



MOREPEN

Date: 26/09/2016

To,

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,

Bandra (East), Mumbai- 400 051

Tel No: (022) 26598100-8114

Fax No: (022) 26598120

Symbol: MOREPENLAB

BSE Limited

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Dalal Street, Mumbai- 400 001

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Fax: 91-22-2272 3121

Scrip Code: 500288

Subject: Submission of Annual Report for the financial year 2015-16

Dear Sir,

Pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached a copy of the Annual Report for the financial year 2015-16 of Morepen Laboratories Limited.

Kindly acknowledge the receipt and take it on record.

Thanking You.

Yours faithfully,

For Morepen Laboratories Limited

(Thomas P. Joshua)

Company Secretary

Encl.: As above

Morepen Laboratories Limited

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

Tel.: +91-11-23324443, 23712025, E-mail: corporate@morepen.com, Website: www.morepen.com

CIN NO. L24231 HP1984PLC006028

Plant & Regd. Off.: Morepen Village, Malkumajra, Nalagarh Road, Baddi, Distt. Solan (H.P.) -173205

Tel.: +91-1795-266401-03, 244590, Fax: +91-1795-244591, E-mail: plants@morepen.com

Celebrations of Trust



Motherhood ... a pause most mystical ... a moment most miraculous.

What else can one call the state of wonderment when one life gives birth to another? When it blossoms, motherhood challenges us to see the world differently, love selflessly and trust unconditionally.

Without doubt, it teaches life lessons that changes lives forever.

For over 32 years, we at Morepen have been strengthening our bond with life by opening new doors of wellness and exploring new avenues of wellbeing. Just like a mother knows and encourages what's best for her child, we at Morepen enthusiastically strive to create and nurture our products with the same loving care. We firmly believe that adding greater joy to trust is the only way to celebrate our existence ... that inspiring greater love for life is the only way to add greater life to love ... thereby making life's journey a rewarding experience, filled with hugs, laughter and love.



CORPORATE INFORMATION

Chairman & Managing Director

Mr. Sushil Suri

Whole-time Director

Dr. Arun Kumar Sinha

Independent Directors

Mr. Manoj Joshi

Mr. Bhupender Raj Wadhwa

Mr. Sukhcharan Singh

Director

Ms. Archana S. Bhargava

Chief Financial Officer

Mr. Ajay Sharma

Registered Office

Morepen Village, Nalagarh Road,

Near Baddi, Distt. Solan,

Himachal Pradesh - 173 205

Auditors

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

Chartered Accountants

Cost Auditor

M/s. Vijender Sharma & Co.,

Cost Accountants

Secretarial Auditor

Mr. Praveen Dua

M/s. PD and Associates,

Company Secretaries

Registrar & Share Transfer Agent

MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area,

Phase - II, New Delhi - 110 020

Company Secretary

Mr. Thomas P. Joshua

Corporate Office

409, 4th floor, Antriksh Bhawan,

22, Kasturba Gandhi Marg,

New Delhi - 110 001

Contents

Directors' Report	1
Annexures to the Director's Report (<i>Including Corporate Governance Report</i>)	9
Independent Auditors' Report	47
Balance Sheet	53
Statement of Profit and Loss	54
Cash Flow Statement	55
Significant Accounting Policies	56
Notes on Financial Statements	58
Independent Auditors' Report on Consolidated Financial Statements	72
Consolidated Balance Sheet	75
Consolidated Statement of Profit and Loss	76
Consolidated Cash Flow Statement	77
Significant Accounting Policies	78
Notes on Consolidated Financial Statements	80
Notice	91
Route Map of AGM Venue	99
Proxy Form	100



DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 31st Annual Report on business, operations and achievements of the Company together with the Audited financial statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Particulars	2015-16	2014-15
Total Revenue	45,363.54	37,162.40
Operating Surplus	6,537.57	4,794.72
Finance cost	1,041.29	863.30
Cash Surplus	5,496.28	3,931.42
Non-Cash Items:		
Depreciation & Amortisation	3,492.18	3,859.49
Profit/(Loss) before Extra-ordinary items and Tax	2,004.10	71.93
Extra ordinary items Income/(Expense) (Net)	(440.00)	-
Profit/(Loss) Before Tax	1,564.10	71.93
<u>Tax Expense:</u>		
- Current Tax (MAT)	(337.68)	(13.70)
- MAT Credit Entitlement	337.68	-
- Earlier Years	13.70	-
Profit/(Loss) After Tax	1,577.80	58.23

REVIEW OF PERFORMANCE

With current year revenues of Rs. 45,363.54 Lacs, your Company has registered revenue growth of 22% over last year revenues of Rs. 37,162.40 Lacs. The growth in operating revenues has been fairly impressive with current year operating revenues touching Rs. 45,246.30 Lacs against preceding year revenues of Rs. 37,026.23 Lacs. The Company expects to maintain its growth trajectory in the coming years.

Expansion of export and domestic markets on the strength of quality product delivery, optimum utilization of production capacities and competitive product offerings backed by improved productivity and efficient cost management have helped the Company to maintain price margins on its product portfolios.

Growth in Active Pharmaceutical Ingredients (API) business has been robust at 28% followed closely by Home Diagnostics business at 23% and Branded Formulation business at 25%. Product Contract Manufacturing and Brand Sharing business has registered a modest growth of 8% during the year.

Current year's operating surplus of Rs. 6,537.57 Lacs is up by 36% against previous year's surplus of Rs. 4,794.72 Lacs.

The interest charge for the year under review includes a sum of Rs. 368.27 Lacs, being interest on the portion of the debt due to restructuring lenders, which did not involve any interest payout till last financial year. In view of above current year's interest cost has moved up by 21%.

During the year, cash surplus has been at Rs. 5,496.28 Lacs, up by 40%, over preceding year's cash surplus of Rs. 3,931.42 Lacs.

DIVIDEND

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

RESERVES

An amount of Rs. 1,577.80 Lacs is proposed to be carried forward in the Profit & Loss Account. During the year under review, no amount was transferred to the General Reserve.

DEPOSITS

The Company has not accepted any deposits within the

meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

FINANCES

With its focus on profitable growth, the management is putting its best efforts to expand the business horizons of the Company, while maintaining a close watch on profit margins.

The debt servicing, as per the terms approved by its lender banks and financial institutions, is continuing. The Company is taking requisite steps to service its debt obligations in time. Unavailability of any institutional working support is not able to make much dent into profitable business growth of the Company. The working capital gap is funded by surplus generated out of its operations.

In view of accumulated losses, the provisions of Companies Act, 2013 have placed restrictions on the Company, for the redemption of Preference Shares issued to lenders under Corporate Debt Restructuring (CDR) Scheme. During the year, the Company has not been able to redeem and/or convert these Preference Shares, although these are due for redemption and/or conversion since last financial year. To resolve aforesaid issue of redemption/conversion of Preference Shares, the Company proposes to approach such preference shareholders to seek their consent either for the (i) extension of conversion period so that the Preference Shares belonging to these shareholders can be converted into Equity Shares, however subject to statutory approvals including approval from the Stock Exchanges or (ii) issuance of further redeemable Preference Shares in lieu of existing Preference Shares subject to approval of the National Company Law Tribunal (NCLT), as provided under the provisions of Section 55 (3) of the Companies Act, 2013.

The Company was not in a position to pay dividends to the preference shareholders, on account of the statutory restrictions placed by the Companies Act, 2013. Hence, the preference shareholders are entitled to vote on all matters at the Annual General Meeting and their voting rights shall be in proportion to their share in paid up capital of the Company.

SHARE CAPITAL

The total paid up share capital of the Company as on March 31, 2016, Rs. 20,961.06 Lacs comprises of Equity Share Capital of Rs. 8,995.86 Lacs and Preference Share Capital of Rs. 11,965.20 Lacs. During the year under review, there was no change in the paid-up share capital of the Company.

The Equity Shares issued by Company are listed at following

Stock Exchanges as on March 31, 2016:

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

Annual listing fee for the financial year 2016-17 has been paid to both the Stock Exchanges. The Equity shares continue to be listed on both NSE and BSE.

BUSINESS PERFORMANCE

Current year sales revenues of Rs. 43,669.20 Lacs have registered a revenue growth of 23% over preceding year sales revenues of Rs. 35,459.13 Lacs. The above growth in sales revenues could be made possible by handsome growth across all business segments; Active Pharmaceutical Ingredients (API) business at 28%, Home Diagnostics business at 23% and Branded Formulation business at 25%. Product Contract Manufacturing and Brand Sharing business registered a growth of 8% during the year.

Increased sales revenues, while maintaining the price margins combined with strict cost control has helped the Company to record better operating performance during the year. The growth in expense is moderate vis-à-vis growth in sales revenues during the current year.

Current year operating surplus has improved to Rs. 6,537.57 Lacs, against Rs. 4,794.72 Lacs in the preceding year. It has registered a growth of 36% over the last financial year. After servicing the finance cost of Rs. 1,041.29 Lacs, current year net cash surplus is Rs. 5,496.28 Lacs, against Rs. 3,931.42 Lacs generated in the previous year, recording a growth of around 40%.

The Company is putting up all its energies and resources to significantly improve both its operating as well financial performance across all business segments.

Division wise business performance is detailed hereunder:

Active Pharmaceutical Ingredients (API)

API revenues for the current year have registered a growth of 28% over the last year revenues of Rs. 21,606.05 Lacs. Increased coverage of export markets with the help of better product range has helped the API business to register an astounding growth of 32% in the export markets during the current year. Domestic API business has also recorded a handsome growth of 17% during the current year. During the year, Atorvastatin and Montelukast business has recorded growth of 31% and 32% respectively. Loratadine, Fexofenadine and Rosuvastatin revenues are up by 15% - 19%, whereas Sitagliptin has scored revenue growth of 6 times over the last year.



The contribution of API to the total business of the Company has always been substantial. During the year, API business makes up over 63% of overall business of the Company against 60% in the last year.

The consistent quality of the products offered and addition of new products by the Company has led to acquisition of new customers apart from generating additional demand from the existing customers. Montelukast and Atorvastatin have attained highest ever sales revenue of Rs. 7,401.51 Lacs & Rs. 5,558.01 Lacs respectively during the year.

'Loratadine' US business has recorded 30% higher revenues of Rs. 4,676.78 Lacs as compared to the previous year revenues of Rs. 3,611.29 Lacs. However, non-US sales and intermediates' sales has registered a nominal growth of 4%.

New products like Sitagliptin Phosphate, Rosuvastatin Calcium and Olmesartan continue to grow at an impressive speed, with this basket, recording a growth of 77% over the previous year. Current year revenue of aforesaid product basket has been at Rs. 3,370.12 Lacs against Rs. 1,905.87 Lacs in the last year.

Home Diagnostics

Sales Revenues of Home Diagnostics business for the current year are at Rs. 6,311.77 Lacs against Rs. 5,131.16 Lacs in the previous year, registering a growth of 23% in its revenues. Blood Glucose Monitors, the mainstay of the home diagnostics business, with annual sales revenues of Rs. 3,337.94 Lacs, has maintained its growth trajectory by recording growth of 41% in its annual revenues against a growth of 37% recorded during the last financial year. Blood Pressure Monitors with sales revenue of Rs. 960.74 Lacs has recorded a revenue growth of 20% during the year.

The Company expects a healthy growth in the coming years in view of growing needs of delivering good health at home, at affordable prices.

Finished Formulations

Finished Formulation business has registered a growth of 15% during the year with branded formulation revenues contributing Rs. 2,409.08 Lacs to the total formulation business of Rs. 9,711.76 Lacs. Product Contract Manufacturing and Brand Sharing business with current year annual revenues of Rs. 7,302.68 Lacs grew by 8% over preceding year revenues of Rs. 6,790.23 Lacs.

SUBSIDIARIES / JOINT VENTURES / ASSOCIATES

The Company has three subsidiaries as on March 31, 2016 namely:

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

The Company has liquidated its stake in Morepen Max Inc., USA during the year.

Dr. Morepen Limited

The wholly owned subsidiary Company Dr. Morepen Limited has been successful in creating umbrella brand for various OTC products. Keeping in view its strong brand lineage, newer OTC products are being added to its products portfolio. On account of lower material liquidation at end customer level, fresh material could not be directed at various sales channels. It resulted into lower current year revenue of Rs. 3,390.23 Lacs, against previous year revenues of Rs. 3,448.16 Lacs.

The Brand Sharing business with annual revenue of Rs. 1,572.61 Lacs has registered a handsome growth of 32% during the year. Branded OTC business on account of lower material liquidation saw a drop of 34% in its annual revenues. The Company expects that it will be able to improve its performance in the next year. The Brand Sharing business is also forecasted to bring in additional revenues in the coming years. Around 200 Stock Keeping Units (SKUs) under few major product categories, comprising, Cough & Cold Relief, General Wellbeing, Vitamins & Minerals, Skin, Hair & Oral Care, are catering to wide range of customers for their OTC Product requirements. Top four product categories under Brand Sharing arrangement contribute 75% of total Brand Sharing business. These categories have registered growth ranging from 47% to 227%.

Company is trying its best to grow by focusing on current business of OTC & Brand Sharing as well as by entering into different product lines.

To take care of ever increasing grooming needs of the younger population, the Company has launched a new business under the name 'Grooming', during the year under review. Current year sales of grooming products have been good at Rs. 274.91 Lacs. The Company expects greater pull in the coming years.

Further, an innovative and the state of the art business named as, 'NOW (Nation on Wellness)', has been recently launched by the Company under its brand name 'Dr. Morepen'. It provides a customized guide to wellness for individuals, bringing together Nutrition and 'External Counter Pulsation (ECP)' Therapy, amongst others, to

improve cardiovascular fitness & overall health. One such Wellness Centre has been opened in Delhi. It has generated revenue of Rs. 49.47 Lacs during the year. The management is planning to open new centers in the coming years depending upon the response.

Total Care Limited

The Company is dealing in OTC & Health Care products. The scale of Company's operations was marginal during the year with the total revenues of Rs. 68.04 Lacs and nominal loss of Rs. 1.33 Lacs.

Morepen Inc.

This Company is our marketing and distribution interface in USA for various OTC & other products. The current year revenue was at Rs. 52.20 Lacs (\$78,999) as against Rs. 43.07 Lacs (\$72,574) in the previous year. Current year loss is Rs. 8.69 Lacs, against loss of Rs. 38.24 Lacs in the last year.

Morepen Max Inc. had been lying in dormant state for last few years. In view there of, the Company has liquidated its stake during the year.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company pursuant to Section 129 (3) of the Companies Act, 2013, prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, "Consolidated Financial Statements", forms part of Annual Report for the year under review.

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

Changes in Directors & Key Managerial Personnel

The Company has appointed Ms. Archana S. Bhargava (DIN: 02505308) as a Non-Executive Director (Additional Director), pursuant to provisions of Section 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or re-enacted from time to time, to fulfill the requirement of having a Woman Director

on the Board and to hold office upto the conclusion of the ensuing Annual General Meeting.

Mr. Sushil Suri, Chairman & Managing Director of the Company, was re-appointed by the members, in the previous Annual General Meeting (AGM) held on September 18, 2015, for another term of 3 years w.e.f. October 20, 2015 pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended or re-enacted from time to time.

The members also approved the re-appointment of Dr. A.K. Sinha, Whole-Time Director of the Company, who was liable to retire by rotation pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended or re-enacted from time to time.

Your Directors extended a warm welcome to Ms. Archana S. Bhargava for being a part of and adding women power to the Board of Directors of the Company. Directors also acknowledge the efforts of Mr. Sushil Suri, Chairman & Managing Director and Dr. A.K. Sinha, Whole-Time Director, in the growth of the Company and welcome their re-appointment on the Board.

Sub Section 6 of Section 152 of the Companies Act, 2013 lays down the provisions for retirement of directors by rotation. Accordingly, your Directors recommend the re-appointment of Mr. Sushil Suri, Chairman & Managing Director of the Company, who is liable to retire by rotation pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, as amended or re-enacted from time to time, has given his consent and being eligible has offered himself for re-appointment, in the ensuing Annual General Meeting.

Your Directors also recommend the appointment of Ms. Archana S. Bhargava (DIN: 02505308) who has given her consent and being eligible has offered herself for appointment, as a Non-Executive Director (Woman Director) pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or re-enacted from time to



time, in the ensuing Annual General Meeting.

Declaration by Independent Director(s) and re-appointment

The Company has received necessary declaration from each Independent Director as per the provisions of Section 149(7) of Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6).

Evaluation of Board, Committees and Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out its own performance evaluation, that of the Committees and the individual performance of its Directors. The manner in which the evaluation has been carried out has been detailed in the Corporate Governance Report.

Familiarization Programme for Independent Directors

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

Meetings of Board of Directors

The Board of Directors met 4 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 February 08, 2016, without the presence of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and timelines of flow of information between the Company management and the Board. All the Independent Directors of the Company were present in the meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for prevention and detecting of fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MANAGERIAL REMUNERATION AND OTHER DISCLOSURES

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

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

AUDIT COMMITTEE

Your Company has an Audit Committee in compliance of the provisions of Section 177 of the Companies Act, 2013 and

Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The complete details with respect to Audit Committee as required to be given under the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the Corporate Governance Report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

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

RISK MANAGEMENT

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

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

NOMINATION AND REMUNERATION COMMITTEE

Your Company has a Nomination and Remuneration Committee in compliance to the provisions of Section 178 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The complete details with respect to Nomination and Remuneration Committee as required to be given under the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the 'Corporate Governance Report'.

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel (KMP) and other employees of the Company as formulated by Nomination and Remuneration Committee, pursuant to provisions of Section 178 of the Companies Act, 2013 and Para A of Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment,

removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

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

STATUTORY AUDITORS

M/s. M. Kamal Mahajan and Co., the Statutory Auditors of the Company, appointed by shareholders pursuant to Section 139 of the Companies Act, 2013, in 29th Annual General Meeting to hold office till conclusion of the ensuing Annual General Meeting, have given their consent and confirmed their eligibility under Section 141(3) of the Companies Act, 2013 to be re-appointed as the Auditors of the Company, in the ensuing Annual General Meeting of the Company.

EXPLANATION TO AUDITORS' REPORT

The Auditors vide Para's (vii) (a) & (viii) of the Annexure-A to the Auditors' Report have commented on delay in deposit of ESI, VAT, Income Tax (TDS) & Advance Tax dues and delay in payment of dues to the lenders. The Company has however, deposited all the dues in respect of ESI, PF and Income Tax (TDS) for the year under review. The Company is taking requisite steps for the deposit of Advance Tax and payment of loan and interest dues to the lenders.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Praveen Dua, Company Secretary, Proprietor of M/s. PD And Associates, Company Secretaries, was appointed by Board of Directors of the Company as Secretarial Auditors of the Company for the financial year 2015-16. The Secretarial Audit Report given by Secretarial Auditors is annexed and forms part of this report as **ANNEXURE 'E'**.

EXPLANATION TO SECRETARIAL AUDIT REPORT

The Secretarial Auditor has observed that the Company has not redeemed the Preference Shares due for redemption. The reason for not redeeming the Preference Shares have been suitably explained in Note No. 2(C) to the Financial Statements for the year ended March 31, 2016.

COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Accounting Records maintained by the



Company in respect of its Bulk Drugs and Formulations activity are required to be audited by Cost Auditors. The Board of Directors of the Company has, on the recommendation of the Audit Committee, appointed M/s. Vijender Sharma & Co., Cost Accountants, as the Cost Auditor of the Company for the financial year ended March 31, 2017, at a remuneration of Rs. 3 Lacs, subject to the ratification of their remuneration by the shareholders in the ensuing Annual General Meeting.

INTERNAL FINANCIAL CONTROLS

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

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

CORPORATE SOCIAL RESPONSIBILITY

The provisions related to Corporate Social Responsibility (CSR) as provided in Section 135 of the Companies Act, 2013 were not applicable to the Company during the year under review. The Corporate Social Responsibility (CSR) Committee of the Company was constituted by the Board on May 10, 2016 consequent to qualifying with the criteria specified in Section 135 (1) of the Companies Act, 2013 in the financial year 2016-17. The complete details are given in the Corporate Governance Report.

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

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace pursuant to the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal

Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, while dealing with issues related to sexual harassment at the work place. All women employees whether permanent, temporary, contractual and trainees are covered under this policy. The Company has not received any complaint during the year.

LEGAL & CORPORATE MATTERS

During the financial year ending March 31, 2010, the Company had allotted 9,24,90,413 Equity Shares to the fixed deposit holders towards settlement of their dues under the Scheme of Arrangement or Compromise under Section 391 of the Companies Act, 1956, approved by the Hon'ble Shimla High Court vide its order dated August 4, 2009. The Central Government preferred an appeal, against the aforesaid order, before the Hon'ble Division Bench of Shimla High Court which permitted the implementation of the Scheme, subject to the final decision in the main appeal, vide its interim order dated August 27, 2009 and accordingly, the entire scheme was implemented in February, 2010. The Division Bench vide its order dated September 14, 2010 remanded the case to the learned Single Judge to decide the Petition afresh, after hearing all the parties and considering the representation of the Central Government. The Company filed an appeal against the aforesaid order of the Division Bench with the Hon'ble Supreme Court of India which remitted the matter to the learned Single Judge of Hon'ble high Court of Shimla with the request to decide the matter as expeditiously as possible. The matter is pending before the Single Judge for final adjudication.

The Equity Shares preferentially issued to Banks & Financial Institutions, excluding those issued to two allottees, wherein certain observations were made by the Stock Exchanges, and Foreign Investor in 2007, as per the terms of Debt Restructuring Scheme approved by the CDR cell have been listed on NSE & BSE, and are freely tradable on both the Stock Exchanges. In respect of preferential allotment made to promoters of the Company, in-principle approval has been granted by one of the Stock Exchanges while the approval from the other Stock Exchange is expected soon. Another allotment made to a lender, in 2008, pursuant to the CDR Scheme, is under consideration of the Stock Exchanges.

The cases filed against the Company on the basis of investigation carried under Section 235 of the Companies

Act, 1956 and the consequential cases filed by the Registrar of Companies against the Company and its Directors are being defended by the Company.

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

EXTRACT OF ANNUAL RETURN

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

The complete details with respect to contracts or arrangements with related parties as required to be given under the Companies Act, 2013 and Part C of Schedule V of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which forms part of the Annual Report for the year under review as **ANNEXURE 'H'**.

HUMAN RESOURCES

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

CORPORATE GOVERNANCE

A Report on Corporate Governance along with a certificate from the Practicing Company Secretary regarding compliance with conditions of Corporate Governance as stipulated in Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this report and is annexed as **ANNEXURE 'I'**.

ACKNOWLEDGMENTS

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

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

For and on behalf of Board of Directors

Sushil Suri

Place: New Delhi (Chairman & Managing Director)

Date: August 09, 2016

DIN: 00012028

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

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

Name of the Subsidiary Company	Dr. Morepen Limited	Total Care Limited	Morepen Inc.
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	-	-	US\$/Rs. 62.27 (As on 31.03.2016)
Share Capital	4,067.95 (4,06,79,500 Equity Shares of Rs. 10/- each)	933.39 (9,33,390 Equity Shares of Rs. 100/- each)	22.23 (9,400 Fully paid shares of US\$1 each)
Reserves & Surplus	(688.05)	(2,191.85)	82.39
Total Assets	10,312.72	10.31	167.22
Total Liabilities	10,312.72	10.31	167.22
Investments	1,171.00	-	-
Turnover	3,390.23	65.14	52.20
Profit/(Loss) before taxation	(287.87)	(1.33)	(8.46)
Provision for taxation	-	-	0.23
Profit after taxation	(287.87)	(1.33)	(8.69)
Proposed Dividend	-	-	-
Percentage of Shareholding	100%	95%	100%

Notes:

- Morepen Max Inc., USA has ceased to be subsidiary of the Company, during the year, on account of divestment by the Company.

For and on behalf of Board of Directors

SushilSuri
 (Chairman & Managing Director)
 DIN: 00012028

Place: New Delhi
Date: August 09, 2016

ANNEXURE 'B'
DETAILS PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014
Remuneration paid to Directors & Key Managerial Personnel (KMP):

Name of the Director/KMP	Title	Remuneration in F.Y. 2015-16 (Rs. in Lacs)	Remuneration in F.Y. 2014-15 (Rs. in Lacs)	% increase of Remuneration in 2015-16 as compared to 2014-15	Excl. MP Ratio of Remuneration to MRE	Incl. MP Ratio of Remuneration to MRE and MP
Mr. Sushil Suri	Chairman & Managing Director	57.40	53.68	6.93	20.45	20.41
Dr. A. K. Sinha	Whole-Time Director	26.39	26.10	1.11	9.40	9.38
Mr. B. R. Wadhwa*	Independent Director	0.60	0.85	(29.41)	0.21	0.21
Mr. Sukhcharan Singh*	Independent Director	0.80	0.85	(5.88)	0.29	0.28
Mr. Manoj Joshi*	Independent Director	0.80	0.55	45.45	0.29	0.28
Ms. Archana S. Bhargava*	Director	0.10	–	–	0.04	0.04
Mr. Ajay Kumar Sharma	Chief Financial Officer	58.15	41.32	40.74	20.72	20.67
Mr. Thomas P. Joshua	Company Secretary	13.04	8.40	55.27	4.65	4.64

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

The Median Remuneration of Employees (MRE) excluding Managerial Personnel (MP) was Rs. 2,80,673/- and Rs. 2,60,702/- in F.Y. 2015-16 and F.Y. 2014-15 respectively. The increase in MRE (excluding MP) in F.Y. 2015-16, as compared to F.Y. 2014-15 is 7.66%.

The Median Remuneration of Employees (MRE) including Managerial Personnel (MP) was Rs.2,81,283/- and Rs. 2,60,719/- in F.Y. 2015-16 and F.Y. 2014-15 respectively. The increase in MRE (including MP) in F.Y. 2015-16, as compared to F.Y. 2014-15 is 7.89%.

The number of permanent employees on the rolls of the Company as of March 31, 2016 and March 31, 2015 was 1,062 and 993 respectively.

For and on behalf of Board of Directors

Place: New Delhi
Date: August 09, 2016

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

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

S. No.	Employee Name	Designation	Educational Qualification	Age	Experience (years)	Date of Joining	Gross remuneration paid (Rs. in Lacs)	Previous employment/ designation
1.	Mr. Sanjay Suri	Head - API Business	B.Sc	48	28	01-Jan-15	87.05	Entrepreneur
2.	Mr. Rajeev Kumar Jain	Vice President - Production (Masulkhana & Baddi)	B.Sc, MBA	50	29	02-Nov-11	70.25	IndSwift Laboratories Ltd. Head Manufacturing
3.	Mr. Ajay Sharma	Chief Financial Officer	C.A.	49	23	03-Apr-02	58.15	Auro Textiles (A unit of VSGM Ltd.)
4.	Mr. Sushil Suri	Chairman & Managing Director	C.A.	52	23	01-Feb-93	57.40	Entrepreneur
5.	Mr. Shantanu Tuli	Vice President - Sales & Marketing	PGDBM	50	28	17-Jun-05	45.62	Lifescan Johnson & Johnson
6.	Mr. Piyush Tandon	Asst. Vice President (Sales & Marketing)	M.Sc	52	28	09-Sep-13	41.05	Nexgen Fluoropolymers
7.	Mr. Anubhav Suri	Head - Medipath Division	B.Finance	29	5	01-Feb-11	39.00	Entrepreneur
8.	Mr. Mahinder Kumar Sharma	Asst. Vice President (QA & QC)	M.Sc	53	31	03-Mar-90	38.41	Cephem
9.	Ms. Amita Sharma	Asst. Vice President (Commercial & PPC)	B.Com	50	25	18-Jan-93	35.71	DCM Shri Ram Industries
10.	Dr. Madan Pal Tanwar	Asst. Vice President (R & D)	Phd	51	22	23-Mar-06	31.63	Surya Pharmaceuticals

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: August 09, 2016

ANNEXURE 'D'

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

This 'Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Other Employees' ('Policy') of Morepen Laboratories Limited has been adopted by the Board of Directors, acting on the recommendations of the Nomination and Remuneration Committee.

OBJECTIVES:

The Nomination and Remuneration Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with applicable rules thereto and the applicable provisions of the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The objectives of this policy are:

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

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of following members:

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

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

DEFINITIONS:

1. '**Act**' means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
2. '**Board**' means Board of Directors of the Company.
3. '**Director**' means Directors of the Company.
4. '**Committee**' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
5. '**Company**' means Morepen Laboratories Limited.
6. '**Independent Director**' means a Director referred to in Section 149 (6) of the Companies Act, 2013.
7. '**Key Managerial Personnel (KMP)**' means a KMP as defined under the Companies Act, 2013 and includes:
 - i. Chief Executive Officer/Managing Director/Manager;
 - ii. Whole-time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary;
 - v. Such other officer as may be prescribed under the applicable statutory provisions/regulations.
8. '**Other Employees**' means Senior Management Personnel of the Company who are members of the core management team, excluding the Board of Directors and KMP, and comprises of all members of the management one level below the Executive Directors including functional heads.

APPLICABILITY:

This Policy is applicable to the following personnel:

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

ROLE OF THE COMMITTEE:

- A. **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:**

The Committee shall:

- 1) Formulate the criteria for determining



positive attributes and independence of a Director;

- 2) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;
- 3) Formulate criteria for evaluation of performance of every Director;
- 4) Recommend to the Board, criteria for remuneration for Directors, Key Managerial Personnel and other Employees;
- 5) Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

B. Appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel:

I. The Nomination and Remuneration Committee will ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Whole-time Directors, Key Managerial Personnel and Senior Management Personnel involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

II. Appointment criteria and qualifications:

- the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his/her appointment.
- the candidate shall possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

- the appointment of any Whole-time Director / Key Managerial Personnel / Senior Management shall also be governed by the prevailing employment policies of the Company.

III. Term / Tenure:

• Managing Director / Whole-time Director:

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

• Independent Director:

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

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

► At the time of appointment if Independent Director it should be ensured that the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director, and three listed companies as an Independent Director in case such person is serving as a Whole-Time Director of a listed Company or such other number as may be prescribed under the Act and Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For this purpose, the Independent Directors shall submit a declaration in this regard and the Committee / Board shall rely on such declaration.

IV. Evaluation:

The Committee shall carry out evaluation of

performance of every Director (including Independent Director), KMP and Senior Management Personnel periodically.

V. Removal:

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

VI. Retirement:

The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Independent Directors shall not be liable to retire by rotation. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

C. Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel:

I. General:

- 1) While determining the remuneration / compensation / benefits etc. to the Managing Director, Whole-time Directors, Key Managerial Personnel and Senior Management Personnel, the Committee shall keep in mind following criteria:
 - That the remuneration is aligned with market when compared to relevant peer companies;
 - That the remuneration is appropriate for the Company as it exists today but anticipates future business needs;
 - Understandable and valuable to the talent the Company wishes to attract, motivate, engage and retain;
 - Simple and cost-effective for the Company to communicate, maintain and administer;
 - Selected positions may be paid higher remuneration than market aligned peer group remuneration; and
 - Higher remuneration may be considered for the purpose of retention of talent.

- 2) The remuneration / compensation / benefits etc. of Managerial Personnel shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.
- 3) The remuneration/compensation/commission etc. payable to the Directors, KMP and Senior Management Personnel, shall be determined/approved by the Committee, at the time of their appointment, and recommended to the Board, for its approval, if required under law.
- 4) The remuneration and commission to be paid to the Managing Director and Whole-time Director shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.

II. Increments to the existing remuneration/compensation structure, in accordance with the HR Policy of the Company, shall be recommended by the Committee to the Board for its approval, subject to the maximum limits approved by the Shareholders in the case of Managing Director and Whole-time Director.

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

IV. Remuneration to Managing Director, Whole-Time Director, KMP and Senior Management Personnel:

The Committee shall ensure that Remuneration to Managing Director, Whole-time Directors, Key Managerial Personnel and Senior Management Personnel has a balance between fixed and variable incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

1) Fixed Pay:

The Managing Director, Whole-time Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee, at the time



of their appointment. The components of remuneration consist of guaranteed cash component comprising of basic salary, ad-hoc/special allowance, House Rent Allowance, etc. Variable component consists of bonus / performance linked incentives based on the performance of the Company and performance of each Director / Key Managerial Personnel / Senior Management Personnel.

The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board, on the recommendation of the Committee, subject to the maximum limits approved by the Shareholders in the case of Managing Director and Whole-time Director.

They are also eligible for increments to the existing remuneration/compensation structure, in accordance with the HR Policy of the Company, subject to the approval of the Board on the recommendations made by the Committee in the said behalf. Such annual increments shall be linked to their overall performance, Company's performance, future plans, industry standards and any other relevant factors.

2) Minimum Remuneration

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

3) Provisions for excess remuneration

If the Managing Director and/or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess

of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

V. Remuneration to Non-Executive / Independent Director:

1) Remuneration/Commission

The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder. Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

2) Sitting Fees

The Non-Executive/Independent Directors shall receive remuneration by way of fees for attending meetings of Board or Committee(s) of which they are a member. The Board may at its discretion revise the sitting fees payable to such Directors from time to time provided that the amount of such fees shall not exceed the limit prescribed under the Act.

3) Stock Options

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

OTHERS:

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

REVIEW OF THE POLICY:

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

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: August 09, 2016

SECRETARIAL AUDIT REPORT

Form No. MR-3

(FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016)

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Morepen Laboratories Limited

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

Based on my verification of the Morepen Laboratories Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Morepen Laboratories Limited ("the Company") for the financial year ended on March 31, 2016 according to the provisions of:

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

2015;

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

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

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

I further report that:

- (a) the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a



system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- (c) all the resolutions have been passed unanimously and did not find any dissenting views in the minutes.
- (d) there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- (e) the Company has entered into related party transactions for the sale and purchase of material/products and paying remuneration to related party personnel. The Company confirms that all transactions, including increase in remuneration, are in the ordinary course of business and at arm's length.
- (f) the Company has not declared/paid dividend to preference shareholders and hence the preference shareholders are entitled to vote on all the matters in the Annual General Meeting. No preference shareholder has attended the Annual General Meeting held during the previous year.

I further report that during the audit period the Company has obtained the consent of members in the 30th Annual General Meeting of the Company held on September 18,

To,
The Members
Morepen Laboratories Limited

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

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

2015 for the appointment of Mr. Sushil Suri, as Chairman cum Managing Director of the Company apart from other ordinary business.

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

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

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

Place : New Delhi
Date : August 09, 2016

Management representation about the compliance of laws, rules and regulations and happening of events, etc.

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

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

Place : New Delhi
Date : August 09, 2016

Form No MGT-9: Extract of Annual Return as on Financial Year Ended on March 31, 2016

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN	:	L24231HP1984PLC006028
ii) Registration Date	:	01/12/1984
iii) Name of the Company	:	MOREPEN LABORATORIES LIMITED
iv) Category / Sub-Category of the Company	:	Public Company / Limited by Shares
v) Address of the Registered office and contact details	:	Morepen Village, Malkumajra, Nalagarh Road, Baddi, Distt. Solan, Himachal Pradesh -173 205 Tel No.: +91-01795-276201-03 Fax No.: +91-01795-276204 Email Id: investors@morepen.com
vi) Whether listed Company	:	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	MAS Services Limited T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi - 110 020 Tel No.: +91-11-2638 7281/82/83 Fax No.: +91-11-2638 7384 Email id: info@masserv.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on March 31, 2015]				No. of Shares held at the end of the year [As on March 31, 2016]				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,00,41,750	3,12,00,000	4,12,41,750	9.17	2,94,41,750	1,18,00,000	4,12,41,750	9.17	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	56,29,838	10,85,00,000	11,41,29,838	25.37	1,41,29,838	10,00,00,000	11,41,29,838	25.37	-
e) Banks / FIs	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	1,56,71,588	13,97,00,000	15,53,71,588	34.54	4,35,71,588	11,18,00,000	15,53,71,588	34.54	-
(2) Foreign									
a) NRI's-Individuals	-	-	-	-	-	-	-	-	-
b) Others- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FIs	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters (A) = (A)(1) + (A)(2)	1,56,71,588	13,97,00,000	15,53,71,588	34.54	4,35,71,588	11,18,00,000	15,53,71,588	34.54	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	2,73,067	-	2,73,067	0.06	0.06
b) Banks / FIs	400	63,67,540	63,67,940	1.42	9,54,826	63,67,540	73,22,366	1.63	0.21
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

f) Insurance Companies	2,22,57,945	2,26,625	2,24,84,570	5.00	2,14,38,254	2,26,625	2,16,64,879	4.82	(0.18)
g) FIs	-	4,88,97,500	4,88,97,500	10.86	-	5,85,30,000	5,85,30,000	13.01	2.15
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (FPIs)	-	-	-	-	3,06,239	-	3,06,239	0.07	0.07
Sub-total (B)(1):	2,22,58,345	5,54,91,665	7,77,50,010	17.28	2,29,77,386	6,51,24,165	8,80,96,551	19.59	2.31
(2) Non-Institutions									
a) Bodies Corp.	2,10,57,235	17,71,044	2,28,28,279	5.07	2,80,15,322	17,15,944	2,97,31,266	6.61	1.54
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lac	10,40,46,511	4,46,32,432	14,86,78,943	33.05	10,12,02,226	4,06,08,162	14,18,10,388	31.53	(1.52)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	2,64,29,228	4,15,637	2,68,44,865	5.97	2,44,89,948	4,15,637	2,49,05,585	5.54	(0.43)
c) Any Other									
i) Non-Resident Indian/OCB	45,29,846	1,37,02,500	1,41,62,346	3.15	50,59,771	-	50,59,771	1.12	(2.03)
ii) Clearing Member	39,17,542	-	39,17,542	0.87	45,65,802	-	45,65,802	1.02	0.15
iii) Trust	2,72,630	-	2,72,630	0.06	2,85,252	-	2,85,252	0.06	-
Sub-total (B)(2):	16,02,52,992	5,64,51,613	21,67,04,605	48.18	16,36,18,321	4,27,39,743	20,63,58,064	45.88	(2.29)
Total Public Shareholding (B)=(B)(1) + (B)(2)	18,25,11,337	11,19,43,278	29,44,54,615	65.46	18,65,90,707	10,78,63,908	29,44,54,615	65.46	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	19,81,82,925	25,16,43,278	44,98,26,203	100.00	23,01,62,295	21,96,63,908	44,98,26,203	100.00	-



ii) Shareholding of Promoters:

S. No.	Shareholder's Name	At the beginning of the year			At the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Baby Aakriti Suri	55,000	0.012	-	55,000	0.012	-	-
2.	Gulfi Suri	11,50,000	0.256	-	11,50,000	0.256	-	-
3.	Rajas Suri	1,55,000	0.034	-	1,55,000	0.034	-	-
4.	Anju Suri	51,86,369	1.153	-	51,86,369	1.153	-	-
5.	P.L. Suri	24,00,000	0.534	-	24,00,000	0.534	-	-
6.	Sara Suri	7,05,000	0.157	-	7,05,000	0.157	-	-
7.	Master Arjun Suri	6,97,060	0.155	-	6,97,060	0.155	-	-
8.	Kanta Suri	1,510	0.000	-	1,510	0.000	-	-
9.	Sushil Suri & Sons (HUF)	12,01,560	0.267	-	12,01,560	0.267	-	-
10.	Praduman Lal Suri	2,990	0.001	-	2,990	0.001	-	-
11.	Aanandi Suri	7,50,000	0.167	-	7,50,000	0.167	-	-
12.	Arun Suri & Sons	15,45,310	0.344	-	15,00,000	0.333	-	-
13.	Arun Suri	3,510	0.001	-	3,510	0.001	-	-
14.	Sanjay Suri	14,17,240	0.315	-	14,17,240	0.315	-	-
15.	Varun Suri	30,52,357	0.679	-	30,52,357	0.679	-	-
16.	Anubhav Suri	7,36,824	0.164	-	7,82,134	0.174	-	-
17.	Aanchal Suri	6,85,922	0.152	-	6,85,922	0.152	-	-
18.	Baby Kanak Suri	9,97,060	0.222	-	9,97,060	0.222	-	-
19.	Sushil Suri	55,01,510	1.223	-	55,01,510	1.223	-	-
20.	K B Suri & Sons (HUF)	9,72,830	0.216	-	9,72,830	0.216	-	-
21.	Shalu Suri	20,52,250	0.456	-	20,52,250	0.456	-	-
22.	Sonia Suri	36,79,718	0.818	-	36,79,718	0.818	-	-
23.	Mamta Suri	30,04,000	0.668	-	30,04,000	0.668	-	-
24.	Sunita Suri	31,88,730	0.709	-	31,88,730	0.709	-	-
25.	Sanjay Suri Sons HUF	21,00,000	0.467	-	21,00,000	0.467	-	-
26.	React Investments & Financial Services Private Limited	1,14,42,134	2.544	-	1,14,42,134	2.544	-	-
27.	Liquid Holdings Private Limited	3,000	0.001	-	3,000	0.001	-	-
28.	Epitome Holding Private Limited	1,10,00,820	2.446	-	1,10,00,820	2.446	-	-
29.	Concept Credits & Consultants Private Limited	1,18,47,724	2.634	-	1,18,47,724	2.634	-	-
30.	Square Investments & Financial Services Private Limited	1,06,02,075	2.357	-	1,06,02,075	2.357	-	-
31.	Solitary Investments & Financial Services Private Limited	1,16,14,045	2.582	-	1,16,14,045	2.582	-	-
32.	Solace Investments & Financial Services Private Limited	1,15,82,790	2.575	-	1,15,82,790	2.575	-	-
33.	Brook Investments & Financial Services Private Limited	1,16,59,252	2.592	-	1,16,59,252	2.592	-	-
34.	Scope Credits & Financial Services Private Limited	1,20,75,405	2.684	0.136	1,20,75,405	2.684	0.136	-
35.	Mid-Med Financial Services & Investments Private Limited	1,14,73,813	2.551	-	1,14,73,813	2.551	-	-
36.	Seed Securities & Services Private Limited	1,08,28,780	2.407	-	1,08,28,780	2.407	-	-
	TOTAL	15,53,71,588	34.540	0.136	15,53,71,588	34.540	0.136	NIL

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

S. No.	Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	15,53,71,588	34.540	15,53,71,588	34.540
	Increase/(Decrease) in Promoters Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year	15,53,71,588	34.540	15,53,71,588	34.540

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

S. No.	Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	G L INDIA MAURITIUS III LIMITED				
	At the beginning of the year	2,88,97,500	6.424	2,88,97,500	6.424
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	2,88,97,500	6.424	2,88,97,500	6.424
2.	JETTY CAPITAL LIMITED				
	At the beginning of the year	2,00,00,000	4.446	2,00,00,000	4.446
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	2,00,00,000	4.446	2,00,00,000	4.446
3.	PINFOLD OVERSEAS LIMITED				
	At the beginning of the year	96,32,500	2.141	96,32,500	2.141
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	96,32,500	2.141	96,32,500	2.141
4.	LIFE INSURANCE CORPORATION OF INDIA				
	At the beginning of the year	82,89,765	1.842	82,89,765	1.842
	Increase/(Decrease) in Shareholding during the year	(8,19,691)	(0.182)	74,70,074	1.661
	At the end of the year (or on the date of separation, if separated during the year)	74,70,074	1.661	74,70,074	1.661
5.	DAMODAR PRASAD AGARWAL				
	At the beginning of the year	59,22,500	1.317	59,22,500	1.317
	Increase/(Decrease) in Shareholding during the year	3,56,154	0.079	62,78,654	1.396
	At the end of the year (or on the date of separation, if separated during the year)	62,78,654	1.395	62,78,654	1.396



S. No.	Top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	UNITED INDIA INSURANCE COMPANY LIMITED				
	At the beginning of the year	41,56,275	0.924	41,56,275	0.924
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	41,56,275	0.924	41,56,275	0.924
7.	GENERAL INSURANCE CORPORATION OF INDIA				
	At the beginning of the year	35,66,869	0.793	35,66,869	0.793
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	35,66,869	0.793	35,66,869	0.793
8.	THE NEW INDIA ASSURANCE COMPANY LIMITED				
	At the beginning of the year	30,41,425	0.676	30,41,425	0.676
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	30,41,425	0.676	30,41,425	0.676
9.	BAYSWATER ENTERPRISES LIMITED				
	At the beginning of the year	29,04,000	0.646	29,04,000	0.646
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	29,04,000	0.646	29,04,000	0.646
10.	NATIONAL INSURANCE COMPANY LIMITED				
	At the beginning of the year	19,29,500	0.429	19,29,500	0.429
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	19,29,500	0.429	19,29,500	0.429

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	MR. SUSHIL SURI Chairman & Managing Director				
	At the beginning of the year	55,01,510	1.223	55,01,510	1.223
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	55,01,510	1.223	55,01,510	1.223
2.	DR. A. K. SINHA Whole-Time Director				
	At the beginning of the year	100	0.000	100	0.000
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	100	0.000	100	0.000
3.	MR. MANOJ JOSHI Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-
4.	MR. SUKHCHARAN SINGH Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-
5.	MR. B. R. WADHWA Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-
6.	MS. ARCHANA S. BHARGAVA Director				
	At the beginning of the year	-	-	-	-
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-



S. No.	Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	MR. AJAY SHARMA Chief Financial Officer				
	At the beginning of the year	-	-	-	-
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-
8.	MR. THOMAS P. JOSHUA Company Secretary				
	At the beginning of the year	-	-	-	-
	Increase/(Decrease) in Shareholding during the year	No Change	No Change	No Change	No Change
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

V. INDEBTEDNESS

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

(Rs. in Lacs)

Particulars	Secured Loans (excluding deposits)	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	7,852.23	-	-	7,852.23
(ii) Interest due but not paid	157.51	-	-	157.51
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	8,009.74	-	-	8,009.74
Change in Indebtedness during the financial year				
* Addition	982.88	-	-	982.88
* Reduction	2,130.73	-	-	2,130.73
Net Change	(1,147.85)	-	-	(1,147.85)
Indebtedness at the end of the financial year				
(i) Principal Amount	6,661.32	-	-	6,661.32
(ii) Interest due but not paid	200.57	-	-	200.57
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	6,861.89	-	-	6,861.89

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lacs)

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Sushil Suri Chairman & Managing Director	Dr. A. K. Sinha Whole-Time Director	
1.	Gross salary			
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	44.73	22.44	67.17
	b. Value of perquisites under Section 17(2) of the Income Tax Act, 1961	12.67	3.95	16.62
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	57.40	26.39	83.79
	Ceiling as per the Act	81.57	81.57	163.14

B. Remuneration to other Directors:

(Rs. in Lacs)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Manoj Joshi	Mr. Sukhcharan Singh	Mr. B. R. Wadhwa	Ms. Archana S. Bhargava	
1.	Independent Directors					
	• Fee for attending board committee meetings	0.80	0.80	0.60	-	2.20
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	0.80	0.80	0.60	-	2.20
2.	Other Non-Executive Directors					
	• Fee for attending board committee meetings	-	-	-	0.10	0.10
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	0.10	0.10
	Total (B)=(1 + 2)	0.80	0.80	0.60	0.10	2.30
	Total Managerial Remuneration (A + B)					86.09
	Overall Ceiling as per the Act					179.45



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

(Rs. in Lacs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Ajay Sharma Chief Financial Officer	Mr. Thomas P. Joshua Company Secretary	
1.	Gross salary			
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	54.86	13.04	67.90
	Value of perquisites under Section 17(2) of the Income Tax Act, 1961	3.29	-	3.29
	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit			
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	58.15	13.04	71.19

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for the year ended March 31, 2016.

For and on behalf of Board of Directors

Place: New Delhi
Date: August 09, 2016

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

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

[Information under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of Directors' Report for the year ended March 31, 2016]

A. CONSERVATION OF ENERGY

1) Energy Conservation measures taken:

- Upgraded utility supply line (chilled brine) by replacing 4" line with 6" line.
- Mercury bulb replaced with 42 W LED circuit.
- Steam ejector replaced with Oil ring Vacuum Pump.
- Corrugated heat exchanger to reduce solvent consumption.
- Structured packing in SRP.

2) Impact of measures taken:

- Reduction in power consumption by 8% against previous financial year (against/kg of productivity).
- Reduction in fuel consumption by 20%.
- Reduction in our overall energy bill, power & fuel by around 15% (against/kg of productivity).
- Reduction in solvent consumption by around 3%.
- Reduction in time cycle by around 12%.

3) Steps taken for utilizing alternate source of energy:

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

4) Capital investment on energy conservation equipment:

Capital investment on energy conservation equipment made during the year is Rs. 100 Lacs.

B. TECHNOLOGY ABSORPTION (R&D)

1) Efforts made towards technology absorption :

The Company is continuously adopting innovative processes in the manufacture of all of its API's and intermediates as well as in formulations. Research and Development (R&D) continues to be the key driver for sustained growth of the Company. It covers formulation and Active Pharmaceutical Ingredients (API) development. R&D's major capabilities vest in developing robust and safe formulations at affordable cost, development of newer cost effective processes for synthesis of API

and improving processes for existing APIs and formulation products. The key areas and efforts made towards development/ improvements of Technologies of various APIs, are as under:

- Development, scale up & process validation of Saxagliptin Hydrochloride in anti-diabetic category.
- Development of Linagliptin in anti-diabetic category.
- Development work on Dapagliflozin Propanediol in new 'gliflozin' series of anti-diabetic category, is also in advanced stage.
- Development of Canagliflozin, the another high value anti-diabetic product of 'gliflozin' series, is in progress.
- Development of Esomeprazole Magnesium dihydrate in Anti-ulcer category, is in progress.
- New products Empagliflozin in new 'gliflozin' anti-diabetic series, Aprepitant in Antiemetic category & Fingolimod in multiple sclerosis, are also considered for development.
- Scale up/ commercialization of High purity/ Impurity free Fexofenadine Hydrochloride, its FexoKeto ester intermediate & Olmesartan Medoxomil completed for Japan.
- Commercialization of Voglibose for domestic as well as Japan markets.
- Kilolab Trials & scale up of Candesartan Cilexetil.
- Development of stabilized Amorphous Rosuvastatin Calcium.
- COS & TDMF of Rosuvastatin calcium, CDMF of Montelukast Sodium & COS of Fexofenadine Hydrochloride, were filed.
- Development of new dosage forms in different therapeutic categories for domestic market, for in-house marketing as well as for contract manufacturing.
- Development and launch of following products in cardiovascular therapeutic category:
 - DCGI approved formula of Cough, cold & Fever under brand extension of new Lemolate Gold.
 - Launch of Rabeprozole and Levosulpiride Capsule under gastro intestinal category.
 - Launch of Sodium Valporate Tablets under



- Launch of Linezolid tablets under antibiotic category.
- In Nutraceuticals, following product has been developed and to be launched:
 - Garlic tablets for cholesterol lowering
 - Ovalgen tablets with Vitamins and Minerals for dental care
 - DHA tablets with Iron and vitamins
 - Oxygen enhancer tablets by using Hawthorn berry and Citrulline.
- Development under progress:
 - DHA with Calcium Tablets.
 - Montelukast and Fexofenadine chewable Tablets.
 - Desloratadine Tablets
 - Sultamicillin in dry syrup form.
 - Combination of Glucosamine, Diacerein & MSM.
 - Sachet of Proanthocyanidine, Arginine, Beet root and Hawthornbery
 - Loratadine Syrup with Ambroxol and Guaiphenesin

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

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

- PCT Filing for a revised application "New polymorphic forms of Crystalline Rosuvastatin calcium & Novel processes thereof".
- Patent Filing entitled "New Polymorphic Form M2 of Crystalline Rosuvastatin Calcium & Novel processes thereof".
- Patent Filing entitled "Improved process for removal of 3-Amino-4-(2,4,5-trifluorophenyl) butanoic acid impurity in Sitagliptin Phosphate".
- Yield improvement and reduction in the input quantities of raw material resulting in cost reduction and economization.
- Process/Quality improvements and product up-gradation as per customer requirements.
- Cram business is being focused on major customers with high value products giving better gross margins.
- Cost improvement in different formulations by

altering the excipient without affecting the quality parameters.

3) Future plan of action:

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

- Approval/ recognition of R&D Centre from DSIR.
- New high value drugs like Canagliflozin & Empagliflozin in Anti-diabetic category, Orlistat in Anti-obesity category, Aprepitant in antiemetic category & Fingolimod in Multiple Sclerosis category considered for development.
- Esomeprazole Magnesium Dihydrate considered for development due to its High demand.
- Kilolab Trials and Scale up of High value Anti-diabetic drugs Dapagliflozin Propanediol & Linagliptin, are planned.
- DMF / COS filing for crystalline & Amorphous Rosuvastatin Calcium, Sitagliptin Phosphate, Olmesartan Medoxomil & Candesartan Cilexetil.
- Greater focus on innovative, commercially viable process know-how for both APIs and dosage forms.
- Greater focus on the expansion of intellectual property on all the work carried out in R&D.
- Develop all possible combination of Montelukast with other antihistamines.
- To get the WHO GMP certificate for new plant and focus on export market.
- To focus on in-house API formulations.

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

None.

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

The Company has incurred a total expenditure of Rs. 46.41 Lacs, in comparison to expenditure of Rs. 30.57 Lacs 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. 30.

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: August 09, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL PHARMACEUTICAL SCENARIO

The global pharmaceutical industry has fared well in past economic recessions, but for now it has to operate in increasingly challenging environment comprising of volatile marketplace, characterized by economic uncertainty, reform-driven pricing pressures, increased demand for innovation and value, more focus on the consumer and consumer engagement and an ever-changing regulatory and risk environment.

Total global pharma sales, in nominal U.S. dollar terms, have dropped by 2.7% in the last year. However, the longer-term outlook remains positive. While spending growth is expected to pick up from 2016, the pressure to reduce costs, increase efficiency and improve value remains intense. Because of these contradictory trends, global health care spending is expected to increase by an annual average of 4.3% till 2019, more slowly than it did before the 2009 recession. The global pharma sales should reach \$1.4 trillion by 2019.

In US markets, spending growth was historically high for the second year in a row at \$310bn, driven by a wave of innovative new medicines. In past ten years, real per capita spending on a net basis rose by 9.5% from \$801bn to \$877bn. The biggest drivers of growth in 2014 viz. the uptake of innovative brands, the prices of protected brands, and a lack of major patent expiries continued to drive growth in 2015. Specialty medicine spending increased on a net price basis by 15% to \$121bn in 2015. The surge of new medicines remained strong and the use of recently launched brands remained at historically high levels, while the savings from brands facing generic competition were relatively low.

The study of top pharmaceutical companies shows that their total revenue remained stagnant for the first time at US\$ 501bn during the year 2015 with no growth at all over the previous year. Sales of pharmaceuticals and vaccine of these companies increased just 0.7% to \$435bn in 2015 from \$432bn in previous year.

One of the major reasons for the drop in sales of pharmaceuticals and vaccines of top global companies is the loss of patents of quite a few products in the recent years and a resultant increase in sales of generics in the US and European markets. After the expiry of Lipitor patent in 2010, a number of patents of several other blockbusters got expired in the subsequent years. With increasing preference for

quality generic drugs, due to higher efficacy, their price is expected to remain constant world over in the coming years. Generics should take a larger share of total global medicine spend, reaching 36% (\$421bn) by 2017.

Demand for generic drugs should continue to rise as payers pursue avenues to reduce costs. Already, generics account for the majority of prescription drugs supplied in China with around two-thirds of total sales value. In the United States, generic drugs already comprise about 70% of the pharma market by volume. Generics sales in Brazil are increasing at a rate of 11% year on year. Japan's government recently raised the target for generic use from 60% by the end of April 2018 to 80% by April, 2021, given a faster pace of generic penetration than expected. Pricing pressures in the United States and unstable economic conditions in Brazil, Russia, and China, which collectively drive 50% of global pharma revenue, have led to a slowdown in the pharma segment, as have tightening government health care budgets or reductions in out-of-pocket expenditures in these countries and others.

According to some experts, the patent cliff has now passed its steepest point, but expiries and falling R&D productivity continue to affect the revenue of some research-based pharma companies. Several large global companies continue to report declines in revenues or net income and, in some cases, both.

Big pharma continues to explore alternatives to its traditional, high-margin blockbuster business model, with a focus on models that will position companies for success in an outcomes-based environment. Also, with price and cost pressures mounting, the segment is likely to see continuing increased consolidation. Pharma companies are adapting to current market dynamics and positioning themselves for growth through portfolio transformation, targeted deal-making, cost-cutting measures, and sharpened focus on high-performing therapeutic area (TA) and geographic markets.

DOMESTIC PHARMACEUTICAL MARKET

Domestic Pharmaceuticals market has characteristics that make it unique. It is dominated by branded generics, making up for 70 - 80% of the retail market. The local players enjoy a dominant position driven by formulation development capabilities and early investments. On account of intense competition, price levels are also low. While India ranks



tenth globally in terms of value, it is ranked third in volumes. These characteristics present their own opportunities and challenges.

Various industry reports suggest that the industry has been growing at 13 - 14% over the last 5 years. The Indian pharma industry, which is expected to grow at annual rate of 14 - 15% till 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 4.3% during the same periods. Presently the market size of the pharmaceutical industry in India stands at around US\$ 16bn.

The Indian pharmaceuticals market is expected to grow to USD 50bn by 2020 driven by a steady increase in affordability and a step jump in market access. At the projected scale, this market will be comparable to all developed markets other than the US, Japan and China. Even more impressive will be its level of penetration. In terms of volumes, India will be at the top, a close second only to the US market. This combination of value and volume provides interesting opportunities for upgrading therapy and treatment levels.

Rising income levels and enhanced medical infrastructure have reinforced the step-up in growth trajectories. This growth has been broad-based across therapy and geography segments. Several leading players are beginning to focus on new and emerging opportunities.

Growth in medical infrastructure and health insurance coverage has been in line with expectations. The treatment of chronic diseases has gone up. The remarkable success of a few recent launches has demonstrated the true potential of patented products.

The mix of therapies will continue to gradually move in favour of specialty and super-specialty therapies. Notwithstanding this shift, mass therapies will constitute half the market in 2020. Metro and Tier-I markets will make significant contributions to growth, driven by rapid urbanisation and greater economic development. The acceptability of modern medicine and newer therapies will increase due to aggressive market creation by players, an increased acceptance of biologics and preventive medicine, and a greater propensity to self-medicate.

MOREPEN'S STRATEGY

ACTIVE PHARMACEUTICAL INGREDIENTS (API)

Morepen has been handling complex chemical manufacturing processes since long. Greater emphasis is being placed on various classes of advanced drugs & intermediates like Anti-hypertensive, anti-histaminic, anti-asthmatic & Anti-diabetic. It has already developed unique

sartans like Candesartan Cilexetil and Olmesartan Medoxomil. The Olmesartan Medoxomil has been commercialized with DMF filing slated in current calendar year. In a similar fashion, Morepen has developed, produced & scaled up complex high value drug, Saxagliptin Hydrochloride, with its commercial production. It is already in advanced stage for development of new anti-diabetic drugs like Linagliptin in 'gliptin' series and Dapagliflozin Propanediol in other unique 'gliflozin' series. Further products like Canagliflozin & Empagliflozin of the 'gliflozin' series are under development. The Company foresees great market potential in these two categories. Besides this, development of other new complex molecules like 'Fingolimod' of multiple sclerosis series and 'Aprepitant' of antiemetic series are also expected to be taken up. Morepen has already developed various polymorphic forms of both major anti-cholesterol drugs i.e. Atorvastatin Calcium & Rosuvastatin Calcium including Morepen's new polymorphic forms. Furthermore, Morepen is largest producer/ supplier of block buster anti-asthmatic drug Montelukast Sodium and anti-histaminic drug Loratadine due to its technical strength. Besides this, during the year, Morepen got COS approval on anti-histaminic drug Desloratadine and filed COS of Fexofenadine Hydrochloride & Rosuvastatin Calcium.

Besides continuous improvements are being made in all existing molecules/ product portfolio to keep at par with stringent standard of today's competitive market. Morepen is also beginning to focus more on various high profile markets like Japan, with its high standard or almost impurity free API's & Intermediates. Morepen has commercialized & supplied high purity/ impurity free Fexofenadine Hydrochloride & Olmesartan Medoxomil to Japan whereas high purity Fexofenadine Intermediate, is already supplied to Japan.

Towards its journey of profitable growth and technological advancement, three new patent applications have been filed during the year including one PCT application for new polymorphs of Rosuvastatin Calcium. Furthermore, Morepen is planning for approval/ recognition of its R&D center from DSIR (Department of Scientific & Industrial Research).

FORMULATIONS AND HOME HEALTH DIAGNOSTICS

The Company is relentlessly working to expand its products reach across all the domestic territories for its Home Diagnostics and Formulation products. Apart from enlarging its product portfolio it is sticking to its strategy to continue focus on those products, on which it has created a niche in

the market. The Company has been able to introduce new product lines both in formulation as well as in health diagnostic business. The Company, on account of its established brand name and trust enjoyed with its customers, is slated to record growth in the coming years. Continuous innovation in product ranges and product mix will lead to improved business and financial performance.

The competitive price offering for its various range of products have helped the Company to enlarge its customer base. The customers continue to repose faith in product offerings of the Company.

PRODUCT CONTRACT MANUFACTURING (PCM) AND BRAND SHARING

The journey of delivering good quality products to its customers is being carried on during the year in the brand sharing space. The vitamins, cardio and diabetic category has continued to be the main focused category. The Company is able to optimally utilize its formulation production capacities and capabilities. Brand Sharing business is forecasted to register promising growth potential for the coming years.

The growth in operating revenues has been quite robust with current year operating revenues touching Rs. 45,246.30 Lacs against preceding year revenues of Rs. 37,026.23 Lacs. Operating Surplus of Rs. 6,537.57 Lacs was registered during the year, an increase of 36% against previous year's surplus of Rs. 4,794.72 Lacs. The Company is confident that it will sustain its growth trajectory in the coming years.

OPPORTUNITIES AHEAD

Indian pharmaceutical firms are eyeing acquisition opportunities in Japan's growing generic market as the Japanese government aims to increase the penetration of generic drugs to 80% of the market by April 2021 from 30% in 2014, due to ageing population and rising health costs.

However, the main factors driving health care demand like, ageing populations, the rise of chronic diseases and the introduction of innovative and frequently expensive treatments (e.g., for cancer and Hepatitis C) should lead to increased pharma spending in 2016 and subsequent years. Chronic therapies continue to remain dominant in the market, growing at 19%, as against acute therapies at 12%.

Domestic pharmaceutical market grew at a CAGR of 12% year-on-year, broadly in line with the average of 12.9% since April, 2015. India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30% a year and reach US\$ 100bn by 2025.

Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62% of the total revenues at US\$ 1.9bn.

Indian pharmaceutical companies have been increasing Research and Development (R&D) spending from 4-7% in 2010 to 6-10% till 2016. The steps taken by many countries to contain health care costs i.e. price cuts, value-based pricing and reimbursement, pro-generic policies and others, are posing key challenges to research-based pharma companies.

OUTLOOK ON THREATS, RISKS AND CONCERNS

Growth will continue to be challenging in the US, driven by the large base effect, slower approvals and declining opportunity in small molecules. Those companies that invest in a more diversified portfolio (including specialties and biosimilars) are likely to have a better growth outlook, although it comes with a higher investment risk. The R&D spending will remain higher as companies move towards niche & limited competition generics and build branded portfolios, against a backdrop of strong volatility in plain vanilla generics portfolio. Amid many growth opportunities, the greatest challenges for the sector remains to increase current good manufacturing practices and resolve issues with the US Food and Drug Administration being faced by almost all large companies. The topmost priority for the sector is Quality.

India is better placed than many of its emerging market peers in terms of growth and external factors such as the US rate tightening and a slowdown in China pose greater risks to the economy than the sluggish pace of domestic reforms.

The changes to foreign regulations are hard to comply with on an ongoing basis for those companies selling abroad. The other risk is price competition from existing incumbents which could erode profits, especially in the non-innovator or generics space.

On the domestic front, the increase in scope of price regulation remains a threat. Changes to pricing policies have impacted several Indian pharma players over the last two years. Large Indian companies have seen serious impact on performance on account of regulatory issues. Also, exports to less-regulated markets could have a negative impact. These could be country specific issues like the ones witnessed in Russia where the currency depreciated sharply on back of its dependence on oil exports.

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



business is largely import driven.

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

FIXED ASSETS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

Your Company had been consistent in retaining experienced and talented manpower. The employees have shown their faith in the Company by staying with it over the years and are instrumental in the smooth running of the Company.

The Company believes in fair practices and equal

opportunity to employees across all levels. The Company's traditions of fair play, equal opportunity and value chain enhancement are alive and progressing. The Company values the importance of Human capital and is judicious in rewarding its workforce. It has strong belief in collective efforts of all the team members. The inter-personal relationship amongst workers, staff and officers has always been pleasant and of peaceful co-existence.

As on March 31, 2016 there were 1,062 permanent employees on the rolls of the Company.

CAUTIONARY STATEMENT

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

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

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: August 09, 2016

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forming part of the Directors' Report for the year ended March 31, 2016]

1. Company'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

Composition and Category of Directors as on March 31, 2016

The Board consists of 6 Directors consisting of 2 Executive Directors, 3 Independent Non-Executive Directors and 1 Non-Executive Director.

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

Pursuant to the provisions of Section 149(1) of the Companies Act, 2013, Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or re-enacted from time to time, the Company has appointed Ms. Archana S. Bhargava (DIN: 02505308) as a Non-Executive Director (Additional Director) and has complied with the statutory requirement of appointment of a Woman Director on the Board.

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

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

Note:

- The Chairman of the Board is an Executive Director.



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

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

During the financial year under review, four Board Meetings were held i.e. on May 15, 2015, August 07, 2015, November 04, 2015 and February 08, 2016.

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

Name	Date of Appointment	No. of Board meetings held during the year	No. of Board meetings attended	Last AGM attendance	Number of directorship in other Companies	Share-holding	All Committee Membership	
							Member	Chairman
Mr. Sushil Suri	01.02.1992	4	4	Yes	1	55,01,510	1	Nil
Mr. Manoj Joshi	27.06.1992	4	4	Yes	Nil	Nil	2	2
Mr. Sukhcharan Singh	15.06.2005	4	4	Yes	1	Nil	3	Nil
Mr. B. R. Wadhwa	15.06.2005	4	4	No	1	Nil	2	Nil
Dr. A. K. Sinha	15.06.2005	4	3	Yes	Nil	100	Nil	Nil
Ms. Archana S. Bhargava	04.11.2015	2*	2	No	1	Nil	Nil	Nil

*2 Board Meetings were held on/after the appointment of Ms. Archana S. Bhargava.

Note:

- The Directorships held by Directors as mentioned above does not include Directorships of foreign companies, Companies registered under Section 8 of the Companies Act, 2013 and Private Limited Companies. As per the information provided to the Company, the Committee memberships and chairmanships as mentioned above relates to Morepen Laboratories Limited and other Companies.
- In accordance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, memberships/chairmanships of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies have been considered.

Independent Directors Meeting

During the year under review a separate meeting of the Independent Directors of the Company was held on February 08, 2016, without the presence of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of the Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and timelines of flow of information between the Company management and the Board. All the Independent Directors of the Company were present in the meeting.

Familiarisation Programme for Independent Directors

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

Evaluation of the Board's Performance

During the year, the Board adopted Criteria for Performance Evaluation of Board, Committees & Directors of the Company, including the Chairman of the Board. The Board Evaluation was carried out through a structured evaluation process covering various aspects of the Boards

functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, etc.

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

3. AUDIT COMMITTEE

The Company has an Audit Committee, as per the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee includes the matters specified under Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, as amended from time to time and other matters referred by Board. The Audit Committee oversees the work carried out in the financial reporting process by the Management, the Internal Auditors and Independent Auditors.

Composition of the Committee:

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

Meetings and attendance during the year:

During the period under review, four meetings were held i.e. on May 15, 2015, August 07, 2015, November 04, 2015 and February 08, 2016. The attendance of members was as follows:

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

4. NOMINATION AND REMUNERATION COMMITTEE

The Company has a duly constituted Nomination & Remuneration Committee. The Committee's constitution and terms of reference are in compliance with the provisions of Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of Companies Act, 2013, as amended from time to time and other matters referred by the Board. The primary role of the Nomination & Remuneration Committee includes the formulation of the criteria for determining qualifications, positive attributes and independence of a Director, formulation of criteria for evaluation of performance of Directors, devising a policy on diversity of board and identifying persons who are qualified to become Directors.

Composition of the Committee:

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

Meetings and attendance during the year:

During the financial year under review, four meetings were held, i.e. on May 15, 2015, August 07, 2015, November 04, 2015 and February 08, 2016. The attendance of members was as follows:

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



Remuneration Policy:

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company as formulated by Nomination and Remuneration Committee, pursuant to provisions of Section 178 of the Companies Act, 2013 and Para A of Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

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

5. REMUNERATION TO DIRECTORS:

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

(Amount in Rs.)

Name of Director	Salary	Perks	Commission	Sitting Fee	Total
Mr. Sushil Suri	44,73,408	12,66,857	Nil	N.A.	57,40,265
Dr. A. K. Sinha	22,44,480	3,95,000	Nil	N.A.	26,39,480
Mr. Manoj Joshi	Nil	Nil	Nil	80,000	80,000
Mr. Sukhcharan Singh	Nil	Nil	Nil	80,000	80,000
Mr. B. R. Wadhwa	Nil	Nil	Nil	60,000	60,000
Ms. Archana S. Bhargava	Nil	Nil	Nil	10,000	10,000

Note:

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

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company's Stakeholders Relationship Committee's constitution and terms of reference are in compliance with the provisions of Regulation 20 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013, as amended from time to time and other matters referred by Board.

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

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

The Company received 23 shareholders/investors' complaints during the year and all complaints have been resolved/answered to the satisfaction of the shareholders. No complaint remained un-attended/pending for more than 30 days. As on March 31, 2016 no investor complaints were outstanding/pending.

7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility (CSR) Committee of the Company was constituted by the Board on May 10, 2016 consequent to qualifying with the criteria specified in Section 135 (1) of the Companies Act, 2013 in the financial 2016-17. The Committee's constitution and terms of reference are in compliance with the provisions of Section 135 of the Companies Act, 2013 and rules framed thereunder, as amended from time to time.

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

8. GENERAL BODY MEETINGS

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

Details of last three Annual General Meetings (AGMs):

Date & Time	Location	Special Resolution(s) Passed
18.09.2015 at 10.30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Re-appointment of Chairman & Managing Director
19.09.2014 at 10:30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	-
13.09.2013 at 10:30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Appointment of Auditors

Details of Extra Ordinary General Meetings (EGMs):

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

Postal Ballot:

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

Remote e-voting and ballot voting at the AGM:

To allow the members to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged Central Depository Services (India) Limited (CDSL) to provide remote e-voting facility to all the members. Members whose names appear on the register of members as on the 'cut-off date' shall be eligible to participate in the e-voting. The preference shareholders, whose dividends on preference shares have remained unpaid for more than two years, are entitled to vote on all matters at the Annual General Meeting and their voting rights shall be in proportion to their share in paid up capital of the Company.

9. SUBSIDIARY MONITORING FRAME WORK

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

The Company has one material non-listed Subsidiary Company, Dr. Morepen Limited. Pursuant to the requirements of Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company's policy for determining 'material' subsidiaries, the Company has appointed one of its Independent Directors on the Board of the aforesaid material non-listed Subsidiary Company. The web link for the policy is <http://www.morepen.com/pdf/Policy-for-Determining-Material-subsiidary.pdf>.

Brief details of Company's Subsidiary Companies as on March 31, 2016 is given below:

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

The Company has liquidated its stake in Morepen Max Inc., USA during the year under review.

10. MEANS OF COMMUNICATION

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

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

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



In accordance with the provisions of the Companies Act, 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company sends Annual Reports and Notice of Annual General Meeting along with Proxy Form electronically/physically to its stakeholders. Management Discussion and Analysis Report of the Company forms part of this Annual Report.

11. GENERAL SHAREHOLDER INFORMATION

a). Date, Time and Venue of Annual General Meeting (AGM)	Friday, September 23, 2016 at 10:30 a.m. at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205																	
b). Financial Year	April, 01 to March, 31																	
c). Date of Book Closure	Saturday, September 17, 2016 to Friday, September 23, 2016 (both days inclusive) for AGM																	
d). Stock Exchanges	<p>National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051</p> <p>BSE Limited (BSE) Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001</p> <p>Listing fees for the year 2016-17 has been duly paid to NSE & BSE.</p>																	
e). Stock code	<table border="1"> <thead> <tr> <th colspan="2">NSE</th> <th colspan="2">BSE</th> </tr> </thead> <tbody> <tr> <td>Symbol</td> <td>MOREPENLAB</td> <td>Scrip Code</td> <td>500288</td> </tr> <tr> <td>ISIN No.</td> <td>INE083A01026</td> <td>ISIN No.</td> <td>INE083A01026</td> </tr> <tr> <td>RIC Code</td> <td>Morl.ns</td> <td>RIC Code</td> <td>Morl.ns</td> </tr> </tbody> </table>	NSE		BSE		Symbol	MOREPENLAB	Scrip Code	500288	ISIN No.	INE083A01026	ISIN No.	INE083A01026	RIC Code	Morl.ns	RIC Code	Morl.ns	
NSE		BSE																
Symbol	MOREPENLAB	Scrip Code	500288															
ISIN No.	INE083A01026	ISIN No.	INE083A01026															
RIC Code	Morl.ns	RIC Code	Morl.ns															
f). Registrar to an Issue and Share Transfer Agents (RTA)	<p>MAS Services Limited T-34, 2nd Floor, Okhla Industrial Area, Ph.- II, New Delhi - 110 020 Tel. No.: 011-2638 7281/82/83; Fax. No.: 011-2638 7281 e-mail id: info@masserv.com; website: www.masserv.com</p>																	
g). Share Transfer System	<p>Share Transfer System of the Company is computerized and M/s. MAS Services Limited is the Company's Registrar and Share Transfer Agent (RTA) for equity shares (kept in physical as well as electronic mode). The requests for share transfer, transmission, sub-division, consolidation, renewal, re-mat, duplicate etc. are processed and share certificates duly endorsed/issued are dispatched within the prescribed time period, subject to documents being valid and complete in all respects. The Company Secretary acts as the Compliance Officer of the Company, who oversees the process of share transfer/transmission, re-mat/de-mat, etc. on regular basis and reports to the Board of Directors/Stakeholders Relationship Committee of the Directors.</p> <p>In compliance with the Regulation 7(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company submits a Compliance certificate duly signed by the compliance officer of the Company and the authorised representative of the Share Transfer Agent, within one month of each half of the financial year, stating that all activities in relation to both physical and electronic share transfer facility are maintained by the Company's Registrar and Share Transfer Agent (RTA) M/s. MAS Services Limited.</p> <p>Further, the Share Transfer system is audited by a firm of Practicing Company Secretaries and a half-yearly certificate of compliance, issued by it, with regard to the issuance of share certificates within 30 days of lodgement for transfer, sub-division, consolidation, renewal etc., is submitted to the stock exchanges pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>																	

h). Dematerialization of Shares and Liquidity	The Equity Shares of the Company are in compulsory de-mat segment and are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. The ISIN Number of Company on both the NSDL and CDSL is INE083A01026. As on March 31, 2016, 23,01,62,295 Equity Shares of Rs. 2/- each (51.17%) are held in electronic/de-mat form.
i). Commodity price risk or foreign exchange risk and hedging activities	The Company is not engaged in commodity trading, hedging or exchange risk management activities.
j). Plant Locations	<ul style="list-style-type: none"> • Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh 173 205 • Plot No.12 B & Plot No.12 C, Sector-2, Parwanoo, District Solan, Himachal Pradesh • Village Masulkhana, District Solan, Himachal Pradesh
k). Address for correspondence	<p>Registered Office: Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205 Tel No.: 01795 - 276201/02/03; Fax No.: 01795 - 276204 Email id: investors@morepen.com; Website: www.morepen.com</p> <p>Corporate Office: 409, Antriksh Bhawan, 22, K.G. Marg, New Delhi - 110 001 Tel No.: 011 - 2332 4443/2371 2025 Fax No.: 011 - 2372 2422 Email id: investors@morepen.com; Website: www.morepen.com</p> <p>Investor Correspondence (RTA): MAS Services Ltd. Unit: Morepen Laboratories Limited T-34, 2nd Floor, Okhla Ind. Area, Ph. II New Delhi - 110 020 Tel No.: 011 - 2638 7281/82/83; Fax No.: 011 - 2638 7281 Email id: info@masserv.com; Website: www.masserv.com</p>

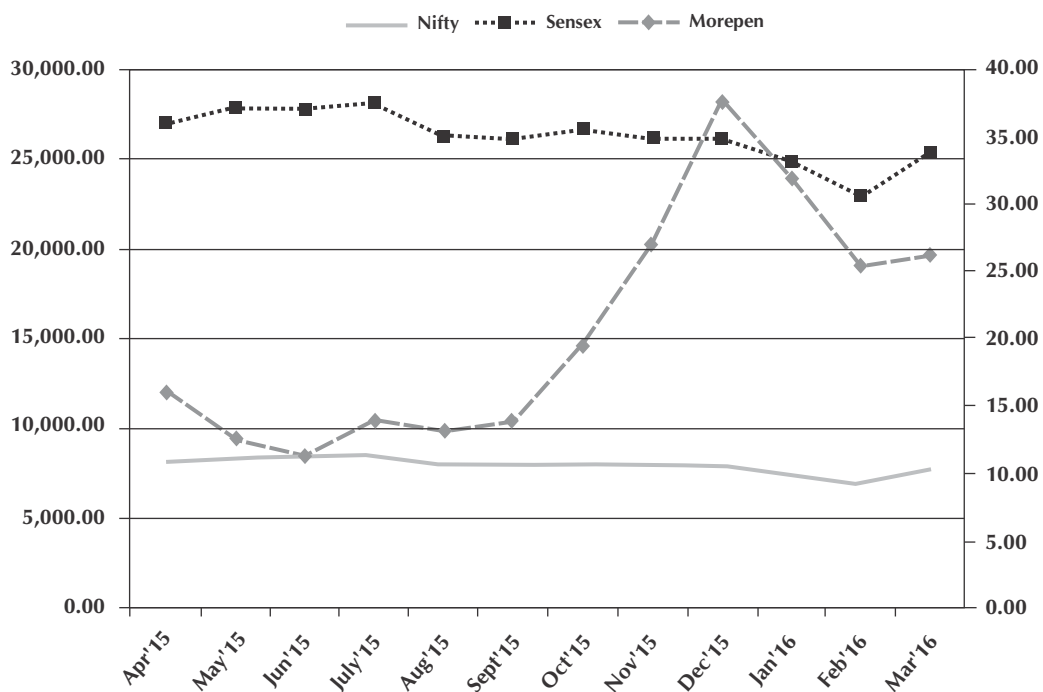
l). Market Price Data :

Month	BSE		NSE	
	High	Low	High	Low
April, 2015	18.90	11.50	18.90	11.40
May, 2015	16.60	12.15	16.60	12.15
June, 2015	13.08	10.05	13.10	10.00
July, 2015	14.87	11.25	15.10	11.10
August, 2015	17.70	11.76	17.70	11.80
September, 2015	14.44	11.36	14.45	11.35
October, 2015	20.87	13.71	20.85	13.70
November, 2015	29.05	18.20	29.00	18.25
December, 2015	39.40	26.10	39.35	26.05
January, 2016	41.80	21.10	41.75	21.00
February, 2016	35.15	23.50	35.15	23.55
March, 2016	28.70	24.40	28.75	24.35

(Source: Official website of BSE & NSE)



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



n). Distribution of shareholding as on March 31, 2016

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares	% of Total shareholding
Upto 5,000	1,24,573	91.83	8,21,02,568	18.25
5,001-10,000	6,794	5.01	2,39,23,841	5.32
10,001-20,000	2,447	1.80	1,80,24,166	4.01
20,001-30,000	643	0.47	81,69,728	1.81
30,001-40,000	313	0.23	56,59,116	1.26
40,001-50,000	202	0.15	46,18,384	1.03
50,001-1,00,000	383	0.28	1,36,61,939	3.04
1,00,001 and above	309	0.23	29,36,66,461	65.28
Total	1,35,664	100.00	44,98,26,203	100.00

Categories of shareholders as on March 31, 2016

Category	No. of shares held	Shareholding (%)
Promoters Holdings	15,53,71,588	34.54
Financial Institutions/Banks	73,22,366	1.63
Insurance Companies	2,16,64,879	4.82
Foreign Institutional Investors	5,85,30,000	13.01
Bodies Corporate	3,00,04,333	6.67
Individuals	16,67,15,973	37.06
NRI/OCBs	50,59,771	1.12
Others (Foreign Company, Trust and Clearing Member)	51,57,293	1.15
Total	44,98,26,203	100.00

o). Outstanding GDRS/ADRS/Warrants or any Convertible Instruments, Conversion date and likely impact on Equity:

Type of Security	Date of Conversion/Redemption	Likely impact on Equity
97,35,201 - 0.01% Optionally Convertible Preference Shares (OCPS)	Optionally Convertible into Equity Shares at the end of 7 years from the respective date of its allotment.	The exact impact on the equity would be determined only at the time of conversion of OCPS into equity shares.
The above shares have been allotted as per the following details:	97,35,201 0.01% OCPS have fallen due for redemption / conversion as follows:	The OCPS would be converted into Equity Shares at a price determined as per the provisions of SEBI (ICDR) Regulations, 2009 and other laws as may be applicable.
i. 70,40,276 allotted on May 4, 2007;	i. 70,40,276 due on May 4, 2014;	
ii. 17,62,000 allotted on May 31, 2007;	ii. 17,62,000 due on May 31, 2014;	
iii. 9,32,925 allotted on February 9, 2008	iii. 9,32,925 due on February 9, 2015	

12. EQUITY SHARES IN THE SUSPENSE ACCOUNT

In terms of Part F of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company hereby reports the following details in respect of equity shares lying in de-mat unclaimed suspense account of the Company which were issued in de-mat form and physical form:

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2015	5,027	56,01,766
Number of shareholders who approached the Company for transfer of shares from Unclaimed Suspense Account during the year	69	1,07,252
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	69	1,07,252
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2016	4,958	54,94,514

Note:

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



13. DEPOSITORY SERVICES

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

National Securities Depository Ltd.

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

Central Depository Services (India) Ltd.

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

14. CORPORATE GOVERNANCE COMPLIANCE

The Company complies with the Corporate Governance Requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation 2 of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

15. OTHER DISCLOSURES

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

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

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

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

The Company has made requisite disclosure with respect to related party transaction in the significant accounting policies and note to accounts to the financial statements. Transactions with the related parties as per the requirements of AS 18 are disclosed in Note no. 32 to the Financial Statements of the Company for the year ended March 31, 2016 forming part of this Annual Report.

The Audit Committee has reviewed the related party transactions as mandatorily required under relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. All the related party transactions are done in the ordinary course of business and at arm's length basis with prior approval of the Audit Committee.

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

In accordance with the requirements laid down in Section 149(1) of the Companies Act, 2013, Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the communication from the Stock Exchanges, the Company has appointed a Woman Director on the Board.

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

The Equity Shares preferentially issued to Banks & Financial Institutions, excluding those issued to two allottees, wherein certain observations were made by the Stock Exchanges, and Foreign Investor in 2007, as per the terms of Debt Restructuring Scheme approved by the CDR cell have been listed on NSE & BSE, and are freely tradable on both the Stock Exchanges. In respect of preferential allotment made to promoters of the Company, in-principle approval has been granted by one of the Stock Exchanges while the approval from the other Stock Exchange is expected soon. Another allotment made to a lender, in 2008, pursuant to the CDR Scheme, is under consideration of the Stock Exchanges.

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

The Company has adopted a Whistle Blower Policy / Vigil Mechanism as per the requirements of Companies Act, 2013 and

Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and affirms that during the year under review, no person has been denied access to the to the Audit Committee.

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

The Company to the best of its knowledge and belief has complied with and adopted the mandatory requirements and some of the non-mandatory requirements as stipulated under the Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has adopted the following discretionary requirements of Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

i. Reporting of Internal Auditor:

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

ii. Modified opinion(s) in Audit Report:

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

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

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

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

f) Code of Conduct:

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

Pursuant to the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 executed with the Stock Exchanges, the Company has adopted Morepen's Code of Conduct for Board Members and Senior Management Personnel which is also posted on the website of the Company www.morepen.com.

All the Board Members and Senior Management Personnel have confirmed compliance with the Code as on March 31, 2016. A declaration to that effect signed by the Managing Director & CEO is attached and forms part of the Annual Report of the Company.

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

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

g) CEO/CFO Certification:

The MD and CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the certificate forms part of this Annual Report.

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

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct of Board of Directors and Senior Management, as applicable to them, for the year ended March 31, 2016.

For Morepen Laboratories Limited

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: August 09, 2016



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

To,

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

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

- a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2016 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Morepen Laboratories Limited

Place: New Delhi
Date: May 10, 2016

Ajay Sharma
(Chief Financial Officer)

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

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

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

We have examined the compliance of conditions of Corporate Governance by Morepen Laboratories Limited (“the Company”) for the financial year ended on March 31, 2016 as stipulated in Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchanges.

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

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

On the basis of information / documents provided to us, we state that in respect of investor grievances received during the financial year ended March 31, 2016, no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Stakeholders Relationship Committee (Shareholders/Investor Grievance Committee).

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

**For PD and Associates
Company Secretaries**

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

**Place: New Delhi
Date: August 09, 2016**



INDEPENDENT AUDITORS' REPORT

To

The Members of Morepen Laboratories Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Morepen Laboratories Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act.

Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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".
- (g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 18 to the financial statements;
 - (ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) no amount was required to be transferred to the Investor Education and Protection Fund by the Company.

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

M K Mahajan
Partner

New Delhi
May 10, 2016

Membership No. : 017418



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

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, most of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventory has been physically verified at reasonable intervals by the management & no material discrepancies were noticed by the management.
- (iii) According to the information and explanations furnished to us, the Company has not granted any loan secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 hence provisions of this clause are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to the loans, guarantees, security and investment.
- (v) With approval of scheme of Arrangement and

Compromise u/s 391 of the Companies Act, 1956 for the fixed deposit holders by Hon'ble High Court of Himachal Pradesh at Shimla and in compliance thereof issue of equity shares thereafter to the fixed deposit holders, in our opinion there is no default by the Company of any of the relevant provisions of the Act. However, the Central Government has filed an appeal against the order approving the scheme, the matter is pending in Himachal Pradesh High Court.

- (vi) We have reviewed the cost records maintained by the Company pursuant to the companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the amount deducted /accrued in the books of accounts in respect of undisputed statutory dues including sales-tax, service tax, duty of custom, duty of excise, cess have generally been regularly deposited with the appropriate authorities, **however the Company is not regular in depositing the dues of Employee's State Insurance, Provident fund & Income tax (TDS), Value Added Tax though the delays in deposit have not been serious.**

According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, sales tax, value added tax, duty of custom, service tax, cess and other material statutory dues were in arrears as on 31st March 2016 for a period of more than six months from the date they became payable **except Company has not deposited the following amount of advance income tax:**

Statement of Arrears of Statutory Dues Outstanding for more than Six months

Name of the Statute	Nature of the Dues	Amount (Rs)	Period to which amount relates	Due Date	Date of payment
Income Tax Act-1961	Advance Income tax	62,58,158	FY 15-16	15th June'2015	Not paid
Income Tax Act-1961	Advance Income tax	80,62,000	FY 15-16	15th Sep'2015	Not paid

- (b) There is no amount due in respect of Income-tax, Sales-tax, VAT, Service-tax, Customs duty, cess outstanding as at 31st March, 2016 due to any dispute. According to the information provided to us, the following duties of excise have not been deposited by the Company on account of disputes:

Sl. No.	Name of the statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
1	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	20,78,115	April 2003 to July 2003	CESTAT - Ahmedabad
2	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	5,13,70,960	August 2001 to April 2004	CESTAT - Delhi
3	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	58,11,038	June 2004 to July 2008	CESTAT-Chandigarh
4	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	60,09,317	June 2004 to March 2009	CESTAT-Chandigarh
5	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	74,894	December 2008 to March 2009	CESTAT-Chandigarh
6	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	11,88,263	April 2009 to March 2010	CESTAT-Chandigarh
7	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	1,42,834	April 2009 to March 2010	CESTAT-Chandigarh
8	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	1,78,627	April 2010 to September 2010	CESTAT-Chandigarh
9	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	45,79,973	February 2006	CESTAT -Delhi
10	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	5,95,182	April 2010 to December 2010	Commissioner of Appeal-Chandigarh
11	Central Excise Act, 1944	Excise duty. Penalty, Fine and Interest	20,46,159	January 2011 to June 2015	Commissioner of Appeal- Chandigarh

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

(Figures in Lacs)

Name of Lenders	Principal Amount	Period of default	Interest Amount	Period of default
UCO Bank	116.08	1 Day	96.71	Less than 3 months
Karur Vysya Bank	28.28	1 Day	24.31	Less than 3 months
Exim Bank	75.00	1 Day	64.51	Less than 3 months
SICOM Ltd.	88.30	1 Day	8.16	Less than 3 months
IFCI Ltd.	45.72	20 Months	6.88	12 Months



- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However term loans were applied for the purpose for which those are raised during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our verification of books of accounts of the Company, the Company has paid/provided for Managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 of Companies Act, 2013 read with Schedule V of the Act.
- (xii) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 & 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully paid convertible debentures during the year.
- (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.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

M K Mahajan
Partner

New Delhi

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls 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, 2016 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**M K Mahajan
Partner**

**New Delhi
May10, 2016**

Membership No.: 017418



Balance Sheet

As at 31st March, 2016

(Rs. in Lacs)

	Notes	As at 31.03.2016	As at 31.03.2015
<u>EQUITY AND LIABILITIES</u>			
1. SHAREHOLDERS' FUNDS			
Share capital	2	20961.06	20961.06
Reserves and Surplus	3	11924.40	10346.60
		32885.46	31307.66
2. NON - CURRENT LIABILITIES			
Long-term borrowings	4	4274.18	6222.42
Other Long - term liabilities	5	176.00	176.20
Long-term provisions	6	1071.43	870.87
		5521.61	7269.49
3. CURRENT LIABILITIES			
Short-term borrowings	7	-	223.32
Trade payables :	8		
Total outstanding dues of micro enterprises and small enterprises		42.67	44.73
Total outstanding dues of creditors other than micro enterprises and small enterprises		10705.46	7810.47
Other current liabilities	9	3913.90	3281.88
Short-term provisions	6	416.47	83.58
		15078.50	11443.98
TOTAL		53485.57	50021.13
<u>ASSETS</u>			
1. NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	10	21588.91	24342.53
Intangible Assets		47.02	50.07
		21635.93	24392.60
Non-current Investments	11	11769.48	11794.22
Long-term loans and advances	12	5392.44	3393.47
		38797.85	39580.29
2. CURRENT ASSETS			
Inventories	13	4081.93	3536.31
Trade receivables	14	8035.47	4844.52
Cash and cash equivalents	15	363.06	859.85
Short-term loans and advances	16	1626.73	889.08
Other current assets	17	580.53	311.08
		14687.72	10440.84
TOTAL		53485.57	50021.13
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

As per our separate report of even date

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

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)

Director
DIN : 00036546

(M.K. Mahajan)

Partner
Membership No. 017418

(Ajay Sharma)

Chief Financial Officer

(Thomas P. Joshua)

Company Secretary

Place : New Delhi

Date : 10th May, 2016

Statement of Profit and Loss

For the Year Ended 31st March, 2016

(Rs. in Lacs)

	Notes	Year Ended 31.03.2016	Year ended 31.03.2015
REVENUE			
Revenue from operations (Gross)	19	46151.78	37785.94
Less : Excise Duty		905.48	759.71
Revenue from operations (Net)		45246.30	37026.23
Other Income	20	117.24	136.17
Total Revenue		45363.54	37162.40
EXPENSES			
Cost of materials consumed	21	18159.46	14522.67
Purchases of Stock-in-Trade	22	10226.71	8322.11
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(445.60)	206.63
Employee benefits expense	24	5166.65	4352.37
Finance Costs	25	1041.29	863.30
Depreciation and amortization expense	10	3492.18	3859.49
Other expenses	26	5718.75	4963.90
Total expenses		43359.44	37090.47
Profit/(Loss) before exceptional and extraordinary items and tax		2004.10	71.93
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		2004.10	71.93
Extraordinary Items - Expense		(440.00)	-
Profit/(Loss) before tax		1564.10	71.93
Tax expense:			
(1) Current Tax (MAT)		337.68	13.70
(2) MAT Credit Entitlement		(337.68)	-
(3) Earlier Years		(13.70)	
Profit/(Loss) for the year		1577.80	58.23
Earning per equity share of Rs. 2/- each:	33		
(1) Basic		0.35	0.002
(2) Diluted		0.35	0.002
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

As per our separate report of even date

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

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(M.K. Mahajan)
Partner
Membership No. 017418

(Ajay Sharma)
Chief Financial Officer

(Thomas P. Joshua)
Company Secretary

Place : New Delhi
Date : 10th May, 2016



Cash Flow Statement

For the Year Ended 31st March, 2016

(Rs. in Lacs)

	Notes	Year Ended 31.03.2016	Year Ended 31.03.2015
A. CASH FLOWS FROM OPERATING ACTIVITIES :			
Profit/(Loss) before extraordinary items and tax		2004.10	71.93
Adjustments for :			
Depreciation & Amortisation	10	3492.18	3859.49
(Profit)/Loss on Sale of Fixed Assets		(1.40)	(0.49)
Finance Cost (Net)	25	1041.29	863.30
Operating profit before changes in current assets and liabilities		6536.17	4794.23
Changes in current assets and liabilities -			
Trade Receivables	14	(3190.95)	(835.57)
Short Term Loans and advances and other current assets	16, 17	(1007.09)	(110.90)
Inventories	13	(545.62)	(245.34)
Current liabilities	6,7,8,9	3634.50	1485.50
Cash generated from operations		5427.01	5087.92
Tax expense		(13.70)	13.70
Cash Flow before extraordinary items		5440.71	5074.22
Extraordinary items		(440.00)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		5000.71	5074.22
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	10	(787.79)	(481.46)
Sale of Fixed Assets		53.68	0.80
Sale of Non-Current Investments	11	24.74	-
Long-term loans and advances	12	(1998.97)	(2541.57)
NET CASH USED IN INVESTING ACTIVITIES		(2708.34)	(3022.23)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost (Net)	25	(1041.29)	(863.30)
Change in Long Term borrowings (Net)	4	(1948.24)	(1242.58)
Change in Other Long Term liabilities & provisions (Net)	5,6	200.37	107.22
NET CASH USED IN FINANCING ACTIVITIES		(2789.16)	(1998.66)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		(496.79)	53.33
Cash and Cash equivalents as at 01.04.2015		859.85	806.52
Cash and Cash equivalents as at 31.03.2016		363.06	859.85
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-37		

As per our separate report of even date

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

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(M.K. Mahajan)
Partner
Membership No. 017418

(Ajay Sharma)
Chief Financial Officer

(Thomas P. Joshua)
Company Secretary

Place : New Delhi
Date : 10th May, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on an accrual basis of accounting and comply with applicable Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the provisions of the Act (as applicable), and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 Use of Estimates

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

Accounting estimates could change from period to period. Actual results could differ from those 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. Fixed assets

- a) Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalised until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Capital work in progress includes pre-operative expenses.
- b) Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.
- c) Expenditure incurred on projects / expansion during implementation is capitalized and apportioned to various assets on commissioning / completion of the same.

1.4. Depreciation

- 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.
- b) Cost of leasehold land is not amortized over the period of lease.
- c) 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.

1.5. Investments

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

1.6. Foreign exchange transactions

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

1.7. 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.

1.8. Revenue Recognition

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

1.9. Researches and Development

- a) Capital expenditure on research and development is included in the cost of fixed assets.
- b) Revenue expenditure on research and development is charged to the statement of profit & loss.



1.10. Taxation

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

Minimum alternate tax (MAT) payable in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future tax liability, is recognised as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax in coming years and the resultant asset can be measured reliably.

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

1.11. Impairment of Assets

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

1.12. Provision and contingent liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is made when there is possible obligation or present obligation that may, but probably will not, require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.13 Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating the diluted earnings per

share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as at beginning of the period, unless they have been issued at a later date.

1.14 Employee Retirement benefits

Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Defined benefit plans

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

-Gratuity

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

- Leave Encashment

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

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

Defined contribution plans -

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

- Provident Fund & Employees State Insurance (ESI)

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

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

NOTES ON FINANCIAL STATEMENTS

For the Year Ended 31st March 2016

	(Rs. in Lacs)	
	As at 31.03.2016	As at 31.03.2015
2. A SHARE CAPITAL		
Authorised		
45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each	9000.00	9000.00
1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each	12000.00	12000.00
	21000.00	21000.00
Issued & Subscribed		
<u>Equity Share Capital</u>		
44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each	8996.53	8996.53
	8996.53	8996.53
<u>Preference Share capital</u>		
97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	9735.20	9735.20
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730.00	1730.00
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500.00	500.00
	11965.20	11965.20
Issued, Subscribed & Paid up		
<u>Equity Share Capital</u>		
44,97,93,203 (Previous Year 44,97,93,203) Equity Shares of Rs. 2/- each fully paid up	8995.86	8995.86
	8995.86	8995.86
<u>Preference Share capital</u>		
97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	9735.20	9735.20
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730.00	1730.00
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500.00	500.00
	11965.20	11965.20
	20961.06	20961.06

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

(Rs. in Lacs)

	31.03.2016		31.03.2015	
	Nos.	Amount	Nos.	Amount
Outstanding at beginning of the year	449826203	8996.53	449826203	8996.53
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	449826203	8996.53	449826203	8996.53

Reconciliation of the number and amount of Preference shares -

	31.03.2016		31.03.2015	
	Nos.	Amount	Nos.	Amount
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	-	-	-	-
Outstanding at the end of year	11965201	11965.20	11965201	11965.20



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

- a) i) The company has two classes of shares referred as equity shares and preference shares. The equity shares are having a par value of Rs. 2/- each whereas par value for each preference shares is Rs. 100/-. Every holder of equity shares is entitled to one vote per share in respect of all matters submitted to vote in the shareholders' meeting. Preference share holders are entitled to one vote per share, in respect of every resolution placed before the company which directly affect the rights attached to their shares. However, a preference shareholder acquires voting rights at par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years.
- ii) In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.
- iii) 17,30,000, 0.01% Redeemable Preference Shares of Rs. 100/- each and 5,00,000, 9.75% Redeemable Preference Shares of Rs. 100/- each are cumulative.
- b) i) All 97,35,201, 0.01% Optionally Convertible Preference Shares, had already become due for redemption/conversion in the financial year 2014-15 and could not be redeemed due to unavailability of surplus.
- ii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, 15,30,000 Shares amounting Rs. 1530.00 Lacs are redeemable in two equal installments, on May 4, 2016 & May 4, 2017. Balance 2,00,000, Shares amounting Rs. 200.00 lacs, had already become due for redemption in the financial year ending 31.03.2012 & could not be redeemed because of unavailability of surplus.
- iii) 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to Rs. 500.00 Lacs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber had filed a legal case against the company for the recovery of the sum invested as well as interest thereon. The company is contesting the claim of the subscriber at appropriate forum.
- iv) During the year, the company could not redeem the Preference Shares, due for redemption, on account of unavailability of distributable profits in terms of Section 55(2)(a) and Section 123 of Companies Act, 2013.

D. The company itself being ultimate holding company, therefore, disclosure requirements about its parent company are not applicable in the present case.

E. Shareholders holding more than 5% shares -

i) Equity Shares

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
GL India Mauritius (III) Ltd.	28897500	6.42	28897500	6.42

ii) Preference Shares

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	1179000	12.11	1179000	12.11
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87
EXIM Bank Ltd.	916333	9.41	916333	9.41
SICOM Ltd.	829463	8.52	829463	8.52
Punjab National Bank	671522	6.90	671522	6.90
Oriental Bank of Commerce	623828	6.41	623828	6.41
Dena Bank	593936	6.10	593936	6.10
UCO Bank	515900	5.30	515900	5.30

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	500000	100	500000	100

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

G. Disclosure about unpaid calls -

(Rs. in Lacs)

	31.03.2016	31.03.2015
Unpaid Calls		
By Directors & Officers	-	-
By Others	1	1

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

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
3. RESERVES & SURPLUS		
Capital Reserve	270.40	270.40
Securities Premium Account	16740.51	16,740.51
Capital Redemption Reserve	7123.33	7,123.33
	<u>24134.24</u>	<u>24,134.24</u>
<u>Surplus/(Deficit) -</u>		
Opening balance	(13787.64)	(12669.46)
Less : Depreciation on assets whose useful life is already exhausted	-	(1176.41)
Profit/(Loss) for the year	1577.80	58.23
Closing balance	<u>(12209.84)</u>	<u>(13787.64)</u>
	<u>11924.40</u>	<u>10346.60</u>

4. LONG TERM BORROWINGS

	Current Portion		Non Current Portion	
	As at 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15
<u>Secured</u>				
<u>Term Loans from Banks & Institutions</u>				
Restructured Debts -				
Interest Bearing	2351.47	1600.05	4219.18	1776.46
Interest Free	-	-	-	4441.14
	<u>2351.47</u>	<u>1600.05</u>	<u>4219.18</u>	<u>6217.60</u>
Other Loans	35.66	29.43	55.00	4.82
	<u>2387.13</u>	<u>1629.48</u>	<u>4274.18</u>	<u>6,222.42</u>



I. Term Loans from Banks & Institutions

- a. Term loans, except noted at (c) below, are secured by a first charge created by way of a joint equitable mortgage on pari-passu basis on all immovable and movable fixed assets, including plant and machinery, land & buildings and others, both present and future, first charge over Escrow/Trust and Retention Account, and second charge on the current assets of the company, both present and future. Further these loans are secured by personal guarantee of Managing Director of the company.
- b. During the year lenders have demanded payment of interest on interest free term loans. In view of aforesaid demand, interest free loan of Rs. 4441.14 Lacs as at March 31, 2015 has now been classified and grouped under the interest bearing debt. The loan dues amounting to Rs. 4219.18 Lacs are payable in the financial year 2017-18.
- c. Other loans represents vehicle loans, repayable on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase scheme.

Year of Repayment	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Annual Repayment Amount (Rs./Lacs)	9.19	7.84	8.64	9.53	10.52	9.28	55.00
Annual Rate of Interest (%)	9.85-11.25	9.85-11.25	9.85	9.85	9.85	9.85	

- d. Lenderwise details of delay in repayment of term loan & interest thereon is as under -

Name of Lender Bank/ Financial Institution	Principal Loan Amount (Rs./Lacs)	Period of Default	Amount of Interest due (Rs./Lacs)	Period of Default (Months)
UCO Bank	116.08	1 Day	96.71	less than 3 months
Karur Vysya Bank	28.28	1 Day	24.31	less than 3 months
EXIM Bank	75.00	1 Day	64.51	less than 3 months
SICOM Ltd.	88.30	1 Day	8.16	less than 3 months
IFCI Ltd.	45.72	20 Months	6.88	12 Months
Total	353.38		200.57	

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

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
5. OTHER LONG TERM LIABILITIES		

Security receipts from business associates & Others

176.00

176.20

176.00

176.20

6. PROVISIONS

	Short-Term		Long-Term	
	As at 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15
Provision for employees' benefits (Unfunded) -				
Gratuity	57.20	50.67	805.33	666.89
Leave Encashment	21.58	19.21	266.10	203.98
Provision for Income Tax	337.69	13.70	-	-
Total	416.47	83.58	1071.43	870.87

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
7. SHORT TERM BORROWINGS		
Secured		
<u>From banks</u>		
Buyer's credit facility	-	223.32
	-	223.32
8. TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises	42.67	44.73
Total outstanding dues of creditors other than micro enterprises and small enterprises	10705.46	7810.47
	10748.13	7855.20
No interest during the year has been paid or payable under the terms of the MSMED Act, 2006.		
9. OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings (Refer note no. 4 II)	2387.13	1629.48
Interest accrued and due on borrowings	200.57	157.48
Accrued salaries and benefits	604.70	705.96
<u>Other payables -</u>		
Advance received from Customers	342.81	536.81
Direct Taxes	82.17	66.71
Indirect Taxes	28.35	28.79
Others	268.17	156.65
	3913.90	3281.88

10. FIXED ASSETS

TANGIBLE ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				CARRYING VALUE	
	As at 01.04.2015	Additions	Disposals/ Adjustments	As at 31.03.2016	As at 01.04.2015	For the year	Deductions/ Adjustments	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
	Free hold Land	153.16	-	0.65	153.81	-	-	-	153.81	153.16
Leasehold Land	23.49	-	-	23.49	-	-	-	23.49	23.49	
Buildings	7144.83	83.15	-	7227.98	2773.87	170.90	-	2,944.77	4283.21	4370.95
Plant & Machinery	82584.63	580.81	0.76	83166.20	62958.55	3246.38	1.05	66,205.98	16960.22	19626.09
Furnitures & Fixtures	253.23	1.73	-	254.96	237.50	2.37	-	239.87	15.09	15.73
Vehicles	324.90	75.87	(87.32)	313.45	201.20	28.50	(34.68)	195.02	118.43	123.70
Office Equipments	137.75	18.77	-	156.52	108.34	13.52	-	121.86	34.66	29.41
Total	90621.99	760.33	(85.91)	91296.41	66279.46	3461.67	(33.63)	69707.50	21588.91	24342.53
Previous Year	90164.04	475.73	17.78	90621.99	61276.41	5011.00	7.95	66279.46	24342.53	

INTANGIBLE ASSETS

Computer Software	93.99	24.66	-	118.65	43.92	29.95	-	73.87	44.78	50.07
Goodwill	-	2.80	-	2.80	-	0.56	-	0.56	2.24	-
Total	93.99	27.46	-	121.45	43.92	30.51	-	74.43	47.02	50.07
Previous Year	79.16	14.83	-	93.99	19.88	24.04	-	43.92	50.07	
GRAND TOTAL										
Current year	90715.98	787.79	(85.91)	91417.86	66323.38	3492.18	(33.63)	69781.93	21635.93	24392.60
Previous Year	90243.20	490.56	17.78	90715.98	61296.29	5035.04	7.95	66323.38	24392.60	

Note -

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

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
11. NON- CURRENT INVESTMENTS		
A. Trade Investments		
<u>Investment in Equity Instruments (Unquoted)</u>		
Subsidiary Companies		
i) Dr. Morepen Limited		
4,06,79,500 (Previous Year 4,06.79,500) Equity shares of Rs.10/- each fully paid up	11747.25	11747.25
ii) MorepenMax Inc.		
51(Previous Year 51), fully paid and non-assessable Shares @ US\$ 1000 each	-	24.74
iii) Morepen Inc.		
9,400 (Previous Year 9,400) fully paid Shares of Common Voting Stocks (During the year, the Company has divested its stake in its subsidiary, Morepen Max Inc., USA and has realised the investment amount).	22.23	22.23
	<u>11769.48</u>	<u>11794.22</u>
B. Other Investments (At Cost) -	-	-
	<u>11769.48</u>	<u>11794.22</u>
Aggregate amount of unquoted investments (At Cost)	11769.48	11794.22
Aggregate amount of provision for fall in carrying value of investments	-	-
Provision for fall in carrying value of investments, in respect of losses in the subsidiaries has not been made, as these losses, in management's perception, are temporary in nature.		
12. LONG TERM LOANS AND ADVANCES		
<u>Unsecured</u>		
Capital Advances (Considered good) *	5227.25	3253.33
Security Deposits	165.19	140.14
	<u>5392.44</u>	<u>3393.47</u>
* Rs. 5227.25 Lacs (Previous Year Rs. 3234.54 Lacs) advanced to Dr. Morepen Limited, a wholly owned subsidiary, for the acquisition/buyout of new OTC brands.		
13. INVENTORIES		
Raw Materials	1546.91	1559.27
Work-in-progress	974.47	983.08
Finished goods	523.90	288.86
Stock -in-trade	794.36	577.83
Goods in transit	167.23	54.85
Stores and spares	75.06	72.42
	<u>4081.93</u>	<u>3536.31</u>
The inventory of stocks, stores and spares has been taken, valued and certified by the management.		
Breakup of Inventory		
i) Raw materials -		
API & Intermediates	1334.07	1195.29
Formulations	212.84	363.98
Total Raw Materials	<u>1546.91</u>	<u>1559.27</u>



	(Rs. in Lacs)	
	As at 31.03.2016	As at 31.03.2015
ii) Work in Progress -		
API & Intermediates	954.74	912.27
Formulations -		
Tablets	15.95	67.85
Syrup	2.28	1.64
Capsules	1.50	1.32
Others	-	-
Formulations Sub Total	<u>19.73</u>	<u>70.81</u>
Total Work-in-progress	<u>974.47</u>	<u>983.08</u>
iii) Finished goods -		
API & Intermediates	440.76	189.50
Formulations -		
Tablets	53.48	53.74
Syrup	23.84	35.46
Capsules	4.78	8.78
Others	1.04	1.38
Formulations Sub Total	<u>83.14</u>	<u>99.36</u>
Total Finished Goods Inventory	<u>523.90</u>	<u>288.86</u>
iv) Stock in trade -		
Home Health	702.75	474.99
Formulations-		
Tablets	30.52	58.17
Syrup	26.27	17.11
Capsules	21.60	11.66
Others	13.22	15.90
Formulations Sub-total	<u>91.61</u>	<u>102.84</u>
Total Stock in trade Inventory	<u>794.36</u>	<u>577.83</u>
14. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months		
Unsecured -		
Considered good	<u>166.39</u>	392.80
	<u>166.39</u>	392.80
Other Debts		
Unsecured -		
Considered good	<u>7869.08</u>	4451.72
	<u>8035.47</u>	<u>4844.52</u>
15. CASH AND CASH EQUIVALENTS		
Balances with banks		
i) Current Accounts	277.33	483.69
ii) Bank Balances held as -		
Margin Money	56.77	326.84
Guarantees	19.37	18.01
Cash in hand	<u>9.59</u>	31.31
	<u>363.06</u>	<u>859.85</u>

	(Rs. in Lacs)	
	As at 31.03.2016	As at 31.03.2015
16. SHORT TERM LOANS AND ADVANCES		
<u>Others- Unsecured</u>		
<u>Considered good</u>		
Central Excise Balances	244.77	242.97
Advance Income Tax - Tax Deducted at source	10.05	12.51
MAT Credit Entitlement	351.38	-
Security Deposits	55.95	44.48
Advances with Suppliers & Others	880.86	509.79
Loans & advances to employees	83.72	79.33
	<u>1626.73</u>	<u>889.08</u>
<u>Advances Considered Doubtful</u>	157.73	157.73
Less : Provision for doubtful advances	<u>(157.73)</u>	<u>(157.73)</u>
	-	-
	<u>1626.73</u>	<u>889.08</u>
17. OTHER CURRENT ASSETS		
Export Incentives Receivable	449.91	215.45
Recoverable from Customs	60.62	40.50
Prepaid Expenses	40.51	22.24
Interest accrued but not due	29.49	32.89
	<u>580.53</u>	<u>311.08</u>
18. CONTINGENT LIABILITIES AND COMMITMENTS		
(To the Extent not Provided for)		
a) Contingent Liabilities		
Claim against the Company not acknowledged as debts	809.29	1165.52
Guarantees	26.59	26.59
Other money for which company is contingently liable	1304.60	1130.76
Arrears of Fixed Cumulative Dividends on Preference Shares	692.77	642.74
Bills discounted with banks	-	309.30
	<u>2833.25</u>	<u>3274.91</u>
b) Commitments	-	-
	<u>2833.25</u>	<u>3274.91</u>
19. REVENUE FROM OPERATIONS (Gross)		
<u>Sale of products (including Excise Duty)</u>		
Domestic	23897.60	20562.26
Exports	20677.09	15656.58
[includes third party & deemed exports of Rs.8138.73 Lacs (Previous year Rs. 5041.39 Lacs)]		
Total	<u>44574.69</u>	<u>36218.84</u>
<u>Other Operating Revenues</u>		
Export Incentives	632.77	367.36
Other items	944.32	1199.74
	<u>1577.09</u>	<u>1567.10</u>
	<u>46151.78</u>	<u>37785.94</u>



	(Rs. in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Break-up of revenue from sale of products (net of excise duty)		
Classification -		
<u>Manufactured goods</u>		
API & Intermediates	27645.67	21606.06
Formulations -		
Tablets	2638.28	2437.88
Syrup	579.63	662.74
Capsules	144.56	138.16
Others	135.65	144.88
Formulations Sub-Total	<u>3498.12</u>	<u>3383.66</u>
Sale of Manufactured Goods - (A)	<u>31143.79</u>	<u>24989.72</u>
<u>Stock in trade</u>		
Home Health	6311.77	5131.16
Formulations -		
Tablets	3343.77	2791.54
Syrups	923.92	784.36
Capsules	1065.94	819.04
Others	880.01	943.31
Formulations Sub -Total	<u>6213.64</u>	<u>5338.25</u>
Total Sales of Stock in Trade - (B)	<u>12525.41</u>	<u>10469.41</u>
Total Sales Revenues (A + B) (Net of Excise)	<u>43669.20</u>	<u>35459.13</u>
Excise Duty	<u>905.48</u>	<u>759.71</u>
Revenue from Sales operations (Gross)	<u>44574.68</u>	<u>36218.84</u>
20. OTHER INCOME		
Interest Income	18.42	57.68
Others	98.82	78.49
	<u>117.24</u>	<u>136.17</u>
21. COST OF MATERIALS CONSUMED		
Raw Materials	17523.24	13833.50
Packing Materials	636.22	689.17
	<u>18159.46</u>	<u>14522.67</u>
Break up of cost of Raw Material consumed		
Classification -		
API & Intermediates	16256.74	12428.90
Formulations	1902.72	2093.77
Total	<u>18159.46</u>	<u>14522.67</u>
22. PURCHASE OF STOCK-IN-TRADE		
Home Health	4935.15	3773.12
Formulations -		
Tablets	2872.97	2381.88
Syrups	804.06	693.05
Capsules	841.13	649.74
Others	773.40	824.33
Formulations Sub -total	<u>5291.56</u>	<u>4549.00</u>
Total	<u>10226.71</u>	<u>8322.11</u>
23. CHANGE IN INVENTORY		
Opening Balance -		
Work-in-progress	983.08	1133.72
Finished goods	288.86	381.81

	(Rs. in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Stock-in-trade	577.83	526.99
Stores and spares	<u>72.42</u>	<u>86.29</u>
	1922.19	2128.82
Closing Balance -		
Work-in-progress	974.47	983.08
Finished goods	523.90	288.86
Stock-in-trade	794.36	577.83
Stores and spares	<u>75.06</u>	<u>72.42</u>
	<u>2367.79</u>	<u>1922.19</u>
	<u>(445.60)</u>	<u>206.63</u>
24. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	4510.63	3853.47
Contribution to provident fund/ ESI	196.48	158.70
Gratuity and Leave Encashment	243.26	165.85
Staff Welfare	<u>216.28</u>	<u>174.35</u>
	5166.65	4352.37
25. FINANCE COST		
Interest expense	<u>1041.29</u>	<u>863.30</u>
	1041.29	863.30
26. OTHER EXPENSES		
Consumption of Stores and spare parts	103.34	88.52
Power and Fuel	763.66	741.45
Rent	272.98	250.93
Repairs to buildings	72.74	74.15
Repairs to machinery	245.32	220.99
General Repairs	55.95	50.40
Insurance	37.49	27.14
Research & Development	46.41	30.57
Quality Control & Testing Charges	228.51	159.79
Rates and Taxes	135.36	121.49
Legal and Professional Expenses	423.29	352.89
Travelling Expenses	608.67	574.05
Selling and Distribution Expenses	1986.92	1605.89
Miscellaneous Expenses	<u>738.11</u>	<u>665.67</u>
	5718.75	4963.90
27. PAYMENTS TO AUDITORS		
Statutory Auditors -		(Rs. in Lacs)
Year Ended	31.03.2016	31.03.2015
Audit Fee	12.00	11.50
Tax Audit Fee	5.00	5.00
Tax Matters	3.00	3.01
Certification	1.84	1.39
Service Tax	3.16	2.64
Total	25.00	23.54
Cost Auditors-		
Audit Fees	3.44	2.50
Others	1.14	1.00
Total	4.58	3.50



28. EXTRAORDINARY ITEM

Extraordinary item of Rs. 440.00 lacs represents settlement amount, arising out of Arbitral Award, on account of termination of technology transfer agreement for manufacture of 'Caroverine", an active pharmaceutical ingredient for treatment of synaptocochlear tinnitus and abdominal pains.

29. PRIOR PERIOD ITEMS

Expenses include Rs. 5.05 lacs (Previous Year Rs. 11.50 lacs) as expenses (net) relating to earlier years.

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

	As at 31.03.2016	As at 31.03.2015
(Rs. in Lacs)		
A. VALUE OF IMPORTS ON CIF BASIS		
Raw Materials	8866.71	6307.41
Stock-in-trade	1306.61	512.11
Capital Goods	63.84	17.81
	<u>10237.16</u>	<u>6837.33</u>
B. EXPENDITURE IN FOREIGN CURRENCY		
Technical Knowhow/ Professional fees	-	-
Others	213.34	161.09
	<u>213.34</u>	<u>161.09</u>
C. VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF		
Imported	8814.18	6020.58
Indigenous	9345.28	8502.09
	<u>18159.46</u>	<u>14522.67</u>
% Imported	48.54%	41.46%
% Indigenous	51.46%	58.54%
	<u>100.00%</u>	<u>100.00%</u>
D. EARNINGS IN FOREIGN EXCHANGE		
Exports of Goods on F.O.B. basis	12538.36	10615.19
[Excluding third party & deemed exports of Rs. 8138.73 Lacs (Previous Year Rs. 5041.39 Lacs)]	<u>12538.36</u>	<u>10615.19</u>

31. SEGMENT REPORTING

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

32. RELATED PARTY DISCLOSURES

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

Related Parties

1. Subsidiary Companies	
Morepen Max Inc. (up to March 20, 2016)	Overseas Company
Morepen Inc.	Overseas Company
Dr. Morepen Limited	Domestic Company
Total Care Limited	Domestic Company
2. Key Management Personnel	Mr. Sushil Suri, Chairman & Managing Director Mr. Ajay Sharma, Chief Financial Officer Mr. Thomas Joshua, Company Secretary
3. Relatives of Key Management personnels with whom the company has any transaction during the year	Mr. Sanjay Suri Ms. Amita Sharma
4. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Not Any

Transactions with related parties -

Particulars	Nature of transaction	(Rs. in Lacs)
1. Subsidiary Companies	Sale of inventories	194.00
	Other Advances	1992.71
	Balance as on 31.03.16 - Receivable/Adjustable	5227.25
	(Maximum balance outstanding Rs. 5227.25 Lacs)	
2. Key Management Personnel	Remuneration	128.59
	Payable Balance as on 31.03.16 (Maximum amount outstanding - Rs.48.82 Lacs)	33.70
3. Relatives of key Management personnels with whom the company has any transaction during the year	Remuneration	122.76
	Payable Balance as on 31.03.16 (Maximum amount outstanding - Rs.6.02 Lacs)	5.13
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	Not Any	Nil

33. EARNING PER SHARE

Particulars	31.03.2016	31.03.2015
Profit/ (Loss) after Tax (Rs. in Lacs)	1577.80	58.23
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value Rs.2/- per share)- Basic & Diluted	0.35	0.002

EPS has been computed after considering dividend on cumulative preference shares.

34. EMPLOYEE BENEFITS

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

(A) Disclosures for Defined Contribution Plans -

Particulars	31.03.2016	31.03.2015
Employer's Contribution to Provident Fund	176.20	137.57
Employer's Contribution to Employees State Insurance	20.28	21.13

(B) Disclosures for Defined Benefit Plans - Unfunded

Particulars	Gratuity		Leave Encashment	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
I Change in the present value of obligation:				
Present Value of Obligation at beginning of the year	703.39	589.07	236.81	219.03
Add: Interest Cost	54.78	52.02	18.21	19.13
Add: Current Service Cost	67.29	56.60	54.87	46.88
Less:- Benefit Paid	20.27	22.70	12.98	13.20
Add: Actuarial loss/(gain) on obligations	57.34	28.40	(9.24)	(35.03)
Present Value of Obligation as at year end	862.53	703.39	287.67	236.81
II Change in the fair value of plan Assets:				
Fair Value of Plan Assets at the beginning of year	-	-	-	-
Add : Expected Return on Plan Assets	-	-	-	-
Add : Contributions	-	-	-	-
Less: Benefits Paid	-	-	-	-
Fair Value of Plan Assets at year end	-	-	-	-



III Expense recognized in the Profit and Loss Account	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Current Service Cost	67.29	56.60	54.87	46.88
Add: Interest Cost	54.78	52.02	18.21	19.13
Less: Expected Return on plan asstes	-	-	-	-
Less: Settlement Credit	-	-	-	-
Add: Net actuarial loss/(gain) recognised	57.34	28.40	(9.24)	(35.03)
Total expenses recognized in profit & loss account	179.41	137.02	63.84	30.98

IV The following table sets out the assumptions used in actuarial valuation of gratuity and leave encashment-

Assumptions	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Discount Rate	7.60%	7.90%	7.60%	7.90%
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)	21.06	21.30	21.06	21.30

35. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2016. Hence, no provision is required in the accounts for the year under review.

36. DEFERRED TAX LIABILITY/(ASSET)

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

37. OTHER SIGNIFICANT DISCLOSURES

- a) In the opinion of directors, all assets and non-current investments stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- b) On 8th December 2015, the business of M/s. Medicare Textiles, a proprietorship firm engaged in manufacture of surgical materials, was merged with business of the company. The company has followed 'amalgamation in the nature of purchase' method of accounting to reflect the amalgamation in its books of accounts. The company has paid a sum of Rs. 6.29 lacs towards acquiring business, comprising of various licenses and certificates and fixed assets of the proprietorship firm. The book value of fixed assets acquired by the company is Rs. 3.50 lacs and balance Rs. 2.79 lacs have been paid towards goodwill of the acquired business.
- c) With a view to increase its visibility in the promising FMHG/OTC business and reap the potential benefits in the above business streams, with added advantages of better brand building, customer confidence and better product quality, the company has decided to acquire/buyout new brands, expand the existing brands and product portfolio, during the year, a sum of Rs.1973.92 (Previous Year Rs. 2558.57 Lacs), year to date Rs. 5227.25 Lacs has been advanced, to Dr. Morepen Limited, its wholly owned subsidiary for the same.
- d) 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.
- e) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- f) During the financial year ending 31st March 2010, the company had allotted, 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues, under the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla. The central government preferred an appeal against the said order before Division Bench of the High Court which was allowed. While setting aside the impugned order, matter was remanded back to the single judge for considering the representation of Central Government & deciding the petition afresh after hearing all the parties. The matter is pending for adjudication before single judge of Hon'ble Himachal Pradesh High Court.
- g) Remuneration paid to directors for the period April 2005 - March 2014 amounting to Rs. 356.00 lacs is subject to central government approval.
- h) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.

Independent Auditors' Report on Consolidated Financial Statements

To
The Members of Morepen Laboratories Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Morepen Laboratories Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their report referred to in sub-paragraph "Other Matter" below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31 March 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the Note no. 12(b) to the financial statement regarding legal case in respect of Trade Mark "Burnol". Our opinion is not qualified in respect of this matter.

Other Matters

We did not audit the financial statements of the foreign subsidiary named as Morepen Inc. whose financial statements reflect total assets of Rs 167.22 Lacs as at March 31, 2016, total revenue of Rs. 52.20 Lacs and cash flows amounting to Rs. 9.38 Lacs for the year then ended, as considered in the consolidated financial



statements. The aforesaid financial statements have been audited by other auditor whose report has 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 the aforesaid subsidiary is based solely on the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account 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, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company and its Indian subsidiaries as on 31 March 2016 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 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 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, refer to our separate report in "Annexure A"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note no. 19 to the consolidated financial statements;
 - ii. The Group as a whole did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. No amount was required to be transferred to the Investors Education and Protection Fund by the company.

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

M K Mahajan
Partner

New Delhi
May 10, 2016

Membership No. : 017418

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls 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 Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Morepen Laboratories Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the

essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets

of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies 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 31 March 2016, 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 ICAI.

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

M K Mahajan
Partner
Membership No. : 017418

New Delhi
May 10, 2016



Consolidated Balance Sheet

As at 31st March, 2016

(Rs. in Lacs)

	Notes	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
Share capital	2	20961.06	20961.06
Reserves and surplus	3	9067.29	7787.06
		<u>30028.35</u>	<u>28748.12</u>
2. MINORITY INTEREST	4	(62.92)	(39.96)
3. NON - CURRENT LIABILITIES			
Long-term borrowings	5	4341.13	6226.81
Other Long - term liabilities	6	271.53	251.20
Long-term provisions	7	1134.28	921.54
		<u>5746.94</u>	<u>7399.55</u>
4. CURRENT LIABILITIES			
Short-term borrowings	8	–	223.32
Trade payables	9		
Total outstanding dues of micro enterprises and small enterprises		42.67	60.83
Total outstanding dues of creditors other than micro enterprises and small enterprises		11490.37	8434.91
Other current liabilities	10	4703.60	3987.20
Short-term provisions	11	419.42	85.76
		<u>16656.06</u>	<u>12792.02</u>
TOTAL		<u>52368.43</u>	<u>48899.74</u>
ASSETS			
1. NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	12	21830.18	24403.92
Intangible Assets	12	7841.42	7844.08
		<u>29671.60</u>	<u>32248.00</u>
Long-term loans and advances	13	6981.74	5193.51
		<u>36653.34</u>	<u>37441.51</u>
2. CURRENT ASSETS			
Inventories	14	4214.18	3711.35
Trade receivables	15	8794.33	5614.20
Cash and cash equivalents	16	436.14	884.85
Short-term loans and advances	17	1676.61	934.10
Other current assets	18	593.83	313.73
		<u>15715.09</u>	<u>11458.23</u>
TOTAL		<u>52368.43</u>	<u>48899.74</u>
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

As per our separate report of even date

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

For M.Kamal Mahajan And Co.

Chartered Accountants
Firm Regn. No. 006855N

(M.K. Mahajan)

Partner
Membership No. 017418

Place : New Delhi
Date : 10th May, 2016

(Sushil Suri)

Chairman & Managing Director
DIN : 00012028

(Ajay Sharma)

Chief Financial Officer

(Manoj Joshi)

Director
DIN : 00036546

(Thomas P. Joshua)

Company Secretary

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2016

(Rs. in Lacs)

	Notes	Year Ended 31.03.2016	Year ended 31.03.2015
REVENUE			
Revenue from operations (Gross)	20	49413.52	40824.15
Less : Excise Duty		905.48	759.71
Revenue from operations (Net)		48508.04	40064.44
Other Income	21	120.14	136.87
Total Revenue		48628.18	40201.31
EXPENSES			
Cost of materials consumed	22	18159.46	14522.67
Purchases of Stock-in-Trade		12211.69	9958.45
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(402.42)	70.08
Employee benefits expense	23	5829.08	4879.20
Finance Costs	24	1050.39	865.78
Depreciation and amortization expense	25	3519.56	3866.72
Other expenses	26	6553.99	5810.47
Total expenses		46921.75	39973.37
Profit/(Loss) before exceptional and extraordinary items and tax		1706.43	227.94
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		1706.43	227.94
Extraordinary Items - Income		(440.00)	-
Profit/(Loss) before tax		1266.43	227.94
Tax expense:			
(1) Current Tax (MAT)		337.91	13.73
(2) MAT Credit Entitlement		(337.68)	-
(3) Earlier Years		(13.70)	-
Profit/(Loss) for the year		1279.90	214.21
Share of minority interest in Profit/ (loss)		(0.07)	0.19
Profit/ (Loss) for the year available for majority shareholders		1279.97	214.02
Earning per equity share of Rs. 2/- each:	31		
(1) Basic		0.28	0.04
(2) Diluted		0.28	0.04
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

As per our separate report of even date

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

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(M.K. Mahajan)
Partner
Membership No. 017418

(Ajay Sharma)
Chief Financial Officer

(Thomas P. Joshua)
Company Secretary

Place : New Delhi
Date : 10th May, 2016



Consolidated Cash Flow Statement

For the year ended 31st March, 2016

(Rs. in Lacs)

	Notes	Year Ended 31.03.2016	Year Ended 31.03.2015
A. CASH FLOWS FROM OPERATING ACTIVITIES :			
Profit/(Loss) before extraordinary items and tax		1706.43	227.94
Adjustments for :			
Depreciation & Amortisation	25	3519.56	3866.72
(Profit)/Loss on Sale of Fixed Assets		(1.40)	(0.49)
Finance Cost (Net)	24	1050.39	865.78
Minority Interest	4	0.07	(0.19)
Operating profit before changes in current assets and liabilities		6275.05	4959.76
Changes in current assets and liabilities -			
Trade Receivables	15	(3180.13)	(1346.98)
Short Term Loans and advances and other current assets	17, 18	(1022.61)	(126.53)
Inventories	14	(502.84)	(381.09)
Current liabilities	8,9,10,11	3864.21	1978.18
Cash generated from operations		5433.68	5083.34
Income Tax		(13.47)	13.73
Cash Flow before extraordinary items		5447.15	5069.61
Extraordinary items		(440.00)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		5007.15	5069.61
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets		(993.86)	(482.86)
Sale of Fixed Assets		52.10	0.80
Outflow on Long Term advances (Net)	13	(1788.23)	(2682.66)
NET CASH USED IN INVESTING ACTIVITIES		(2729.99)	(3164.72)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost (Net)	24	(1050.39)	(865.78)
Change in Long Term borrowings (Net)	5	(1885.68)	(1251.40)
Change in Long Term liabilities & provisions (Net)	6,7	210.20	185.78
NET CASH USED IN FINANCING ACTIVITIES		(2725.87)	(1931.40)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		(448.71)	(26.49)
Cash and Cash equivalents as at 01.04.2015		884.85	911.34
Cash and Cash equivalents as at 31.03.2016		436.14	884.85
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-34		

As per our separate report of even date

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

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(M.K. Mahajan)
Partner
Membership No. 017418

(Ajay Sharma)
Chief Financial Officer

(Thomas P. Joshua)
Company Secretary

Place : New Delhi
Date : 10th May, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for presentation of Financial Statements

The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on an accrual basis of accounting and comply with applicable Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the provisions of the Act (as applicable), and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

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

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

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

*(Held by Dr. Morepen Limited)

1.2 Use of Estimates

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

Accounting estimates could change from period to period. Actual results could differ from those 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 Fixed assets

- Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalised until such assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Capital work in progress includes pre-operative expenses.
- Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.
- Expenditure incurred on projects / expansion during implementation is capitalized and apportioned to various assets on commissioning / completion of the same.

1.4 Depreciation

- 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.
- Cost of leasehold land is not amortized over the period of lease.
- 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.

1.5 Investments

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

1.6 Foreign exchange transactions

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

1.7 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.

1.8 Revenue Recognition

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

1.9 Researches and Development

- a) Capital expenditure on research and development is included in the cost of fixed assets.
- b) Revenue expenditure on research and development is charged to the statement of profit & loss.

1.10 Taxation

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

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

1.11 Impairment of Assets

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

1.12 Provision & contingent liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is made when there is possible obligation or present obligation that may, but probably will not, require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.13 Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends

and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted at of beginning of the period, unless they have been issued at a later date.

1.14 Employee Retirement benefits

Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Defined benefit plans-

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

- Gratuity

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

- Leave Encashment

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

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

Defined contribution plans-

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

- Provident Fund & Employees State Insurance (ESI)

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

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

	(Rs. in Lacs)	
	As at 31.03.2016	As at 31.03.2015
2. A. SHARE CAPITAL		
Authorised		
45,00,00,000 (Previous Year 45,00,00,000) Equity Shares of Rs. 2/- each	9000.00	9000.00
1,20,00,000 (Previous Year 1,20,00,000) Preference shares of Rs. 100/- each	12000.00	12000.00
	21000.00	21000.00
Issued & Subscribed		
<u>Equity Share Capital</u>		
44,98,26,203 (Previous Year 44,98,26,203) Equity Shares of Rs. 2/- each	8996.53	8996.53
	8996.53	8996.53
<u>Preference Share capital</u>		
97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	9735.20	9735.20
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730.00	1730.00
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500.00	500.00
	11965.20	11965.20
Issued, Subscribed & Paid up		
<u>Equity Share Capital</u>		
44,97,93,203 (Previous Year 44,97,93,203) Equity Shares of Rs. 2/- each fully paid up	8995.86	8995.86
	8995.86	8995.86
<u>Preference Share capital</u>		
97,35,201 (Previous Year 97,35,201) 0.01% Optionally Convertible Preference Shares of Rs.100/- each fully paid up	9735.20	9735.20
17,30,000 (Previous year 17,30,000) 0.01% Cummulative Redeemable Preference Shares of Rs. 100/- each fully paid up	1730.00	1730.00
5,00,000 (Previous Year 5,00,000) 9.75% Cummulative Redeemable Preference Shares of Rs.100/- each fully paid up	500.00	500.00
	11965.20	11965.20
	20961.06	20961.06

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

(Rs./Lacs)

	31.03.2016		31.03.2015	
	Nos.	Amount	Nos.	Amount
Outstanding at beginning of the year	449826203	8996.53	449826203	8996.53
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	449826203	8996.53	449826203	8996.53

Reconciliation of the number and amount of Preference shares -

(Rs./Lacs)

	31.03.2016		31.03.2015	
	Nos.	Amount	Nos.	Amount
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	-	-	-	-
Outstanding at the end of year	11965201	11965.20	11965201	11965.20



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

- a) i) The company has two classes of shares referred as equity shares and preference shares. The equity shares are having a par value of Rs. 2/- each whereas par value for each preference shares is Rs. 100/-. Every holder of equity shares is entitled to one vote per share in respect of all matters submitted to vote in the shareholders' meeting. Preference share holders are entitled to one vote per share, in respect of every resolution placed before the company which directly affect the rights attached to their shares. However, a preference shareholder acquires voting rights at par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years.
- ii) In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.
- iii) 17,30,000, 0.01% Redeemable Preference Shares of Rs. 100/- each and 5,00,000, 9.75% Redeemable Preference Shares of Rs. 100/- each are cumulative.
- b) i) All 97,35,201, 0.01% Optionally Convertible Preference Shares, had already become due for redemption/conversion in the financial year 2014-15 and could not be redeemed due to unavailability of surplus.
- ii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, 15,30,000 Shares amounting Rs. 1530.00 Lacs are redeemable in two equal installments, on May 4, 2016 & May 4, 2017. Balance 2,00,000, Shares amounting Rs. 200.00 lacs, had already become due for redemption in the financial year ending 31.03.2012 and could not be redeemed because of unavailability of surplus.
- iii) 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to Rs. 500.00 Lacs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber has filed a legal case against the company for the recovery of the sum invested as well as interest thereon. The company is contesting the claim of the subscriber at appropriate forum.
- iv) During the year, the company could not redeem the Preference Shares, due for redemption, on account unavailability of distributable profits in terms of Section 55(2)(a) and Section 123 of Companies Act, 2013.

D. Shareholders holding more than 5% shares -

i) Equity Shares

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
GL India Mauritius (III) Ltd.	28897500	6.42	28897500	6.42

ii) Preference Shares

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	1179000	12.11	1179000	12.11
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87
EXIM Bank Ltd.	916333	9.41	916333	9.41
SICOM Ltd.	829463	8.52	829463	8.52
Punjab National Bank	671522	6.90	671522	6.90
Oriental Bank of Commerce	623828	6.41	623828	6.41
Dena Bank	593936	6.10	593936	6.10
UCO Bank	515900	5.30	515900	5.30

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	500000	100	500000	100

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

F. Disclosure about unpaid calls -

	(Rs. in Lacs)	
Unpaid Calls	31.03.2016	31.03.2015
By Directors & Officers	-	-
By Others	1	1

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

	(Rs. in Lacs)	
	As at 31.03.2016	As at 31.03.2015
3. RESERVES & SURPLUS		
Capital Reserve	270.40	270.40
Securities Premium Account	16740.51	16,740.51
Preference Share Redemption Reserve	7123.33	7,123.33
	24134.24	24,134.24
<u>Surplus/(Deficit) -</u>		
Opening balance	(16346.93)	(15384.69)
Less : Depreciation on assets whose useful life is already exhausted (Refer Note No. 12(d))	-	(1176.50)
Profit/(Loss) for the year	1279.98	214.02
Closing balance	(15066.95)	(16347.18)
	9067.29	7,787.06
4. MINORITY INTEREST		
Share Capital	46.66	70.57
Share in Profit/(Loss)	(109.58)	(110.53)
	(62.92)	(39.96)
5. LONG TERM BORROWINGS		
Secured		
<u>Term Loans from Banks & Institutions</u>		
Interest Bearing	4219.18	1776.46
Interest Free	-	4441.14
	4219.18	6217.60
Other Loans	121.95	9.21
	4341.13	6226.81



Nature of Security and Terms of Repayment -

I. Term Loans from Banks & Institutions

- Term loans, except noted at (c) below, are secured by a first charge created by way of a joint equitable mortgage on pari-passu basis on all immovable and movable fixed assets, including plant and machinery, land & buildings and others, both present and future, first charge over Escrow/Trust and Retention Account, and second charge on the current assets of the company, both present and future. Further these loans are secured by personal guarantee of Managing Director of the company.
- During the year lenders have demanded payment of interest on interest free term loans. In view of aforesaid demand, interest free loan of Rs. 4441.14 Lacs as at March 31, 2015 has now been classified and grouped under the interest bearing debt. The loan dues amounting to Rs. 4219.18 Lacs are payable in the financial year 2017-18.
- Other loans represents vehicle loans, repayable on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase scheme.

Year of Repayment	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Annual Repayment Amount (Rs./Lacs)	31.38	27.56	29.90	13.31	10.52	9.28	121.95
Annual Rate of Interest (%)	9.85-16.00	9.85-16.00	9.85-16.00	9.85-16.00	9.85	9.85	

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

Particulars	Amount (Rs./Lacs)	
	Less than 3 Months	More than 3 Months
Principal	307.67	45.71
Interest	193.69	6.88
Total	501.36	52.59

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

(Rs. in Lacs)

As at	As at
31.03.2016	31.03.2015

6. OTHER LONG TERM LIABILITIES

Security receipts from business associates	271.53	251.20
	271.53	251.20

7. LONG TERM PROVISIONS

Provision for employees' benefits (Unfunded) -

Gratuity	842.54	696.57
Leave Encashment	291.74	224.97
	1134.28	921.54

8. SHORT TERM BORROWINGS

Secured

Buyer's credit facility	-	223.32
	-	223.32

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
9. TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises	42.67	60.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	11490.37	8434.91
	<u>11533.04</u>	<u>8495.74</u>
Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.		
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Refer note no. 5)	2409.42	1638.63
Interest accrued and due on borrowings	200.57	157.37
Accrued salaries and benefits	744.86	826.95
<u>Other Payables -</u>		
Advance received from Customers	342.81	535.81
Direct Taxes	96.28	72.01
Indirect Taxes	52.84	36.36
Advance against sale of Fixed Assets*	435.00	435.35
Others	421.82	284.72
	<u>4703.60</u>	<u>3987.20</u>
* Advance against sale of Fixed Assets		
Advance against the sale of fixed assets represents amount received for the sale of land appearing in the Note no. 12 (c) of notes of financial statements under the head Fixed Assets and the profit on this transaction is not recognised in the books as some obligations are still pending to be completed.		
11. SHORT TERM PROVISIONS		
Provision for employees' benefits -		
Gratuity	58.78	51.96
Leave Encashment	22.95	20.07
Provision for Income Tax	337.69	13.73
	<u>419.42</u>	<u>85.76</u>

12. FIXED ASSETS

TANGIBLE ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK		DEPRECIATION		CARRYING VALUE	
	As at 01.04.2015	As at 31.03.2016	As at 01.04.2015	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
	Disposals/ Adjustments	Disposals/ Adjustments	For the Year	Deductions Adjustments		
Free hold Land	168.40	169.05	-	-	169.05	168.40
Leasehold Land	23.44	23.44	-	-	23.44	23.44
Buildings	7,144.53	7,227.68	83.15	-	2,774.46	4,370.07
Plant & Machinery	82,585.63	83,208.20	621.81	0.76	3,247.02	17,001.68
Furnitures & Fixtures	267.24	300.98	33.74	-	6.58	47.30
Vehicles	380.01	489.87	197.18	(87.32)	46.38	258.09
Office Equipments	155.15	185.67	30.52	-	18.17	48.30
Total	90,724.40	91,604.89	966.40	(85.91)	3,489.05	21,830.18
Previous Year	90,265.05	90,724.40	477.13	(17.78)	5,018.03	24,403.92

INTANGIBLE ASSETS

Goodwill	7,793.91	7,796.71	2.80	-	0.56	-	7,796.15	7,793.91
Patents & Trade Marks	2,322.49	2,322.49	-	-	-	2,322.49	-	-
Computer Software	94.49	119.15	24.66	-	29.95	(0.39)	45.27	50.17
Total	10,210.89	10,238.35	27.46	-	30.51	(0.39)	7,841.42	7,844.08
Previous Year	10,195.66	10,210.89	15.23	-	24.31	-	7,844.08	
GRAND TOTAL								
Current year	100,935.29	101,843.24	993.86	(85.91)	3,519.56	(35.21)	29,671.60	32,248.00
Previous Year	100,460.71	100,935.29	492.36	(17.78)	5,042.34	7.95	32,248.00	

Note :

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

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
13. LONG TERM LOANS AND ADVANCES		
Unsecured		
Capital Advances (Considered good)*	6801.91	5044.66
Security Deposits	179.83	148.52
Loans and advances to related parties	-	-
	<u>6981.74</u>	<u>5193.18</u>
*represents sum advanced for the acquisition/buyout of new OTC brands. (Refer Note. 34 (c))		
14. INVENTORIES		
Raw Materials	1546.91	1559.27
Work-in-progress	974.47	983.08
Finished goods	523.90	288.86
Stock -in-trade	926.61	753.27
Goods in transit	167.23	54.85
Stores and spares	75.06	72.02
	<u>4214.18</u>	<u>3711.35</u>
The inventory of stocks, stores and spares has been taken, valued and certified by the management.		
15. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months		
Unsecured -		
Considered good	190.20	405.20
Considered doubtful	14.44	38.71
Less: Allowance for bad & doubtful debts	(14.44)	(10.11)
	<u>190.20</u>	<u>433.80</u>
Other Debts		
Unsecured -		
Considered good	8604.13	5180.41
	<u>8794.33</u>	<u>5614.20</u>
16. CASH AND CASH EQUIVALENTS		
Balances with banks		
i) Current Accounts	349.73	508.35
ii) Bank Balances held as -		
Margin Money	56.77	326.84
Guarantees	19.37	18.01
Cash on hand	10.27	31.65
	<u>436.14</u>	<u>884.85</u>
17. SHORT TERM LOANS AND ADVANCES		
<u>Others-unsecured & considered good</u>		
Central Excise Balances	244.77	242.97
Advance Income Tax - Tax Deducted at source	10.05	12.24
MAT Credit Entitlement	351.38	-
Security Deposits	57.64	44.75
Advance with suppliers and others	917.36	545.11
Loans & advances to employees	95.41	89.03
<u>Advances Considered Doubtful</u>	<u>1676.61</u>	<u>934.10</u>
Less : Provision for doubtful advances	157.73	157.73
	<u>(157.73)</u>	<u>(157.73)</u>
	-	-
	<u>1676.61</u>	<u>934.10</u>



	(Rs. in Lacs)	
	As at 31.03.2016	As at 31.03.2015
18. OTHER CURRENT ASSETS		
Export Incentives Receivable	449.91	215.51
Recoverable from Customs	68.72	42.67
Prepaid Expenses	45.71	22.47
Interest accrued but not due	29.49	33.08
	<u>593.83</u>	<u>313.73</u>
19. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent Liabilities		
Claim against the Company not acknowledged as debts	809.29	1165.52
Guarantees	26.59	26.59
Other money for which company is contingently liable	1304.60	1130.76
Arrears of Fixed Cummulative Dividends on Preference Shares	692.77	643.33
Bills discounted with banks	-	309.30
	<u>2833.25</u>	<u>3275.50</u>
b) Commitments	-	-
	<u>2833.25</u>	<u>3275.50</u>
20. REVENUE FROM OPERATIONS (GROSS)		
<u>Sale of Products</u>		
Domestic	27105.00	23555.28
Exports	20677.09	15656.57
Gross Sales	47782.09	39211.86
<u>Other Operating Revenues</u>		
Export Incentives	632.77	367.36
Others	998.66	1244.93
	<u>1631.43</u>	<u>1612.29</u>
	<u>49413.52</u>	<u>40824.15</u>
21. OTHER INCOME		
Interest Income	18.42	57.98
Others	101.72	78.89
	<u>120.14</u>	<u>136.87</u>
22. COST OF MATERIALS CONSUMED		
Raw Materials	17523.24	13833.50
Packing Materials	636.22	689.17
	<u>18159.46</u>	<u>14522.67</u>
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	5124.24	4350.31
Contribution to provident fund/ ESI	225.98	182.00
Gratuity and Leave Encashment Expenses	262.87	172.98
Staff Welfare	216.28	173.91
	<u>5829.37</u>	<u>4879.20</u>
24. FINANCE COST		
Interest expense	1050.39	865.78
	<u>1050.39</u>	<u>865.78</u>
25. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation	3519.56	3866.72
	<u>3519.56</u>	<u>3866.72</u>

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
26. OTHER EXPENSES		
Consumption of Stores and spare parts	103.34	88.52
Power and Fuel	763.66	741.45
Rent	328.85	289.27
Repairs to buildings	72.74	77.94
Repairs to machinery	245.32	220.99
General Repairs	62.71	50.40
Insurance	44.85	29.24
Research & Development	46.50	31.50
Rates and taxes excluding taxes on income	135.36	121.49
Legal and Professional Expenses	434.15	358.55
Travelling Expenses	808.17	740.53
Quality Control & Testing Charges	228.51	159.76
Miscellaneous Expenses	934.53	761.29
Selling and Distribution Expenses	<u>2345.30</u>	<u>2139.57</u>
	<u>6553.99</u>	<u>5810.47</u>

27. EXTRAORDINARY ITEM

Extraordinary item of Rs. 440.00 lacs represents settlement amount, arising out of Arbitral Award, on account of termination of technology transfer agreement for manufacture of 'Caroverine', an active pharmaceutical ingredient for treatment of synaptocochlear tinnitus and abdominal pains.

28. PRIOR PERIOD ITEMS

Expenses include Rs. 5.25 lacs (Previous Year Rs. 11.50 lacs) as expenses (net) relating to earlier years.

29. SEGMENT REPORTING

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

Geographical Segment	Sales Revenues (Rs. in Lacs)	
	2015-16	2014-15
USA	4676.78	3611.46
Rest of World	16000.31	12045.11
India	27158.97	23555.28
Total	<u>47836.06</u>	<u>39211.85</u>



30. RELATED PARTY DISCLOSURES

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

Related Parties

1. Key Management Personnel (Whole Time Directors)	Mr. Sushil Suri, Chairman & Managing Director Mr. Ajay Sharma, Chief Financial Officer Mr. Thomas Joshua, Company Secretary Ms. Hansa Sharma Ms. Suruchi Pathak, Company Secretary (resigned in Apr'16) Ms. Ritika Ahuja, Company Secretary (resigned in Apr'16)
2. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the Company has any transactions during the year	Not Any

Transactions with related parties -

Particulars	Nature of transaction	(Rs. in lacs)
1. Key Management Personnel	Remuneration	130.51
	Payable Balance as on 31.03.16	34.21
	(Maximum amount outstanding - Rs.49.33 Lacs)	
2. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Not Any	-

31. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2016	31.03.2015
Profit/ (Loss) after Tax (Rs. in Lacs)	1279.97	214.02
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value Rs.2/- per share)	0.28	0.04

EPS has been computed after considering dividend on cumulative preference shares.

32. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2016. Hence, no provision is required in the accounts for the year under review.

33. DEFERRED TAX LIABILITY/(ASSET)

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

34. OTHERS SIGNIFICANT DISCLOSURES

- a) In the opinion of directors, all assets and non-current investments stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- b) On 8th December 2015, the business of M/s. Medicare Textiles, a proprietorship firm engaged in manufacture of surgical materials, was merged with business of the company. The company has followed 'amalgamation in the nature of purchase' method of accounting to reflect the amalgamation in its books of accounts. The company has paid a sum of Rs. 6.29 lacs towards acquiring business, comprising of various licenses and certificates and fixed assets of the proprietorship firm. The book value of fixed assets acquired by the company is Rs. 3.50 lacs and balance Rs. 2.79 lacs have been paid towards goodwill of the acquired business.
- c) With a view to increase its visibility in the promising FMHG/OTC business and reap the potential benefits in the above business streams, with added advantages of better brand building, customer confidence and better product quality, the company has decided to acquire/buyout new brands, expand the existing brands and product portfolio, during the year, a sum of Rs.1973.92 (Previous Year Rs. 2558.57 Lacs), year to date Rs. 5227.25 Lacs has been advanced, to Dr. Morepen Limited, its wholly owned subsidiary for the same.
- d) 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.
- e) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- f) During the financial year ending 31st March 2010, the company had allotted, 9,24,90,413 Equity Shares to fixed deposit holders towards settlement of their dues, under the Scheme of arrangement or compromise u/s 391 of the Companies Act, 1956, approved by Hon'ble High Court at Shimla. The central government preferred an appeal against the said order before Division Bench of the High Court which was allowed. While setting aside the impugned order, matter was remanded back to the single judge for considering the representation of Central Government & deciding the petition afresh after hearing all the parties. The matter is pending for adjudication before single judge of Hon'ble Himachal Pradesh High Court.
- g) Remuneration paid to directors for the period April 2005 - March 2014 amounting to Rs. 356.00 lacs is subject to central government approval.
- h) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.



MOREPEN LABORATORIES LIMITED

Regd. Off: Morepen Village, Nalagarh Road, Near Baddi, Distt.Solan, H.P. - 173 205

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

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

NOTICE

NOTICE is hereby given that the **31st Annual General Meeting (AGM)** of the members of **Morepen Laboratories Limited** will be held on **Friday, 23rd day of September, 2016 at 10.30 A.M.** at the Registered Office of the Company at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements, including Consolidated Financial Statements, of the Company for the financial year ended March 31, 2016 together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sushil Suri (DIN: 00012028), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. M. Kamal Mahajan And Co., Chartered Accountants (FRN: 006855N), the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of next Annual General Meeting (AGM) of the Company at such remuneration as may be determined by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

Appointment of Ms. Archana S. Bhargava (DIN: 02505308) as Director of the Company

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Ms. Archana S. Bhargava (DIN: 02505308), who holds office up to the conclusion of this Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office is liable to determination by retirement of Directors by rotation."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

Approval of the appointment and remuneration of M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-

enactment thereof, for the time being in force), the Company hereby approves the appointment, by the Board of Directors, of M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017 (FY 2016-17) at the following remuneration:

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

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

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

New Delhi, August 09, 2016
CIN: L24231HP1984PLC006028

Sushil Suri
(Chairman & Managing Director)

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



NOTES

1. The Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out under Item Nos. 4 to 5 of the Notice, is annexed hereto and forms part of the notice.
2. The relevant details, as required under Secretarial Standard – 2 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors at the Annual General Meeting ('AGM') are furnished herewith and forms part of the Notice.
3. **A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

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

The instrument appointing proxies, in order to be effective, should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send, to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 17, 2016 to Friday, September 23, 2016 (both days inclusive).
6. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in and signed, for attending the meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their de-mat accounts. Members holding shares in physical form can submit their PAN to the RTA 'MAS Services Limited'.
8. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to MAS Services Limited, for consolidation into a single folio.
9. **To support the 'Green Initiative', the members are requested to register/update their e-mail id's, contact details and addresses with the RTA 'MAS Services Limited'/Depositories for receiving all communications including Annual Report, Notices, Circulars, etc., from the Company electronically.**
10. The Notice of the 31st AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
11. Members may also note that the notice of 31st AGM and the Annual Report 2015-16 will be available on the Company's website, www.morepen.com. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who have any queries may write to us at investors@morepen.com.
12. The Auditors Report pursuant to Section 145 of the Companies Act, 2013, Register of Directors & Key Managerial Personnel and their Shareholdings pursuant to Section 170, Register of Contracts or Arrangements in which Directors are interested pursuant to Section 189 and the Register of Proxies, will be available for inspection by the members at the AGM.
13. Route Map showing direction to reach the venue of 31st AGM is given at the end of this notice.
14. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its

members the facility to exercise their right to vote, on all the resolutions set forth in the Notice of 31st AGM of the Company, by electronic means through the remote e-voting services provided by CDSL.

The members, whose name appear in the Register of Members, holding shares in physical or in dematerialised form, as on the cut-off date i.e. Friday, September 16, 2016 (end of day), are entitled to cast their votes on the resolutions set forth in this Notice.

The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). The remote e-voting will commence at 9.00 a.m. on Monday, September 19, 2016 and will end at 5.00 p.m. on Thursday, September 22, 2016.

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

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

Procedure for Remote E-voting:

The Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) for facilitation of remote e-voting for AGM. The instructions for remote e-voting are as under:

(a) In case of members receiving e-mail from CDSL:

- i) If you are holding shares in de-mat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website www.evotingindia.com.
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the "Electronic Voting Sequence Number (EVSN)" along with "Morepen Laboratories Limited" from the drop down menu and click on "SUBMIT".
- v) Now, fill up the following details in the appropriate boxes:

	For members holding shares in De-mat Form	For members holding shares in Physical Form
User ID	For NSDL : 8 character DPID followed by 8 digits Client ID For CDSL : 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department or as given in box overleaf when prompted by the system while e-voting (applicable for both de-mat shareholders as well as physical shareholders)	
DOB	Enter the Date of Birth as recorded in your de-mat account or in the Company records for the said de-mat account or folio in dd/mm/yyyy format.	
Dividend Bank Details	Enter the Bank Details as recorded in your de-mat account or in the Company records for the said de-mat account or folio. <i>Please enter the DOB or Bank Details in order to login. If both the details are not recorded with the Depository or the Company please enter the User ID in the Bank details field and leave the DOB field blank.</i>	

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in de-mat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password, in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@#%&* _). Kindly note that this password is to be also used by the de-mat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- viii) Click on the **EVSN for Morepen Laboratories Limited** to vote.
- ix) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take printout of the voting done by you by clicking on “Click here to print” option on the voting page.
- xiv) If de-mat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xv) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for download by Android, iPhone and Windows phone users from Google Play Store, App Store and Windows Phone Store, respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xvi) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (PoA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (b) In case of members receiving the physical copy of Notice of AGM (for members whose e-mail ids are not registered with the Company/Depositories or requesting physical copy) :**

Please follow all steps from Sl. no. (ii) to Sl. no. (xv) above, to cast vote.

General Instructions :

- (a) The remote e-voting period shall commence at 9.00 a.m. on Monday, September 19, 2016 and shall end at 5.00 p.m. on Thursday, September 22, 2016. During this period, members of the Company, holding shares either in physical or in dematerialised form, as on the cut-off date i.e. Friday, September 16, 2016 (end of day), may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (b) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (c) The voting rights of members shall be in proportion to their shares of the paid up capital of the Company as on the cut-off date i.e. Friday, September 16, 2016.
- (d) A member may participate in the general meeting even after exercising his right to vote through remote e-voting but shall

not be allowed to vote again in the meeting.

- (e) A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. September 16, 2016 only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting.
- (f) **Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. September 16, 2016, may follow the same procedure as mentioned above for remote e-voting and obtain the login ID and password by sending a request to Mr. Shrawan Mangala at info@masserv.com or contacting on 011-2368 7281/82/83.**

However, if you are already registered with CDSL for remote e-voting then you can use your existing password for casting your vote. If you have forgotten your login password then go to website www.evotingindia.com then click on Shareholders, enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- (g) The Company has appointed Mr. P. C. Goel, Practicing Company Secretary (Membership No. FCS – 1434 & C.P. No. 457) as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM in a fair and transparent manner.
- (h) The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses, not in employment of the Company, and make, not later than three days of the conclusion of AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (i) The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.morepen.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall, simultaneously, be forwarded to NSE & BSE which shall place the results on their website.

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

**New Delhi, August 09, 2016
CIN: L24231HP1984PLC006028**

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

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



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

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

Item No. 4 :

Pursuant to Rule 13 of the Companies (Appointment & Qualification of Directors) Rules, 2014, the members of the Company are hereby informed that the Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 ('Act'), from a member along with a deposit of Rs. 1,00,000/- each proposing the candidature of Ms. Archana S. Bhargava, for the office of Director of the Company, to be appointed as such under the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

The Company has received from Ms. Archana S. Bhargava, Director of the Company, the following disclosures as per the relevant provisions of Companies Act, 2013:

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

The Board of Directors of the Company recommend the passing of the resolutions set out under Item No. 4 of the Notice as an **Ordinary Resolution**.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Ms. Archana S. Bhargava and her relatives, are in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 5 :

As per the recommendations of the Audit Committee, the Board of Directors of the Company have appointed M/s. Vijender Sharma & Co., Cost Accountants, as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017 (FY 2016-17) pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

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

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

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

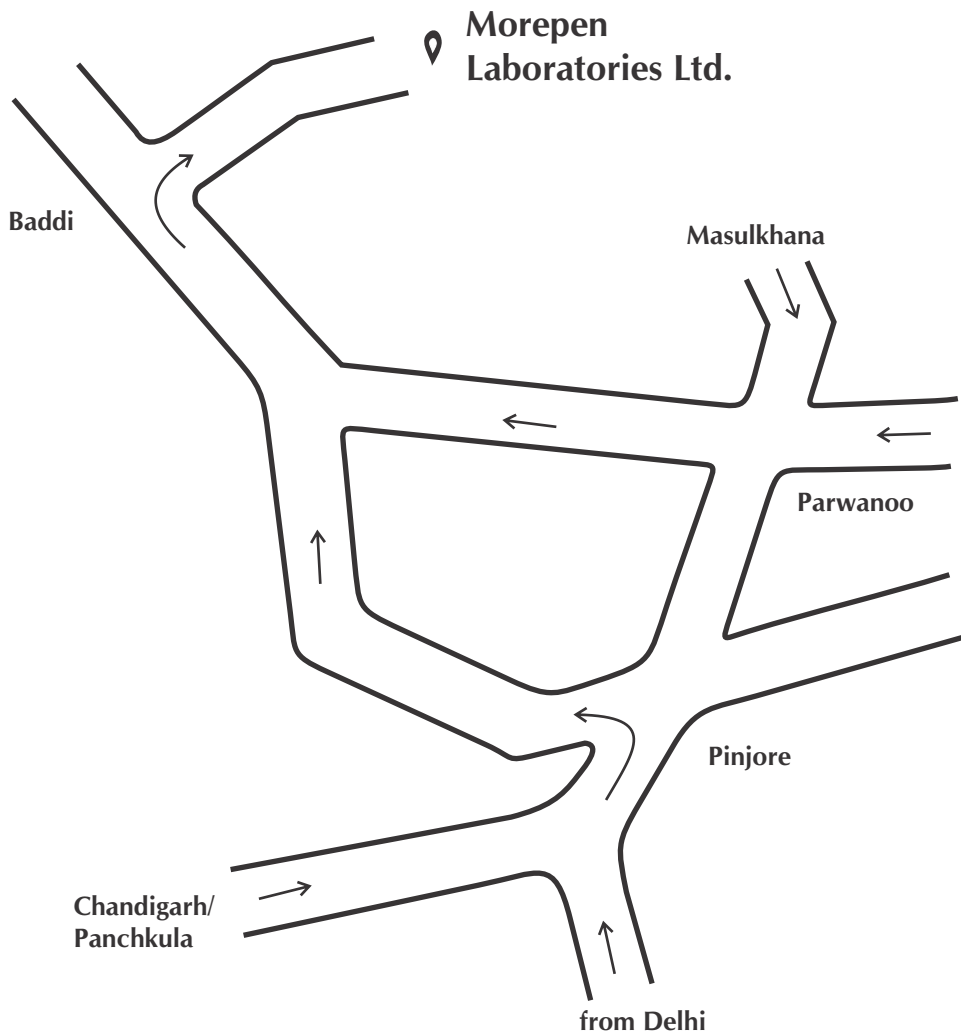
Details of Directors seeking Appointment/Re-appointment at the Annual General Meeting

(Pursuant to Secretarial Standards - 2, Regulation 36 (3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 & Companies Act, 2013)

Particulars	Mr. Sushil Suri	Ms. Archana S. Bhargava
Date of Birth	18.01.1964	14.02.1955
Age	52	61
Qualifications	FCA, B.Sc.	M.Sc., B.Sc.
Date of first appointment	01.02.1992	04.11.2015
Expertise in specific functional areas	Wide experience of more than 25 years in the various fields including finance, operations, management and managerial entrepreneurship in the pharmaceutical and hospitality industry.	Wide professional and technical expertise of more than 39 years in the banking & corporate industry.
Directorships in other Companies (excluding foreign companies)	<ul style="list-style-type: none"> • Square Investments and Financial Services Private Limited • Concept Credits and Consultants Private Limited • Liquid Holdings Private Limited • Brook Investments and Financial Services Private Limited • Seed Securities and Services Private Limited • Scope Credits and Financial Services Private Limited • Epitome Holdings Private Limited • Blue Coast Hotels Limited • React Investments and Financial Services Private Limited • Shivalik Pesticides and Chemicals Private Limited • Silver Resort Hotel India Private Limited 	Mrs. Bectors Food Specialities Limited
Memberships/Chairmanships of Board Committees in other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	1	Nil
Number of shares held in the Company	55,01,510	Nil
DIN	00012028	02505308
No. of meetings of Board attended during the year and other directorships	4	2
Relationship with other Directors, Manager and Key Managerial Personnel of the Company	Nil	Nil
Terms and conditions of appointment	Chairman & Managing Director, liable to retire by rotation	Non-Executive Director, liable to retire by rotation



ROUTE MAP TO THE AGM VENUE



(Map not to scale)

MOREPEN LABORATORIES LIMITED

Regd. Off: Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, H. P. - 173 205

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

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

Form No. MGT 11 PROXY FORM

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

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

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

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

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Friday, the 23rd day of September, 2016 at 10.30 a.m. at the Registered Office of the Company at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, H. P. - 173 205 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Description	For	Against
1.	Receive, consider and adopt the Audited Financial Statements, including Consolidated Financial Statements, of the Company for the financial year ended March 31, 2016 together with the reports of the Directors' and Auditors' thereon.		
2.	Appointment of Director in place of Mr. Sushil Suri (DIN: 00012028), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.		
3.	Appointment of M/s M. Kamal Mahajan (FRN: 006855N) as Statutory Auditors of the Company.		
4.	Appointment of Ms. Archana S. Bhargava (DIN: 02505308) as the Director of the Company.		
5.	Approval of appointment and remuneration of M/s. Vijender Sharma & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year ending March 31, 2017.		

Signed this day of 2016. Signature of Member(s):

Affix
Revenue
Stamp

NOTES :

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

MOREPEN LABORATORIES LIMITED

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

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

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

E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

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

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

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

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

Best Regards,

Sd/-

Sushil Suri

(Chairman & Managing Director)

E-COMMUNICATION REGISTRATION FORM

Folio No. /DP ID & Client ID:

Name of the 1st Registered Holder:

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

Registered Address:

E-mail ID (to be registered): M o b . / T e l . N o . :

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

Date:

Signature:



Bulk Drugs Plant at the Baddi Complex



MOREPEN

The Joy Of Growing Together

Morepen Laboratories Limited

(CIN: L24231HP1984PLC006028)

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