as against ₹13,058.30 Lakhs in the previous year. Net profit after tax but before share of profit from non-controlling interest is at ₹10,168.13 Lakhs against ₹9,709.00 Lakhs in last financial year. The consolidated net profit, net of minority share, at ₹10,168.27 Lakhs is up by 4.73% over previous years' profit of ₹9,708.59 Lakhs. Total comprehensive income for the current year is at ₹10,131.17 Lakhs against ₹9,693.87 Lakhs in the previous financial year, a growth of 4.51%.

On standalone basis, the net profit after tax for the year is at ₹10,106.29 Lakhs as against ₹9,424.84 Lakhs during previous financial year, a growth of 7.23%. Total comprehensive income for the year is at ₹10,069.44 Lakhs vis-a-vis ₹9,397.58 Lakhs of the preceding year, a growth of 7.15%.

**Business Performance:**

**Active Pharmaceutical Ingredients (API)**

Continuing with the growth journey of past many years and on the back of stupendous growth of over 44% recorded during the preceding year, a revenue growth of 26% has been recorded for the current year ending 31<sup>st</sup> March 2022. On the strength of 45% growth in domestic revenues, current year API revenues have risen to ₹85,846.08 Lakhs from ₹68,299.42 Lakhs of revenues recorded in the previous year ending 31<sup>st</sup> March 2021. On standalone basis, API share in total revenue is at 59.37% against 61.99% in last financial year, a dip of 262 bps. 183 new customers were added during the year despite restricted

movements, travel and personal meetings. Export markets comprising of America, Europe, Africa, South America, and Asia have shown continued growth apart from incredible growth in domestic markets.

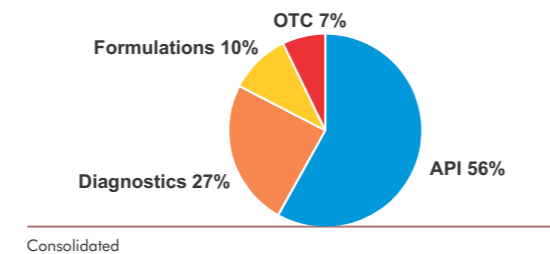
The price realisation for company's product offerings in some of the markets has been steady, though there has been margin pressure in domestic markets. The company has leadership position in the two products Loratadine and Montelukast and has 68% and 49% share in export out of India for these two products respectively. Loratadine and Montelukast, jointly constituting 67% of total API revenues, having recorded a revenue growth of 28% during the year, registered a combined revenue of ₹57,678.56 Lakhs. On standalone basis, Montelukast with annual revenues of ₹30,964.14 Lakhs has recorded an annual growth of 65%, whereas Loratadine, with annual revenues ₹26,714.42 Lakhs grew up by 1% over the last year. Atorvastatin, third major revenue generating product, has recorded a revenue of ₹12,261.55 Lakhs during the year, a growth of 18% over preceding year revenues of ₹10,417.02 Lakhs.

New molecules have generated a revenue of ₹3,338.00 Lakhs during the year, a growth of 53% against last year revenues of ₹2,177.90 Lakhs.

US Food and Drug Administration ('USFDA') approval for company's anti-allergy drug Fexofenadine HCl during the current year, has opened the gates for regulatory markets for the product and the shipments has started for the USA market. During the year company has added more than 200 new customers globally and has also filed 5 new international patents.

The company has recently signed a strategic partnership with Azelis, Germany (www.azelis.com) for exclusive marketing of its API portfolio in selected European countries. Azelis is leading global specialty pharma major present in over 60 countries with revenues of Euro 2.80 billion.

**CONSOLIDATED SALE REVENUE**



**Home Diagnostics – Point of Care Device Business**

With highest ever annual revenues of ₹41,891.99 Lakhs, current year revenues are up by 46% against previous year revenues of ₹28,736.77 Lakhs.

Blood Gluco business with annual revenues of ₹27,864.81 Lakhs have recorded substantial revenue growth of 54% whereas BP monitor revenue at ₹8,401.52 Lakhs has

moved up by 33% during the year. The compounded annual growth rate ('CAGR') during last 4 years for Blood Glucose Monitor business has been at 44%, while for BP monitor business it is at 47%. On the strength of its leadership position in the blood glucose and blood pressure business, the company is aggressively increasing its reach to the tier-2 and tier-3 cities. The company has slowly started investing in various marketing channels including advertisement in the electronic media for promotion and market expansion of blood gluco monitors and blood pressure monitors.

With new installation of 2.16 million glucometers during the year, the company has installed 7.20 million glucometers till date. During the year, 300 million blood gluco strips were sold, making total gluco measuring strips supplies exceeding 900 million strips till the year end. In the blood pressure business, the company had landmark installation of 1.20 million BP monitors during the year which is highest ever in any year.

The revenue from other point of care products, on the strength of combined Oxygen Concentrators and Pulse Oximeters sales revenue of ₹2,418.82 Lakhs has gone up by 28% at ₹5,625.66 lakhs.

The company continues to invest in the glucometers distribution in the market to expand its customer base. These investments in turn reward the company in expanding the customer base for its glucose business.

**Finished Formulations**

The finished dosages business has made a notable recovery by registering net sales revenue of ₹15,854.48 Lakhs during the current year against preceding year net sales revenue of ₹11,945.90 Lakhs, a growth of 33%. During the preceding year ending 31<sup>st</sup> March 2021, a dip of 10.62% was recorded in the annual revenues, in the backdrop of restrictions on movements and personal interactions for the sales team, during corona virus outbreak.

During the year, at ₹4,985.55 Lakhs, 56% revenue growth in branded formulation was recorded. Both generics business at ₹5,772.52 Lakhs and contract manufacturing business (net) at ₹5,096.41 Lakhs recorded a growth of 33% during the year. Under the branded prescription (Rx) product category, the top three therapeutic categories namely Antibiotics, Gastroenteritis and Vitamins contributed ₹3,050.29 Lakhs to branded formulation business, against ₹2,010.52 Lakhs contributed to the previous year.

**DIVIDEND**

Given the growing resource needs for expanding the business of the company, the Directors do not recommend dividend for the year under review.

Pursuant to compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations"), the company has dividend distribution policy. The said policy is available on



the website of the company and can be accessed on following weblink

<https://www.morepen.com/public/img/Dividend%20Distribution%20Policy.pdf>

**RESERVES**

The standalone net profit after tax of ₹10,106.29 Lakhs, as reduced by a sum of ₹500.00 Lakhs, being transfer to capital redemption reserve, has been carried forward to the 'Retained Earnings' during the year. No amount has been transferred to the general reserve during the current year. A sum of ₹6,440.00 Lakhs has been added to securities premium account during the year, on account of issuance of 280 Lakhs equity shares of ₹2/- each at a premium of ₹23/- per share (i.e., conversion of fully convertible warrants).

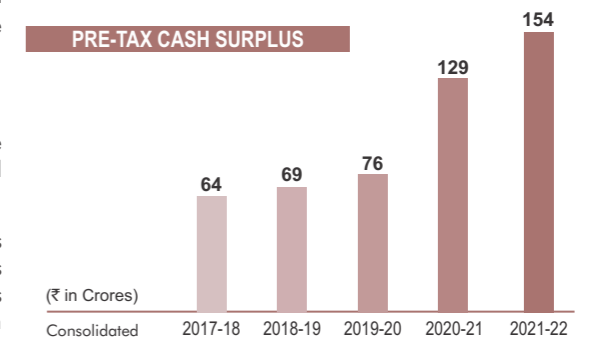
**DEPOSITS**

Your company has not accepted any deposits from the public, during the year under review, within the meaning of Section 73 of the Companies Act, 2013 ('the Act') read with the Companies (Acceptance of Deposits) Rules, 2014.

**FINANCES**

The company has been funding its growth through its internal accruals for past many years due to non-availability of any institutional working capital framework. However, during the year, a sum of ₹5,250 Lakhs brought in for balance 75% payment of 280 Lakhs warrants, issued to the entities belonging to promoter group in the preceding year, was used to fund working capital and others.

The matter of redemption of preference shares issued to





banks, financial institutions, and others, was awaiting closure for many years, on account of unavailability of distributable profits in terms of Section 55(2) (a) read with Section 123 of the Act and its rules made thereunder. Though, the company was able to erase all its accumulated losses during the preceding year, however, could not redeem its preference share capital of ₹11,965.20 Lakhs. With its limited resources, it could only redeem preference capital to the extent of ₹500.00 Lakhs during the year, whereas for the balance preference capital of ₹11,465.20 Lakhs, the company had sought the support of banks and financial institutions, to accept equity shares in lieu of preference shares held by them.

During the year under review, in joint online meeting with the Optionally Convertible Preference Share (OCPS) holders and Cumulative Redeemable Preference Share (CRPS) holders of the company, it impressed upon the preference shareholders, to favourably consider and accept, the company's proposal for variation of rights attached to these preference shares, in terms of, allotment of Compulsorily Convertible Preference Shares (CCPS), convertible into equity shares of the company, in lieu of preference share presently held by them. The company promised to take the necessary steps at its earliest possible on receipt of approvals from preference shareholders holding minimum 75% value of each class of preference capital of the company, as stipulated under the applicable provisions of the Act and rules made thereunder. The company undertook to act swiftly for taking due approvals from Board of Directors and equity shareholders of the company.

After receipt of aforesaid approval of the preference shareholders, the company sought and obtained equity shareholders' approval for issuance of, in aggregate, 1,14,65,201, 0.01% CCPS of ₹100/- each, convertible into 2,13,42,505 equity shares of ₹2/- each issued at a premium of ₹51.72 per share against conversion of 97,35,201, 0.01% OCPS of ₹100/- each and 0.01%, 17,30,000 CRPS of ₹100/- each currently held by the banks, financial institutions and other.

On receipt of in principle and listing approvals from the stock exchanges, aforesaid 2,13,42,505 equity shares, issued to banks, financial institutions and other, were credited to their respective demat accounts. The trading approvals in respect of these equity shares have also been granted by both the stock exchanges. By allotment of equity shares in lieu of preference shares previously held by banks, financial institutions and other, the company has put to rest the matter of redemption of preference shares which was lying unresolved since financial year ending 31<sup>st</sup> March 2015. Now there exists no default in respect of redemption of preference shares held by any preference shareholder of the company.

The last remaining part of company's debt restructuring exercise i.e., redemption of preference shares, which was pending for past many years, has now been resolved and debt restructuring exercise had attained its finality.

**SHARE CAPITAL**

During the year, the equity share capital of the company has risen by ₹560.00 Lakhs to ₹9,555.86 Lakhs against ₹8,995.86 Lakhs as of 31<sup>st</sup> March 2021. The company, in the current year, has issued 280 Lakh equity shares of ₹2/- each at a premium of ₹23/- per share to the entities belonging to the promoter group. During the year, 280 Lakh fully convertible warrants ('warrants'), out of ₹700.00 Lakhs warrants allotted in the previous financial year were converted in equivalent no. of equity shares, on the receipt of balance 75% consideration in respect thereof amounting to ₹5,250.00 Lakhs.

Out of 9,24,90,413 equity shares issued to fixed deposit holders of the company in August 2009, 50,38,983 equity shares were surrendered with the company for the cancellation, in compliance with Hon'ble NCLT order dated 12<sup>th</sup> March 2018. The company in compliance with aforesaid NCLT order has repaid the fixed deposit dues along with the accumulated interest in respect of these equity shares surrendered for cancellation. The company has filed requisite application with stock exchanges for the cancellation of these equity shares from its total listed capital. The said application is yet to be approved.

The equity shares issued by the company are listed at following stock exchanges as on 31<sup>st</sup> March 2022:

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

Annual listing fee for the financial year 2022-23 has been paid to both the Stock Exchanges. The equity shares continue to be listed on both NSE and BSE.

**SUBSIDIARIES / JOINT VENTURES / ASSOCIATES**

Pursuant to consent of members for hiving off point of care medical devices business of the company, the company has incorporated a new wholly owned subsidiary namely, Morepen Devices Limited, to carry out the point of care medical devices business independently, post receipt of requisite approvals including approvals from drug regulators.

On 31<sup>st</sup> March 2022, the company has four (4) subsidiaries, namely:

1. Dr. Morepen Limited
2. Morepen Devices Limited
3. Total Care Limited (subsidiary of Dr. Morepen Ltd.)
4. Morepen Inc., USA

**Dr. Morepen Limited**

With current year revenues of ₹10,563.99 Lakhs, the over the counter (OTC) business promoted under brand 'Dr. Morepen' has recorded revenue expansion of over 23%, against preceding year revenues of ₹8,554.64 Lakhs. The current year growth has been even massive despite huge





88% fall, in current year revenues from covid range of products at ₹249.57 Lakhs. The compounded annual growth rate (CAGR) during last four years, has risen to 24.77% during the year, against 20.50% in the last year.

OTC range of products with annual revenues of ₹5,243.41 Lakhs have recorded 13% growth on y-o-y basis. The current year revenues from grooming business went up by 60% at ₹2,773.21 Lakhs. The brand sharing revenues have gone up to ₹2,547.34 Lakhs, a growth of 16% over previous year revenues.

Online revenues, at ₹1,652.65 Lakhs has gone up by 273% during the year. During the current year, the share of online business, has reached 16% from 5% in the last year.

The new product additions have been made in the health basket in the nutrition, Personal Care, Oral Care segment during the current year i.e. Dr. Morepen Slim Shake ( Fat Loss), Apple Cider Vinegar (Fat Loss), Ashwagandha capsules (Stress Management), Cod Liver (Joints & Heart Health), Fat Burner Tablet (Fat Loss), Garcinia Cambogia ( Fat Loss), Gokshura (Intimate Wellness), Omega fish oil (Joints & Heart Health) PCOS powder (Pcod Supplements) Sleep tablets (For Sleep Disorder), Testosterone Booster (Testosterone increasing) Biotin+(Hair & Skin), Iron & Zinc (Multivitamin), Memory focus & Mood (Memory Booster Supplement), Multivitamin for men & women, Bamboo tooth brush (Oral care), Milk Thistle (Liver Supplement), Rose water (Personal Care), Y-Druff Shampoo (Personal Care), Veg Omega (Heart Health), Natural Collagen builder (Skin Nutrition) Greatgut (immunity capsules), Weight gainer (Weight Gain), CLA 1000 Capsules (Fat Loss) and Aloe vera Gel (Personal Care). All these products falling under the category of nutrition, Personal Care, Oral Care has contributed ₹805.28 Lakhs of revenues during the year, out of total category revenues of ₹1,156.85 Lakhs. The corresponding revenues for the preceding year was Nil and ₹80.37 Lakhs respectively.

The current year combined sales revenues for primary brands comprising of Burnol (Burn Cream), Lemolate (Cough & Cold) and Fiber-X (Sat Isabgol) is at ₹1,901.77 Lakhs against revenues of ₹1,908.15 Lakhs posted in last year.

The company is promoting its products through online channels catering to younger generation for the general health, wellness, and personal grooming. Having recorded significant progress during the year, the company will invest more for expansion of online channel and make long term connect with younger population.

#### Morepen Devices Limited

No operating activities have been carried out during the year.

#### Total Care Limited

The company is dealing in OTC & Health Care products. The revenue during the year has been meagre at ₹0.27 Lakhs.

#### Morepen Inc.

Morepen Inc. is the marketing and distribution interface of the company in USA for its API business, various OTC &

other products. During the current year, the company has recorded revenue of ₹204.46 Lakhs (\$270,205) as against ₹181.89 Lakhs (\$247,371) of previous year, a growth of 12%. The company has recorded 34% growth in post-tax profit at ₹65.09 Lakhs against profit of ₹48.72 Lakhs logged in the previous year.

#### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31<sup>st</sup> March 2022 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended together with the comparative period data as at and for the previous year ended 31<sup>st</sup> March 2021.

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

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

#### DIRECTORS & KEY MANAGERIAL PERSONNEL

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

The members in their 36<sup>th</sup> Annual General Meeting ('AGM') held on 28<sup>th</sup> September 2021, approved the appointment of Mr. Sanjay Suri (DIN: 00041590), who retired by rotation at said AGM and being eligible, offered himself for re-appointment.

The term of Dr. Arun Kumar Sinha (DIN: 00450783) as Whole-Time Director had completed on 31<sup>st</sup> March 2022. (closing business hours) The office of directorship of Dr. Sinha stands vacated on said date.

Mrs. Anju Suri (DIN: 00042033), a Non-Executive, Non-Independent Director of the company, has resigned on 22<sup>nd</sup> June 2022 (closing business hours) from the directorship of the company.

The existing term of Mr. Sanjay Suri (DIN: 00041590) as Whole-Time Director of the company, will be completed on 12<sup>th</sup> August 2022. In view of aforesaid, based on the recommendation of Nomination and Remuneration Committee, subject to approval of members of the company at ensuing AGM, the Board of Directors has recommended appointment of Mr. Sanjay Suri as Whole-Time Director for further period of 3 years. The Board of Directors is seeking consent of members for re-appointment of Mr. Sanjay Suri at 37<sup>th</sup> AGM.

Mr. Sanjay Suri (DIN: 00041590), is liable to retire by rotation and being eligible, offered himself for re-appointment, at ensuing AGM. The Board of Directors of the company, based on the recommendation of Nomination and Remuneration Committee and subject to approval of members of the company at ensuing AGM, recommended re-appointment of Mr. Sanjay Suri at



ensuing AGM. The Board of Directors is seeking consent of members for re-appointment of Mr. Sanjay Suri at 37<sup>th</sup> AGM.

#### Declaration by Independent Director(s)

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the company.

#### Evaluation of Board, Committees and Directors

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the board has carried out its own performance evaluation, that of the committees and the individual performance of its Directors. The way the evaluation has been carried out has been provided in the 'corporate governance report'.

#### Familiarization Programme for Independent Directors

The details pertaining to familiarization programme for Independent Directors has been incorporated in 'Corporate Governance Report'.

#### Meetings of Board of Directors

The Board of Directors met seven (7) times during the year under review, to transact the business of the company, the details of which are given in 'corporate governance report'.

#### Independent Directors Meeting

During the year under review, a separate meeting of the Independent Directors of the company was held on 8<sup>th</sup> February 2022, without the presence of Non-Independent Directors and members of the management except Company Secretary. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance of chairperson of the company and assessed the quality, quantity, and time lines of flow of information between the company management and the Board. All the Independent Directors of the company were present in the meeting.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable, within statutory prescribed timeline.
- your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;



- c) your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for prevention and detecting of fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) internal financial controls to be followed by the company have been laid down and such internal financial controls are adequate and were operating effectively;
- f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

#### MANAGERIAL REMUNERATION AND OTHER DISCLOSURES

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

- a) Ratio of the remuneration of each Director to the median remuneration of the employee's (MRE) and other details pursuant to Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed and forms part of this report as ANNEXURE 'B'.
- b) The statement containing the particulars of employees as required under section 197(12) of the Act read with Rule 5(2) and other applicable Rules (if any) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further,

the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the registered and corporate office of the company during the working hours. Any member interested in obtaining a copy of the same may write to the company and obtain the copy within statutory prescribed timeline.

- c) No Director of the company, including its Managing Director or Whole-Time Director, is in receipt of any commission from the company or its subsidiary company.

#### AUDIT COMMITTEE

Your company has an Audit Committee in compliance of the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. The complete details with respect to Audit Committee, as required to be given under the relevant provision of the Act, is given in the 'corporate governance report'.

#### WHISTLE BLOWER POLICY / VIGIL MECHANISM

The company has established a whistle blower policy/vigil mechanism through which its Directors, employees and stakeholders can report their genuine concern about unethical behaviours, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The said policy provides for adequate safeguard against victimization and direct access to the higher level of superiors including chairman of the Audit Committee in exceptional cases. The same is reviewed by the Audit Committee from time to time.

#### RISK MANAGEMENT

The company has in place a mechanism to inform the Board about the risk assessment and minimisation

procedures and periodical review to ensure that management controls the risk through means of a properly defined framework.

The company has formulated and adopted risk management policy to prescribe risk assessment, management, reporting and disclosure requirements of the company.

The company being one of the top 1000 listed entities, have a duly constituted a Risk Management Committee of the Board of Directors for monitoring and reviewing of the risk and its management thereof.

#### NOMINATION AND REMUNERATION COMMITTEE

Your company has a Nomination and Remuneration Committee in compliance with the provisions of Section 178 the Act and Regulation 18 of the Listing Regulations. The complete details with respect to the salient features of Nomination and Remuneration Committee, as required to be given under the aforesaid provisions, is given in the 'corporate governance report'.

The company has adopted a nomination and remuneration policy for the Directors, Key Managerial Personnel and other employees of the company as formulated by Nomination and Remuneration Committee, pursuant to provisions of Section 178 of the Act and Para A of Part D of Schedule II of the Listing Regulations, which acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, senior management and other employees.

The detailed policy formulated by Nomination and Remuneration Committee can be accessed at <http://www.morepen.com/pdf/Nomination-and-Remuneration-Policy.pdf>

#### STATUTORY AUDITORS

M/s. Satinder Goyal & Co., Chartered Accountants (FRN: 027334N), statutory auditors of the company, were appointed by the shareholders at the 32<sup>nd</sup> AGM held on 22<sup>nd</sup> September 2017, pursuant to provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Act, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to all the applicable laws and regulations for a term of five (5) consecutive years to hold office from the conclusion of the 32<sup>nd</sup> AGM until the conclusion of the ensuing AGM i.e., 37<sup>th</sup> AGM.

Pursuant to Section 139 of the Act and other applicable provisions of the Act, based on the recommendation of the Audit Committee, the Board of Directors of the company, has appointed M/s. S. P. Babuta, Chartered Accountants, (FRN: 007657N) as statutory auditors for a term of five (5) consecutive years i.e., to hold office from the conclusion of

the ensuing AGM till the conclusion of 42<sup>nd</sup> AGM of the company to be held in the year 2027, subject to approval of the members at the ensuing AGM.

The company is in receipt of consent from M/s. S. P. Babuta, Chartered Accountants, for appointment, as the statutory auditors of the company, along-with an eligibility certificate, that their appointment, if made, will be in accordance with the limits specified under the Act and the firm satisfies the criteria specified in Section 141 of the Act read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014.

The Board is seeking consent of the members for appointment of M/s. S. P. Babuta, Chartered Accountants, as statutory auditors of the company, for a term of five (5) consecutive years.

#### EXPLANATION TO AUDITORS REPORT

The notes on financial statement referred to in the auditors' report are self-explanatory and do not call for any further comments. The statutory auditor's report does not contain any qualifications, reservations, adverse remarks, or disclaimers, which would be required to be dealt with in the Boards' Report.

#### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Praveen Dua, proprietor of M/s. PD and Associates, a firm of company secretaries, was appointed by Board of Directors of the company as secretarial auditor of the company for the financial year 2021-22. The secretarial audit report is annexed and forms part of this report as ANNEXURE 'C'.

Pursuant to compliance of the Listing Regulations, every listed entity having material unlisted subsidiaries in India shall undertake secretarial audit and shall annex secretarial audit report given by a company secretary in practice, with the annual report of the listed entity. The said requirement of secretarial audit report shall continue to remain applicable till such time the specified threshold, for being a material unlisted subsidiary, is not applicable for a period of three consecutive financial years.

Dr. Morepen Ltd., being a material unlisted subsidiary company during the previous financial year, does not fall under the criteria of material unlisted subsidiary for the financial year under review. The secretarial audit of Dr. Morepen Limited for the financial year 2021-2022, has been undertaken by Mr. Ajay Kumar, proprietor of M/s. Ajay. K. & Associates, a firm of company secretaries. The secretarial audit report of Dr. Morepen Limited, is annexed and forms part of this report as ANNEXURE 'C-1'.

#### EXPLANATION TO SECRETARIAL AUDIT REPORT

The notes referred to in the secretarial auditor's report of the company are self-explanatory and do not call for any further comments. The secretarial auditor' report does not



contain any qualification, reservation, adverse remark or disclaimer.

The observations made in point no. (f) i.e., cancellation of equity shares surrendered by FD holders, the company has filed application with the Stock Exchanges to take effect of such cancellation of equity shares from total listed capital of the company and awaiting their response, although said shares were cancelled by the Board of Directors. Further, in point no. (g) i.e., appointment of Central Government Nominee Directors, the requisite explanations are already given in point (i) of 'Legal and Corporate Matters', in this report.

The notes referred to in the secretarial auditor's report of Dr. Morepen Ltd., are self-explanatory and do not call for any further comments. The secretarial auditor's report does not contain any qualification, reservation, adverse remark or disclaimer.

**BUSINESS RESPONSIBILITY REPORT**

Business Responsibility Report in compliance with Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report forms part of this annual report, is enclosed as ANNEXURE 'D'

**SECRETARIAL STANDARDS**

The company has devised proper systems to ensure compliance with the provisions of all applicable secretarial standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

**COST AUDIT**

Pursuant to Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting Records maintained by the company are required to be audited by cost auditors. The Board of Directors of the company, on the recommendation of the Audit Committee, has appointed M/s. Vijender Sharma & Co., Cost Accountants, as the Cost Auditor of the company for the financial year ended 31<sup>st</sup> March 2023, at a remuneration of ₹2.00 Lakh, subject to the ratification of their remuneration by the members in the ensuing AGM.

**INTERNAL FINANCIAL CONTROLS**

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

To maintain its objectivity and independence, the internal auditor reports to the Chairman of the Audit Committee. Based on the internal audit report, process owners undertake corrective action in their respective areas and thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented

to the Audit Committee. The internal auditor carries out extensive audits throughout the year across all functional areas and submits its reports from time to time to the Audit Committee.

**CORPORATE SOCIAL RESPONSIBILITY**

The Corporate Social Responsibility ('CSR') Committee of the company was constituted by the Board to monitor implementation of CSR activities by the company in accordance with Section 135 read with Schedule VII of the Act read with (Corporate Social Responsibility Policy) Rules, 2014, as amended. The composition of the CSR Committee, CSR policy, projects and annual action plan have been placed on the website of the company. Based on the recommendation of the CSR Committee, your Board has adopted a CSR policy indicating the activities to be undertaken by the company as specified in Schedule VII of the Act.

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

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

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

**LEGAL & CORPORATE MATTERS**

(I) Due to sudden liquidity problem occasioned by price crash of over 89% of its blockbuster drug 'Loratadine' price crash by over 89%, the company faced defaults in servicing its debt obligations to its lending banks and financial institutions accompanied by default in timely refund of fixed deposit ('FD') dues to FD holders of the company.

The Hon'ble Company Law Board ('CLB') took suo motto notice of the matter of default in FD repayments exercising its powers u/s 58 A (9) of the Companies Act, 1956 and passed an order dated 19<sup>th</sup> August 2003 ordering repayment of fixed deposit dues within a period of 4 years.

In the backdrop of continuing liquidity crisis, the company could not conform the aforesaid payment



schedule stipulated by the Hon'ble CLB.

The Union of India preferred a petition dated 7<sup>th</sup> January 2005, u/s 408 of Companies Act, 1956, before the Hon'ble CLB for appointment of six Directors for a period of three years on the Board of the company to safeguard the interest of the company, its shareholders, its investors, and the creditors of the company, as it did not adhere to the CLB order dated 19<sup>th</sup> August 2003.

The Hon'ble CLB, with a view to monitor and assist the company in its matters then pending before High Court, Corporate Debt Restructuring (CDR) forum and Debt Recovery Tribunals, vide its order and judgment dated 1<sup>st</sup> July 2005 directed the appointment of two Directors on the Board of the company for a period of three years. Aggrieved by the aforesaid order of CLB, the company filed an appeal before the High Court of Himachal Pradesh at Shimla with a prayer to set aside the CLB order dated 1<sup>st</sup> July 2005. The Central Government also filed an appeal before the High Court of Himachal Pradesh at Shimla against the aforesaid order of CLB.

The Hon'ble High Court after hearing both the appeals, vide its judgment dated 17<sup>th</sup> May 2007 upheld the decision of the CLB, appointing two government Directors on the board of the company and disposed of both the appeals.

In two cross appeals filed by the company and the Central Government before Hon'ble Supreme Court of India, against the impugned judgement dated 17<sup>th</sup> May 2007 of the Hon'ble High Court of Himachal Pradesh, confirming appointment of two Government Nominees on the Board of the company for 3 years under provisions of erstwhile Companies Act, 1956, the Hon'ble Supreme Court vide its order dated 16<sup>th</sup> July 2007 ordered 'status quo', in the matter.

The company vide its application dated 17<sup>th</sup> July 2018, sought to bring before Hon'ble Supreme Court of India, the factum of substantial improvement in the financial position of the company including issuance of equity shares to its fixed deposit holders and payment of outstanding dues to lending banks, financial institutions and also placed on record the



improvements in the financial position of the company subsequent to the order dated 1<sup>st</sup> July 2005 passed by Hon'ble CLB. The Hon'ble Supreme Court vide its order dated 9<sup>th</sup> July 2019, held that no interference in the decision of Hon'ble High Court is called for and further added that it would be open for the company to agitate the subsequent events before the concerned forum.

In terms of the liberty granted by the Hon'ble Supreme Court to agitate the subsequent events before the concerned forum, the company filed an application, on 18<sup>th</sup> September 2019 before Hon'ble National Company Law Tribunal ('NCLT'), Chandigarh and submitted that the company has been effectively managed by the existing Board of Directors, who, without support of any Nominee Government Directors have ensured that the company is debt free today. The various data placed before NCLT testifies the efficacy with which existing Board of Directors worked to turn around the company's financials transferring it into as profitable venture accomplishing enormous growth over last 14 years i.e., since 1<sup>st</sup> July 2005 when Hon'ble CLB order for appointment of two Government Directors on Board of the company was passed.

In view of substantial improvements made by company in its financial position, after pronouncement of order dated 1<sup>st</sup> July 2005 by Hon'ble CLB appointing two Government Nominees on the Board of the company and various milestones achieved by it, the company sought modification of aforesaid CLB order to the extent that appointment of two Government Directors (Nominees) on the Board of the company is not necessary and therefore not required.

In the meanwhile, in December 2019, the Central Government filed a contempt petition u/s 425 of the Act read with the Contempt of Courts Act, 1971 against the company and its then four Directors before Hon'ble NCLT, Chandigarh for non-compliance and wilful disobedience of order dated 1<sup>st</sup> July 2005 passed by Hon'ble CLB.

The company also brought to the notice of Hon'ble NCLT, Chandigarh, the compliance made by company

of its order dated 12<sup>th</sup> March 2018 in the matter of repayment of fixed deposit dues to fixed depositors of the company. The Hon'ble NCLT, Chandigarh vide its order dated 12<sup>th</sup> March 2018, ordered the company to repay the fixed deposit dues to all the eligible fixed deposit holders who have not dealt with the shares allotted to them in August 2009, under scheme of compromise and arrangement u/s 391-394 of Companies Act, 1956 and cancel the equity shares allotted to these FD holders. All the eligible 4,953 no. of fixed deposit holders having 50,38,983 equity shares who submitted their shares with the company for the cancellation and provided their bank and identification particulars for payment of their FD dues, were repaid their entire principal FD dues along with the accumulated interest thereon amounting to ₹1884.29 Lakhs.

However, the Hon'ble NCLT vide its order dated 6<sup>th</sup> October 2021, set aside the aforesaid application of the company on the ground that order dated 1<sup>st</sup> July 2005 of Hon'ble CLB has been upheld by the Hon'ble Supreme Court of India and hence it cannot modify or cancel the same. It further added that the observation of the Hon'ble Supreme Court of India that "It would be open for appellant to agitate the subsequent events before the concerned forum" cannot empower it to modify the order which was upheld by the Hon'ble Supreme Court of India. It further ordered for issuance of notices to the company and its four Directors in response to contempt petition filed by Central Government on the grounds that the Apex court has neither modified the order of NCLT/CLB nor has issued any directions.

In the month of November 2021, the company filed an appeal before Hon'ble National Company Law Appellate Tribunal (NCLAT) against Hon'ble NCLT order dated 6<sup>th</sup> October 2021 setting aside the company application dated 18<sup>th</sup> September 2019, it sought modification of CLB order dated 1<sup>st</sup> July 2005, to the extent that appointment of two Government Directors (Nominees) on the Board of the company is

not necessary and not required as the company has achieved enormous financial strength during last 14 years under the guidance of its existing Board of Directors who have diverse experience in the field of finance, corporate governance, technology and management.

The Hon'ble NCLAT has ordered status quo in the company appeal filed against NCLT order dated 6<sup>th</sup> October 2021. As the aforesaid company appeal is pending for disposal before Hon'ble NCLAT, the contempt petition filed by Central Government against the company and its Directors before Hon'ble NCLT, Chandigarh is pending for adjudication.

(ii) In the matter of prosecutions launched by the Registrar of Companies/Central Government against the company and its Director's u/s 235 of the erstwhile Companies Act, 1956, the company is defending against the said prosecutions before the court and the matter is under adjudication.

(iii) Six cases filed by Registrar of Companies under various provisions of section 58A, 58 (3A), 58 (AA) (1), 629 A of erstwhile Companies Act, 1956 and rules made thereunder, against the company and its Directors have been compounded during the year.

#### ANNUAL RETURN

The annual return is available at the website of the company at <https://morepen.com/public/uploads/investor/Morepen62f2582a1a66d.pdf>

#### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

Post closure of financial year 2021-22, the company has allotted 2,13,42,505 equity shares of ₹2/- each at a premium of ₹51.72/- per equity share, in lieu of 1,14,65,201 0.01% Compulsorily Convertible Preference Shares ('CCPS') of ₹100/- each which were issued & allotted towards conversion of 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') of ₹100/- each amounting to ₹9,735.20 Lakhs and 17,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS') of ₹100/- each amounting to ₹1,730 Lakhs. It has resulted into reduction of current financial liabilities by ₹11,465.20 Lakhs with corresponding increase in equity capital of the company consisting of increase of equity share capital of the company by ₹426.85 Lakhs and share premium account by ₹11,038.35 Lakhs.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings and

outgo, as required under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014, is annexed and forms part of this report as ANNEXURE 'F'.

#### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

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

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

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

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of the operations and performance of the company is set out in the management discussion and analysis report pursuant to Part B of Schedule V of the Listing Regulations which forms part of the Annual Report for the year under review as ANNEXURE 'G'.

#### HUMAN RESOURCES

A detailed review of human resources of the company is set out in the management discussion and analysis report.

#### CORPORATE GOVERNANCE

A report on corporate governance along with a certificate from the practicing company secretary regarding compliance with conditions of the corporate governance as stipulated in Part E of Schedule V of the Listing Regulations forms part of this report and is annexed as ANNEXURE 'H'.

#### ACKNOWLEDGEMENTS

The Directors express grief for loss of life due to Covid -19 pandemic and express deep respect for every person who risked his life and safety to fight the pandemic. The Directors place on record their appreciation to all the company's employees for their contribution towards the company's performance. The Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers, governments and all other business associates for their co-operation and continuous support to the company and their confidence in its management.

For and on behalf of Board of Directors

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022





## ANNEXURE 'A'

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

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

## PART A: SUBSIDIARIES

(₹ in Lakhs)

Name of the Subsidiary Company	Dr. Morepen Limited <sup>#</sup>	Total Care Limited <sup>#</sup>	Morepen Inc.	Morepen Devices Ltd.
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2021 to 31-03-2022	01-04-2021 to 31-03-2022	01-04-2021 to 31-03-2022	06-09-2021 to 31-03-2022
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	-	-	US\$/₹ 75.67 (As on 31.03.2022)	-
Share Capital	4,067.95 (4,06,79,500 equity shares of ₹10/- each)	933.39 (9,33,390 equity shares of ₹100/- each)	22.23 (9,400 Fully paid shares of US\$1 each)	10.00 (1,00,000 equity shares of ₹10/- each)
Reserves & Surplus	466.25	(1,854.58)	288.69	10.00
Total Assets	9714.64	6.52	321.25	7.73
Total Liabilities	9714.64	6.52	321.25	7.73
Investments	1171.00	-	-	-
Turnover	10780.37	0.27	204.46	-
Profit/(Loss) before taxation	43.42	(2.71)	77.66	(2.50)
Provision for taxation	41.47	-	12.57	-
Profit after taxation	1.95	(2.71)	65.09	(2.50)
Proposed Dividend	-	-	-	-
Percentage of Shareholding	100%*	95%	100%	100%

\* 1,01,69,875 warrants of ₹30/- each, had been allotted to Blue Heaven Marketing Pvt. Ltd. and Vignet Trading Pvt. Ltd., entitling equivalent number of equity shares to them.

# Subsidiary of Dr. Morepen Ltd.

## PART B : ASSOCIATES &amp; JOINT VENTURES - N.A.

For and on behalf of Board of Directors

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022

## ANNEXURE 'B'

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

A. Ratio of the remuneration of each Director to the median remuneration of the employees of the company;

Name of the Director	Designation	Ratio of Remuneration to Median Remuneration of Employees
Mr. Sushil Suri	Chairman & Managing Director	237.99
Mr. Sanjay Suri	Whole-Time Director	168.77
Dr. Arun Kumar Sinha	Whole-Time Director	2.36

Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year;

Name of the Director/KMP	Designation	% increase of remuneration in F.Y. 2021-22
Mr. Sushil Suri	Chairman & Managing Director	68.67
Mr. Sanjay Suri	Whole-Time Director	69.65
Dr. Arun Kumar Sinha	Whole-Time Director	-
Mr. Ajay Kumar Sharma	Chief Financial Officer	6.13
Mr. Vipul Kumar Srivastava	Company Secretary	40.46

B. The percentage increase in the median remuneration of employees in the financial year 2021-22 was 20.02%.

C. The number of permanent employees on the rolls of the company as on 31<sup>st</sup> March 2022, were 1607.

D. The average percentile increases in the salaries of the employees other than the managerial personnel in the financial year 2021-22 was 20.40% while increase in managerial remuneration was 62.06%.

E. It is hereby affirmed that the remuneration is as per Nomination and Remuneration Policy of the company.

For and on behalf of Board of Directors

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022



## ANNEXURE 'C'

**(Form No. MR-3)  
SECRETARIAL AUDIT REPORT  
(FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2022)**

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

To,  
The Members,  
Morepen Laboratories Limited

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

Based on verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on March 31, 2022 according to the provisions of:

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

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
- d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2021, as amended;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended;
- (vi) Other laws applicable specifically to the company namely: -
  - a) Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules 1945;
  - b) Drugs (Price Control) Order, 2013;
  - c) Indian Boilers Act, 1923;
  - d) Trademark Act, 1999

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

- (i) The provisions envisaged in the Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

- (ii) The Secretarial Standards issued by the Institute of the company Secretaries of India (ICSI).

**We further report that:**

- (a) The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except meeting called and held on shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- (c) All the resolutions have been passed unanimously and did not find any dissenting views in the minutes;
- (d) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;
- (e) The company has entered into related party transactions for the sale and purchase of material/products and paying remuneration to related party personnel. The company confirms that all transactions, including increase in remuneration, are in the ordinary course of business and at arm's length;
- (f) In the matter of Scheme of Arrangement and Compromise (the Scheme) U/s. 391 of the erstwhile Companies Act, 1956, the Hon'ble NCLT, Chandigarh, vide its order dated March 12, 2018 set aside the Scheme in respect of fixed deposit ('FD') holders who were still holding equity shares allotted as per the Scheme, however, the operation of aforesaid order was stayed by Hon'ble NCLAT vide

its order dated April 27, 2018. On July 23, 2019, the Hon'ble NCLAT upheld the order passed by Hon'ble NCLT, Chandigarh, inter-alia, cancelling the equity shares allotted to FD holders (except those who had traded/ transferred) and refund of FD dues as per the CLB Scheme dated 19.08.2003.

The company sought surrender of aforesaid equity shares by way of individual notices to each eligible FD holders and issued 'Public Notice' in the newspapers i.e., 'Financial Express' - English and 'Jansatta' in the Hindi both published on 15.08.2019, before such cancellation.

The company has cancelled all shares surrendered for such cancellations as per the order of Hon'ble NCLT Chandigarh, there being no further surrender of shares the company has declared the completion of cancellation of shares and had published a notice on 28<sup>th</sup> July, 2021 in the newspapers for information of all the concerned persons.

Though the company had cancelled 50,38,983 shares which were surrendered for cancellations, Register of Members continues to carry the name of these shareholders (the shares are blocked for any right whatsoever), for the disposal of the application of cancellation of these shares filed with Stock Exchanges.

- (g) The company received a direction from central government i.e., ministry of corporate affairs ('MCA') on 30.07.2019 for the appointment of 2 (two) nominee directors on the Board of Directors of the company under Section 480 r/w Section 397/398 of the erstwhile Companies Act, 1956, pursuant to the order passed by the company Law Board dated 01.07.2005 read-with order passed by Hon'ble High Court of Himachal Pradesh at Shimla dated 16.04.2007 and the order of Hon'ble Supreme Court of India dated 09.07.2019. The Hon'ble court had also given a liberty to the company to agitate the subsequent events before the concerned forum and conclude the proceeding as far as possible within one year.

The company had filed an application before the Hon'ble NCLT, Chandigarh for interim stay on the appointment of nominee directors. The Hon'ble NCLT vide its order dated 6<sup>th</sup> October 2021, set



aside the aforesaid application of the company also issued notices to the company and its four directors in response to contempt petition filed by the Central Government.

- (h) The company convened its Annual General Meeting on September 28, 2021 and two Extra-ordinary General Meetings ('EGM') i.e., on May 20, 2021 and March 05, 2022.

In AGM the company obtained the consent of the members for transfer of point of care medical devices business to a Wholly Owned Subsidiary, Morepen Devices Limited, on a lumpsum consideration of ₹55,00,00,000/-.

In its 1<sup>st</sup> EGM dated May 20, 2021, the company had obtained the consent of members for

preferential issue of 5 Crores fully convertible warrants and 5.85 Crores of Equity Shares. The company had not issued and allotted aforesaid securities during the year under review.

And in its 2<sup>nd</sup> EGM dated March 05, 2022, the company took the consent of members for variation of rights of the holders of 97,35,201, 0.01% Optionally Convertible Preference Shares of ₹100/- each ("OCPS") and 17,30,000, 0.01% Cumulative Redeemable Preference Shares of ₹100/- each ("CRPS") i.e., from OCPS and CRPS to, in aggregate, 1,14,65,201, 0.01% Compulsorily Convertible Preference Shares of ₹100/- each ("CCPS") convertible into up-to 2,13,42,505 Equity Shares of ₹2/- each at a price of ₹53.72/- each.

For PD and Associates  
Company Secretaries

Praveen Dua  
Proprietor  
FCS No.: 3573  
C.P. No.: 2139  
UDIN: F003573D000708321  
PR NO.: - 1897/2022

Place: New Delhi  
Date: 29<sup>th</sup> July 2022

To,

The Members

Morepen Laboratories Limited

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

- 1) Maintenance of the secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For PD and Associates  
Company Secretaries

Praveen Dua  
Proprietor  
FCS No.: 3573  
C.P. No.: 2139  
UDIN: F003573D000708321  
PR NO.: - 1897/2022

Place: New Delhi  
Date: 29<sup>th</sup> July 2022



ANNEUXRE 'C-1'

**(Form No. MR-3)**  
**SECRETARIAL AUDIT REPORT**  
**(FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022)**

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

To  
**The Members**  
**Dr. Morepen Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **Dr. Morepen Limited** (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion.

Based on our verification of the company' books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2022, complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended 31<sup>st</sup> March, 2022, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder (Not applicable during the period under review);
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder (Not applicable during the period under review);
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign remittance against the export business of the company; (Not applicable during the period under review);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act): - (Not applicable during the period under review);
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2021, as amended;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended;

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

- i. Secretarial Standards with regard to the Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;
- ii. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreement entered by the Company (Not applicable during the period under review).

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**We further report that: -**

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

- Adequate notice is given to all the Directors to schedule the Board Meeting, agenda and detailed notes to agenda were sent seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions have been carried unanimously. The members of the Board have not expressed dissenting views on any of the agenda items during the financial year under review.

**We further report** that there are adequate systems and processes in the Company commensurate with the size

and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has-

Convened an Extra-Ordinary General Meeting on 10<sup>th</sup> March, 2022 to take the consent of members of the company for extension of warrant exercise period for subscription of 1,01,69,875 (One Crore One Lakh Sixty Nine Thousand Eight Hundred Seventy Five) fully convertible warrants of ₹30/- each to be converted into one equity shares of ₹10/- each, on preferential basis.

For Ajay. K. & Associates  
 Company Secretaries  
 Firm Registration No. I2013DE1069100

Ajay Kumar  
 Proprietor  
 FCS: 11019, C.P. No. 12344  
 Peer Review Certificate No. 1936/2022  
 UDIN : F011019D000707891

Date: 29<sup>th</sup> July 2022  
 Place: New Delhi



ANNEXURE 'D'

To,  
The Members,  
Dr. Morepen Limited

Our Secretarial Audit Report of even date, for the Financial Year 2021-2022 is to be read along with this letter.

**Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper system to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures

followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

**Disclaimer**

4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For Ajay. K. & Associates  
Company Secretaries  
Firm Registration No. I2013DE1069100

Ajay Kumar  
Proprietor  
FCS: 11019, C.P. No. 12344  
Peer Review Certificate No. 1936/2022  
UDIN : F011019D000707891

Date: 29<sup>th</sup> July 2022  
Place: New Delhi

**BUSINESS RESPONSIBILITY ('BR') REPORT**

Business Responsibility Report of the company for the financial year ended on 31<sup>st</sup> March 2022, pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, is as follows:

**SECTION A : GENERAL INFORMATION ABOUT THE COMPANY**

1	Corporate Identification Number	L24231HP1984PLC006028
2	Name of the company	Morepen Laboratories Limited
3	Registered address	Morepen Village, Nalagarh Road, Malkumraja, Baddi, Solan, Himachal Pradesh, 173205
4	Website	www.morepen.com
5	E-mail i.d.	investors@morepen.com
6	Financial year reported	2021-2022
7	Sector(s) that the company is engaged in (industrial activity code-wise)	Pharma Sector under Group 210, Class 2100 as per the National Industrial Classification 2008
8	List three key products / services that the company manufactures / provides (as in balance sheet):	Anti-diabetic, Antihistaminic & Antiallergic category and Antihyperlipedemic etc.
9	Total number of locations where business activity is undertaken by the company	
	i. number of International Locations (Provide details of major 5)	The company has its presence in USA through its wholly owned subsidiary company.
	ii. number of national Locations	The company is doing its business across India. There are four manufacturing units of the company, situated in Himachal Pradesh, India.
10	Markets served by the company Local/ state/ national/ International	In addition to pan India presence, more than eighty international markets are served across Asia, North America, Brazil, European Union & rest of the world.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1	Paid up Capital (INR)	₹95.55 Crore on 31 <sup>st</sup> March, 2022
2	Total turnover (INR)	₹1459.50 Crore
3	Total profit after taxes (INR)	₹101.06 Crore
4	Total spending on Corporate social responsibility (Cr) as percentage of profit after tax (%)	₹1.19 Crore More than 2% of the average net profits of the company made during the immediately three preceding financial years.
5	List of activities in which expenditure in 4 above	a) Financial assistance to underprivileged women, healthcare & sanitation, rural transformation b) Education c) Sports d) Health care  The details about CSR expenditure have been given in the Directors' Report, forming part of Annual Report for the year under review.


**SECTION C: OTHER DETAILS**

1	Does the company have any subsidiary companies?	Yes
2	Do the subsidiary companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary companies.	Yes, all policies / practices to the extent relevant are also applicable to Indian subsidiaries in conformity with the applicable laws. The company have 3 Indian subsidiaries as on 31 <sup>st</sup> March 2022.
3	Do any other entities (e.g., suppliers, distributors etc.) that the company does business with, participate in the BR initiatives of the company? If yes, then indicate the percentage of such entities? [Less than 30%, 30-60% More than 60%]	At present, the BR initiatives have been undertaken at the company level.

**SECTION D: BR INFORMATION**
**1. Details of director / directors responsible for BR**

a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

- 1) DIN : 00012028
- 2) Name : Mr. Sushil Suri
- 3) Designation : Chairman & Managing Director

**b) Details of the BR Head:**

Sr. No.	Particulars	Details
1	DIN (if applicable)	00041590
2	Name	Mr. Sanjay Suri
3	Designation	Whole-Time Director
4	Telephone number	01795-276201
5	E-mail ID	investors@morepen.com

**2. Principal-wise (as per NVGs) BR Policy / Policies (reply in Y / N)**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs have identified nine areas of Business Responsibility which have been coined in the form of nine business principles. These principles (P1 to P9) are as under:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**3. a. Details of Compliances:**

Sr. no.	Questions	Ethics, Transparency and Accountability	Product responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	Inclusive Growth (CSR)	Customer Relations
1	Do you have a policy / policies for-	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	The relevant policies have evolved over a period with inputs from the concerned internal stakeholders and representatives of external stakeholders, wherever relevant.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The spirit of the code of conduct and the applicable laws and standards are captured in the policies formulated by the company. The policies are based on and are in compliance with the applicable regulatory requirements.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	The policy has been approved by the Board and initiated by the Chairman and Managing Director of the company.								
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?*	Y	Y	Y	Y	Y	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	Policy is available on the website of the company i.e., www.morepen.com and the policies which are internal to the company are available on the intranet of the company.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been communicated to the key internal stakeholders of the company. The communication is an on-going process.								
8	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

\*The policies under BR initiatives have been overseen by the Board of Directors



b. If answer to sr. no. 1 against any principle, is 'no', please explain why: (tick up to 2 options)

Sr. no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the principles.	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task.	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months.	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year.	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify).	-	-	-	-	-	-	The company being in pharmaceutical business, working in four corners of applicable acts, rules and policies. Therefore, need for formal policy has not been felt.	-	-

**4. Governance related to BR**

a) Indicate the frequency with which the Board of directors, Committees of the Board or CEO to assess the BR performance of the company. Within 3 months, 3-6 months, annually, more than 1 year.

Annually

b) Does the company publish a BR or a sustainability report? What is the hyperlink for viewing this report? How frequently it is published?

The company's Annual Report includes Business Responsibility Report. The copy of the same is available on the website of the company i.e., www.morepen.com.

**SECTION E: PRINCIPLE WISE PERFORMANCE**

**Principle 1: Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / no. does it extend to the Group /Joint Ventures / suppliers/Contractors /NGOs/others?

Yes, the policy relating to ethics, bribery and corruption extends beyond our employees, both Whole-Time and Independent Directors and covers our subsidiary companies. The contracts with suppliers, contractors and business partners include adherence to our principles concerning ethics.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No complaint has been received by the company from stakeholders during the year 2021-2022. The company encourages all its stakeholders to freely share their concerns and grievances.

**Principle 2: Product responsibility**

1. (a) List of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.-

The company continuously strives for sustainability by strengthening the processes to minimize the environmental load, understanding risk to the environment and to human health arising from environment and promoting green processes by strategic design of technologies and integrating with updated guidelines.

Following products help to address social or environmental concerns in their design:

I. **Loratadine** is an antihistamine that reduces the effects of natural chemical histamine in the body. Histamine can produce symptoms of sneezing, itching, watery eyes, and runny nose. Loratadine is used to treat sneezing, runny nose, watery eyes,

hives, skin rash, itching, and other cold or allergy symptoms.

Process of production of Loratadine chemically known as 8-chloro-11-(1-ethoxycarbonyl-4-piperidylidene)-6, 11-dihydro-5H-benzo [5, 6] cycloheptal [1, 2B] pyridine has been described. The process comprises reacting 2-Cyano-3-(3-chlorophenethyl) pyridine with N-Methyl-4-chloropyridine in cyclic aliphatic ether followed by cyclization & dehydration to get N-Methyl Desloratadine which on reaction with Ethyl chloroformate to give Loratadine by conventional methods This process provides higher yields with desired quality of Loratadine with minimum generation of waste.

II. **Montelukast** sodium is a leukotriene (loo-koe-TRY-eeen) inhibitor. Leukotrienes are chemicals that human body releases when breathe in an allergen (such as pollen). These chemicals cause swelling in your lungs and tightening of the muscles around your airways, which can result in asthma symptoms. Montelukast is used regularly to prevent the wheezing and shortness of breath caused by asthma and decrease the number of asthma attacks. Montelukast is also used before exercise to prevent breathing problems during exercise (bronchospasm).

Montelukast Sodium is produced using an improved process developed in the company's R&D centre for the preparation of highly pure Montelukast sodium with high yield through highly pure diol intermediate and Cyclopropyl This side chain compound. The process involves the preparation of Montelukast Acid in solid form and final stage Montelukast Sodium by complete recovery of solvent under vacuum to save solvent and prepare highly pure Amorphous Montelukast Sodium as per Morepen's own granted patent in US, Europe, Canada & India. The process is designed in such as way so as to minimize the residual solvents and wastes.

III. **Atorvastatin & Rosuvastatin** are used along with a proper diet to help lower "bad" cholesterol and fats (such as LDL, triglycerides) and raise "good" cholesterol (HDL) in the blood. It belongs to a group of drugs known as "statins." It works by reducing the amount of cholesterol made by the liver.

Atorvastatin calcium production includes coupling of Diketone intermediate & Amino side chain to get diprotected Atorvastatin which is deprotected in acid/ basic medium in aliphatic alcohol solvent

followed by purification and recrystallization to get Crystalline Form I or Amorphous Atorvastatin calcium by respective process designed in such as way to minimize the residual solvents or wastes. Also the company is looking ahead towards its technical collaboration with Cambrex Germany for development of various chemoenzymatic/ biological methods for synthesis of Atorvastatin key intermediates which are being currently imported from China. These green chemistry initiatives will ultimately lead to eco-friendly industrial method for synthesis of Atorvastatin calcium crystalline as well as amorphous.

4-(4-fluorophenyl)-6-isopropyl-2-[(N-methyl-N-methylsulfonyl)amino]pyrimidine- 5-yl-methanol and aliphatic side chain are the key intermediate for synthesis of Rosuvastatin calcium. Various new polymorphic forms are developed for Rosuvastatin calcium which are being explored by various customers worldwide for better pharmacokinetic & pharmacodynamic properties. Their patents are granted to the company in US and India. A highly efficient process is in place which minimize the usage hazardous chemicals/ catalysts.

IV. The traditional oral pharmacological therapy for **Type 2 diabetes** mellitus (T2DM) has been based on the prescription of Metformin, a biguanide, as first line antihyperglycemic agent world over. It has been demonstrated that after 3 years of treatment, approximately 50% of diabetic patients could achieve acceptable glucose levels with monotherapy; but by 9 years this had declined to only 25%. Therefore, the implementation of a combined pharmacological therapy acting via different pathways becomes necessary, and its combination with a compound of the sulfonyleurea group was along decades the most frequently employed prescription in routine clinical practice. Meglitinides, glitazones and alpha-glucosidase inhibitors were subsequently developed, but the five mentioned groups of oral antihyperglycemic agents are associated with variable degrees of undesirable or even severe cardiovascular events. The gliptins also called dipeptidyl peptidase 4 (DPP4) inhibitors are an additional group of anti-diabetic compounds with increasing clinical use. Inhibitors of dipeptidyl peptidase 4 (DPP-4 inhibitors or gliptins) are a class of oral hypoglycemics that block the enzyme dipeptidyl peptidase-4 (DPP-4). They can be used to treat diabetes mellitus type 2. The first agent of the class – sitagliptin – was approved by the FDA in 2006.



Glucagon increases blood glucose levels, and DPP-4 inhibitors reduce glucagon and blood glucose levels. The mechanism of DPP-4 inhibitors is to increase incretin levels (GLP-1 and GIP), which inhibit glucagon release, which in turn increases insulin secretion, decreases gastric emptying, and decreases blood glucose levels.

The company has taken a giant leap in anti-diabetic category by developing many of the key drugs in this category like **Sitagliptin, Saxagliptin, Linagliptin, Vildagliptin & Alogliptin**. The mechanism of action of all the drugs in body is the same. The company has successfully developed novel as well ecofriendly processes for the preparation thereof. The processes have been streamlined in such a way to minimize the cost as well as effluents, whether solid, liquid or gaseous. We are looking forward to our technical collaboration with National Institute of pharmaceutical education & Research (NIPER) & Cambrex Germany for chemoenzymatic method of synthesis of various key intermediates of gliptin drugs. The company also working on the regeneration of key costly catalysts like rac-BINAP & Josiphos used in the synthesis of Sitagliptin in NIPER.

V. Sodium-glucose co-transporter 2 (SGLT2) inhibitors, also called gliflozin drugs, are a new class of diabetic medications indicated for the treatment of type 2 diabetes. They have also been found to show cardiac benefits in patients with diabetes, and are being studied for possible use in type 1 diabetes. They work by reducing the absorption of glucose via the kidneys so that excess glucose is excreted through urination. In conjunction with exercise and a healthy diet, they can improve glycemic control. They have been studied alone and with other medications including Metformin, Sulfonylureas, Nizagara 100, Pioglitazone, and Insulin. The company manufactures various gliflozin in this class such as **Dapagliflozin, Empagliflozin, Canagliflozin & Ertugliflozin**. The process & chemistry involved therein is quite similar using a key intermediate namely, 2,3,4,6-Tetrakis-O-trimethylsilyl-D-gluconolactone. A highly concise methods are being used to develop these new drugs so as to minimize the waste and usage of green solvent or class III solvents is solicited in each of gliflozin drug. Since molecules are chiral, further possibilities of chemoenzymatic methods is also being explored to make process totally green / ecofriendly.

VI. **Apixaban & Rivaroxaban** are anti-coagulant medications are use for treatment and preventing blood clots and to prevent stroke in people with nonvalvular atrial fibrillation. Specifically, they are used to prevent blood clots following hip or knee replacement and in those with a history of prior clots. They are used as an alternative to warfarin and does not require monitoring by blood tests. They are taken by mouth. Both are among the largest selling drugs in the world.

A highly concise method is being used to develop these top drugs keeping in mind the low wastage and effluents and high throughput. Also, the feasibility of green solvents usage is being explored to further enhance the process. Most of the side products are easily treated in ETP and are water soluble. No gaseous wastes are generated in the process throughout.

VII. Sartans or Angiotensin II receptor blockers help relax your veins and arteries to lower your blood pressure and make it easier for your heart to pump blood. Angiotensin is a chemical in your body that narrows your blood vessels. This narrowing can increase your blood pressure and force your heart to work harder.

Angiotensin II receptor blockers block the action of angiotensin II. As a result, the medication allows your veins and arteries to widen (dilate). The company is also producing two major sartan drugs – **Candesartan & Olmesartan**. The company has devised use of typical route of synthesis of both the drugs which not only ensures the synthesis of these drugs with lowest possible effluents but also with nil amount of nitrosamine impurities like N-nitrosodiethylamine (NDEA), N -nitrosodiisopropylamine (NDIPA), N -nitrosoethylisopropylamine (NEIPA) and N-nitroso-N-methyl-4-amino butyric acid (NMBA). The company has added another feather to this category by addition of Bempedoic acid. The company is in advanced stages of development of Bempedoic acid and is likely to be available commercially soon.

VIII. The company's medipath division comprises Home Health portfolio includes Glucometer and Automatic Digital Blood Pressure Monitor, Digital weighing scales Body & Foot Massagers, Therapy Range, Nebulizers, Clinical & Digital Thermometers mach. Home Health is one of the pioneers in Blood Monitoring segment and holds the distinction being one of the first to introduce "No coding Blood Glucose Monitoring System" under its brand Gluco One.

IX. Janus kinase inhibitors, also known as JAK inhibitors or Jakinibs, are a type of medication that functions by inhibiting the activity of one or more of the Janus kinase family of enzymes (JAK1, JAK2, JAK3, TYK2), thereby interfering with the JAK-STAT signaling pathway. These inhibitors have therapeutic application in the treatment of cancer and inflammatory diseases such as rheumatoid arthritis. There is interest in their use for various skin conditions. JAK3 inhibitors are attractive as a possible treatment of various autoimmune diseases since its functions is mainly restricted to lymphocytes. Development for a selective JAK3 inhibitor is ongoing as of 2017. Some JAK1 inhibitors are based on a benzimidazole core. JAK3 inhibitors target the catalytic ATP-binding site of JAK3 and various moieties have been used to get a stronger affinity and selectivity to the ATP-binding pockets. The base that is often seen in compounds with selectivity for JAK3 is pyrrolopyrimidine, as it binds to the same region of the JAKs as purine of the ATP binds. Another ring system that has been used in JAK3 inhibitor derivatives is 1H-pyrrolo[2,3-b]pyridine, as it mimics the pyrrolopyrimidine scaffold. More information on the structure activity relationship of may be found in the article on JAK3 inhibitors. The first JAK inhibitor to reach clinical trials was Tofacitinib. Tofacitinib is a specific inhibitor of JAK3 (IC50 = 2 nM) thereby blocking the activity of IL-2, IL-4, IL-15 and IL-21. Hence Th2 cell differentiation is blocked and therefore tofacitinib is effective in treating allergic diseases. The company has already developed Tofacitinib at R&D scale and looking ahead for its trials at larger scale. In addition to this, the company is also pursuing Baricitinib, second JAK Inhibitor to its portfolio. Besides this Upadacitinib is another drug is taken up for development, R&D work for these is likely to be started soon.

X. Ahead diabetes, hypertension & coagulation, Schizophrenia is another increasing & debilitating disease, ranked among the top 20 causes of disability worldwide. The question of which antipsychotic drug should be preferred for treatment of the disease is controversial, largely because of the substantial costs of second-generation antipsychotic drugs. The company has developed Paliperidone Palmitate one of the largest selling drugs to treat Schizophrenia. The drug is likely to be commercialized soon. The company have already developed Risperidone,

another drug in same category long ago. Paliperidone is an atypical antipsychotic that is a major active metabolite of risperidone (5-hydroxyrisperidone), approved for use in the US in 2006 as daily oral extended-release tablets and 1 - m o n t h o r 3-month LAI formulations. Paliperidone ER is indicated for treatment of schizophrenia in adults and adolescents ages 12–17. It is available in 1.5 mg, 3 mg, 6 mg, 9 mg and 12 mg. The LAI form of paliperidone is indicated for the treatment of schizophrenia or schizoaffective disorder in adults as onotherapy or in conjunction with mood stabilizers, only after tolerance to oral paliperidone or risperidone has been demonstrated.

XI. Antidepressants is another category which the company is looking forward to catering worldwide. The company has developed one of the key Anti-depressant agent Vortioxetine Hydrobromide. Vortioxetine, sold under the brand names Trintellix and Brintellix among others, is a medication used to treat major depressive disorder. Effectiveness is viewed as like that of other antidepressants. In the United Kingdom, it is only recommended in people who have not improved sufficiently on two other antidepressants. It is taken by mouth. Vortioxetine increases serotonin concentrations in the brain by inhibiting its reuptake in the synapse, and also modulates (activates or blocks) certain serotonin receptors. This puts it in the class of serotonin modulators and stimulators, which also includes vilazodone. More specifically, vortioxetine is a serotonin reuptake inhibitor, agonist of the serotonin 5-HT1A receptor, partial agonist of the 5-HT1B receptor, and antagonist of the serotonin 5-HT1D, 5-HT3, and 5-HT7 receptors, as well as an apparent ligand of the β1-adrenergic receptor.

XII. The company is looking ahead to a totally new horizon with in-house development of Anti-cancer drugs. The company is developing Enzalutamide in R&D lab. Besides this the company is targeting several other candidates such as Nintedanib Esylate and numerous others. The company is considering various drugs for the treatment of multiple sclerosis as well, these includes Ozanimod and several other drugs.

(b) **Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**

The company is continuously incorporating/ strengthening controls in the sourcing methodology,



manufacturing, safety norms and distribution chain. Same were considered during product development. The system is in place for vendor selection and evaluation procedure and emphasize local supplier as and where possible. Product development involves optimum yield which resulted into reduced waste generation by 10-15% by solvent recycling due to cost effective process development and ultimately achieve increased production with reduced waste.

**(c) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The company emphasizes to reduce the usage of water and energy consumptions that reduce the direct or indirect cost as well as natural resources. The company always promote natural resource conservation, reuse, reduce, recycle and waste minimization throughout process intensification in terms of process time and optimum yield.

All the company's facilities have obtained approval/certifications such as WHOGMP, USFDA and EDQM, in conformation of structured and conscious efforts and processes for energy management and conservation.

**2. Does the company have procedures in place for sustainable sourcing (including transportation)?**

**(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, sustainability in the operations is critically important if the company is to deliver continued innovation. In the best interests of the human life, the company endeavors to work with responsible suppliers who adhere to the same quality, social and environmental standards prescribed by the company.

The company have a standard operating procedure for the evaluation and selection of its vendors for sourcing of material. This includes the evaluation of the EHS resources and their compliance by suppliers and vendors for key Rawmaterials/ APIs and intermediates. The company has system of identifying and/ or developing alternate vendors where single vendor is considered critical for business continuity.

**3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

**(a) If yes, what steps have been taken to improve**

**their capacity and capability of local and small vendors?**

Yes, the company consciously endeavors to source its procurement of the goods and services from medium and small vendors from the local areas wherever feasible. It improves operational efficiency and saves on transportation cost and inventory management. Further, the company fulfills its manpower requirement by employing the people from the nearby location where it has its business operation to the possible extent.

The company provides detailed specifications as well as technical know how to improve capacity and capability of local and small vendors.

**4. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). also, provide details there of, in about 50 words or so.**

The company promotes philosophy of the waste reduction hierarchy which consists of reduce, reuse, recover & recycle.

- i. Waste solvent is being recovered through recovery system and these are recycled in the respective Products. Excess recovered solvents are old to external agencies (approved by State Pollution Control Board) for reuse at their end.
- ii. Major part of high calorific waste (more than 55%) is being used as an alternate fuel in cement industry in eco-friendly manner.
- iii. Installed sludge dryer is further up graded to have more efficient output.
- iv. The manufacturing facilities have state-of-art effluent treatment facilities, which ensure Zero Liquid Discharge of waste water. All the effluent quantity (i.e., 100%) is being reused in utility operations and gardening.
- v. Plastic waste is sent to CPCB approved agency for recycling.

**Principle 3: Wellbeing of Employees**

**1. Please indicate the total number of employees.**

The total number of employees was 2,378 as on 31<sup>st</sup> March 2022.

Permanent Employees was 1,607 and contractual was 771.

**2. Please indicate the total number of employees hired on temporary / contractual / casual basis.**

The total number of employees hired on temporary/

contractual / casual basis was 771 as on 31<sup>st</sup> March 2022.

**3. Please indicate the number of permanent women employees.**

The total number of permanent women employees was 148 as on 31<sup>st</sup> March 2022.

**4. Please indicate the number of permanent employees with disabilities**

There were no permanent employees with disabilities as on 31<sup>st</sup> March 2022.

**5. Do you have an employee association that is recognized by management?**

No

**6. What percentage of your permanent employees is members of this recognized employee association?**

Not applicable

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

The company was not employed any child labour or forced / involuntary labour during the financial year. There was no any complaint received and pending as on 31<sup>st</sup> March 2022.

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

We continue to devote resources and efforts in encouraging people to upgrade their skills in general and safe working practices in particular. The details of such trainings are as follows:

Sr. no.	Particulars	Percentage
a.	Permanent Employees	100%
b.	Permanent Women Employees	100%
c.	Casual / Temporary / Contractual Employees	100%
d.	Employees with Disabilities	N.A.

**Principle 4: Stakeholder Engagement**

**1. Has the company mapped its internal and external stakeholders? Yes /No**

Yes, the company has established processes for identifying and engaging with stakeholder groups. Internal and external stakeholders of the company comprise employees and their families, shareholders, local community, regulatory authorities, C&F agents, dealers, suppliers and customers.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Out of the identified stakeholder groups, rural women, and children from the communities around manufacturing locations were identified in vulnerable and marginalized stakeholder category.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The company contributes to the economic and social development of the local community through a slew of measures such as healthcare camps, education, community development, school supplies, vocational studies, sanitation, drinking water facilities, charitable dispensary etc. Participation of local community is encouraged to strengthen the bond and create ownership and involvement to maintain the assets created through its CSR projects.

**Principle 5: Human Rights**

**1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / suppliers / Contractors / NGOs / others?**

Yes, its covers all employees of the companies and its Indian subsidiary companies.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaint was received during the previous financial year.

**Principle 6: Environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / suppliers / Contractors / NGOs / others.**

Yes, the company have a Health, Safety and Environment policy, which cover all its operations in India. There is a Rainwater Harvesting System installed at Baddi plant having adequate injection wells with large sunken (Catchment) area. Dense and lush green belt has been developed across all its locations.

The company is also ensuring that its business partners are maintaining a good level of environment protection plan.

**2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y / N. If yes,**



please give hyperlink for webpage etc.

Yes, the company is committed towards contributing to manage climate change. The company have internal commitments to address climate change and global warming and started using eco-friendly refrigerant gas R 410 in all its air conditioning operations.

The buildings are designed and constructed on the concept of 'Green Building' having natural lights and ventilation. Various power saving devices viz., more efficient electric drives/lights fixtures-LED/machines etc. are being procured and installed.

The company is not using ozone layer depleting substances in any of its process / utilities. The company has also taken up several other steps directed towards conservation of energy.

**3. Does the company identify and assess potential environmental risks? Y / N**

Yes, the company has system in place to evaluate environmental risks under 'Environment Management System'

Environmental risks are evaluated for all processes, storage and handling operations at site. Health, Safety and Environment aspects are taken care while designing manufacturing processes at Research and Development Centre.

**4. Does the company have any project related to clean development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

Yes, the company has taken various actions to minimize GHG (Greenhouse Gases) emission by using ecofriendly refrigerant gas R410 in air conditioning operations, water less urinals installed in washrooms.

Six monthly environment monitoring are conducted in consultation with SPCB as per guidelines of CPCB. Periodic environmental audits by State Pollution Control Board and CPCB are also conducted. The reports are submitted to the concerned authorities.

Organic Waste Converter is installed at its various manufacturing facilities/R&D Centre for converting canteen waste into useful compost.

**5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.? Y / n. If yes, please give hyperlink for web page etc.**

Yes, the company has taken several initiatives on clean technology, energy efficiency and renewable

energy. Solar power system has been encouraged in its manufacturing facility. Energy efficient dewatering system has been installed & commissioned to reduce the moisture content in ETP sludge.

All new installations are having energy efficient motors. Existing motors are being replaced gradually.

**6. Are the emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Yes, in addition to regular periodic reporting, the company has in place online monitoring system for treated wastewater. This data is accessible by CPCB/SPCB. servers directly. Online Camera is also installed for treated wastewater flow monitoring and accessible by CPCB/SPCB.

**7. Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e., not resolved to satisfaction) as on end of financial Year.**

No show cause / legal notice is pending at the end of the year 2021-2022.

**Principle 7: Public Policy**

**1. Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:**

The company is a member of various trade / Industry associations like Indian PHD Chamber of Commerce, Confederation of Indian Industry (CII) etc.

**2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / no; if yes specify the broad areas (drop box: Governance and administration, economic reforms, Inclusive development Policies, energy security, Water, food security, sustainable Business Principles, others).**

No

**Principle 8: Inclusive Growth (CSR)**

The company believes in creating opportunities for communities located around its plants with a view to enable a shared future and inclusive growth.

**1. Does the company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes details there of.**

Yes, the company have specified program on healthcare, education, environment upgradation, women empowerment etc., in the pursuit of the policy related to Principle 8.

The company is focusing on specific CSR initiatives that support social development. The implementation

of said program is carried out through company i.e., Morepen Laboratories Limited. The projects undertaken during Financial Year 2021-22 are 'Promotion of healthcare including preventive healthcare and sanitation activities, Rural Development, Conservation of natural resources; soil, air & water, Welfare of financial backward family, education promotion and promotion of national and rural sports'.

**2. Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

The identified programs/ projects are carried out directly by the company in the promotion of healthcare including preventive healthcare and manages the 'Jai Durga Charitable Dispensary' situated at Main Bazaar, Katra. Near Hanuman Mandir, Jammu & Kashmir.

Besides the above, it is also supplementing the efforts of the local institutions / NGOs / local Government / implementing agencies in the field of Education, Environment Protection and others to meet the priority needs of the under served communities with the aim to help them to become self-reliant.

**3. Have you done any impact assessment of your initiative?**

Yes, the company undertakes timely impact assessments of projects under implementation for ensuring their desired impact and continued sustenance.

**4. What is your company's direct contribution to community development projects- amount in INR and the details of the projects undertaken?**

During the year under review the company had contributed ₹119.81 Lakh to community development program as part of its CSR initiatives. The projects undertaken were healthcare, education, rural development, women empowerment, environment protection, sports development and to make daily necessity sustenance.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The company undertakes assessment surveys in areas and community before undertaking CSR initiatives.

The community needs are understood initially, evaluated and impact on large is studied before project plans are finalized and executed.

The community members are continuously consulted from time to time. Further, the company, ensures that community members participate in the initiatives being undertaken / implemented and they also acknowledging the services provided to them. The company engage the local authorities whose active involvement encourages participation and ownership from the community members.

**Principle 9: Customer Relations**

**1. What percentage of customer complaints / consumer cases are pending as on the end of financial year?**

There are no pending customer complaints / consumer case at the end of financial year.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / remarks (additional information).**

Yes, the company displays all the product information on the product label, which are mandatory. Besides, the company also displays general information for patients in order to guide them with respect to usage of the certain products. The company strictly comply with all applicable laws including the legal metrology act and essential commodities act, as amended, from time to time.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

No case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Company periodically carries out internal studies to gauge consumer sentiments and takes appropriate measures to increase the level of customer satisfaction.

For and on behalf of Board of Directors

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022



## ANNEXURE 'E'

## ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2022

### 1. Brief outline on CSR Policy of the Company.

The company has formulated a policy on corporate social responsibility in accordance with Section 135 of the Companies Act, 2013 and rules made thereunder. The company has a vision to actively contribute to promotion of healthcare including preventive healthcare, spreading education, ensuring environmental sustainability, rural developments, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and water etc.

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Sushil Suri	Executive Director (Chairman)	3	3
2	Mr. Bhupender Raj Wadhwa	Independent Director (Member)	3	3
3	Mr. Praveen Kumar Dutt	Independent Director (Member)	3	1

During the year under review, Mr. Manoj Joshi, independent director and member of CSR committee of the company has stepped down from the membership of the committee and Mr. Praveen Kumar Dutt, independent director, elected as member, to comply with minimum number of members in the CSR committee.

### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

Composition of CSR committee: <https://www.morepen.com/aboutus>

CSR Policy: <https://www.morepen.com/public/img/pdf/Corporate-Social-Responsibility-Policy.pdf>

CSR projects approved by the board for FY 2022: <https://www.morepen.com/investors>

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable.

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

The Company has spent more than the mandatory requirement under the Companies Act, 2013 but the same is not proposed to be set off. The year wise details for preceding three financial years are as under -

Sl. No.	Financial Year	Amount available for set-off from preceding financial year (₹ in Lakh)	Amount required to be set-off for the financial year, if any (Rs. in Lakh)
1	2020-2021	4.89	Nil
2	2019-2020	5.62	Nil
3	2018-2019	1.91	Nil
	<b>Total</b>	<b>12.42</b>	<b>Nil</b>

### 6. Average net profit of the company as per section 135(5): ₹5,748.42 Lakh.

### 7. (a) Two percent of average net profit of the Company as per section 135(5): ₹114.97 Lakh.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹114.97 Lakh.

### 8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in Lakh)	Amount Unspent (In ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
119.81	Not Applicable		Not Applicable		

### (b) Details of CSR amount spent against ongoing projects of the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes/No)	Location of the Project	Project Duration	Amount allocated for the project (in ₹)	Amount Spent in the current financial year (in ₹)	Amount transferred to unspent CSR account for the project as per Section 135(6) (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of Implementation-Through Implementing Agency	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
				State	District					Name	CSR Registration Number
Not Applicable											



## (c) Details of CSR amount spent against other than ongoing project for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes/No)	Location of the Project		Amount Spent for the Project (₹ in lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
1.	Financial assistance to under privileged Women, Healthcare & sanitation, Rural Transformation	Women Empowerment; Ensuring environmental sustainability, ecological balance/ healthcare & sanitation; Rural development projects	Yes	Himachal Pradesh	Solan	66.37	Yes	Morepen Laboratories Limited	N O T A P P L I C A B L E
2.	Education	Promoting education	Yes	Himachal Pradesh	Solan	9.18	Yes	Morepen Laboratories Limited	
3.	Sports	Promoting rural sports	Yes	Himachal Pradesh	Solan	3.72	Yes	Morepen Laboratories Limited	
4.	Health care	Promoting healthcare including preventive healthcare	No	Jammu & Kashmir (UT)	Katra, Distt. Reasi	40.54	Yes	Morepen Laboratories Limited	

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹119.81 Lakh.

## (g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ in lakh)
(i)	Two percent of average net profit of the company as per section 135(5).	114.97
(ii)	Total amount spent for the Financial Year	119.81
(iii)	Excess amount spent for the Financial Year [(ii)-(i)].	4.84
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any.	-
(v)	Amount available for set off in succeeding financial year [(iii) - (iv)].	4.84

## 9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR account under section 135(6) (In ₹)	Amount spent in the reporting financial year (In ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial year (In ₹)
				Name of the Fund	Amount (In ₹)	Date of Transfer	
NIL							

## (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project Duration	Total amount allocated for the project (In ₹)	Amount spent on the project in the reporting financial year (In ₹)	Cumulative amount spent at the end of reporting financial year (In ₹)	Status of the project - completed/ongoing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

Not Applicable.

11. Specify the reason(s) if the company has failed to spend two percent of the average net profit as per Section 135(5):

Not Applicable.

For Morepen Laboratories Limited

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

 Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022



## ANNEXURE 'F'

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

[Information under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of Directors' Report for the year ended 31<sup>st</sup> March 2022]

#### A. CONSERVATION OF ENERGY

##### 1) Energy Conservation measures taken:

- Installed steam flow control valves on distillation kettles to optimize/reduce the steam consumption automatic operation to automated
- Step wise Replacement of IE2 motors with IE3 motors continued during the year
- Replacement of water ring pumps/water ejectors with dry vacuum pumps to reduce overall load on waste effluent and saving of energy
- Continued the automation of some of the utilities and plant equipment
- Continued the replacement of Worm reduction gearboxes with Helical Gearboxes

##### 2) Impact of measures taken:

- Reduction in our overall energy bill, power & fuel by around 4%/kg of productivity.
- Reduction in solvent consumption by around 3%.
- Reduction in time cycle by around 14%.

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

- Evaluating of alternate utility system for replacement of Liquid nitrogen in cryogenic processes
- Evaluating running of boiler from solvents recovered from our Waste effluent by stripping process
- Evaluating alternate method for distillation of solvents with membrane technology it will reduce energy consumption, carbon footprint and Sulphur emission.
- Evaluating to install energy efficient MVR based evaporator in place of conventional Multiple effect evaporator. It will reduce boiler fuel consumption/carbon footprint and Sulphur emission.

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

The Capital investment on energy conservation equipment made during the year is at ₹150.00 Lakhs.

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

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

The company continues to invest on Research and Development (R&D) infrastructure to be a quality player both for regulated and unregulated API markets and in the fields of quality formulation and diagnostics business. The efforts and capital put in the R&D activities help the company to develop robust and safe processes, availability of formulations at affordable cost, development of cost-effective processes for synthesis of new APIs and improving processes for existing APIs and the formulation products.

The key areas and efforts put in for the development and/or improvements of technologies for the API business are as under:

- Scaling up of technology for anti-diabetic, Dapagliflozin amorphous - Filing of USDMF.
- Scaling up of technology for anti-diabetics, Saxagliptin HCl Dihydrate - Filing of EDMF & USDMF.
- Scale up & commercialization of Linagliptin Form C in Anti-diabetic category was completed followed by filing of its USDMF & CNDMF.
- Commercialization of Rivaroxaban in Anti-Coagulant category was done followed by its USDMF & CEP filing.
- Commercialization of Amorphous Apixaban in Anti-Coagulant category was done followed by its USDMF filing.
- Commercialization of Vortioxetine Hydrobromide in Anti-Depressant category was done followed by its USDMF filing.
- Commercialization of Edoxaban Tosylate

Monohydrate in Anti-Coagulant category was done followed by its USDMF filing.

- Commercialization of Febuxostat in Anti-Gout category completed. Further USDMF is also planned.
- Cost-effective enzymatic process using green chemistry are being further explored for Rosuvastatin, Atorvastatin, Sitagliptin & other molecules.
- Commercialization of Ertugliflozin L-Pyroglyutamic Acid in Anti-diabetic category at plant followed by its validation. Its USDMF is to be filed.
- Development of Technology/ Commercialization for Hydrochlorothiazide (diuretic), Amlodipine (Anti-hypertensive), Vonoprazan Fumarate (Anti-Ulcerative), Divalproex Sodium (Anti-Convulsant), Dimenhydrinate (For Multiple Sclerosis) was completed. Their USDMF is also planned.
- Development of Improved Chemical Entities/ Novel chemical Entities (NCE) is under progress in collaboration with NIPER Mohali. The Molecular docking studies for several lead molecules is in progress. We are looking forwarding to consider adduct formation of various existing APIs (such as Montelukast or Sitagliptin) or their precursors with Metformin, Telmisartan, Levocetirizine, Formoterol, Salmeterol, Budesonide, Fluticasone, Imeglimin & others.

##### New Formulations Developed and commercialized in different therapeutic categories

- Dapagliflozine 5mg & Metformin 500mg ER bilayer film coated tablets under antidiabetic category.
- Dapagliflozine 10mg & Metformin 500mg ER bilayer film coated tablets under antidiabetic category.
- Saxagliptin 2.5/5 mg tablet under antidiabetic category. Saxagliptin 2.5/5 + Metformin 500 mg tablets under antidiabetic category.
- Atorvastatin tablets 5 mg under Cardiac [HMG-CoA reductase inhibitors (statins)] category.

##### Development under progress:

- Saxagliptin 2.5/5 + Metformin 1000 mg tablets under antidiabetic category.
- Dapagliflozin 5/10 mg+ Metformin 1000 mg bilayer Film coated tablets antidiabetic category.

##### Development under progress for ANDA:

- Apixaban 2.5 /5 mg film coated tablets under Anti-Coagulant category.
- Dapagliflozin Tablet 5 mg/10 mg film coated tablets under anti diabetic category.
- Atorvastatin Calcium USP Film coated tablets 10/20/40/80 mg under Cardiac [HMG-CoA reductase inhibitors (statins)] category.
- Divalproex Sodium film coated ER tablet 500 mg under Anticonvulsant category.
- Potassium Chloride ER Capsule USP 8 mEq/10 mEq under electrolyte category.
- Potassium Chloride film coated ER Tablet USP 8 mEq/10 mEq/20 mEq (K Tab) under electrolyte category.
- Potassium Chloride film coated ER Tablet USP 8 mEq /10mEq (Klor-con) under electrolyte category.
- Potassium Chloride film coated ER- Tablet USP 10 mEq /15 mEq/20 mEq(Klor-con-M) under electrolyte category.
- Sitagliptin Benzoate film coated Tablet 25/50/100 mg under antidiabetic category.

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

The company has strived to put in best possible efforts to deliver cost effective and best quality products across its business segments comprising of API business, finished dosages business and OTC business.

The benefits derived because of the above efforts including new product development, product improvement, cost reduction, greener technologies and import substitution etc. are detailed hereunder:

- Indian patent application entitled "Novel processes for preparation of Anhydrous Crystalline Sitagliptin Phosphate" was granted by Indian Patent office as IN381001.
- Indian patent application entitled "Novel



polymorphic forms of Sitagliptin phosphate and processes thereof" was granted by Indian Patent office as IN381636.

- Indian patent application entitled "Novel purification processes for stable white Desloratadine" was granted by Indian Patent office as IN382028.
- Indian patent application entitled "Improved Process for the Purification of Loratadine Intermediate 11-(N-Methyl-4-Piperidinylidene)-8-chloro-6,11-dihydro-5h-benzo (5,6) cyclo hepta (1,2-b) pyridine for the removal of impurity 11-(n-methyl-4-piperidinyl)-11-fluoro-8-chloro-6, 11-dihydro-5h-benzo (5,6) cyclohepta (1,2-b) pyridine" was granted by Indian Patent office as IN385412.
- Indian patent application entitled "An Improved Process for the synthesis of Highly pure Linagliptin along with New Polymorph & Novel processes for preparation of various polymorphs of Linagliptin" was granted by Indian Patent office as IN388325.
- Vonoprazan fumarate Patent entitled "Improved process or preparation of highly pure Vonoprazan Fumarate and its intermediates" was filed at Indian Patent Office as IN202111035348.
- Indian Patent (Provisional specification) titled "A process for the purification of Saxagliptin Monohydrate" was filed as IN202111059420.
- Indian Patent (Complete Specification) titled "Preparation of Amorphous Apixaban by Spray Drying" was filed as IN202011050699.
- Indian Patent (Complete Specification) titled "Preparation of Amorphous Linagliptin by Spray Drying" was filed as IN202111000551.
- Indian Patent (Complete Specification) titled "Preparation of Amorphous Empagliflozin by Spray Drying" was filed as IN202111000552.
- Indian Patent (Complete specification) titled "Preparation of Amorphous Edoxaban Tosylate by Spray Drying" was filed as IN202111001192.
- Indian Patent (Complete specification) titled "New polymorphic form of vortioxetine

Hydrobromide & novel processes thereof" was filed as IN202111007325.

- Indian Patent (Complete specification) titled "Improved processes for the preparation as Well as purification of Brexpiprazole and Acid salts thereof" was filed as IN202111010850.
- Indian Patent (Complete specification) titled "Novel Amine Salts of Saroglitazar, Process Thereof & Novel Processes For The Preparation Of Amorphous Saroglitazar Magnesium" was filed as IN202111012212.
- Indian Patent (Complete specification) titled "An Improved, Eco-Friendly & Commercially viable Process for the Preparation of a Key intermediate of Atorvastatin Calcium" was filed as IN202111017012.

### 3) Future plan of action:

The company is committed to upgrade its product delivery by taking on vital R&D initiatives and also to stay competitive & relevant in the evolving therapeutic categories. The R&D work is focused on:

- Development of New drug candidates such as Tafamidis Meglumine (CNS-Agent), Nintedanib Esylate (For chronic fibrosis), Bempedoic Acid (Anti-Cholesterol), Ozanimod Hydrochloride (for Multiple sclerosis), Droxidopa (Anti-parkinsonian drug), Tafamidis Meglumine (CNS agent) & Risdiplam (for Spinal muscular atrophy).
- Development of Anti-arthritis drugs such as Tofacitinib, Upadacitinib & Baricitinib.
- Development of Tofacitinib Citrate (Anti-arthritis) & Tafamidis Meglumine (CNS agent) is in advanced stages.
- Development of Various drug candidates like Dimenhydrinate in Anti-Emetic category, Divalproex Sodium in Anti-Epileptic category, is completed for ANDA Filing for US.
- Looking forward to developing more than 50 products under Biotech category which includes global top sellers' key Monoclonal antibodies, Anti-Cancer molecules, Enzymes, Vaccines, male & Female hormonal drugs & Immunosuppressant Drugs.
- Morepen is also looking to enter anti-cancer

segment by considering development of various potential candidates from list of top 100 synthetic molecules. Morepen is in advanced stage of development of two anticancer molecules Palbociclib & Enzalutamide.

- To set up new R&D (FRD & ARD) Facility for Formulation for US & other regulated markets.
  - To Set up new manufacturing plant for Oral Solid formulation for US and other regulated market. (Plant under commissioning).
- 4) **Imported Technology (imported during last 3 years reckoned from beginning of the financial year)**
- Morepen continues to upgrade its technology

including import of technologies wherever required. During the year no spend has been done on the import of technology.

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

The Company has incurred a total expenditure of ₹1,209.87 Lakhs, in comparison to expenditure of ₹894.18 Lakhs in the previous year (including capital and revenue expenses), towards Research and Development.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of Board of Directors

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022



## ANNEXURE 'G'

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL PHARMACEUTICAL SCENARIO

The coming year presents pharmaceutical companies with more significant challenges and opportunities, reflecting both organic market developments and the disruptive impacts of the pandemic. The global pharmaceuticals market is expected to grow from \$1.424 trillion in 2021 to \$1.489 trillion in 2022. It is one of the top performing industries globally. The growth is mainly due to the companies re-organising their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The Global spending on COVID-19 vaccines is expected to be \$250 Bn through 2026, though cost and volume estimates vary. The overall medicine spending is expected to exceed the pre-pandemic outlook by \$133 Bn to 2026 and grow 3-6% CAGR through 2026, reaching about \$1.8 trillion in total market size. Digital transformation, prompted and expedited by the pandemic, has galvanised the pharmaceutical industry at almost every level.

North America was the largest region in the pharmaceuticals market in 2021. Middle East is expected to be the fastest growing region in the forecast period. Slowing growth across key geographies is expected as health systems absorb pandemic costs and manage spending from the continuing historically high numbers of new medicines. Overall volume is projected to grow 1.5% in days of therapy through 2026, driven by pharmerging growth of 2.0% CAGR, while low-income countries are expected to grow at just 0.6% CAGR.

New medications are constantly being developed, approved and marketed, resulting in significant market growth. The FDA approved 55 novel drugs in 2021. Other market growth drivers include the aging population, as seniors use more medicines per capita and there is a rise in the prevalence and treatment of chronic diseases. Immunology, oncology and neurology are the fastest-growing therapy areas and are expected to be the main sources of growth through 2026. The biologics market is growing at significant rate and is expected to continue outstripping that of small molecules in the coming decade. The three largest biologic therapy areas include oncology, autoimmune and diabetes. The two leading global therapy areas — oncology and immunology — are forecast to grow 9-12% and 6-9% CAGR, respectively, through 2026. Treatments for autoimmune disorders are forecast to reach \$178 billion globally by 2026, driven by steadily increasing numbers of treated patients and new products, and offset after 2023 due to biosimilars. New therapies contribute to rapid acceleration of neurology markets, including novel migraine therapies, potential treatments for rare diseases,

and the potential for therapies for Alzheimer's and Parkinson's. As Covid-19 continues to put healthcare systems under unprecedented financial and operating pressure, government concerns over rising drug prices are still a pressing issue. Especially pertinent are specialty drugs targeting rare disease indications, as well as the more recent emergence of costly 'one-shot' cell and gene therapies.

Pharmaceutical companies are offering drugs for customized individual treatment for various diseases. Personalized medicine, also known as precision medicine, aims to provide medical care according to the patient's individual characteristics and genetic makeup. Precision therapies are increasingly being adopted as firms increasingly let go of the one-size-fits-all model for common medical conditions. Big pharmaceutical companies are investing in development of personalized medicines.

The outlook for next generation biotherapeutics includes significantly uncertain clinical and commercial prospects for cell, gene and RNA therapies, which will grow to \$20 billion in spending by 2026.

The population profile of most countries is becoming older. According to the WHO, by 2030, one in every six people on the planet will be 60 or older. The proportion of the population aged 60 and up will rise from 1 billion in 2020 to 2.2 billion by 2050. This rise in the aging population increased the patient pool of many chronic diseases such as rheumatoid arthritis, hypertension, diabetes, and cancer. The increase in the patient pool drove the demand for pharmaceuticals used in the treatment of these diseases, significantly impacting market growth during this period.

The role of pharma in tackling the Covid-19 pandemic has raised its profile as an innovation-driver. While the pandemic continues to disrupt and transform industry's business strategies and practices, it also offers new solutions to perennial challenges such as pricing, reimbursement and customer engagement caused by the tensions between innovation, market access and financially pressed health systems. In addition, the industry's efforts to combat the pandemic have created fresh platforms for innovation and growth. These include the messenger RNA (mRNA) technology used in Covid-19 vaccines and the monoclonal antibodies (mAbs) used in several treatments for the virus. Focusing on innovation as a lifesaver rather than on its cost, risks or relationship to pharmaceutical company margins has been particularly clear in the largely unconditional excitement generated by new mRNA technology.

### DOMESTIC PHARMACEUTICAL MARKET

The Indian Pharmaceuticals industry plays a prominent role

in the global pharmaceuticals industry. The nation is the largest provider of generic medicines globally, occupying a 20% share in global supply by volume, and is the leading vaccine manufacturer globally. India is the 4th largest Asian medical devices market after Japan, China, and South Korea and among the top 20 global medical devices markets in the world.

Indian pharmaceuticals value added output is forecast to grow more than 6% annually in 2022 and in 2023, due to the ongoing rollout of Covid-19 vaccinations, a rebound in non-Covid related medical treatments and a surge in generic drug exports. In the year 2022, decent revival is predicted in the export market both from volume and pricing point of view. The pharmaceutical industry in India is expected to reach \$65 bn by 2024 and to \$120 bn by 2030.

During the first half of 2022 pressure on gross margins is visible, due to high commodity and transport costs. Domestic wholesalers and pharmacies continue to generate low, but stable margins.

While generic drugs still account for about 70% of output, the pandemic has spurred Indian drug producers to substantially increase their R&D spending. Due to a serious supply disruption in 2020, Indian drug producers intend to increase local production of Active Pharmaceutical Ingredients (APIs) in order to reduce their reliance on imported inputs. Those imports have meanwhile rebounded but are not yet back to pre-pandemic levels. The government has announced a large incentive scheme to boost local API production, which will last until 2030.

The industry is highly export-oriented, being one of the leading suppliers of generic drugs to the US being the highest number of US-FDA compliant Pharma plants outside of USA.

Domestic market has done well for Indian Pharma companies as against the export market. It is expected to grow steadily in the coming years, due to demographic trends and rising household income. The growing middle class can increasingly afford high quality drugs, while demand for treatments (and related drugs) of cardiovascular diseases and other chronic diseases will increase.

An important aspect of growth in pharma is that it is primarily price driven and is a result of growth shown by majority of the molecules and not just the ones that have a role to play in Covid-19 treatment. This indirectly indicates normalization of disease patterns because of which demand for products is as per the seasonal disease patterns. Some therapies like high end Anti-infectives may show relatively high growth because the surgical procedures that were postponed in pandemic times may be getting cleared with the backlog. With the production-distribution-promotion-availability plan in place, pharma

industry seems to be well prepared, to adequately respond to any corona virus wave.

This year Indian companies catering US generic markets performed poorly both in revenue and margin terms due to high competition and Covid -19 led demand slowdown. CDMO (outsourced research & manufacturing) companies should continue to do well over the longer term. Also, domestic companies with strong Indian brands will continue to do well.

### MOREPEN'S STRATEGY

#### ACTIVE PHARMACEUTICAL INGREDIENTS

For past many years, the company is working on Anti-histaminic, Anti-asthmatic, Anti-hypercholesterolemia, Anti-hypertensive & Anti-diabetic categories of drugs. It has established strong hold in Gliptin Class or Antidiabetic drugs with commercial grade Sitagliptin Phosphate Monohydrate and anhydrous, Linagliptin Crystalline Form A+B & C, Alogliptin Benzoate, Vildagliptin & Saxagliptin Hydrochloride. Similarly, in Gliflozin the company is all set with molecules such as Empagliflozin, Dapagliflozin Propanediol, Amorphous Dapagliflozin, Canagliflozin Hemihydrate and Ertugliflozin L-Pyroglyutamic Acid co-crystal of 'Gliflozin'.

The USDMFs for latest and already commercialized anti-diabetic drugs of 'gliptin' series i.e., Saxagliptin Hydrochloride Dihydrate, Anhydrous Sitagliptin phosphate & Linagliptin Form C were filed last year for early launch in various markets. The USDMF filing for another commercialized products under this category i.e., Vildagliptin & Alogliptin Benzoate has been planned for the coming year.

The USDMFs for latest commercialized blockbuster anti-coagulant drugs of 'xaban' series i.e., Apixaban Form N-1 and Amorphous Apixaban had been filed for early launch in various markets whereas USDMFs for another blockbuster drugs of this series i.e., Rivaroxaban and Edoxaban Tosylate has also been filed. These additions would strengthen the company in the Anti-histaminic, Anti-asthmatic, Anti-hypercholesterolemic, Anti-diabetic & Anti-Coagulant categories of drugs.

In terms of regulatory filings during the year, Morepen has filed USDMFs for Dapagliflozin Amorphous, Rivaroxaban, Olmesartan Medoxomil, Linagliptin Form C, Edoxaban Tosylate Monohydrate, Apixaban Amorphous, Vortioxetine Hydrobromide. Also, the company has filed CEP for Rivaroxaban, Olmesartan Medoxomil and CNDMF for Sitagliptin Phosphate Monohydrate, Linagliptin.

The company continues to occupy leadership position in Loratadine produced in its USFDA approved facilities situated at Masulkhana, Himachal Pradesh and Baddi, Himachal Pradesh. The company has achieved leadership position; of being one of the largest suppliers of block



buster anti-asthmatic drug i.e., Montelukast Sodium produced in its USFDA approved Masulkhana facility. The company continues to be a prominent player in commercial production of blockbuster drugs Atorvastatin calcium, Rosuvastatin calcium of anti-hypercholesterolemic series, Fexofenadine Hydrochloride of anti-histaminic series, Olmesartan of anti-hypertensive series & their intermediates produced in its USFDA approved Baddi facility.

Morepen's R&D efforts has resulted in development of various molecules during the year. In this year Morepen has developed Hydrochlorothiazide (diuretic), Amlodipine (Anti-hypertensive), Vortioxetine (Anti-depressant), Vonoprazan Fumarate (Anti-Ulcerative), Divalproex Sodium (Anti-Convulsant), Dimenhydrinate (For Multiple Sclerosis). During the current year Morepen is exploring new horizons by developing anti-arthritis drugs such as Tofacitinib, Upadacitinib & Baricitinib. Arthritis is one of the most dominant diseases in the world. Development of Anti-Gout drugs like Febuxostat in conjunction with anti-arthritis drugs would open another category for the company apart from serving the humanity in the field of anti-cancer drugs, which the company is exploring.

The Product patent expiry of Sitagliptin, Edoxaban, Apixaban, Vortioxetine & Tofacitinib is scheduled in year 2022. The new product additions in aforesaid new categories are expected to bring additional business to the Company.

The company was granted five process/polymorph patents for anhydrous crystalline sitagliptin phosphate, novel polymorphic forms of Sitagliptin, Stable white Desloratadine & a key Loratadine Intermediate. The company has two new provisional patent applications for highly pure Vonoprazan fumarate & purification of Saxagliptin monohydrate. Other than this complete specifications for 9 patent applications were filed which includes amorphous Apixaban, Amorphous Linagliptin, Amorphous Empagliflozin, Amorphous Edoxaban Tosylate using spray drying technique, New polymorph of Vortioxetine, Improved process for Brexpiprazole, Novel amine salts of saroglitazar & Cost effective process of key intermediate of Atorvastatin calcium.

#### FORMULATIONS AND HOME HEALTH DIAGNOSTICS

The revenue growth of both home diagnostics devices and formulation business has been phenomenal during the year. The formulation business has been able to recover from lows of last year and registered a growth of 28% whereas home care business registered a growth of 46% during the year. Diagnostics Devices business anchored by blood glucose and blood pressure monitors of the company has record an annual growth of 49% during the year. The blood gluco monitor business constituted 67% of the overall devices business revenues,

recording revenue growth of 54% over the last year. The compounded annual growth rate (CAGR) during last 4 years for Blood Glucose Monitor business has been at 44%, while for BP monitor business it is at 47%. During last four years, the devices business has recorded a compounded annual growth rate (CAGR) of 46%. The company has cumulatively sold 900 million Gluco Strips as on close of current year. Gluco monitors installations have cross 7.20 million as on date.

The Diagnostics Devices business continues to record fast growth over last many years and the company expects the business to record good growth in the coming years as well. The company continues to invest in the glucometers distribution in the market to expand its customer base. These investments in turn reward the company in expanding the customer base for its glucose business. The formulation business is also gaining traction in the recent past on the strength of quality brands in the field of Antibiotics, Gastroenteritis and Vitamins, and we expect it to grow in the coming times.

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

The brand sharing registered a growth of 18% during the year whereas contract manufacturing business recorded a dip of 15% in its current year annual revenues. Formulation's business was hit on account of corona virus outbreak last year, has made good recovery and has gone up across all major therapeutic categories.

The company is putting up all its energies for the growth and expansion of its Diagnostics, Formulation and Over the Counter (OTC) business.

#### Dr. MOREPEN OTC BUSINESS

With current year revenues of ₹10,563.99 Lakhs, the OTC business promoted under brand 'Dr. Morepen' has recorded revenue expansion of over 23%, against preceding year revenues of ₹8,554.64 Lakhs. Online revenues, at ₹1,652.65 Lakhs has gone up by 273% during the year. During the current year, the share of online business, has reached 16% from 5% in the last year. The company is promoting its products through online channels catering to younger generation for the general health, wellness, and personal grooming. Having recorded significant progress during the year, the company will invest more for expansion of online channel and make long term connect with younger population.

#### OPPORTUNITIES AHEAD

Big pharmaceutical companies tend to make money, by generally developing those drugs that offer the greatest profit potential. However, these companies face a huge drop in revenue from blockbuster drugs coming off patent. Without generating revenues through sales, these companies will struggle to fund the development of new

life-saving drugs. Artificial intelligence (AI) can be a powerful tool in the pharmaceutical industry's research and development. So, with the help of modern technologies, pharmaceutical companies are aiming for quality but cheap products for the common people and to serve society better. In this way pharmaceutical companies can plan to serve societal needs for longer period of time.

Indian pharmaceutical companies are experiencing difficulty to survive in global markets due to the competition, lack of market knowledge, complex regulatory pathway, and not embracing the latest digital technologies. The studies have found out that there is a clear need for domain-based digital tools for Indian pharma companies to compete and sustain in global markets. The leading generic companies of the industry have mixed performance.

The Indian pharma industry has the capacity to grow. The growth drivers of domestic pharma industry incorporate increasing economic domestic growth, strong growth in the US market, introduction of new innovative products, and increased grip in markets, such as, Japan.

The Indian pharmaceutical industry, being global drug supplier, has huge potential in terms of (i) establishing a market in the US generics and developing trade with other countries making it world's biggest drug supplier (ii) manufacturing high-quality medicines at an affordable price, to offer the low-priced drugs to reduce patients' costs and become a part of the scheme to implement universal healthcare in the country (iii) as a world leader to set a goal of launching of 3–5 molecular entities or doing of late clinical trial phases and about 10–12 innovations launches per year till 2030.

To achieve the goals, Indian pharma companies have to take some bold strategic moves into uncharted territories. Improving communication between the industry stakeholders and Indian regulators would help build a stronger pharma platform. Policies should be framed to develop more faith around drug costs to a steady regulatory atmosphere. Focus on API manufacturing will lead to lower reliance on imported APIs. It can be achieved inter-alia, constructing dedicated zones for the manufacture of APIs. Several state governments in India have already undertaken positive steps to encourage industry growth and has announced their intention to build "pharma parks," which will provide the industry with a competitive edge. Regulatory authorities have to simplify the approval process because investment in emerging research and development fields is much higher than generic ones. Working with other global regulatory bodies could help encourage pharmaceutical growth in India.

Big data and AI powered analytics have brought a radical shift in the pharma industry's innovation paradigm. AI can significantly improve pharma companies' value by driving

innovation and creating new business models. AI can be used in almost every pharmaceutical industry face starting from drug discovery, development, manufacturing, and marketing. AI can make all business operations efficient, cost-effective, and hassle-free. AI can be a powerful tool in the research and development of the pharmaceutical industry.

Big pharmaceutical companies are no longer providing the service they once did. So, the government should create an environment to start healthcare start-up firms so the patients and companies can co-exist without being a burden on each other.

#### OUTLOOK ON THREATS, RISKS AND CONCERNS

The challenge created by unexpected and frequent domestic pricing policy changes creates a vague environment for investments and innovations. Moreover, poor visibility and transparency in the supply chain may make a number of these challenges worse.

As India is rich in its manpower and talent, the government needs to invest in research initiatives and talent to grow its innovation capabilities. The government should support the clinical trials and subjectivity in certain regulatory decision-making needs to be removed.

Due to price attrition, the success of generic exports to the United States has started to plateau. Further, due to increased buyer consolidation and higher competition, this market is starting to fade. Further, India is heavily dependent on other countries particularly, China for active pharmaceutical ingredients and other intermediates. So, it is, therefore, at the mercy of supply disruptions and unpredictable price fluctuations. Implementation of infrastructure improvement in the field of internal facilities is necessary to stabilize supply.

India has undergone the highest number of Food and Drug Administration (FDA) inspections since 2009; therefore, continuous investment for upgrading quality standards will distract the capital away from other areas of development and growth is reduced.

The customer purchasing power may remain low as unemployment continues to be a challenge around the world. The pharmaceutical industry still faces significant risk despite some recovery in consumer confidence. The COVID-19 pandemic exposed weaknesses in the industry's global supply chain and while consumer confidence is recovering, it is nowhere near normal levels just yet. After one of the most chaotic years on record, pharmaceutical manufacturers are on track for recovery. Those businesses that can weather the last few months of lower-than-average demand, the future looks good. The pharmaceutical sector is predicted to be back on track for rapid growth, as it was pre-pandemic. With factors such as an aging global population, increased prevalence of chronic conditions and



## ANNEXURE 'H'

the development of new drug therapies will encourage growth as the pandemic recedes and the economy recovers.

Pharmaceutical companies are under major scrutiny from customers, and they are expecting more from the pharmaceutical industry, and it is becoming increasingly common for customers to carefully consider the dollar value a medicine provides and shop around when buying medicine. Pharmaceutical companies will need to manage growing consumer expectations and be prepared to respond to brand crises in the coming times.

The supply chain may also be vulnerable to intentional disruption by cybercriminals. As cyberattacks become a more serious threat to the industry, investment in cybersecurity will need to increase.

#### FIXED ASSETS

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

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

#### HUMAN RESOURCES

The human capital is an indispensable ingredient for the running the company. Your company adopts fair employment practices and provides equal opportunity to all its manpower. The company judiciously rewards its workforce based on skillset and experience possessed by each individual. The company belief in collective efforts of all its team members. It continues to progress on its traditions of fair play, equal opportunity, and value chain enhancement. The inter-personal relationship amongst workers, staff and officers has been pleasant and of

peaceful co-existence. As on 31<sup>st</sup> March 2022 there were 1607 permanent employees on the rolls of the company.

#### KEY FINANCIAL RATIOS

Key financial parameters as on 31<sup>st</sup> March 2022 on the basis of Standalone Financials for the year ending 31<sup>st</sup> March 2022 & 31<sup>st</sup> March 2021 respectively are as follows -

Particulars	FY 2022	FY 2021
Debtors Turnover (No. of days)	47	45
Inventory Turnover	4.63	4.88
Current Ratio	2.35	1.93
Debt Equity Ratio	0.03	0.03
Operating Profit Margin	8.10%	8.54%
Net Profit Margin	6.92%	8.38%
Net capital turnover ratio	2.05	1.99
Return on Capital employed	12.57%	16.24%
Return on investment	9.78%	11.12%

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

#### CAUTIONARY STATEMENT

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

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

For and on behalf of Board of Directors

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022

## CORPORATE GOVERNANCE REPORT

[Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2022]

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

Your company's philosophy on corporate governance oversees business affairs, values, and strategies to ensure fiscal accountability, ethical corporate behaviour and fairness to all the stakeholders comprising of customers, vendors, investors, shareholders, employees and society. Your company envisages on attaining higher level of transparency and accountability for efficient and ethical conduct of business.

The company believes in adopting best practices in the area of corporate governance and complied with applicable requirements of corporate governance and making disclosures in accordance with Regulation 34(3) read with Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

### 2. BOARD OF DIRECTORS

The Board of Directors of the company has an optimum combination of Executive and Non-Executive Directors with Women Directors. The composition of board is in conformity with Regulation 17 of the Listing Regulations and as per the Companies Act, 2013, as amended ('the Act'). The Chairman being an Executive Director, the Board comprises not less than fifty percent as Non-Executive Independent Directors. The Board consists of nine (9) Directors including three (3) Executive Directors, five (5) Non-Executive Independent Directors and one (1) Non- Executive Director as on 31<sup>st</sup> March 2022.

All Independent Directors are eminent professionals bringing wide range of experience in strategy, finance and law. None of the Directors on the Board is a member of more than ten (10) Committees or Chairman of more than five (5) Committees across all companies in which he/ she is a Director.

Except Mr. Sushil Suri, Mr. Sanjay Suri and Mrs. Anju Suri, none of the Directors of the company is inter-se related. The Board composition, directorships and board committee positions, including that of the company, as on 31<sup>st</sup> March 2022 are given below:

Name of Director	Category	No. of directorships <sup>1</sup>	No. of membership in committees <sup>2</sup>	No. of chairmanship in committees <sup>2</sup>	No. of directorship in other listed company(ies) and category of directorship
Mr. Sushil Suri	Chairman & Managing Director -Promoter & Executive Director	2	1	Nil	Nil
Mr. Sanjay Suri	Whole-Time Director - Executive Director	2	Nil	Nil	Nil
Mr. (Dr.) Arun Kumar Sinha <sup>3</sup>	Whole-Time Director - Executive Director	1	Nil	Nil	Nil
Mrs. Anju Suri <sup>4</sup>	Non-Executive Non-Independent Director	5	1	1	Blue Coast Hotels Limited – Non-Executive Director
Mr. Manoj Joshi	Non-Executive Independent Director	1	2	2	Nil
Mr. Sukhcharan Singh	Non-Executive Independent Director	2	3	Nil	Nil
Mr. Bhupender Raj Wadhwa	Non-Executive Independent Director	2	2	1	Nil





#### Disclosure regarding appointment, re-appointment and resignation of Directors

1. Mr. Sanjay Suri, Whole-Time Director of the company, retired by rotation at the 36<sup>th</sup> Annual General Meeting ('AGM') and appointed in the said meeting.
2. The term of appointment of (Dr.) Mr. Arun Kumar Sinha, expired on 31<sup>st</sup> March 2022 (closing business hours), accordingly, his office of directorship stands vacated on even date.
3. Mr. Sanjay Suri, Whole-Time Director of the company, is liable to retire by rotation, being eligible offered himself for re-appointment, at forthcoming AGM.
4. Mr. Sanjay Suri appointed as Whole-Time Director of the company for a period of 3 years on 13<sup>th</sup> August 2019 by the Board of Directors of the company. The said appointment was approved by the members at its 34<sup>th</sup> AGM held on 19<sup>th</sup> September 2019. Subject to approval of the members at its forthcoming AGM, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on 29<sup>th</sup> July 2022, re-appointed Mr. Sanjay Suri as Whole-Time Director for a period of 3 years commencing from 13<sup>th</sup> August 2022 till 12<sup>th</sup> August 2025.

It has been noted that Mrs. Anju Suri, resigned from the directorship (Non-Executive, Non-Independent Director) of the company w.e.f., 22<sup>nd</sup> June 2022 (closing business hours).

#### Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors of the company hold any share/ convertible instruments of the company except Mrs. Anju Suri. She holds 51,86,369 equity shares of the company as on 31<sup>st</sup> March 2022.

#### Number of board meetings and attendance of each Director at the board meetings and the last AGM

During the financial year 2021-2022, the Board met seven (7) times i.e., on 28<sup>th</sup> April 2021, 4<sup>th</sup> May 2021, 27<sup>th</sup> July 2021, 1<sup>st</sup> September 2021, 11<sup>th</sup> November 2021, 8<sup>th</sup> February 2022 and 30<sup>th</sup> March 2022. The time gap between any two board meetings did not exceed one hundred and twenty days. The AGM for the financial year 2020-2021, was held on 28<sup>th</sup> September, 2021 through video conferencing/ other audio-visual mode. Attendance of the Directors at the board meetings and AGM are as follows:

Name of Director	No. of Board meetings held during the tenure	No. of Board meetings attended	Attendance at last AGM*
Mr. Sushil Suri	7	7	Yes
Mr. Sanjay Suri	7	2	Yes
Mr. (Dr.) Arun Kumar Sinha	7	1	Yes
Mrs. Anju Suri	7	6	Yes
Mr. Manoj Joshi	7	7	Yes
Mr. Sukhcharan Singh	7	7	Yes
Mr. Bhupender Raj Wadhwa	7	7	Yes
Mr. Praveen Kumar Dutt	7	7	Yes
Mrs. (Dr.) Savita	7	7	Yes

The notice and detailed agenda along with the relevant notes and other material information were circulated to the Directors before the meeting including minimum information as required under Regulation 17(7) read with Schedule-II of the Listing Regulations, to the extent applicable and relevant and in exceptional cases tabled at the meeting with the approval of the Board of Directors. All the Directors have full and unrestricted access to any information required by them to understand the transactions and take decisions. It enables the board to discharge its responsibilities effectively and make an informed decision. The compliance report pertaining to all laws applicable to the company as well as steps taken by the company to rectify instances of non-compliances, if any, was circulated to all the Directors along with the agenda and placed/reviewed on quarterly basis in the board meeting.

#### Independent Directors

The company has received necessary declaration from each Independent Director as per the provisions of Section 149(7) of the Act, that they meet the criteria of independence laid down in Section 149(6) of the Act. Additionally, they are complying with criteria of independence prescribed in clause (b) of Sub-Regulation (1) of Regulation 16 of the Listing Regulations.

During the year under review, a separate meeting of the Independent Directors of the company was held on 8<sup>th</sup> February 2022, without the presence of Non-Independent Directors and members of the management except Company Secretary. All the Independent Directors of the company were present in the meeting.

The Board of Directors of the company is of the firm opinion that all Independent Directors of the company fulfil all the requirements/ conditions related to the Listing Regulations and the Act and its rules made thereunder and are truly independent of the management of the company. During the year, no Independent Director has resigned from the directorship.

#### Familiarisation Programme for Independent Directors

The company has put in place a system to familiarise the Independent Directors about the company's profile, products, business performance, market presence, constitution, board procedures, major risks and risk management strategy, regulatory compliance status, values and commitments of the company, through presentations at board and committee meetings. The details of such familiarisation programme for Independent Directors are also available at website of the company and can be accessed at: <http://www.morepen.com/pdf/Familiarisation-Programme-for-Independent-Directors.pdf>

#### Performance Evaluation of Board, Committees & Individual Directors

The company has mechanism for evaluation of the performance of the board, committees, individual Directors and Chairman of the board. As per the requirements of the Act and the Listing Regulations, annual performance evaluation of Board, Independent Directors, Non-Executive Director, Executive Directors, committees and Chairman of the board is required to be carried out during the year. The evaluation has been carried out during the financial year ended 31<sup>st</sup> March 2022.

### 3. AUDIT COMMITTEE

The company has an Audit Committee, as per the requirements of Regulation 18 of the Listing Regulations and Section 177 of the Act. The terms of reference of the Audit Committee includes the matters specified under Regulation 18 and Part C of Schedule II of the Listing Regulations and Section 177 of the Act and other matters referred by the Board.

#### Composition of the Committee

The Audit Committee comprises following members of the Board of Directors.

S. No.	Name of the Committee' member	Category	Status
1	Mr. Manoj Joshi	Non-Executive Independent Director	Chairman
2	Mr. Bhupender Raj Wadhwa	Non-Executive Independent Director	Member
3	Mr. Sukhcharan Singh	Non-Executive Independent Director	Member

All the members of the committee are financially literate i.e., can read and understand financial statements. The majority of the members of the Audit Committee possesses accounting or related financial management expertise. The meetings of Audit Committee are also being attended by the Chief Financial Officer, Statutory Auditors and the special invitees with the confirmation of the Chairman of the Audit Committee of the company. The reports of Internal Auditors were also placed at the meeting of the Audit Committee on quarterly basis. The Company Secretary of the company acts as the secretary to the committee.

#### Meetings and attendance during the year

During the period under review, seven (7) meetings were held i.e., on 28<sup>th</sup> April 2021, 4<sup>th</sup> May 2021, 27<sup>th</sup> July 2021, 1<sup>st</sup> September 2021, 11<sup>th</sup> November 2021, 8<sup>th</sup> February 2022 and 26<sup>th</sup> February 2022. The attendance of members are as follows:



S. No.	Name of the Committee' member	No. of meetings held during the year	No. of meetings Attended
1.	Mr. Manoj Joshi	7	7
2.	Mr. Sukhcharan Singh	7	7
3.	Mr. Bhupender Raj Wadhwa	7	7

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

#### Brief terms of reference of the Audit Committee

The terms of reference, role and powers of the Audit Committee are as per the applicable provisions of the Act and Listing Regulations, inter-alia, includes the following:

- (i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s), if any, in the draft audit report.
- (v) Reviewing with the management, the quarterly financial results before submission to the Board for approval;
- (vi) Reviewing with the management, the statement of uses / application of funds raised through an issue (Public Issue, Rights Issue, Preferential Issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a Public or Rights Issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;

- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xviii) To review the functioning of the Whistle Blower mechanism;
- (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances / investments; and
- (xxi) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The company has a duly constituted Nomination & Remuneration Committee. The committee's constitution and terms of reference are in compliance with the provisions of Regulation 19 and Part D of Schedule II of the Listing Regulations and Section 178 of the Act and other matters referred by the board.

#### Composition of the Committee

The Nomination & Remuneration Committee comprises following members of the Board of Directors;

S. No.	Name of the Committee' member	Category	Status
1.	Mr. Praveen Kumar Dutt	Non-Executive Independent Director	Chairman
2.	Mr. Bhupender Raj Wadhwa	Non-Executive Independent Director	Member
3.	Mr. Sukhcharan Singh	Non-Executive Independent Director	Member

During the year under review, Mr. Manoj Joshi, an Independent Director of the company, stepped down from the committee membership and chairmanship on 11<sup>th</sup> November 2021 and pursuant to concurrence of the Board of Directors, Mr. Praveen Kumar Dutt, an Independent Director of the company elected as member and Chairman of the Nomination and Remuneration Committee on even date. Pursuant to provisions of Regulation 19 of the Listing Regulations, all the members of Nomination and Remuneration Committee of the company are Non-Executive Independent Directors of the company. The Company Secretary of the company acts as the secretary to the committee.

#### Meetings and attendance during the year

During the period under review, four (4) meetings of Nomination and Remuneration Committee were held i.e., on 4<sup>th</sup> May 2021, 27<sup>th</sup> July 2021, 11<sup>th</sup> November 2021 and 8<sup>th</sup> February 2022. The attendance of members are as follows:

S. No.	Name of the Committee' member	No. of meetings held during the year	No. of meetings Attended
1.	Mr. Manoj Joshi <sup>1</sup>	4	3
2.	Mr. Praveen Kumar Dutt <sup>2</sup>	4	1
3.	Mr. Sukhcharan Singh	4	4
4.	Mr. Bhupender Raj Wadhwa	4	4

<sup>1</sup> Mr. Manoj Joshi, stepped down from the Nomination and Remuneration Committee on 11<sup>th</sup> November 2021.

<sup>2</sup> Mr. Praveen Kumar Dutt has been elected as member and chairman of the Nomination and Remuneration Committee on 11<sup>th</sup> November 2021.

In compliance with Regulation 19(3) of the Listing Regulations, Section 178 of the Act and the Secretarial Standards, Mr. Manoj Joshi, Chairman of the committee, at that time, was present at the last AGM of the company to answer shareholder queries.



#### Brief terms of reference of the Nomination and Remuneration Committee

The terms of reference, role and powers of the Nomination and Remuneration Committee are as per the applicable provisions of the Act and Listing Regulations and includes the following:

- Formulation of criteria for determining qualification, positive attributes and independence of directors; recommendation of the remuneration policy for the directors, key managerial personnel, and other senior management personnel to the board;
- Formulation of criteria for evaluation of Directors, the Board and the committees thereof;
- Recommendation of remuneration of the Managing Director(s) and Whole-Time Director(s) based on their performance and defined assessment criteria and commissions to Non-Executive Directors;
- To devise a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel in accordance with the criteria laid down and recommending to the Board their appointment, removal, and other terms as may be referred by the Board from time to time.

#### Performance evaluation of directors and criteria for Independent Directors

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

#### 5. REMUNERATION TO DIRECTORS:

##### Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the company is available on the website of the company at <http://www.morepen.com/pdf/Nomination-and-Remuneration-Policy.pdf>. The Remuneration to the Executive Director is paid in accordance with the provisions of the Act, articles of association and as per the nomination and remuneration policy of the company. The nomination and remuneration policy of the company is aimed at:

- Identifying persons who are qualified to become Directors and persons who may be appointed at senior management and Key Managerial Positions;
- Attracting talented managerial persons considering the talent market, the remuneration trend and the competitive requirement of the business;
- Retaining high-calibre talent; and
- Determining remuneration of Directors and Key Managerial Personnel.

Details of remuneration disbursed to Executive Directors of the company, during the period under review are as under:  
(Amount in ₹ /Lakh)

Name of Director	Salary*	Perks	Commission	Sitting Fee	Total
Mr. Sushil Suri	873.47	34.84	–	–	908.31
Mr. Sanjay Suri	620.13	24.00	–	–	644.13
Mr. (Dr.) Arun Kumar Sinha	9.00	–	–	–	9.00

\*Including performance linked incentive.

Presently, except sitting fees, Non-Executive Independent Directors are not paid any remuneration. Further, none of the Non-Executive Directors have any pecuniary relationship or transaction vis-a-vis the company.

Details of sitting fee paid to Non-Executive Independent Directors of the company, during the year are as under;  
(Amount in ₹/ Lakh)

Name of Director	Sitting Fee
Mr. Manoj Joshi	3.35
Mr. Sukhcharan Singh	3.45
Mr. Bhupender Raj Wadhwa	3.15
Mr. Praveen Kumar Dutt	2.15
Mrs. (Dr.) Savita	1.75

During the year under review, it has been noted that Mrs. Anju Suri, Non-Executive Director of the company had not taken any remuneration/sitting fee. The criteria of making payment to Non-Executive Directors is available on the website of the company at <https://morepen.com/public/uploads/investor/Morepen62f25823067b1.pdf>

There is no separate service contract executed with Directors of the company, the terms and condition including notice period, severance fees etc., are as per appointment letter and in accordance with the policy of the company. The company does not have any stock option scheme.

#### 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to compliance of Regulation 20 and Part D of Schedule II of the Listing Regulations and Section 178 of the Act, the company have a duly constituted Stakeholders Relationship Committee.

##### Composition of the Committee:

The Stakeholders Relationship Committee comprises following members of the Board of Directors;

S. No.	Name of the Committee' member	Category	Status
1.	Mr. Manoj Joshi	Non-Executive Independent Director	Chairman
2.	Mr. Sushil Suri	Executive Director	Member
3.	Mr. Sukhcharan Singh	Non-Executive Independent Director	Member

Mr. Vipul Kumar Srivastava, Company Secretary of the company, has been designated as Compliance Officer of the company and acts as the secretary of the committee. Pursuant to Section 178(7) of the Act read with Regulation 20 of the Listing Regulations and the Secretarial Standards, Mr. Manoj Joshi, the Chairman of the committee was present at the last AGM of the company to answer shareholder queries.

##### Role of Stakeholders' Relationship Committee

The role and terms of reference of Stakeholders' Relationship Committee are as follows:

- Redressal of grievances of shareholders, including complaints related to the transfer of shares;
- Collecting and analysing reports received periodically from the Registrar and the Share Transfer Agent;
- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate share certificates and new share certificates on split/consolidation/renewal;
- Redressal of complaints related to non-receipt of declared dividends, balance sheets, annual report or any other documents or information sent by the company to its shareholders.

The company and its Registrar & Share Transfer Agent attended all grievances received from the shareholders. Efforts are made to ensure that all the grievances of the shareholders are redressed expeditiously and satisfactorily. A separate e-mail ID [investors@morepen.com](mailto:investors@morepen.com), has been designated by the company for the shareholders to lodge their complaints / queries.

Shareholder's holding shares in physical mode, may address such correspondences either to the Company Secretary of the company or MAS Services Limited (Registrar and Share Transfer Agent of the company). However, queries relating to non-receipt of dividend or non-receipt of annual reports of the company should also be addressed to the company. Members are requested to indicate their DP ID & Client ID/ Ledger Folio number in their correspondence with the company and to provide their email addresses and telephone numbers to facilitate prompt response from the company.

##### SEBI Complaints Redressal System (SCORES):

The company has registered with SCORES. In SCORES, the investor complaints may be processed in a centralized web-based complaints redressal system. The salient features of this system are centralized database of all complaints, online upload of action taken reports (ATRs) by the company and online viewing by investors/shareholder of actions taken on the complaint and its status.



The company has received 14 shareholders'/investors' complaints during the year and all complaints have been resolved/answered to the satisfaction of the shareholders. No complaint remained un-attended/pending for more than 30 days.

#### 7. RISK MANAGEMENT COMMITTEE

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 effective from 5<sup>th</sup> May 2021, the company being a top 1000 listed entity, formed a Risk Management Committee of the Board of Directors for monitoring and reviewing of the risk and its management.

##### Composition of the Committee:

The Risk Management Committee comprises following members of the Board of Directors;

S. No.	Name of the Committee' member	Category	Status
01	Mr. Praveen Kumar Dutt	Non-Executive Independent Director	Chairman
02	Mr. Sukhcharan Singh	Non-Executive Independent Director	Member
03	Mr. Sushil Suri	Executive Director	Member

##### Meetings and attendance during the year

During the period under review, two (2) meetings of Risk Management Committee were held i.e., on 11<sup>th</sup> November 2021 and 8<sup>th</sup> February 2022. The attendance of members are as follows:

S. No.	Name of the Committee' member	No. of meetings held	No. of meetings attended
1.	Mr. Praveen Kumar Dutt	2	2
2.	Mr. Sukhcharan Singh	2	2
3.	Mr. Sushil Suri	2	2

##### Brief terms of reference of the Risk Management Committee:

The terms of reference, role and powers of the Risk Management Committee are as per the applicable provisions of the Act and Listing Regulations and includes the following:

- (i) Formulation of detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
- (ii) Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the company;
- (iii) Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (iv) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (v) Keeping the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (vi) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

#### 8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The company have also a duly constituted Corporate Social Responsibility Committee in compliance of Section 135 of the Act and its rules made thereunder.

##### Composition of the Committee:

The Corporate Social Responsibility ('CSR') Committee comprises of following members of the Board of Directors;

S. No.	Name of the Committee' member	Category	Status
1.	Mr. Sushil Suri	Executive Director	Chairman
2.	Mr. Bhupender Raj Wadhwa	Non-Executive Independent Director	Member
3.	Mr. Praveen Kumar Dutt	Non-Executive Independent Director	Member

During the year under review, Mr. Manoj Joshi, an Independent Director of the company, stepped down from the committee membership on 11<sup>th</sup> November 2021 and pursuant to concurrence of the Board of Directors, Mr. Praveen Kumar Dutt, an Independent Director of the company elected as member of the Corporate Social Responsibility Committee on even date.

##### Role of Corporate Social Responsibility Committee

The role and terms of reference of the CSR Committee, includes the following:

- Formulate and update the CSR Policy;
- Decide the CSR activities to be taken up by the company in accordance with the CSR Policy;
- Decide the amount to be allocated for each project or activity;
- Oversee and monitor the progress of the initiatives rolled out under this Policy;
- Submit a report, to the Board on all CSR activities undertaken during the Financial Year.

During the year three (03) meetings of the Corporate Social Responsibility Committee were held i.e., on 27<sup>th</sup> July 2021, 11<sup>th</sup> November 2021 and 8<sup>th</sup> February 2022. The requisite quorum was present at the aforesaid meetings. Further, Mr. Vipul Kumar Srivastava, Company Secretary of the company acts as the secretary of the committee.

Mr. Ajay Kumar Sharma, Chief Financial Officer of the company, has given a certificate to the Board of Directors that CSR funds so disbursed have been utilized for the purposes and in the manner as approved for the financial year ended 31<sup>st</sup> March 2022.

The CSR policy of the company is available on the website of the company at the following address at <http://www.morepen.com/pdf/Corporate-Social-Responsibility-Policy.pdf>.

#### 9. GENERAL BODY MEETINGS

The General Body Meetings i.e., AGMs were held in accordance with the requirements of the Listing Regulations and the Act.

##### Details of last three AGMs:

Financial Year	Date & Time	Location	Special Resolution(s) Passed
2020-21	28.09.2021 at 11.00 a.m.	The meeting was held through video conferencing/ other audio-visual mode, deemed venue of the meeting was Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Yes, details given below <sup>1</sup>
2019-20	30.09.2020 at 11.00 a.m.	The meeting was held through video conferencing/ other audio-visual mode, deemed venue of the meeting was Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Yes, details given below <sup>2</sup>



2018-19	13.09.2019 at 10:00 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Yes, details given below <sup>3</sup>
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<sup>1</sup>Details of Special Resolutions passed at the 36<sup>th</sup> AGM held on 28<sup>th</sup> September 2021:

- Approval for transfer of medical devices business of the company to a wholly owned subsidiary company.

<sup>2</sup>Details of Special Resolutions passed at the 35<sup>th</sup> AGM held on 30<sup>th</sup> September 2020:

- Amendment to main object clause of the memorandum of association of the company.
- Adoption of memorandum of association of the company pursuant to the Companies Act, 2013.
- Increase in remuneration of Mr. Sushil Suri (DIN: 00012028), Chairman & Managing Director of the company.
- Increase in remuneration of Mr. Sanjay Suri (DIN: 00041590), Whole-Time Director of the company.
- Adoption of articles of association of the company pursuant to the Companies Act, 2013.

<sup>3</sup>Details of Special Resolutions passed at the 34<sup>th</sup> AGM held on 13<sup>th</sup> September 2019:

- Increase in remuneration of Mr. Sushil Suri (DIN: 00012028), Chairman & Managing Director of the company.
- Re-appointment of Dr. Arun Kumar Sinha (DIN: 00450783) as a Whole-Time Director of the company.
- Re-appointment of Mr. Sukhcharan Singh (DIN: 00041987) as an Independent Director of the company.
- Re-appointment of Mr. Manoj Joshi (DIN: 00036546) as an Independent Director of the company.
- Re-appointment of Mr. Bhupender Raj Wadhwa (DIN: 00012096) as an Independent Director of the company.
- Maintenance of Register of Members and other statutory registers at a place other than registered office of the company.
- Increase in the limits of loan and investment under section 186(3) of the Companies act, 2013.
- Authorization for borrowings under Section 180 (1) (c) of the Companies Act, 2013.
- Creation of charge on assets under Section 180 (1) (a) of the Companies Act, 2013.
- Appointment of Mr. Sanjay Suri (DIN: 00041590) as a Whole-Time Director of the company.

No Special Resolution was passed through postal ballot, during the period under review. None of the businesses proposed to be transacted at the ensuing AGM are required to be transacted through postal ballot. There were two Extra-Ordinary General Meetings held during the year under review.

## 10. MEANS OF COMMUNICATION

**Financial Results:** The financial results (quarterly, half-yearly and yearly) of the company published within 48 hours in 'Financial Express' (English) and 'Jansatta' (Hindi) newspapers from the approval thereof and posted on the company's website viz., www.morepen.com

**Annual Report:** The company sent Annual Reports, notices and other communications to the shareholders electronically on their email IDs as registered in the depository system in compliance with circulars issued by the SEBI and Ministry of Corporate Affairs.

**Website:** The company's website i.e., www.morepen.com, contains a separate section wherein shareholders' related information is updated periodically and are available in a user-friendly and downloadable form.

**News Release and Presentation etc.:** The press releases and official news, as applicable, are displayed on the company's website on the happening of any material event, an official news release is made to the newspapers/press, Stock Exchanges and the same is also displayed on the company website and disseminated to Stock Exchanges.

## 11. GENERAL SHAREHOLDER INFORMATION

a) Date, Time and Venue of (AGM)	Tuesday, 27 <sup>th</sup> September 2022 at 12:30 P.M. through Video Conferencing or Other Audio Visual Means. The deemed venue of the meeting will be Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh-173205.			
b) Financial Year	1 <sup>st</sup> April 2021 to 31 <sup>st</sup> March 2022			
c) Date of Book Closure	The dates of book closure will be from Wednesday, 21 <sup>st</sup> September 2022 to Tuesday 27 <sup>th</sup> September 2022 (both days inclusive) for AGM.  The Board of Directors of the company has not recommended dividend for the financial year ended 31 <sup>st</sup> March 2022.			
d) Stock Exchanges	<p><b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051</p> <p><b>BSE Limited (BSE)</b> Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Listing fees for the year 2022-23 has been duly paid to NSE &amp; BSE.</p>			
e) Stock code	<b>NSE</b>	<b>BSE</b>		
	<b>Symbol</b>	MOREPENLAB	<b>Scrip Code</b>	500288
	<b>ISIN No.</b>	INE083A01026	<b>ISIN No.</b>	INE083A01026
	<b>RIC Code</b>	Morl.ns	<b>RIC Code</b>	Morl.ns

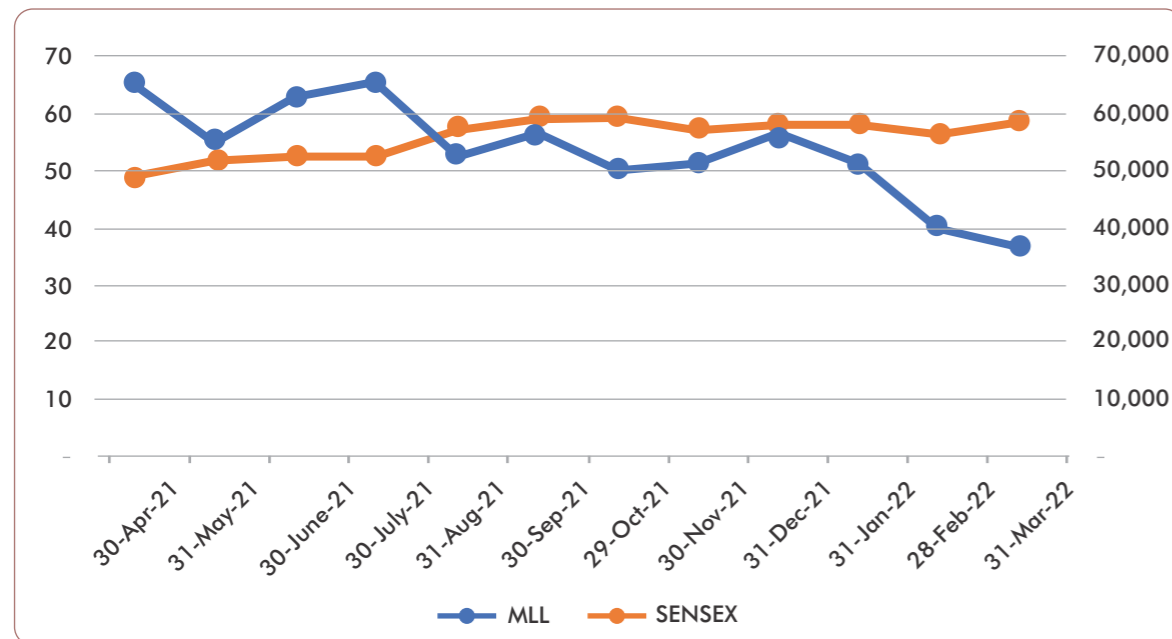
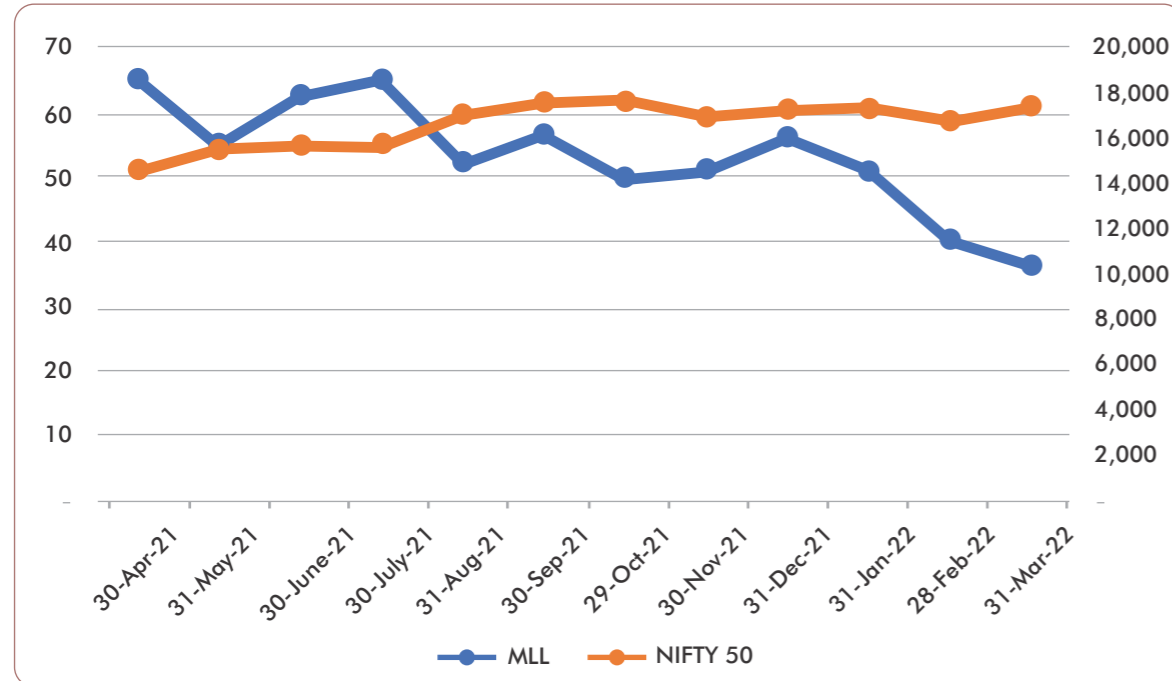
### f) Market Price Data:

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
Apr-21	65.95	31.90	66.00	57.25
May-21	72.05	54.70	72.05	55.10
Jun-21	72.40	52.55	72.40	62.60
Jul-21	75.00	63.00	75.00	65.05
Aug-21	66.20	46.90	66.20	52.40
Sep-21	62.25	51.15	62.30	56.50
Oct-21	59.25	48.35	59.30	48.10
Nov-21	54.60	46.70	54.70	50.90
Dec-21	60.25	49.30	60.30	56.00
Jan-22	60.45	48.60	60.50	51.00
Feb-22	53.45	36.50	53.50	38.85
Mar-22	43.00	36.45	43.00	36.45

(Source: Official website of BSE & NSE)



g) Performance of Morepen' share price in comparison to broad based indices such as NSE – Nifty 50 and BSE Sensex



h) Registrar and Share Transfer Agents (RTA)

**MAS Services Limited**

T-34, 2nd Floor, Okhla Industrial Area, Ph.- II, New Delhi-110 020  
Tel. No.:011-26387281/82/83; Fax. No.:011-26387281  
e-mail id: [info@masserv.com](mailto:info@masserv.com); website: [www.masserv.com](http://www.masserv.com)

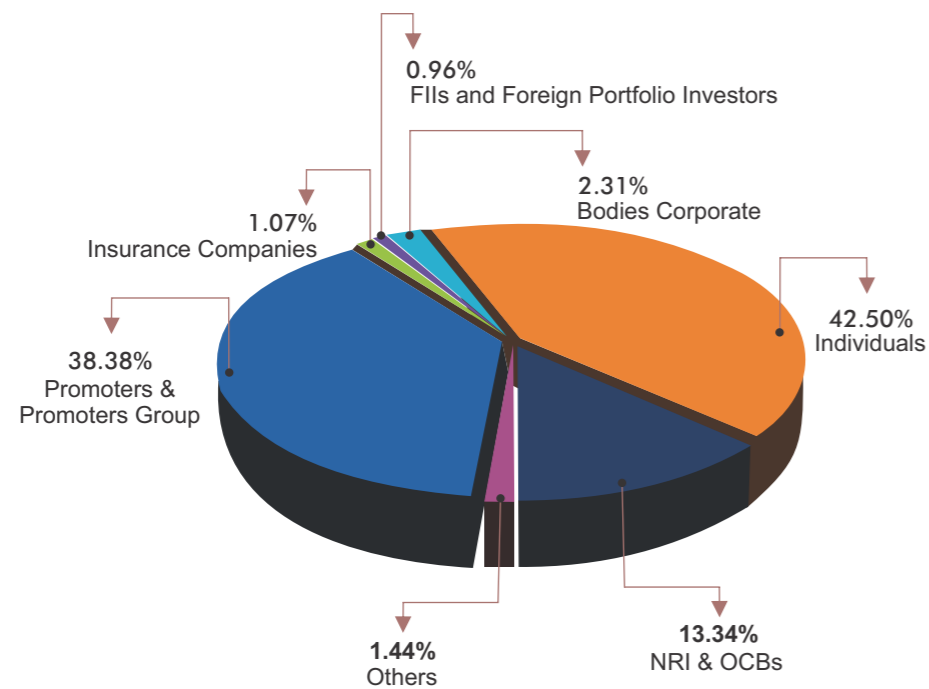
i) Share Transfer System

In terms of Regulation 40(1) of the Listing Regulations, securities can be transferred only in dematerialized form with effect from 1<sup>st</sup> April 2019, except in case of request received for transmission or transposition of securities. Further, SEBI had fixed 31<sup>st</sup> March 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in dematerialised mode. The requests for effecting transfer/transmission/ transposition of securities shall not be processed unless the securities are held in the dematerialised form. Transfers of equity shares in electronic form are affected through the depositories with no involvement of the company. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

j) Distribution of shareholding as on 31<sup>st</sup> March 2022

Category of Shareholdings From-To	No. of shareholders	% of Total shareholders	Total Shares	Amount (₹)	% of total Amount
1 – 5,000	2,48,497	95.05	9,43,71,380	18,87,42,760	19.75
5,001 – 10,000	8,061	3.08	2,79,25,161	5,58,50,322	5.84
10,001 – 20,000	2,860	1.09	2,09,69,491	4,19,38,982	4.39
20,001 – 30,000	776	0.30	96,95,406	1,93,90,812	2.03
30,001 – 40,000	359	0.14	64,32,783	1,28,65,566	1.35
40,001 – 50,000	213	0.08	48,53,159	97,06,318	1.02
50,001 – 1,00,000	389	0.15	1,37,89,645	2,75,79,290	2.88
1,00,001 & above	282	0.11	29,97,89,178	59,95,78,356	62.74
<b>Total</b>	<b>2,61,437</b>	<b>100.00</b>	<b>47,78,26,203</b>	<b>95,56,52,406</b>	<b>100.00</b>

Category	No. of shares held	Shareholding (%)
Promoters & Promoters Group	18,33,71,588	38.38
Financial Institutions/Banks	18,578	-
Insurance Companies	50,96,655	1.07
FII's and Foreign Portfolio Investors	45,87,791	0.96
Bodies Corporate	1,10,32,087	2.31
Individuals	20,30,69,344	42.50
NRI & OCBs	6,37,50,551	13.34
Others (Clearing Member, Trust & NBFCs)	68,99,609	1.44
<b>Total</b>	<b>47,78,26,203</b>	<b>100.00</b>



k) Dematerialization of shares and liquidity

The equity shares of the company are compulsory in demat form being available in the depository systems of both the depositories viz., National Securities Depository Limited and Central Depository Services (India) Limited. The ISIN of the equity shares the company is INE083A01026. As on 31<sup>st</sup> March 2022, 44,96,45,213 equity shares of ₹2/- each (94.10%) are held in electronic/de-mat form.

**Note :** The company has converted 280 Lakhs fully convertible warrants into equity shares on 30<sup>th</sup> March 2022. The resultant equity shares were credited into the respective demat accounts of the allottees after 31<sup>st</sup> March 2022.

**1). Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity;**

- i. Pursuant to variation of rights of the preference shareholders, the Board of Directors of the company had issued and allotted, in aggregate, 114,65,201, 0.01% Compulsorily Convertible Preference Shares of ₹100/- each ('CCPS'), convertible into 213,42,505 equity shares of ₹2/- each, at a price of ₹53.72/- per share (a price determined as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended), within a period of 18 months from the date of allotment of CCPS. The more details are given in the Boards' Report, forming part of annual report.
- ii. During the year under review, 8 entities belonging to promoter group of the company had paid remaining 75% (i.e., ₹18.75/- per warrant) with respect to 280 Lakhs fully convertible warrants. Accordingly, said warrants were converted into equivalent number of equity shares.  
The balance 420 Lakhs fully convertible warrants, allotted to 3 entities belonging to the promoter group of the company, be converted into equivalent number of equity shares on receipt of balance 75% of the warrant amount on or before 24<sup>th</sup> September 2022.

m). Commodity price risk or foreign exchange risk and hedging activities      The company is not engaged in commodity trading, hedging or exchange risk management activities.

- n). Plant Locations
- 1) Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh – 173 205
  - 2) Plot no. 12 B, Sector - 2, Parwanoo, District Solan, Himachal Pradesh – 173 220
  - 3) Plot no. 12 C, Sector - 2, Parwanoo, District Solan, Himachal Pradesh – 173 220
  - 4) Village Masulkhana, District Solan, Himachal Pradesh – 173 220

o). Address for correspondence

**Registered Office:**

Morepen Village, Nalagarh Road,  
Near Baddi, Distt. Solan, Himachal Pradesh - 173 205  
Tel No.: 01795 - 276201/02/03; Fax No.: 01795 - 276204  
Email id: [investors@morepen.com](mailto:investors@morepen.com); Website: [www.morepen.com](http://www.morepen.com)

**Corporate Office:**

2<sup>nd</sup> Floor, Tower C, DLF Cyber Park, Udyog Vihar III,  
Sector 20, Gurugram, Haryana 122016, India  
Email id: [investors@morepen.com](mailto:investors@morepen.com); Website: [www.morepen.com](http://www.morepen.com)

**Investor Correspondence (RTA):**

MAS Services Ltd.  
Unit: Morepen Laboratories Limited  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi - 110 020  
Tel No.: 011 - 2638 7281/82/83; Fax No.: 011 - 2638 7281  
Email id: [info@masserv.com](mailto:info@masserv.com); Website: [www.masserv.com](http://www.masserv.com)

p). Credit Rating

The company didn't issue any debt instrument or fixed deposit receipts or have any scheme or proposal involving mobilization of funds, whether in India or abroad, therefore, there is no need to have credit rating from any Credit Rating Agencies, during the financial year under review.

**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, 4<sup>th</sup> Floor,  
Kamla Mills Compound,  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400 013  
Telephone : 022 - 2497 2964-70  
Fax : 022 - 2497 2993, 022-2497 6351

**Central Depository Services (India) Ltd.**

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

**13. CORPORATE GOVERNANCE COMPLIANCE**

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

**14. OTHER DISCLOSURES**

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

There were no materially significant related party transactions during the financial year 2021-2022 which are considered to have potential conflict with the interests of the company at large. The particulars and nature of transactions with the related parties in summary form, duly reviewed by Audit Committee, entered into during the year ended 31<sup>st</sup> March 2022, in the ordinary course of business of the company and at arm's length basis, are disclosed in compliance with the Indian Accounting Standard on "Related Party Disclosures" in note no. 30 of notes to consolidated financial statements in the annual report.

The company' Policy on Related Party Transactions is available on website of the company and can be accessed at <http://www.morepen.com/pdf/Policy-on-Dealings-with-Related-Party-Transactions.pdf>.

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

The company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities /regulatory on matters relating to capital markets during the last three years. The summary orders/ penalties/ strictures imposed by Stock Exchange or SEBI or any statutory authority, during the previous years are as follows: -



- (i) The SEBI vide its order no. WTM/ AB / EFD-1/ DRA-1/21/2019-20 dated 24<sup>th</sup> September 2019, in the matter of issuance of Global Depository Receipts by the company, had directed, inter-alia, prohibited the company to access the securities market and restraining from buying, selling or otherwise dealing in the securities, either directly or indirectly or in any other manner whatsoever, for a period of one year.

The company filed an appeal before Hon'ble Securities Appellate Tribunal, inter-alia, for setting aside the aforesaid SEBI order and/or grant an interim stay on operation of the said order. The Hon'ble SAT vide its order dated 15<sup>th</sup> April 2021, set aside the aforesaid order passed by the SEBI.

In aforesaid, the SEBI filed an appeal before the Supreme Court of India, is under adjudication.

- (ii) On 23<sup>rd</sup> July 2019, the Hon'ble National Company Law Appellate Tribunal ('NCLAT') has upheld the order passed by Hon'ble National Company Law Tribunal ('NCLT'), Chandigarh, wherein the company had been directed to cancel the equity shares allotted to the Fixed Deposit ('FD') holders (except to those FD holders who have since traded/ transferred) under the Scheme of Compromise and Arrangement and pay the shareholders (erstwhile FD holders) their fixed deposit dues along-with interest thereon and also pay a cost of ₹50 Lakh. In compliance with said order. The company had paid, in aggregate, ₹18.84 Crore (inclusive of Tax Deducted at Source) to FD holders against their surrender of 50,38,983 equity shares for cancellation. The application for cancellation of shares from the total listed capital was filed with the Stock Exchanges, are under consideration with them.

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

The company has adopted a vigil mechanism/whistle blower policy for developing a culture where it is safe for all Directors/employees to raise concerns about any unacceptable practice and any event of misconduct. The policy allows unrestricted access to all employees and others to approach the Audit Committee and there has been no instance during the year where any personnel has been denied access to the Audit Committee.

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

The company has generally complied with all the mandatory requirements as stipulated under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations, to the extent applicable to the company.

- e) Disclosures related to policy for 'material' subsidiary**

During financial year 2020-2021, Dr. Morepen Limited, was identified as material unlisted subsidiary in accordance with Regulation 24 of the Listing Regulations. For the financial year under review, Dr. Morepen Limited does not fall under the criteria to qualify as material unlisted subsidiary, therefore, none of the subsidiary company is falling under the criteria of the material unlisted subsidiary for financial year 2021-22. However, the company is complying with applicable provisions of the Listing Regulations. The Audit Committee of the company periodically reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies. The minutes of the board meetings and financial statements of all unlisted subsidiary companies were circulated along with agenda also placed before the meeting(s) of the Board of Directors of the company. The policy for determining the 'material' subsidiaries is in accordance with the definition of 'material subsidiary' as contained in Regulation 16(1)(c) of the Listing Regulations, is available on the website of the company at following web link <http://www.morepen.com/pdf/Policy-for-Determining-Material-Subsidiary.pdf>

- f) Disclosures related to policy on dealing with related party transaction**

The company has formulated a policy on materiality of related party transactions and also on dealing with related party transactions. The said policy is available on the website of the company and can be accessed through web link at <http://www.morepen.com/pdf/Policy-on-Dealings-with-Related-Party-Transactions.pdf>.

- g) Disclosures related commodity price risks and commodity hedging activities**

The company is not engaged in the business related to commodity therefore this clause is not applicable on the company.

- h) Disclosures related to utilization of funds raised through preferential allotment or qualified institutional placement**

During the financial year 2020-2021, the company had raised funds through preferential allotment of 700 Lakhs fully convertible warrants on the basis of receipt of 25% of the warrant allotment amount. Pursuant to

Regulation 32 of the Listing Regulations read with SEBI circular no. CIR/CFD/CMD1/162/2019 dated 24<sup>th</sup> December 2019, the necessary disclosures were made to the Stock Exchanges till the amount has fully utilized for the purpose for which said preferential allotment was made.

During the year under review, the company received 75% of the remaining amount for 280 Lakhs fully convertible warrants and converted said warrants into equity shares of the company. Pursuant to the Listing Regulations and aforesaid circular, the necessary details, in prescribed format, is submitted to the Stock Exchanges.

- i) Certificate of practicing company secretary for Board of Directors**

A certificate issued by Mr. Praveen Dua, Proprietor of PD & Associates, a firm of practicing company secretaries, that none of the Directors on the Board has been debarred or disqualified from being appointed/re-appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority, is annexed with this report.

- j) Disclosures related to recommendation of Committee(s) of the Board of Directors of the company**

There is no instance wherein the Board had not accepted recommendation of committee(s) of the Board, which is mandatorily required, during the financial year. The Board considered all the recommendation of / submissions of the Committee before passing any resolution.

- k) Disclosures related to total fees paid to Statutory Auditors for all their services to the company and its subsidiary**

Total fees paid to Statutory Auditors for all services provided to the company and its subsidiaries, on a consolidated basis, is ₹ 49.97 Lakhs for the year ended 31<sup>st</sup> March 2022. The firm of Statutory Auditors does not have any network firm/network entity of which the Statutory Auditors are a part.

- l) Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as follows:**

- (i) number of complaints filed during the financial year- Nil
- (ii) number of complaints disposed of during the financial year- Nil
- (iii) number of complaints pending as on end of the financial year- Nil

- m) Disclosure related to compliance related to Corporate Governance**

There is no non-compliance of any requirement of Corporate Governance as mentioned of Sub paras (2) to (10) of Part C of Schedule V of the Listing Regulations. The company is complying with all compliance related to Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

- n) Disclosure related to adoption of discretionary requirements – Part E of Schedule II of Listing Regulations.**

Presently, the company has not adopted certain discretionary requirements viz., maintenance of Non-Executive Chairman's office, sending of half-yearly declaration of financial performance including summary of the significant events in last six months to each household of shareholders. However, the requirement viz., moving towards regime of financial statements with unmodified audit opinion, reporting of internal auditors directly to the Audit Committee have generally been complied with.

- o) The Chairman Managing Director and Chief Financial Officer' declaration**

In accordance with Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Chairman Managing Director and Chief Financial Officer have furnished a duly signed compliance certificate to the Board of Directors for the year ended 31<sup>st</sup> March 2022.

A declaration for compliance of code of conduct by the Board of Directors and Senior Management Personnel, duly signed by the Chairman & Managing Director of the company annexed with this report.

The Chairman & Managing Director and Chief Financial Officer have also certified to the Board in accordance with Regulation 33(2)(a) of the Listing Regulations pertains to Chairman Managing Director & Chief Financial Officer certificates for the financial year ended 31<sup>st</sup> March 2022.



p) **Compliance certificate from practicing company secretary for corporate governance compliance**

A certificate issued by Mr. Praveen Dua, proprietor of PD & Associates, a firm of practicing company secretaries, regarding compliance of conditions of corporate governance, is annexed with board report.

q) **Code of conduct to regulate, monitor and report trading by insiders**

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, and with a view to regulate trading in securities by the promoters, directors, designated persons, employees and other connected persons, the company has adopted a code of conduct to regulate, monitor and report trading by the insiders.

### 15. EQUITY SHARES IN THE SUSPENSE ACCOUNT

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

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 1 <sup>st</sup> April 2021	4,842	53,67,598
Number of shareholders who approached the company for transfer of shares from unclaimed suspense account during the year	22	21,379
Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	22	21,379
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31 <sup>st</sup> March 2022	4,820	53,46,219

**Note:** The voting rights in respect of the shares lying in the unclaimed suspense account shall remain frozen till the rightful owner of such shares claims the shares

For Morepen Laboratories Limited

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022

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

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, I hereby declare that all the Directors and Senior Management Personnel of the company have affirmed compliance with code of conduct of Board of Directors and Senior Management, as applicable to them, for the year ended 31<sup>st</sup> March 2022.

For Morepen Laboratories Limited

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028

Place: Gurugram, Haryana  
Date: 29<sup>th</sup> July 2022

## CERTIFICATE FROM PRACTICING COMPANY SECRETARY (Pursuant to clause 10(I) of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015)

We, PD and Associates, Practicing Company Secretaries, hereby certify that none of the Directors on the Board of the Morepen Laboratories Limited (CIN: L24231HP1984PLC006028) ("the Company"), have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs or any such Statutory Authority.

For PD and Associates  
Company Secretaries

Praveen Dua  
Proprietor  
FCS : 3573  
C.P : 2139  
UDIN: F003573D000735546  
PR No. 1897/2022

Place: New Delhi  
Date: 29<sup>th</sup> July 2022



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

To,  
The Shareholders / Members,  
Morepen Laboratories Limited

We have examined the compliance of conditions of Corporate Governance by Morepen Laboratories Limited ('the Company') for the financial year ended on March 31, 2022 as stipulated in Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') of the Company with Stock Exchanges.

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

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

On the basis of information/documents provided to us, we state that in respect of investor grievances received during the financial year ended March 31, 2022, no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Stakeholders Relationship Committee (Shareholders/Investor Grievance Committee).

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

For PD and Associates  
Company Secretaries

Praveen Dua  
Proprietor  
FCS No.: 3573  
C.P.No.2139

UDIN: F003573D000735645  
PR No. 1897/2022

Place: New Delhi  
Date: 29<sup>th</sup> July 2022

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

To,  
The Board of Directors  
Morepen Laboratories Limited

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

- a) We have reviewed financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March 2022 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: Gurugram, Haryana  
Date: 05<sup>th</sup> May 2022

Ajay Kumar Sharma  
(Chief Financial Officer)

Sushil Suri  
(Chairman & Managing Director)  
DIN: 00012028



## Independent Auditor's Report

### To the Members of Morepen Laboratories Limited Report on the Audit of Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Morepen Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1	<p>In the Scheme of Arrangement &amp; Compromise under Section 391 of the Companies Act, 1956 as approved by the Hon'ble High Court of Himachal Pradesh vide its Order dated August 4, 2009, the Company allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues. The Hon'ble NCLT vide its judgment dated 12<sup>th</sup> March 2018 dismissed the Company's petition seeking approval of the Scheme and stated that the order will not affect the allotment of the shares to the FD holders who have traded the shares to the third parties or transferred the allotted shares and to the balance FD holders (eligible FD holders), the company shall pay the outstanding amount as per the scheme approved by the Company Law Board (CLB). The appeal preferred by the company against the said order of NCLT, is dismissed by Hon'ble National Company Law Appellate Tribunal (NCLAT).</p> <p>Pursuant to implementation of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Order dated 12.03.2018, out of 3,85,65,810 Equity Shares of ₹2/- each issued at a premium of ₹9.32 per share belonging to eligible FD holders, the company has paid Fixed Deposit dues in respect of 50,38,983 Equity Shares received for cancellation with the company till 31.03.2022.</p> <p>(Refer Note No. 13G to the standalone financial statements)</p>	<p><b>Principal Audit Procedures</b></p> <p>We collected and analyzed the Scheme approved by the Company Law Board (CLB) dated 19.08.2003, Judgment of Hon'ble NCLT dated 12<sup>th</sup> March 2018, order of Hon'ble National Company Law Appellate Tribunal (NCLAT), Communication with ROC and Stock Exchanges in this regard and other relevant documents in this regard produced for our verification.</p> <p>The payment to pending eligible FD holders may impact financials of the company in the coming year/years.</p>

Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of standalone financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Management's responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the company in accordance with applicable Ind AS and other accounting principles generally accepted in India.

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

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board

of Directors either intends to liquidate the company or to cease the operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.

#### Auditor's Responsibilities for the Audit of standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statement or, if such



disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factor in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government in terms of section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

- b) The Company did not have any long term contracts including derivative contracts.
- c) During the year, the company was not liable to transfer any amount to the Investor Education and Protection Fund.
- d) Based on the audit procedures performed that have been considered reasonable and

- e) The Company has not declared or paid any dividend during the year.
- appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement. (Refer Note No. 39(f) to the standalone financial statements).

Date : 5<sup>th</sup> May, 2022  
Place : Gurugram, Haryana

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

S.K Goyal  
(Partner)  
Membership No. : 084613  
UDIN : 22084613AIKRM19433



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone financial statements of Morepen Laboratories Limited for the year ended 31<sup>st</sup> March, 2022)

- |  |  |  |  |
|--|--|--|--|
| <p>(i) (a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;</p> <p>(B) The company is maintaining proper records showing full particulars of intangible assets;</p> <p>(b) Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;</p> <p>(c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company;</p> <p>(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year;</p> <p>(e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;</p> <p>(ii) (a) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancy of 10% or more in the aggregate for each class of inventory was noticed;</p> <p>(b) The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, during the year from banks or financial institutions on the basis of security of current assets;</p> <p>(iii) According to the information and explanations given to us and based on audit procedures performed, we are of the opinion that during the</p> | <p>year the company has made investments of ₹10.00 lakhs in equity share capital in newly created wholly owned subsidiary Morepen Devices Limited, but not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. In our opinion, investment made in wholly owned subsidiary is not prejudicial to the company's interest;</p> <p>(iv) According to the information and explanations given to us and based on audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the company has complied with the provisions of section 185 and 186 of the Act;</p> <p>(v) According to the information and explanations given to us, the company is complying Hon'ble National Company Law Tribunal (NCLT) order dated 12.03.2018 in the matter of fixed deposit holders. (Refer Note 13(G) to standalone financial statements);</p> <p>(vi) According to the information and explanations given to us, maintenance of cost records has been specified by the Central Government under subsection (1) of section 148 of the Companies Act and as explained to us such accounts and records have been so made and maintained by the company;</p> <p>(vii) (a) According to the information and explanations given to us and based on audit procedures performed, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except payment of advance income tax. No such dues are outstanding as on 31<sup>st</sup> March 2022 for a period exceeding six months;</p> <p>(b) According to the records and information and explanation given to us, there are no dues in respect of Income tax, Sales tax, VAT, Service-tax, Custom duty, cess outstanding as at March 31, 2022 due to any dispute;</p> <p>(viii) According to the records and information and explanation given to us, no transaction/amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961;</p> | <p>(ix) (a) According to the information and explanations given to us by the management, the company has not made any default in the repayment of loans or other borrowings or interest to Banks/FIs. However, the preference shares issued to Banks/FIs have not been redeemed. (Refer Note No. 18 of standalone financial statements);</p> <p>(b) According to the information and explanations given to us by the management, the company is not declared willful defaulter by any bank or financial institution or other lender;</p> <p>(c) According to the records and information and explanation given to us, term loans were applied for the purpose for which the loans were obtained;</p> <p>(d) According to the records and information and explanation given to us, funds raised on short term basis have not been utilised for long term purposes;</p> <p>(e) According to the records and information and explanation given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;</p> <p>(f) According to the records and information and explanation given to us, the company has not raised any loan during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies;</p> <p>(x) (a) During the year, the company has not raised any money by way of initial public offer or further public offer (including debt instruments);</p> <p>(b) During the year, the company received ₹5250.00 lakhs from promoter group entities against fully convertible warrants and allotted 280.00 lakh equity shares on conversion of warrants in compliance of the provisions of the Companies Act, 2013 and the funds raised have been used for the purposes for which the funds were raised (Refer foot note of Statement of Changes in Equity and note no 38 of standalone financial statements);</p> <p>(xi) (a) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of</p> | <p>fraud by the company or on the company, noticed or reported during the year, nor have we been informed of any such case by the Management;</p> <p>(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;</p> <p>(c) According to the records and information and explanation given to us, there is no whistle-blower complaint received during the year by the company;</p> <p>(xii) The company is not a Nidhi Company and hence this clause is not applicable to the company;</p> <p>(xiii) According to the information and explanations given to us and based on our examination of the records of the company, all transactions with the related parties are in compliance with sections 177 &amp; 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;</p> <p>(xiv) (a) The company has an internal audit system commensurate with the size and nature of its business;</p> <p>(b) The reports of the Internal Auditors for the period under audit were considered by us;</p> <p>(xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transaction with directors or person connected with them during the year;</p> <p>(xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934;</p> <p>(b) The company has not conducted any Non-Banking Financial or Housing Finance activities during the year;</p> <p>(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India;</p> <p>(xvii) The company has not incurred cash losses in the financial year and in the immediately preceding financial year;</p> <p>(xviii) There is no resignation of the statutory auditors during the year;</p> <p>(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge</p> |
|--|--|--|--|



of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

- (xx) (a) According to the information and explanations given to us and based on our examination of the records of the company, there is no unspent amount required to be transferred to a Fund specified in Schedule VII to the Companies Act in respect of other than ongoing projects as per sub-section (5) of section 135 of the said Act;

- (b) According to the information and explanations given to us and based on our examination of the records of the company, there is no amount remaining unspent under sub-section (5) of section 135 of the Companies Act which is required to be transferred to a special account in compliance with the provision of sub-section (6) of section 135 of the said Act;

- (xxi) There is no qualification or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

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

S.K Goyal  
(Partner)  
Membership No. : 084613  
UDIN : 22084613AIKRM19433

Date :5<sup>th</sup> May, 2022  
Place :Gurugram, Haryana

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone financial statements of Morepen Laboratories for the year ended 31<sup>st</sup> March 2022)

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

We have audited the internal financial controls over financial reporting of **Morepen Laboratories Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Limitations of Internal Financial Controls Over Financial Reporting

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



because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating

effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

S.K Goyal  
(Partner)  
Membership No. : 084613  
UDIN : 22084613AIKRM19433

Date :5<sup>th</sup> May, 2022  
Place :Gurugram, Haryana

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# Financial Statements



## Balance Sheet

As at 31<sup>st</sup> March, 2022

		(₹ in Lakhs)	
		As at	As at
		31.03.2022	31.03.2021
<b>A</b>	<b>ASSETS</b>		
	<b>1. NON-CURRENT ASSETS</b>		
	Property, Plant and Equipment and Intangible Assets		
	Property, Plant and Equipment	14543.69	12788.54
	Capital Work in Progress	1414.58	195.63
	Other Intangible Assets	1067.30	1613.72
	Financial Assets :		
	Investments	11779.48	11877.98
	Loans	5.72	6.05
	Other Financial Assets	448.92	452.32
	Other Non-Current Assets	6390.42	8536.33
		<u>35650.11</u>	<u>35470.57</u>
	<b>2. CURRENT ASSETS</b>		
	Inventories	25825.35	16961.00
	Financial Assets :		
	Trade Receivables	22187.11	15552.14
	Cash and Cash Equivalents	1538.03	4047.44
	Bank Balances other than Cash and Cash Equivalents	3016.70	2650.73
	Loans	34.19	27.44
	Other Financial Assets	506.29	1117.80
	Other Current Assets	14568.41	8922.75
		<u>67676.08</u>	<u>49279.30</u>
	<b>Total</b>	<u>103326.19</u>	<u>84749.87</u>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>1. EQUITY</b>		
	Equity Share Capital	9555.86	8995.86
	Other Equity	50260.85	35501.41
		<u>59816.71</u>	<u>44497.27</u>
	<b>2. NON - CURRENT LIABILITIES</b>		
	Financial Liabilities :		
	Borrowings	132.11	82.83
	Other Financial Liabilities	196.45	205.19
	Deferred Tax Liabilities (Net)	248.26	-
	Provisions	2664.03	2401.14
		<u>3240.85</u>	<u>2689.16</u>
	<b>3. CURRENT LIABILITIES</b>		
	Financial Liabilities :		
	Borrowings	1724.79	1621.74
	Trade Payables	21731.91	19233.32
	Other Financial liabilities	15025.04	15941.07
	Other Current Liabilities	825.94	362.43
	Provisions	960.95	404.88
		<u>40268.63</u>	<u>37563.44</u>
	<b>TOTAL</b>	<u>103326.19</u>	<u>84749.87</u>
	SIGNIFICANT ACCOUNTING POLICIES	1	
	NOTES ON FINANCIAL STATEMENTS	2-41	

As per our separate report of even date

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

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

Place : New Delhi  
Date : 5<sup>th</sup> May, 2022

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

(Sushil Suri)  
Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)  
Chief Financial Officer

(Manoj Joshi)  
Director  
DIN : 00036546

(Vipul Kumar Srivastava)  
Company Secretary  
Membership No. A-26231

## Statement of Profit and Loss

For the Year Ended 31<sup>st</sup> March, 2022

		(₹ in Lakhs)	
		Year Ended	Year Ended
		31.03.2022	31.03.2021
	<b>REVENUE</b>		
	Revenue from Operations (Net)	144926.66	111242.29
	Other Income	1023.53	1177.38
	<b>Total Income (I)</b>	<u>145950.19</u>	<u>112419.67</u>
	<b>EXPENSES</b>		
	Cost of Materials Consumed	79712.96	61792.65
	Purchases of Stock-in-Trade	19167.56	16067.26
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	173.95	(4198.13)
	Employee Benefits Expense	15000.09	12320.13
	Finance Costs	(736.55)	178.79
	Depreciation and Amortization Expense	2119.49	2811.03
	Other Expenses	17958.31	14023.10
	<b>Total Expenses (II)</b>	<u>133395.81</u>	<u>102994.83</u>
	<b>Profit before Tax</b>	12554.38	9424.84
	<b>Tax Expense</b>		
	Current Tax	2462.35	-
	Earlier periods	(262.52)	-
	Deferred Tax	248.26	-
	<b>Total Tax Expense</b>	<u>2448.09</u>	<u>-</u>
	<b>Profit for the Year (III)</b>	10106.29	9424.84
	<b>Other Comprehensive Income</b>		
	Items that will not be reclassified to Profit & Loss	(45.67)	(27.26)
	Tax	(8.82)	-
	<b>Other Comprehensive Income for the Year (Net of Tax) (IV)</b>	<u>(36.85)</u>	<u>(27.26)</u>
	<b>Total Comprehensive Income for the Year (III+IV)</b>	<u>10069.44</u>	<u>9397.58</u>
	Earning per equity share (Face Value of ₹2/- each)	34	
	(1) Basic	2.25	2.10
	(2) Diluted	1.94	2.09
	SIGNIFICANT ACCOUNTING POLICIES	1	
	NOTES ON FINANCIAL STATEMENTS	2-41	

As per our separate report of even date

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

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

Place : New Delhi  
Date : 5<sup>th</sup> May, 2022

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

(Sushil Suri)  
Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)  
Chief Financial Officer

(Manoj Joshi)  
Director  
DIN : 00036546

(Vipul Kumar Srivastava)  
Company Secretary  
Membership No. A-26231



## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31<sup>st</sup> March, 2022

### A. EQUITY SHARE CAPITAL

As at 31<sup>st</sup> March, 2022 (₹ in Lakhs)

Balance as at 1 <sup>st</sup> April, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31 <sup>st</sup> March, 2022
8995.86	-	8995.86	560.00	9555.86

As at 31<sup>st</sup> March, 2021

Balance as at 1 <sup>st</sup> April, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31 <sup>st</sup> March, 2021
8995.86	-	8995.86	-	8995.86

### B. OTHER EQUITY AS AT 31<sup>st</sup> MARCH, 2022

(₹ in Lakhs)

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1 <sup>st</sup> April, 2021	270.40	7123.33	16740.51	7496.26	(504.09)	4375.00	35501.41
Money received against Share Warrants						5250.00	5250.00
- Amount transferred to Equity Share Capital on conversion of warrants						(560.00)	(560.00)
- Amount transferred to Securities Premium account			6440.00			(6440.00)	-
Profit for the year	-	-	-	10106.29	-		10106.29
Transfer to Capital Redemption Reserve (Refer Note No.18)		500.00		(500.00)			-
Other comprehensive income/(loss) for the year	-	-	-	-	(36.85)		(36.85)
Balance as at 31 <sup>st</sup> March, 2022	270.40	7623.33	23180.51	17102.55	(540.94)	2625.00	50260.85

### OTHER EQUITY AS AT 31<sup>st</sup> MARCH, 2021

(₹ in Lakhs)

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1 <sup>st</sup> April, 2020	270.40	7123.33	16740.51	(1928.58)	(476.83)		21728.83
Profit for the year	-	-	-	9424.84	-		9424.84
Other comprehensive income/(loss) for the year	-	-	-	-	(27.26)		(27.26)
Total comprehensive income/(loss) for the year	-	-	-	9424.84	(27.26)		9397.58
Money received against share warrants	-	-	-	-	-	4375.00	4375.00
Balance as at 31 <sup>st</sup> March, 2021	270.40	7123.33	16740.51	7496.26	(504.09)	4375.00	35501.41

Money received against share warrants ('Warrants') represents amounts received towards 700 Lakhs no. of fully Convertible Warrants in the previous year ended 31.03.2021, which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of face value of ₹2/- each within a period of 18 months from dates(s) of allotment of Warrants. During the current year ending 31.03.2022, the company has received, a sum of ₹5250.00 Lakhs, being balance 75% amount in respect of 280 Lakhs warrants, for the conversion of these warrants into equal no. of equity shares. The Board of Directors of the company has made allotment of 280 Lakhs equity shares consequent upon conversion of aforesaid 280 lakhs warrants. The balance 420 Lakhs nos. of warrants will be convertible in Equity Shares on receipt of balance 75% monies, as per terms of allotment of warrants.

SIGNIFICANT ACCOUNTING POLICIES 1

NOTES ON FINANCIAL STATEMENTS 2-41

As per our separate report of even date

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

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

Place : New Delhi  
Date : 5<sup>th</sup> May, 2022

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

(Sushil Suri)  
Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)  
Chief Financial Officer

(Manoj Joshi)  
Director  
DIN : 00036546

(Vipul Kumar Srivastava)  
Company Secretary  
Membership No. A-26231

## Cash Flow Statement

For the Year Ended 31<sup>st</sup> March, 2022

	Note No.	Year Ended 31.03.2022	Year Ended 31.03.2021
(₹ in Lakhs)			
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Profit before Tax		12554.38	9424.84
Adjustments for :			
Depreciation & Amortisation	2	2119.49	2811.03
(Profit)/Loss on Sale of Property, Plant & Equipments, Mutual Funds	2,3	(34.96)	(0.03)
Provision for Employee benefit (OCI)		(45.67)	(27.26)
Finance Cost	27	(736.55)	178.79
<b>Operating Profit before changes in Current Assets and Liabilities</b>		<b>13856.69</b>	<b>12387.37</b>
Changes in Current Assets and Liabilities -			
Trade Receivables	8	(6634.97)	(3411.61)
Loans, Bank balance other than cash & Cash equivalent and other Current Assets	4,10,11,12	(5406.87)	(4559.64)
Inventories	7	(8864.35)	(3713.74)
Current Liabilities	16,17,18,19	2602.12	4228.71
Deferred Tax Liabilities	37	248.26	-
<b>Cash generated from Operations</b>		<b>(4199.12)</b>	<b>4931.09</b>
Tax Expense (Net)		(2439.27)	-
<b>NET CASHFLOW - OPERATING ACTIVITIES</b>		<b>(6638.39)</b>	<b>4931.09</b>
<b>B. CASH FLOWS - INVESTING ACTIVITIES:</b>			
Purchase of Property, Plant & Equipments & Capital work in Progress	2	(4515.81)	(2174.42)
Purchase/Addition of Intangibles (Net)	2	(42.70)	(1750.89)
Proceeds from Sale of Property, Plant & Equipments	2	0.71	0.50
Sales/(Purchase) of Investments (Net)	3	144.11	-
Investment in Other Non-Current Assets and Loans	4,5,6	2149.64	(2984.15)
<b>NET CASHFLOW - INVESTING ACTIVITIES</b>		<b>(2264.05)</b>	<b>(6908.96)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Finance Cost	27	736.55	(178.79)
Proceeds/(Repayments) of Long Term Borrowings (Net)	14	49.28	(9.63)
Proceeds/(Repayments) of Short Term Borrowings (Net)	14	103.05	396.49
Proceeds from Warrant subscription	38	5250.00	4,375.00
Change in Other Non- Current Liabilities & Provisions (Net)	15,16	254.15	163.13
<b>NET CASHFLOW - FINANCING ACTIVITIES</b>		<b>6393.03</b>	<b>4746.20</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(2509.41)	2768.33
Cash and Cash Equivalents as at Beginning of the Year		4047.44	1279.11
Cash and Cash Equivalents as at End of the Year		1538.03	4047.44
Bank Balances other than Cash and Cash Equivalents		3016.70	2650.73
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES ON FINANCIAL STATEMENTS</b>	2-41		

As per our separate report of even date For & on behalf of the Board of Directors of Morepen Laboratories Ltd.

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

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

Place : New Delhi  
Date : 5<sup>th</sup> May, 2022

(Sushil Suri)  
Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)  
Chief Financial Officer

(Manoj Joshi)  
Director  
DIN : 00036546

(Vipul Kumar Srivastava)  
Company Secretary  
Membership No. A-26231

## 1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

### 1. Company Overview

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

#### 1.1 Basis for preparation of financial statements

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

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on May 5, 2022.

#### Functional and Presentation Currency

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

#### Basis of measurement

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

#### Operating Cycle

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

#### 1.2 Use of Estimates and Judgements

The presentation of financial statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful life of depreciable assets and provisions for impairments & others.

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

#### 1.3. Property, Plant and Equipment (PPE)

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

- Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.
- Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.



- c) Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- d) The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

#### 1.4. Intangible Assets and Amortisation

##### Internally generated Intangible Assets - Research and Development expenditure

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

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

##### Intangible Assets acquired separately

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

#### 1.5 Depreciation

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

- a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it except assets costing less than ₹5000/- on which depreciation is charged in full during the year.

- b) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

#### 1.6 Valuation of inventories

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

#### 1.7 Foreign Currency Transactions / Translations

- i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction or at rates that closely approximate the rate at the date of the transaction.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.
- v) In case of long term monetary items outstanding as at the end of year, exchange

differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

#### 1.8 Dividends

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

#### 1.9 Leases

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

#### 2.0 Financial Instruments

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

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

##### i) Initial Recognition and measurement

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

#### ii) Subsequent measurement

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

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

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

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

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

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

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

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

##### e) Financial liabilities

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

##### Financial liabilities at FVTPL

Financial liabilities are classified as at



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

Other Financial liabilities

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

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

**iii) Derecognition of financial instruments**

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

**iv) Fair value measurement of financial instruments**

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

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

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

**2.1 Impairment of Assets**

**i) Financial Assets**

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

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

**ii) Non-Financial Assets**

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

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

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

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

**2.2 Revenue Recognition**

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

a) Revenue is recognised at the fair value of the consideration received or receivable. The

amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

**2.3 Interest**

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

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

**2.4 Income Taxes**

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

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

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or

loss at the time of the transaction. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Pursuant to Taxation Laws (Amendment) Ordinance 2019, the company has opted to pay Income Tax as provided under Section 115BAA of the Income Tax Act, 1961.

**2.5 Borrowing Costs**

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

**2.6 Provisions, contingent liabilities and contingent assets**

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

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



reporting date and are adjusted to reflect the current best estimate.

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

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

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

## 2.7 Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as at beginning of the period, unless they have been issued at a later date.

## 2.8 Employee Retirement benefits

### i) Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

### ii) Post – employment benefits

#### Defined contribution plans –

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

#### Defined benefit plans –

##### Gratuity

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

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

### iii) Long – term employee benefits

#### Leave Encashment

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

## 2.9 Segment Reporting

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

## 3.0 Cash and cash equivalents

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

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

### 2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

#### I) PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			CARRYING VALUE	
	As at	Additions	(Disposals)/	As at	For the	Deductions/	As at	As at
	01.04.2021	31.03.2022	Adjustments	01.04.2021	year	Adjustments	31.03.2022	31.03.2021
Land	143.03	-	-	-	-	-	143.03	143.03
Buildings	7925.89	215.17	-	3846.29	197.46	-	4043.75	4079.60
Plant & Machinery	40005.30	1860.90	(6969.65)*	32097.42	1127.43	(6967.02)*	26257.83	7907.88
Furnitures & Fixtures	421.28	839.75	(18.39)	271.03	53.11	(10.39)	313.75	150.25
Vehicles	784.76	233.99	(22.12)	390.03	84.96	(21.41)	453.58	394.73
Office Equipments	383.71	147.05	-	270.66	67.41	-	338.07	113.05
Total	49663.97	3296.86	(7010.16)	36875.43	1530.37	(6998.82)	31406.98	12788.54
Previous Year	62604.81	1978.79	(14919.63)	49361.29	2433.30	(14919.16)	36875.43	12788.54

#### II) CAPITAL WORK IN PROGRESS

Buildings	92.29	791.91	(133.09)	751.11	-	-	-	751.11	92.29
Plant & Machinery	103.34	672.44	(112.59)	663.19	-	-	-	663.19	103.34
Furniture & Fixture	-	0.28	-	0.28	-	-	-	0.28	-
Total	195.63	1464.63	(245.68)	1414.58	-	-	-	1414.58	195.63
Previous Year	-	195.63	-	195.63	-	-	-	195.63	-

#### III) INTANGIBLE ASSETS

Computer Software	243.98	42.70	-	196.61	19.54	-	216.15	70.53	47.37
Customer Acquisition Cost	1708.75	-	-	142.40	569.58	-	711.98	996.77	1566.35
Total	1952.73	42.70	-	339.01	589.12	-	928.13	1067.30	1613.72
Previous Year	1546.89	1750.89	(1345.05)	1306.33	377.73	(1345.05)	339.01	1613.72	-

#### GRAND TOTAL

Current year	51812.33	4804.19	(7255.84)	49360.68	3721.43	2119.49	(6998.82)	32335.10	17025.57	14597.89
Previous Year	64154.50	3925.31	(16267.48)	51812.33	50670.41	2811.03	(16267.01)	37214.43	14597.89	-

#### Notes :-

- \*Includes ₹6967.02 Lakhs, old machinery no longer in use and fully depreciated, written off during the year.
- Customer acquisition cost represents amount invested for expansion of point of care business of the company.



	(₹ in Lakhs)			
	As at 31.03.2022	As at 31.03.2021		
<b>3. INVESTMENTS (NON-CURRENT)</b>				
<b>Trade Investments (At Cost)</b>				
A. Investment in Equity Instruments (Unquoted)				
<b>Subsidiary Companies</b>				
i) <u>Dr. Morepen Limited</u>				
4,06,79,500 (Previous Year 4,06.79,500) Equity shares of ₹10/- each fully paid up	11747.25	11747.25		
ii) <u>Morepen Inc.</u>				
9,400 (Previous Year 9,400) fully paid Shares of Common Voting Stocks	22.23	22.23		
iii) <u>Morepen Devices Limited</u>				
1,00,000 (Previous Year NIL ) Equity shares of ₹10/- each fully paid up (Newly incorporated during the year)	10.00	-		
	<u>11779.48</u>	<u>11769.48</u>		
<b>Non-Trade Investments (At Cost)</b>				
<b>A. Investment in Mutual Funds (Quoted)</b>				
Nil (Previous Year : 5641Units ) of ICICI Prudential Bluechip Fund	-	15.25		
Nil (Previous Year : 41929Units ) of Kotak Standard Multicap Fund	-	15.25		
Nil (Previous Year : 24159Units ) of Franklin India Prima Fund	-	17.50		
Nil (Previous Year : 10939Units ) of Canara Robeco Equity Fund	-	15.00		
Nil (Previous Year : 5034Units ) of HDFC Equity Fund	-	30.00		
Nil (Previous Year : 14921Units ) of Nippon India Multi Cap Fund	-	15.00		
Nil (Previous Year : 37 Units) of Aditya Birla Sun Life Equity Fund	-	0.25		
Nil (Previous Year : 120 Units) of Aditya Birla Sun Life Frontline Equity Fund	-	0.25		
	-	108.50		
<b>Aggregate amount</b>	<u>11779.48</u>	<u>11877.98</u>		
<b>4. LOANS</b>				
	Current Portion		Non -Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
Unsecured (Considred good)				
Loans to Employees	34.19	27.44	5.72	6.05
	<u>34.19</u>	<u>27.44</u>	<u>5.72</u>	<u>6.05</u>
<b>5. OTHER FINANCIAL ASSETS - NON CURRENT</b>				
Security Deposits	448.92	452.32		
	<u>448.92</u>	<u>452.32</u>		

	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
<b>6. OTHER NON CURRENT ASSETS</b>		
<b>Unsecured</b>		
Capital Advances (Considered good) *	6362.65	8509.02
Leasehold Land Prepayments	25.70	25.34
Prepaid (Deferred)Expenses for Employee Benefit	2.07	1.97
	<u>6390.42</u>	<u>8536.33</u>
Includes-*		
₹2596.38 Lakhs (Previous year - ₹2596.38 Lakhs) paid to related parties for acquisition of land for expansion of manufacturing facilities of the company. An agreement for acquisition of land was entered into with these parties in the last year for a sum of ₹2840.00 Lakhs. Necessary documentation and seeking government & statutory approvals for the transfer of land in the name of the company is in progress.		
<b>7. INVENTORIES</b>		
Raw Materials	15702.24	6662.77
Work-in-progress	3582.17	4365.80
Finished goods	3722.87	3683.58
Stock -in-trade	2462.00	1979.75
Goods in transit	7.12	8.29
Stores and spares	348.95	260.81
	<u>25825.35</u>	<u>16961.00</u>
The inventory of stocks, stores and spares has been taken, valued and certified by the management.		
<b>Breakup of Inventory</b>		
<b>i) Raw materials -</b>		
API & Intermediates	8498.26	3954.50
Home Health Formulations	6286.69	2062.61
	917.29	645.66
<b>Total Raw Materials</b>	<u>15702.24</u>	<u>6662.77</u>
<b>ii) Work in Progress -</b>		
API & Intermediates	2785.57	3962.91
Home Health Formulations	683.88	320.52
	112.72	82.37
<b>Total Work -in -progress</b>	<u>3582.17</u>	<u>4365.80</u>
<b>iii) Finished goods -</b>		
API & Intermediates	1606.52	2544.70
Home Health Formulations	1711.52	957.49
	404.83	181.39
<b>Finished Goods Inventory</b>	<u>3722.87</u>	<u>3683.58</u>
<b>iv) Stock in trade -</b>		
Home Health Formulations	2061.19	1691.15
	400.81	288.60
<b>Stock in trade Inventory</b>	<u>2462.00</u>	<u>1979.75</u>



(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
<b>8. TRADE RECEIVABLES</b>		
<b>Unsecured -</b>		
Considered good	22187.11	15552.14
Considered Doubtful	505.26	443.29
	<u>22692.37</u>	<u>15995.43</u>
Less : Allowance for doubtful debts	505.26	443.29
	<u>22187.11</u>	<u>15552.14</u>

Ageing of Trade Receivables (2021-22)	< 6 months	6months-1 year	1-2 years	2-3 years	3 years or more	Total
<b>Undisputed</b>						
- Considered good	21980.25	57.57	137.94	5.86	5.49	22187.11
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
<b>Disputed</b>						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	405.34	10.05	49.17	6.28	34.42	505.26
- Credit impaired	-	-	-	-	-	-
<b>Total Receivables</b>	<b>22385.59</b>	<b>67.62</b>	<b>187.11</b>	<b>12.14</b>	<b>39.91</b>	<b>22692.37</b>

Ageing of Trade Receivables (2020-21)	< 6 months	6months-1 year	1-2 years	2-3 years	3 years or more	Total
<b>Undisputed</b>						
- Considered good	15326.20	182.65	20.30	0.27	22.72	15552.14
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
<b>Disputed</b>						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	352.02	8.85	55.56	1.42	25.43	443.29
- Credit impaired	-	-	-	-	-	-
<b>Total Receivables</b>	<b>15678.22</b>	<b>191.50</b>	<b>75.87</b>	<b>1.69</b>	<b>48.15</b>	<b>15995.43</b>

**9. CASH AND CASH EQUIVALENTS**

Balances with banks		
Current Accounts	1416.63	4035.70
In Deposit Accounts	113.02	-
Cash in hand	8.38	11.74
	<u>1538.03</u>	<u>4047.44</u>

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
<b>10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Term Deposit - Towards Margin Money & Security against Overdraft, Bills discounting and LC facilities (Refer Note No. 14)	2984.17	2,607.75
Guarantees	32.53	42.98
	<u>3016.70</u>	<u>2,650.73</u>
<b>11. OTHER FINANCIAL ASSETS - CURRENT</b>		
Security Deposits	190.82	235.12
Interest accrued but not due	57.72	58.20
Export Incentives Receivable	257.75	824.48
	<u>506.29</u>	<u>1117.80</u>
<b>12. OTHER CURRENT ASSETS</b>		
<u>Unsecured considered good, unless otherwise stated</u>		
Advances with Suppliers & Others*	10836.49	6704.70
Leasehold Land Prepayments	1.11	0.36
Balance with Government Authorities	3427.35	1931.63
Tax Deducted at source	33.17	53.35
Advances to Employees	79.77	135.27
Prepaid Expenses	190.52	97.44
	<u>14568.41</u>	<u>8922.75</u>

\* Includes-

- Sum of ₹570.41 Lakhs (P.Y. - ₹379.73 Lakhs) paid to fixed deposit holders towards cancellation of 50,38,983 Equity Shares (P.Y. - 33,54,500). (Refer Note No. 13 G)

**13. SHARE CAPITAL**
**A. Equity Share Capital**

	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
<b>Authorised</b>				
Equity Shares of ₹2/- each	650000000	13000.00	650000000	13000.00
<b>Issued and Subscribed</b>				
Equity Shares of ₹2/- each	477826203	9556.53	449826203	8996.53
<b>Paid up</b>				
Equity Shares of ₹2/- each	477826203	9555.86	449826203	8995.86


**Reconciliation of the numbers and amount of Equity shares -**

For the year ended	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (Rs./Lakhs)	Nos. of Shares	Amount (Rs./Lakhs)
Outstanding at beginning of the year	449826203	8995.86	449826203	8995.86
Add : Shares issued during the year	28000000	560.00	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	477826203	9555.86	449826203	8995.86

**Shares held by promoters at the end of the year**

S. No.	Name of the promoter	No. of shares held	% of shareholding	% Change During the Year
1	ARUN SURI	3,510	0.00%	-
2	KANTA SURI	1,510	0.00%	-
3	SUSHIL SURI	55,01,510	1.15%	-
4	ANJU SURI	51,86,369	1.09%	-
5	SONIA SURI	36,79,718	0.77%	-
6	SANJAY SURI	34,17,240	0.72%	-
7	SUNITA SURI	31,88,730	0.67%	-
8	VARUN SURI	30,52,357	0.64%	-
9	MAMTA SURI	30,04,000	0.63%	-
10	SANJAY SURI	21,00,000	0.44%	-
11	SHALU SURI	20,52,250	0.43%	-
12	ARUN SURI & SONS (HUF)	15,00,000	0.31%	-
13	SUSHIL SURI & SONS (HUF)	12,01,560	0.25%	-
14	GULFY SURI	11,50,000	0.24%	-
15	KANAK SURI	9,97,060	0.21%	-
16	K B SURI & SONS (HUF)	9,72,830	0.20%	-
17	ANUBHAV SURI	7,82,134	0.16%	-
18	AANANDI SURI	7,50,000	0.16%	-
19	SARA SURI	7,05,000	0.15%	-
20	MASTER ARJUN SURI	6,97,060	0.15%	-
21	AANCHAL SURI	6,85,922	0.14%	-
22	P.L.SURI	4,00,000	0.08%	-
23	RAJAS SURI	1,55,000	0.03%	-
24	BABY AAKRITI SURI	55,000	0.01%	-
25	PRADUMAN LAL SURI (HUF)	2,990	0.00%	-

26	SCOPE CREDITS AND FINANCIAL SERVICES PRIVATE LIMITED	1,55,75,405	3.26%	28.98%
27	CONCEPT CREDITS AND CONSULTANTS PRIVATE LIMITED	1,53,47,724	3.21%	29.54%
28	BROOK INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,51,59,252	3.17%	30.02%
29	SOLITARY INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,51,14,045	3.16%	30.14%
30	SOLACE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,50,82,790	3.16%	30.22%
31	MID MED FINANCIAL SERVICES AND INVESTMENTS PRIVATE LIMITED	1,14,73,813	2.40%	0.00%
32	REACT INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,14,42,134	2.39%	0.00%
33	EPITOME HOLDINGS PRIVATE LIMITED	1,45,00,820	3.03%	31.82%
34	SEED SECURITIES AND SERVICES PRIVATE LIMITED	1,43,28,780	3.00%	32.32%
35	SQUARE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,41,02,075	2.95%	33.01%
36	LIQUID HOLDINGS PRIVATE LIMITED	3,000	0.00%	0.00%
	<b>TOTAL</b>	<b>18,33,71,588</b>	<b>38.38%</b>	<b>18.02%</b>

**B. Shareholders holding more than 5% shares -**
**Equity Shares**

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Pinfold Overseas Ltd.	38530000	8.57	38530000	8.57

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

- The company has equity shares having a par value of ₹2/- each. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and their voting right on poll shall be in proportion to their share in the paid-up equity share capital of the Company.
  - In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.
- D. "During last 5 years immediately preceding the balance sheet date, no Equity Share has been issued pursuant to any contract without payment being received in cash. During the year 2020-21, Money received against share warrants ('Warrants') represents amounts received towards fully Convertible Warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of face value of ₹2/- each within a period of 18 months from dates(s) of allotment of Warrants."

**E. Disclosure about unpaid calls -**

(₹ in Lakhs)

Unpaid Calls	As at 31.03.22	As at 31.03.21
By Directors & Officers	-	-
By Others	0.66	0.66

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



G. In terms of Hon'ble National Company Law Tribunal (NCLT) order dated 12.03.2018, the company sent notices to all the eligible FD holders who provided the company, their bank account details and identification particulars, for transfer of FD dues in their respective bank accounts. In all 4953 no. of fixed deposit holders submitted their identification and bank account particulars and surrendered a total of 50,38,983 Equity Shares (P.Y. 33,54,500) for cancellation, with the company. All those FD holders who provided their bank account details, identification and other relevant particulars were paid their entire FD dues as per Hon'ble NCLT order dated 12.03.2018. The company has approached the both the Stock Exchanges and depositories for the cancellation of these shares, against which pay-out has been made by the company, in compliance with Hon'ble NCLT order dated 12.03.2018.

Necessary accounting entries for the cancellation of equity capital and reversal of reserves and surplus for ₹100.78 Lakhs (P.Y. - ₹67.09 Lakhs) and ₹469.63 Lakhs (P.Y.- ₹312.64 Lakhs) respectively, will be given effect on the receipt of guidance from stock exchanges and depositories. The total sum of ₹570.41 Lakhs, comprising of debit balance of share capital and reserves & surplus, is appearing under head - other current assets. Aforesaid entries has insignificant impact on EPS and current assets.

#### 14. BORROWINGS (₹ in Lakhs)

Long Term	Current Portion		Non Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
<b>Secured</b>				
Term Loans - Vehicles	111.63	89.30	132.11	82.83
<b>Total</b>	<b>111.63</b>	<b>89.30</b>	<b>132.11</b>	<b>82.83</b>

Above loans represent vehicle loans, repayable on monthly basis, secured by way of hypothecation of specific assets purchased under the hire purchase agreement.

Particulars	Current Portion				Non Current Portion	
	2022-23	2023-24	2024-25	2025-26	Total	Total Loan
Annual Repayment Amount (Rs./Lakhs)	111.63	80.85	37.67	13.59	132.11	243.74
Annual Rate of Interest (%)	7.60% - 10.95%	7.60% - 10.95%	7.60% - 10.95%	7.60% - 10.95%		7.60% - 10.95%

(₹ in Lakhs)

As at 31.03.2022	As at 31.03.2021
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#### Short Term

##### Secured

Bank Overdraft and Bill Discounting facility against term deposit (Refer Note No. 10) (Annual rate of interest chargeable on aforesaid facilities ranges upto 8.5 % )	1613.16	1532.44
Current maturities of Long Term Borrowings	111.63	89.30
<b>Total</b>	<b>1724.79</b>	<b>1621.74</b>

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

Security Deposits from Business Associates & Others	196.45	205.19
	<b>196.45</b>	<b>205.19</b>

#### 16. PROVISIONS

(₹ in Lakhs)

Long Term	Current Portion		Non Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
Gratuity	303.67	236.56	1990.01	1799.22
Leave Encashment	143.25	123.67	674.02	601.92
Income Tax (Net of tax payments)	455.73	-	-	-
Other Expenses	58.30	44.65	-	-
<b>Total</b>	<b>960.95</b>	<b>404.88</b>	<b>2664.03</b>	<b>2401.14</b>

#### 17. TRADE PAYABLES

Total outstanding dues of micro small and medium enterprises	62.17	210.05
Total outstanding dues of creditors other than micro small and medium enterprises	21669.74	19023.27
	<b>21731.91</b>	<b>19233.32</b>

Trade Payables due for payment

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

Ageing of Trade Payables (2021-22)	< 1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	62.17	-	-	-	62.17
(ii) Others	21451.90	73.27	52.35	92.22	21669.74
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total Payables</b>	<b>21514.07</b>	<b>73.27</b>	<b>52.35</b>	<b>92.22</b>	<b>21731.91</b>

Ageing of Trade Payables (2020-21)	< 1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	210.05	-	-	-	210.05
(ii) Others	18759.01	137.99	36.38	89.89	19023.27
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total Payables</b>	<b>18969.06</b>	<b>137.99</b>	<b>36.38</b>	<b>89.89</b>	<b>19233.32</b>

(₹ in Lakhs)

As at 31.03.2022	As at 31.03.2021
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#### 18. OTHER FINANCIAL LIABILITIES -CURRENT

Preference Shares	11465.20	11965.20
Accumulated Dividend on Cumulative Preference Shares	-	979.16
Accrued Salaries and Benefits	1372.94	1463.07
Others	2186.90	1533.64
	<b>15025.04</b>	<b>15941.07</b>



**A. Preference Shares**

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

- i) The Preference Share Capital of ₹11465.20 Lakhs (Previous Year ₹11965.20 Lakhs) comprises of preference shares amounting to ₹11265.20 Lakhs, issued to banks and financial institutions, in satisfaction of their outstanding debt under Corporate Debt Restructuring ('CDR') Scheme during the financial year ending March 2008 and ₹200.00 Lakhs (Previous Year ₹200.00 Lakhs) to a corporate Preference shareholder. The detailed break up is as under -
  - I. 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') of ₹100/- each amounting to ₹9735.20 Lakhs
  - II. 17,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS') of ₹100/- each amounting to ₹1730.00 Lakhs

"During the year, the company has proposed to vary rights of preference shareholders holding 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') and 17,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS'), both of ₹100/- each, by converting said OCPS and CRPS into 0.01% Compulsorily Convertible Preference Shares ('CCPS') of ₹100/- each, in accordance with provisions of Section 48 of the Companies Act, 2013 read along-with applicable rules framed thereunder."

In aggregate, 114,65,201, CCPS will be issued to OCPS and CRPS holders, convertible into 2,13,42,505 equity shares of ₹2/- each, at a conversion price of ₹53.72/- per share, a price derived as per SEBI (ICDR) Regulations, 2018, as amended, subject to receipt of necessary regulatory and other approvals. During the year, the aforesaid variation of rights has been approved by the preference shareholders as well as equity shareholders. The company has filed an application with Stock Exchanges for their 'in-principle' approval, is under consideration. In view of aforesaid, the company has neither created capital redemption reserve nor provision for dividend has been made thereon.

- ii) Pursuant to settlement with one of the preference share holder, the company, during the year, has redeemed 5,00,000, 9.75% Cumulative Redeemable Preference of ₹100/- each and in compliance with provisions of Companies Act, 2013 has created Capital Redemption Reserve for a sum of ₹5.00 Crores. Provision of dividends created during the past years has been reversed and credited to finance cost during the year in view of aforesaid settlement. (Refer Note No. 27)

	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (₹/ Lakhs)	Nos. of Shares	Amount (₹/ Lakhs)
Authorised Preference Shares of ₹100/- each	12000000	12000.00	12000000	12000.00
Issued, Subscribed & paid up Preference Shares of ₹100/- each	11465201	11465.20	11965201	11965.20
0.01% Optionally Convertible	9735201	9735.20	9735201	9735.20
0.01% Cumulative Redeemable	1730000	1730.00	1730000	1730.00
9.75% Cumulative Redeemable	-	-	500000	500.00
<b>Total</b>	<b>11465201</b>	<b>11465.20</b>	<b>11965201</b>	<b>11965.20</b>

**Reconciliation of the numbers and amount of Preference shares**

	As at March 31, 2022		As at March 31, 2021	
	Nos.	Amount (₹/ Lakhs)	Nos.	Amount (₹/ Lakhs)
Outstanding at beginning of the year	11965201	11965.20	11965201	11965.20
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back/ redeemed during the year	500000	500.00	-	-
Outstanding at the end of year	11465201	11465.20	11965201	11965.20

**Shareholders holding more than 5% shares -**

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia Stressed Assets Stabilisation Fund (SASF)	1179000	12.11	1179000	12.11
EXIM Bank Ltd.	961044	9.87	961044	9.87
SICOM Ltd.	916333	9.41	916333	9.41
Punjab National Bank	829463	8.52	829463	8.52
Oriental Bank of Commerce	671522	6.90	671522	6.90
Dena Bank	623828	6.41	623828	6.41
UCO Bank	593936	6.10	593936	6.10
	515900	5.30	515900	5.30

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	-	-	500000	100



	(₹ in Lakhs)	
	Year Ended 31.03.2022	Year Ended 31.03.2021
<b>19. OTHER CURRENT LIABILITIES</b>		
Advance received from Customers	341.63	118.58
Statutory remittances	484.31	243.85
	<u>825.94</u>	<u>362.43</u>
<b>20. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
<b>a) Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts (routine petty matters - Amount not ascertained)	20.58	-
Guarantees	10.36	10.36
Other money for which company is contingently liable	133.12	82.35
	<u>164.06</u>	<u>92.71</u>
<b>b) Other commitments</b>		
Capital commitments	1733.60	243.62
	<u>1897.66</u>	<u>336.33</u>
<b>21. REVENUE FROM OPERATIONS</b>		
<u>Sale of products</u>		
Domestic	88723.66	62506.94
Exports	55881.27	47665.30
Total	<u>144604.93</u>	<u>110172.24</u>
<u>Other Operating Revenues</u>		
Export Incentives	289.15	1007.91
Other items	32.58	62.14
	<u>321.73</u>	<u>1070.05</u>
	<u>144926.66</u>	<u>111242.29</u>
Break-up of revenue from sale of products (net of taxes)		
<u>Manufactured goods</u>		
API & Intermediates	85846.12	68299.43
Home Health	30676.44	18589.82
Formulations	8801.82	6459.73
<b>Sale of Manufactured Goods - (A)</b>	<u>125324.38</u>	<u>93348.98</u>
<u>Traded Goods</u>		
Home Health	11215.55	10146.94
Formulations	8065.00	6676.32
Total Sales of Traded Goods - (B)	<u>19280.55</u>	<u>16823.26</u>
Total Sales Revenues (A+B)	<u>144604.93</u>	<u>110172.24</u>
<b>22. OTHER INCOME</b>		
Interest Income	132.98	213.43
Others	890.55	963.95
	<u>1023.53</u>	<u>1177.38</u>

	(₹ in Lakhs)	
	Year Ended 31.03.2022	Year Ended 31.03.2021
<b>23. COST OF MATERIALS CONSUMED</b>		
Raw Materials	72816.69	57266.99
Packing Materials	6896.27	4525.66
	<u>79712.96</u>	<u>61792.65</u>
Break up of cost of materials consumed		
API & Intermediates	52778.76	46052.35
Home Health	20804.30	11421.65
Formulations	6129.90	4318.65
Total	<u>79712.96</u>	<u>61792.65</u>
<b>24. PURCHASE OF STOCK-IN-TRADE</b>		
Home Health	12458.81	10206.02
Formulations	6708.75	5861.24
Total	<u>19167.56</u>	<u>16067.26</u>
<b>25. CHANGE IN INVENTORY</b>		
<u>Opening Balance -</u>		
Work-in-progress	4365.80	1957.31
Finished goods	3683.58	2831.81
Stock-in-trade	1979.75	1094.23
Stores and spares	260.81	208.46
	<u>10289.94</u>	<u>6091.81</u>
<u>Closing Balance -</u>		
Work-in-progress	3582.17	4365.80
Finished goods	3722.87	3683.58
Stock-in-trade	2462.00	1979.75
Stores and spares	348.95	260.81
	<u>10115.99</u>	<u>10289.94</u>
Change in Inventory	<u>173.95</u>	<u>(4198.13)</u>
<b>26. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	13814.82	11213.17
Contribution to provident fund/ ESI	354.40	319.57
Gratuity and Leave Encashment	457.86	419.09
Staff Welfare	373.01	368.30
	<u>15000.09</u>	<u>12320.13</u>
<b>27. FINANCE COST</b>		
Interest expense	242.61	129.87
Dividends on Cumulative Preference Shares (refer Note No. 18 A (ii))	(979.16)	48.92
	<u>(736.55)</u>	<u>178.79</u>
<b>28. OTHER EXPENSES</b>		
Consumption of Stores and spare parts	1161.71	623.27
Power and Fuel	1892.92	1300.26



	(₹ in Lakhs)	
	Year Ended 31.03.2022	Year Ended 31.03.2021
Rent	716.05	424.73
Repairs to Buildings	177.33	89.67
Repairs to Machinery	522.55	318.49
General Repairs	477.58	325.46
Insurance	134.75	118.02
Research & Development	297.38	561.28
Quality Control & Testing Charges	840.33	563.44
Rates and Taxes	167.50	278.55
Legal and Professional Expenses	1123.80	1022.06
Travelling Expenses	972.89	800.19
Selling and Distribution Expenses	4489.79	4409.11
Miscellaneous Expenses	4983.73	3188.57
	<u>17958.31</u>	<u>14023.10</u>
<b>29. PAYMENTS TO AUDITORS (excluding GST)</b>		
<b>Statutory Auditors -</b>		
Audit Fee	30.00	30.00
Tax Audit Fee	6.00	6.00
Tax Matters	4.00	4.00
Certification	1.53	0.99
Others	1.75	1.53
Total	<u>43.28</u>	<u>42.52</u>
<b>Cost Auditors-</b>		
Audit Fees	2.00	2.00
Others	2.50	2.50
Total	<u>4.50</u>	<u>4.50</u>
<b>GST Auditors -</b>		
Audit Fee	3.00	11.35
Certification	0.54	0.33
Total	<u>3.54</u>	<u>11.68</u>
<b>30. PRIOR PERIOD ITEMS</b>		
Expenses include ₹44.46 Lakhs (Previous Year ₹32.73 Lakhs) as expenses (net) relating to earlier years.		
<b>31. DISCLOSURES ABOUT IMPORTS, EXPENDITURE IN FOREIGN CURRENCY, RAW MATERIAL CONSUMPTION &amp; EARNINGS IN FOREIGN EXCHANGE -</b>		
<b>A. VALUE OF IMPORTS ON CIF BASIS</b>		
Raw Materials	49,554.82	35239.75
Stock -in -trade	8,389.47	6925.19
Capital Goods	227.55	122.17
	<u>58171.84</u>	<u>42287.11</u>

	(₹ in Lakhs)	
	Year Ended 31.03.2022	Year Ended 31.03.2021
<b>B. EXPENDITURE IN FOREIGN CURRENCY</b>		
Purchase of Capital Goods/ Travel/ Commission	884.36	756.39
	<u>884.36</u>	<u>756.39</u>
<b>C. VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF</b>		
Imported	48984.10	35420.88
Indigenous	30728.86	26371.77
	<u>79712.96</u>	<u>61792.65</u>
% Imported	61.45	57.32
% Indigenous	38.55	42.68
	<u>100.00</u>	<u>100.00</u>
<b>D. EARNINGS IN FOREIGN EXCHANGE</b>		
Exports of Goods on F.O.B. basis	55134.74	47409.37
	<u>55134.74</u>	<u>47409.37</u>
<b>32. SEGMENT REPORTING</b>		
In accordance with Indian Accounting Standard, Ind AS-108 "Operating Segment", segment information has been given in consolidated financial statements of the company, and therefore, no separate disclosure on segment information is given in these financial statements.		
<b>33. RELATED PARTY DISCLOSURES</b>		
Disclosure as required by Indian Accounting Standard "Related Party Disclosures" (Ind AS 24) as notified u/s 133 of Companies Act, 2013 are as under:		
<b>Related Parties</b>		
1. Subsidiary Companies -		
Morepen Inc.		Overseas Company
Dr. Morepen Limited		Domestic Company
Morepen Devices Limited		Domestic Company
Total Care Limited		Domestic Company
2. Key Management Personnel		Mr. Sushil Suri, Chairman & Managing Director Mr. Sanjay Suri, Whole Time Director Dr. A.K. Sinha, Whole time Director (Vacated office on March 31 <sup>st</sup> , 2022) Mr. Ajay Sharma, Chief Financial Officer Mr. Vipul Srivastava, Company Secretary
3. Relatives of Key Management personnnels with whom the company has any transaction during the year		Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Mrs. Amita Sharma.
4. Entities controlled or jointly controlled by a person or a close members of that person's family having control or joint control over the reporting entity -		



Brook Investments & Financial Services Private Limited	Domestic Company
Concept Credits & Consultants Private Limited	Domestic Company
Epitome Holdings Private Limited	Domestic Company
Scope Credits & Financial Services Private Limited	Domestic Company
Solitary Investments & Financial Services Private Limited	Domestic Company
Square Investments & Financial Services Private Limited	Domestic Company
Solace Investments & Financial Services Private Limited	Domestic Company
Seed Securities & Services Private Limited	Domestic Company
5. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Edit 25 Lifestyle Private Limited Mr. Naman Joshi Vignet Trading Pvt. Ltd. Morepen Overseas Pvt. Ltd. Liquid Holdings Pvt. Ltd.
<b>Transactions with related parties -</b>	
<b>Particulars</b>	<b>Nature of transaction</b> <b>₹/Lakhs</b>
1. Subsidiary Companies	Sale of inventories 948.17 Brand Usage expenses 209.46 Purchase of inventories 64.25 Reimbursement of Office & Rental Expense 113.89 Amount receivable as on 31.03.2022 1460.42 Maximum amount outstanding 1460.42
2. Entities controlled or jointly controlled by a person or a close members of that person's family having control or joint control over the reporting entity having any transactions during the year	Receipt of balance 75% share warrant subscription money 5250.00 Receipt of services 583.76 Amount payable as on 31.03.22 - Maximum amount outstanding 94.21
3. Key Management Personnel	Remuneration 1745.89 Amount Payable as on 31.03.22 139.26 Maximum amount outstanding 293.77
4. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Receipt of services 494.01 Amount payable as on 31.03.22 12.24 Maximum amount outstanding 94.18
5. Relatives of key Management personnels with whom the company has any transaction during the year	Remuneration 1314.86 Amount payable as on 31.03.22 182.76 Maximum amount outstanding 715.06

### 34. EARNING PER SHARE

Particulars	Year Ended	
	31.03.2022	31.03.2021
Profit for the year (₹in Lakhs)	10106.29	9424.84
Earnings per share in rupees (face value ₹2/- per share)-		
Weighted average number of equity shares used in computing basic EPS	449979628	449826203
Basic EPS (₹) - (Face value of ₹2/- per share)	2.25	2.10
Weighted average number of equity shares used in computing diluted EPS	519826203	451072778
Diluted EPS (₹) - (Face value of ₹2/- per share)	1.94	2.09

### 35. EMPLOYEE BENEFITS

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

(A) Disclosures for Defined Contribution Plans -	(₹/Lakhs)			
Particulars	31.03.2022	31.03.2021		
Employer's Contribution to Provident Fund	321.05	279.99		
Employer's Contribution to Employees State Insurance	33.33	39.58		
(B) Disclosures for Defined Benefit Plans - Unfunded	(₹/Lakhs)			
Particulars	Gratuity		Leave Encashment	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
<b>I Change in the present value of obligation:</b>				
Present Value of Obligation at beginning of the year	2035.79	1838.90	725.59	624.50
Add: Interest Cost	158.76	133.72	63.24	52.75
Add: Current Service Cost	161.03	144.94	390.24	223.67
Less:- Benefit Paid	107.57	109.03	207.55	195.07
Add: Actuarial loss/(gain) on obligations	45.67	27.26	(154.24)	19.74
Present Value of Obligation as at year end	2293.68	2035.79	817.28	725.59
<b>II Change in the fair value of plan Assets:</b>				
Fair Value of Plan Assets at the beginning of year	-	-	-	-
Add : Expected Return on Plan Assets	-	-	-	-
Add : Contributions	-	-	-	-
Less: Benefits Paid	-	-	-	-
Fair Value of Plan Assets at year end	-	-	-	-



III Expense recognized in the Statement of Profit & Loss	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Current Service Cost	161.03	144.94	390.24	223.67
Add: Interest Cost	158.76	133.72	63.24	52.75
Less: Expected Return on plan assets	-	-	-	-
Less: Settlement Credit	-	-	161.17	155.72
Add: Net actuarial loss/(gain) recognised	45.67	27.26	(154.24)	19.74
Total expenses recognized in the statement of profit & loss	365.46	305.92	138.07	140.44

IV The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment-

Assumptions	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Discount Rate	7.30%	6.90%	7.10%	7.00%
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
Expected Return on Assets	-	-	-	-
Employee Turnover rates	3.00%	3.00%	3.00%	3.00%
Expected average remaining working lives of employees (years)	20	20	20	20

### 36. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31<sup>st</sup> March, 2022. Hence, no provision is required in the accounts for the year under review.

### 37. INCOME TAXES

#### A. Current Tax and Deferred Tax Expense

Income taxes recognised in the statement of profit and loss including Other Comprehensive Income (OCI)-

For the year ended	31.03.2022	31.03.2021
Current tax	2453.53	-
Earlier Years taxes	(262.52)	-
Deferred tax expense	248.26	-
<b>Total income tax expenses</b>	<b>2439.27</b>	<b>-</b>

#### B. Deferred Tax Liabilities/ (Assets) (Net)

Deferred Tax Liabilities	1166.67	1210.04
Deferred Tax Assets	918.41	1476.40
<b>Deferred tax Liabilities/(Assets) (Net)</b>	<b>248.26</b>	<b>(266.37)</b>

Major Components of temporary difference and their movements thereof are given below -

Deferred Tax Assets -		
Provisions deductible for tax purposes in future periods	538.17	443.29
Tax (losses)/benefits carry forward	-	2661.52
Retirement benefits & Leave Encashment	3110.96	2761.38
<b>Total</b>	<b>3649.13</b>	<b>5866.19</b>

Tax Rate	25.17%	25.17%
<b>Tax Amount</b>	<b>918.41</b>	<b>1476.40</b>
<b>Deferred tax Liabilities -</b>		
PP&E depreciation and Intangible Amortiation	4635.52	4807.83
<b>Total</b>	<b>4635.52</b>	<b>4807.83</b>
Tax Rate	25.17%	25.17%
<b>Tax Amount</b>	<b>1166.67</b>	<b>1210.04</b>

### 38. UTILISATION OF PROCEEDS OF PREFERENTIAL ALLOTMENT

The utilisation of warrant subscription money of ₹5250.00 Lakhs is as under -

Particulars	Amount (₹/ Lakhs)
Working Capital	5250.00
Balance in Hand	-
<b>Total</b>	<b>5250.00</b>

### 39. OTHERS SIGNIFICANT DISCLOSURES

- In the opinion of directors, all assets except stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.
- During the year, the Board of Directors of the company has approved the hiving off of its point of care medical devices business as "slump sale" defined under section 2(42C) of Income Tax Act, 1961, on going concern basis, into a newly incorporated wholly owned subsidiary namely Morepen Devices Limited. Pursuant to compliance of the Companies Act, 2013 and its rules made thereunder, the shareholders of the company has also approved the said hiving off in its annual general meeting held on 28<sup>th</sup> September 2021. The company is taking necessary steps towards this end and will complete the process once requisite approvals are obtained.
- "No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

### 40. Corporate Social Responsibility (CSR)

- During the financial year ended March 31, 2022, CSR amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof was ₹114.97 Lakh (Previous year ₹64.53 Lakh).
- During the year the Company has made an expenditure of ₹119.81 Lakh (Previous year ₹65.02 Lakh) related to CSR.



c) Details of CSR expenditure incurred during the year ended March 31, 2022 is as below :-

	(₹/ Lakhs)	
	31.03.2022	31.03.2021
<b>Nature of CSR activity</b>		
-Promotion of Healthcare	40.54	63.02
-Social Infrastructure	66.37	-
-Education	9.18	2.00
-Sports	3.72	-
<b>Total</b>	<b>119.81</b>	<b>65.02</b>

41. Ratios	As at 31.03.2022	As at 31.03.2021
<b>Current Ratio</b>	2.35	1.93
- Numerator - Current Assets	67676.08	49279.30
- Denominator - Current Liabilities		
CURRENT LIABILITIES	40268.63	37563.44
Less : Pref. Capital	11465.20	11965.20
	<u>28803.43</u>	<u>25598.24</u>
<b>Debt-Equity ratio</b>	0.03	0.03
- Numerator - Debt	1856.90	1615.27
- Denominator		
Equity	9555.86	8995.86
Reserves & Surplus	59641.99	43595.70
Warrants	2625.00	4375.00
OCI	(540.94)	(504.09)
Total Equity	<u>71281.91</u>	<u>56462.47</u>
<b>Debt Service Coverage ratio</b>	663.84%	691.99%
- Numerator - EBITDA	13937.32	12414.66
- Denominator		
Interest on loans	242.61	178.79
Principal loans	1856.90	1615.27
Total Loan liability	<u>2099.51</u>	<u>1794.06</u>
<b>Return on Equity ratio</b>	14.18%	16.69%
- Numerator - PAT	10106.29	9424.84
- Denominator		
Equity	9555.86	8995.86
Reserves & Surplus	59641.99	43595.70
Warrants	2625.00	4375.00
OCI	(540.94)	(504.09)
Total Equity	<u>71281.91</u>	<u>56462.47</u>
<b>Inventory turnover ratio</b>	4.63	4.88
- Numerator - Cost of Goods Sold	99054.47	73661.78
- Denominator - Average Inventory	21393.18	15104.13
<b>Trade receivables turnover ratio (days)</b>	47	45
- Numerator - Revenue	145950.19	112419.67
- Denominator - Average Debtors	18869.63	13846.34

<b>Trade payables turnover ratio (days)</b>	75	69
- Numerator - COGS	99054.47	73661.78
- Denominator - Average Creditors	20482.62	13846.34
<b>Net capital turnover ratio</b>	2.05	1.99
- Numerator - Revenue	145950.19	112419.67
- Denominator		
Equity	9555.86	8995.86
Preference Capital	11465.20	11965.20
Reserves & Surplus	48176.79	31630.50
Warrants	2625.00	4375.00
OCI	(540.94)	(504.09)
<b>Total Equity</b>	<u>71281.91</u>	<u>56462.47</u>
<b>Net profit ratio</b>	6.92%	8.38%
- Numerator - PAT	10106.29	9424.84
- Denominator - Revenue	145950.19	112419.67
<b>Return on Capital employed</b>	12.57%	16.24%
- Numerator - (PAT+Interest)	9370	9604
- Denominator		
Shareholder's wealth	59816.71	44497.27
Preference Capital	11465.20	11965.20
Non current borrowings	132.11	82.83
Non Current Liabilities	3108.74	2606.33
<b>Total capital employed</b>	<u>74522.76</u>	<u>59151.63</u>
<b>Return on investment</b>	9.78%	11.12%
- Numerator - PAT	10106.29	9424.84
- Denominator - Total Assets	103326.19	84749.87

Note : For computation of above ratios the preference capital of ₹11465.20 Lakhs (Previous year ₹11965.20 Lakhs) is considered as part of Equity as the preference shareholders have given their assent for conversion of preference capital into Equity Capital.



## Independent Auditor's Report

To the Members of Morepen Laboratories Limited  
Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of Morepen Laboratories Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015,

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1	<p>In the Scheme of Arrangement &amp; Compromise under Section 391 of the Companies Act, 1956 as approved by the Hon'ble High Court of Himachal Pradesh vide its Order dated August 4, 2009, the Company allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues. The Hon'ble NCLT vide its judgment dated 12<sup>th</sup> March 2018 dismissed the Company's petition seeking approval of the Scheme and stated that the order will not affect the allotment of the shares to the FD holders who have traded the shares to the third parties or transferred the allotted shares and to the balance FD holders (eligible FD holders), the company shall pay the outstanding amount as per the scheme approved by the Company Law Board (CLB). The appeal preferred by the company against the said order of NCLT, is dismissed by Hon'ble National Company Law Appellate Tribunal (NCLAT).</p> <p>Pursuant to implementation of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Order dated 12.03.2018, out of 3,85,65,810 Equity Shares of ₹2/- each issued at a premium of ₹9.32 per share belonging to eligible FD holders, the company has paid Fixed Deposit dues in respect of 50,38,983 Equity Shares received for cancellation with the company till 31.03.2022. (Refer Note No. 13G to the consolidated financial statements)</p>	<p><u>Principal Audit Procedures</u></p> <p>We collected and analyzed the Scheme approved by the Company Law Board (CLB) dated 19.08.2003, Judgment of Hon'ble NCLT dated 12<sup>th</sup> March 2018, order of Hon'ble National Company Law Appellate Tribunal (NCLAT), Communication with ROC and Stock Exchanges in this regard and other relevant documents in this regard produced for our verification.</p> <p>The payment to pending eligible FD holders may impact financials of the company in the coming year/years.</p>

as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

The respective board of directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation

and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company as aforesaid.

In preparing the consolidated financial statements, the respective board of directors of the entities included in the Group are responsible for assessing the ability of the Group to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease the operations or has no realistic alternative but to do so.

The respective board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial



controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as ongoing concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transaction and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

We did not audit the financial statements of subsidiaries namely Morepen Devices Limited (Indian Subsidiary) and Morepen Inc. (foreign Subsidiary) included in consolidated financial statements. Financial statement of these two subsidiaries reflect total assets of ₹328.98 lakhs as at March 31, 2022, total revenue of ₹204.46 lakhs, total profit after tax of ₹62.59 lakhs and total comprehensive income of ₹62.59 lakhs for the year ended on that date, as considered in the consolidated financial statements. The aforesaid financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the auditors of such entities.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of the Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.
- d) In our Opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issues thereunder.
- e) On the basis of the written representations received from the directors of the Holding company and its Indian subsidiaries as on 31<sup>st</sup> March 2022 taken on record by the Board of Directors of the respective companies, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls is as per Annexure A.
- g) There is no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - (ii) The Group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
  - (iii) During the year, the Group was not liable to transfer any amount to the Investor Education and Protection Fund.
  - (iv) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement. (Refer Note No. 34(f) to the consolidated financial statements)
  - (v) No Company in the group has declared or paid any dividend during the year.

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

S.K Goyal  
(Partner)  
Membership No. : 084613  
UDIN : 22084613AIKRM19433

Date : 5<sup>th</sup> May, 2022  
Place : Gurugram, Haryana



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the consolidated financial statements of Morepen Laboratories Limited for the year ended 31<sup>st</sup> March 2022)

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

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Morepen Laboratories Limited (hereinafter referred to as "the Holding Company") and its Indian subsidiaries, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

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

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

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

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanation given to us, and based on the consideration of reports of other auditors, referred

to in the Other Matters paragraph, the Holding company and its subsidiaries incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies, considering the essential components of internal control stated in the Guidance Note.

### Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far as it relates to the financial statements of subsidiaries namely Morepen Devices Limited (Indian Subsidiary) and Morepen Inc. (foreign Subsidiary), is based solely on the reports of the auditors of such entities.

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

S.K Goyal  
(Partner)

Membership No. : 084613  
UDIN : 22084613AIKRM19433

Date : 5<sup>th</sup> May, 2022  
Place : Gurugram, Haryana



## Consolidated Balance Sheet

As at 31<sup>st</sup> March, 2022

		(₹ in Lakhs)	
		As at	As at
		31.03.2022	31.03.2021
<b>A</b>	<b>ASSETS</b>		
	<b>1. NON-CURRENT ASSETS</b>		
	Property, Plant and Equipment and Intangible Assets		
	Property, Plant and Equipment	14664.72	12928.52
	Capital Work in Progress	1414.58	195.63
	Goodwill	7447.42	7447.42
	Other Intangible Assets	3067.68	2076.54
	Financial Assets :		
	Investments	-	108.50
	Loans	5.72	6.05
	Other Financial Assets	584.62	483.59
	Other Non-Current Assets	6390.42	9889.25
		<u>33575.16</u>	<u>33135.50</u>
	<b>2. CURRENT ASSETS</b>		
	Inventories	27585.41	17532.57
	Financial Assets :		
	Trade Receivables	25064.31	18198.42
	Cash and Cash Equivalents	1580.26	4138.69
	Bank Balances other than Cash and Cash Equivalents	3016.80	2650.73
	Loans	34.19	27.44
	Other Financial Assets	506.29	1117.80
	Other current assets	15642.85	9013.45
		<u>73430.11</u>	<u>52679.10</u>
	<b>TOTAL</b>	<u>107005.27</u>	<u>85814.60</u>
<b>B.</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>1. EQUITY</b>		
	Equity Share Capital	9555.86	8995.86
	Other Equity	48300.26	33479.12
		<u>57856.12</u>	<u>42474.98</u>
	<b>2. MINORITY INTEREST</b>	(46.07)	(45.93)
	<b>3. NON - CURRENT LIABILITIES</b>		
	Financial Liabilities :-		
	Borrowings	132.11	82.83
	Other Financial liabilities	344.71	383.42
	Deferred Tax Liabilities (Net)	248.26	-
	Provisions	2824.45	2539.30
		<u>3549.53</u>	<u>3005.55</u>
	<b>4. CURRENT LIABILITIES</b>		
	Financial Liabilities :-		
	Borrowings	1724.79	1621.74
	Trade Payables	25811.56	20884.89
	Other Financial liabilities	15758.86	16818.76
	Other Current Liabilities	1126.79	529.51
	Provisions	1223.69	525.10
		<u>45645.69</u>	<u>40380.00</u>
	<b>TOTAL</b>	<u>107005.27</u>	<u>85814.60</u>
	<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1	
	<b>NOTES ON FINANCIAL STATEMENTS</b>	2-36	

As per our separate report of even date For & on behalf of the Board of Directors of Morepen Laboratories Ltd.

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

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

Place : New Delhi  
Date : 5<sup>th</sup> May, 2022

(Sushil Suri)  
Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)  
Chief Financial Officer

(Manoj Joshi)  
Director  
DIN : 00036546

(Vipul Kumar Srivastava)  
Company Secretary  
Membership No. A-26231

## Consolidated Statement of Profit and Loss

For the Year Ended 31<sup>st</sup> March, 2022

		(₹ in Lakhs)	
		Year Ended	Year Ended
		31.03.2022	31.03.2021
	<b>REVENUE</b>		
	Revenue from operations (Net)	154682.69	118805.64
	Other Income	1030.72	1206.89
	<b>Total Income (I)</b>	<u>155713.41</u>	<u>120012.53</u>
	<b>EXPENSES</b>		
	Cost of Materials Consumed	79712.96	61792.65
	Purchases of Stock-in-Trade	26222.65	20420.07
	Changes in inventories of Finished goods Work-in-progress and Stock-in-Trade	(1003.59)	(4158.33)
	Employee Benefits Expense	16424.65	13559.36
	Finance Cost	(736.55)	178.82
	Depreciation and Amortization Expense	2764.25	3028.33
	Other Expenses	19658.79	15340.48
	<b>Total Expenses (II)</b>	<u>143043.15</u>	<u>110161.38</u>
	<b>Profit before Tax</b>	<u>12670.26</u>	<u>9851.15</u>
	<b>Tax Expense</b>		
	Current Tax	2528.49	143.41
	Earlier periods	(274.62)	(1.26)
	Deferred Tax	248.26	-
	<b>Total Tax Expense</b>	<u>2502.13</u>	<u>142.15</u>
	<b>Profit for the Year (III)</b>	<u>10168.13</u>	<u>9709.00</u>
	Share of minority interest in Profit/ (loss)	(0.14)	0.41
	<b>Profit for the year available for majority shareholders</b>	<u>10168.27</u>	<u>9708.59</u>
	<b>Other Comprehensive Income</b>		
	Items that will not be reclassified to Profit & Loss	(46.00)	10.50
	Tax	(8.90)	4.22
	<b>Other Comprehensive Income for the Year (Net of Tax) (IV)</b>	<u>(37.10)</u>	<u>14.72</u>
	<b>Total Comprehensive Income for the Year (III+IV)</b>	<u>10131.17</u>	<u>9693.87</u>
	Earning per equity share (Face Value of ₹2/- each)	31	
	(1) Basic	2.26	2.16
	(2) Diluted	1.96	2.15
	<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1	
	<b>NOTES ON FINANCIAL STATEMENTS</b>	2-36	

As per our separate report of even date

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

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

Place : New Delhi  
Date : 5<sup>th</sup> May, 2022

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

(Sushil Suri)  
Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)  
Chief Financial Officer

(Manoj Joshi)  
Director  
DIN : 00036546

(Vipul Kumar Srivastava)  
Company Secretary  
Membership No. A-26231



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31<sup>st</sup> March, 2022

### A. EQUITY SHARE CAPITAL

As at 31 <sup>st</sup> March, 2022					(₹ in Lakhs)
Balance as at 1 <sup>st</sup> April, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31 <sup>st</sup> March, 2022	
8995.86	-	8995.86	560.00	9555.86	
As at 31 <sup>st</sup> March, 2021					
Balance as at 1 <sup>st</sup> April, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31 <sup>st</sup> March, 2021	
8995.86	-	8995.86	-	8995.86	

### B. OTHER EQUITY AS AT 31<sup>st</sup> MARCH, 2022

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1 <sup>st</sup> April, 2021	270.40	7123.33	16740.51	5465.42	(495.54)	4375.00	33479.12
Money received against Share Warrants						5250.00	5250.00
- Amount transferred to Equity Share Capital on conversion of warrants						(560.00)	(560.00)
- Additions to Securities Premium Account			6440.00			(6440.00)	-
Profit for the year	-	-	-	10168.27	-	-	10168.27
Transfer to Capital Redemption Reserve		500.00		(500.00)			-
Other comprehensive income/(loss) for the year	-	-	-	-	(37.12)	-	(37.12)
Balance as at 31 <sup>st</sup> March, 2022	270.40	7623.33	23180.51	15133.68	(532.66)	2625.00	48300.26

### B. OTHER EQUITY AS AT 31<sup>st</sup> MARCH, 2021

(₹ in Lakhs)

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1 <sup>st</sup> April, 2020	270.40	7123.33	16740.51	(4243.17)	(480.82)	-	19410.25
Profit for the year	-	-	-	9708.59	-	-	9708.59
Other comprehensive income/(loss) for the year	-	-	-	-	(14.72)	-	(14.72)
Total comprehensive income/(loss) for the year	-	-	-	9708.59	(14.72)	-	9693.87
Money against share warrants received during the year	-	-	-	-	-	4375.00	4375.00
Balance as at 31 <sup>st</sup> March, 2021	270.40	7123.33	16740.51	5465.42	(495.54)	4375.00	33479.12

Money received against share warrants ('Warrants') represents amounts received towards 700 Lakhs no. of fully Convertible Warrants in the previous year ended 31.03.2021, which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of face value of ₹2/- each within a period of 18 months from date(s) of allotment of Warrants. During the current year ending 31.03.2022, the company has received, a sum of ₹5250.00 Lakhs, being balance 75% amount in respect of 280 Lakhs warrants, for the conversion of these warrants into equal no. of equity shares. The Board of Directors of the company has made allotment of 280 Lakhs equity shares consequent upon conversion of aforesaid 280 lakhs warrants. The balance 420 Lakhs nos. of warrants will be convertible in Equity Shares on receipt of balance 75% monies, as per terms of allotment of warrants.

SIGNIFICANT ACCOUNTING POLICIES 1

NOTES ON FINANCIAL STATEMENTS 2-36

As per our separate report of even date

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

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

Place : New Delhi  
Date : 5<sup>th</sup> May, 2022

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

(Sushil Suri)  
Chairman & Managing Director  
DIN : 00012028

(Ajay Sharma)  
Chief Financial Officer

(Manoj Joshi)  
Director  
DIN : 00036546

(Vipul Kumar Srivastava)  
Company Secretary  
Membership No. A-26231



## Consolidated Cash Flow Statement

For the Year Ended 31<sup>st</sup> March, 2022

		(₹ in Lakhs)	
	Notes No.	Year Ended 31.03.2022	Year Ended 31.03.2021
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Profit before Tax		12670.26	9851.15
Adjustments for :			
Depreciation & Amortisation	2	2764.25	3028.33
(Profit)/Loss on Sale of Property, Plant & Equipments, Mutual Funds	2,3	(36.02)	(0.03)
Provision for Employee benefit (OCI)		(46.00)	(10.50)
Finance Cost (Net)	26	(736.55)	178.82
Minority Interest		0.14	(0.41)
<b>Operating Profit before changes in Current Assets and Liabilities</b>		<b>14616.08</b>	<b>13047.36</b>
Changes in Current Assets and Liabilities -			
Trade Receivables	8	(6865.89)	(4430.37)
Loans, Bank balance other than cash & Cash equivalent and other Current Assets	4,10,11,12	(6390.71)	(4571.30)
Inventories	7	(10052.87)	(3685.00)
Current Liabilities	17,18,19,20	5162.60	4868.25
Deferred Tax Liabilities	33	248.26	-
<b>Cash generated from operations</b>		<b>(3282.53)</b>	<b>5228.94</b>
Income Tax (Net)		(2493.23)	(146.37)
<b>NET CASHFLOW - OPERATING ACTIVITIES</b>		<b>(5775.76)</b>	<b>5082.57</b>
<b>B. CASH FLOWS - INVESTING ACTIVITIES:</b>			
Purchase of Property, Plant & Equipments	2	(4544.62)	(2179.95)
Purchase/Addition of Intangibles/Goodwill (Net)	2	(2192.18)	(1859.89)
Proceeds from Sale of Property, Plant & Equipments	2	16.71	0.50
Sales/(Purchase) of Investments (Net)	3	154.11	-
<b>Investment in Other Non-Current Assets</b>	4,5,6	<b>3398.13</b>	<b>(2995.73)</b>
<b>NET CASHFLOW - INVESTING ACTIVITIES</b>		<b>(3167.85)</b>	<b>(7035.07)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Finance Cost	26	736.55	(178.82)
Proceeds/(Repayments) of Long Term Borrowings (Net)	15	49.28	(38.73)
Proceeds/(Repayments) of Short Term Borrowings (Net)	15	103.05	396.49
Proceeds from warrant subscription		5250.00	4,375.00
Change in Other Non- Current Liabilities & Provisions (Net)		246.30	173.34
<b>NET CASHFLOW - FINANCING ACTIVITIES</b>		<b>6385.18</b>	<b>4727.28</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(2558.43)	2774.78
Cash and Cash Equivalents as at Beginning of the Year		4138.69	1363.91
Cash and Cash Equivalents as at End of the Year		1580.26	4138.69
Bank Balances other than Cash and Cash Equivalents		3016.80	2650.73
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES ON FINANCIAL STATEMENTS</b>	2-36		

As per our separate report of even date

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

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

(Sushil Suri)  
Chairman & Managing Director  
DIN : 00012028

(Manoj Joshi)  
Director  
DIN : 00036546

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

(Ajay Sharma)  
Chief Financial Officer

(Vipul Kumar Srivastava)  
Company Secretary  
Membership No. A-26231

Place : New Delhi  
Date : 5<sup>th</sup> May, 2022

## 1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

### Company Overview

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

### 1.1 Basis for preparation of financial statements

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

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

The names of subsidiary companies included in consolidation and parent company's

holding therein are as under-

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

\*(Held by Dr. Morepen Limited)

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on May 5, 2022.

### Functional and Presentation Currency

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

### Basis of measurement

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

### Operating Cycle

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

### 1.2 Use of Estimates and Judgements

The presentation of financial statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions.



These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful life of depreciable assets and provisions for impairments & others.

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

### 1.3. Property, Plant and Equipment (PPE)

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

- a) Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated

depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

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

### 1.4 Intangible Assets and Amortisation

#### Internally generated Intangible Assets - Research and Development expenditure

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

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

#### Intangible Assets acquired separately

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

### 1.5 Depreciation

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

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

### 1.6. Valuation of inventories

Stocks of raw materials and other ingredients have been valued on First in First Out (FIFO)

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

### 1.7. Foreign Currency Transactions / Translations

- i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction or at rates that closely approximate the rate at the date of the transaction.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.



v) In case of long term monetary items outstanding as at the end of year, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

### 1.8 Dividends

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

### 1.9 Leases

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

### 2.0 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity

and a financial liability or equity instrument of another entity.

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

#### i) Initial Recognition and measurement

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

#### ii) Subsequent measurement

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

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual

cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

##### e) Financial liabilities

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

##### Financial liabilities at FVTPL

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

#### Other Financial liabilities

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

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

#### iii) Derecognition of financial instruments

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

#### iv) Fair value measurement of financial instruments

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

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

In case of financial instruments where the carrying amount approximates fair value



due to the short maturity of those instruments, carrying amount is considered as fair value.

## 2.1 Impairment of Assets

### i) Financial Assets

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

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

### ii) Non-Financial Assets

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

The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any

impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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

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

## 2.2 Revenue Recognition

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

a) Revenue is recognised at the fair value of the consideration received or receivable. The amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

## 2.3 Interest

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

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

## 2.4 Income Taxes

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

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

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a

transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Pursuant to Taxation Laws (Amendment) Ordinance 2019, the company has opted to pay Income Tax as provided under Section 115BAA of the Income Tax Act, 1961.

## 2.5 Borrowing Costs

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



**2.6 Provisions, contingent liabilities and contingent assets**

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

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

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

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

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of

income is virtually certain, then the related asset is not a contingent asset and is recognised.

**2.7 Earning per share**

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as at beginning of the period, unless they have been issued at a later date.

**2.8 Employee Retirement benefits**

**i) Short term employee benefits**

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

**ii) Post – employment benefits**

**Defined contribution plans –**

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

**Defined benefit plans –**

**Gratuity**

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

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

**iii) Long – term employee benefits**

**Leave Encashment**

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

**2.9 Segment Reporting**

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

**3.0 Cash and cash equivalents**

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



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2022

### 2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

#### 1) PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	GROSS BLOCK		DEPRECIATION/AMORTIZATION		CARRYING VALUE	
	As at 31.03.2021	As at 31.03.2022	As at 01.04.2021	For the year 2021-22	As at 31.03.2022	As at 31.03.2021
		(Disposals)/ Adjustments		Deductions/ Adjustments		
Land	158.22	143.28	-	-	143.28	158.22
Buildings	7925.59	215.17	3846.88	197.46	4096.42	4078.71
Plant & Machinery	40100.33	1860.90	32132.23	1134.32	4044.34	7968.10
Furnitures & Fixtures	469.04	839.75	301.14	57.03	26299.53	167.90
Vehicles	946.99	233.99	512.08	100.57	347.78	434.91
Office Equipments	426.37	175.86	305.69	73.82	591.24	120.68
Total	50026.54	3325.67	37098.02	1563.20	14664.72	12928.52
Previous Year	62961.85	1984.32	49552.91	2464.27	37098.02	12928.52
<b>II) CAPITAL WORK IN PROGRESS</b>						
Buildings	92.29	791.91	-	-	-	92.29
Plant & Machinery	103.34	672.44	-	-	-	103.34
Furniture & Fixture	-	0.28	-	-	-	-
Total	195.63	1464.63	-	-	-	195.63
Previous Year	-	195.63	-	-	-	-
<b>III) GOODWILL</b>						
Goodwill	7447.42	-	-	-	-	7447.42
Total	7447.42	-	-	-	-	7447.42
Previous Year	7450.22	-	2.80	-	(2.80)	7447.42
<b>IV) INTANGIBLE ASSETS</b>						
Computer Software	244.39	42.70	197.02	19.54	216.56	47.37
Customer Acquisition Cost	2420.68	2149.48	693.43	1162.99	1856.42	1727.25
Patents & Trade Marks	2692.89	-	2390.97	18.51	2409.48	301.92
Total	5357.96	2192.18	3281.42	1201.04	4482.46	2076.54
Previous Year	4843.12	1859.89	4062.41	564.06	3281.42	2076.54
<b>GRAND TOTAL</b>						
Current year	63027.55	6982.48	40379.44	2764.24	36144.86	22648.11
Previous Year	75255.19	4039.84	53618.12	3028.33	40379.44	22648.11

#### Notes -

- Trade mark "Burnol" forming part of Patents & Trade Marks was given as a collateral security against inter-corporate deposit taken by the parent company. Legal case in respect of the above trade mark is pending final adjudication.
- Customer Acquisition Cost represents amount spent for the expansion of product markets and increase in customer reach.
- \*Includes ₹6967.02 Lakhs, old machinery no longer in use and fully depreciated, written off during the year.

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
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### 3. INVESTMENTS (NON-CURRENT) - Non Trade

#### A. Investment in Mutual Funds (Quoted)

Nil (Previous Year : 5641Units ) of ICICI Prudential Bluechip Fund	-	15.25
Nil (Previous Year : 41929Units ) of Kotak Standard Multicap Fund	-	15.25
Nil (Previous Year : 24159Units ) of Franklin India Prima Fund	-	17.50
Nil (Previous Year : 10939Units ) of Canara Robeco Equity Fund	-	15.00
Nil (Previous Year : 5034Units ) of HDFC Equity Fund	-	30.00
Nil (Previous Year : 14921Units ) of Nippon India Multi Cap Fund	-	15.00
Nil (Previous Year : 37 Units) of Aditya Birla Sun Life Equity Fund	-	0.25
Nil (Previous Year : 120 Units) of Aditya Birla Sun Life Frontline Equity Fund	-	0.25
	-	108.50

### 4. LOANS

	Current Portion		Non Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
<b>Secured</b> (Unsecured, considred good)				
Loans to Employees	34.19	27.44	5.72	6.05
	34.19	27.44	5.72	6.05

### 5. OTHER FINANCIAL ASSETS - NON CURRENT

Security Deposits	584.62	483.59
	584.62	483.59

### 6. OTHER NON CURRENT ASSETS

#### Unsecured

Capital Advances (Considered good) *	6362.65	9861.94
Leasehold Land Prepayments	25.70	25.34
Prepaid (Deferred)Expenses for Employee Benefit	2.07	1.97
	6390.42	9889.25

#### Includes-\*

₹2596.38 Lakhs (Previous year - ₹2596.38 Lakhs) paid to related parties for acquisition of land for expansion of manufacturing facilities of the company. An agreement for acquisition of land was entered into with these parties in the last year for a sum of ₹2840.00 Lakhs. Necessary documentation and seeking government & statutory approvals for the transfer of land in the name of the company is in progress.

### 7. INVENTORIES

Raw Materials	15702.24	6662.77
Work-in-progress	3582.17	4365.80
Finished goods	3722.87	3683.58
Stock -in-trade	4222.06	2551.32
Goods in transit	7.12	8.29
Stores and spares	348.95	260.81
	27585.41	17532.57

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



(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
<b>8. TRADE RECEIVABLES</b>		
<b>Unsecured -</b>		
Considered good	25064.31	18198.42
Considered doubtful	582.87	516.10
	<u>25647.18</u>	<u>18714.52</u>
Less: Allowance for bad & doubtful debts	582.87	516.10
	<u>25064.31</u>	<u>18198.42</u>

Ageing of Trade Receivables (2021-22)	< than 6 months	6months-1 year	1-2 years	2-3 years	3 years or more	Total
<b>Undisputed</b>						
- Considered good	24661.23	228.36	231.05	(14.98)	(41.36)	25064.31
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
<b>Disputed</b>						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	405.34	10.05	55.19	27.12	85.18	582.87
- Credit impaired	-	-	-	-	-	-
<b>Total Receivables</b>	<b>25066.57</b>	<b>238.41</b>	<b>286.24</b>	<b>12.14</b>	<b>43.82</b>	<b>25647.18</b>

Ageing of Trade Receivables (2020-21)	< than 6 months	6months-1 year	1-2 years	2-3 years	3 years or more	Total
<b>Undisputed</b>						
- Considered good	17881.63	225.30	116.50	(2.92)	(22.09)	18198.42
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
<b>Disputed</b>						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	352.01	8.85	76.46	4.62	74.15	516.10
- Credit impaired	-	-	-	-	-	-
<b>Total Receivables</b>	<b>18233.64</b>	<b>234.15</b>	<b>192.96</b>	<b>1.70</b>	<b>52.06</b>	<b>18714.52</b>

**9. CASH AND CASH EQUIVALENTS**

<b>Balances with banks</b>		
Current Accounts	1457.40	4126.61
In Deposit Accounts	113.02	-
Cash in hand	9.84	12.08
	<u>1580.26</u>	<u>4138.69</u>

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
<b>10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Term Deposit - Towards Margin Money & Security against Overdraft, Bills discounting and LC facilities (Refer Note No. 15)	2984.27	2607.75
Guarantees	32.53	42.98
	<u>3016.80</u>	<u>2650.73</u>
<b>11. OTHER FINANCIAL ASSETS - CURRENT</b>		
Security Deposits	190.82	235.12
Interest accrued but not due	57.72	58.20
Export Incentives Receivable	257.75	824.48
	<u>506.29</u>	<u>1117.80</u>
<b>12. OTHER CURRENT ASSETS</b>		
<b>Unsecured considered good, unless otherwise stated</b>		
Advances with Suppliers & Others *	11663.28	6742.18
Leasehold Land Prepayments	1.11	0.36
Balance with Government Authorities	3617.91	2002.54
Advance Income Tax - Tax Deducted at source	52.62	0.51
Recoverable from Insurance	0.26	0.30
Advances to Employees	95.55	150.03
Prepaid Expenses	212.13	117.53
	<u>15642.86</u>	<u>9013.45</u>
Advances Considered Doubtful (Balances with Govt. Authorities - special additional duty claims)	-	1.83
Less : Allowance for doubtful advances	-	(1.83)
	<u>15642.86</u>	<u>9013.45</u>

\* Includes

- Sum of ₹570.41 Lakhs (P.Y. - ₹379.73 Lakhs) paid to fixed deposit holders towards cancellation of 50,38,983 Equity Shares (P.Y. - 33,54,500). (Refer Note No. 13G)

**13. SHARE CAPITAL**
**A. Equity Share Capital**

	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
<b>Authorised</b>				
Equity Shares of ₹2/- each	650000000	13000.00	650000000	13000.00
<b>Issued and Subscribed</b>				
Equity Shares of ₹2/- each	477826203	9556.53	449826203	8996.53
<b>Paid up</b>				
Equity Shares of ₹2/- each	477826203	9555.86	449826203	8995.86


**Reconciliation of the numbers and amount of Equity shares -**

For the year ended	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
Outstanding at beginning of the year	449826203	8995.86	449826203	8995.86
Add : Shares issued during the year	28000000	560.00	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	477826203	9555.86	449826203	8995.86

**Shares held by promoters at the end of the year**

S. No.	Name of the promoter	No. of shares held	% of shareholding	% Change During the Year
1	ARUN SURI	3,510	0.00%	-
2	KANTA SURI	1,510	0.00%	-
3	SUSHIL SURI	55,01,510	1.15%	-
4	ANJU SURI	51,86,369	1.09%	-
5	SONIA SURI	36,79,718	0.77%	-
6	SANJAY SURI	34,17,240	0.72%	-
7	SUNITA SURI	31,88,730	0.67%	-
8	VARUN SURI	30,52,357	0.64%	-
9	MAMTA SURI	30,04,000	0.63%	-
10	SANJAY SURI	21,00,000	0.44%	-
11	SHALU SURI	20,52,250	0.43%	-
12	ARUN SURI & SONS (HUF)	15,00,000	0.31%	-
13	SUSHIL SURI & SONS (HUF)	12,01,560	0.25%	-
14	GULFY SURI	11,50,000	0.24%	-
15	KANAK SURI	9,97,060	0.21%	-
16	K B SURI & SONS (HUF)	9,72,830	0.20%	-
17	ANUBHAV SURI	7,82,134	0.16%	-
18	AANANDI SURI	7,50,000	0.16%	-
19	SARA SURI	7,05,000	0.15%	-
20	MASTER ARJUN SURI	6,97,060	0.15%	-
21	AANCHAL SURI	6,85,922	0.14%	-
22	PL.SURI	4,00,000	0.08%	-
23	RAJAS SURI	1,55,000	0.03%	-
24	BABY AAKRITI SURI	55,000	0.01%	-
25	PRADUMAN LAL SURI (HUF)	2,990	0.00%	-
26	SCOPE CREDITS AND FINANCIAL SERVICES PRIVATE LIMITED	1,55,75,405	3.26%	28.98%

27	CONCEPT CREDITS AND CONSULTANTS PRIVATE LIMITED	1,53,47,724	3.21%	29.54%
28	BROOK INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,51,59,252	3.17%	30.02%
29	SOLITARY INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,51,14,045	3.16%	30.14%
30	SOLACE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,50,82,790	3.16%	30.22%
31	MID MED FINANCIAL SERVICES AND INVESTMENTS PRIVATE LIMITED	1,14,73,813	2.40%	0.00%
32	REACT INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,14,42,134	2.39%	0.00%
33	EPITOME HOLDINGS PRIVATE LIMITED	1,45,00,820	3.03%	31.82%
34	SEED SECURITIES AND SERVICES PRIVATE LIMITED	1,43,28,780	3.00%	32.32%
35	SQUARE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,41,02,075	2.95%	33.01%
36	LIQUID HOLDINGS PRIVATE LIMITED	3,000	0.00%	0.00%
	<b>TOTAL</b>	<b>18,33,71,588</b>	<b>38.38%</b>	<b>18.02%</b>

**B. Shareholders holding more than 5% shares -**
**Equity Shares**

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Pinfold Overseas Ltd.	3,85,30,000	8.57	3,85,30,000	8.57

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

- The company has equity shares having a par value of ₹2/- each. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and their voting right on poll shall be in proportion to their share in the paid-up equity share capital of the Company.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.

D. "During last 5 years immediately preceding the balance sheet date, no Equity Share has been issued pursuant to any contract without payment being received in cash. During the year 2020-21, Money received against share warrants ('Warrants') represents amounts received towards fully Convertible Warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of face value of ₹2/- each within a period of 18 months from dates(s) of allotment of Warrants."

**E. Disclosure about unpaid calls -**

Unpaid Calls	(₹in Lakhs)	
	31.03.2022	31.03.2021
By Directors & Officers	-	-
By Others	0.66	0.66

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



G. In terms of Hon'ble National Company Law Tribunal (NCLT) order dated 12.03.2018, the company sent notices to all the eligible FD holders who provided the company, their bank account details and identification particulars, for transfer of FD dues in their respective bank accounts. In all 4953 no. of fixed deposit holders submitted their identification and bank account particulars and surrendered a total of 50,38,983 Equity Shares (P.Y. 33,54,500) for cancellation, with the company. All those FD holders who provided their bank account details, identification and other relevant particulars were paid their entire FD dues as per Hon'ble NCLT order dated 12.03.2018. The company has approached the both the Stock Exchanges and depositories for the cancellation of these shares, against which pay-out has been made by the company, in compliance with Hon'ble NCLT order dated 12.03.2018.

Necessary accounting entries for the cancellation of equity capital and reversal of reserves and surplus for ₹100.78 Lakhs (P.Y. ₹67.09 Lakhs) and ₹469.63 Lakhs (P.Y. ₹312.64 Lakhs) respectively, will be given effect on the receipt of guidance from stock exchanges and depositories. The total sum of ₹570.41 Lakhs, comprising of debit balance of share capital and reserves & surplus, is appearing under head - other current assets. Aforesaid entries has insignificant impact on EPS and current assets.

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
<b>14. MINORITY INTEREST</b>		
Share Capital	46.66	46.66
Share in Profit/(Loss)	(92.73)	(92.59)
	<u>(46.07)</u>	<u>(45.93)</u>

**15. BORROWINGS****Long Term**

	Current Portion		Non Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
<b>Secured</b>				
Term Loans - Vehicles	111.63	89.30	132.11	82.83
	<u>111.63</u>	<u>89.30</u>	<u>132.11</u>	<u>82.83</u>

I. Above loans represent vehicle loans, repayable on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase agreement.

Particulars	Current Portion				Non Current Portion	
	2022-23	2023-24	2024-25	2025-26	Total	Total Loan
Annual Repayment Amount (₹/Lakhs)	111.63	80.85	37.67	13.59	132.11	243.74
Annual Rate of Interest (%)	7.60% - 10.95%	7.60% - 10.95%	7.60% - 10.95%	7.60% - 10.95%		7.60% - 10.95%

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

**Short Term****Secured**

Bank Overdraft and Bill Discounting facility against term deposit (Refer Note No. 10)*	1613.16	1,532.44
Current maturities of Long Term Borrowings	111.63	89.30
Total	<u>1724.79</u>	<u>1621.74</u>

\* Annual rate of interest chargeable on aforesaid facilities ranges up to 8.5% .

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
<b>16. OTHER FINANCIAL LIABILITIES (NON-CURRENT)</b>	344.71	383.42
Security Deposits from Business Associates & Others	<u>344.71</u>	<u>383.42</u>

**17. PROVISIONS**

	Current Portion		Non Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
Gratuity	306.98	244.31	2086.93	1882.94
Leave Encashment	150.68	132.18	737.52	656.36
Income Tax (Net of Tax payments)	509.22	148.61	-	-
Others	256.80	-	-	-
	<u>1223.68</u>	<u>525.10</u>	<u>2824.45</u>	<u>2539.30</u>

**18. TRADE PAYABLES**

Total outstanding dues of micro small and medium enterprises	62.19	211.25
Total outstanding dues of creditors other than micro small and medium enterprises	<u>25749.37</u>	<u>20673.64</u>
	<u>25811.56</u>	<u>20884.89</u>

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

Ageing of Trade Payables (2021-22)	1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	62.19	-	-	-	62.19
(ii) Others	25425.88	142.13	55.28	126.07	25749.37
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total Payables</b>	<b>25488.07</b>	<b>142.13</b>	<b>55.28</b>	<b>126.07</b>	<b>25811.56</b>

Ageing of Trade Payables (2020-21)	1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	211.25	-	-	-	211.25
(ii) Others	20367.52	144.95	68.02	93.15	20673.64
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total Payables</b>	<b>20578.77</b>	<b>144.95</b>	<b>68.02</b>	<b>93.15</b>	<b>20884.89</b>



	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
<b>19. OTHER FINANCIAL LIABILITIES - CURRENT</b>		
Preference Shares	11465.20	11965.20
Accumulated Dividend on Cummulative Preference Shares	-	979.16
Accrued salaries and benefits	1615.50	1608.04
Others	2678.16	2266.36
	<u>15758.86</u>	<u>16818.76</u>

#### A. Preference Share Capital

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

- i) The Preference Share Capital of ₹11965.20 Lakhs comprises of preference shares amounting to ₹11265.20 Lakhs, issued to banks and financial institutions, in satisfaction of their outstanding debt under Corporate Debt Restructuring ('CDR') Scheme during the financial year ending March 2008 and ₹200.00 Lakhs (Previous Year ₹200.00 Lakhs) to a corporate Preference shareholder. The detailed break up is as under -
- I. 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') of ₹100/- each amounting to ₹9735.20 Lakhs
  - II. 17,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS') of ₹100/- each amounting to ₹1730.00 Lakhs

During the year, the company has proposed to vary rights of preference shareholders holding 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') and 17,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS'), both of ₹100/- each, by converting said OCPS and CRPS into 0.01% Compulsorily Convertible Preference Shares ('CCPS') of ₹100/- each, in accordance with provisions of Section 48 of the Companies Act, 2013 read along-with applicable rules framed thereunder.

In aggregate, 114,65,201, CCPS will be issued to OCPS and CRPS holders, convertible into 2,13,42,505 equity shares of ₹2/- each, at a conversion price of ₹53.72/- per share, a price derived as per SEBI (ICDR) Regulations, 2018, as amended, subject to receipt of necessary regulatory and other approvals. During the year, the aforesaid variation of rights has been approved by the preference shareholders as well as equity shareholders. The company has filed an application with Stock Exchanges for their 'in-principle' approval, is under consideration. In view of aforesaid, the company has neither created capital redemption reserve nor provision for dividend has been made thereon.

- ii) Pursuant to settlement with one of the preference share holder, the company, during the year, has redeemed 5,00,000, 9.75% Cumulative Redeemable Preference of ₹100/- each and in compliance with provisions of Companies Act, 2013 has created Capital Redemption Reserve for a sum of ₹5.00 Crores. Provision of dividends created during the past years has been reversed and credited to finance cost during the year in view of aforesaid settlement. (Refer Note No. 27)

	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
<b>Authorised</b>				
Preference Shares of ₹100/- each	12000000	12000.00	12000000	12000.00
<b>Issued, Subscribed &amp; paid up</b>				
Preference Shares of ₹100/- each	11465201	11465.20	11965201	11965.20
0.01% Optionally Convertible	9735201	9735.20	9735201	9735.20
0.01% Cumulative Redeemable	1730000	1730.00	1730000	1730.00
9.75% Cumulative Redeemable	-	-	500000	500.00
	11465201	11465.20	11965201	11965.20

#### Reconciliation of the numbers and amount of Preference shares

	As at March 31, 2022		As at March 31, 2021	
	Nos.	Amount (₹/Lakhs)	Nos.	Amount (₹/Lakhs)
Outstanding at beginning of the year	11965201	11965.20	11965201	11965.20
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	500000	500.00	-	-
Outstanding at the end of year	11465201	11465.20	11965201	11965.20

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

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia Stressed Assets Stabilisation Fund (SASF)	1179000	12.11	1179000	12.11
EXIM Bank Ltd.	961044	9.87	961044	9.87
SICOM Ltd.	916333	9.41	916333	9.41
Punjab National Bank	829463	8.52	829463	8.52
Oriental Bank of Commerce	671522	6.90	671522	6.90
Dena Bank	623828	6.41	623828	6.41
UCO Bank	593936	6.10	593936	6.10
	515900	5.30	515900	5.30

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	-	-	500000	100



	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
<b>20. OTHER CURRENT LIABILITIES</b>		
Advance Received from Customers	562.48	185.39
Direct Taxes	505.92	248.06
Indirect Taxes	0.53	38.00
Others	57.86	58.06
	1126.79	529.51
<b>21. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
<b>a) Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts (routine petty matters - Amount not ascertained)	120.58	-
Guarantees	10.36	10.36
Other money for which company is contingently liable	133.12	82.35
	164.06	92.71
<b>b) Other commitments</b>		
Capital commitments	1733.60	243.62
	1897.66	336.33
<b>22. REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Domestic	98269.56	69871.43
Exports	55886.94	47665.30
	154156.51	117536.73
<b>Other Operating Revenues</b>		
Export Incentives	289.15	1007.91
Others	237.03	261.00
	526.18	1268.91
	154682.69	118805.64
<b>23. OTHER INCOME</b>		
Interest Income	132.98	213.43
Others	897.74	993.46
	1030.72	1206.89
<b>24. COST OF MATERIALS CONSUMED</b>		
Raw Materials	72816.69	57266.99
Packing Materials	6896.27	4525.66
	79712.96	61792.65
<b>25. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	15103.96	12358.79
Contribution to provident fund/ ESI	443.96	388.70
Gratuity and Leave Encashment Expenses	503.72	443.57
Staff Welfare	373.01	368.30
	16424.65	13559.36

	(₹ in Lakhs)	
	As at 31.03.2022	As at 31.03.2021
<b>26. FINANCE COST</b>		
Interest expense	242.61	129.90
(includes a sum of ₹53.13 Lakhs (Previous Year ₹2.47 Lakhs towards interest paid/provided on fixed deposits repayments)		
Dividends on Cumulative Preference Shares (refer Note No. 19 A (ii))	(979.16)	48.92
	(736.55)	178.82
<b>27. OTHER EXPENSES</b>		
Consumption of Stores and spare parts	1161.71	623.27
Power and Fuel	1892.92	1300.26
Rent	818.23	514.00
Repairs to buildings	177.33	89.67
Repairs to machinery	522.55	354.57
General Repairs	477.58	325.46
Insurance	155.51	134.43
Research & Development	300.82	564.61
Quality Control & Testing Charges	840.33	563.44
Rates and taxes excluding taxes on income	172.39	283.18
Legal and Professional Expenses	1262.99	1082.62
Travelling Expenses	1351.54	1131.66
Selling and Distribution Expenses	5357.99	4965.67
Miscellaneous Expenses	5166.90	3407.63
(includes a sum of ₹1884.29 Lakhs (Previous Year ₹1394.76 Lakhs) towards settlement of fixed deposit dues, pursuant to NCLT order dated 12.03.2018)		
	19658.79	15340.48
<b>28. PRIOR PERIOD ITEMS</b>		
Expenses include ₹56.08 Lakhs (Previous Year ₹32.73 Lakhs) as expenses (net) relating to earlier years.		
<b>29. SEGMENT REPORTING</b>		
In accordance with Ind AS-108, "Operating Segment" the Company's business activity falls within a single primary business segment viz. "Pharmaceuticals". The secondary business segment in terms of geographical markets have been recognised as India, USA and rest of world. The segment revenues for the year is as under-		
<b>Geographical Segment</b>	<b>Sales Revenues (₹/Lakhs)</b>	
	<b>2021-22</b>	<b>2020-21</b>
USA	10065.39	6800.03
Rest of World	45821.55	40865.27
India	98269.56	69871.43
<b>Total</b>	154156.51	117536.73



### 30. RELATED PARTY DISCLOSURES

Disclosure as required by Indian Accounting Standard "Related Party Disclosures" (Ind AS 24) as notified u/s 133 of Companies Act, 2013 are as under:

Related Parties	
1. Key Management Personnel	<p><b>Morepen Laboratories Limited -</b> Mr. Sushil Suri, Chairman &amp; Managing Director, Mr. Sanjay Suri, Whole Time Director Dr. A.K. Sinha, Whole time Director (Vacated office on March 31<sup>st</sup>, 2022) Mr. Ajay Sharma, Chief Financial Officer Mr. Vipul Srivastava, Company Secretary</p> <p><b>Dr. Morepen Limited</b> Mr. Sanjay Suri, MD Mr. Ajay Sharma, Director &amp; Chief Financial Officer Mr. Deepak Das, Company Secretary till 18.03.2021</p>
2. Relatives of Key Management personnnels with whom the company has any transaction during the year	Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Mrs. Simmi Bhasin, Mrs. Sonia Bajaj, Mrs. Amita Sharma.
3. Entities controlled or jointly controlled by a person or a close members of that person's family having control or joint control over the reporting entity -	<p>Brook Investments &amp; Financial Services Private Ltd. Domestic Company Domestic Company</p> <p>Concept Credits &amp; Consultants Private Limited Domestic Company Domestic Company</p> <p>Epitome Holdings Private Limited Domestic Company Domestic Company</p> <p>Scope Credits &amp; Financial Services Private Limited Domestic Company Domestic Company</p> <p>Mid-Med Financial Services &amp; Investments Pvt. Ltd. Domestic Company Domestic Company</p> <p>React Investments &amp; Financial Services Pvt. Ltd. Domestic Company Domestic Company</p> <p>Solitary Investments &amp; Financial Services Pvt. Ltd. Domestic Company Domestic Company</p> <p>Square Investments &amp; Financial Services Pvt. Ltd. Domestic Company Domestic Company</p> <p>Solace Investments &amp; Financial Services Pvt. Ltd. Domestic Company Domestic Company</p> <p>Seed Securities &amp; Services Private Limited Domestic Company Domestic Company</p> <p>Liquid Holdings Private Limited Domestic Company Domestic Company</p>
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	<p>Edit 25 Lifestyle Private Limited</p> <p>Mr. Naman Joshi</p> <p>Vignet Trading Pvt. Ltd.</p> <p>Morepen Overseas Ltd.</p> <p>Liquid Holdings Pvt. Ltd.</p>

#### Transactions with related parties -

Particulars	Nature of transaction	(₹ in Lakhs)
1. Entities controlled or jointly controlled by a person or a close members of that person's family having control or joint control over the reporting entity	Receipt of balance 75% share warrant subscription money	5250.00
	Receipt of services	583.76
	Amount payable as on 31.03.22	-
	Maximum amount outstanding	94.21

2. Key Management Personnel	Remuneration	1755.04
	Amount payable as on 31.03.22	140.28
	Maximum amount outstanding	294.79
3. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Receipt of services	494.01
	Amount payable as on 31.03.22	11.28
	Maximum amount outstanding	93.22
4. Relatives of key Management personnnels with whom the company has any transaction during the year	Remuneration	1314.86
	Amount payable as on 31.03.22	182.76
	Maximum amount outstanding	715.06

### 31. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2022	31.03.2021
Profit/ (Loss) after Tax (₹ in Lakh)	10168.27	9708.59
Weighted average number of equity shares outstanding	449979628	449826203
EPS (₹) - (Face value ₹2/- per share)	2.26	2.16
Weighted average number of equity shares used in computing diluted EPS	519826203	451072778
Diluted EPS (₹) - (Face value of ₹2/- per share)	1.96	2.15

### 32. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2022. Hence, no provision is required in the accounts for the year under review.

### 33. INCOME TAXES

#### A. Current Tax and Deferred Tax Expense

Income taxes recognised in the statement of profit and loss including Other Comprehensive Income (OCI)-

	(₹/ Lakhs)	
For the year ended	31.03.2022	31.03.2021
Current tax	2519.60	147.63
Earlier Years taxes	(274.62)	(1.26)
Deferred tax expense	248.26	-
Total income tax expenses	2493.24	146.37

#### B. Deferred Tax Assets (Net)

Deferred Tax Liabilities	1166.67	1214.39
Deferred Tax Assets	918.41	1532.61
Deferred tax Liabilities/(Assets) (Net)	248.26	(318.21)

Major Components of Deferred Tax Assets (Net) arising on account of temporary difference and movements thereof are given below -

#### Deferred Tax Assets -

Tax (losses)/benefits carry forward	-	2661.52
Provisions deductible for tax purposes in future periods	538.17	512.20
Retirement benefits & Leave Encashment	3110.96	2915.79



Total	3649.13	6089.51
Tax Rate	25.168%	25.168%
Tax Amount	918.41	1532.61
<b>Deferred tax Liabilities -</b>		
PP&E depreciation and intangible Amortiation	4635.52	4825.15
Total	4635.52	4825.15
Tax Rate	25.168%	25.168%
Tax Amount	1166.67	1214.39

Note : Deferred Tax asset of ₹318.21 lakhs has not been considered during previous financial year ending 31.03.2021.

### 34. OTHERS SIGNIFICANT DISCLOSURES

- In the opinion of directors, all assets stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- Balances of Non-current liabilities, Current liabilities, Long term loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.
- During the year, the Board of Directors of the company has approved the hiving off of its point of care medical devices business as "slump sale" defined under section 2(42C) of Income Tax Act, 1961, on going concern basis, into a newly incorporated wholly owned subsidiary namely Morepen Devices Limited. Pursuant to compliance of the Companies Act, 2013 and its rules made thereunder, the shareholders of the company has also approved the said hiving off in its annual general meeting held on 28<sup>th</sup> September 2021. The company is taking necessary steps towards this end and will complete the process once requisite approvals are obtained.
- "No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by any Company in the group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). No Company in the group has received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."
- During the year, the Board of Directors of the company has approved the hiving off of its point of care medical devices business as "slump sale" defined under section 2(42C) of Income Tax Act, 1961, on going concern basis, into a newly incorporated wholly owned subsidiary namely Morepen Devices Limited. Pursuant to compliance of the Companies Act, 2013 and its rules made thereunder, the shareholders of the company has also approved the said hiving off in its annual general meeting held on 28<sup>th</sup> September 2021. The company is taking necessary steps towards this end and will complete the process once requisite approvals are obtained.

### 35. Corporate Social Responsibility (CSR)

- During the financial year ended March 31, 2022, CSR amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof was ₹114.97 Lakh (Previous year ₹64.53 Lakh).
- During the year the Company has made an expenditure of ₹119.81 Lakh (Previous year ₹65.02 Lakh) related to CSR.
- Details of CSR expenditure incurred during the year ended March 31, 2022 is as below :-

	(₹/ Lakhs)	
	31.03.2022	31.03.2021
<b>CSR activity</b>		
- Promotion of Healthcare	40.54	63.02
- Social Infrastructure	66.37	-
- Education	9.18	2.00
- Sports	3.72	-
<b>Total</b>	<b>119.81</b>	<b>65.02</b>

### 41. Ratios

	As at 31.03.2022	As at 31.03.2021
<b>Current Ratio</b>	2.15	1.85
- Numerator - Current Assets	73430.11	52679.10
- Denominator - Current Liabilities		
CURRENT LIABILITIES	45645.69	40380.00
Less : Pref. Capital	11465.20	11965.20
	<u>34180.49</u>	<u>28414.80</u>
<b>Debt-Equity ratio</b>	0.03	0.02
- Numerator - Debt	1856.90	1704.57
- Denominator		
Equity	9555.86	8995.86
Reserves & Surplus	57673.12	55612.58
Warrants	2625.00	4375.00
OCI	(532.66)	(495.54)
Total Equity	<u>69321.32</u>	<u>68487.91</u>
<b>Debt Service Coverage ratio</b>	700.07%	693.34%
- Numerator - EBITDA	14697.96	13058.30
- Denominator		
Interest on loans	242.61	178.82
Principal loans	1856.90	1704.57
Total Loan liability	<u>2099.51</u>	<u>1883.39</u>
<b>Return on Equity ratio</b>	14.67%	14.18%
- Numerator - PAT	10168.27	9708.59
- Denominator		
Equity	9555.86	8995.86
Reserves & Surplus	57673.12	55612.58
Warrants	2625.00	4375.00
OCI	(532.66)	(495.54)
Total Equity	<u>69321.32</u>	<u>68487.91</u>
<b>Inventory turnover ratio</b>	4.65	4.97
- Numerator - Cost of Goods Sold	104932.02	78054.39
- Denominator - Average Inventory	22558.99	15690.07
<b>Trade receivables turnover ratio (days)</b>	51	49
- Numerator - Revenue	155713.41	120012.53
- Denominator - Average Debtors	21631.37	15983.24
<b>Trade payables turnover ratio (days)</b>	81	89
- Numerator - COGS	104932.02	78054.39
- Denominator - Average Creditors	23348.22	19057.66
<b>Net capital turnover ratio</b>	2.25	1.75
- Numerator - Revenue	155713.41	120012.53
- Denominator		
Equity	9555.86	8995.86
Preference Capital	11465.20	11965.20
Reserves & Surplus	46207.92	43647.38
Warrants	2625.00	4375.00
OCI	(532.66)	(495.54)
Total Equity	<u>69321.32</u>	<u>68487.91</u>
<b>Net profit ratio</b>	6.53%	8.09%
- Numerator - PAT	10168.27	9708.59
- Denominator - Revenue	155713.41	120012.53
<b>Return on Capital employed</b>	12.95%	13.84%
- Numerator - (PAT+Interest)	9432	9887
- Denominator		
Shareholder's wealth	69321	68488
Non current borrowings	132	83
Non Current Liabilities	3371	2877
Total capital employed	<u>72825</u>	<u>71448</u>
<b>Return on investment</b>	9.50%	11.31%
- Numerator - PAT	10168	9709
- Denominator - Total Assets	107005	85815

Note : For computation of above ratios the preference capital of ₹11465.20 Lakhs (Previous year ₹11965.20 Lakhs) is considered as part of Equity as the preference shareholders have given their assent for conversion of preference capital into Equity Capital.



The USFDA approved Plant at Masulkhana