Preliminary Placement Document
Subject to Completion
Not for circulation
Private and confidential
Serial Number______________

This Preliminary Placement Document relates to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made through this Preliminary Placement Document to the public or any other categories of investors other than the Eligible QIBs. This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to buy securities in any jurisdiction where such offer or sale or subscription is not permitted. The information in this Preliminary Placement Document is not complete and may be changed.

MOREPEN LABORATORIES LIMITED

Our Company was incorporated as 'Morepen Laboratories Private Limited', a private limited company under the Companies Act, 1956 at Jalandhar, Punjab pursuant to a certificate of incorporation granted by the Registrar of Companies, Himachal Pradesh at Chandigarh ("**RoC**") on December 1, 1984. Subsequently, the name of our Company was changed to 'Morepen Laboratories Limited' upon conversion of our Company into a public limited company pursuant to a special resolution passed by our Shareholders on March 7, 1992 and the change of name on conversion to public limited company was noted by the ROC on March 16, 1992. For further details of change in the name of our Company and a brief history of our Company, see "*Organisational Structure of our Company*" and "*General Information*" on pages 167 and 228, respectively.

Corporate Identity Number: L24231HP1984PLC006028
Registered Office: Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh, India – 173 205
Corporate Office: 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector-20, Gurugram, Haryana, India – 122 016
Telephone: +91 124-4892000; **Email**: investors@morepen.com; **Website:** https://www.morepen.com
Company Secretary and Compliance Officer: Vipul Kumar Srivastava

Issue of up to [●] equity shares of face value of ₹2 each of our Company (the "**Equity Shares**") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share (the "**Issue Price**"), aggregating up to ₹ [●] lakhs (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 31.

THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED.

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited (the "**NSE**") and the BSE Limited (the "**BSE**" and together with NSE, the "**Stock Exchanges**"). The closing prices of the Equity Shares on the NSE and the BSE as on August 1, 2024 were ₹ 59.85 and ₹ 59.86 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to this Issue, from BSE and NSE, each dated August 1, 2024. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IS BEING MADE IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS, SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND OTHER RULES MADE THEREUNDER. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED TO ONLY SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY, PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN THE SEBI ICDR REGULATIONS.

YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS, THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENT IN EQUITY SHARES INVOLVES A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" BEGINNING ON PAGE 39 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONDUCT ITS OWN DUE DILIGENCE ON US AND THE EQUITY SHARES AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) has been delivered to the Stock Exchanges and a copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC, within the stipulated period as required under the Companies Act, 2013 and PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges or any other listing or regulatory authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and the Issue will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to this Preliminary Placement Document together with the Application Form, the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 176. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs (as defined hereinafter) to whom this Preliminary Placement Document is specifically addressed, and persons retained by such Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The information on the websites of our Company, Subsidiaries, or any other website directly or indirectly linked to the websites of our Company, Subsidiaries, or the website of the Book Running Lead Manager (as defined hereinafter) or their respective affiliates, does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and in accordance with the applicable laws of the jurisdictions where those offers and sales occur. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 190. The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described in the sections *"Selling Restrictions"* and *"Transfer Restrictions and Purchaser Representations"* on pages 190 and 198, respectively.

This Preliminary Placement Document is dated August 1, 2024.

BOOK RUNNING LEAD MANAGER
MOTILAL OSWAL INVESTMENT ADVISORS LIMITED

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company and its Subsidiaries and the Equity Shares which our Company considers material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, its Subsidiaries and the Equity Shares are, in all material respects, true and accurate and are not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, its Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to us. There are no other facts in relation to our Company, its Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Company nor Motilal Oswal Investment Advisors Limited (the "**Book Running Lead Manager**" or the "**BRLM**") have any obligation to update such information to a later date.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. The Book Running Lead Manager has not separately verified the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the BRLM nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLM or any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with the Issue of the Equity Shares or the distribution of this Preliminary Placement Document. Each person receiving this Preliminary Placement Document acknowledges that such person has neither relied on the BRLM nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

This Preliminary Placement Document is being furnished on a confidential basis solely for the purpose of enabling prospective Eligible QIBs to consider subscribing for the particular securities described herein. Distribution of this Preliminary Placement Document to any person other than the Eligible QIBs specified by the BRLM or its representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any offering material in connection with the Equity Shares.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by, or on behalf of the BRLM. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved, or recommended by the securities authority or other regulatory authority of any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in certain jurisdictions.

Subscribers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 3, 190 and 198, respectively.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No action has been taken by our Company or the BRLM which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction other than India where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any Issue materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction that would require registration of the Equity Shares in such country or jurisdiction.

In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulations S. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain other jurisdictions, see "*Selling Restrictions*" beginning on page 190. The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described in the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 198, respectively.

In making an investment decision, investors must rely on their own examination of our Company, the Equity Shares and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the BRLM are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable laws or regulations.

Each Bidder in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under Indian laws, including Chapter VI of the SEBI ICDR Regulations and Section 42 (read with Rule 14 of the PAS Rules) and other applicable provisions of the Companies Act, 2013, and is not prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each Bidder in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares. This Preliminary Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents and disclosures included in the section titled "*Risk Factors*" on page 39.

The information on our Company's website at www.morepen.com or the websites of any of its Subsidiaries or any website directly or indirectly linked to our Company's website or the website of the BRLM, or its associates or affiliates, or the website of the Stock Exchanges, does not constitute or form part of this Preliminary Placement Document. Prospective investors should not rely on any such information contained in, or available through, any such websites.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have made the representations, warranties, acknowledgements, and agreements set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representation*" on pages 1, 190 and 198 respectively, and to have represented, warranted, acknowledged and agreed to contents set forth in "*Notice to Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representation*" on pages 1, 190 and 198, respectively and have represented, warranted and acknowledged to and agreed to our Company and the Book Running Lead Manager, as follows:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company which is not set forth in this Preliminary Placement Document;

2. You are a "Qualified Institutional Buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013, to the extent applicable, and all other applicable laws; and (ii) comply with all requirements under applicable law, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue;

3. You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India. Additionally, you are aware that, in terms of the SEBI FPI Regulations, you are not permitted to acquire 10% or more of the post-Issue Equity Share capital of our Company;

4. If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document, you have a valid and existing registration with SEBI under the applicable laws in India and can participate in the Issue only under Schedule II of FEMA Rules, and any other notifications, circulars or clarifications issued thereunder or (ii) a multilateral or bilateral development financial institution. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You have not been prohibited by SEBI, RBI or any other regulatory authority, from buying, selling or dealing in securities including to the Equity Shares or otherwise accessing the capital markets. You confirm that you are not a FVCI;

5. You are eligible to invest in and hold the Equity Shares of our Company in accordance with the FDI Policy and FEMA Rules, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules. You confirm that neither is your investment as an entity from a country which shares a land border with India nor is the beneficial owner of your investment situated in or is a citizen of such country (in each which case, investment can only be through the Government approval route);

6. You will provide the information as required under the Companies Act, 2013 and the PAS Rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

7. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the Stock Exchanges. Please note additional requirements or requirements apply if you are certain other jurisdictions and in accordance with any other resale restrictions applicable to you. For further details, see "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 198, respectively;

8. You are aware that this Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than Eligible QIBs. You acknowledge that this Preliminary Placement Document has not been reviewed, verified or affirmed by SEBI, the RoC, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document is filed and the Placement Document shall be filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;

9. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied with and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

10. Neither our Company, nor the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Book Running Lead Manager. Neither the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

11. You acknowledge that all statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our business strategies, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. You acknowledge that such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. You acknowledge that such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You have not placed undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. You acknowledge that neither our Company, nor the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

12. You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Book Running Lead Manager;

13. You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 198;

14. You have been provided a serially numbered copy of this Preliminary Placement Document, and have read it in its entirety, including the "*Risk Factors*" on page 39;

15. In making your investment decision, you have (i) relied on your own examination of our Company and its Subsidiaries and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, its Subsidiaries and the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

16. Neither the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from sale of the Equity Shares). You waive, and agree not to assert any claim against, either of the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

17. You are a sophisticated investor and have such knowledge and experience in financial business and investment matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any managed accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment

in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances or any accounts for which you are subscribing, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

18. You are not a 'promoter' of our Company (as defined under the SEBI ICDR Regulations or the Companies Act, 2013), and are not a person related to the Promoter (as defined hereinafter), either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any Promoter or members of the Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

19. You have no rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoter);

20. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the levels permissible as per any applicable law;

21. To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size (as defined hereinafter). For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

    (b) 'Control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations.

22. You are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Company nor the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

23. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

24. You are aware that in terms of the requirements of the Companies Act, 2013 upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Manager;

25. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

26. You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

27. You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted 5% or more of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by our Company;

28. You are aware and understand that the Book Running Lead Manager has entered into a Placement Agreement with our Company, whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, severally, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

29. The contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Manager nor any person acting on its or its behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Manager or our Company or any other person and neither the Book Running Lead Manager nor our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, and the Book Running Lead Manager and its affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

30. Neither the Book Running Lead Manager nor any of its affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

31. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Companies Act, 2013;

32. Either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue ("**Company Presentations**"); or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have the knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that Book Running Lead Manager has advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

33. You agree that any dispute arising in connection with the Issue shall be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document, the Placement Document or the Issue;

34. The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations; and

35. You have no right to withdraw your Application Form or revise your Bid downwards after the Issue Closing Date (as defined hereinafter).

36. You are aware that the pre-Issue and post-Issue shareholding pattern of our Company, as required by the SEBI Listing Regulations, will be filed by our Company with the Stock Exchanges;

37. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

38. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Company and the Book Running Lead Manager and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

39. Our Company, the Book Running Lead Manager, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Manager on its own behalf and on behalf of our Company, and such representations, warranties, acknowledgements and undertakings are irrevocable;

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines, and approvals in terms of Regulation 21 of the SEBI FPI Regulations and the SEBI circular dated November 5, 2019 on operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), FPIs, including the affiliates of the Book Running Lead Manager, who are registered as Category I FPIs can issue, subscribe and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations, i.e., as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPIs may receive compensation from the purchasers of such P-Notes. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs or to persons eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of our post-Issue Equity Share capital on a fully diluted basis. SEBI has issued the FPI Operational Guidelines to facilitate implementation of the SEBI FPI Regulations. In terms of the FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA rules. These investment restrictions shall also apply to subscribers of P-Notes.

Affiliates of the BRLM which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by and are the sole obligations of third parties that are unrelated to our Company. Our Company, and the BRLM does not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLM and does not constitute any obligations of or claims on the BRLM.

Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P- Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes, or any disclosure related thereto. Bidders are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Please also see "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 198, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(a) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document; or

(b) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(c) take any responsibility for the financial or other soundness of our Company, its Promoter, its management or any scheme or project of our Company,

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/ acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER FINANCIAL INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "offeree", "purchaser", "subscriber", "recipient", "investors", "prospective investors" and "potential investor" are to the Eligible QIBs and references to the "Issuer", "Morepen", "the Company", "our Company" refers to Morepen Laboratories Limited and references to "we", "us", or "our" are to our Company together with its Subsidiaries on a consolidated basis.

Unless otherwise specified or the context otherwise requires, all references in this Preliminary Placement Document to (i) the 'US' or 'U.S.' or the 'United States' or the 'U.S.A' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

In this Preliminary Placement Document, references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India and references to 'USD', 'U.S. Dollars' and 'US$' are to the legal currency of the United States.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. In this Preliminary Placement Document, references to "lakh" represents "1,00,000", and "crore" represents "1,00,00,000".
Certain figures contained in this Preliminary Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Page Numbers

Unless otherwise stated, all references to page numbers in this Preliminary Placement Document are to page numbers of this Preliminary Placement Document.

Financial and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise. The terms "Fiscal", "Financial Year", "Fiscals" or "Fiscal Year", refer to the 12-month period ending March 31 of that particular year (as the case may be).

As required under the applicable regulations, and for the convenience of prospective investors, we have included in this Preliminary Placement Document, the following financial statements, the audited consolidated financial statements of our Company as at and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 comprising of the consolidated balance sheet as at years ended March 31, 2024, March 31, 2023 and March 31, 2022, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 and notes to such consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared by the management in accordance with Ind AS and as prescribed under section 133 of the Companies Act read with the Companies (Indian Accounting Standards) rules 2015, as amended, and other accounting principles generally accepted in India. ("**Audited Consolidated Financial Statements**"). The Audited Consolidated Financial Statements should be read along with the respective audit reports. The Audited Consolidated Financial Statements have been incorporated in this Preliminary Placement Document.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Preliminary Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

Our Audited Consolidated Financial Statements are prepared in ₹ lakhs and have been presented in this Preliminary Placement Document in lakhs, unless otherwise stated. All the numbers in this Placement Document have been presented in lakhs unless otherwise stated. However, where any figures that may have been sourced from third-party sources are expressed in denominations other than lakhs expressed in such denominations as provided in their respective sources, such as "*Industry Overview*" has been provided in million.

Non-GAAP financial measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as Gross Margins, EBITDA, EBITDA Margin, Return on Equity, Return on Capital Employed, Net Worth, Asset Turnover Ratio, Net Working Capital Days, Debt to Equity Ratio, Net Debt to Equity Ratio and Inventory Turnover Ratio have been included in this Preliminary Placement Document. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates, other industry data and certain industry data forecasts pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which we compete. Unless stated otherwise, the statistical information included in this Preliminary Placement Document relating to the industry in which we operate has been reproduced from various trade, industry and government publications and websites more particularly described in the section titled "*Industry Overview*" on page 110.

The industry, market and economic data included in this Preliminary Placement Document has been derived from the report titled *"Global and Indian Pharmaceutical & Medical Devices Market"* dated July 29, 2024 by Lattice Technologies Private Limited ("**the 1Lattice Report**"). Our Company has commissioned and paid for the Lattice Report pursuant to the engagement letter dated February 26, 2024. Lattice Technologies Private Limited is not related in any manner to our Company, its Subsidiaries, Directors, Key Managerial Personnel, members of Senior Management or our Promoter.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the BRLM can assure Bidders as to their accuracy.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "*Risk Factors – This Preliminary Placement Document contains information from industry sources"* on page 64.

Disclaimer of the 1Lattice Report

The 1Lattice Report is subject to the following disclaimer:

"*The report has been prepared as a general summary of matters on the basis of our interpretation of the publicly available information, our experiences and the information provided to us, and should not be treated as a substitute for a specific business advice concerning individual matters, situations or concerns. Procedures we have performed do not constitute an audit of the Company's historical financial statements nor do they constitute an examination of prospective financial statements.*

We have also not performed any procedures to ensure or evaluate the reliability or completeness of the information obtained from the Company. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.

Accordingly, we express no opinion, warranty, representation or any other form of assurance on the historical or prospective financial statements, management representations, or other data of the Company included in or underlying the accompanying information. We have not carried out any financial, tax, environmental or accounting due diligence with respect to the Company.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction."

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "expected to", "intend", "is/are likely", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "will continue", "would", "will likely result", or any other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

These forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, among other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

1. Any manufacturing or quality control problems may subject us to regulatory action, loss of customers, damage our reputation and have an adverse effect on our business, results of operations, financial condition and cash flows.

2. Our manufacturing facilities are subject to risks, including operational risks such as manufacture, usage and storage of hazardous substances breakdown or obsolescence of plant and machinery, which could increase our manufacturing costs or interrupt our operations and adversely impact our reputation, sales and strategies.

3. We are subject to extensive government regulation both in and outside India and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, results of operations and cash flows may be adversely affected.

4. We are unable to trace some of our historical corporate records including minutes of the board and shareholders meetings and corresponding form filings and challans. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation. There have also been certain instances of inaccuracies or clerical errors in our historical corporate records in the past.

5. The form FC-GPR and the RBI acknowledgement for some allotments of equity shares could not be traced as the relevant information was not available in the records maintained by our Company. We cannot assure you that we will be able to trace such approvals which may subject us to regulatory action, loss of customers, damage our reputation and have an adverse effect on our business, results of operations, financial condition and cash flows.

6. Certain Equity Shares of our Company are under cancellation. The cancellation of such Equity Shares may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.

7. Our Company, Subsidiary, Promoters and Directors are currently involved in litigation proceedings and any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.

8. Our business depends on our relationships with suppliers for sourcing of raw materials. Any adverse changes in such relationships, or our inability to enter into new relationships, could adversely affect our business and results of operations.

9. Our business is dependent on certain principal customers and the loss of, or a significant reduction in purchases by such customers could adversely affect our business, financial condition, results of operations and future prospects.

10. We derive a significant portion of our revenue from operations from our API portfolio. If we are unable to diversify our customer base or diversify our revenues, any decline in this business may subject us to loss of customers, damage our reputation and have an adverse effect on our business, results of operations, financial condition and cash flows.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 39, 110, 146 and 90, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as on the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we, nor the BRLM or any of its respective affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company incorporated under the laws of India. Except as disclosed in the section entitled "*Board of Directors and Senior Management"* on page 160, all our Directors and our Key Managerial Personnel and Senior Management are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India predicated upon civil liabilities of our Company or such directors and executive officers under laws other than Indian laws, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice;(v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, United Arab Emirates and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Our Company and the BRLM cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$) for the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the websites of RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

				(₹ per US$)
	Period end (^)	**Average (1)**	**High (2)**	**Low (3)**
Financial Year*#:				
2024	83.37	82.79	83.40	81.65
2023	82.22	80.51	83.20	76.09
2022	75.81	74.51	76.92	72.48
Month ended*#:				
June 30, 2024	83.45	83.47	83.59	83.07
May 31, 2024	83.30	83.39	83.52	83.08
April 30, 2024	83.52	83.41	83.52	83.23
March 31, 2024	83.37	83.00	83.37	82.68
February 29, 2024	82.92	82.96	83.09	82.84
January 31, 2024	83.08	83.12	83.33	82.85

(Source: www.rbi.org.in and www.fbil.org.in, as applicable)

(^) *The price for the period end refers to the price as on the last trading day of the respective fiscal year or quarterly or monthly periods.*

(1) *Average of the official rate for each Working Day of the relevant period.*

(2) *Maximum of the official rate for each Working Day of the relevant period.*

(3) *Minimum of the official rate for each Working Day of the relevant period.*

Notes:

* *If the RBI/ FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.*

\# *The RBI/ FBIL reference rates have been rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations framed thereunder. Notwithstanding the foregoing, terms used in the sections titled "Taxation", "Industry Overview", "Financial Information" and "Legal Proceedings" on pages 206, 110, 227 and 210, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
"Our Company", "the Company", "the Issuer", or "MLL"	Morepen Laboratories Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh, India – 173 205
"We", "Our", or "Us"	Unless the context otherwise indicates or implies, refers to our Company along with its Subsidiaries, on a consolidated basis

Company Related Terms

Term	Description
Articles or Articles of Association	The Articles of Association of our Company, as amended from time to time
Audit Committee	The Audit Committee of our Board, as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 166
Audited Consolidated Financial Statements	Collectively, the Fiscal 2022 Audited Consolidated Financial Statements, the Fiscal 2023 Audited Consolidated Financial Statements and the Fiscal 2024 Audited Consolidated Financial Statements
Auditors or Statutory Auditors	The current statutory auditors of our Company namely, M/s. S.P. Babuta and Associates, Chartered Accountants
Board of Directors or Board	The board of directors of our Company, including any duly constituted committee thereof, as disclosed in "*Board of Directors and Senior Management*" on page 160
Chairman	The chairman and managing director of our Company, being, Sushil Suri
Chief Financial Officer	The chief financial officer of our Company, being, Ajay Kumar Sharma
Corporate Office	The Corporate Office of our Company is located at 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector-20, Gurugram, Haryana, India – 122 016
Company Secretary and Compliance/ Company Secretary/ Compliance Officer	The company secretary and compliance officer of our Company, being, Vipul Kumar Srivastava
Corporate Social Responsibility Committee	The Corporate Social Responsibility Committee of our Board, as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 166
Director(s)	The directors on the Board of our Company, as may be appointed from time to time
Equity Shares	The equity shares of face value of ₹2 each of our Company
Fiscal 2022 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company as at and for the year ended March 31, 2022, comprising of the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2022 and notes to such consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared by the management in accordance with Ind AS and as prescribed under section 133 of the Companies Act read with the Companies (Indian Accounting Standards) rules 2015, as amended, and other

Term	Description
	accounting principles generally accepted in India along with the report dated May 5, 2022 issued thereon by our Previous Auditors
Fiscal 2023 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company as at and for the year ended March 31, 2023, comprising of the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2023 and notes to such consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared by the management in accordance with Ind AS and as prescribed under section 133 of the Companies Act read with the Companies (Indian Accounting Standards) rules 2015, as amended, and other accounting principles generally accepted in India along with the report dated May 16, 2023 issued thereon by our Statutory Auditors
Fiscal 2024 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company as at and for the year ended March 31, 2024, comprising of the consolidated balance sheet as at March 31, 2024, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2024 and notes to such consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared by the management in accordance with Ind AS and as prescribed under section 133 of the Companies Act read with the Companies (Indian Accounting Standards) rules 2015, as amended, and other accounting principles generally accepted in India along with the report dated May 21, 2024 issued thereon by our Statutory Auditors.
Independent Director(s)	Independent directors of our Company, unless otherwise specified
Key Managerial Personnel	The key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as disclosed in "*Board of Directors and Senior Management – Key Managerial Personnel*" on page 164
Managing Director	The managing director of our Company, being, Sushil Suri
Memorandum or Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Board of our Company as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 166
Preference Shares/ CCPS	The preference shares of face value of ₹100 each of our Company
Previous Auditors	The previous statutory auditors of our Company namely, M/s. Satinder Goyal & Co., Chartered Accountants
Promoter Group	The individuals and entities forming part of the promoter group of our Company in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
Promoter	The promoter of our Company, namely Sushil Suri
QIP Committee	The duly authorized committee of our Board of Directors
Registered Office	The registered office of our Company located at Village Morepen Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh, India - 173205
Risk Management Committee	The Risk Management Committee constituted by our Board as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 166
Scheme of Arrangement or Compromise	The Scheme of Arrangement or Compromise between the Company and its Fixed Deposit Holders approved by the Hon'ble High Court of Himachal Pradesh on August 4, 2009 to settle the outstanding dues of the fixed deposit holders of our Company. For further details in relation to the Scheme of Arrangement or Compromise between the Company and its Fixed Deposit Holders, please see section titled "*Legal Proceedings – Other outstanding litigation involving our Company and our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis*" on page 218
Senior Management	The members of the senior management of our Company in accordance with Regulation 2 (1) (bbbb) of the SEBI ICDR Regulations as disclosed in the section

Term	Description
	titled "*Board of Directors and Senior Management – Members of Senior Management*" on page 164
Shareholders	Shareholders of our Company from time to time
Stakeholders Relationship Committee	The Stakeholders Relationship Committee of our Board as disclosed in the section titled "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 166
Subsidiaries	The subsidiaries of our Company (including one step down subsidiary) in accordance with the Companies Act, 2013 as on the date of this Preliminary Placement Document, namely: • Dr. Morepen Limited • Morepen Devices Limited • Morepen RX Limited • Total Care Limited • Morepen Bio Inc. The term "Subsidiary/Subsidiaries" shall be construed accordingly
Whole-time Director	The whole-time director of our Company, being Sanjay Suri
Lattice Report	The report titled *"Global and Indian Pharmaceutical & Medical Devices Market"* dated July 29, 2024 by Lattice Technologies Private Limited

Issue related terms

Term	Description
Allocated or Allocation	The allocation of Equity Shares, by our Company in consultation with the BRLM, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIPs to whom Equity Shares are issued pursuant to the Issue
Application Amount	The aggregate amount paid by a Bidder at the time of submitting a Bid in the Issue
Application Form	Serially numbered, specifically addressed bid cum application form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue
Application Amount/ Bid Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid(s)	An indication of interest by an Eligible QIB's/Bidder, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder(s)	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Book Running Lead Manager or BRLM	Motilal Oswal Investment Advisors Limited
CAN/ Confirmation of Allocation Note	Note, advice or intimation confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about [●]
Designated Date	The date on which the Equity Shares issued pursuant to the Issue, are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Equity Shares from the Stock Exchanges or the date on which Form PAS-3 is filed by our Company with the RoC, whichever is later
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in

Term	Description
	the Issue under the applicable laws. In addition, QIBs, outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S. Further, FVCIs are not permitted to participate in the Issue and accordingly, are not Eligible QIBs. For further details, see "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 176, 190 and 198, respectively.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, to be opened in the name and style "*Morepen Laboratories Limited – QIP Escrow Account 2024*" with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount in connection with the subscription to the Equity Shares pursuant to the Issue shall be deposited by the Bidders
Escrow Agreement	Agreement dated August 1, 2024, entered into by and amongst our Company, the Escrow Bank and the Book Running Lead Manager for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Kotak Mahindra Bank
Floor Price	Floor price of ₹ 57.23 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount on the Floor Price in accordance with the approval of our Board dated August 1, 2024 and the Shareholders dated March 18, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations. The net price after discount on the Floor Price is ₹ [●]
Gross Proceeds	The gross proceeds of the Issue that will be available to our Company
Issue	The issue and Allotment of [●] Equity Shares each at a price of ₹ [●] per Equity Share to Eligible QIBs, including a premium of ₹ [●] per Equity Share, aggregating to an amount up to ₹ [●] lakhs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder
Issue Closing Date	[●], 2024, the date after which our Company (or Book Running Lead Manager on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount
Issue Opening Date	August 1, 2024, the date on which our Company (or the Book Running Lead Manager on behalf of our Company) shall commence acceptance of the Application Forms and the Application Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹ [●]
Issue Size	Aggregate size of the Issue, up to ₹ [●] lakhs
Monitoring Agency	CARE Ratings Limited, being a credit rating agency registered with SEBI, appointed by our Company in accordance with the provisions of the SEBI ICDR Regulations
Monitoring Agency Agreement	Monitoring agency agreement dated August 1, 2024, entered into between our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of proceeds in relation to the Issue
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	Placement agreement dated August 1, 2024 by and among our Company and the Book Running Lead Manager
Placement Document	The placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder
Preliminary Placement Document	This Preliminary Placement Document along with the Application Form dated August 1, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder
QIBs or Qualified Institutional Buyers	Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with applicable rules

Term	Description
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all, or part, of the Application Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The intimation from our Company to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts
Regulation S	Regulation S under the U.S. Securities Act
Relevant Date	August 1, 2024, which is the date of the meeting in which our QIP Committee decided to open the Issue
U.S. Securities Act	The United States Securities Act of 1933, as amended
Stock Exchanges	Collectively, the BSE Limited and the National Stock Exchange of India Limited
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount with the Application Form and who are Allocated Equity Shares pursuant to the Issue
U.S. / United States	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorized or obligated by law to remain closed in Mumbai, India

Business and technical related terms

Term	Description
1Lattice Report	Industry report titled "*Global and Indian Pharmaceutical & Medical Devices Market*" dated July 29, 2024 which is exclusively prepared for the purposes of the Issue and issued by Lattice Technologies Private Limited and is commissioned and paid for by our Company.
ANVISA (Brazil)	Brazilian Health Regulatory Agency (*Agência Nacional de Vigilância Sanitária in Portuguese*)
APIs	Active Pharmaceutical Ingredients
API Facility	Our manufacturing facilities situated in Masulkhana Solan, Himachal Pradesh and Baddi, Himachal Pradesh and dedicated to manufacturing API.
BSI	British Standards Institution
CAGR	Compound Annual Growth Rate
CDSCO	Central Drug Authority, India
CGMP	Current Good Manufacturing Practices
CSR	Corporate Social Responsibility
DGAFMS	Director General Armed Forces Medical Services
DMFs	Drug Master Files
EDQM (Europe)	European Directorate for the Quality of Medicines
ESIC Hospitals	Employee State Insurance Corporation Hospitals
FMHGs	Fast Moving Health Goods
GMP	Good Manufacturing Practices
IT	Information Technology
ISO	International Organization for Standardization
Kg	Kilogram
KL	Kiloliter
Lacs	₹ in lakhs
No.	Number
non-GAAP	Non- Generally Accepted Accounting Principles
OTC	Over the Counter
Pcs.	Pieces
PMDA (Japan)	Pharmaceuticals and Medical Devices Agency
QMS	Quality Management System
Railways	The Indian Railways
R&D	Research and Development
USFDA	United States Drug and Food Administration
WHO	World Health Organization

Industry related terms

Term	Description
3D	3 – Dimensional
AI	Artificial Intelligence
ANDA	Abbreviated New Drug Application
API	Active Pharmaceutical Ingredient
B	Billion
BP	Blood pressure
BRICS	Brazil, Russia, India, China and South Africa
CAGR	Compounded Annual Growth Rate
CDMO	Contract Development and Manufacturing Organization
CEP	Certification of Suitability
CHE	Current Health Expenditure
COVID	Coronavirus Disease
Cr	Crore
CY	Calendar Year
DMF	Drug Master Files
DPP-4	Dipeptidyl peptidase 4
E	Estimated
ECG	Electrocardiogram
EDMF	European Drug Master File
EP	European Pharmacopoeia
EU	European Union
EU5	France, Germany, Italy, Spain, and the UK
FDF	Finished Dosage Formulations
FDI	Foreign Direct Investment
FY	Financial Year
G20	Group of Twenty
GDP	Gross Domestic Product
GDUFA	Generic Drug User Fee Act
GHE	Global Health expenditure
GST	Goods and Service Tax
IMF	International Monetary Fund
INR	Indian Rupee
IoT	Internet of Things
K	Thousand
M	Million
MFDS	Ministry of Food and Drug Safety of the Republic of Korea
OTC	Over The Counter
P	Projected
PLI	Production Linked Incentives
PM-ABHIM	Pradhan Mantri Aatmanirbhar Swasth Bharat Yojana
PMDA	Pharmaceuticals and Medical Devices Agency
PMJAY	Pradhan Mantri Jan Arogya Yojana
PMSSY	Pradhan Mantri Swasthya Suraksha Yojana
PPG	Photoplethysmography
R&D	Research & Development
ROW	Rest Of the World
SmBG	Self-monitoring of blood glucose
T	Trillion
UK	United Kingdom
UN	United Nations
US	United States of America
US FDA	United States Food and Drug Administration
USDMF	US-Drug Master file
WHO	World Health Organization
Y-O-Y	Year – On – Year

Conventional and General Terms/Abbreviations

Term	Description
AGM	Annual General Meeting
As Or Accounting Standards	Accounting standards issued by the institute of chartered accountants of India
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
Calendar Year	Year ending on December 31
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CFO	Chief Financial Officer
CIN	Corporate Identification Number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 2013 and applicable provisions of the Companies Act, 1956
Companies Act, 1956	The Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013, along with the relevant rules made and clarifications issued thereunder
Consolidated FDI Policy	Consolidated foreign direct investment policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-fdi policy dated October 15, 2020 effective from October 15, 2020
CrPC	The Code of Criminal Procedure, 1973
Depositories	CDSL And NSDL
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DP ID Number	Depository participant identification number
DPIIT	Department For Promotion of Industry and Internal Trade
EGM	Extraordinary General Meeting
EU	European Union
FBIL	Financial Benchmarks India Limited
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, Together with Rules And Regulations Issued Thereunder
FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019
Financial Year or Fiscal	The period of 12 months ended March 31 of that particular year, unless otherwise stated
FIR	First Information Report
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPIS	Foreign Portfolio Investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under section 12 of the fugitive economic offenders act, 2018
FVCI	Foreign Venture Capital Investor, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, registered with SEBI
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GDR	Global Depository Receipt
General Meeting	AGM or EGM
GOI Or Government	Government of India
GST	Goods And Services Tax
HNI	High Net-Worth Individual
HUF	Hindu Undivided Family
I.T. ACT	The income-tax act, 1961
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS	Indian accounting standards, as per the roadmap issued by the Ministry of Corporate affairs, Government of India, notified by the MCA under section 133 of the companies act, 2013, read with companies (Indian Accounting Standards) Rules, 2015, as amended

Term	Description
Indian GAAP	Indian Generally Accepted Accounting Principles (GAAP) as notified under section 133 of the Companies Act read with Companies (Accounts) Rules, 2014
IRDAI	Insurance Regulatory and Development Authority of India
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, GoI
MoEF	Ministry of Finance, GoI
MOU	Memorandum of Understanding
Mutual Funds	Mutual funds registered under the securities and exchange board of India (Mutual Funds) Regulations, 1996
NEFT	National Electronic Fund Transfer
Non-Resident Indian or NRI	An individual resident outside India who is citizen of India
Non-Resident or NR	A person resident outside India, as defined under the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P.A. or p.a.	Per annum
PAN	Permanent Account Number Allotted Under the I.T. Act
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit After Tax
RBI	Reserve Bank of India
RoC or Registrar	Registrar of Companies, Himachal Pradesh at Chandigarh
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations), Regulations, 2018
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India Established under the SEBI Act
SEBI ACT	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Mutual Fund Regulations	The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
SEBI SBEB Regulations	The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
U.S. GAAP	Generally Accepted Accounting Principles in The United States of America
VCF	Venture Capital Fund
Wilful Defaulter or Fraudulent Borrower	Wilful defaulter or fraudulent borrower as defined under regulation 2(1)(lll) of the SEBI ICDR Regulations

SUMMARY OF BUSINESS

Overview

We are a leading and diversified Indian healthcare company, manufacturing a wide range of pharmaceutical, home health and over the counter products in India and internationally, developed through a strong focus on R&D and building a base of innovative, chronic, and lifestyle range and comprehensive product suite across product segments. (*Source: 1Lattice Report*). Established in 1984, we have rapidly expanded our presence and become a prominent player in the pharmaceutical market over the years (*Source: 1Lattice Report*). We have a legacy of 39 years in the pharmaceutical sector with a proven track record of consistent improvement in financial performance led by continuous revenue growth (*Source: 1Lattice Report*).

We are engaged in developing, manufacturing, marketing and sale of (i) active pharmaceutical ingredients ("**APIs**"), (ii) medical devices, (iii) formulations and (iv) over the counter ("**OTC**") products. We are one of the leading developers and manufacturers of select APIs such as Loratadine, Desloratadine, Montelukast, Atorvastatin, Rosuvastatin, and Fexofenadine in India (*Source: 1Lattice Report*). We are one of the fastest growing API-focused companies in terms of revenue in India from ₹ 1,18,805.64 lakhs in Fiscal 2021 to ₹ 1,69,043.25 lakhs in Fiscal 2024 (*Source: 1Lattice Report*).

We are able to cater to Pan-India consumers with a presence across different distribution channels of pharmaceutical products such as chemists and retailers, and through online platforms such as Amazon, Flipkart, PharmEasy, Tata 1mg, Big Basket, Jiomart, Health Kart, Netmeds, amongst others (*Source: 1Lattice Report*).

Our revenue through each of our offerings during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	Revenue (*in ₹ lakhs*)	**As a percentage of total income (*in %*)**	**Revenue (*in ₹ lakhs*)**	**As a percentage of total income (*in %*)**	**Revenue (*in ₹ lakhs*)**	**As a percentage of total income (*in %*)**
API	94,440.75	55.87%	81,792.23	57.70%	86,372.26	55.84%
Medical Devices	44,271.59	26.19%	32,707.77	23.07%	41,891.99	27.08%
Formulations	21,483.12	12.71%	17,933.71	12.65%	15,918.72	10.29%
OTC Products	8,847.79	5.23%	9,319.29	6.57%	10,499.72	6.79%
Total	**1,69,043.25**	**100.00%**	**1,41,753.00**	**100.00%**	**1,54,682.69**	**100.00%**

API Portfolio

We are the largest exporter of Loratadine from India, with ~65% market share in terms of volume (kg) exported from India in CY 2023 (*Source: 1Lattice Report*). We are also the largest exporter of Desloratadine and Montelukast from India, with ~26% and ~44% market share respectively in terms of volume (kg) exported from India in CY23 (*Source: 1Lattice Report*). We are one of the leading developers and manufacturers of select APIs such as Loratadine, Desloratadine, Montelukast, Atorvastatin, Rosuvastatin, and Fexofenadine in India (*Source: 1Lattice Report*). We have a strong market share in select APIs such as Loratadine, Montelukast, Atorvastatin, Rosuvastatin, and Dapagliflozin (*Source: 1Lattice Report*). ~68% of our API business in Fiscal 2024 was through exports (*Source: 1Lattice Report*).

The revenue from our API portfolio during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
API portfolio (*in ₹ lakhs*)	94,440.75	81,792.23	86,372.26
As a percentage of total income (*in %*)	55.87%	57.70%	55.84%

Medical Devices

We market our medical devices business under the brand, 'Dr. Morepen'. We are one of the leading companies in the self-care medical devices industry in India, in terms of operating revenue (*Source: 1Lattice Report*). We have a range of self-care medical devices like blood glucose monitors, blood pressure monitors, vaporizers and digital thermometers etc. (*Source: 1Lattice Report*). We are one the leading blood glucose monitors and blood pressure monitor brands in India with a strong distribution setup of medical devices in India, covering all 28 Indian states and 1 Union Territory through our distributor network with a central warehouse in Delhi (*Source: 1Lattice Report*). We have over 5,100 distributors, these distributors further supply to around 3.28 lakhs retail touch points and a dedicated field force of around 580 active salespeople across medical devices, OTC products, and formulation businesses (*Source: 1Lattice Report*).

The revenue from our medical devices business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Medical devices (*in ₹ lakhs*)	44,271.59	32,707.77	41,891.99
As a percentage of total income (*in %*)	26.19%	23.07%	27.08%

Formulations

We have a significant penetration in domestic formulation business with more than 900 brands being promoted across various therapeutic categories like gastrointestinal, anti-infective, anti-biotic, vitamins, anti-hypertensive, anti-diabetics, anti-allergy, pain management and others under brand name 'Morepen.' We are one of the providers of quality and affordable distribution formulation supplies to ESIC Hospitals, Railways, DGAFMS (Director General Armed Forces Medical Services) across India (*Source: 1Lattice Report*).

The revenue from our formulations business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Formulations (*in ₹ lakhs*)	21,483.12	17,933.71	15,918.72
As a percentage of total income (*in %*)	12.71%	12.65%	10.29%

OTC Products

Our foray into OTC products helped us understand new business dimensions, and created a category called fast moving health goods ("**FMHGs**").

The revenue from our OTC products business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
OTC products (*in ₹ lakhs*)	8,847.79	93,19.29	10,499.72
As a percentage of total income (*in %*)	5.23%	6.57%	6.79%

For details on our product offerings, please see "*Our Business - Description of our Business*" on page 151.

We supply our products both in Indian and international markets. The revenue through our domestic and export sales during Fiscals 2024, 2023 and 2022 is as provided below.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)
Domestic sales	1,04,268.09	61.68%	85,038.13	59.99%	98,506.60	63.55%
Export sales	64,775.16	38.32%	56,714.88	40.01%	56,176.09	36.45%
Total	**1,69,043.25**	**100.00%**	**1,41,753.00**	**100.00%**	**1,54,682.69**	**100.00%**

Over the years, we have developed extensive sales and distribution network across India. We believe we have developed long-term relationships with a majority of our distributors. As of March 31, 2024, our distribution network with a pan-India presence covers 28 states in India and one union territory, included over 5,100 distributors. These distributors in turn supply to over 2,89,260 chemists and retailers. We also conduct our business through online platforms.

In Fiscal 2024, we supplied our products in countries across Europe, Africa, America and Asia. Owing to our global presence, our products are sold in both regulated markets such as such as USA, Japan, Europe, Korea and Taiwan and emerging markets such as Eastern Europe, Poland, Romania, Philippines, Malaysia and Indonesia.

Our revenue through regulated markets during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Regulated markets globally (*in ₹ lakhs*)	45,098.49	37,875.33	32,218.03
As a percentage of total income (*in %*)	47.75%	46.31%	37.30%

As of March 31, 2024, our Company and our Subsidiaries have a total of four manufacturing facilities for manufacturing of products in Baddi, Masulkhana & Parwanoo. Our manufacturing facility of Masulkhana has one business unit for API manufacturing, while we have two manufacturing facilities for formulation products located at Parwanoo (Plot no 12B & 12C). There are three business units at Baddi manufacturing facility- one each for our API, Formulations and medical devices businesses.. Further, as of March 31, 2024, our Company and our Subsidiaries have R&D centres/facilities located at Masulkhana, Baddi, Okhla (Delhi) and Bangalore.

Our API facilities are approved by US Drug and Food Administration (USFDA), since 1999. Apart from accreditation from USFDA, our API facilities are also approved by EDQM (Europe), PMDA (Japan), ANVISA (Brazil). Our formulations facilities hold certificate of good manufacturing practices from WHO (GMP approved), and our medical devices facility has received Quality Management Certificate - ISO 9001 & ISO 13485 from BSI, UK. We focus on building quality into our products through compliance with global regulatory standards as well as local and state laws.

We are a research and development ("**R&D**") focused company, undertaking dedicated R&D in our existing products and in areas where we believe there is growth potential in the future. We focus on R&D for developing more effective, safe to use, and more user friendly products. Our R&D activities are also aimed at improving existing processes and production cost efficiency and developing processes for environment friendly products. We believe that maintaining high standards of process innovation and quality in our R&D and manufacturing operations is critical to our brand and maintenance of long-term relationships with our customers.

We have a professional and experienced management team. Our management team has demonstrated the ability to successfully build and integrate our businesses with various operating activities through their cumulative years of work experience. In addition, we have a strong corporate governance system to monitor, guide and support our operations, with oversight by an experienced Board.

Our Strengths

<u>API Portfolio</u>

Extensive experience in manufacturing complex APIs

We are one of the fastest growing API-focused companies in terms of revenue in India from ₹ 1,18,805.64 lakhs in Fiscal 2021 to ₹ 1,69,043.25 lakhs in Fiscal 2024 (*Source: 1Lattice Report*). Over the years, we have developed an in-depth knowledge about the requirements of the pharmaceutical industry and a better understanding of the trends in the industry. We are one of the leading developers and manufacturers of select APIs such as Loratadine, Desloratadine, Montelukast, Atorvastatin, Rosuvastatin, and Fexofenadine in India (*Source: 1Lattice Report*). We have a strong market share in select APIs such as Loratadine, Montelukast, Atorvastatin, Rosuvastatin, and Dapagliflozin (*Source: 1Lattice Report*). API manufacturing process has strict current Good Manufacturing Practices ("**cGMPs**"), environmental and legal considerations. We operate in a highly specialized with high entry barriers *inter alia* due to: (a) involvement of complex manufacturing process, (b) stringent regulatory approvals required for the manufacturing facilities including adhering to the guidelines for export and the relevant country guidelines, (c) operational barriers, (d) pricing related barriers, (e) high capital expenditure, and (f) working capital requirements (*Source: 1Lattice Report*). We believe that our extensive experience in manufacturing complex APIs gives us a competitive advantage over our competitors.

Strong in-house R&D capabilities

We have strong in-house R&D capabilities enabling us to develop an innovative and diversified product offering, and improve process efficiencies. Through our continuous R&D initiatives, we optimize our production processes and undertaking dedicated R&D in our existing products and in areas where we believe there is significant growth potential. For Fiscals 2024, 2023 and 2022, our total expenditure on R&D was ₹ 519.83 lakhs, ₹ 306.89 lakhs and ₹ 300.82 lakhs, or 0.30%, 0.22% and 0.19% of our total income, respectively. As of March 31, 2024, we employed 344 personnel at our R&D laboratories, which constituted 11% of our total permanent employee strength. We believe that our strong R&D help us keep abreast with the new product developments and improve product pipeline.

Consistent regulatory compliance track record

We currently operate four multi-purpose manufacturing facilities in India. All of our manufacturing facilities have received several major regulatory approvals and accreditations, which enables us to supply our products in regulated and other markets. Our manufacturing facilities are inspected/audited by our customers and a variety of overseas regulatory authorities, including USFDA, PMDA (Japan), ANVISA (Brazil) and EDQM (Europe), to assess compliance with their respective regulatory requirements. To varying degrees, each of these agencies requires us to adhere to laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of our APIs in their respective regions. We are committed to complying with regulatory standards of countries where our APIs are exported to. We have been consistently implementing cGMPs across each of our manufacturing facilities, which are monitored by a comprehensive Quality Management System ("**QMS**") encompassing all areas of business processes from research and development ("**R&D**") and raw material procurement to manufacturing, packaging and delivery.

<u>Medical Devices</u>

Diversified product portfolio supported by strong distribution network

We market our medical devices business under the brand, 'Dr. Morepen'. We are one the leading blood glucose monitors and blood pressure monitor brands in India with a strong distribution setup of medical devices in India, covering all 28 Indian states and 1 Union Territory through our distributor network with a central warehouse in Delhi (*Source: 1Lattice Report*). We have over 5,100 distributors, these distributors further supply to around 3.28 lakhs retail touch points and a dedicated field force of around 580 active salespeople across medical devices, OTC products, and formulation businesses (*Source: 1Lattice Report*). We manufacture a wide range of medical devices which enables us to generate pricing advantages, which in turn has strengthened our relationship with our primary customers, hospitals and clinics. Our wide range of offerings enables us to cross-sell our products, thereby increasing our market share across product verticals. We believe that our focus on safety and quality, product range and pricing have enabled us to develop strong brand recognition in the Indian markets and internationally.

Robust manufacturing capabilities

Our manufacturing capabilities are vertically integrated with design and development being carried out in-house. We have received Quality Management Certificate - ISO 9001 & ISO 13485 for medical devices manufacturing facilities from BSI, UK. We believe that we enjoy a competitive advantage due to our robust manufacturing capabilities that enable us to manufacture quality products for supply in Indian and international markets. We are focused on sustainability in our operations through meaningful interventions in environment management, safety initiatives in our operations and occupational health of our workforce, and have undertaken various initiatives relating to energy efficiency, recovery and reuse of solvents and water conservation to reduce our carbon footprint.

Formulations and OTC Products

Penetration in domestic market and wide distribution coverage

We are one of the providers of quality and affordable distribution of formulation supplies to ESIC Hospitals, Railways, DGAFMS (Director General Armed Forces Medical Services) across India (*Source: 1Lattice Report*). Over the years, we have developed extensive sales and distribution network across India. We believe we have developed long-term relationships with a majority of our distributors. As of March 31, 2024, our distribution network with a pan-India presence covers 28 states in India, included over 1,800 distributors. These distributors in turn supply to over 150,000 chemists and retailers. We also conduct our business through online platforms. We are committed to increasing our penetration of domestic markets.

Experienced and capable management team

Our business and operations are led by a qualified, experienced and capable management team, led by our Chairman and Managing Director, Mr. Sushil Suri who has over three decades of experience in the pharmaceutical and API industry. Our API operations team is headed by Mr. Sanjay Suri. Ms. Amita Sharma, is Chief Operating Officer of API business having over 30 years of industry experience and Mr. Kushal Suri, takes care of sales and marketing activities of API business. Devices business is spearheaded by Mr. Anubhav Suri whereas Varun Suri looks after Formulation and OTC business of the company. Our Chief Financial Officer, Mr. Ajay Kumar Sharma has over 30 years of experience in finance. Our management team has demonstrated the ability to successfully build the business across diverse markets supported by strong R&D, operations, quality and regulatory functions and have integrated our businesses with various operating activities through their cumulative years of work experience. We believe that the knowledge and experience of our senior and mid-level management team members provides us with a significant competitive advantage as we seek to grow our business.

Our Strategies

API Portfolio

Expand our product portfolio and increase global outreach

We intend to continue enhancing our product portfolio to offer a diverse suite of products to cater to the growing demand for APIs. Manufacturers of APIs face high entry barriers such as high capital investments, operational costs, manufacturing complexities, stricter compliance requirements and high-quality standards resulting in limited competition in the market (*Source: 1Lattice Report*). We believe that our core expertise across R&D, manufacturing, quality assurance, regulatory experience and market knowledge has enabled us to offer a diversified portfolio of products and delivery systems that meets our customers' varying requirements and market demand opportunities. We will continue to identify, develop and launch new products and delivery systems from our pipeline to meet market needs and capture growth opportunities to sustain our revenue growth and profitability. To expand our reach to global markets, we are constantly looking for new business partnerships for growth. We will continue to evaluate new product opportunities leveraging the local market knowledge of our partners and initiate the development of products focused on such markets if we identify viable market opportunities and demand.

Cost reduction by process improvement and investment in technology to meet future demand

We strive to improve the production process to optimize our processes and achieve higher yields, with the support of our R&D team. We incur certain fixed overheads, including utilities, salaries and depreciation of assets in our operations. We aim to increase capacity utilization, which can reduce fixed overheads per product, increase our profitability and improve our operating leverage. We intend to focus on high-value, low-volume products within our product portfolio. We also seek to benefit from optimizing our product selection strategy. We seek to leverage economies of scale through capacity expansion. We intend to expand our capabilities through prudent investments aimed at sustainable business opportunities, employing more trained professionals, investing in much more sophisticated equipment and improvement in processes to enhance productivity and achieve better yields in our products.

Medical Devices

Increase market share in medical devices by offering quality products at affordable prices

We believe that the domestic market landscape is very conducive for us to continue to leverage our existing and growing product portfolio and further develop and grow our medical devices business. The overall Indian medical devices market is expected to grow at a CAGR of 23.0% between Fiscal 2023 to Fiscal 2028 (*Source: 1Lattice Report*). We intend to capitalize on such market dynamics by investing in our growing specialty product portfolio, managing the life cycle of our brands through brand extensions, increasing our reach through expansion of our sales and marketing team, and focusing on promoting our brands by highlighting the efficacy and safety of our differentiated products.

Enhance in-house production capabilities and reduce dependence on imports

We intend to increase our manufacturing capabilities by enhancing the existing production capacities at our Baddi facility during Fiscals 2025 and 2026 and our Masulkhana facility during Fiscals 2025 and 2026, by an aggregate annual total installed capacity of 200 KL. India's medical devices market has expanded rapidly over the years, due to the spread of modern diagnosis and treatment options. (*Source: 1Lattice Report*). In-house manufacturing of the key products has given further impetus to cost reduction and fuelled our medical devices business (*Source: 1Lattice Report*). Since 2016, we have been producing medical devices at its manufacturing facility at Baddi, Himachal Pradesh.

Formulations and OTC Products

Expand geographical footprint and increase customer acquisition

We intend to increase the number of geographies we cater to and achieve deeper penetration in our existing geographies, which will enable higher customer acquisition. We believe with the increased manufacturing capacity, we are poised to increase our geographical footprints and customer acquisition. We intend to continue to strategically select local partners and increase our own on-the-ground sales force in our target markets, which we expect would allow us to quickly and cost-efficiently enhance distribution channels for our products and increase customer acquisition. We aim to continue to focus on technology-driven differentiated products in our formulations and OTC products businesses.

Continued focus on improving efficiency

We aim to continue to maintain our efficiency focus, including in-house integrated manufacturing capabilities across our business to deliver growth as well to achieve economies of scale. As of March 31, 2024, we employed a total of 3,128 employees, and 976 personnel on a contractual basis across our business, including an in-house R&D team for product development, regulatory affairs for obtaining product registrations.

Key Performance Indicators

Please see below details of certain key performance indicators for Fiscals 2024, 2023 and 2022.

Sr. No.	Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
1	Revenue from Operations (1)	1,69,043.25	1,41,753.00	1,54,682.69
2	Growth in Revenue from Operations(2)	19.25%	-8.36%	30.20%
3	Gross Profit (3)	62,800.77	46,178.56	49,750.67
4	Gross Margin (4)	37.15%	32.58%	32.16%
5	EBITDA (5)	17,259.54	8,566.65	15,677.11
6	EBITDA Margin (6)	10.21%	6.04%	10.14%
7	Profit After Tax for the Year	9,615.99	3,867.52	10,168.27
8	PAT Margin (7)	5.69%	2.73%	6.57%
9	Net Worth(8)	83,442.09	73,826.10	69,583.58
10	Capital Employed (9)	89,116.05	78,933.20	72,824.78
11	ROE% (10)	11.35%	5.14%	14.67%
12	ROCE% (11)	15.61%	7.31%	17.73%
13	Asset Turnover Ratio (12)	5.49	5.16	6.28

Sr. No.	Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
14	Net Working Capital Days (13)	58	65	55
15	Debt to Equity Ratio (14)	0.03	0.03	0.03
16	Inventory Turnover Ratio (15)	4.45	3.79	4.65

Notes:

1. *Revenue from operations means the Revenue from operations as appearing in the Annual Consolidated Financial Statements*
2. *Growth in Revenue from Operations (%) is calculated as Revenue from Operations of the corresponding year minus Revenue from Operations of the preceding year, divided by Revenue from Operations of the preceding year*
3. *Gross Profit is calculated as Revenue from operations – Cost of Goods Sold (where Cost of Goods sold is calculated as Cost of Material consumed + Purchase of stock-in-trade + Change in inventory)*
4. *Gross Margin is calculated as Gross Profit for the year divided by revenue from operations*
5. *EBITDA is calculated as Profit before tax + Depreciation + Interest expense*
6. *EBITDA Margin is calculated as EBITDA divided by Revenue from Operations*
7. *PAT Margin is calculated as PAT for the year divided by revenue from operations*
8. *Net worth means the aggregate value of the paid-up share capital and all reserves created out of the free reserves.*
9. *Capital Employed is calculated as adjusted shareholder's wealth (total equity as per financial statements + preference share capital) plus non current borrowings and non current liabilities.*
10. *Return on Equity is ratio of Profit after Tax divided by adjusted shareholder's wealth (total equity as per financial statements + preference share capital)*
11. *Return on Capital Employed is calculated as EBIT (profit before tax + interest expense) divided by capital employed*
12. *Asset Turnover Ratio, i.e, Fixed Asset turnover ratio is calculated by dividing Revenue from operations by average fixed assets ((opening fixed assets+ closing fixed assets)/2)*
13. *Net Working Capital Days are computed as Trade Receivable Days+ Inventory Days - Trade Payable Days; where (I) Trade Receivable days are computed by dividing 365 by Trade Receivable turnover ratio. Trade receivables turnover ratio computed by dividing revenue from operations by average trade receivables (Opening Trade Receivables + Closing Trade Receivables)/2 (II) Trade Payable days are computed by dividing 365 by Trade Payables turnover ratio. Trade Payables turnover ratio is computed by dividing Purchases by Average Trade Payables (Opening Trade Payables + Closing Trade Payables)/2. (III) Purchases are computed as* cost of goods *sold (as defined in point 3 above) + closing inventory - opening inventory. (d) Inventory days are computed by dividing 365 by Inventory turnover ratio. Inventory turnover ratio is computed by dividing Cost of Goods Sold (as defined in point 3 above) by average inventory (Opening Inventory + Closing Inventory)/2.*
14. *Debt Equity Ratio is computed by dividing total debt by adjusted shareholder's wealth (as defined in point 9 above)*
15. *Inventory Turnover Ratio is computed by dividing cost of goods sold (as defined in point 3 above) by average inventory (as defined in point 13 above)*

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections titled "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 39, 75, 188, 176 and 203, respectively.

Issuer	Morepen Laboratories Limited
Face Value	₹ 2 per Equity Share
Issue Size	Issue of up to [●] Equity Shares at a premium of ₹ [●], aggregating up to ₹ [●] lakhs A minimum of 10% of the Issue Size i.e. at least [●] Equity Shares, shall be made available for Allocation to Mutual Funds only and the balance of up to [●] Equity Shares shall be made available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board Resolution	February 22, 2024
Date of Shareholders' Resolution	March 18, 2024
Floor Price	₹ 57.23 per Equity Share The Floor Price for the Issue has been calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through their special resolution passed in their extraordinary general meeting held on March 18, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Price	₹ [●] per Equity Share of our Company (including a premium of ₹ [●] per Equity Share)
Eligible Investors	Eligible QIBs, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations or restricted from participating in this Issue under the SEBI ICDR Regulations. See "*Issue Procedure – Eligible Qualified Institutional Buyers*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 180, 190 and 198, respectively. The list of Eligible QIBs to whom this Preliminary Placement Document and the Application Form is delivered shall be determined by the BRLM in consultation with our Company, at their sole discretion.
Equity Shares issued and outstanding immediately prior to the Issue	51,11,68,708 Equity Shares of face value of ₹ 2 each, being fully paid-up*
Subscribed Equity Share capital prior to the Issue	₹ 10,223.37 lakhs*
Paid-up Equity Share capital prior to the Issue	₹ 10,222.71 lakhs*^
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares*
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act, read with Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 176

Listing and Trading	Our Company has received in-principle approvals, each dated August 1, 2024 from BSE and NSE respectively in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approval for the Equity Shares after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Depository Participant. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.
Lock-in	See "*Placement and Lock-Up – Lock-up*" on page 188 for a description of restrictions on our Company and Promoter in relation to Equity Shares.
Transferability Restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For further details, see "*Transfer Restrictions and Purchaser Representations*" on page 198
Use of Proceeds	The Gross Proceeds from the Issue aggregate up to ₹ [●] lakhs. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and the estimated expenses of the Issue of approximately ₹ [●] lakhs, shall be approximately ₹[●] lakhs, which is proposed to be utilised for (i) funding capital expenditure of our Company towards expansion and development of our manufacturing facilities at Baddi and our Masulkhana; (ii) funding the working capital requirements of our Company; and (iii) general corporate purposes. For additional information on the use of the net proceeds from the Issue, see *"Use of Proceeds"* on page 75.
Risk Factors	See "*Risk Factors*" on page 39 for a discussion of risks you should consider before deciding whether to subscribe for the Equity Shares.
Depositories	NSDL and CDSL
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 203 and 89, respectively
Taxation	See "*Taxation*" on page 206
Closing Date	The Allotment is expected to be made on or about [●]
Status, Ranking and dividends	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of dividends. Our Shareholders (as on record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held. For further details, see "*Description of the Equity Shares*" and "*Dividends*" on pages 203 and 89.
Voting Rights	See "*Description of the Equity Shares – Voting Rights*" on page 205.
Security Codes for the Equity Shares	ISIN: INE083A01026 BSE code: 500288 NSE symbol: MOREPENLAB

* *Pursuant to an order dated July 23, 2019 of the National Company Law Appellate Tribunal, Delhi and an order dated March 12, 2018 of the National Company Law Tribunal, Chandigarh, our Company has cancelled 50,62,872 Equity Shares which have been surrendered by 5,905 shareholders till the date of this Preliminary Placement Document. These Equity Shares form part of the 9,24,90,413 Equity Shares allotted to fixed deposit holders of the Company by way of a scheme of arrangement or compromise between the company and its fixed deposit holders approved by the High Court of Himachal Pradesh on August 4, 2009. Therefore, 50,62,872 Equity Shares have*

been considered (i.e. included) while computing the issued, paid-up and subscribed capital of the Company till the cancellation of these shares becomes effective upon approval of the cancellation of these shares by the Stock Exchanges from the total listed capital of the Company. In this regard, the Company had last made representations to NSE and BSE on March 18, 2023 and April 27, 2023, respectively However, the NSE had responded to the Company on June 5, 2023, stating that the Company had not been able to comply with the order of the National Company Law Tribunal, Chandigarh in its entirety and therefore the exchanges shall not be in a position to further proceed with the application processing for cancellation of shares. Further, as on July 30, 2024, the cancellation of these shares from the total listed capital of the Company has not been approved. Further, as of the date of this Preliminary Placement Document, out of the 9,24,90,413 Equity Shares issued to 82,231 fixed deposit holders,(A) in case of 4,69,11,083 Equity Shares belonging to 40,024 fixed deposit holders, the Equity Shares have been transferred (i.e excluding shares that are partially transferred as mentioned in (c) below), transmitted, or the name of the shareholder deleted or changed or the folio merged in case of physical shares or shareholding has been moved from demat account in which physical shares were dematerialised to another demat account since August 12, 2009, whereas (B) 53,18,139 equity shares belonging to 4,797 erstwhile fixed deposit holders are held "unclaimed suspense account" of the Company in demat mode; (C) in relation to 3,51,98,319 Equity Shares, belonging to 32,505 erstwhile fixed deposit holders, the Equity Shares are lying with erstwhile fixed deposit holders, who were eligible to get the refund of their fixed deposit due amount, however, have yet not surrendered their Equity Shares with the Company for cancellation and claimed refund of their fixed deposit dues in lieu thereof (out of which 2,37,48,324 Equity Shares are held in physical mode, and 1,14,49,995 Equity Shares are held in demat mode and include 24,60,506 Equity Shares, partially transferred i.e. part of those allotted shares were moved from demat account (in which physical shares were dematted) to another account), and (D) 50,62,872 Equity Shares belonging to 4,905 erstwhile fixed deposit holders were transferred to escrow account wherein the shareholders (erstwhile fixed deposit holders) who were eligible to get the refund of their fixed deposit due amount have surrendered their equity shares with the Company for cancellation and claimed refund of their fixed deposit dues in lieu thereof. Out of the said 50,62,872 shares surrendered, (I) 48,17,895 Equity Shares, in physical mode, are marked for extinguishment in the records, will be extinguished upon cancellation of said shares from the total listed capital of the Company by the Stock Exchanges and (II) cancellation of 2,44,977 equity shares, held in demat mode, will be effective in the records of depositories upon cancellation of said shares from the total listed capital of the Company by the Stock Exchanges. Pursuant to resolution of our board of directors dated November 2, 2023, the Board of Directors noted that sufficient opportunity has been given to the eligible fixed deposit holders and the Company has complied with the order of the National Company Law Tribunal, Chandigarh, dated March 12, 2018, and the process of surrender of equity shares for cancellation and refund of fixed deposit dues is concluded. For further details, please see section titled "Risk Factors – Certain Equity Shares of our Company are under cancellation. The cancellation of such Equity Shares may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows" on page 45.

^ *The paid-up share capital of the Company i.e. ₹ 10,222.71 lakhs does not include ₹66,000, in respect of 33,000 equity shares of face value of ₹2 each which were kept in abeyance under section 206A of the Companies Act, 1956 (as per the annual report of our Company for the Fiscal 2001), and on which calls are unpaid. However, the 33,000 equity shares have been included while calculating the number of paid up equity shares, in line with our filings with stock exchanges and the RoC. We are unable to ascertain any further details of such shares which are unpaid including the reason for such shares being kept in abeyance as on the date of this Preliminary Placement Document.*

SELECTED FINANCIAL INFORMATION

The following selected financial information is extracted from and should be read in conjunction with the Audited Consolidated Financial Statements included elsewhere in this Preliminary Placement Document. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 90, for further discussion and analysis of the Audited Consolidated Financial Statements.

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Summary Statement of Assets and Liabilities

All figures in ₹ lakhs

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
A ASSETS			
1. NON-CURRENT ASSETS			
Property, Plant and Equipment and Intangible Assets			
Property, Plant and Equipment	21,320.41	16,699.90	14,664.72
Capital Work in Progress	2445 .18	1,701.37	1,414.58
Goodwill	7447 .42	7,447.42	7,447.42
Other Intangible Assets	1,966.82	2,549.86	3,067.68
Financial Assets :			
Investments	130.10	-	-
Loans	3.59	4.95	5.72
Other Financial Assets	714.15	637.77	584.62
Other Non-Current Assets	6,388.44	6,391.77	6,390.42
	40,416.11	**35,433.04**	**33,575.16**
2. CURRENT ASSETS			
Inventories	24,859.42	22,888.63	27,585.41
Financial Assets:			
Trade Receivables	32,493.81	26,324.70	25,064.31
Cash and Cash Equivalents	1,694.51	2,166.58	1,580.26
Bank Balances other than Cash and Cash Equivalents	3,517.15	3,463.97	3,016.80
Loans	22.43	27.37	34.19
Other Financial Assets	1,438.15	551.27	506.29
Other current assets	24,878.93	20,193.95	15,642.85
	88,904.40	**75,616.47**	**73,430.11**
TOTAL	**1,29,320.51**	**1,11,049.51**	**1,07,005.27**
B. EQUITY AND LIABILITIES			
1. EQUITY			
Equity Share Capital	10,222.71	10,222.71	9,555.86
Other Equity	74,499.91	65,068.10	48,300.26
	84,722.62	**75,290.81**	**57,856.12**
2. MINORITY INTEREST	-	(46.04)	(46.07)
3. NON - CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	336.40	93.35	132.11
Other Financial liabilities	450.42	352.02	344.71
Deferred Tax Liabilities (Net)	224.95	268.60	248.26
Provisions	3,381.66	2,974.46	2,824.45
	4,393.43	**3,688.43**	**3,549.53**
4. CURRENT LIABILITIES			
Financial Liabilities	2,563.52	2,423.06	1,724.79
Borrowings	29,502.75	22,687.93	25,811.56
Trade Payables	5,050.91	5,012.64	15,758.86
Other Financial liabilities	585 .78	368.57	1,126.79
Other Current Liabilities	2,501.50	1,624.11	1,223.69
Provisions	40,204.46	32,116.31	45,645.69
TOTAL	**1,29,320.51**	**1,11,049.51**	**1,07,005.27**

Summary Income Statement

All figures in ₹ lakhs

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
REVENUE			
Revenue from operations (Net)	1,69,043.25	1,41,753.00	1,54,682.69
Other Income	1,397.08	613.34	1,030.72
Total Income (I)	**1,70,440.33**	**1,42,366.34**	**1,55,713.41**
EXPENSES			
Cost of Materials Consumed	88,330.68	78,140.92	79,712.96
Purchases of Stock-in-Trade	17,700.48	15,785.21	26,222.65
Changes in inventories of Finished goods Work-in-progress and Stock-in-Trade	211.33	1,648.31	(1,003.59)
Employee Benefits Expense	18,146.55	15,468.05	16,424.65
Finance Cost	371.02	198.08	(736.55)
Depreciation and Amortization Expense	3,346.95	2,793.04	2,764.25
Other Expenses	28,791.75	22,757.20	19,658.79
Total Expenses (II)	**1,56,898.76**	**1,36,790.81**	**1,43,043.15**
Profit before Tax	**13,541.57**	**5,575.53**	**12,670.26**
Tax Expense			
Current Tax	3,932.22	1,681.78	2,528.49
Earlier periods Tax	(9 03)	5.86	(274.62)
Deferred Tax	(43 65)	20.34	248.26
Total Tax Expense	**3,879.54**	**1,707.98**	**2,502.13**
Profit for the Year (III)	**9,662.03**	**3,867.55**	**10,168.13**
Share of minority interest in Profit/ Loss	46.04	0.03	(0.14)
Profit for the year available for majority shareholders	9,615.99	3,867.52	10,168.27
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss	(275.24)	(200.62)	(46.00)
Tax	(68.01)	(52.59)	(8.90)
Exchange differences on translation of foreign operations	23.05	0.00	0.00
Other Comprehensive Income for the Year (Net of Tax) (IV)	**(184.18)**	**(148.03)**	**(37.10)**
Total Comprehensive Income for the Year (III + IV)	**9,431.81**	**3,719.49**	**10,131.17**
Earning per equity share (Face Value of ₹2 each)			
Basic	1.88	0.77	2.26
Diluted	1.88	0.77	1.96

Summary Cash Flow Statement

All figures in ₹ lakhs

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Tax	13,541.47	5,575.53	12,670.26
Adjustments for:			
Depreciation & Amortization	3,346.95	2,793.04	2,764.25
(Profit)/Loss on Sale of Property, Plant & Equipment, Mutual Funds	0.00	0.00	(36.02)
Exchange differences on translation of foreign operations	23.05	0.00	0.00
Provision for Employee benefit (OCI)	(275.24)	(200.62)	(46.00)
Finance Cost (Net)	371.02	198.08	(736.55)
Minority Interest	(46.04)	(0.03)	0.14
Operating Profit before changes in Current Assets and Liabilities	16,961.31	8,366.00	14,616.08
Changes in Current Assets and Liabilities			
Trade Receivables	(6,169.11)	(1,260.39)	(6,865.89)
Loans, Bank balance other than cash & Cash equivalent and other Current Assets	(5,620.10)	(5,036.42)	(6,390.71)
Inventories	(1,970.79)	4,696.78	(10,052.87)
Current Liabilities	7,947.68	(14,227.64)	5,162.60
Cash generated from operations	11,148.99	(7,461.67)	(3,530.79)
Income Tax (Net)	(3,811.53)	(1,655.39)	(2,493.23)
NET CASH FLOW - OPERATING ACTIVITIES	**7,337.46**	**(9,117.06)**	**(6,024.02)**
CASH FLOWS - INVESTING ACTIVITIES:			
Purchase of Property, Plant & Equipment	(7,138.08)	(3,562.06)	(4,544.62)
Purchase/Addition of Intangibles/Goodwill (Net)	(995.47)	(1,035.14)	(2,192.18)
Proceeds from Sale of Property, Plant & Equipment	5.32	0.00	16.71
Sales/(Purchase) of Investments (Net)	(130.10)	0.00	154.11
Investment in Other Non-Current Assets	(71.69)	(53.73)	3,398.13
NET CASH FLOW - INVESTING ACTIVITIES	**(8,330.02)**	**(4,650.93)**	**(3,167.85)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost	(371.02)	(198.08)	736.55
Proceeds/(Repayments) of Long Term Borrowings (Net)	243.05	(38.76)	49.28
Proceeds/(Repayments) of Short Term Borrowings (Net)	140.46	698.27	103.05
Proceeds from Warrant subscription/Preference Sh. conversion	0.00	13,715.20	5,250.00
Change in Other Non- Current Liabilities & Provisions (Net)	508.00	177.68	494.56
NET CASH FLOW - FINANCING ACTIVITIES	**520.49**	**14,354.31**	**6,633.44**
Net Increase/ Decrease) in Cash and Cash Equivalents (A+B+C)	**(472.07)**	**586.32**	**(2,558.43)**
Cash and Cash Equivalents as at Beginning of the Year	2,166.58	1,580.26	4,138.69
Cash and Cash Equivalents as at End of the Year	1,691.51	2,166.58	1,580.26
Bank Balances other than Cash and Cash Equivalents	**3,517.15**	**3,463.97**	**3,016.80**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022 as per the requirements under Indian Accounting Standard (*"Ind AS 24"*) notified under the Ind AS Rules read with Section 133 of the Companies Act, 2013, see "*Financial Information*", beginning on page 227.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider each of the following risk factors and all the information disclosed in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are those that we consider to be most significant to our business, results of operations and financial conditions as of the date of this Preliminary Placement Document. However, they are not the only risks relevant to us or the Equity Shares or the industry or regions in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business prospects, results of operations, cash flows and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 146, 110 and 90, respectively, as well as the other financial, statistical and other information included in this Preliminary Placement Document.

If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. In making an investment decision, prospective investors must rely on their own examination of us on a consolidated basis and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue.

You should consult your tax, financial and legal advisors about the particular consequences of investing in the Issue. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. You should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For details, please see "Forward-Looking Statements" on page 13.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2024, 2023 and 2022 included herein is derived from the Audited Consolidated Financial Statements as included in this Preliminary Placement Document. For further information, see "Financial Information" on page 227.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled 'Global and Indian Pharmaceutical & Medical Devices Market' dated July 29, 2024 prepared exclusively for the Issue and released by Lattice Technologies Private Limited ("**1Lattice Report**"), commissioned and paid by our Company in connection with the Issue. Lattice Technologies Private Limited was appointed by our Company pursuant to engagement letter dated February 26, 2024. Lattice Technologies Private Limited is not related in any manner to our Company, its Promoter, Subsidiaries, Directors, Key Managerial Personnel, members of Senior Management, or the Lead Manager.*

In this Preliminary Placement Document, unless specified otherwise, any reference to the "the Company" or "our Company" refers to Morepen Laboratories Limited on a standalone basis, and any reference to "we", "us" or "our" is a reference to our Company together with its Subsidiaries, on a consolidated basis, as applicable. In addition, please refer to "Definitions and Abbreviations" on page 17 for certain terms used in this section.

INTERNAL RISKS

1. Any manufacturing or quality control problems may subject us to regulatory action, loss of customers, damage our reputation and have an adverse effect on our business, results of operations, financial condition and cash flows.

We are engaged in the business of developing, manufacturing and marketing of (i) active pharmaceutical ingredients ("**APIs**"), (ii) medical devices, (iii) formulations and (iv) over the counter ("**OTC**") products. We currently operate four multi-purpose manufacturing facilities in India, all our manufacturing facilities are located at in the state of Himachal Pradesh, one manufacturing facility is located at Masulkhana in the state of Himachal Pradesh, one at Baddi in the state of Himachal Pradesh, and two manufacturing facilities are located at Parwanoo in the state of Himachal Pradesh. Our manufacturing facilities are required to comply with quality control systems, including, current good manufacturing practices, other standards stipulated by regulatory agencies such as USFDA, EDQM (Europe), PMDA (Japan), ANVISA (Brazil) and WHO GMP. Our manufacturing facilities and products are subject to periodic inspection/audit by our customers and such regulatory agencies, and if we are not in compliance with any of their requirements, our facilities and products may be the subject of a warning letter, which could result in the withholding of product approval for new products. If we fail to comply with the applicable quality standards specified by these regulators/agencies, or if the relevant accreditation institute or agency declines to certify our products or facilities, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected. The quality of our products is critical to the success of our business and depends on the effectiveness of our quality assurance system, which, in turn, depends on a number of factors, including the design of our facilities, and the checks and balances implemented at the stage of development/manufacturing, and testing processes in line with the regulatory and customer requirements. Any significant failure or deterioration of our quality system could result in defective or substandard products, which, in turn, may result in delays in the delivery of our products and the need to replace defective or substandard products, or cancellation of customer orders. As a result, our reputation, business, results of operations and financial condition could be materially and adversely affected.

Our products, manufacturing processes and their storage are subject to stringent quality standards and specifications, as specified by our customers. For our API business, any change in the product specifications, manufacturing process, manufacturing site, manufacturing method or raw material used, we are typically required to obtain prior consent from our customers. While we believe we undertake the necessary measures and have our quality control and quality assurance teams to ensure that our manufacturing facilities comply with the applicable standards as imposed by our customers, any failure on our part to maintain the applicable standards and manufacture products according to prescribed specifications, may lead to cancellation of the orders, loss of customers, loss of reputation and loss of goodwill of our Company. Additionally, it could expose us to monetary liability and/ or litigation. Occurrence of any event on account of errors and omission could result in damage to our reputation and loss of customers, which could adversely affect our business, operations, our cash flows and financial condition.

Certain developments could adversely affect demand for our products, including the regulatory review of products that are already marketed, new scientific information or the loss of approval of products that we supply, manufacture, market or sell. Our customers to whom we supply our APIs must comply with the regulations and standards of regulatory authorities outside India. Failure to comply with these regulatory requirements, or the receipt by these customers of warning or deficiency letters from regulators/agencies could adversely affect the demand for our products from these customers.

2. ***Our manufacturing facilities are subject to risks, including operational risks such as manufacture, usage and storage of hazardous substances breakdown or obsolescence of plant and machinery, which could increase our manufacturing costs or interrupt our operations and adversely impact our reputation, sales and strategies.***

We currently operate four multi-purpose manufacturing facilities in India, out of which one manufacturing facility is located at Masulkhana in the state of Himachal Pradesh, one manufacturing facility is located at Baddi in the state of Himachal Pradesh, and two manufacturing facilities are located at Parwanoo in the state of Himachal Pradesh. Our business is dependent upon our ability to efficiently manage our manufacturing facilities and the operational risks associated with it, including those beyond our control. For details in relation to our manufacturing facilities, please see "*Our Business – Manufacturing Facilities and Approvals*" on page 153. Any unscheduled, unplanned or prolonged disruption of our manufacturing operations, including, power failure, fire and unexpected mechanical failure of equipment, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, earthquakes and other natural disasters, industrial accidents, any significant social, political or economic disturbances or infectious disease outbreaks or epidemic, pandemic or regulatory order for shut-down, whether temporary or permanent, could reduce our ability to meet the conditions of our contracts and adversely affect sales and revenues from operations in such period. Our manufacturing facilities are subject to operational risks, such as breakdown or failure of equipment, shortage of power supply, obsolescence of equipment or machinery, labour disputes, natural disasters, industrial accidents including fire hazards and the need to comply with regulatory requirements and quality control systems of various jurisdictions. Disruptions in our manufacturing operations could delay production or require us to temporarily or permanently, cease operations at our manufacturing facilities.

Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. For instance, complex machineries such as reactor, centrifuge, multimill, rotary vacuum dryer and others require continuous maintenance and are susceptible to wear and tear. We may also be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals, which may require our manufacturing facilities to cease, or limit, production until the disputes concerning such approvals are resolved. As regulatory approvals are site specific, we may be unable to transfer manufacturing activities to another location immediately. Moreover, some of our products are permitted to be manufactured at only such facilities that have received specific approvals, and any shut down of any such facility, including due to non-renewal of specific approvals, will result in inability to manufacture the relevant products for the duration of such shut down. We may also be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections and testing, or may shut down certain facilities for capacity expansion and equipment upgrades. Further, we may face protests from local communities at our existing facilities or while setting up new facilities, which may delay or halt our operations.

Certain raw materials that we use such as Ethyl Chloroformate, Boron Tri fluoride (BF3) Gas and N Diisopropylethylamine are hazardous and flammable and require expert handling and storage, failing which we may be exposed to fires or other industrial accidents. Our manufacturing processes involve manufacturing, storage and transportation of various hazardous and flammable substances, such as acetonitrile, hydrogen fluoride and methanol. While we believe we have invested in adequate engineering and safety infrastructure, provided adequate training to our employees and engaged external and internal experts and that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process or storage of products and certain raw materials, may cause industrial accidents, fire, loss of human life, damage to our and third-party property and, or environmental damage. For instance, in 1990-91, an incident at the Masulkhana Facility resulted in the spillage of Light Hydrocarbon Solvent (LHSH), leading to a chemical fire. Consequently, the Pollution Control Board imposed a penalty of ₹ 2.40 lakhs for non-compliance with safety standards. If any industrial accident, loss of human life or environmental damage were to occur we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. Similarly, there is no assurance that those of our manufacturing facilities unaffected by an interruption will have the capacity to increase their output to manufacture products in lieu of the affected manufacturing facilities (or have the ability to manufacture the same products).

In addition, our operations are subject to various risks and hazards associated with the manufacturing of our products, which may adversely affect our profitability, including natural calamities, breakdown of operations, loss or shutting down of our manufacturing facilities, failure or substandard performance of equipment, third party liability claims, litigation filed by unsatisfied customers for non-receipt of committed supplies, labour disturbances or strikes due to wage demands, employee frauds and infrastructure failures. Any disruption at our manufacturing facilities on account of any of these factors could result in interruption of our manufacturing process and delay the delivery of products to our distributors and customers. We cannot assure you that such incidents will not occur or will not result in major disruptions, including shutdown of any of our facilities, or accidents or fatalities, resulting in loss of production. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections, customer audits and testing, or may shut down certain facilities for capacity expansion and equipment upgrades. For instance, in 2023, production at the Baddi Formulations unit was halted on account of revocation of cGMP approval for maintenance due to a deficiency in maintaining Good Manufacturing Practices (GMP) standards. Further, any labour disruptions or delay in delivery of equipment by our suppliers or any disruption in the power supply, may result in us breaching our product deadlines and thereby, materially adversely affecting our business, cash flows, financial conditions and results of operations.

3. ***We are subject to extensive government regulation both in and outside India and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, results of operations and cash flows may be adversely affected.***

Our operations are subject to extensive government regulations applicable to Indian and international pharmaceutical market. We are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business and for our manufacturing facilities. Also, many international regulatory authorities must approve our manufacturing facilities before we can sell our products, irrespective of whether these products are approved in India. Currently, we have approvals for our manufacturing facilities as applicable from USFDA, EDQM (Europe), PMDA (Japan), ANVISA (Brazil) and WHO GMP. A majority of these approvals require timely renewal. The cost and time taken to acquire such authorizations and approvals in a timely manner can be substantial.

We are also required to obtain and maintain a number of statutory and regulatory licenses, permits and approvals for carrying out our business in India, including consents to establish and operate under environmental laws, which are granted for a limited duration and require timely renewal. We are also required to obtain factory related statutory licenses and certifications for our manufacturing facilities including factory license, fire NOC, metrology certifications, boiler certifications and other equipment related approvals, which require timely renewal post regulatory inspections. We cannot assure that such approvals, licenses and registrations will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be materially adversely affected.

Moreover, there is continuous downward pricing pressure from insurers and patients alike, which gets transferred from formulation companies to API suppliers, thus impacting the profit margins. Our success depends, in part, on the extent to which government and health administration authorities, private health insurers and other third-party purchasers pay for drugs that contain our products. Increasing expenditures for healthcare have been the subject of considerable public attention in almost every jurisdiction where we conduct business. Many countries in which we currently operate, including India, pharmaceutical prices are subject to extensive regulation. Both private and governmental entities are seeking ways to reduce or contain healthcare costs by limiting both coverage and the level of reimbursement for new products. Any restriction on the ability of our customers to freely set prices for their drugs that contain our products, may in turn adversely affect our ability to freely price our products and consequently reduce our profits.

We are subject to extensive and dynamic medical device regulation, which may impede or hinder the approval sale of our products and, in some cases, may ultimately result in an inability to obtain approval of certain products or may result in the recall or seizure of previously approved products. We produce blood gluco monitors, devices to measure blood glucose levels and blood pressure monitors, devices to measure blood pressure and also produce and supply various other medical devices such as stethoscope, pulse oximeters, weighing scales, pregnancy test kits and digital thermometers. Our products, marketing, sales and development activities and manufacturing processes are subject to extensive and rigorous regulation by regulatory authorities across geographies. In India, we are required to comply with various legislations including the Medical Devices Rules, 2017, Drugs and Cosmetics Act, 1940, Drugs and Cosmetics Rules, 1945, the Factories Act, 1948, the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, Legal Metrology Act, 2009 and the Legal Metrology (Enforcement) Rules of the various states we operate in and obtain specific approvals, consents and authorizations from the relevant authorities under such statutes. The process of obtaining marketing approval or clearance for new products, or with respect to enhancements or modifications to existing products, could:

- take a significant period of time,
- require the expenditure of substantial resources,
- result in limitations on the indicated uses of products.

In addition, exported APIs/medical devices are subject to the regulatory requirements of each country to which these products are exported, including the FDA in the United States, and comparable agencies in other countries. Medical devices must receive FDA clearance or approval or an exemption from such clearance or approval before they can be commercially marketed in the U.S. Certain countries may require that product approvals be renewed or recertified on a regular basis. The renewal or recertification process requires that we evaluate any device changes and any new regulations or standards relevant to the device and conduct appropriate testing to document continued compliance. Where renewal or recertification applications are required, they may need to be renewed and/or approved in order to continue selling our products in those countries. There can be no assurance that we will receive the required approvals for new products or modifications to existing products on a timely basis or that any approval will not be subsequently withdrawn or conditioned upon extensive requirements.

Regulations regarding the development, manufacture and sale of medical devices are evolving and subject to future change. We cannot predict what impact, if any, those changes might have on our business. Failure to comply with regulatory requirements could have a material adverse effect on our business, financial condition and results of operations. Later discovery of previously unknown problems with a product or manufacturer could result in fines, delays or suspensions of regulatory clearances or approvals, seizures or recalls of products, physician advisories or other field actions, operating restrictions and/or criminal prosecution. The failure to receive product approval clearance on a timely basis, suspensions of regulatory clearances, seizures or recalls of products, physician advisories or other field actions, or the withdrawal of product approval by regulatory authorities in India and in foreign countries could have a material adverse effect on our business, financial condition or results of operations.

Further, changes in laws and regulations, more stringent enforcement or alternative interpretation of existing laws and regulations in geographies in which we currently operate may make compliance with all applicable laws and regulations more challenging and could affect us adversely by tightening restrictions, reducing our freedom to do business, increasing our costs of doing business, or reducing our profitability. Government approvals and licenses are subject to numerous conditions, of which some may be onerous and may require us to undertake substantial compliance-related expenditure which may or may not be possible to do. In case we are unable to meet these changes in regulations, our business may be adversely affected.

4. ***We are unable to trace some of our historical corporate records including minutes of the board and shareholders meetings and corresponding form filings and challans. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation. There have also been certain instances of inaccuracies or clerical errors in our historical corporate records in the past.***

We are unable to trace certain corporate records, including statutory form filings and challan, made with the RoC, board and shareholders resolution in relation to appointment of our Directors, allotment of certain equity shares since incorporation of our Company, and the registered office of our Company, as the relevant information was not available in the record maintained by the Company or on the online portal of the Ministry of Corporate Affairs ("**MCA**") or in the physical records available at the RoC premises. Despite conducting internal searches and engaging an independent practicing company secretary, i.e., by M/s. Rohit Parmar & Associates, to conduct a physical search of our records at the RoC, we have not been able to trace the following secretarial and corporate records:

Serial Number	Particulars
Corporate records in relation to the Board of Directors	
1.	Form DIR-2 (consent to act as Director) for Sushil Suri, Manoj Joshi, Sukhcharan Singh and B.R. Wadhwa and the initial form DIR-2 and form DIR-2 due to change in the designation/ regularisation of these Directors.
2.	Form 32 (appointment as a Director) and challan, for Sushil Suri on February 1, 1992.
3.	Form 32 (regularisation as a Director) and challan, for Sushil Suri on May 25, 1992.
4.	Form 32 (regularisation as a Director) and challan, for Manoj Joshi on September 29, 1993.
5.	Form 32 (regularisation of appointment as an Independent Director) and challan , for Bhupender Raj Wadhwa on August 18, 2005.
6.	Form 32 (regularisation as an Independent Director) and challan, for Sukhcharan Singh on August 18, 2005.
7.	Form DIR-3 for allotment of DIN for the Directors including Sushil Suri, Sanjay Suri, Manoj Joshi, Bhupender Raj Wadhwa, Praveen Kumar Dutt, Sukhcharan Singh and Savita.
Corporate records in relation to the Registered office of our Company	
8.	Form 18 for the noting of the Registered Office of our Company.
Corporate records in relation to the capital structure of our Company	
9.	List of allottees of the allotment of equity shares since the incorporation of the Company, as listed below. - allotment of 1,600 equity shares on January 2, 1985, pursuant to a rights issue of equity shares; - allotment of 2,400 equity shares on December 1, 1986, pursuant to a further issue of equity shares; - allotment of 2,500 equity shares on September 1, 1989, pursuant to a further issue of equity shares; - allotment of 13,498 equity shares on March 10, 1991, pursuant to a further issue of equity shares; - allotment of 13,00,000 equity shares on August 31, 1992, pursuant to a rights issue of equity shares; - allotment of 34,00,000 equity shares on January 8, 1993, pursuant to an initial public offering of our Company; - allotment of 26,00,000 equity shares on May 18, 1995, pursuant to the conversion of fully convertible debentures; - allotment of 78,00,000 equity shares on December 19, 1996, pursuant to a rights issue of equity shares; - allotment of 92,490,413 equity shares on August 12, 2009 pursuant to the further issue of equity shares pursuant to the Scheme of Arrangement or Compromise between the Company and its Fixed Deposit Holders sanctioned by an order dated August 4, 2009 by the High Court of Himachal Pradesh.
10.	Form 2 along with the corresponding challan, board resolution and the shareholders' resolution and the Form 23 along with the corresponding challan approving the issue and allotment of 2,600,000 equity shares dated May 18, 1995.
11.	Form 2 along with the corresponding challan and the board resolution approving the issue for allotment of 1,600 equity shares dated January 2, 1985.
12.	Form 2 along with the corresponding challan and the board resolution approving the issue for allotment of 2,400 equity shares dated December 1, 1986.
13.	Form 2 along with the corresponding challan and the board resolution approving the issue for allotment of 2,500 equity shares dated September 1, 1989.
14.	Form 2 along with the corresponding challan and the board resolution approving the issue for allotment of 13,498 equity shares dated March 10, 1991.
15.	Form 23 along with the corresponding challan and the Form 5 along with the corresponding challan for sub-division of equity shares of the Company from face value of ₹ 100 each into face value of ₹ 10 each dated March 7, 1992.
16.	Form 23 along with the corresponding challan, the challan for Form 2, and the board resolution and shareholders resolution approving the issue for allotment of 50,000 Equity Shares dated March 30, 1992.
17.	Form 23 along with the corresponding challan, board resolution for allotment of 250,000 Equity Shares on March 31, 1992 and shareholders resolution approving the issue of 250,000 Equity Shares allotted on March 31, 1992.
18.	Form 23 along with the corresponding challan and the shareholders resolution approving the initial public offering dated January 8, 1993.
19.	Form 23 along with the corresponding challan, and the Form 2 along with the corresponding challan, the board resolution for allotment of 2,600,000 Equity Shares dated May 18, 1995, the board resolutions authorizing the issue and allotment of convertible debentures pursuant to conversion of which such Equity Shares were allotted.
20.	Form 23 along with the corresponding challan and the board resolution approving the issue of 2,500,000 Equity Shares allotted on February 8, 2000.
21.	Form 23 along with the corresponding challan for the allotment of 50,000,000 Equity Shares dated March 30, 2003.
22.	Board resolution approving the issue of allotment of 10,540,000 Equity Shares dated May 19, 2004.
23.	Board resolution approving the issue of allotment of 9,000,000 Equity Shares dated August 25, 2005 pursuant to conversion of warrants.
24.	Board resolution authorising issue of 510 warrants pursuant to conversion of which 51,000,000 Equity Shares were allotted on October 27, 2005

Serial Number	Particulars
25.	Form 23 along with the corresponding challan and the shareholders resolution authorising the allotment of 92,490,413 Equity Shares dated August 12, 2009.

While we have requested the Registrar of Companies, Himachal Pradesh at Chandigarh by our email dated August 1, 2024 for a copy of the relevant approvals obtained for such allotments, we cannot assure you that such approvals will be traceable at all. Accordingly, we have relied upon the ROC search certificate dated August 1, 2024 prepared by M/s. Rohit Parmar & Associates, Company Secretaries for the disclosures in relation to the abovementioned equity share allotments in this Preliminary Placement Document. Certain information in relation to share allotments and appointment of Directors has been disclosed in the sections "*Capital Structure*", and "*Board of Directors and Senior Management*" on pages 82 and 160, respectively, in this Preliminary Placement Document, based on the form filings, minutes of the meetings of our Board and shareholders and annual reports of our Company (to the extent available) and information available to our Company and the details provided in the search report dated August 1, 2024 prepared by M/s. Rohit Parmar & Associates, Company Secretaries.

Our Equity Share capital also accounts for the re-issue of 3,552 equity shares on March 28, 2000, which were forfeited during the Fiscal 2000 due to non-payment of call money (as per annual reports of our Company for the Fiscals 2001, and 2002, and resolution of our Board of Directors on March 28, 2000). However, we are unable to trace the details of the then holders of forfeited shares or the particular allotment from which the forfeited shares arose and the details of the allottees of those shares upon re-issue. Further, as per the annual report of our Company for Fiscal 2001, our Company also undertook annulment of 760 equity shares during the Fiscal 2001 and of 704 equity shares during the Fiscal 2000. However, we are unable to trace the details of such annulment of shares in the records of our Company.

We may not be able to furnish any further information other than as already disclosed in "*Capital Structure*" and "*Board of Directors and Senior Management*" beginning on pages 82 and 160 or furnish any further documents evidencing such allotments or transfers or appointment. We cannot assure you that the records mentioned above will be available in the future or that the information gathered through other available documents is correct. We also cannot assure you that the filing of all the forms mentioned above was done, at all or in timely manner, and although no regulatory action / litigation is pending against us in relation to such untraceable approvals, we cannot assure you that such regulatory action or litigation may not arise in the future and that we will not be subject to any adverse action including imposition of penalties by any authority in relation to such untraceable records.

In the past, there have been certain instances of inaccuracies or clerical errors in our historical corporate records. Examples of such inaccuracies are listed below:

- The number of shares forfeited was erroneously mentioned as '3,548' instead of '3,552' in the annual report of our Company for Fiscal 2000.
- The number of shares allotted to Kanta Suri was wrongly mentioned as '30,000' instead of '3,000' in the resolution of our board of directors on August 31, 1992 for allotment of shares pursuant to rights issue.
- The minutes of the meeting of our board of directors on December 1, 1986, wrongly mentions the total number of shares allotted as '1,600' and '4,000' instead of '2,400'.

We cannot assure you that such inaccuracies will not happen in the future and that our Company will not be subject to any action, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in any of its secretarial records and filings, which may adversely affect our operations and financial position.

5. ***The form FC-GPR and the RBI acknowledgement for some allotments of equity shares could not be traced as the relevant information was not available in the records maintained by our Company. We cannot assure you that we will be able to trace such approvals which may subject us to regulatory action, loss of customers, damage our reputation and have an adverse effect on our business, results of operations, financial condition and cash flows.***

We have been unable to trace the Form FC-GPR and the RBI acknowledgement in relation to (i) an allotment of 50,000,000 Equity Shares to the Bank of New York (as depository bank) on March 30, 2003, and (ii) an allotment of 38,530,000 Equity Shares to GL India Mauritius III Limited on December 28, 2007. We have relied upon other supporting documents available in our records, including form filings filed with the RoC and the resolutions passed by our Board, in relation to such allotments.

The list of allottees in relation to the certain allotments of equity shares since the incorporation of the Company till the allotment made on August 12, 2009 (except for allotments dated March 30, 1992, March 31, 1992, February 8, 2000, March 30, 2003, May 19, 2004, August 25, 2005, October 27, 2005, May 4, 2007, December 28, 2007, and February 9, 2008) are untraceable. Therefore, we are unable to determine if any of the allottees to whom equity shares were allotted, are persons resident outside India, and if any form FC-GPR or an RBI approval was to be filed/ obtained for such allottees.

Although no regulatory action / litigation is pending against us in relation to such untraceable approvals, we cannot assure you that such regulatory action or litigation may not arise in the future. Any actions, including legal proceedings if initiated by regulatory or statutory authorities, may have an adverse effect on our financial condition or reputation.

6. ***Certain Equity Shares of our Company are under cancellation. The cancellation of such Equity Shares may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.***

Our Company had defaulted on its repayment to the fixed deposit holders, pursuant to which certain holders filed application under Section 58A(9) of the Companies Act, 1956 before the erstwhile Company Law Board ("**CLB**") which then took *suo moto cognizance*. In a hearing held on June 12, 2003, our Company proposed various options for repayment of deposit to the fixed deposit holders and again submitted a revised option on June 16, 2003. Our Company was directed to publish the repayment schedule scheme in two leading newspapers. After considering submissions made on behalf of fixed deposit holders and our Company, the CLB approved a scheme of repayment vide order date August 19, 2003. As per the modified scheme (i) interest payable was supposed to be contracted rate up to maturity date and at 7% after date of maturity; (ii) deposits of up to ₹0.05 lakhs would have to be made within one year from maturity date; (iii) deposits of ₹0.05 lakhs to ₹0.2 lakhs would have to be paid within 4 years from date of maturity at 20% for first three years and balance 40% in fourth year; (iv) deposits of ₹0.2 lakhs to ₹0.5 lakhs would have to be paid within four years from date of maturity at 15%, 20%, 25% and 40% respectively; (v) deposits of ₹0.5 lakhs and above would have to be paid within four years from date of maturity at 10%, 15%, 35% and 40% respectively; (vi) post-dated cheques for first instalment would have to be issued to depositors who have submitted the original fixed deposit receipt; (vii) scheme was applicable to all depositors whether overdue or yet to mature and whether application has been filed before CLB or not. To address the ongoing concerns, our Company approached the High Court of Himachal Pradesh at Shimla ("**Shimla High Court**") under Section 391 of the Companies Act, 1956 in June 2004 wherein the terms of settlement prayed in the petition dated April 8, 2004 filed before the CLB were reiterated and included in this petition before the Shimla High Court. On the other hand, the corporate debt restructuring proposal filed by the Company was approved by empowered group of corporate debt restructuring ("**CDREG**") vide letter dated July 27, 2006, *via* which certain lenders opting for one time settlement were paid while other stayed with the Company and were given equity and preference shares in the Company. In June 2008, our Company moved u/s 391(1) of the Companies Act, 1956 r/w Rule 9 of the Company Court Rules, 1959 for modification of the scheme of arrangement proposed earlier, necessitated by the fact that the banks and financial institutions had been settled and paid under corporate debt restructuring (CDR) package and were therefore out of the scope of any further compromise or arrangement. This modification was approved by the Shimla High Court on August 4, 2009 ("**Scheme**"). As per the approved scheme, the fixed deposit holders would be issued equity shares of the Company to the extent of 75% of the principal fixed deposit ("**FD**") amount outstanding and the balance 25% of the principal amount along with the entire interest accrued was waived off. On August 12, 2009 the Board of Directors of our Company made an allotment of 9,24,90,413 Equity Shares of Rs. 2/- each (equivalent to 75% of the principal outstanding FD amount) at an issue price of ₹11.32 per share in accordance with the SEBI (DIP) Guidelines, 2000 formula, to all the fixed deposit holders. Objecting to such modification of scheme, the central government filed an appeal before the division bench of the Shimla High Court. On August 27, 2009, the division bench of the Shimla High Court allowed the Company to implement the scheme subject to the final decision in the appeal. Post certain proceedings, the Shimla High Court on September 14, 2010 set aside its order dated August 4, 2009 and sent the matter back the single judge of Shimla High Court to consider presentation filed by ROC Chandigarh (which they had failed to file earlier while the modification plea was filed by the Company). The Company challenged the Shimla High Court's order dated September 14, 2010 before the Supreme Court which disposed of the appeal and remitted the matter to the single judge of Shimla High Court for adjudication. Additionally, the Regional Director of ROC Chandigarh *vide* its letter dated October 2010 to SEBI, requested delisting of the allotted shares, however, the request was declined as third party rights would have been created by now since the shares were trading for last few months and that such delisting would impact the investors negatively. On April 5, 2017, the matter before the Shimla High Court was transferred to the NCLT, Chandigarh Bench. On March 12, 2018, the NCLT pronounced its order ("**Order**") and set aside the scheme of arrangement and ordered our Company to pay the outstanding amount as per the scheme approved by the CLB to the original fixed deposit holders within three months from the date of receipt of the certified copy of the judgment. However, the Order did not affect allotment of shares to fixed deposit holders who have traded/transferred the allotted shares. The NCLT directed that the dematerialised shares which have not been transferred by the allottees would have to be cancelled as the scheme has been set aside, and the Company shall pay the fixed deposit holders as per the original scheme approved by the CLB within three months of the NCLT Order. Our Company filed an appeal against the NCLT Order before the National Company Law Appellate Tribunal ("**NCLAT**"). On July 23, 2019 the NCLAT upheld the Order passed by the NCLT. The Company had published an advertisement in the newspapers in August 2019 and July 2020 and requested the eligible shareholders to submit necessary information. In response to the advertisement placed in the newspapers, the individual notice sent to each eligible fixed deposit holder, and notices placed on the website of our Company, for tendering of their equity shares with the company for the cancellation and payment of fixed deposit dues in lieu thereof, only 4,905 fixed deposit holders holding 50,62,872 Equity Shares, approached the company for the cancellation of equity shares and payment of FD dues in lieu thereof. After verifying the documents submitted by these fixed deposit holders, our Company paid all these fixed deposit holders, their fixed deposit dues and has approached the stock exchanges and depositaries for the cancellation of these shares, against which pay-out has been made by our Company.

As on the date of this Preliminary Placement Document, 50,62,872 Equity Shares of our Company are pending cancellation before stock exchanges. For details in relation to the status of these Equity Shares, please see the section titled "*Capital Structure*" on page 82. While our Company has sought an update from the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**", and together with the BSE, "**Stock Exchanges**"), by way of our letters dated March 18, 2023 and April 27, 2023, respectively, we have received a responses from NSE stating that our Company had not been able to comply with the order of the National Company Law Tribunal, Chandigarh in its entirety and therefore the exchanges shall not be in a position to further proceed with the application processing for cancellation of shares. As on the date of this Preliminary Placement Document, the cancellation of these shares from the total listed capital of the Company has not been approved. The Board of Directors on November 2, 2023, noted that sufficient opportunity has been given to the eligible fixed deposit holders and the Company has complied with the order of the National Company Law Tribunal, Chandigarh, dated March 12, 2018, and the process of surrender of equity shares for cancellation and refund of fixed deposit dues is concluded.

We cannot assure you that these Equity Shares will not be cancelled in the future. In the event that the Equity Shares are cancelled, it would result in a reduction of our share capital and consequently an increase in the percentage holding of the existing shareholders of the Company.

7. ***Our Company, Subsidiary, Promoters and Directors are currently involved in litigation proceedings and any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.***

There are outstanding legal and regulatory proceedings involving our Company, Subsidiaries, Promoter and Directors which are pending at different levels of adjudication before various courts, tribunals and other authorities. For details, please see "*Legal Proceedings*" on page 210.

We cannot assure you that such outstanding legal proceedings will be decided in our favour or that any financial provisions we have made for such legal proceedings will be sufficient. We cannot also assure that in the future, our Company, Subsidiary, Promoters and Directors will not get involved in legal proceedings and that those legal proceedings will be decided in our favour. Involvement in such proceedings could divert our management's time and attention and consume financial resources. We cannot assure you that no additional liability will arise out of these proceedings. Decisions in such proceedings adverse to our interests may have an adverse effect on our business, results of operations and financial condition.

Our revenues, business, results of operations and financial condition may also decline as a result of any regulatory action against us. For instance, in relation to a Global Depository Receipts issue made by our Company on March 30, 2003, SEBI had prohibited our Company from accessing the securities market, directly or indirectly, and also restrained our Company from buying, selling or otherwise dealing in the securities including units of mutual funds, either directly or indirectly or in any other manner whatsoever, for a period of one year with effect from the SEBI order dated September 24, 2019 ("**Impugned Order**"). On April 15, 2021, SAT allowed the Company's appeal and quashed the Impugned Order. On July 20, 2021, SEBI filed a civil appeal before the Supreme Court of India ("Supreme Court") to set aside the SAT Order. Our Company filed a counter affidavit against the appeal filed by SEBI, praying for dismissal on September 3, 2021. On October 8, 2021, SEBI filed an affidavit in rejoinder. This matter is currently pending before the Supreme Court of India. For details, please see "*Legal Proceedings - Actions taken by regulatory and statutory authorities*" on page 216. While we are not prohibited from accessing the securities market directly or indirectly, or restrained from buying, selling or otherwise dealing in the securities as on the date of this Preliminary Placement Document, we cannot assure you that this proceeding will be decided in our favour and any non-compliance with securities laws and/or consequent disciplinary actions by SEBI or any other governmental authorities may severely impact our reputation, business operations and ability to raise funds in the future. Further, there can be no assurance that such actions will not be taken against us in the future and our failure to effectively react to such situations could adversely affect our reputation, business, prospects, result of operations and financial condition.

Further, the Union of India through the Serious Fraud Investigation Officer, Ministry of Corporate Affairs had filed two complaints against our Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. Sanjay Suri (our Director), in relation to, among other things, certain allotments made by and transfer of shares of, our subsidiary namely Dr. Morepen Limited ("**DML**"), investment of ₹49.24 crore in DML by our Company and an agreement entered into by our Company with DML to lease the trade mark "Dr. Morepen" from DML to our Company for a fee of 10% of our Company's net revenues of certain goods subject to a minimum of ₹ 250 lakhs per annum.

These matters are currently pending before the Court of the Chief Judicial Magistrate, Solan, for more details please see "*Legal Proceedings – Litigation against our Company – Criminal Proceedings*" on page 211. We cannot provide any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business, results of operations, financial condition and cash flows of our Company, delay in implementation of our current or future projects and results of operations. There can be no assurance that the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace or that we will be able to recover any losses incurred from third parties, regardless of whether we are at fault.

8. Our business depends on our relationships with suppliers for sourcing of raw materials. Any adverse changes in such relationships, or our inability to enter into new relationships, could adversely affect our business and results of operations.

Our business, financial condition and results of operations are significantly impacted by the availability and cost of raw materials, particularly chemicals for APIs, APIs for formulations, plastic moulds, hydrophilic sheets for gluco strips & plastics for glucometers and blood pressure monitors, boxes for devices and raw materials for OTC business. For Fiscal 2024, Fiscal 2023 and Fiscal 2022, our cost of raw materials was amounted to ₹ 1,07,865.64 lakhs, ₹ 90,885,49 lakhs and ₹ 1,14,975.08 lakhs, respectively, comprising 68.75%, 66.44% and 80.38% of our total expenses in Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively.

We rely on third parties for the supply of raw materials. Our ability to identify and build relationships with reliable vendors contributes to our growth and our successful management of our inventory as well as other aspects of our operations. Our raw material comprise chemicals for manufacture of API, API for manufacture of formulations and sheets of gluco strips, plastic for manufacture of blood gluco and blood pressure meters and other inputs for manufacture of other home health devices for manufacture of APIs and medical devices, that we source from third-parties based on purchase orders and without any long-term contracts with these suppliers.

While we enter into agreements governing our relationship with our suppliers, we do not enter into any exclusive arrangements with our suppliers and our current arrangements may not remain in effect, or on similar terms, or at all, as our supplier agreements may be mutually terminated by either party at any given time without reason. Any adverse changes in such relationships, or our inability to enter into new relationships with suppliers, could have an adverse effect on our ability to offer services. While none of our suppliers have withdrawn their services or modified the terms of the arrangements causing disruptions in supply during Fiscals 2024, 2023 and 2022, we cannot assure you that such withdrawals will not take place in the future.

Please see below the cost incurred by us towards purchase of raw materials as a percentage of our revenue from operations from our key suppliers in Fiscals 2024, 2023 and 2022.

Key Suppliers	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (In ₹ lakh)	As a percentage of total revenue from operations (%)	Amount (In ₹ lakh)	As a percentage of total revenue from operations (%)	Amount (In ₹ lakh)	As a percentage of total revenue from operations (%)
Supplier 1	18,621.90	11.02%	11,362.37	8.02%	14,380.82	9.30%
Supplier 2	8,756.28	5.18%	11,636.27	8.21%	12,916.40	8.35%
Supplier 3	5,903.63	3.49%	3,019.53	2.13%	2,030.47	1.31%
Supplier 4	2,219.17	1.31%	1,051.91	0.74%	2,551.99	1.65%
Supplier 5	1,994.10	1.18%	389.40	0.27%	382.42	0.25%
Supplier 6	1,598.91	0.95%	623.85	0.44%	513.61	0.33%
Supplier 7	1,491.50	0.88%	1,724.10	1.22%	1,501.90	0.97%

As we export 38.32% of our total products as on March 31, 2024, including to countries in USA, Europe, Canada and China, we need our raw material to meet the quality standards prescribed in these countries. In respect of the products that we sell domestically, we are required to meet with quality standards prescribed by the Indian Government. If we are unable to obtain adequate supplies of raw material in a timely manner or on commercially acceptable terms, or if there are significant increases in the prices of the raw material, our business and results of operations may be materially and adversely affected. To the extent that we are unable to secure adequate supplies of raw material which meet our quality standards or are unable to pass on the price increases to our customers and distributors, our results of operations and financial condition may be adversely affected.

Our raw material suppliers may fail to consistently deliver products of acceptable quality and within stipulated schedules, which may adversely affect our operations. We may be required to replace a supplier if its products do not meet our safety, quality or performance standards or if a supplier should unexpectedly discontinue operations due to reasons beyond its or our control (including financing constraints caused by credit market conditions).

Factors such as the financial instability of suppliers, non-compliance with applicable laws, trade restrictions, labour disputes, currency fluctuations, changes in tariff or import policies, severe weather, political uncertainty, terrorist attacks and transport capacity and cost may disrupt our supply chains, which may result in increased costs or delivery delays. There is no assurance that third party suppliers will be able to meet their contractual commitments to us, or that we will not be required to incur additional costs to remedy any deficiencies in their services or to obtain alternative sources of supply in the event that our contracted suppliers should default or be delayed in their performance. A significant disruption in supply of raw material or contract labour may, in turn, disrupt our operations and adversely affect our inventory management, business and financial condition, at least until alternative sources of supply of goods and services are arranged.

9. ***Our business is dependent on certain principal customers and the loss of, or a significant reduction in purchases by such customers could adversely affect our business, financial condition, results of operations and future prospects.***

Our revenue generated from sales to our top 10 customers amounted to ₹ 49,849.15 lakhs, ₹ 37,412.54 lakhs and ₹ 32,554.53 lakhs and represented 29.49%, 26.39% and 21.05% respectively, of our revenue from operations in Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively. A majority of our total revenue is derived from our top 10 customers from our API portfolio. Some of our customers may start manufacturing APIs at their own facilities and may discontinue purchasing APIs from us. Delays in successfully generating demand for utilization of upcoming capacity may result in lack of proportionate increase in our revenues and results of operations, vis-à-vis capacity increase. In addition, there can be no assurance that we will be able to maintain historic levels of business with our key customers.

We face the risk of the loss of all or any of our customers as we do not enter into any long-term agreements with our customers and are dependent on our relationships with them. Relationships with our customers could be adversely affected by various factors, including delays on our part with respect to completion of the orders placed; failure to renew our existing arrangements with one or more of our significant customers; and failure to renegotiate favourable terms with our key customers, all of which could have a material adverse effect on our business, financial condition, results of operations and future prospects. Further, since our business is presently concentrated among a few significant customers, we may also experience reduction in cash flows and liquidity if we lose one or more of our top customers due to any dispute with respect to our contractual arrangements.

Additionally, the loss of any key customer may significantly affect our revenues and we may have difficulty securing comparable levels of business from other customers or may not be able to secure new customers in a timely manner or at all to offset any loss of revenue from the loss of any of our key customers, including our largest customer or even our top five customers. We may also not be able to easily re-allocate our resources and assets in a timely or efficient manner. Additionally, in order to retain some of our significant customers we may also be required to offer terms to them that may place restraints on our resources and reduce our profitability. The loss of our key customers or a reduction in the amount of business we obtain from them, whether due to circumstances specific to such customer, such as pricing pressures, or adverse market conditions affecting our supply chain, the pharmaceutical industry or the economic environment generally, such as the COVID-19 pandemic and any delay in replacing these customers or reduction in business with new customers could have an adverse effect on our business, results of operations and financial condition.

10. ***We derive a significant portion of our revenue from operations from our API portfolio. If we are unable to diversify our customer base or diversify our revenues, any decline in this business may subject us to loss of customers, damage our reputation and have an adverse effect on our business, results of operations, financial condition and cash flows.***

We have historically derived a significant portion of our revenue from our API portfolio which amounted to ₹ 94,440.75 lakhs, ₹ 81,792.33 lakhs, and ₹ 86,372.27 lakhs and represented 55.87%, 57.70% and 55.84% of our revenue from operations in Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively. Therefore, any developments in the pharmaceutical industry in these regions could have an impact on our operations.

In addition, our revenues from this business may decline as a result of increased competition, regulatory action, pricing pressures, fluctuations in the demand for or supply of our products, or the outbreak of an infectious disease such as COVID-19. Our failure to effectively react to these situations could adversely affect our business, prospects, results of operations and financial condition. If we are unable to effectively address or comply with changes in laws, or meet the conditions stipulated in our licenses in relation to API, we may be subject to penalties and other regulatory actions, which could adversely affect our reputation, business, prospects, result of operations and financial condition.

11. ***Any failure to maintain the quality of our brand and reputation or protect our intellectual property and products approvals could have an adverse effect on our business.***

Reputational risk is inherent in our business. Our ability to compete effectively depends in part upon our brand reputation and our ability to protect our rights in trademarks and other intellectual property that we have registered and that are pending registration. We actively file and seek to obtain patents for new products under development.

As of March 31, 2024, we have made a total of 51 foreign patent applications, out of which 16 are granted (including 10 ceased/expire non-PCT applications), 2 are pending, 2 are refused and 9 withdrawn/abandoned and 22 are ceased/expired PCT application. Further, we have made a total of 104 patent applications in India, out of which 37 are granted (including 4 ceased and expired patents), 41 are pending, 25 are withdrawn/ abandoned and 1 is refused. We have also submitted DMFs for APIs with the USFDA We have also submitted 26 DMFs for APIs with the USFDA, 11 DMFs with EDQM.

Our success depends, in part, on our ability to protect our intellectual property, including trade secrets and other proprietary information, obtain patents and operate without infringing on the proprietary rights of others. Filing, prosecuting, maintaining, defending, and enforcing intellectual property rights on our products and technologies in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside India can be less extensive than those in India.

Our competitors may have filed patent applications or been granted patents relating to products or processes that compete with those we are developing or seeking to protect, or their patents may impair our ability to do business in a particular geographic area which will in turn adversely impact our operations. Obtaining an approval or patent protection in any one jurisdiction would not ensure patent protection in other jurisdictions. Competitors may use our products in jurisdictions where we have not obtained protection to develop their own products and may also supply these products to other territories where we have protection but where enforcement may not be as anticipated. These products and services may therefore compete with our products and services, and our intellectual property rights may not be effective or sufficient to prevent them from competing.

We have various patents and trademark applications pending, any of which may be subject to governmental or third-party objection, which could prevent the maintenance or issuance of the same. We may not always be able to safeguard the same from infringement or passing off, both domestically and internationally, since we have operations in several countries and may not be able to respond to infringement or passing off activity occurring without our knowledge. Moreover, our existing patents, trademarks, patents, design and copyright may expire, and there can be no assurance that we will renew them after expiry, non-renewal of our intellectual properties could have an adverse effect on our business, results of operations and financial conditions. For instance, upon the expiry of the patent on '*Loratadine*' we were entitled to sell it in US markets at significantly high prices exclusively for six months. In the year 2000, the original patent holder of the drug, initiated legal proceedings seeking extension of patent expiry period for another term of two years and as a result of which, the '*Loratadine*' patent was extended for two more years, until December 2002. At the end of year 2002, the USFDA classified '*Loratadine*' as an OTC drug. As a result, we witnessed a steep reduction in the realisation of the drug that had an adverse impact on our results of operations and financial position.

In addition, the laws of some countries such as Pakistan, Sri Lanka, Lebanon, Yemen, Nepal and Bangladesh do not protect proprietary rights as anticipated and may require additional procedures for adequate enforcement. In addition, the legal systems of some countries such as Myanmar, Maldives, Sudan, Yemen and Lebanon do not support enforcement of intellectual property protection, especially those relating to health care. This could make it difficult for us to stop the misappropriation or other violation of our other intellectual property rights. Accordingly, we may choose not to seek protection in certain countries, and we will not have the benefit of protection in such countries. Proceedings to enforce our intellectual property rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in foreign countries may affect our ability to obtain adequate protection for our products, services and other technologies and the enforcement of intellectual property. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

We cannot assure you that our products do not or will not infringe valid third party intellectual property rights. Our competitors and other companies or innovators have tried and may continue to try to assert patent and other intellectual property rights against us. As a result, we could become involved in more extensive litigation regarding our products. If we are unsuccessful in defending ourselves against these suits, we may be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or to damages which may be substantial. Either event would adversely affect our financial position, results of operations or liquidity.

12. ***We depend on our distributors for sale of our products. Failure to establish and maintain relationships with distributors would materially and adversely affect our business, financial condition and results of operations.***

We depend on our distributors for sale of our products as a significant portion of our sales are carried out through our network of distributors. As of March 31, 2024, our distribution network with a pan-India presence covers 28 states and one union territory in India, included over 5,100 distributors. These distributors in turn supply to over 2,89,260 chemists and retailers. As our existing distribution agreements expire, we may be unable to renew with our desired distributors on favourable terms or at all.

At times, we may also become engaged in contract disputes or other negotiations with distributors. Consequently, establishing relationships with new distributors, maintaining relationships with existing distributors and replacing distributors may be difficult and time consuming. Any disruption of our distribution network, including our failure to renew distribution agreements on favourable terms or our failure to successfully negotiate contract disputes, could negatively affect our ability to effectively sell our products and could materially and adversely affect our business, financial condition and results of operations.

13. ***Our future growth is dependent upon our R&D capabilities and development of new products and enhancement of existing products, and a failure to effectively develop and commercialize new products, would materially and adversely affect our business, financial condition, results of operations and prospects.***

The pharmaceutical market is developing rapidly and related technology trends are constantly evolving. This results in frequent introduction of new products, short product life cycles and significant price competition. Our R&D is focused on developing environment friendly alternatives and cost-effective processes involving minimal wastage for manufacturing disposable medical devices and constantly developing new designs, processes and models for such manufacture. Consequently, our long-term operating results and competitive position depend substantially upon our ability to continually develop, introduce, and market new and innovative products, services and platforms, to modify existing products and services, to customize products and services, to increase our productivity to anticipate and respond to market and technological changes driven by trends such as increased digitization or automation, or by developments such as climate change that present both risks and opportunities for our businesses. During these periods, our competitors may be developing similar products of which we are unaware of that could compete directly or indirectly with our products under development. Such unforeseen competition may hinder our ability to effectively plan the timing of our product development, which could have an adverse impact on our financial condition, cash flows and results of operations

We expect the medical device market to continue evolving toward newer and more advanced products, many of which we do not currently produce. Development of new products and enhancement of existing products requires significant investment in R&D. We spent ₹ 519.83 lakhs, ₹ 306.89 lakhs, and ₹ 300.82 lakhs in Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively, towards our R&D activities. Commercialization of any new product requires relevant government approvals, the timing of which may not be under our control, and is subject to change from time to time. Moreover, it may take an extended period of time for our new products to gain market acceptance, if at all. Further, as the life cycle for a product matures, the average selling price generally decreases. Lastly, during a product's life cycle, problems may arise regarding regulatory, intellectual property, product liability or other issues which may affect its continued commercial viability.

Our products proposed to be developed or currently under development, if and when fully developed and tested, may not perform as we expect, or necessary regulatory approvals, registrations or licences may not be obtained in a timely manner, or at all, and we may not be able to successfully and profitably produce and market such products. Even if we are successful in developing a new product, such product may become subject to litigation by other parties claiming that our product infringes on their patents or may be seized in transit by regulatory authorities for alleged infringement of third-party intellectual property rights or may be otherwise unsuccessful in the marketplace due to the introduction of superior products by our competitors. Moreover, it may take an extended period of time for our new products to achieve technological and commercial feasibility, obtain regulatory approval or gain market acceptance, if at all.

If we are unable to develop and launch new products and enhanced products, our ability to maintain or expand our market position in the markets in which we participate may be materially adversely impacted. A delay in the development or approval of new products and technologies may adversely impact the contribution of these technologies to our future growth. Additionally, certain products or groups of products, in particular new products or enhancements of existing products, may have a disproportionate impact on our business, financial condition and results of operations. Increasing regulatory requirements, launch delays and inability to effectively scale manufacturing and achieve targeted margins with respect to any of these products or groups of products in particular may materially adversely impact on our business, financial condition and results of operations.

14. ***We are subject to a number of market, business, financial, legal and regulatory risks and uncertainties with respect to our international operations that could have a material impact on our business, financial condition or results of operations.***

For Fiscals 2024, 2023 and 2022, our revenue generated from sales outside India amounted to ₹ 64,775.16 lakhs, ₹ 56,714.88 lakhs and ₹ 56,176.09 lakhs, respectively and represented 38.32%, 40.01%, and 36.45% of our revenue from operations, respectively.

Our international operations are subject to a number of market, business and financial risks and uncertainties, including those related to our use of distribution partners, geopolitical and economic instability, foreign currency exchange and interest rate fluctuations, competitive product offerings, local changes in medical device delivery systems, local product preferences and requirements, including preferences for local manufacturers, workforce instability, weaker intellectual property protection in certain countries and longer accounts receivable cycles. Such risks and uncertainties may adversely impact our sales growth, market share and operating profits from our international operations may be adversely affected.

Our international operations are subject to established and developing legal and regulatory requirements for pharmaceutical products in each country in which our products are marketed and sold. Foreign countries such as United States, United Kingdom, Canada have stringent regulations in relation to pharmaceuticals products such as Loratadine, Desloratadine, Fexofenadine, Atorvastatin, and Montelukast marketed and sold by us. These factors have caused or may cause us to experience more uncertainty, risk, expense and delay in commercializing products in certain foreign jurisdictions, which could affect our ability to obtain approvals for our products in those jurisdictions and adversely impact our sales, market share and operating profits from our international operations.

In addition, our international operations are subject to other established and developing legal and regulatory requirements, including with respect to foreign import and export controls and licensing requirements, trade protection and embargo measures and customs laws. Global businesses, including those in the medical device industry, are facing increasing scrutiny of, and heightened enforcement efforts with respect to, their international operations. Any alleged or actual failure to comply with legal and regulatory requirements may subject us to government scrutiny, civil and/or criminal proceedings, sanctions and other liabilities, which may have a material adverse effect on our international operations, financial condition, results of operations and/or liquidity.

Moreover, India and the global regulatory environment is becoming increasingly stringent and unpredictable, which could increase the time, cost and complexity of obtaining regulatory approvals for our products, as well as the clinical and regulatory costs of supporting those approvals. Regulatory authorities actively monitor compliance with local laws and regulations through review and inspection of design and manufacturing practices, recordkeeping, reporting of adverse events, labelling and promotional practices. Regulatory authorities can ban certain medical devices, detain or seize misbranded medical devices, order repair, replacement or refund of these devices and require notification of health professionals and others with regard to medical devices that present unreasonable risks of substantial harm to the public health. Stringent pollution norms by state agencies or the National Green Tribunal (the "**NGT**") could lead to overall increase in our product's cost. Any adverse regulatory action may restrict us from effectively marketing and selling our products, may limit our ability to obtain future premarket clearances or approvals and could result in a substantial modification to our business practices and operations.

Any significant changes in the political and economic, financial, competitive, legal and regulatory conditions where we conduct, or plan to expand, our international operations may have a material impact on our business, financial condition or results of operations.

15. ***We are exposed to foreign currency exchange rate fluctuations and if we are unable to successfully hedge our exposures, it may harm our results of operations and financial condition.***

Our financial statements are presented in Indian Rupees. However, our revenues, expenditure and finance charges are influenced by the currencies of those countries where we sell our products (USA, Europe, Canada, and China), to a limited extent by currencies of countries from where we procure our raw material (for example China, Israel, Taiwan, Hungary, Korea). The exchange rate between the Indian Rupee and these currencies, primarily the U.S. Dollar and the Euro, have fluctuated in Fiscals 2024, 2023 and 2022, and our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future.

While we limit our foreign exchange fluctuations by maintaining an Exchange Earners' Foreign Currency Account (EEFC) with one of our banker and use exports proceeds received in this account to pay for imports made by the company, we may, suffer losses on account of foreign currency fluctuations for sales to our international distributors and on our international operations, as we may be able to revise prices, for foreign currency fluctuations, only on a periodic basis and we may not be able to pass on all losses on account of foreign currency fluctuations to our distributors.

16. We are subject to product liability exposure and have limited insurance coverage. Any product liability claims or regulatory actions could be costly and time-consuming to defend, damage our reputation and materially and adversely affect our business, financial condition and results of operations.

As our APIs only function as a raw material for our customers, our claim liability is limited to our customer instead of end use customer. However, our medical devices used for monitoring patients, exposes us to potential product liability claims if their use causes or results in, or is alleged to have caused or resulted in, in each case either directly or indirectly, adverse effects. Any product liability claims or regulatory actions could be costly and time-consuming to defend. If successful, product liability claims may require us to pay substantial damages. We maintain limited product liability insurance to cover potential product liability arising from the use of our products. As a result, future liability claims could be excluded or could exceed the coverage limits of our policy. As we expand our sales internationally and increase our exposure to these risks in many countries, we may be unable to maintain sufficient product liability insurance coverage on commercially reasonable terms, or at all.

A material design, manufacturing or quality failure or defect in our products, other safety issues or heightened regulatory scrutiny could each warrant a product recall by us and result in increased product liability claims. If authorities in the countries where we sell our products decide that any of our products fail to conform to applicable quality and safety requirements, we could be subject to regulatory action. Violation of product quality norms and safety requirements may subject us to confiscation of related earnings and an order to cease sales of the violating product or to cease operations pending rectification. Further, if the violation is determined to be serious, our material licenses, including to manufacture or sell our products, could be suspended or revoked. Successful medical liability claims could result in substantial damage awards that could adversely harm our reputation, business prospects, results of operations and financial condition.

Any liability claim or potential safety related regulatory action brought against us, with or without merit, could result in reputational damage, and even unsuccessful claims could result in substantial costs and diversion of management resources. A successful claim not fully covered by our insurance could have a negative impact on our liquidity, financial condition, and results of operations.

17. If we fail to accurately project demand for our products, we may encounter problems of inadequate supply or oversupply, which would materially and adversely affect our financial condition and results of operations, as well as damage our reputation and brand.

Our API business depends on our estimate of the long-term demand for our APIs from our customers and for our medical devices business segment, coupled with our understanding of anticipated distributor inventory levels. However, our lack of significant order backlog and the varying sales and purchasing cycles of our distributors and other customers make it difficult for us to accurately forecast demand.

Accurate assessment of market demand requires significant investment in our sales and marketing network and training of marketing personnel. We endeavour to maintain a reasonable level of inventory of raw materials, work-in-progress, finished goods, stock-in-trade, foods in transit and stores and spares. As of March 31, 2024, our total inventory amounted to ₹ 24,859.42 lakhs. However, there is no guarantee that our estimate of market demand in India or foreign countries in which we sell our products will be accurate. For instance, we intend to enter new markets and launch new products, both of which could require us to keep larger inventories on hand to ensure that we are able to effectively services these newer markets / products.

We do not have a direct sales force outside India. As such, our demand projections in relation to certain international markets could be less reliable because we have less available information on which to base our projections. Specifically, we lack consistently reliable information regarding distributor inventory levels in international markets, and occasionally lack extensive knowledge of local market conditions or about distributor purchasing patterns, preferences, or cycles.

In the event we overestimate the demand for our products, we may have expended resources in manufacturing excess products. Further, as shipping finished products to international distributors typically takes longer than shipping to domestic distributors, inaccurate demand projections can result more quickly in unmet demand. In the event that we underestimate the market demand or fail to order a sufficient volume of supplies and input materials from our third-party suppliers, we may be unable to meet customer orders and lose out on sales opportunities that our competitors may capitalise on. Failure to meet customer orders may also occur because of existing manufacturing facilities and other equipment not having sufficient capacity or us having an inaccurate level of inventory holding. Accordingly, any incorrect assessment of the demand for our products may adversely affect our business, financial condition, cash flows and results of operations.

In particular, we are seeking to manage our procurement and inventory costs by matching our inventories closely with our projected manufacturing needs and by, from time to time, deferring our purchase of raw materials and components in anticipation of supplier price reductions. As we seek to balance inventory costs and production flexibility, we may fail to accurately forecast demand to predict and maintain appropriate levels of inventory reserve, which could cause uneven and unpredictable sales flow or could affect our ability to coordinate our procurement and production to meet demand on a timely basis Further, based on the products we manufacture, or the markets we serve, the purchase orders that our customers place with us differ from quarter to quarter, which has caused our revenues, margins, profits, results of operations and cash flows to fluctuate in the past, including for one or more recent quarters, and we expect this trend to continue in the future. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

18. If we fail to cost-effectively develop widespread brand awareness and maintain our reputation, or if we fail to achieve and maintain market acceptance for our products, our business could suffer.

We believe that developing and maintaining widespread awareness of our brand and maintaining our reputation for providing access to high quality medical devices in a cost-effective manner is critical to attracting new customers and maintaining our existing relationships. Our business and revenue from operations are significantly dependent on growing and maintaining our base of customers. Market acceptance of our products and customer acquisition depends on our marketing capabilities and brand awareness including with respect to the distinct features of our products, ease-of-use, cost efficiency and quality compliance. If we are not successful in demonstrating to existing and potential customers the benefits of our products, we could experience lower than expected sales. The table sets out the details of our marketing cost as a percentage of total expense incurred for the periods indicated below:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Marketing cost (in ₹ lakh)	5,668.91	3,363.09	2,540.88
Marketing cost as a percentage of total expense (%)	3.61%	2.46%	1.78%

We face the risk of loss resulting from, and the adverse publicity associated with, manufacturing or quality control problems. Further, there may occur, from time to time, defects in our products on account of human error, including certain manufacturing defects, leakages and wrong labelling. Such defects, if discovered prior to dispatch to our distributors, may require repair and/or replacement and accordingly, cause delay in delivery to distributors. However, if these defects are discovered after the product has been delivered to our distributor, under our contractual arrangements with distributors, it will result in recall or return and replacement of our products. Our distributors may also return or require replacement of our products on account of non-conformity with quality specifications. Depending on the product supplied and the nature of defect or in case of non-conformity with quality standards, such recall or return may result in loss of reputation to our Company. Any loss of our reputation or brand image, for whatsoever reason, may lead to a loss of business and adversely affect our ability to enter into additional business arrangements in the future.

Our brand promotion activities such as participation in events across the world, campaigns and media advertisements, may not generate awareness or increase revenue and, even if they do, any increase in revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, we may fail to attract or retain customers necessary to realize a sufficient return on our brand building efforts or to achieve the widespread brand awareness that is critical for broad adoption of our products. Our marketing efforts depend significantly on referral from our current customers, and any failure in product quality or adverse publicity regarding us or our products, could adversely impact our business and growth prospectus.

19. Under-utilization of our manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.

We currently operate four multi-purpose manufacturing facilities in India, out of which one manufacturing facility is located at Masulkhana in the state of Himachal Pradesh, one manufacturing facility is located at Baddi in the state of Himachal Pradesh, and two manufacturing facilities are located at Parwanoo in the state of Himachal Pradesh. Our ability to maintain our profitability depends on our ability to (i) maintain our capacity utilization; (ii) optimize the product mix to support high-margin products and products with consistent long-term demand; (iii) and demand and supply balance of our principal products in the principal and target markets. In particular, the level of our capacity utilization can impact our operating results. High-capacity utilization allows us to spread our fixed costs, resulting in a high gross profit margin. Our product mix also affects capacity utilization of our manufacturing facilities, and the demand and supply balance and the average selling prices of our products, would in turn affect our gross profit margin.

Our capacity utilization is affected by the availability of raw materials, industry/ market conditions as well as by the product requirements of, and procurement practice followed by our customers. In the event that we are unable to procure sufficient raw materials, we would not be able to achieve full capacity utilization of our current manufacturing facilities, resulting in operational inefficiencies which could have a material adverse effect on our business and financial condition. Our capacity utilization levels are also dependent on our ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise and utilize our capacities as anticipated. Further, we intend to enhance our capacity for our API products and invest in backward integration for our device manufacturing to reduce dependence on third party vendors and imports. In case of oversupply in the industry or lack of demand, we may not be able to utilise our capacity efficiently.

For details in relation to our installed capacity, available capacity, actual production and capacity utilization for Fiscals 2024, 2023 and 2022, please see "*Our Business - Production Capacity and Capacity Utilization*" on page 154.

These rates are not indicative of future capacity utilization rates, which is dependent on various factors, including demand for our products, availability of raw materials, our ability to manage our inventory and implement our growth strategy of improving operational efficiency. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, could materially and adversely impact our business, growth prospects and future financial performance.

20. All of our manufacturing facilities are located in Himachal Pradesh exposing us to regulatory and other geography specific risks such as labour unrests and occurrence of natural and man-made disasters.

All of our manufacturing facilities (which includes our R&D Facilities) are located in Himachal Pradesh. The concentration of all of our operations in Himachal Pradesh heightens our exposure to adverse developments related to regulation, as well as political or economic, demographic and other changes in Himachal Pradesh as well as the occurrence of natural and man-made disasters in Himachal Pradesh, which may adversely affect business, financial condition and results of operations. Our manufacturing operations require significant labour and are also reliant on government policies in terms of taxes, duties and incentives made applicable by the state government. As a result, any unfavourable policies of the state government or state or local governments in this region, could adversely affect our business, financial condition and results of operations. We cannot assure you that there will not be any significant disruptions in our operations in the future. The occurrence of, or our inability to effectively respond to, any such event, could have an adverse effect on our business, results of operations, financial condition and cash flows.

21. We have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Issue. Our funding requirements and deployment of the Net Proceeds of the Issue are based on management estimates and have not been independently appraised. Our management will have broad discretion over the use of the Net Proceeds.

We intend to use a part of the Net Proceeds of the Issue for the purposes described in "*Use of Proceeds*" on page 75 including towards capital expenditure in our Baddi Facility and our Masulkhana Facility (the "**Proposed Capital Expenditure**"). The total estimated cost to establish the Capital Expenditure for capacity expansion is ₹ 12,279.38 lakhs, and such cost is based on management estimates in accordance with our business plan. We have yet to make any payment for purchase of, or place any orders for, plant or machinery in relation to the Proposed Capital Expenditure, and there is no assurance that we will be able to place such orders in a timely manner or at all. We have not entered into any definitive arrangements to utilize the Net Proceeds for the proposed capital expenditure and have relied on the quotations received from third parties to estimate the cost of the Proposed Capital Expenditure. While we have obtained quotations from various vendors in relation to the Proposed Capital Expenditure, most of these quotations are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. We cannot assure you that the actual costs incurred in relation to this project will be similar to and not exceed the amounts indicated in the third-party quotations.

Our funding requirements may be subject to change based on various factors such as the timing of completion of the Issue, market conditions outside the control of our Company, and any other business and commercial considerations. This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure as may be determined by our Company and by the Shareholders by way of a special resolution, subject to compliance with applicable law. Our funding requirements are based on current management estimates, current circumstances of our business plan and the prevailing market conditions, which may be subject to change. The deployment of the Net Proceeds will be at the discretion of our Board. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, and other financial and operational factors. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of the Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and results of operations.

22. ***Our business is working capital intensive. If we experience insufficient cash flows from our operations or are unable to borrow funds to meet our working capital requirements, it may materially and adversely affect our business and results of operations.***

Our business requires significant amount of working capital primarily due to the fact that a significant amount of time passes between when we purchase raw materials and sell our finished products. For instance, our net working capital requirement for Fiscal 2024, 2023 and 2022 was ₹ 49,160.89 lakhs, ₹ 44,092.32 lakhs and ₹ 38,984.28 lakhs, respectively. As of March 31, 2024, we have availed working capital facilities amounting to ₹ 2,349.09 lakhs, which however are backed by fixed deposit made with the bank, equal to or more than the working capital facility availed. Consequently, there could be situations where the total funds available may not be sufficient to fulfil our commitments, and hence we may need to incur additional indebtedness in the future or utilize internal accruals to satisfy our working capital needs. Our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. Further, our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner.

As we pursue our growth plan, we expect that we will have to raise additional funds by incurring further indebtedness or issuing additional equity to meet our capital expenditures in the future. If we experience insufficient cash flows or are unable to borrow funds on a timely basis, or, at all, to meet our working capital and other requirements, or to pay our debts, it could materially and adversely affect our business and results of operations. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations and financial condition could be materially and adversely affected. There can be no assurance that we will be able to effectively manage our working capital. Should we fail to effectively implement sufficient internal control procedures and management systems to manage our working capital and other sources of financing, we may have insufficient capital to maintain and grow our business, and we may breach the terms of our financing agreements with banks, face claims under cross-default provisions and be unable to obtain new financing, any of which would have a material adverse effect on our business, results of operations and financial condition. For further information on the working capital facilities currently availed of by us, please see "*Financial Information*" on page 227.

23. ***Timely and successful implementation of our contracts/purchase orders is critical to our business. Delay or failure in delivery of our products may adversely affect our business, financial condition, cash flows and results of operations.***

Contracts/purchase orders with our key customers require us to supply our products in compliance with specific delivery schedules. Our failure to adhere to contractually agreed timelines may result in delayed payment to us for our products, indemnification by us for the loss suffered by our customers arising out of defects in the products supplied by us or delay in shipments, claims may be brought against us for losses suffered as a result of our non-performance, our customers may cancel individual orders under such contracts or terminate our contracts/purchase orders and our reputation may be damaged. Failure on our part to deliver our products on a timely basis or at all, for any reason, could result in one or more of the above listed consequences, which in turn may adversely affect our business, financial condition, cash flows and results of operations. Should we fail to meet specified supply levels, our business, financial condition, cash flows and results of operations may be adversely affected.

24. ***If our products cause, or are perceived to cause, severe side effects, our revenues and profitability could be adversely affected.***

Our pharmaceutical products may cause severe side effects as a result of a number of factors including overdose, drug-food interaction, drug-drug interaction, many of which are outside of our control. These factors, which may become evident only when the drugs are introduced into the marketplace, include potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases, defective products not detected by our quality management system or misuse of our products by end users. Our products may also be perceived to cause severe side effects when a conclusive determination as to the cause of the severe side effects is not obtained or is unobtainable.

In addition, our products may be perceived to cause severe side effects if other pharmaceutical companies' products containing the same or similar active pharmaceutical ingredients, raw materials or delivery technologies as our products cause or are perceived to have caused severe side effects, or if one or more regulators, such as the USFDA or the European Medicines Agency, or an international institution, such as the WHO, determines that products containing the same or similar pharmaceutical ingredients as our products could cause or lead to severe side effects.

If our products cause, or are perceived to cause, severe side effects, we may face a number of consequences, including:

- a severe decrease in the demand for, and sales of, the relevant products;
- the recall or withdrawal of the relevant products;
- removal of regulatory approvals for the relevant products or the relevant production facilities;
- damage to the brand name of our products and our reputation; and
- exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or penalties.

As a result of these consequences, our sales and profitability could be adversely affected.

25. The availability of look-alikes, counterfeit healthcare devices, primarily in our domestic market, manufactured by other companies and passed off as our products, could adversely affect our goodwill and results of operations.

We are exposed to the risk that entities in India and elsewhere could pass off their products as ours by imitating our brand name, packaging material and attempting to create counterfeit healthcare devices, including spurious or pirated products. While there have been no such instances in Fiscals 2024, 2023 and 2022, we may be unable to protect our trade secrets, including product specifications, which if obtained by counterfeiters, could be used to create products that are substantially similar to ours. This would not only reduce our market share due to replacement of demand for our products, whereby we may not be able to recover our initial development costs or experience loss in revenues but could also harm the reputation of our brands. The measures we take to protect our brands and other intellectual property include relying on Indian laws and initiating legal proceedings, may not be adequate to prevent unauthorised use of them by third parties. Detecting and protecting against the unauthorised use of our products, technology and proprietary rights is expensive, difficult and, in some cases, impossible. The proliferation of unauthorized copies of our products, and the time lost in defending claims and complaints about spurious products could decrease the revenue we receive from our products and have a material adverse effect on our reputation, business, financial condition and results of operations.

26. Failure to maintain strong working relationships with healthcare professionals could adversely impact our product development and sales and marketing efforts.

If we fail to maintain our working relationships with physicians and other healthcare professionals, many of our products may not be developed and marketed in line with the needs and expectations of the professionals who use and support our products. The research, development, marketing and sales of many of our new and improved products is dependent upon our maintaining working relationships with physicians as well as other healthcare professionals. We rely on these professionals to provide us with considerable knowledge and experience regarding our products and the marketing and sale of our products. Physicians also assist us as public speakers. If we are unable to maintain our strong relationships with these professionals and continue to receive their advice and input, the development and marketing and sales of our products could suffer, which could have a material adverse effect on our financial condition and results of operations. Our relationships with physicians and other healthcare professionals and other providers that use our products are regulated by the Uniform Code of Pharmaceutical Marketing Practices and Central Drug Standards Control Organization and foreign laws. Failure to comply with such legislations could result in criminal or civil penalties and exclusion from healthcare programs.

27. Pricing pressure from customers and distributors may affect our gross margin, profitability and ability to increase our prices, which in turn may materially adversely affect our business, results of operations and financial condition.

Inability to reduce the cost at one hand and pricing pressure on the other hand may lead to an erosion of our margins, which may have a material adverse effect on our business, results of operations and financial condition. In addition, estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. Accordingly, we must be able to reduce our operating costs in order to maintain profitability. If we are unable to offset customer or distributor price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, results of operations and financial condition may be materially adversely affected. Our customers and distributors are also likely to negotiate for larger discounts in price as the volume of their orders increase. To maintain our profit margins, we may seek price reductions from our suppliers, improved production processes to increase manufacturing efficiency and streamlined product designs to reduce costs. While there have no such instances in Fiscals 2024, 2023 and 2022, there can be no assurance that we will be able to avoid future customer or distributor price reductions or offset the impact of any such price reductions through continued technology improvements, improved operational efficiencies, cost-effective sourcing alternatives, new manufacturing processes, cost reductions or other productivity initiatives, which may adversely affect our business, financial condition and results of operations.

28. ***The pharmaceutical industry is intensely competitive and our inability to compete effectively may adversely affect our business, results of operations and financial condition and cash flows.***

The pharmaceutical industry is a highly competitive market and therefore it is challenging to improve market share and profitability. In addition, the major pharmaceutical companies may set up pure play sterile API businesses similar to ours, which may impact our market share and profit margins on our products. Many of our competitors may have greater financial, manufacturing, R&D, marketing and other resources, more experience in obtaining regulatory approvals, greater geographic reach, broader product ranges or a stronger sales force. The development of a pharmaceutical product involves lengthy development and approval periods before a product may be commercialized. During these periods, our competitors may be developing similar products of which we are unaware of that could compete directly or indirectly with our products in development. Because of these extensive periods of internal development and regulatory approval required before a product may be commercialized, we may invest substantial efforts and resources in developing products that will face competition of which we are currently unaware. Such unforeseen competition may hinder our ability to effectively plan the timing and order of our product development, which could have an adverse impact on our financial condition and results of operations. Our competitors may succeed in developing products that are more effective, popular or cheaper than ours, which may render our products uncompetitive and adversely affect our business, results of operations, cash flows and financial condition.

We face intense competition and may not be able to keep pace with the rapid technological changes in the medical devices industry. The medical device market is intensely competitive and is characterized by extensive R&D and rapid technological change. Our competition varies by market, geographic areas and type of product. Our customers consider many factors when choosing suppliers, including product quality, technology, breadth of product portfolio, cost, delivery and service, as well as quality and other business factors. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. Any quality problems with our processes, goods and services could harm our reputation for producing high-quality products and erode our competitive advantage, sales and market share. The markets in which we operate are highly competitive in terms of pricing, product and service quality, product development and introduction time, customer service, financing terms and shifts in market demands, and competitors are increasingly offering services for our installed base.

We face competition from both domestic and international companies. Due to our diversified product portfolio, we compete with various companies for each of our business segments. Our competitors range from small startup companies to larger companies which have significantly greater resources and broader product offerings than us, and we anticipate that in the coming years, other large companies will enter certain markets in which we currently hold a strong position. Furthermore, our industry has experienced significant consolidation in recent years. Certain of our competitors have been able to expand their portfolio of products and services through this consolidation process, and they are able to offer customers a broader range of products and services than we can, thereby, in some instances, providing them a competitive advantage in the market. In addition, we expect that competition will continue to intensify with increasing price competition and consolidation among healthcare providers. In addition, with the introduction of the PLI scheme by the Government that incentivizes manufacturers of medical devices, more companies may enter the industry and set-up greenfield projects to avail certain benefits.

The introduction of new technologies and more cost effective process technologies by our competitors may result in increased competition. They may also be able to manufacture products more efficiently, using environment friendly raw material or manufacture substitutes for our products at more competitive prices. The industry in which we operate is subject to significant technological changes and novel chemical processes, with constant introduction of new and enhanced products. While we strive to keep our technology, facilities and machinery current with the market standards, the technologies, facilities and machinery we currently deploy may become less competitive or even obsolete due to advancement in technology or changes in market demand, which may require substantial new capital expenditure. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant. If our competitors introduce superior technology and we cannot make enhancements to ours to remain competitive, either because we do not have the resources to continually improve our technology by investing in R&D or for any other reason, our competitive position, and in turn our business, financial condition and results of operations could be adversely affected.

29. ***Our operations are subject to environmental, health and safety laws and regulations in jurisdictions where we operate.***

Our operations are subject to various international, national state and local laws and regulations relating to environmental protection, occupational health and safety, including those governing the generation, handling, storage, use, management, transportation and disposal of, or exposure to, environmental pollutants or hazardous materials resulting from our manufacturing processes, in the various locations in India and other jurisdictions where we operate. For example, we require consents to establish and operate under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous and Other Wastes (Management, Transboundary Movement) Rules, 2016, as well as the Environment Protection Act, 1986 and the Environment Protection Rules, 1986 and registrations with relevant tax and labour authorities in India. Further, these permits, licenses and approvals are issued for certain fixed periods of time and may expire from time to time in the normal course of our business. There can be no assurance that these relevant authorities will issue such permits in a timely manner or at all. Failure by us to maintain or renew or obtain requisite permits, licenses or approvals may result in the interruption of our operations and could have a material adverse effect on our business, financial condition, result of operations and cash flows.

Further, our licenses and approvals impose certain conditions on us, the compliance of which may result in material increase in our cost of production and its non-compliance may result in the interruption of our operations. Environmental laws and regulations in India and internationally, have become increasingly stringent and it is possible that they will become significantly more stringent in the future. For instance, we may be mandatorily required to use environment-friendly substitutes for PVC plastic, which is the primary raw material for our medical devices. Stricter laws and regulations or stricter interpretation of the existing laws and regulations may impose new liabilities on us or result in the need for additional investment in environmental protection equipment, either of which could affect our business, financial condition or prospects.

30. We are dependent on third-party transportation providers for the delivery of our raw material and finished products.

Our success depends on the supply and transport of our raw materials to our manufacturing facilities and our finished products from our manufacturing facilities to our customers and distributors, which are subject to various uncertainties and risks. We use third-party freight and transportation providers for the delivery of our raw materials and products, and transportation strikes, if any, could have an adverse effect on supplies and deliveries to and from our dealers and suppliers.

In addition, finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be a delay in delivery of products which may also affect our business and results of operations negatively. Any compensation received from insurers or third-party transportation providers may be insufficient to cover the cost of any delays and will not repair damage to our relationships with our affected customers and distributors.

We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers. Our freight costs were ₹ 2,336.18 lakhs, ₹ 2,957.69 lakhs, and ₹ 5,506.81 lakhs in Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively, and represented 1.38%, 2.09% and 3.56% of our revenue from operations in such periods, respectively. This could require us to expend considerable resources in addressing our distribution requirements, including by way of absorbing these excess freight charges to maintain our selling price, which could adversely affect our results of operations, or passing these charges on to our customers, which could adversely affect demand for our products.

31. We have incurred indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and credit rating.

We have incurred total borrowings of ₹ 2,899.92 lakhs as of March 31, 2024. In case of a loan/ working capital limit taken from any Bank/ Financial Institution, we are typically required to create a charge on all our fixed and current assets (present and future), mortgage on our immovable properties and hypothecation on our movable properties. While there have been no defaults/ delays in repayments, restructuring or covenant breaches in any loans or debt payments in Fiscals 2024, 2023 and 2022, there can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. We cannot guarantee that no adverse action will be taken by such lenders against our Company, in terms of the respective financing documentation entered with them.

Furthermore, any fluctuations in the interest rates may directly impact the interest costs of our existing loans and could adversely affect our financial condition. Our ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our future operations. We may not be able to generate enough cash flow from our operations or obtain enough capital to service our debt. Our current or future level of leverage could have significant consequences on our Shareholders and our future financial results and business prospects, including increasing our vulnerability to a downturn in business in India and other factors which may adversely affect our operations; limiting our ability to pursue growth plans; requiring us to dedicate a substantial portion of our cash flow from operations to service debt, thereby reducing the availability of cash flows to fund capital expenditures and growth initiatives, to meet working capital requirements and for use in relation to other general corporate purposes or to make dividend payouts; limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; increasing our interest expenditure; and limiting our ability to raise additional funds or refinance existing indebtedness. For details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Indebtedness*" on page 106.

Any failure to comply with the conditions and covenants in our financing agreements that is not waived by our lenders or guarantors or otherwise cured could lead to a termination of our credit facilities, acceleration of all amounts due under such facilities or trigger cross-default provisions under certain of our other financing agreements, any of which could adversely affect our financial condition and our ability to conduct and implement our business plans.

Our Company had availed loans from certain lenders from the period of 1995 to 2002, which we were unable to repay as per the repayment schedule under the respective loan agreements with such lenders. Our Company submitted a corporate debt restructuring plan which was approved by the empowered group of corporate debt restructuring ("**CDREG**") by way of their letter dated July 27, 2006 pursuant to which we repaid a part of loans availed from few of the lenders. The lenders whose loans were not repaid pursuant to the corporate debt restructuring plan were allotted equity shares and preference shares in our Company. For further information in relation to these allotments, please see "*Capital Structure - Equity Share capital history of our Company*" on page 84. As on the date of this preliminary placement document, we have received a no dues certificate from all such erstwhile lenders and the names of all such lenders have been removed from the charge holders list maintained by the Registrar of Companies, Himachal Pradesh at Chandigarh. However, the name of our Company still reflects on the website of the TransUnion CIBIL Limited ("**CIBIL**") for non-repayment of such loans. While we have requested the CIBIL to remove our name from the loans which are "under dispute" by way of our request dated December 27, 2023, we have received a response from CIBIL dated December 29, 2023 stating that the list maintained by CIBIL is based on the information provided by banks and financial institutions and they have forwarded the dispute to the relevant credit institution. We cannot assure you that the banks and other financial institutions from whom we had availed the relevant loans will favourably communicate to the CIBIL that the loans provided by them have been repaid by our Company. Until then our name will appear on the CIBIL website, which could adversely affect our reputation and credit rating.

32. ***We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialize, may adversely affect our financial condition.***

As of March 31, 2024, our contingent liabilities that have not been accounted for in our financial statements, were as follows:

Particulars	Amount as of March 31, 2024 (in ₹ lakhs)
Claims against the Company not acknowledged as debt	136.00
Guarantees	334.78
Other money for which Company is contingently liable	505.57
Total	**976.35**

There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future and if a significant portion of these liabilities materialise, it could have an adverse effect on our business, financial condition and results of operations. For details, please see "*Financial Information*" on page 227.

33. ***Our insurance coverage may not adequately protect us against all losses or the insurance cover may not be available for all the losses depending on the insurance policy, which could adversely affect business, results of operations and financial condition.***

Our principal types of coverage include insurance for public liability, directors' and officers' liability, marine, group medical claim, group personal accident, cyber security, burglary, fire, crime insurance and money insurance. We cannot assure you that any claim under the insurance policies maintained by us will be covered entirely, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all.

Set forth below are the details of our total assets and insurance coverage:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total tangibles assets (in ₹ lakhs) (**A**)	47,460.62	49,591.79	46,327.11

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total book value of tangibles assets on which insurance has been taken (in ₹ lakhs) (**B**)	33,312.21	37,098.64	34,991.58
Insurance coverage (in ₹ lakhs) (**C**)	21,500.00	18,736.99	16,396.71
% of insurance coverage (%) (**C**/**B**)	64.54%	50.51%	46.86%

To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us. While we have not had any past instances where our claims have exceeded our insurance cover, if we suffer a large uninsured loss or if any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition, results of operations and cash flows may be adversely affected. For details, please see "*Our Business – Insurance*" on page 157.

34. ***Significant disruptions of information technology systems or breaches of data security could adversely affect our business.***

We use information and communication technology systems for our business operations. Our business is dependent upon increasingly complex and interdependent information technology systems, including internet-based systems, to support business processes as well as internal and external communications. The complexity of our computer systems may make them potentially vulnerable to breakdown, malicious intrusion and computer viruses. While there have not been any major disruptions to our information technology systems in Fiscals 2024, 2023 and 2022, we cannot assure you that we will not encounter disruptions in the future. Any such disruption may result in the loss of key information or disruption of our business processes, which could adversely affect our business and results of operations. In addition, our systems are potentially vulnerable to data security breaches, whether by employees or others that may expose sensitive data to unauthorized persons. While we have not faced any such instances of data security breaches, cyber-attacks on our systems and data theft materially affecting our business, financial condition or results of operations in Fiscals 2024, 2023 and 2022, such data security breaches could lead to the loss of intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, customers and others. Any such security breaches could have an adverse effect on our business, reputation, results of operations, cash flows and financial condition.

35. ***Our inability to attract and retain key personnel and employees could adversely affect our operations, financial condition and results of operations and future growth. Our operations are dependent on our labour force and our manufacturing operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

We are dependent on our management and our skilled personnel, including members of our technical, research, sales and management staff and our employees for the smooth running of our business and our ability to compete effectively. Further, we rely on our skilled employees for several aspects of our manufacturing process. Therefore, retaining the services of our skilled personnel, including engineers and technicians, is a high priority and competition to retain skilled employees will likely result in increased personnel expenses. As of March 31, 2024, we had 3,128 employees, including 976 independent contractors on a contractual basis.

The attrition rate of our permanent employees for Fiscals 2024, 2023 and 2022, is given in the table below:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Attrition rate of permanent employees (%)*	19.00%	25.00%	18.00%
Attrition (in number)	542	653	457

* *Attrition is calculated as the number of exits divided by the average count of employees during the year.*

This attrition rate is higher than the industry standard. We face higher attrition on account of frequent changes in sales teams of formulation and OTC business of our Company. Further, we may not be able to continuously attract qualified personnel or retain such personnel on acceptable terms, given the rising demand for such personnel and compensation levels in the industry. If we are not able to attract and retain qualified personnel, our results of operations may be adversely affected. Although we believe we enjoy good relations with our staff and employees, we cannot assure you that such relations will not be disrupted.

There can be no assurance that we will be successful in recruiting or retaining an optimum number of sales personnel required for our operations. Although we focus on developing skills, building motivation and inculcating leadership amongst our employees and key personnel, we cannot assure you that we would be successful in attracting, recruiting and retaining such key employees, which may result in an adverse effect on our business and results of operations.

Our operations are dependent on our labour force for our manufacturing operations. As of March 31, 2024, we had 3,128 employees, including 976 independent contractors on a contractual basis. We engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing facilities. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial condition. Please see below a table setting out the number of employees for Fiscals 2024, 2023 and 2022:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Permanent Employees	2,152	1,843	1,860
Contractual Employees	976	829	771
Total	**3,128**	**2,672**	**2,631**

The success of our operations depends on availability of labour and maintaining good relationship with our workforce. Shortage of skilled / unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. While we have not experienced any major prolonged disruption in our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience any such disruption in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits.

36. Certain of our material properties are located on leased or rented premises and there can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.

Our business and operations are significantly dependent on our material properties, some of which are on a leasehold or rental basis. For details, please see "*Our Business – Material Properties*" on page 159. There can be no assurance that our lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms. While we have not faced any such instances where our leases were not renewed in Fiscals 2024, 2023 and 2022, there can be no assurance that we will, in the future, be able to retain or/and renew the agreements for the existing locations on same or similar terms or will be able to find alternate locations for the existing offices and operating locations on similar terms favourable to us. We may also fail to negotiate the renewal of our rent agreements for our premises, either on commercially acceptable terms or at all, which could result in increased rental rates for subsequent renewals or search for new premises, or shut down of offices in desirable locations, which made in turn disrupt our operations which could have a material and adverse effect on our business, results of operations and financial condition. In addition, some of these leases may not have been registered, which may affect the evidentiary value of such lease agreement in specific performance or other injunctive procedures in a court of law.

37. Our employees, suppliers, distributors, stockists and retailers may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of employee, supplier, distributors, stockists and retailers' fraud or other misconduct. Misconduct by employees, suppliers, distributors, stockists and retailers could include intentional failures to comply with any regulations applicable to us, to provide accurate information to regulatory authorities, to comply with manufacturing standards we have established, to comply with healthcare fraud and abuse laws and regulations, or to report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the pharmaceutical industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. There can be no assurance that we will be able to identify and deter such misconduct, and the precautions we take to detect and prevent this activity will be effective in controlling unknown or unmanaged risk. While there has been no material instances in Fiscals 2024, 2023 and 2022, if our employees engage in any such misconduct, we could face criminal penalties, fines, revocation of regulatory approvals and harm to our reputation, any of which could form a material adverse effect on our business.

38. A shortage or non-availability of essential utilities such as electricity and water could affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.

Our business operations are heavily dependent on continuous and supply of electricity and water which are critical to our manufacturing operations. While our power requirements are met through State Electricity Board with backup by DG sets and water requirements are met through State supply, borewell supply with backup by tankers but, we cannot assure you that these will be sufficient and, or, that we will not face a shortage of electricity and water despite these arrangements. Any shortage or non-availability of electricity and water could result in temporary shut-down of a part, or all, of our operations at the location experiencing such shortage. Such shut-downs could, particularly if they are for prolonged periods, have an adverse effect our business, results of operations and financial condition. Moreover, if we are required to operate for extended periods of time on diesel-generator sets, our cost of operations would be higher during such period which could have an adverse impact on our profitability.

39. Export destination countries may impose varying duties on our products. Any increase in such duties may adversely affect our business and results of operations. Further, changes or uncertainty in international trade policies or tariffs could disrupt our global operations or negatively impact our financial results.

A significant percentage of our products are sold in various countries and markets outside India, including in countries and markets in USA, Europe, Russia, Canada, and China. These destination countries and markets for our products may impose varying duties and other levies on our products, which may affect our ability to compete with local manufacturers and other competitors with more widespread operations that may enable them to coordinate delivery and supplies from strategically located manufacturing facilities in a more cost competitive manner.

Our revenue through our domestic and export sales during Fiscals 2024, 2023 and 2022 is as provided below.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)
Domestic sales	1,04,268.09	61.68%	85,038.13	59.99%	98,506.60	63.55%
Export sales	64,775.16	38.32%	56,714.88	40.01%	56,176.09	36.45%
Total	**1,69,043.25**	**100.00%**	**1,41,753.00**	**100.00%**	**1,54,682.69**	**100.00%**

Our foreign operations expose us to a number of risks related to trade protection laws, tariffs, excise or other border taxes on products exported to certain countries. Changes or uncertainty in international trade policies or tariffs could impact our global operations, as well as our customers. We may be required to incur additional costs to manufacture and distribute certain of our products. There can be no assurance that the duties or other levies imposed on our products by such destination countries will not change or increase, or that such change or increase will not adversely affect our business and results of operations.

40. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. We cannot assure you that deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls may adversely affect our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud, which may in turn adversely affect our business, financial condition or results of operations.

41. Evolving government regulations and policies may increase costs or negatively impact our results of operations.

In a regulatory climate that is uncertain, our operations may be subject to direct and indirect adoption, expansion or re-interpretation of various laws and regulations. Compliance with these future laws and regulations may require us to change our practices at an undeterminable and possibly significant initial and recurring monetary expense. These additional monetary expenditures may increase future overhead, which could harm our results of operations.

The regulations applicable to our existing and future products may also change. Any change in the regulations, enforcement procedures or regulatory policies set by the Medical Devices Rules, 2017, Drug, and Cosmetic Act, Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 and other regulatory agencies could increase the costs or time of development of our products and delay or prevent sales of our products. For instance, in February 2020, the Indian Central Drugs Standard Control Organisation ("**CDSCO**") amended the list of products falling under medical device regulation. All medical devices except those specified in the Annexure A of Eighth Schedule of Medical Devices Rules, 2017 as amended in 2020 would be treated as 'non-scheduled formulations' under the Drug Price Control Order, issued by the Government of India. We cannot predict the effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted, may have on our business in the future.

Further, we have identified what we believe are areas of government regulation that, if changed, could be costly to us. These include, licensing standards, privacy laws, regulatory framework and trade agreements and treaties with countries. There could be laws and regulations applicable to our business that we have not identified or that, if changed, may be costly to us, and we cannot predict all the ways in which implementation of such laws and regulations may affect us.

In the jurisdictions in which we operate, we believe we are in compliance with all applicable laws, but, due to the uncertain regulatory environment, certain jurisdictions may determine that we are in violation of their laws. In the event that we must remedy such violations, we may be required to modify our products in a manner that undermines the competency of our products, or else we may become subject to fines or other penalties or, if we determine that the requirements to operate in compliance in such jurisdictions are overly burdensome, we may elect to terminate our operations in such places. In each case, our revenue may decline and our business may be adversely affected.

Additionally, the introduction of new products may require us to comply with additional, yet undetermined laws and regulations. Compliance may require obtaining appropriate licenses or certificates, increasing our security measures and expending additional resources to monitor developments in applicable rules and ensure compliance. The failure to adequately comply with these future laws and regulations may delay or possibly prevent some of our products from being offered, which could harm our business.

In response to perceived increases in health care costs in recent years, there have been and continue to be proposals by the governments, regulators and third-party payers to control these costs and, more generally, to reform the health care system. Certain of these proposals could, among other things, limit the prices we are able to charge for our products and could limit the acceptance and availability of our products. The adoption of some or all of these proposals could have a material adverse effect on our business, results of operations, financial condition and cash flows.

42. Certain Promoters, Directors, Key Managerial Personnel and members of the Senior Management are interested in our Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Promoters, Directors, Key Managerial Personnel and members of the Senior Management are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, and such interests are to the extent of their shareholding in our Company, and promotion of the Company. We cannot assure you that our Promoters, Directors, Key Managerial Personnel and members of the Senior Management will exercise their rights to the benefit and best interest of our Company. As Shareholders of our Company, our Promoters, Directors, Key Managerial Personnel or members of the Senior Management may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority Shareholders. For details on the interest of our Promoters, Directors and Key Managerial Personnel of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, please see "*Board of Directors and Senior Management*", and "*Financial Information*" on pages 160 and 227, respectively.

Further, in relation to complaint filed by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh against the Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter), Mr. Manoj Joshi (our Director) and an ex-director on May 19, 2006 in the Court of Chief Judicial Magistrate, Solan, the Company Law Board and Ministry of Corporate Affairs had issued order dated July 1, 2005 and July 25, 2005, respectively, for the appointment of Shri Trilochan Singh and Shri S.L. Gupta as nominee directors with immediate effect for a period of three years or until further order. The matter is currently pending, for more details, please see "*Legal Proceedings – Litigation against our Company – Criminal Proceedings*" on page 211. There can be no assurance that the results of such actions and proceedings will not materially harm our business, operations or reputation.

43. Failure to maintain confidential information of our customers could adversely affect our results of operations and/or damage our reputation.

Certain agreements with our customers include confidentiality clause or non-disclosure obligations. Further, it is a general understanding that we are required to keep confidential, the know-how and technical specifications provided to us by all our customers. In the event of any shortcoming in relation to this mutually understood confidentiality understanding with our customers, these customers may terminate their engagements with us or initiate litigation despite any express confidentiality clauses or non-disclosure obligations. While there have been no such instances in Fiscals 2024, 2023 and 2022, if our customers' confidential information is misappropriated by us or our employees, our customers may consider us liable for that act and seek damages and compensation from us despite any express confidentiality clause or non-disclosure obligation, in addition, to seeking termination of the contracts they have with us. Assertions of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have a material adverse effect on our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

44. This Preliminary Placement Document contains information from industry sources.

Certain information in "*Industry Overview*," "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" on pages 110, 146 and 90, respectively, has been derived from the various industry sources and the report titled '*Global and Indian Pharmaceutical & Medical Devices Market*' dated July 29, 2024 issued by Lattice Technologies Private Limited ("**Lattice Technologies**" and such report, the "**1Lattice Report**"), pursuant to an engagement with our Company. Neither we nor any other person connected with this Preliminary Placement Document has verified the information in the 1Lattice Report or the other industry sources. Furthermore, these reports are prepared based on information as of specific dates, which may no longer be current or reflect current trends. The 1Lattice Report may also base its opinion on estimates, projections, forecasts and assumptions that may prove to be incorrect.

Lattice Technologies has advised that while it has taken due care and caution in preparing the 1Lattice Report, which is based on information obtained from sources that it considers reliable (the "**Data**"). Lattice Technologies disclaims responsibility for any errors or omissions in the Data or for the results obtained from the use of the Data and consequently for the 1Lattice Report as well. The 1Lattice Report also highlights certain industry, peer and market data, which may be subject to assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely amongst different industry sources. Furthermore, such assumptions may change based on various factors. We cannot assure that 1Lattice Report assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Preliminary Placement Document. Furthermore, the commissioned report is not a recommendation to invest or disinvest in our Company and shall not be construed as an expert advice or investment advice. Prospective investors are advised not to unduly rely on the 1Lattice Report or extracts thereof as included in this Preliminary Placement Document, when making their investment decisions.

45. Information relating to the installed manufacturing capacity and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document are based on various assumptions and estimates and future production and capacity may vary.

Information relating to the installed manufacturing capacity and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document are based on various assumptions and estimates of our management that have been taken into account by SJA Industrial Consultants Private Limited, the calculation of the installed manufacturing capacity of our manufacturing facilities. These assumptions and estimates include the standard capacity calculation practice of our industry after examining the calculations and explanations provided and the capacities and other ancillary equipment installed at the facilities. Further, capacity utilization has been calculated on the basis of actual production during the relevant period divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant period. Actual manufacturing capacity, production levels and utilization rates may therefore vary from the information of our manufacturing facilities included in this Preliminary Placement Document or from the historical installed manufacturing capacity information of our manufacturing facilities depending on the product type. Accordingly, undue reliance should not be placed on our historical installed capacity information for our existing facilities included in this Preliminary Placement Document.

46. We have in this Preliminary Placement Document included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the Indian medical devices industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies.

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance, such as EBITDA, have been included in this Preliminary Placement Document. We compute and disclose such non-GAAP financial measures and such other industry related statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of Indian medical device manufacturing companies, many of which provide such non-GAAP financial measures and other industry related statistical and operational information. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Preliminary Placement Document.

These non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other manufacturing companies.

47. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. These transactions principally include remuneration to executive Directors, Key Managerial Personnel and the members of Senior Management. For further information relating to our related party transactions, please see "*Financial Information*", and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Related Party Transactions*" on pages 227 and 108, respectively. While all such transactions have been conducted on an arm's length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future. Such related party transactions may potentially involve conflicts of interest.

In Fiscals 2024, 2023 and 2022, the aggregate amount of such related party transactions was ₹2,749.28, ₹1,335.96 lakhs and ₹3,957.60 lakhs, respectively. The aggregate value of such related party transactions as a percentage of our revenue from operations in Fiscals 2024, 2023 and 2022 was 1.63%, 0.94%, and 2.56%, respectively.

While there has been no conflict of interest among our Shareholders in relation to related party transactions entered into in Fiscals 2024, 2023 and 2022, we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority Shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

48. ***Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act and our Articles of Association. Our Board has approved and adopted a formal dividend distribution policy on July 27, 2021, in terms of Regulation 43A of the SEBI Listing Regulations. Our Company has not paid any dividend in Fiscals 2024, 2023 and 2022. For details, please see the section titled "*Dividends*" on page 89.

Our ability to pay dividends in the future will depend upon our dividend policy, future results of operations, financial condition, cash flows, working capital requirements and capital expenditure requirements and other factors considered relevant by our directors and shareholders. Our ability to pay dividends may also be restricted under certain financing arrangements that we may enter into. We may also decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends on the Equity Shares at any point in the future. For details, please see "*Dividends*" on page 89.

49. ***Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.***

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Our customers may be located in and/or may enter into transactions with end customers located in, jurisdictions to which certain OFAC administered and other sanctions apply, such as Iran, Iraq and Syria. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to penalties, and our reputation and future business prospects could be adversely affected. Further, investors in the Equity Shares could incur reputational or other risks as a consequence.

EXTERNAL RISKS

50. ***Political, economic or any other factors beyond our control may have an adverse impact on our business and results of operations.***

We are incorporated in India and we conduct our corporate affairs and our business primarily in India. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. These external risks include:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- political instability, resulting from a change in government or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- strikes, lock-outs, work stoppages or increased wage demands by employees, suppliers or other service providers;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war;
- India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in recent years' instability in the financial markets and volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- epidemic or any other public health emergency in India or in countries in the region or globally, including in India's various neighbouring countries;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs
- downgrading of India's sovereign debt rating by rating agencies; and
- international business practices that may conflict with other customs or legal requirements to which we are subject to, including anti-bribery and anti-corruption laws; being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

If such events should impact the national or any regional economies, our business and results of operations would be adversely affected.

51. ***Any adverse application or interpretation of the Competition Act could adversely affect our business***

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly: (i) involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services; (ii) shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market; or (iii) results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any award passed by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, cash flows and results of operations.

52. ***Natural disasters, epidemics, pandemics, acts of war, terrorist attacks and other events could materially and adversely affect our business.***

Natural disasters (such as earthquakes, fire, typhoons, cyclones, hurricanes and floods), pandemics, epidemics, strikes, civil unrest, terrorist attacks and other events, which are beyond our control, may lead to global or regional economic instability, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations. Any of these occurrences could cause severe disruptions to our daily operations and may warrant a temporary closure of our facilities. Such closures may disrupt our business operations and adversely affect our results of operations. Our operation could also be disrupted if our customers or business partners are affected by such natural disasters or epidemics.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, SARS, the H1N1 and H5N1 viruses and the COVID-19 pandemic caused an economic downturn in several major economies and generated volatility in, and general adverse impact on, the global securities markets, including in India. Further, it is not possible for us to predict the extent and duration of this volatility and adverse impact on the global or Indian securities markets, including any possible impact on our Equity Shares. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares.

Further deterioration in the global economy as a result of pandemics, or the perception that such deterioration could occur, may continue to adversely affect global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could adversely affect our business, cash flows, results of operations, financial condition and reduce the price of our Equity Shares. Any financial disruption could materially and adversely affect our business, results of operations, Shareholders' equity and the price of our Equity Shares.

Furthermore, certain regions in India have witnessed terrorist attacks and civil disturbances and it is possible that future terrorist attacks or civil unrest, as well as other adverse social, economic and political events in India could have a negative effect on us. Transportation facilities, including vehicles, can be targets of terrorist attacks, which could lead to, among other things, increased insurance and security costs. Regional and global political or military tensions or conflicts strained or altered foreign relations, protectionism and acts of war or the potential for war could also cause damage and disruption to our business, which could materially and adversely affect our business, financial condition, cash flows and results of operations. Such incidents could create the perception that investments in Indian companies involve a higher degree of risk and such perception could adversely affect our business and the price of the Equity Shares. We may also face difficulty in accessing certain parts of India at certain times of the year or under adverse or inclement weather conditions.

53. ***Financial instability in other countries may cause increased volatility in Indian and other financial markets.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

54. Changing laws, rules and regulations and legal uncertainties in India and other countries may adversely affect our business and financial performance.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition, cash flows and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

Further, the Government of India introduced new laws relating to social security, occupational safety, industrial relations and wages namely, the Code on Social Security, 2020 ("**Social Security Code**"), the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labour legislations, which were to take effect from April 1, 2021 (collectively, the "**Labour Codes**"). The Government of India has deferred the effective date of implementation of the respective Labour Codes, and they shall come into force from such dates as may be notified. Different dates may also be appointed for the coming into force of different provisions of the Labour Codes. While the rules for implementation under these codes have not been finalized, as an immediate consequence, the coming into force of these codes could increase the financial burden on our Company, which may adversely affect our profitability. For instance, under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government) of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund.

Unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, financial condition, cash flows and prospects. Uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our businesses in the future.

55. Investors outside India may not be able to enforce any judgment of a foreign court against us, except by way of a suit in India.

Our Company is a limited liability company incorporated under the laws of India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, including the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). The United States has not been notified as a reciprocating territory.

In order to be enforceable, a judgment obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; such presumption may be displaced by proving want of jurisdiction. The Civil Procedure Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgment. A foreign judgment rendered by a superior court (as defined under the Civil Procedure Code) in any jurisdiction outside India which the Government of India has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court will award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with public policy in Indian. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

Consequently, it may not be possible to enforce in an Indian court any judgment obtained in a foreign court, or effect service of process outside of India, against Indian companies, entities, their directors and executive officers and any other parties resident in India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

56. Any downgrading of India's sovereign debt rating by a domestic or an international rating agency could adversely affect our business

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our Company's control. Our borrowing costs and our access to the debt capital markets also depend on the sovereign credit ratings of India. Any adverse revisionsto India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ratings, the terms on which we are ableto raise additionalfinances or refinance any existing indebtedness. This could have an adverse effect on our business growth and financial performance, ability to obtain financing and the price of the Equity Shares.

57. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.

We present our financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements included in this Preliminary Placement Document, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should be limited accordingly.

58. Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, the Finance Act, 2020 does not require dividend distribution tax ("**DDT**") to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends. Additionally, in terms of the Finance Act, 1961, as amended by the Finance Act, 2024, and as proposed to be amended by the Finance (No. 2) Bill, 2024, applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India 2024, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset shall be calculated on such long-term capital gains at the rate of 12.50%, where the long-term capital gains exceed ₹1,25,000, subject to certain exceptions in case of a resident individuals and HUF. Similarly, any business income realised from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller.

Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

Our Company cannot predict whether any tax laws or other regulations impacting it will be enacted or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our Company's business, financial condition, results of operations and cash flows.

59. Any future issuance of Equity Shares or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

60. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the FDI Policy dated October 15, 2020 and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

61. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder our Company than as a shareholder of an entity in another jurisdiction.

MARKET PRICE INFORMATION

As on the date of this Preliminary Placement Document, our Company's issued, subscribed and paid-up capital comprises 511,168,708 Equity Shares of face value of ₹ 2 each. The Equity Shares have been listed on BSE and on NSE. The Equity Shares are listed and traded on NSE under the symbol MOREPEN and BSE under the scrip code 500288.

On August 1, 2024, the closing price of the Equity Shares on NSE and BSE was ₹ 59.85 and ₹ 59.86 respectively per Equity Share. Since the Equity Shares are available for trading on the Stock Exchanges, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the Financial Years ended March 31, 2024, March 31, 2023, and March 31, 2022:

BSE									
Financial Year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on date of high (₹ lakhs)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on date of low (₹lakhs)**	**Average price for the year (₹)**
2024	56.35	February 20, 2024	7,34,295.00	402.41	25.34	May 29, 2023	3,50,042.00	89.01	37.65
2023	54.80	April 26, 2022	25,25,510.00	1,343.12	23.65	September 28, 2022	16,13,356.00	423.95	33.83
2022	75.00	July 6, 2021	32,03,489.00	2,289.38	31.90	April 5, 2021	3,57,781.00	11.84	53.76

(Source: www.bseindia.com)

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher turnover has been chosen*

NSE									
Financial Year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total turnover of Equity Shares traded on date of high (₹lakhs)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total turnover of Equity Shares traded on date of low (₹lakhs)**	**Average price for the year (₹)**
2024	56.4	February 20, 2024	1,27,73,469	7,000.04	25.1	May 26, 2023	12,11,342	309.49	37.65
2023	54.80	April 26, 2022	54,99,241.00	2,922.13	23.60	October 3, 2022	1,39,24,363.00	3,690.44	33.83
2022	75.00	July 6, 2021	3,86,77,633.00	27,589.21	31.80	April 5, 2021	34,94,343.00	1,150.99	53.77

(Source: www.nseindia.com)

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

The following table sets forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during Fiscals 2024, 2023 and 2022:

Fiscal	**Number of Equity Shares Traded**		**Turnover (in ₹ lakhs)**	
	BSE	**NSE**	**BSE**	**NSE**
2024	19,58,85,912.00	1,37,68,60,773.00	76,259.21	5,71,074.67
2023	14,83,61,158.00	85,78,83,537.00	52,947.32	3,05,629.31
2022	14,93,22,669.00	1,09,44,23,399.00	81,601.99	6,07,221.19

(Source: www.bseindia.com and www.nseindia.com)

(ii) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

BSE											
Month year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹) (lakhs)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹lakhs)**
July 2024	62.09	July 31, 2024	3,49,050.00	211.97	51.96	July 23, 2024	3,20,220.00	172.90	57.20	1,55,19,136.00	8,993.27
June 2024	59.81	June 28, 2024	30,25,380	1747.26	42.01	June 4, 2024	9,40,086.00	415.71	51.82	2,12,74,174	11,527.53
May 2024	52.20	May 22, 2024	24,89,908.00	1,263.45	44.30	May 10, 2024	3,92,128.00	178.34	47.57	80,80,487.00	3,934.56
April 2024	53.16	April 24, 2024	3,05,248.00	158.35	42.61	April 1, 2024	7,10,625.00	315.24	48.31	1,00,14,937.00	4,840.65
March 2024	51.55	March 2, 2024	81,439.00	41.02	38.56	March 13, 2024	13,50,908.00	552.92	44.09	1,06,36,992.00	4,637.84
February 2024	56.35	February 20, 2024	7,34,295.00	402.41	47.17	February 13, 2024	6,79,401.00	334.42	52.22	2,04,68,163.00	10,805.74

(Source: www.bseindia.com)

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a month, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

NSE											
Month year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹ in lakhs)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹ in lakhs)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹ lakhs)**
July 2024	62.10	July 31, 2024	68,51,63800	4,154.38	52.00	July 23, 2024	47,88,79100	2,583.17	57.21	16,38,13,816.00	95,016.49
June 2024	59.80	June 28, 2024	2,50,22,452	14,471.90	42.05	June 4, 2024	41,38,376	1,830.50	51.83	19,55,95,128	1,06,514.25
May 2024	52.20	May 22, 2024	2,02,74,397	10,298.67	44.25	May 10, 2024	18,85,743	857.71	47.58	7,00,12,537.00	34,029.72
April 2024	53.15	April 24, 2024	41,85,477.00	2,171.84	42.65	April 1, 2024	47,32,664.00	2,101.75	48.35	7,89,08,570.00	38,266.49
March 2024	51.65	March 2, 2024	6,91,904.00	349.33	38.55	March 13, 2024	73,77,110.00	3,018.20	44.08	6,66,69,697.00	29,081.71
February 2024	56.40	February 20, 2024	1,27,73,469.00	7,000.04	47.10	February 13, 2024	73,72,240.00	3,625.41	52.24	18,08,77,423.00	95,954.38

(Source: www.nseindia.com)

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a month, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

(iii) The following table sets forth the market price on the Stock Exchanges on February 23, 2024 that is, the first working day following the approval dated February 22, 2024 of our Board of Directors for the Issue:

Date	**BSE**					
	Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ lakhs)**
February 23, 2024	53.97	54.94	52.80	53.40	6,22,611	334.46

(Source: www.bseindia.com)

Date	NSE					
	Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ lakhs)
February 23, 2024	53.90	55.00	52.85	53.30	63,19,835	3,399.08

(Source: www.nseindia.com)

USE OF PROCEEDS

The Gross Proceeds from the Issue will aggregate up to ₹ [●] lakh. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹ [●] lakh, shall be approximately ₹ [●] lakh ("**Net Proceeds**").

Objects of the Issue

Subject to compliance with applicable laws and regulations, we intend to utilise the Net Proceeds towards the following objects:

1. Funding capital expenditure of our Company towards expansion and development of our manufacturing facilities at Baddi and Masulkhana;

2. Funding the working capital requirements of our Company; and

3. General corporate purposes.

(collectively, referred to hereinafter as the "**Objects**").

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enable us to undertake our existing activities and the Objects proposed to be funded from the Net Proceeds.

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(in ₹ lakh)

S. No.	Particulars	Amount which will be financed from Net Proceeds(2)
1.	Funding capital expenditure of our Company towards expansion and development of our manufacturing facilities at Baddi and Masulkhana	12,279.38
2.	Funding the working capital requirements of our Company	6,720.62
3.	General corporate purposes(1)	[●]
Total Net Proceeds(2)		[●]

(1) *The amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*
(2) *To be determined upon finalization of the Issue Price.*

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(in ₹ lakh)

S. No.	Particulars	Amount to be funded from Net Proceeds	Estimated amount to be deployed from the Net Proceeds in Fiscal 2025	Estimated amount to be deployed from the Net Proceeds in Fiscal 2026
1.	Funding capital expenditure of our Company towards expansion and development of our manufacturing facilities at Baddi and Masulkhana	12,279.38*	8,882.78	3,396.60
2.	Funding the working capital requirements of our Company	6,720.62	6,720.62	-
3.	General corporate purposes(1)	[●]	[●]	[●]
Total Net Proceeds(2)		[●]	[●]	[●]

* *As certified by an independent chartered engineering firm, SJA Industrial Consultants Private Limited, by way of their certificate dated July 31, 2024.*
(1) *The amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*
(2) *To be determined upon finalization of the Issue Price.*

Our funding requirements, deployment of the Net Proceeds and the intended use of the Net Proceeds indicated above are based on internal management assessments of current and expected sectoral and market conditions, which are subject to change in the future. However, the deployment of funds described herein, has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial conditions, business and growth strategy and other external factors in the business eco-system such as changes in market conditions, regulatory climate, competitive environment, supply chain etc which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure, implementation schedule and funding requirements, including the expenditure for a particular purpose, at the discretion of our management, subject to compliance with the applicable laws.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals, in accordance with applicable law. Subject to applicable law, if the actual utilisation towards the Objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds. In the event that estimated utilization out of the Net Proceeds in a fiscal is not completely met, it shall be utilized in the subsequent fiscals, as may be decided by our Company, in accordance with applicable laws. In case of a shortfall in raising requisite capital from the Net Proceeds, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue, subject to compliance with applicable laws. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds, as may be determined by our Company, subject to compliance with applicable laws. Further, our Board retains the right to change the above schedule of implementation and deployment of Net Proceeds, including the manner, method, and timing of deployment of the Net Proceeds, in case of change in our business requirements and other commercial considerations, subject to compliance with the applicable laws. See "*Risk Factors –We have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Issue. Our funding requirements and deployment of the Net Proceeds of the Issue are based on management estimates and have not been independently appraised. Our management will have broad discretion over the use of the Net Proceeds*" on page 54.

Details of the Objects

1. **Funding capital expenditure of our Company towards expansion and development of our manufacturing facilities at Baddi and Masulkhana (collectively, the "Capex Facilities")**

   We propose to expand and development of our existing Baddi Facility and our existing Masulkhana Facility. We aim to utilize an aggregate of up to ₹ 12,279.38 lakh towards funding of the capital expenditure of these two facilities.

   The QIP Committee of our Board pursuant to their resolution dated August 1, 2024 has approved and taken note that an aggregate amount of up to ₹ 12,279.38 lakh is proposed to be funded from the Net Proceeds for funding capital expenditure towards upgradation of the Baddi Facility and the Masulkhana Facility.

   Our Baddi Facility is engaged in the production of (i) Active Pharmaceutical Ingredient ("**APIs**") including Atorvastatin, Fexofenadine, Rosuvastatin, and Loratadine, (ii) medical formulations ("**Formulations**") for treatment of allergy, depression, heart ailments, amongst others, and (iii) other medical devices such as blood glucometers, blood pressure monitors etc. ("**Devices**"). Our Masulkhana Facility and is engaged in the production of APIs including Loratadine, Desloratadine, Montelukast and Dapafiflozin. For further details, please see "*Our Business - API Portfolio*" on page 147 of this Preliminary Placement Document. We intend to increase our manufacturing capabilities by enhancing the existing production capacities at the Baddi Facility during the financial years 2025 and 2026, by an aggregate annual total installed capacity of 188 KL for API products. Further, we intend to increase our manufacturing capabilities by enhancing the existing production capacities at the Masulkhana Facility during the financial years 2025 and 2026, by an aggregate annual total installed capacity of 12 KL for API products. This additional production capacity is expected to help us further expand our production capabilities. We also intend to invest in backward integration and expansion of our manufacturing facilities in relation to the Devices that we sell. Set out below are details of the proposed utilization of the Net Proceeds towards the upgradation of our Capex Facilities.

   (a) Baddi Facility

   (i) Enhancing capacity for manufacturing API at our Baddi facility

   The company operates its Baddi facility on a land parcel admeasuring 28.63 acres with a built-up area of 3.33 lacs sq. ft. with a current installed capacity of 298.00 KL where our Company manufactures API products and Formulations such as tablets, capsules, liquid products, dry powder, Isabgol, Atorvastatin-blood cholesterol reducer, L0 to L 6 of Loratadine amongst others.

   We propose to utilize an aggregate of up to ₹ 7,380.81 lakh towards funding the proposed capital expenditure on the upgradation of our APIs and Devices business being undertaken at our Baddi Facility, which shall include cost incurred towards (i) plant and machinery, (ii) civil works, (iii) utilities, (iv) quality control ("**QC**") and research and development ("**R&D**"), and (v) effluent treatment plant. A detailed break-down of the estimated cost of the proposed expansion of our API manufacturing in our Baddi Facility is set forth below:

(in ₹ lakh)

Particulars	Amount to be incurred from the Net Proceeds in Fiscal 2025*	Amount to be incurred from the Net Proceeds in Fiscal 2026*	Total estimated cost for the Proposed Expansion to be funded from Net Proceeds*
Plant and machinery	1,744.28	1,326.87	3,071.15
Civil works	892.14	892.15	1,784.29
Utilities	555.13	457.58	1,012.71
QC/R&D	509.72	286.89	796.61
Effluent Treatment Plant	716.05	-	716.05
Total	**4,417.32**	**2,963.49**	**7,380.81**

* *As certified by an independent chartered engineering firm, SJA Industrial Consultants Private Limited, by way of their certificate dated July 31, 2024.*

The current installed capacity of 298.00 KL of API at the Baddi Facility is proposed to be enhanced by 188 KL to 486.00 KL upon the completion of the expansion.

(ii) Enhancing capacity for manufacturing medical devices at our Baddi facility

The total estimated cost for expansion of the Devices business at our Baddi Facility is ₹ 4,143.84 lakh which involves expenditure towards (i) plant and machinery and (ii) civil works. The proposed expansion is expected to enhance our ability to manufacture components of our devices that were hitherto purchased from third party vendors. For instance, we expect the expanded facility to manufacture of printed circuit board (PCB), lancing device and other parts of the finished products, being blood gluco meters, blood pressure monitors, thermometers and nebulisers.

A detailed break-down of the estimated cost of the proposed expansion of our devices' manufacturing in our Baddi Facility is set forth below:

(in ₹ lakh)

Particulars	Amount to be incurred from the Net Proceeds in Fiscal 2025*	Amount to be incurred from the Net Proceeds in Fiscal 2026*	Total estimated cost for the Proposed Expansion to be funded from Net Proceeds*
Plant and machinery	3,178.85	-	3,178.85
Civil works	964.99	-	964.99
Total	**4,143.84**	**-**	**4,143.84**

* *As certified by an independent chartered engineering firm, SJA Industrial Consultants Private Limited, by way of their certificate dated July 31, 2024.*

(b) Masulkhana Facility

The company operates its Masulkhana Facility on a land parcel admeasuring 2.18 acres with a built-up area of 0.50 lakhs sq. ft. with a current installed capacity of 104.70 KL where our Company manufactures API products.

We propose to utilize an aggregate of up to ₹ 754.73 lakh towards funding the proposed capital expenditure on the upgradation of our APIs business being undertaken at our Masulkhana Facility, which shall include cost incurred towards (i) plant and machinery, (ii) utilities, and (iii) QC and R&D.

(in ₹ lakh)

Particulars	Amount to be incurred from the Net Proceeds in Fiscal 2025*	Amount to be incurred from the Net Proceeds in Fiscal 2026*	Total estimated cost for the Proposed Expansion to be funded from Net Proceeds*
Plant and Machinery	209.80	318.35	528.15
Utilities	111.82	-	111.82
QC/R&D	-	114.76	114.76
Total	**321.62**	**433.11**	**754.73**

* *As certified by an independent chartered engineering firm, SJA Industrial Consultants Private Limited, dated July 31, 2024.*

The current installed capacity of 104.70 KL of API at the Masulkhana Facility is proposed to be enhanced by 12.00 KL to 116.70 KL upon the completion of the expansion.

2. Funding the working capital requirements of our Company

We propose to utilize ₹ 6,720.62 lakhs from the Net Proceeds to fund the working capital requirements of our Company in Fiscal 2025. Our Company funds a majority of our respective working capital requirements in the ordinary course of business largely from internal accruals and availing financing facilities from various lenders. Our working capital is largely deployed towards funding our trade receivables and our inventories. As we continue to expand our operations, we anticipate that our working capital requirements will continue to increase.

Our working capital requirements has increased from ₹ 38,984.28 lakh to ₹ 49,160.89 lakh from March 31, 2022 to March 31, 2024 at a CAGR of 12.30%. We are also witnessing an increase in our Devices business which typically entails longer working capital cycles. The revenue from operations for our Devices segment increased from ₹ 32,707.77 lakh in Fiscal 2023 to ₹ 44,271.59 lakh. As we expand our product offerings, we anticipate that we will require hold increased inventory and offer a reasonable credit period to our channel partners to increase penetration of our Devices. Further, we also propose to increase our geographical reach and intend to enter new markets in India. This would further increase our working capital requirements as we would be required to hold sufficient inventory for penetrating the new markets.

Existing working capital(1)

Set forth below is the working capital of our Company, on a standalone basis, based on the standalone financial statements, as of, and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022:

The details of our Company's composition, on a standalone basis, of net working capital as at March 31, 2024, March 2023, March 2022 is as set out in the table below:

(in ₹ lakh)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Current assets			
Trade receivables	31,688.79	25,547.12	22,187.11
Cash and cash equivalents	5,047.55	5,590.33	4,554.73
Current loan/financial assets	1,071.85	578.06	540.48
Inventories	22,015.11	21,134.90	25,825.35
Other current assets	24,467.34	20,234.39	14,568.41
Total current assets (A)	**84,290.64**	**73,084.80**	**67,676.08**
Current liabilities			
Short term borrowings (Refer note 1)	2,349.09	2,317.95	1,613.16
Trade payables (Refer note 2)	26,742.58	21,309.68	21,731.91
Other Financial Liabilities (Refer Note. 3)	3,399.22	3,741.21	3,559.84
Provisions	2,305.44	1,491.40	960.95
Other current liabilities	333.42	132.24	825.94
Total current liabilities (B)	**35,129.75**	**28,992.48**	**28,691.80**
Net working capital requirements (C = A-B)	**49,160.89**	**44,092.32**	**38,984.28**
D. Existing funding pattern			
Borrowings from banks, financial institutions, and non-banking financial companies (including bill discounting) (Refer Note 4)	-	-	-
Internal accruals/net worth	49,160.89	44,092.32	38,984.28
Total Means of Finance	**49,160.89**	**44,092.32**	**38,984.28**

(1) As certified by the Statutory Auditors pursuant to their certificate dated August 1, 2024.
Note 1: Short term borrowing does not include current maturity of long term debt.
Note 2: Trade payable includes lease liability.
Note 3: During Financial Year ending March 31, 2023, the company allotted 2,13,42,505 Equity Shares of ₹ 2 each at a premium of ₹ 51.72 per Equity Share towards extinguishment of preference shareholders liability of ₹ 11465.20 lakh. The outstanding liability towards these Preference shareholders was at ₹ 11,465.20 lakh at the end of March 31, 2022. In order to maintain consistency across all the comparative periods, aforesaid sum of ₹ 11,465.20 lakh outstanding at the end of financial year March 31, 2022, forming part of current liabilities as per Audited Financial Statements for the said financial year have not been considered for the purpose of computation of existing working capital requirement.
Note 4: Does not include borrowing from Related party - Director Loan.

Assumptions for working capital requirements(1)

The following table sets forth the details of the holding levels (in days) for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, which has been computed based on the standalone financial statements of the Company for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, respectively:

Particulars	Number of days for the Fiscal ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Trade receivables	68	65	48
Cash and cash equivalents	12	15	11
Current loan/financial assets	3	2	1
Inventories	51	64	54

Particulars	Number of days for the Fiscal ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Other current assets	58	55	37
Short term borrowings	6	6	4
Trade payables	57	59	52
Other financial liabilities	8	10	9
Provision	5	4	2
Other current liabilities	1	0	2

(1) *As certified by the Statutory Auditors pursuant to their certificate dated August 1, 2024.*

On the basis of the existing working capital requirement of our Company and holding levels for the Fiscals 2024, 2023, and 2022, the QIP Committee of our Board of Directors by way of their resolution dated August 1, 2024 approved the projected total working capital requirements of ₹ 62,849.49 lakhs for Fiscal 2025. Accordingly, the Company proposes to utilize ₹ 6,720.62 lakhs of the Net Proceeds in Fiscal 2025 towards our estimated working capital requirements. The balance portion of our Company's working capital requirement shall be met *inter alia* from internal accruals and extending existing or additional working capital facilities from various banks, financial institutions and non-banking financial companies.

3. General Corporate Purposes

The Net Proceeds will first be utilized towards the Objects as set out above. Subject to this, our Company intends to deploy any balance Net Proceeds, that is ₹ [●] lakh, towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds in compliance with the circular bearing reference no. NSE/ CML/2022/56 dated December 13, 2022, issued by NSE and circular no. 2022/1213-47 dated December 13, 2022, issued by BSE. Such general corporate purposes may include, but are not restricted to meeting fund requirements which our Company may face in the ordinary course of business, repayment or prepayment of our borrowings, strategic initiatives, partnerships, tie-ups, joint ventures or acquisitions, investment in our Subsidiaries, meeting exigencies and expenses, logistics expenses, installation expenses, accessories, freight and any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013. The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any, in accordance with applicable law.

Monitoring of utilisation of funds

Pursuant to Regulation 173A of the SEBI ICDR Regulations, our Company has appointed Care Ratings Limited, a credit rating agency registered with the SEBI, as the monitoring agency ("**Monitoring Agency**") by way of an agreement dated August 1, 2024, as the size of our Issue exceeds ₹ 10,000 lakhs. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% of the proceeds of the Issue have been utilised. The board of directors and the management of our Company will provide their comments on the findings of the Monitoring Agency as specified in Schedule XI. Our Company shall, within 45 days from the end of each quarter, upload the report of the Monitoring Agency on our website and also submit the same to the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The report of the Monitoring Agency shall be placed before our Audit Committee on a quarterly basis, promptly upon its receipt. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document, certified by the Statutory Auditor of our Company and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects, as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects, as stated above. This information will also be published on our website simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Other confirmations

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised as approved by our Board and/ or a duly authorized committee of our Board, from time to time only for such purposes, as permitted under the Companies Act, prescribed Objects as disclosed above and other applicable laws.

Our Company will have flexibility in deploying the Net Proceeds received by our Company from the Issue in accordance with applicable laws. Pending utilisation for the purposes described above, our Company intends to temporarily invest funds in creditworthy instruments, including money market mutual funds and deposits with banks. Such investments would be in accordance with the investment policies as approved by our Board from time to time and applicable laws.

Neither our Promoter nor our Directors will make any contribution either as part of the Issue or separately in furtherance of the Objects. Further, neither our Promoter nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel or members of Senior Management are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The following table sets forth our capitalization and total borrowings, on a consolidated basis, as at March 31, 2024 which has been derived from our Audited Consolidated Financial Statements and as adjusted to give effect for the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Information*" on pages 90 and 227, respectively.

(₹ in lakhs)

Particulars	**Pre – Issue**	**Post – Issue**
	As at March 31, 2024 (Un-adjusted)	**As Adjusted****
Borrowings:		
Current Borrowings		
Secured	2,563.52	**[●]**
Unsecured	-	**[●]**
Non-Current Borrowings		
Secured	336.40	**[●]**
Unsecured Borrowings	-	**[●]**
Total indebtedness (A)	2,899.92	[●]
Equity		
Equity Share capital	10,222.71	[●]
Other Equity	74,499.91	[●]
Total Equity (B)	84,722.62	[●]
Total Capitalization (C = A+B)	87,622.54	**[●]**
Total Indebtedness/ Total Equity	0.03	**[●]**

The above terms in the table shall carry the meaning as per Division II of Schedule III of the Companies Act, 2013

** *To be updated upon finalization of the price.*

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

(in ₹ lakhs, except share data)

	Particulars	Aggregate nominal value at face value (except for securities premium account)
A	**AUTHORISED SHARE CAPITAL**	
	100,00,00,000 Equity Shares of face value of ₹2 each	20,000.00
	50,00,000 Preference Shares of face value of ₹100 each	5,000.00
B	**ISSUED AND SUBSCRIBED CAPITAL BEFORE THE ISSUE**	
	51,11,68,708 Equity Shares of face value of ₹2 each(4)	10,223.37(4)
C	**PAID-UP CAPITAL BEFORE THE ISSUE**	
	51,11,68,708 Equity Shares of face value of ₹2 each(4)(5)	10,222.71(4)(5)
D	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares aggregating up to ₹ [●] lakhs(1)(2)	[●]
E	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares of face value of ₹2 each	[●]
F	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as of the date of this Preliminary Placement Document)	36,976.86
	After the Issue(2)(3)	[●]

(1) *This Issue has been authorised and approved by our Board of Directors pursuant to its resolution passed on February 22, 2024. The Shareholders' of our Company have authorised and approved the Issue by way of a special resolution in their extraordinary general meeting held on March 18, 2024.*

(2) *To be determined upon finalisation of the Issue Price*

(3) *The securities premium account after the Issue is calculated on the basis of Gross Proceeds. Adjustments do not include Issue related expenses.*

(4) *Pursuant to an order dated July 23, 2019 of the National Company Law Appellate Tribunal, Delhi and an order dated March 12, 2018 of the National Company Law Tribunal, Chandigarh, our Company has cancelled 50,62,872 Equity Shares which have been surrendered by 5,905 shareholders till the date of this Preliminary Placement Document. These Equity Shares form part of the 9,24,90,413 Equity Shares allotted to fixed deposit holders of the Company by way of a scheme of arrangement or compromise between the company and its fixed deposit holders approved by the High Court of Himachal Pradesh on August 4, 2009. Therefore, 50,62,872 Equity Shares have been considered (i.e. included) while computing the issued, paid-up and subscribed capital of the Company till the cancellation of these shares becomes effective upon approval of the cancellation of these shares by the Stock Exchanges from the total listed capital of the Company. In this regard, the Company had last made representations to NSE and BSE on March 18, 2023 and April 27, 2023, respectively However, the NSE had responded to the Company on June 5, 2023, stating that the Company had not been able to comply with the order of the National Company Law Tribunal, Chandigarh in its entirety and therefore the exchanges shall not be in a position to further proceed with the application processing for cancellation of shares. Further, as on July 30, 2024, the cancellation of these shares from the total listed capital of the Company has not been approved. Further, as of the date of this Preliminary Placement Document, out of the 9,24,90,413 Equity Shares issued to 82,231 fixed deposit holders,(A) in case of 4,69,11,083 Equity Shares belonging to 40,024 fixed deposit holders, the Equity Shares have been transferred (i.e excluding shares that are partially transferred as mentioned in (c) below), transmitted, or the name of the shareholder deleted or changed or the folio merged in case of physical shares or shareholding has been moved from demat account in which physical shares were dematerialised to another demat account since August 12, 2009, whereas (B) 53,18,139 equity shares belonging to 4,797 erstwhile fixed deposit holders are held "unclaimed suspense account" of the Company in demat mode; (C) in relation to 3,51,98,319 Equity Shares, belonging to 32,505 erstwhile fixed deposit holders, the Equity Shares are lying with erstwhile fixed deposit holders, who were eligible to get the refund of their fixed deposit due amount, however, have yet not surrendered their Equity Shares with the Company for cancellation and claimed refund of their fixed deposit dues in lieu thereof (out of which 2,37,48,324 Equity Shares are held in physical mode, and 1,14,49,995 Equity Shares are held in demat mode and include 24,60,506 Equity Shares, partially transferred i.e. part of those allotted shares were moved from demat account (in which physical shares were dematted) to another account), and (D) 50,62,872 Equity Shares belonging to 4,905 erstwhile fixed deposit holders were transferred to escrow account wherein the shareholders (erstwhile fixed deposit holders) who were eligible to get the refund of their fixed deposit due amount have surrendered their equity shares with the Company for cancellation and claimed refund of their fixed deposit dues in lieu thereof. Out of the said 50,62,872 shares surrendered, (I) 48,17,895 Equity Shares, in physical mode, are marked for extinguishment in the records, will be extinguished upon cancellation of said shares from the total listed capital of the Company by the Stock Exchanges and (II) cancellation of 2,44,977 equity shares, held in demat mode, will be effective in the records of depositories upon cancellation of said shares from the total listed capital of the Company by the Stock Exchanges. Pursuant to resolution*

of our board of directors dated November 2, 2023, the Board of Directors noted that sufficient opportunity has been given to the eligible fixed deposit holders and the Company has complied with the order of the National Company Law Tribunal, Chandigarh, dated March 12, 2018, and the process of surrender of equity shares for cancellation and refund of fixed deposit dues is concluded. For further details, please see section titled "Risk Factors – Certain Equity Shares of our Company are under cancellation. The cancellation of such Equity Shares may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows" on page 45.

(5) The paid-up share capital of the Company i.e. ₹ 10,222.71 lakhs does not include ₹66,000, in respect of 33,000 equity shares of face value of ₹2 each which were kept in abeyance under section 206A of the Companies Act, 1956 (as per the annual report of our Company for the Fiscal 2001), and on which calls are unpaid. However, the 33,000 equity shares have been included while calculating the number of paid up equity shares, in line with our filings with stock exchanges and the RoC. We are unable to ascertain any further details of such shares which are unpaid including the reason for such shares being kept in abeyance as on the date of this Preliminary Placement Document.

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Notes to the Capital Structure

1. Equity Share capital history of our Company

The history of the equity share capital of our Company as on the date of this Preliminary Placement Document is provided in the following table:@**

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment
December 18, 1984	2	100	100	Cash	Initial subscription to the Memorandum of Association(1)
January 2, 1985*	1,600	100	100	Cash	Rights Issue(2)
December 1, 1986*	2,400	100	100	Cash	Further issue (3)
September 1, 1989*	2,500	100	100	Cash	Further issue (4)
March 10, 1991*	13,498	100	100	Cash	Further issue (5)
Pursuant to our Board resolution dated February 2, 1992, and our Shareholders' resolution dated March 7, 1992 the existing equity shares of face value of ₹ 100 each of our Company were sub-divided into equity shares of face value of ₹ 10 each. Consequently, the issued, subscribed and paid-up equity shares capital of our Company, comprising 20,000 equity shares of face value of ₹100 each was sub-divided into 200,000 Equity Shares of face value of ₹10 each.*					
March 30, 1992*	50,000	10	10	Cash	Further issue(6)
March 31, 1992*	2,50,000	10	-	NA	Bonus issue in the ratio of one Equity Share for every one Equity Share held (7)
August 31, 1992*	13,00,000	10	10	Cash	Rights issue(8)
January 8, 1993*	34,00,000	10	25	Cash	Allotment pursuant to initial public offering
May 18, 1995*	26,00,000$	10	50	Other than Cash	Conversion of fully convertible debentures allotted by way of rights issue into equity shares
December 19, 1996*	78,00,000^^	10	100	Cash	Rights issue
February 8, 2000*	25,00,000	10	650	Cash	Further issue (9)
Pursuant to our Board resolution dated March 28, 2000 and our Shareholders' resolution dated September 11, 2000, the existing equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 2 each. Consequently, the issued, subscribed and paid-up equity shares capital of our Company, comprising 1,81,00,000 equity shares of face value of ₹10 each was sub-divided into 9,05,00,000 Equity Shares of face value of ₹2 each.					
March 30, 2003#*	5,00,00,000	2	14.5	Cash	Further issue(10)
May 19, 2004*	1,05,40,000	2	11	Cash	Further issue (11)
August 25, 2005*	90,00,000	2	11	Cash	Conversion of warrants(12)
October 27, 2005*	5,10,00,000	2	11	Cash	Conversion of warrants (13)
May 4, 2007	75,17,540	2	20	Cash	Further issue of Equity Shares pursuant to the corporate debt restructuring scheme (14)
December 28, 2007	10,00,00,000	2	10	Cash	Conversion of warrants(15)
December 28, 2007#	3,85,30,000	2	20	Cash	Further issue of Equity Shares pursuant to the corporate debt restructuring scheme (16)
February 9, 2008	2,48,250	2	20	Cash	Further issue of Equity Shares pursuant to the corporate debt restructuring scheme (17)
August 12, 2009*^	9,24,90,413	2	11.32	Cash	Further issue of Equity Shares pursuant to the Scheme of Arrangement or Compromise

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment
					between the Company and its Fixed Deposit Holders sanctioned by an order dated August 4, 2009 by the High Court of Himachal Pradesh(18)
March 30, 2022	2,80,00,000	2	25	Cash	Allotment of Equity Shares arising out of conversion of 2,80,00,000 fully convertible warrants into Equity Shares(19)
May 27, 2022	2,13,42,505	2	53.72	Other than cash	Allotment of Equity Shares pursuant to conversion of 1,14,65,201 0.01% cumulative compulsorily convertible preference shares into Equity Shares(20)
September 21, 2022	1,20,00,000	2	25	Cash	Allotment of Equity Shares pursuant to conversion of 1,20,00,000 fully convertible warrants to Equity Shares(21)

* *Certain form filings, challan, corporate records and the list of allottees for the allotment of equity shares could not be traced as the relevant information was not available in the records maintained by our Company. Accordingly, we have relied on the other corporate records maintained by the Company and the search report dated August 1, 2024 prepared by M/s. Rohit Parmar & Associates, Company Secretaries. For further details see "Risk Factors – We are unable to trace some of our historical corporate records including minutes of the board and shareholders meetings and corresponding form filings and challans. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation. There have also been certain instances of inaccuracies or clerical errors in our historical corporate records in the past." on page 42.*

\# *The form FC-GPR and the RBI acknowledgement for these allotments of equity shares could not be traced as the relevant information was not available in the records maintained by our Company. Accordingly, we have relied on the other corporate records maintained by our Company including form filings filed with the RoC and the resolutions passed by our Board, in relation to such allotments. The list of allottees in relation to the certain allotments of equity shares since the incorporation of the Company till the allotment of equity shares made on February 8, 2000 till the allotment made on August 12, 2009 (except for allotments dated March 30, 1992, March 31, 1992, February 8, 2000, March 30, 2003, May 19, 2004, August 25, 2005, October 27, 2005, May 4, 2007, December 28, 2007, and February 9, 2008) are untraceable. Therefore, we are unable to determine if any of the allottees to whom equity shares were allotted, are persons resident outside India, and if any form FC-GPR or an RBI approval was to be filed/ obtained for such allottees. For details see "Risk Factors – The form FC-GPR and the RBI acknowledgement for some allotments of equity shares could not be traced as the relevant information was not available in the records maintained by our Company. We cannot assure you that we will be able to trace such approvals" on page 44.*

@ *The build-up of equity share capital history of our Company above also takes into account the re-issue of 3,552 equity shares on March 28, 2000, which were forfeited during the Fiscal 2000 due to non-payment of call money (as per annual reports of our Company for the Fiscals 2001, and 2002, and resolution of our Board of Directors on March 28, 2000). Please note that the number of shares forfeited was erroneously mentioned as 3,548 instead of 3,552 in the annual report of our Company for Fiscal 2000. However, we are unable to trace the details of the then holders of forfeited shares or the particular allotment from which the forfeited shares arose and the details of the allottees of those shares upon re-issue. For risks, see "Risk Factors - We are unable to trace some of our historical corporate records including minutes of the board and shareholders meetings and corresponding form filings and challans. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation. There have also been certain instances of inaccuracies or clerical errors in our historical corporate records in the past." on page 42.*

** *The paid-up share capital of the Company i.e. ₹ 10,222.71 lakhs and does not include ₹66,000, in respect of 33,000 equity shares of face value of ₹2 each which were kept in abeyance under section 206A of the Companies Act, 1956 (as per the annual report of our Company for the Fiscal 2001), and on which calls are unpaid. However, the 33,000 equity shares have been included while calculating the number of paid up equity shares, in line with our filings with stock exchanges and the RoC. We are unable to ascertain any further details of such shares which are unpaid including the reason for such shares being kept in abeyance as on the date of this Preliminary Placement Document.*

^ *Pursuant to an order dated July 23, 2019 of the National Company Law Appellate Tribunal, Delhi and an order dated March 12, 2018 of the National Company Law Tribunal, Chandigarh, our Company has cancelled 50,62,872 Equity Shares which have been surrendered by 4,905 shareholders until the date of this Preliminary Placement Document. These Equity Shares form part of the 9,24,90,413 Equity Shares allotted to fixed deposit holders of the Company by way of a scheme of arrangement or compromise between the company and its fixed deposit holders approved by the High Court of Himachal Pradesh on August 4, 2009. Therefore, 50,62,872 Equity Shares have been considered (i.e. included) while computing the issued, paid-up and subscribed capital of the Company till the cancellation of these shares becomes effective upon approval of the Stock Exchanges for cancellation of these shares, from the total listed capital of the Company. In this regard, our Company had last made representations to NSE and BSE on March 18, 2023 and April 27, 2023, respectively However, the NSE had responded to the Company on June 5, 2023, stating that* *the Company had not been able to comply with the order of the National Company Law Tribunal, Chandigarh in its entirety and therefore the exchanges shall not be in a position to further proceed with the application processing for cancellation of shares. For further details see "Risk Factors – Certain Equity Shares of our Company are under cancellation. The cancellation of such Equity Shares may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows" on page 45.*

$ *Included 1,150 equity shares of face value of ₹10 each which were kept in abeyance pending registration of transfer of shares under section 206A of the Companies Act, 1956 and shown as calls in arrears (as per the annual report of our Company for the Fiscal 1996).*

^^ *Included 5,900 equity shares of face value of ₹10 each which were kept in abeyance as per section 206A of the Companies Act, 1956 (as per the resolution of the Board of Directors of our Company on December 19, 1996).*

(1) *Allotment of 1 equity share to Kulbhushan Suri and 1 Equity Share to Devinder Singh pursuant to initial subscription to the Memorandum of Association.*

(2) *Allotment of 786 equity shares to Kulbhushan Suri and 814 Equity Share to Devinder Singh pursuant to rights issue.*

(3) *Allotment of 1,200 equity shares to Kanta Suri, 600 equity shares to Madan Lal Sahni, 400 equity shares to Bharti Sahni, 185 equity shares to Sudesh Anand, 15 equity shares to K.B. Suri.*

(4) *Allotment of 560 equity shares to K.B. Suri, 310 equity shares to Kanta Suri, 660 equity shares to Arun Suri, 110 equity shares to Sunita Suri, 350 equity shares to Sanjay Suri, 510 equity shares to Sushil Suri.*

(5) *Allotment of 2,238 equity shares to K.B. Suri, 1,490 equity shares to Kanta Suri, 1,925 equity shares to Arun Suri, 1,590 equity shares to Sunita Suri, 2,190 equity shares to Sushil Suri, 1,965 equity shares to Sanjay Suri, 100 equity shares to Vijay Rawat, 500 equity shares to Sonia Suri, 200 equity shares to Varun Suri, 80 equity shares to Anubhav Suri, 1,000 equity shares to P.L. Suri, 220 equity shares to Simmi Bhasin.*

(6) *Allotment of 5,000 equity shares to K.B. Suri, 3,500 equity shares to Kanta Suri, 7,500 equity shares to Sushil Suri, 6,500 equity shares to Arun Suri, 2,500 equity shares to Sunita Suri, 5,000 equity shares to Sanjay Suri, 10,000 equity shares to Mamta Suri, 10,000 equity shares to Anju Suri.*

(7) *Allotment of 45,000 equity shares to K.B. Suri, 33,500 equity shares to Kanta Suri, 38,500 equity shares to Sushil Suri, 36,500 equity shares to Arun Suri, 30,000 equity shares to Sanjay Suri, 22,500 equity shares to Sunita Suri, 4,000 equity shares to Vijay Rawal, 5,000 equity shares to Sonia Suri, 2,000 equity shares to Varun Suri, 800 equity shares to Anubhav Suri, 10,000 equity shares to P.L. Suri, 2,200 equity shares to Simmi Bhasin, 10,000 equity shares to Mamta Suri, 10,000 equity shares to Anju Suri.*

(8) *Allotment of 1,10,000 equity shares to K.B. Suri, 37,000 equity shares to Arun Suri, 86,000 equity shares to Sushil Suri, 3,000 equity shares to Kanta Suri, 27,000 equity shares to Sunita Suri, 60,000 equity shares to Mamta Suri, 60,000 equity shares to Anju Suri, 40,000 equity shares to Sonia Suri, 46,000 equity shares to Varun Suri, 8,400 equity shares to Anubhav Suri, 8,500 equity shares to Kushal Suri, 8,500 equity shares to Sonam Suri, 8,600 equity shares to Aanchal Suri, 2,12,500 equity shares to Point Invest, 3,500 equity shares to Point Invest, 4,09,000 equity shares to Tendril Fin, 1,69,000 equity shares to Petunia Fin, 3,000 equity shares to Point Invest,*

(9) *Allotment of 25,00,000 equity shares to certain institutional investors on a preferential basis*

(10) *Allotment of 500,00,000 Equity Shares to the Bank of New York (as depositary bank).*

(11) *Allotment of 1,05,40,000 Equity Shares to certain shareholders on a preferential basis.*

(12) *Allotment of 90,00,000 to Anju Suri pursuant to exercise of rights attached to the warrants issued to them.*

(13) *Allotment of 5,10,00,000 to promoter group of the Company pursuant to exercise of rights attached to the warrants issued earlier to them.*

(14) *Allotment of 75,17,540 Equity Shares pursuant to the corporate debt restructuring scheme dated July 27, 2006 to certain banks and financial institutions in lieu of the part satisfaction of their existing debts.*

(15) *Allotment of 1,00,00,000 Equity Shares to Solace Investment and Financial Services Private Limited, 1,00,00,000 Equity Shares to Brook Investment and Financial Services Private Limited, 1,00,00,000 Equity Shares to Concept Credits and Consultants Private Limited, 1,00,00,000 Equity Shares to Scope Credits and Financial Services Private Limited, 1,00,00,000 Equity Shares to Mid Med Financial Services Private Limited, 1,00,00,000 Equity Shares to React Investment and Financial Services Private Limited, 1,00,00,000 Equity Shares to Solitary Investment and Financial Services Private Limited, 1,00,00,000 Equity Shares to Seed Securities and Services Private Limited, 1,00,00,000 Equity Shares to Square Investment and Financial Services Private Limited, 1,00,00,000 Equity Shares to Epitome Holdings Private Limited.*

(16) *Allotment of 3,85,30,000 Equity Shares to GL India Mauritius III Limited pursuant to the corporate debt restructuring scheme.*

(17) *Allotment of 2,48,250 Equity Shares to Centurion Bank of Punjab Limited pursuant to the corporate debt restructuring scheme.*

(18) *The shares of our Company were issued and allotted under the Scheme of Arrangement or Compromise between the Company and its Fixed Deposit Holders approved by the fixed deposit holders and the shareholders of the Company on November 15, 2008 and allowed to be implemented by the High Court of Himachal Pradesh on August 4, 2009. For further details, see "Risk Factors – Certain Equity Shares of our Company are under cancellation. The cancellation of such Equity Shares may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows" on page 45.*

(19) *Allotment of 35,00,000 Equity Shares to Epitome Holdings Private Limited, 35,00,000 Equity Shares to Seed Securities and Services Private Limited, 35,00,000 Equity Shares to Solace Investment and Financial Services Private Limited, 35,00,000 Equity Shares to Concept Credits and Consultants Private Limited, 35,00,000 Equity Shares to Scope Credits and Financial Services Private Limited, 35,00,000 Equity Shares to Brook Investment and Financial Services Private Limited, 35,00,000 Equity Shares to Solitary Investments and Financial Services Private Limited, 35,00,000 Equity Shares to Square Investments and Financial Services Private Limited.*

(20) *Allotment of 16,68,205 Equity Shares to State Bank of India, 11,19,050 Equity Shares to Axis Bank Limited, 13,82,978 Equity Shares to Bank of Baroda, 1,38,216 Equity Shares to Bank of India, 3,72,300 Equity Shares to Blue Sky Securities Private Limited, 6,17,088 Equity Shares to BNP Paribas, 6,51,526 Equity Shares to Canara Bank, 2,43,551 Equity Shares to Dhanlaxmi Bank Limited, 17,05,757 Equity Shares to Export-Import Bank of India, 30,900 Equity Shares to General Insurance Corporation of India, 2,96,973 Equity Shares to HDFC Bank Limited, 3,19,413 Equity Shares to IDBI Bank Limited, 1,62,645 Equity Shares to IFCI Limited, 1,94,106 Equity Shares to Industrial Investment Bank of India Limited, 3,07,148 Equity Shares to Karnataka Bank Limited, 1,84,381 Equity Shares to Life Insurance Corporation of India, 47,61,448 Equity Shares to Punjab National Bank, 15,44,048 Equity*

Shares to SICOM Limited, 17,88,987 Equity Shares to Stressed Assets Stabilisation Fund, 21,94,713 Equity Shares to The Bank of Nova Scotia, 2,34,000 Equity Shares to The Karur Vysya Bank Ltd, 44,676 Equity Shares to The Oriental Insurance Company Limited, 3,09,160 Equity Shares to The South Indian Bank Limited, 9,60,349 Equity Shares to UCO Bank, 28,505 Equity Shares to United India Insurance Company Limited, 82,418 Equity Shares to The New India Assurance Company Limited.

(21) *Allotment of 50,00,000 Equity Shares to Liquid Holdings Private Limited, 35,00,000 Equity Shares to React Investments and Financial Services Private Limited, 35,00,000 Equity Shares to Mid-Med Financial Services and Investments Private Limited.*

2. Preference Share capital history of our Company

As on the date of this Preliminary Placement Document, our Company does have any issued outstanding preference share capital.

Employee Stock Option Plan

As on date of this Preliminary Placement Document, our Company does not have an employee stock option plan.

Proposed Allottees in the Issue

In compliance with the requirements prescribed under the SEBI ICDR Regulations, Allotment shall be made at the sole discretion of our Company in consultation with the BRLM to Eligible QIBs. For details of the names of the proposed Allottees and the percentage of the post-Issue Equity Share capital that may be held by them, see "*Details of Proposed Allottees*" on page 230.

Pre-Issue and post-Issue equity shareholding pattern

The following table provides the pre-Issue shareholding pattern as of the date of this Preliminary Placement Document, and the post-Issue shareholding pattern:

Sr. No.	Category	Pre-Issue^		Post-Issue*	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
A.	**Promoters' holding****				
1.	Indian				
	Individual	4,12,41,750	8.07	[●]	[●]
	Body Corporates	15,41,29,838	30.15	[●]	[●]
	Sub-Total	19,53,71,588	38.22	[●]	[●]
2.	Foreign promoters	-	-	[●]	[●]
3.	Any other	-	-	[●]	[●]
	Sub-Total (A)	19,53,71,588	38.22	[●]	[●]
B.	**Non-Promoters' holding**				
1.	**Institutional investors**	2,13,93,815	4.19	[●]	[●]
2.	**Non-Institutional investors**				
	Private corporate bodies	1,70,69,110	3.34	[●]	[●]
	Directors and relatives	-	-	[●]	[●]
	Indian public	22,95,25,143	44.90	[●]	[●]
	Others including Non-resident Indians (NRIs)	4,78,09,052	9.37	[●]	[●]
	Sub-Total (B)	31,57,97,120	61.80	[●]	[●]
	Grand Total (A+B)	51,11,68,708	100.00	[●]	[●]

^ *Based on beneficiary position data of the Company as on July 30, 2024.*
* *The post-Issue shareholding pattern has been intentionally left blank and will be filled in the Placement Document.*
** *Includes shareholding of our Promoter Group as well.*

Notes

1. *50,38,983 shares are under cancellation with stock exchanges pursuant to the order of Hon'ble NCLT, Chandigarh.*
2. *The shares of Late Kanta Suri and Late PL Suri, being the members of Promoters Group, are under the process of transmission.*
3. *The Company is having multiple demat accounts with same PAN which includes demat account for unclaimed shares (i.e., for physical shares which has not been claimed by shareholders, being dematerialised, and kept as unclaimed shares), a suspense escrow demat account for those shares who were not claimed by the shareholders/ investor after expiry of prescribed period of 120 days from the date of intimation of issuance of letter of confirmation and demat account for equity shares surrendered by the FD holders for cancellation and claimed FD dues in lieu thereof. Therefore, the nos. of shares lying in the name of Morepen Laboratories Limited [Unclaimed Shares] has been clubbed and shown as 55,79,833 equity shares in this shareholding pattern.*

Other confirmations

(i) The Promoter Directors, Key Managerial Personnel and members of the Senior Management of our Company do not intend to participate in the Issue.

(ii) Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice to our Shareholders, i.e., February 24, 2024, for approving the Issue.

(iii) There would be no change in control in our Company consequent to the Issue.

(iv) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

(v) Our Company has not made any allotment of securities for consideration other than cash in the one year immediately preceding the date of this Preliminary Placement Document.

DIVIDENDS

In accordance with the provisions of the Companies Act, 2013, as amended, dividend shall be paid out of (a) relevant financial year's profit, after providing for depreciation in accordance with the provisions of the applicable law; or (b) net profit from any previous financial year(s), after providing for depreciation and remaining undistributed; or (c) out of (a) and (b) mentioned above.

Dividend amounts are determined each Fiscal in accordance with our Board's assessment of, *inter-alia,* our Company's financial performance, operating cash flows, profits earned during the year, distributable surplus available as per applicable laws, past dividend trends, earnings stability, working capital requirements, capital expenditure requirements, business expansion and growth, capital restructuring, debt reduction, capitalization of shares, contingent liabilities, covenants in loan agreements and debt servicing obligations, economic environment, both domestic and global, industry outlook for the future years, statutory and regulatory provisions, and cost of external financing.

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act and our Articles of Association. Our Board has approved and adopted a formal dividend distribution policy on July 27, 2021, in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see the section titled "*Description of the Equity Shares*" on page 203.

Following are the details of dividends paid by our Company in Fiscals 2024, 2023 and 2022 and the current fiscal for Equity Shares:

Particulars	From April 1, 2024 till the date of this PPD	Fiscal 2024	Fiscal 2023	Fiscal 2022
Number of Equity Shares	511,168,708	511,168,708	511,168,708	477,826,203
Face value of Equity Shares (₹ per Equity Share)	2	2	2	2
Aggregated Dividend (in ₹)	Nil	Nil	Nil	Nil
Dividend per share (₹ per Equity Share)	Nil	Nil	Nil	Nil
Dividend rate (in %)	Nil	Nil	Nil	Nil
Dividend distribution tax (in %)	Nil	Nil	Nil	Nil
Dividend distribution tax (in ₹ lakhs)	Nil	Nil	Nil	Nil
Mode of payment of dividend	NA	NA	NA	NA

Following are the details of dividends paid by our Company in Fiscals 2024, 2023 and 2022 and the current fiscal for Preference Shares:

Particulars	From April 1, 2024 till the date of this PPD	Fiscal 2024	Fiscal 2023	Fiscal 2022
Number of Preference Shares	Nil	Nil	Nil	11,465,201
Face value per Preference Share (in ₹)	NA	NA	Nil	100
Aggregate Dividend (in ₹)	Nil	Nil	Nil	Nil
Dividend per Preference Share (in ₹)	Nil	Nil	Nil	Nil
Rate of dividend (%)	Nil	Nil	Nil	Nil
Dividend Distribution Tax (%)	Nil	Nil	Nil	Nil
Dividend Distribution Tax (in ₹ lakhs)	Nil	Nil	Nil	Nil
Mode of payment of dividend	NA	NA	NA	NA

Future Dividends

The dividend pay-out in the past is not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. The dividend pay-out decision of our Company will depend on a number of internal and external factors, including, but not limited to, profits earned during the year, capital requirements, business expansion, investments in Subsidiaries or Associates, uncertainty in business conditions, volatility in the capital markets, regulatory restrictions, interest and inflation rate and any other factor that the Board may deem fit.

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared after Allotment.

Please also see the sections titled "*Taxation*" and "*Risk Factors*" on pages 206 and 39, respectively.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Audited Consolidated Financial Statements. Unless the context requires otherwise, the financial information corresponding to Fiscal 2024, Fiscal 2023 and Fiscal 2022 has been derived from the Audited Consolidated Financial Statements. For details, please see "Financial Information" on page 227.

*Our Audited Consolidated Financial Statements have been prepared under Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act, 2013 (the "**Act**") (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.*

Our financial year commences on April 1 and ends on March 31 of the subsequent year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled 'Global and Indian Pharmaceutical & Medical Devices Market' dated July 29, 2024, prepared exclusively for the Issue and released by 1Lattice Technologies Private Limited ("**1Lattice Report**"), commissioned and paid by our Company in connection with the Issue.*

This Preliminary Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Preliminary Placement Document. For details, please see "Forward-Looking Statements" and "Risk Factors" on pages 13 and 39, respectively.

OVERVIEW

For details in relation to our business overview, competitive strengths, business strategies and business operations, please see "*Our Business*" beginning on page 146.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATION AND FINANCIAL CONDITION

Our business, results of operations and financial condition are affected by a number of factors, including:

Regulatory Framework

The medical and healthcare industry in India and in the jurisdictions where we sell our products are subject to stringent regulation. Our income is significantly dependent on the portfolio of products that we can sell across markets. Our product approvals and registrations therefore constitute an important factor for our results of operations. In order to serve our domestic and international markets, we have invested significant resources in the development of our manufacturing facilities, which have been built in accordance with the cGMP guidelines. Our manufacturing facilities are inspected/audited by our customers and a variety of overseas regulatory authorities, including USFDA, PMDA (Japan), ANVISA (Brazil) and EDQM (Europe), to assess compliance with their respective regulatory requirements. To varying degrees, each of these regulators/ agencies requires us to adhere to laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of our APIs in their respective regions. If we fail to comply with the applicable quality standards specified by these regulators/agencies, or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected.

The quality of our products is critical to the success of our business and depends on the effectiveness of our quality assurance system, which, in turn, depends on a number of factors, including the design of our facility, and the checks and balances implemented at the stage of development/manufacturing, and testing processes in line with the regulatory and customer requirement. Policy decisions by regulators, such as USFDA, in major developed countries may have the effect of limiting the importation of APIs and may have a material effect on our business.

Research and Development and Product Registration

R&D - Our business depends to a large extent on our R&D capabilities. The R&D process is both time consuming and costly, and involves a high degree of business risk. Our business and financial and operating results have been and will be affected by our ability to continue to develop and commercialize new products. For the Fiscals 2024, 2023 and 2022, our total expenditure on R&D was ₹ 519.83 lakhs, ₹ 306.89 lakhs and ₹ 300.82 lakhs, or 0.30%, 0.22% and 0.19% of our total income, respectively. As of March 31, 2024, we employed 344 personnel at our R&D laboratories, which constituted 11% of our total permanent employee strength.

As of March 31, 2024, we have made a total of 51 foreign patent applications, out of which 16 are granted (including 10 ceased/expire non-PCT applications), 2 are pending, 2 are refused and 9 withdrawn/abandoned and 22 are ceased/expired PCT application. Further, we have made a total of 104 patent applications in India, out of which 37 are granted (including 4 ceased and expired patents), 41 are pending, 25 are withdrawn/ abandoned and 1 is refused. We have also submitted DMFs for APIs with the USFDA We have also submitted 26 DMFs for APIs with the USFDA, 11 DMFs with EDQM.

To develop our product pipeline, we commit substantial time, funds and other resources in R&D. In addition, we must adapt to rapid changes in our industry due to technological advances and scientific discoveries. We strive to keep our technology, facilities and machinery current with the latest international standards. The cost of implementing new technologies, upgrading our manufacturing facilities and retaining our research staff affects our results of operations and cash flows. We must adapt to rapid changes in our industry due to scientific discoveries and technological advances, including in relation to the equipment and machinery we utilize at our manufacturing facilities. If our existing products become obsolete in the future, and we are unable to effectively introduce new products, our business and results of operations could be adversely affected. Any technological developments which increase efficiency or reduce costs, may positively affect our results of operations. Although we strive to keep our technology, facilities and machinery current with the latest international standards, they may become obsolete over time.

Any significant changes in custom duties and other commercial taxes including Goods and Service Tax (GST) levied on our manufacturing operations, raw materials, packing materials and finished products and changes in our production costs, may affect our financial condition and results of operations. Regulatory authorities may also impose pricing controls that apply to our products. The evolving and complex nature of regulatory requirements, the broad authority and discretion of the regulatory authorities and the generally high level of regulatory oversight results in the continuing possibility that our development of new products and manufacturing of existing products may be restricted.

Raw Materials and Competitive Product Pricing

Our ability to maintain cost competitiveness in our products is important for our business and is dependent on efficient management of our production costs. Our cost of materials consumed constitutes the largest component of our expenditure. For Fiscals 2024, 2023 and 2022, our cost of materials consumed was ₹ 1,06,242.49 lakhs, ₹ 95,574.44 lakhs and ₹ 1,04,932.02 lakhs, or 62.33%, 67.13% and 67.39% of our total income, respectively. We currently source most of our key raw materials from vendors in China, Taiwan, Israel, Korea, and India. We typically do not enter into long-term supply contracts with any of our vendors and instead place purchase orders with them from time to time. We are thus exposed to fluctuations in availability and prices of our raw materials, including on account of exchange rate fluctuations, and we may not be able to effectively pass on any increase in cost of raw materials to our customers, which may affect our margins, sales, results of operations and cash flows. As we continue to grow our product portfolio and increase our production capacities, we would need to procure additional volumes of raw materials. Any inability on our part to procure sufficient quantities of raw materials and on commercially acceptable terms, could lead to a change in our manufacturing and sales volumes.

We seek to de-risk our operations by continuing to diversify our procurement base, reduce the amount of materials that we import and procure more materials from Indian suppliers. In addition, we have invested and will continue to invest in backward integration of key starting materials to become more self-reliant and less dependent on our vendors for raw materials, as such dependence on vendors may sometimes impact our timely manufacture and delivery of products to our customers.

Distribution and Sale of Products

Over the years, we have developed extensive sales and distribution network across India. As of March 31, 2024, our distribution network with a pan-India presence covers 28 states and 1 Union Territory in India, included over 5,100 distributors. These distributors in turn supply to over 3,28,000 chemists retailers and healthcare professionals. We also conduct our business through major online platforms. During Fiscal 2024, we supplied our products to 66 countries, in Europe, Africa, America and Asia. Owing to our global presence, our products are sold in both regulated markets and emerging markets.

We constantly seek to grow our product reach to underpenetrated geographies, increase the penetration of our products in markets in which we are currently present and widen the portfolio of our products available in those markets by growing our distribution network. Our success is dependent on our ability to successfully tie up with or appoint new distributors to expand our network and effectively manage our existing distribution network. We may face disruptions in the delivery of our products for reasons beyond our control, including poor handling of our products, transportation bottlenecks, natural disasters and labour issues, which could lead to delayed or lost deliveries, thereby impacting our business and results of operation.

SIGNIFICANT ACCOUNTING POLICIES

1.1. **Basis for preparation of financial statements**

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter, the relevant provisions of the

Companies Act, 2013 ("**the Act**'') and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

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 five subsidiaries namely Dr. Morepen Ltd., Total Care Ltd., Morepen Devices Ltd., Morepen Rx Ltd. (Domestic Companies) and Morepen Bio Inc. (*earlier Morepen Inc.*) (Foreign Company). Financial statements of foreign subsidiary have been recasted for the purpose of consolidation.

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

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

* *(Held by Dr. Morepen Limited)*

Functional and Presentation Currency

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

Basis of measurement

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

Operating Cycle

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

1.2. **Use of Estimates and Judgements**

The presentation of financial statements in conformity with Ind AS requires the management of the Company to make estimates, judgements, and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful life of depreciable assets and provisions for impairments and others.

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

1.3. **Property, Plant and Equipment (PPE)**

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

a) Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

b) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

c) Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

d) The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.4. Intangible Assets and Amortisation

Internally generated Intangible Assets - Research and Development expenditure

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

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

Intangible Assets acquired separately.

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

1.5. Depreciation

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

a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it except assets costing less than Rs. 5000/- on which depreciation is charged in full during the year.

b) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

1.6. Valuation of inventories

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

1.7. Foreign Currency Transactions / Translations

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

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

v) In case of long-term monetary items outstanding as at the end of year, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

1.8. **Dividends**

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

1.9. **Leases**

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

2.0 **Financial Instruments**

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

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

i) **Initial Recognition and measurement**

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

However, trade receivables that do not contain a significant financing component are measured at transaction price.

ii) **Subsequent measurement**

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

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

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

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

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

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

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

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

e) **Financial liabilities**

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

Financial liabilities at FVTPL

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

Other Financial liabilities

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

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

iii) **Derecognition of financial instruments**

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

iv) **Fair value measurement of financial instruments**

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

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

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

2.1 Impairment of Assets

i) **Financial Assets**

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

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

ii) **Non-Financial Assets**

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

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

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

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

2.2 **Revenue Recognition**

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

a) Revenue is recognised at the value of consideration received or receivable. The transaction price of goods sold, and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as part of the contract. The amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

2.3 **Interest**

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

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

2.4 **Income Taxes**

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

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

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

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

Pursuant to Taxation Laws (Amendment) Ordinance 2019, the company has opted to pay Income Tax as provided under Section 115BAA of the Income Tax Act, 1961.

2.5 Borrowing Costs

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

2.6 Provisions, contingent liabilities and contingent assets

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

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

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

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

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

2.7 Earning per share

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

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

2.8 Employee Retirement benefits

i) <u>Short term employee benefits</u>

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

ii) <u>Post – employment benefits</u>

<u>Defined contribution plans</u> –

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

<u>Defined benefit plans</u> –

Gratuity

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

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

iii) <u>Long – term employee benefits</u>

Leave Encashment

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

2.9 **Segment Reporting**

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

3.0 **Cash and cash equivalents**

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

PRINCIPAL COMPONENTS OF STATEMENT OF PROFIT AND LOSS

Income

Our total income comprises (i) income from operations (net); and (ii) other income.

Income from operations (net)

Income from operations (net) comprises income from the (i) home health devices business segment, (ii) API business segment (iii) formulations business segment and over the counter (OTC) segment.

Other Income

Other income primarily comprises (i) foreign exchange fluctuations, (ii) interest income and (iii) other miscellaneous income.

Expenditure

Our total expenditure primarily comprises (i) cost of material consumed; (ii) purchase of stock-in-trade; (iii) employee benefits expenses; (iv) power and fuel; (v) selling and distribution expenses and (vi) other expenses.

Cost of materials consumed

Cost of material consumed comprises of cost of chemicals, intermediates, solvents, excipients, hydrophilic sheets, plastics, battery, components, packing materials and other necessary inputs for manufacture of bulk drugs, formulations, medical devices and OTC goods.

Purchases of stock-in-trade

Purchases of stock-in-trade includes expense on purchase of traded goods.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Changes in inventories of finished goods, work in progress and stock-in-trade is based on calculating the difference between the closing stock and opening stock.

Employee Benefits Expenses

Employee benefit expense primarily comprises salaries and wages, contribution to provident and other funds, gratuity expenses, leave encashment expenses and staff welfare.

Finance Cost

Finance cost primarily comprises interest of working capital facilities, interest pay out on term loans including car loans and interest charge on delayed payment of income tax dues.

Depreciation and Amortisation

Depreciation represents depreciation charge on tangible assets deployed by the company to carry out business activities. It consists of depreciation charge on manufacturing assets, furniture and fixtures, office equipment and vehicles and other assets used by company to carry out its day to day operations. Amortization expense is the write-off of an intangible asset over its expected period of use, which reflects the consumption of the asset.

Other Expenses

Other expenses comprise of production expenses, selling and distribution expenses and administrative expenses incurred by company during course of execution of its daily operating activities.

Tax Expense

Our total tax expense consists of current tax, tax relating to earlier years, deferred tax charge.

RESULTS OF OPERATIONS

The following tables set forth our selected financial data from our restated consolidated statement of profit and loss for the nine Fiscal 2024, Fiscal 2023 and Fiscal 2022, the components of which are also expressed as a percentage of total income for such years:

Particulars	**For the year ended March 31**					
	2024		**2023**		**2022**	
	In ₹ lakhs	**As a percentage of total income**	**In ₹ lakhs**	**As a percentage of total income**	**In ₹ lakhs**	**As a percentage of total income**
Income						
Income from operations (net)	1,69,043.25	99.18%	1,41,753.00	99.57%	1,54,682.69	99.34%
Other income	1,397.08	0.82%	613.34	0.43%	1,030.72	0.66%
Total income (I)	**1,70,440.33**	**100.00%**	**1,42,366.34**	**100.00%**	**1,55,713.41**	**100.00%**
Expenses						
Cost of materials consumed	88,330.68	51.82%	78,140.92	54.89%	79,712.96	51.19%
Purchases of stock-in-trade	17,700.48	10.39%	15,785.21	11.09%	26,222.65	16.84%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	211.33	0.12%	1,648.31	1.16%	(1,003.59)	(0.64)%
Employee benefits expense	18,146.55	10.65%	15,468.05	10.86%	16,424.65	10.55%
Finance cost	371.02	0.22%	198.08	0.14%	(736.55)	(0.47)%
Depreciation and amortization	3,346.95	1.96%	2,793.04	1.96%	2,764.25	1.78%
Other expense	28,791.75	16.89%	22,757.20	15.98%	19,658.79	12.62%

Particulars	For the year ended March 31					
	2024		2023		2022	
	In ₹ lakhs	As a percentage of total income	In ₹ lakhs	As a percentage of total income	In ₹ lakhs	As a percentage of total income
Total expenses (II)	**1,56,898.76**	**92.05%**	**136,790.81**	**96.08%**	**143,043.15**	**91.86%**
Profit before tax	**13,541.57**	**7.95%**	**5,575.53**	**3.92%**	**12,670.26**	**8.14%**
Tax expenses:						
Current tax	3,932.22	2.31%	1,681.78	1.18%	2,528.49	1.62%
Earlier Periods	(9.03)	(0.01)%	5.86	0.00%	(274.62)	(0.18)%
Deferred tax	(43.65)	(0.03)%	20.34	0.01%	248.26	0.16%
Total tax	**3,879.54**	2.28%	**1,707.98**	**1.20%**	**2,502.13**	**1.61%**
Profit / (loss) after tax for the period/ year (III)	**9,662.03**	**5.67%**	**3,867.55**	**2.72%**	**10,168.13**	**6.53%**

FISCAL 2024 COMPARED TO FISCAL 2023

Total Income

Total income increased by 19.72% from ₹ 1,42,366.34 lakhs in Fiscal 2023 to ₹ 1,70,440.33 lakhs in Fiscal 2024, primarily due to increase in income from operations and other Income.

Income from operations (net)

Income from operations (net) increased by 19.25% from ₹ 1,41,753.00 lakhs in Fiscal 2023 to ₹ 1,69,043.25 lakhs in Fiscal 2024, primarily due to increase in income by 15.46% from the API business segment, by 35.35% in the home health devices business segment and by 12.71% from the formulation business segment.

Other income

Other income significantly increased by 127.78% from ₹ 613.34 lakhs in Fiscal 2023 to ₹ 1397.08 lakhs in Fiscal 2024, primarily due to increase in foreign exchange fluctuations by 167.92%, interest income by 51.05% and other miscellaneous income by 106.69%.

Expenses

Total expenses increased by 14.70% from ₹ 1,36,790.81 lakhs in Fiscal 2023 to ₹ 1,56,898.76 lakhs in Fiscal 2024, primarily due to significant increase in cost of material consumed, expenses on purchase of stock-in-trade, finance cost, power and fuel expenses, selling and distribution expenses and other expenses and decrease in expenses on changes in inventories of finished goods, work-in-progress and stock-in-trade.

Cost of materials consumed

Cost of materials consumed increased by 13.04% from ₹ 78,140.92 lakhs in Fiscal 2023 to ₹ 88,330.68 lakhs in Fiscal 2024, primarily due to increase in sales volume.

Purchases of stock-in-trade

Purchases of stock-in-trade increased by 12.13% from ₹ 15,785.21 lakhs in Fiscal 2023 to ₹ 17,700.48 lakhs in Fiscal 2024, primarily due to increase in purchases made for home health medical devices and formulation business.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Inventories decreased by ₹ 211.33 lakhs in Fiscal 2024 primarily on account of reduction of work-in-progress and stores and spares, and during Fiscal 2023 inventories decreased by ₹ 1648.31 lakhs on account of reduction in stock in trade.

Employees benefit expense

Employee benefit expenses increased by 17.32% from ₹ 15,468.05 lakhs in Fiscal 2023 to ₹ 18,146.55 lakhs in Fiscal 2024. primarily due to increase in man power and periodic wage increase.

Finance costs

Finance costs significantly increased by 87.30% from ₹ 198.08 lakhs in Fiscal 2023 to ₹ 371.02 lakhs in Fiscal 2024 primarily due to increase in interest pay out on working capital facilities and interest provision on delayed payment of income tax dues.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 19.83% from ₹ 2,793.04 lakhs in Fiscal 2023 to ₹ 3,346.95 lakhs in Fiscal 2024 primarily due to addition in plant and machinery, vehicle and increase in other tangible and intangible assets.

Other expenses

Other expenses increased by 26.52% from ₹ 22,757.20 lakhs in Fiscal 2023 to ₹ 28,791.75 lakhs in Fiscal 2024 primarily due to increase in manufacturing expenses, selling and distribution expenses by 37.28%, and 66.20% respectively, however administrative expenses decreased by11.19%.

Profit before tax

Our profit before tax significantly increased by 142.87% from ₹ 5,575.53 lakhs in Fiscal 2023 to ₹ 13,541.57 lakhs in Fiscal 2024 primarily due to the increase in income from operations (net) and other Income.

Tax Expense

Total tax expense increased by 127.14% from ₹ 1,707.98 lakhs in Fiscal 2023 to ₹ 3,879.54 lakhs in Fiscal 2024 primarily due increase in profit before tax by Rs. 7966.04 Lakhs.

Current tax expense increased by 133.81% from ₹ 1,681.78 lakhs in Fiscal 2023 to ₹ 3,932.22 lakhs in Fiscal 2024;

- Tax relating to earlier years decreased from ₹ 5.86 Lakhs in Fiscal 2023 to ₹ (9.03) lakhs in Fiscal 2024; and
- Deferred tax decreased from ₹ 20.34 Lakhs in Fiscal 2023 to ₹ (43.65) lakhs in Fiscal 2024

Profit for the year

Profit for the year increased significantly by 149.82% from ₹ 3,867.55 lakhs in Fiscal 2023 to ₹ 9,662.03 lakhs in Fiscal 2024 primarily due to increase in total income.

FISCAL 2023 COMPARED TO FISCAL 2022

Total Income

Total income decreased by 8.57% from ₹ 1,55,713.41 lakhs in Fiscal 2022 to ₹ 1,42,366.34 lakhs in Fiscal 2023 primarily due to decrease in income from operations.

Income from operations (net)

Income from operations (net) decreased by 8.36% from ₹ 1,54,682.69 lakhs in Fiscal 2022 to ₹ 1,41,753.00 lakhs in Fiscal 2023 primarily due to decrease in income by 21.92% from the home health devices business segment and by 5.30% from the API business segment.

Other income

Other income decreased by 40.49% from ₹ 1,030.72 lakhs in Fiscal 2022 to ₹ 613.34 lakhs in Fiscal 2023 primarily due to decrease in income from foreign exchange fluctuation by 54.24%, and decrease in other miscellaneous income by 19.86% , however interest income increased by 24.66%.

Expenses

Total expenses decreased by 4.37% from ₹ 143,043.15 lakhs in Fiscal 2022 to ₹ 136,790.81 lakhs in Fiscal 2023 primarily due significant decrease in purchases of stock-in-trade, changes in inventories of finished goods, work-in-progress and stock-in-trade and employee benefits expense and increase in finance cost, power and fuel expenses and selling and distribution expenses.

Cost of materials consumed

Cost of materials consumed decreased by 1.97% from ₹ 79,712.96 lakhs in Fiscal 2022 to ₹ 78,140.92 lakhs in Fiscal 2023 primarily due to decrease in production volume for API and home health devices business segments.

Purchases of stock-in-trade

Purchases of traded goods decreased by 39.80% from ₹ 26,222.65 lakhs in Fiscal 2022 to ₹ 15,785.21 lakhs in Fiscal 2023 primarily due to decrease in purchase of stock-in-trade of home health devices business and increase in house manufacturing of home health medical devices.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

In Fiscal 2023, inventories significantly decreased by ₹ 1,648.31 lakhs primarily on account of reduction of stock in trade, whereas inventory went up by ₹ 1,003.59 lakhs in Fiscal 2022, on the strength of increase in stock in trade.

Employees benefit expense

Employee benefit expenses decreased by 5.82% from ₹ 16,424.65 lakhs in Fiscal 2022 to ₹ 15,468.05 lakhs in Fiscal 2023 primarily due to lower incentives pay outs.

Finance costs

Finance costs increased from ₹ (736.55) lakhs in Fiscal 2022 to ₹198.08 lakhs in Fiscal 2023 an increase by ₹934.63 lakhs primarily due to reversal of dividends of ₹ 979.16 Lakhs, on cumulative preference shares issued to a lender, pursuant to payment of only principal amount of Preference share and waiver of dividend rights, on account of settlement reached with the lender in Fiscal 2022. Further interest cost on Working Capital and term loan facilities went up by in Fiscal 2023 by 70.06% at ₹40.87 lakhs , whereas interest provisions on delayed payment of income tax dues decreased by 55.32% at ₹ 85.41 lakhs.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 1.04% from ₹ 2,764.24 lakhs in Fiscal 2022 to ₹ 2,793.04 lakhs in Fiscal 2023 primarily due to decrease in depreciation changes by ₹ 323.12 lakhs and an increase in amortisation by ₹ 351.92 lakhs leading to a net increase of ₹ 28.80 lakhs.

Other expenses

Other expenses increased by 15.76 % from ₹ 19,658.79 lakhs in Fiscal 2022 to ₹ 22,757.20 lakhs in Fiscal 2023 primarily due to an increase in manufacturing expenses, selling and distribution expenses and administrative expenses by 32.85%, 23.50% and 0.83%, respectively.

Profit before tax

Our profit before tax decreased by 56.00% from ₹ 12,670.26 lakhs in Fiscal 2022 to ₹ 5,575.53 lakhs in Fiscal 2023 primarily due to the decrease in income from operations (net) and increase in finance cost, manufacturing expenses and selling and distribution expenses.

Tax Expense

Total tax expense decreased by 31.74% from ₹ 2,502.13 lakhs in Fiscal 2022 to ₹ 1,707.98 lakhs in Fiscal 2023 primarily due to lower profits on standalone basis followed by loss incurred by one of the Subsidiaries due to reduction in its income for Fiscal 2023 by 11.54%. Further, none of the Subsidiaries incurred loss in Fiscal 2022, and there was benefit of carried forward losses of ₹ 2,697.59 lakhs followed by no tax liability of dividend reversal of ₹ 979.16 lakhs, as tax benefit was not claimed at the time of making provision for dividend in the earlier years.

- Current tax expense decreased by 33.49% from ₹ 2,528.49 lakhs in Fiscal 2022 to ₹ 1,681.78 lakhs in Fiscal 2023;
- Tax relating to earlier years increased by 102.13% from ₹ (274.62) lakhs in Fiscal 2022 to ₹ 5.86 lakhs in Fiscal 2023; and
- Deferred tax decreased by 91.81% from ₹ 248.26 lakhs in Fiscal 2022 to ₹ 20.34 lakhs in Fiscal 2023.

Profit for the year

Profit for the year decreased by 61.96% from ₹ 10,168.13 lakhs in Fiscal 2022 to ₹ 3,867.55 lakhs in Fiscal 2023 primarily due to decrease in total income and current tax expense.

FISCAL 2022 COMPARED TO FISCAL 2021

Total Income

Total income increased by 29.75% from ₹ 120,012.53 lakhs in Fiscal 2021 to ₹ 155,713.41 lakhs in Fiscal 2022 primarily due to increase in income from operations and decrease in interest income.

Income from operations (net)

Income from operations (net) increased by 30.20% from ₹ 118,805.64 lakhs in Fiscal 2021 to ₹ 154,682.69 lakhs in Fiscal 2022 primarily due to increase in income by 45.78% from the home health devices business segment and by 24.19% from the API business segment in Fiscal 2022.

Other income

Other income decreased by 14.60% from ₹ 1,206.89 lakhs in Fiscal 2021 to ₹ 1,030.72 lakhs in Fiscal 2022 primarily due to decrease in foreign exchange fluctuation by 14.84%, interest income by 37.69% and increase in other miscellaneous income by 64.93%.

Expenses

Total expenses increased by 29.85% from ₹ 110,161.38 lakhs in Fiscal 2021 to ₹ 143,043.15 lakhs in Fiscal 2022 primarily due to significant increase in cost of material consumers, selling and distribution expenses and decrease in finance cost, depreciation and amortisation and other expenses.

Cost of materials consumed

Cost of materials consumed increased by 29.00% from ₹ 61,792.65 lakhs in Fiscal 2021 to ₹ 79,712.96 lakhs in Fiscal 2022 primarily due to increase in sales volume across all business segments including, API, home health, formulations and over the counter (OTC) business.

Purchases of stock-in-trade

Purchases of stock-in-trade increased by 28.42% from ₹ 20,420.07 lakhs in Fiscal 2021 to ₹ 26,222.65 lakhs in Fiscal 2022 primarily due to increase in purchases of home health medical devices, followed by increase in purchases made for formulations and OTC business.

Change in inventories of finished goods, work-in-progress and stock-in-trade

In Fiscal 2022, inventories went up by ₹ 1,003.59 lakhs primarily on account of increase in stock-in-trade, against increase in inventory of ₹ 4,158.33 lakhs in Fiscal 2021, due to increase in work-in-progress, finished goods and stock in trade.

Employees benefit expense

Employee benefit expenses increased by 21.13% from ₹ 13,559.36 lakhs in Fiscal 2021 to ₹ 16,424.65 lakhs in Fiscal 2022 primarily due to higher incentives paid to the employees for exceptional performance in Fiscal 2022, further the increase employee benefit expenses are also attributed to increase in number of employees and annual increase of their wages.

Finance cost

Finance costs decreased by ₹ 915.37 lakhs from ₹ 178.82 lakhs in Fiscal 2021 to ₹ (736.55) lakhs in Fiscal 2022 primarily due to the reversal of provision of ₹ 979.16 lakhs made in earlier years towards dividends on preferential capital in Fiscal 2022 on account of settlement with a preferential shareholder and increase in finance charges on working capital facilities and interest pay out on delayed payment of income dues.

Depreciation and amortisation

Depreciation and amortisation expenses decreased by 8.72% from ₹ 3,028.33 lakhs in Fiscal 2021 to ₹ 2,764.25 lakhs in Fiscal 2022 primarily due to decrease in depreciation charges by ₹ 901.07 lakhs and an increase in amortisation by ₹ 636.98 lakhs leading to a net decrease of ₹ 264.09 lakhs.

Other expenses

Other expenses increased by 28.15% from ₹ 15,340.48 lakhs in Fiscal 2021 to ₹ 19,658.79 lakhs in Fiscal 2022 primarily due to an increase in manufacturing expenses, selling and distribution expenses and administrative expenses by 40.61%, 7.90% and 36.23%, respectively.

Profit before tax

Our profit before tax increased by 28.62% from ₹ 9,851.15 lakhs in Fiscal 2021 to ₹ 12,670.26 lakhs in Fiscal 2022 primarily due to the increase in income from operations (net) and decrease in depreciation and amortisation.

Tax Expense

Total tax expense increased by 1,660.16% from ₹ 142.15 lakhs in Fiscal 2021 to ₹ 2,502.13 lakhs in Fiscal 2022 on account of increase in profit before tax in Fiscal 2022 by ₹ 2,819.11 lakhs, and lower benefit of carried forward losses of ₹ 2,697.59 lakhs against carried forward losses of ₹ 11,460.17 lakhs in Fiscal 2021, lakhs followed by no tax liability of dividend reversal of ₹ 979.16 lakhs, as tax benefit was not claimed at the time of making provision for dividend in the earlier years:

- Current tax expense increased by 1,663.12% from ₹ 143.41 lakhs in Fiscal 2021 to ₹ 2,528.49 lakhs in Fiscal 2022; and

- Tax relating to earlier years decreased by 21,695.24% from ₹ (1.26) lakhs in Fiscal 2021 to ₹ (274.62) lakhs in Fiscal 2022; and

- Deferred tax increased from ₹ Nil in Fiscal 2021 to ₹ 248.26 lakhs in Fiscal 2022.

Profit for the year

Profit for the year increased by 4.73% from ₹ 9,709.00 lakhs in Fiscal 2021 to ₹ 10,168.13 lakhs in Fiscal 2022 primarily due to increase in total income and current tax expense.

LIQUIDITY AND CAPITAL RESOURCES

Capital Requirements

Our principal capital requirements are for funding of capital assets comprising of plant and machineries, buildings, utilities and associated infrastructure and fund working capital demands of various business segments of the Company apart from use of resources for general corporate and business purposes of the Company. Our principal source of funding has been and is expected to continue to be cash generated from our operations and optimization of operating working capital. For Fiscal 2024, Fiscal 2023 and Fiscal 2022, we met our funding requirements, including capital expenditure, investments, other working capital requirements and other cash outlays, principally with funds generated from operations and optimization of operating working capital.

Liquidity

Our liquidity requirements arise principally from our operating activities, build up and expansion of production facilities and maintenance of sufficient liquidity for smooth running of daily operations. Historically, our principal sources of funding include cash from operations, cash and cash equivalents and long-term car loans.

Cash

Our anticipated cash flows are dependent on various factors that are beyond our control. For details, please see "*Risk Factors*" beginning on page 39. The following table sets forth certain information relating to our cash flows in Fiscal 2024, 2023 and 2022:

Particulars	**For the year ended March 31, 2024**	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
	(in ₹ lakhs)		
Net cash flows from operating activities	7,337.46	(9,117.06)	(6024.02)
Net cash flows used in investing activities	(8,330.02)	(4,650.93)	(3,167.85)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
	(in ₹ lakhs)		
Net cash flows from/ (used) in financing activities	520.49	14,354.31	(6,633.44)
Net increase/ (decrease) in cash and cash equivalents	(472.07)	586.32	(2,558.43)
Cash and cash equivalents at the end of the year end	1,694.51	2,166.58	1,580.26

Cash Flows from Operating Activities

Fiscal 2024

We generated ₹ 7,337.46 lakhs net cash from operating activities during Fiscal 2024. Profit before tax for Fiscal 2024 was ₹ 13,541.57 lakhs. Adjustments to reconcile profit before tax to operating profit before working capital changes primarily consisted of depreciation & amortisation expenses of ₹ 3,346.95 lakhs . This was partially augmented by finance cost of ₹ 371.02 lakhs, employee benefit provision (OCI) of ₹(275.24) lakhs, exchange differences on translation on account of translation of a foreign operation of ₹ 23.05 lakhs and minority interest of ₹ (46.04) lakhs.

Our adjustments for working capital changes for Fiscal 2024 primarily consisted of increase of current assets by ₹ 13,760.00 lakhs and current liabilities by ₹ 7,947.68 lakhs.

Cash generated from operations in Fiscal 2024 amounted to ₹ 11,148.99 lakhs. This was offset by income tax (net) paid ₹ 3,811.53 lakhs.

Fiscal 2023

We generated ₹ (9,117.06) lakhs net cash from operating activities during Fiscal 2023. Profit before tax for Fiscal 2023 was ₹ 5,575.53 lakhs. Adjustments to reconcile profit before tax to operating profit before changes in current assets and liabilities primarily consisted of depreciation and amortisation expenses of ₹ 2,793.04 lakhs and finance cost (net) of ₹ 198.08 lakhs. This was partially offset by provision for employee benefit (OCI) of ₹ (200.62) lakhs and minority interest of ₹ (0.03) lakhs.

Our adjustments for working capital changes for Fiscal 2023, primarily consisted of increase of current assets by ₹ 1,600.03 lakhs, decrease in current liabilities by ₹ 2,762.44 lakhs and extinguishment of Preference capital liabilities of ₹ 1,1465.20 lakhs, being converted into Equity Shares in May 2022 pursuant to requisite approvals from all the stakeholders.

Cash generated from operations in Fiscal 2023 amounted to ₹ (7,461.67) lakhs. This was augmented by income tax (net) paid of ₹ (1,655.39) lakhs.

Fiscal 2022

We generated ₹ (6,024.02) lakhs net cash from operating activities during Fiscal 2022. Profit before tax for Fiscal 2022 was ₹ 12,670.26 lakhs. Adjustments to reconcile profit before tax to operating profit before changes in current assets and liabilities primarily consisted of depreciation and amortisation expenses of ₹ 2,764.25 lakhs, profit on sale of property of ₹ 36.02 lakhs and minority interest of ₹ 0.14 lakhs. This was partially offset by finance cost (net) of ₹ (736.55) lakhs and provision for employee benefit (OCI) of ₹ (46.00) lakhs.

Our changes in current assets and liabilities for Fiscal 2022 primarily consisted of inventories of ₹ (10,052.87) lakhs, trade receivables of ₹ (6,865.89) lakhs and loans, bank balance, other than cash and cash equivalent and other current assets of ₹ (6,390.71) lakhs and increase of current liabilities by ₹ 5,162.60 lakhs.

Cash generated from operations in Fiscal 2022 amounted to ₹ (3,530.79) lakhs. This was augmented by income tax (net) paid of ₹ (2,493.23) lakhs.

Cash Flow used in Investing Activities

Fiscal 2024

Net cash used in investing activities was ₹ 8,330.02 lakhs in Fiscal 2024, primarily on account addition of property, plant and Equipments of ₹ 7,138.08 lakhs, Intangibles by ₹ 995.47 lakhs, outflows on investments of ₹ 130.10 lakhs and other non-current assets by ₹ 71.69 lakhs . This was partially offset by proceeds from sale of assets of ₹ 5.32 lakhs.

Fiscal 2023

Net cash used in investing activities was ₹ 4,650.93 lakhs in Fiscal 2023, primarily on account of purchase of property, plant and equipment for ₹ 3,562.06 lakhs, purchase of intangible assets (net) of ₹ 1,035.14 lakhs and other non-current assets by ₹ 53.73 lakhs.

Fiscal 2022

Net cash used in investing activities was ₹ 3,167.85 lakhs in Fiscal 2022, primarily on account of purchase of property, plant and equipment for ₹ 4,544.62 lakhs and purchase of intangible assets (net) of ₹ 2,192.18 lakhs. This was partially offset by cash flows from investment in other non-current assets of ₹ 3,398.13 lakhs, sales of investment (net) of ₹154.11 lakhs, proceeds from sale of property, plant and equipment of ₹ 16.71 lakhs.

Cash Flow from/used in Financing Activities

Fiscal 2024

Net cash from financing activities was ₹ 520.49 lakhs in Fiscal 2024, primarily on account of proceeds of short-term borrowings (net) of ₹ 243.05 lakhs, long term borrowings (net) of ₹ 140.46 lakhs and increase of non-current liabilities and provisions by ₹ 508.00 lakhs . This was partially offset by finance costs of ₹ 371.02 lakhs.

Fiscal 2023

Net cash from financing activities was ₹ 14,354.31 lakhs in Fiscal 2023, primarily on account of proceeds from warrant subscription/OCPS conversion of ₹ 13,715.20 lakhs and proceeds of short-term borrowings (net) of ₹ 698.27 lakhs increase of non-current liabilities and provisions by ₹ 177.68 lakhs. This was partially offset by finance cost of ₹ (198.08) lakhs and repayment of long-term borrowings (net) of ₹ 38.76 lakh.

Fiscal 2022

Net cash from financing activities was ₹ 6,633.44 lakhs in Fiscal 2022, primarily on account of primarily on account of proceeds from warrant subscription/OCPS conversion of ₹ 5,250.00 lakhs, proceeds of short-term borrowings (net) of ₹ 103.05 lakhs & long-term borrowings (net) of ₹ 49.28 lakhs, finance costs of ₹ 736.55 lakhs and change in other financial liabilities and provisions (non-current) of ₹ 494.56 lakhs.

FINANCIAL INDEBTEDNESS

As of March 31, 2024 we had total borrowings of ₹ 2,899.92 lakhs. Our total borrowing to equity ratio was 0.03 as of March 31, 2024.

The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	<less than 1 year	1 to 3 years	3-5 years	More than-5 years	Total
As of March 31, 2024					
Borrowings	2,563.52	258.43	77.97	-	2,899.92
As of March 31, 2023					
Borrowings	2,423.06	86.25	7.10	-	2,516.41
As of March 31, 2022					
Borrowings	1,724.79	132.11	-	-	1,856.90

CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2024, March 31, 2023 and March 31, 2022 our contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets, that have not been provided for, were as follows:

(*in ₹ lakhs*)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Contingent liabilities:	2,270.87	1184.09	1997.66

For details on our contingent liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022 as per Ind AS 37, please see "*Financial Information*" on page 227.

Except as disclosed elsewhere in this Preliminary Placement Document there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth certain information relating to future payments due under known contractual commitments as of March 31, 2024, March 31, 2023 and March 31, 2022 aggregated by type of contractual obligation:

(*in ₹ lakhs*)

Particulars	On demand	<less than 1 year	1 to 3 years	3-5 years	More than-5 years	Total
For the year ended March 31, 2024						
Borrowings	-	2,563.52	258.43	77.97	-	**2899.92**
Lease liability	-	-	-	-	-	**-**
Trade payables	-	29,502.75	-	-	-	**29,502,75**
Other financial liabilities (Current)	-	5,050.91	-	-	-	**5,050.91**
Total	**-**	**37,117.18**	**258.43**	**77.97**	**-**	**37,453.58**
For the year ended March 31, 2023						
Borrowings	-	2,423.06	86.25	7.10	-	**2516.41**
Lease liability	-	-	-	-	-	**-**
Trade payables	-	22,687.93			-	**22,687.93**
Other financial liabilities (Current)	-	5,012.64				**5,012.64**
Total	**-**	**30,123.63**	**86.25**	**7.10**	**0.00**	**30,216.98**
For the year ended March 31, 2022						
Borrowings	-	1,724.79	132.11	-	-	**1,856.90**
Lease liability	-	-	-	-	-	**-**
Trade payables	-	25,811.56			-	**25,811.56**
Other financial liabilities (Current)	-	15,758.86				**15,758.86**
Total	**-**	**43,406.84**	**132.11**	**-**	**0.00**	**43,538.95**

CAPITAL EXPENDITURES

In Fiscal 2024, Fiscal 2023 and Fiscal 2022, our capital expenditure towards additions to property, plant and equipment were ₹ ₹ 7,138.08 lakhs, ₹ 3,562.06 lakhs and ₹ 4,544.62 lakhs respectively.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include purchase of goods and services and payment of remuneration towards employment provided by the Company. For details relating to our related party transactions, please see "*Related Party Transactions*" on page 38.

In Fiscal 2024, Fiscal 2023 and Fiscal 2022, the total of such related party transactions post Company eliminations was ₹2,749.28 lakhs, ₹ 1,335.96 lakhs and ₹ 3,957.60 lakhs, respectively. The percentage of the total of such related party transactions to our total income in Fiscal 2024, Fiscal 2023 and Fiscal 2022 was 1.61%, 0.94% and 2.54%, respectively.

AUDITOR'S OBSERVATIONS

There have been no reservations/ qualifications/ adverse remarks/ emphasis of matters highlighted by the statutory auditors of our Company in the five Fiscals immediately preceding the year of this Preliminary Placement Document.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks that are related to the normal course of our operations such as interest rate, liquidity risk, foreign exchange risk and reputational risk, which may affect economic growth in India and the value of our financial liabilities, our cash flows and our results of operations.

Credit Risk

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities, primarily trade receivables. The credit risks in respect of deposits with the banks, foreign exchange transactions and other financial instruments are only nominal. The customer credit risk is managed subject to the Company's established policy, procedure and controls relating to customer credit risk management. In order to contain the business risk, prior to acceptance of an order from a customer, the creditworthiness of the customer is ensured through scrutiny of its financials, if required, market reports and reference checks. The Company remains vigilant and regularly assesses the financial position of customers during execution of contracts with a view to limit risks of delays and default. Further, in most of the cases, the Company normally allow credit period up to 90 days to its customers which vary from customer to customer.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company uses liquidity forecast tools to manage its liquidity. The Company is able to organise liquidity through own funds.

Market Risk

We are exposed to various types of market risks during the normal course of business. Market risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency rate risk, interest rate risk and other price risk, such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings availed by the Company are subject to interest on fixed rates as these are taken to finance the business and funding of capital expenditure requirements, primarily consisting of car loans. The Company is not exposed to interest rate risk as it does not have any financial instruments bearing variable interest rate as at the reporting date.

Inflation Risk

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

There have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 90 and 39, respectively. To our knowledge, except as discussed in this Preliminary Placement Document, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 39, 146 and 90 respectively, to our knowledge, there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

NEW PRODUCTS OR BUSINESS SEGMENTS

Except as set out in this Preliminary Placement Document in the sections "*Our Business*" on page 146, we have not announced and do not expect to announce in the near future any new products or business segments.

COMPETITIVE CONDITIONS

We operate in a competitive environment and expect to continue to compete with existing and potential competitors. Please see "*Risk Factors*", "*Industry Overview*" and "*Our Business*" on pages 39, 110 and 146, respectively, for details on competitive conditions that we face across our various business segments.

SIGNIFICANT DEPENDENCE ON SINGLE OR FEW CUSTOMERS

We do not depend on a limited number of suppliers or customers for our revenues and operations.

SEASONALITY/ CYCLICALITY OF BUSINESS

Our business is not seasonal in nature.

MATERIAL DEVELOPMENTS AFTER MARCH 31, 2024 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed in this Preliminary Placement Document, there have been no significant developments after March 31, 2024, the date of the last financial statements contained in this Preliminary Placement Document, to the date of filing of this Preliminary Placement Document, which materially and adversely affects, or is likely to affect, our trading or profitability, or the value of our assets, or our ability to pay our liabilities within the next 12 months.

INDUSTRY OVERVIEW

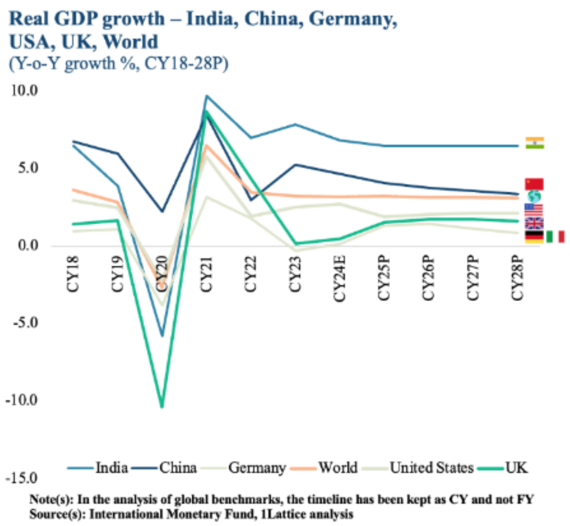
*The information in this section is derived from the report titled "Global and Indian Pharmaceutical & Medical Devices Market", dated July 29, 2024 (the "**1Lattice Report**"), prepared by Lattice Technologies Private Limited ("**1Lattice**"). We commissioned and paid for the 1Lattice Report for the purpose of confirming our understanding of the industry in connection with the Issue. Further, the 1Lattice Report is a general summary of matters on the basis of its interpretation of the publicly available information, their experiences and the information provided to them by our Company and should not be treated as a substitute for a specific business advice concerning individual matters, situations or concerns. The 1Lattice Report states that the procedures they have performed do not constitute an audit of our Company's historical financial statements nor do they constitute an examination of prospective financial statements. 1Lattice has not performed any procedures to ensure or evaluate the reliability or completeness of the information obtained from our Company. The 1Lattice Report specifically states that they express no opinion, warranty, representation or any other form of assurance on the historical or prospective financial statements, management representations, or other data of our Company included in or underlying the accompanying information. 1Lattice have not carried out any financial, tax, environmental or accounting due diligence with respect to our Company. Prospective investors are advised not to unduly rely on the 1Lattice Report when making their investment decision. Unless otherwise stated Fiscal refers to the financial year ended March 31 of that year. Unless otherwise stated, all financial numbers are presented in lakhs.*

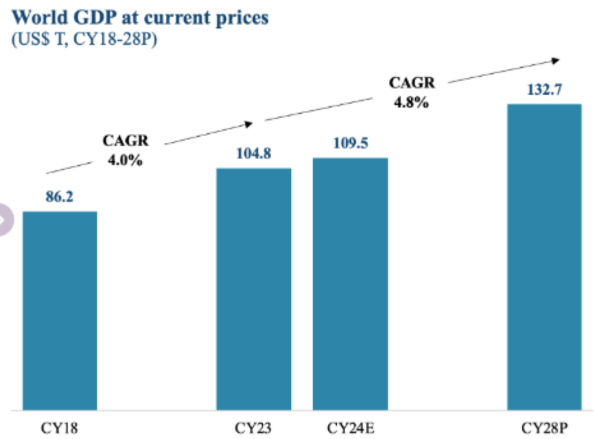
MACROECONOMIC OUTLOOK

Global Macroeconomic Overview

The global GDP is expected to rise at a CAGR of 4.8% from CY23-28, having grown at a CAGR of 4.0% from CY18-23

The global economy has rebounded after the economic downturn caused by the COVID-19 pandemic. Recovery was driven by extended fiscal support, adaptation to new work patterns, and vaccine distribution. Global GDP thrived with a robust growth rate of 3.2% in CY23, showcasing a resilient recovery from pandemic-induced setbacks. GDP further growth is projected to average 4.8% from CY23 to CY28. In comparison, India is expected to maintain the highest growth rate, with its current Y-o-Y growth rate at 6.3% in CY23 and expected to maintain it till CY28.

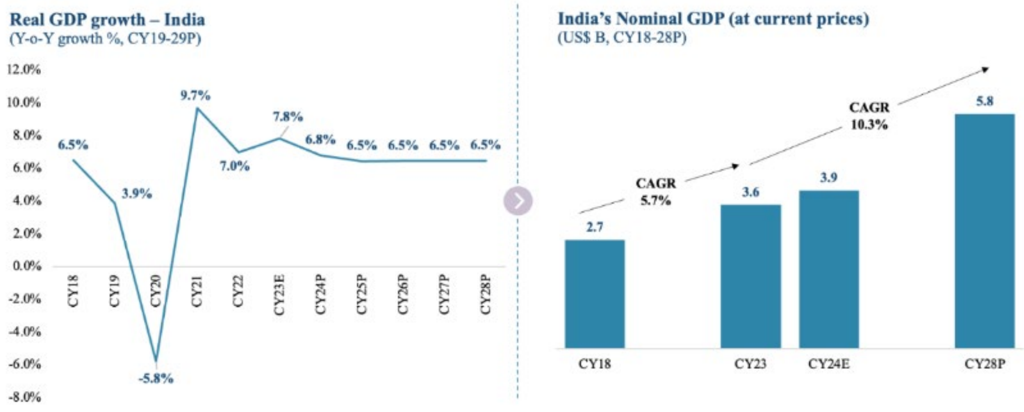




Indian Macroeconomic Overview

India's GDP was at US$ 3.6T in CY23 and is estimated to reach US$ 5.8T in CY28, growing at a CAGR of 10.3% from CY23 to CY28

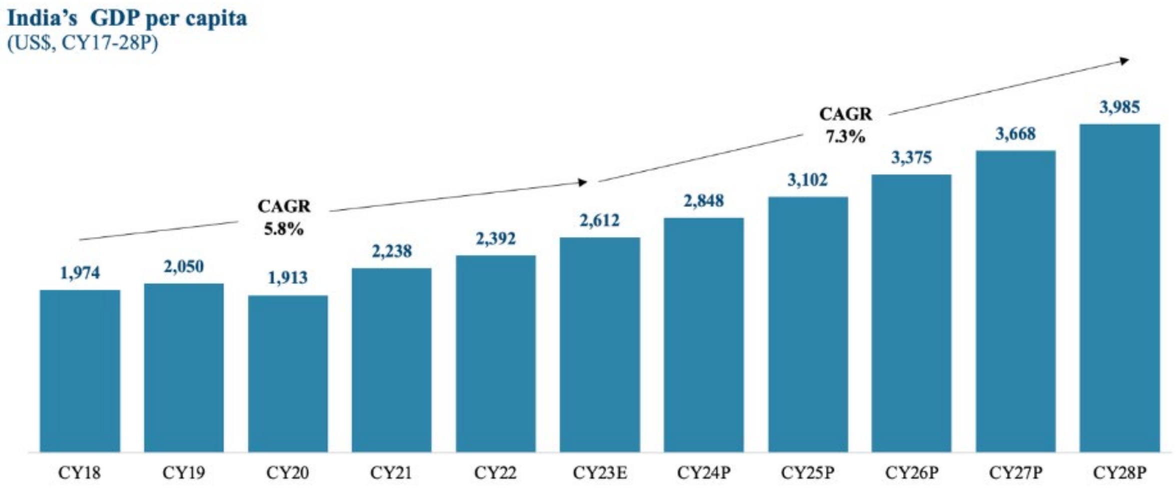
India is the fifth largest economy in the world and is expected to be the third largest by CY28. Over the next 10-15 years, India is expected to be among the top economies on the back of rising demand, robust growth in various sectors, and increased private consumption. Indian private consumption is expected to be driven by an increasing proportion of the male and female working-age population and a rise in household income.



Source(s): International Monetary Fund, 1Lattice analysis

India's GDP (at current prices) grew from US$ 2.7T to US$ 3.6T between CY18 and CY23 on the back of robust reforms like GST, corporate tax revision, and revised FDI limits. As per IMF projections, India's GDP (at current prices) is expected to grow at a rate of 10.3% from CY23 to CY28, making it one of the fastest-growing large economies globally.

India's per capita income ~US$ 2.6K in CY23 is expected to reach ~US$ 4.0K by CY28.



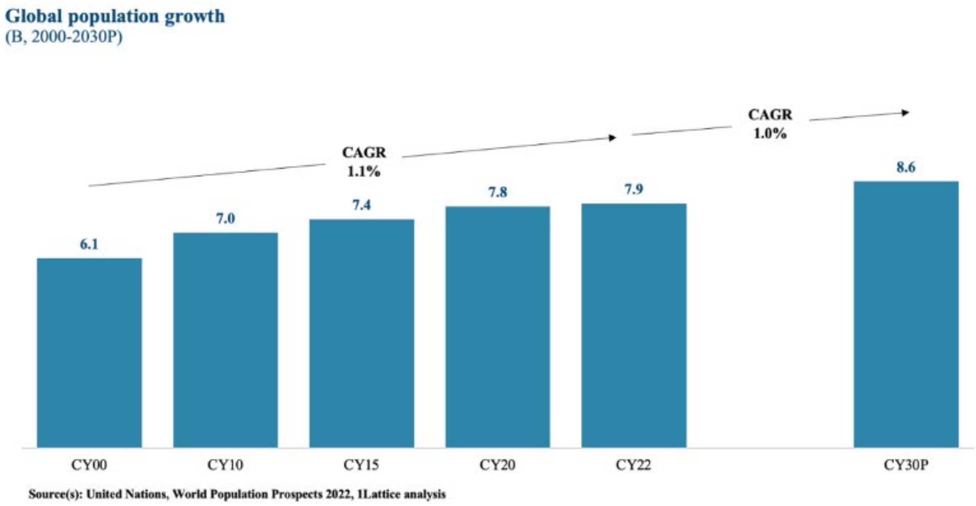
Source(s): International Monetary Fund, 1Lattice analysis

India's per capita income is expected to rise from US$ 2.3K to ~US $4.0K by CY28 growing at a CAGR of 7.3%. The importance of external trade and growing household consumption are significant factors contributing to India's economic growth. With a large domestic consumption base, substantial per capita income growth, and a demographic advantage, India is positioned as a market with vast growth opportunities.

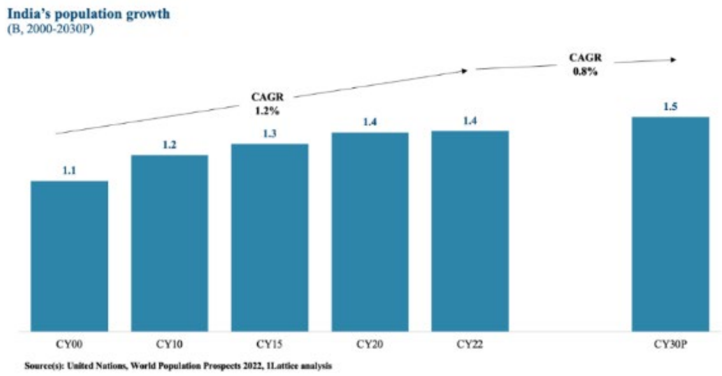
Population Overview

India's population is projected to reach 1.5B by CY30, ~18% of the world's population.

The world's population has grown significantly over the past century, reaching ~8B in CY22 from just ~6B in CY 2000, and expected to reach 8.6B by CY30. Improved survival rates, longer lifespans, urbanization, and migration drive the rise in population. Lower fertility rates among developed nations are expected to play a huge role in population growth; the world population is expected to increase by 1.0% from CY22 to CY30. China and India are currently the two most populous countries, with over 1B people each.



India's population from 1.1B people in CY00, grew at a CAGR of 1.2% till CY22 to reach 1.4B people; the Indian population is expected to grow at 0.8% CAGR from CY22 to 1.5B in 2030. India has surpassed China to become the most populous country in the world in CY23.



Global median age is expected to increase to 32 years by 2030 from 30.5 years in CY23, while India's median age is expected to be 30.9 years in CY30.

The global median age increased from 20 years in 1970 to 30 years in CY20, with developed countries like the US and UK having higher median ages. India's median age is 27.3 years in CY20, the lowest among its BRICS peers, indicating a favourable demographic dividend. This trend is expected to continue until CY30, India's demographic advantage includes a projected highest working-age population share of 68.9% by CY30 and a median age of 30.9 years. This offers significant economic benefits, with India expected to contribute 24.3% of the incremental global workforce in the next decade. The young population enhances India's competitiveness in sectors like services and manufacturing, driving economic growth through increased consumption.

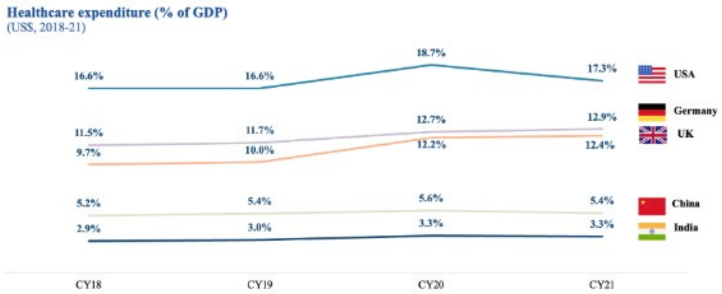
Country	CY70	CY90	CY10	CY15	CY20	CY23	CY30P
China	18.0	23.7	34.1	35.6	37.4	38.9	42.7
India	18.3	20.0	24.0	25.5	27.3	28.2	30.9
Germany	33.1	36.4	43.2	44.7	44.9	44.9	45.9
UK	33.2	34.8	38.5	39.0	39.5	40.1	41.6
USA	27.2	31.8	36.1	36.6	37.5	38.1	39.7
World	20.3	23.0	27.3	28.5	29.7	30.5	32.1

Source(s): United Nations, Department of Economic and Social Affairs - World Population Prospects 2022, 1Lattice analysis

Healthcare sector overview

India's healthcare expenditure constituted 3.3% of the GDP in CY21, lower compared to developed economies but has been on the rise over the last few years.

In CY21, India allocated 3.3% of its GDP to healthcare, an increase since CY18 from 2.9%, whereas China, stands at an expenditure of 5.4% of its GDP. In contrast, developed economies like the United Kingdom, Germany, and the United States spend >12% of GDP on healthcare leading to superior health outcomes and high life expectancy globally.



Source(s): WHO-Global Health Expenditure Database, 1Lattice analysis

Budgetary allocation towards healthcare has seen a significant increase from US$ 6.2B in FY18 to US$ 10.8B in FY24.

In FY24, the budget has seen an increase in allocation towards healthcare, compared to previous years with room for improvement as allocations still slightly lag behind the targets set in national health policies and investment in primary healthcare can further enhance overall health outcomes. India is allocating a majority of its healthcare budget towards various aspects, including the National Health Mission, regulatory and autonomous bodies, the Pradhan Mantri Jan Arogya Yojana (PMJAY), the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY). The budget also includes allocations for the establishment of new AIIMS and the upgrading of Government Medical Colleges across states. Additionally, there is a focus on primary healthcare infrastructure through the Pradhan Mantri Aatmanirbhar Swasth Bharat Yojana (PM-ABHIM).

India's per capita spending on healthcare has increased from US$ 58 in CY18 to US$ 74 in CY21 at a CAGR of 6.3%, higher than Germany and USA

Region	CY18	CY21	CAGR(%)
USA	10,281	12,012	4.0%
Germany	5,511	6,626	4.7%
UK	4,226	5,738	7.9%
China	505	671	7.4%
India	58	74	6.3%

Source(s): WHO -Global Health Expenditure Database, 1Lattice analysis

In CY21, India's per capita health expenditure reached US$74, marking a consistent rise from the US$58 recorded in CY18. China experienced a similar trend, with per capita health expenditure increasing from US$505 in CY18 to US$671 in CY21. Germany led among EU member states by spending US$5.4K per capita on pharmaceuticals in the same year. In comparison, consumers in the United Kingdom and the United States spent approximately US$5.7K and US$12K, respectively, on pharmaceutical products in CY21. India relies more on private health expenditures compared to government spending, leading to high out-of-pocket expenses. Factors like market penetration of generics, availability of insurance coverage, and government policies have influenced pharmaceutical expenditure levels.

India CHE is 3% of GDP in CY20, whereas developed nations CHE as % of GDP is around 12-18%

Country	CHE as % of GDP (CY20)	Pharmaceutical spending as % of GDP (CY20)	Pharmaceutical spending as % of CHE (CY20)
India	3.0%	1.6%	35.1%
Germany	12.8%	2.0%	13.6%
UK	12.0%	1.5%	10.6%
USA	18.8%	2.1%	11.0%

Note(s): CHE – Current health expenditure
Source(s): WHO -Global Health Expenditure Database, OCED, 1Lattice analysis

Global healthcare spending has been rising in sync with economic growth, with rising public and private spending on healthcare. The US, the UK, France, and Germany are the top four nations with the highest healthcare expenditure as a percentage of GDP. India's public spending on healthcare services is much lower than that of its global peers. In CY20, India's expenditure on healthcare was 3% of GDP but it has the highest spending on pharmaceutical care, which is 35% of its current health expenditure. Pharmaceutical care is continually advancing due to innovation in drugs, these medications provide alternative treatments and, in some cases, the potential to address conditions once deemed incurable.

GLOBAL PHARMACEUTICAL INDUSTRY OVERVIEW

Global pharmaceutical market overview

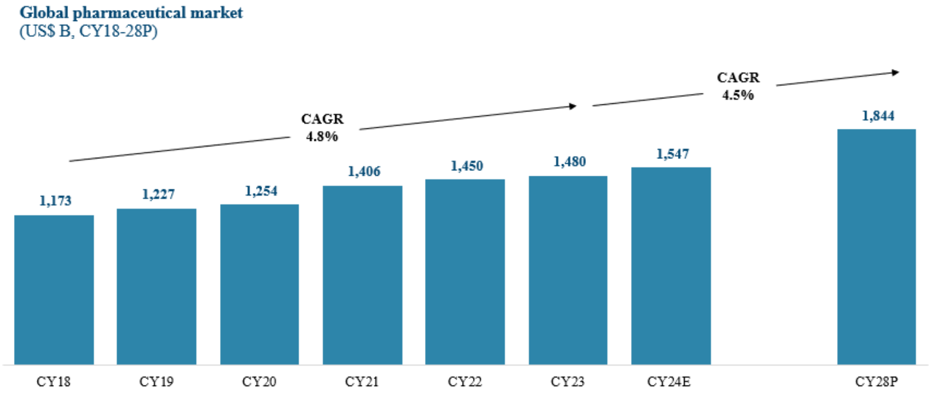
The pharmaceutical sector functions under a structured regulated framework ensuring the supply of high-quality medications that address medical ailments and yield beneficial results for patients. The businesses and institutions engaged in the development, production, distribution, and research & development of pharmaceuticals make up the pharmaceutical market which serves a broad range of medical requirements and functions on a global basis.

The Global pharmaceutical industry has experienced a rapid increase in the utilization of technology in recent years, due to various factors such as the recent COVID pandemic, novel therapeutic modalities, and innovative working methods including AI and Blockchain integration in research and developments. As a result, there have been significant developments in sourcing, production, and supply chain management.

The global pharmaceutical market sales are dominated by developed regions like North America and Europe, these mature economies are characterized by significant investment in research and development.

Global pharmaceutical market is expected to reach US$ 1,844B by CY28 growing at CAGR of 4.5% over CY23-28

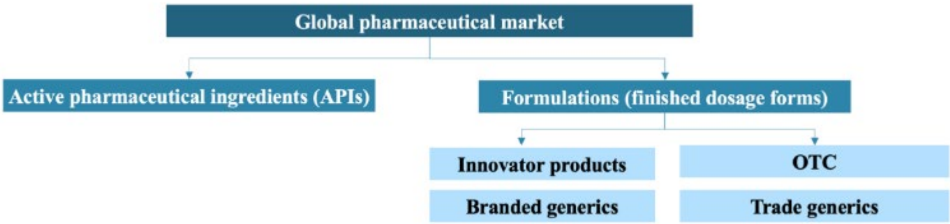
The global pharmaceutical market (Formulations & APIs) has demonstrated consistent growth, achieving a CAGR of 4.8% from US$ 1,173B in CY18 to US$ 1,480B in CY23 and estimated to be ~US$ 1,547B in 2024. The global pharmaceutical market is expected to reach ~US$ 1,844B by CY28 growing at a CAGR of 4.5% over CY23-28, driven by evolving healthcare needs and technological advancements.



Source(s): Knowledge base, 1Lattice analysis

Global pharmaceutical market overview by sub-segment

The two primary segments of the global pharmaceutical industry are APIs and Formulations. Each segment addresses the specific pharmaceutical requirements.



1. **APIs (Active Pharmaceutical Ingredients):** These are the biologically active components of pharmaceutical drugs responsible for producing therapeutic effects. API manufacturers specialize in the synthesis and manufacturing of these active ingredients.

2. **Formulations:** These are the pharmaceutical products, which combine APIs with inactive ingredients (excipients) to create dosage forms suitable for consumption by patients. Formulations optimize drug delivery systems, ensuring the stability, efficacy, and safety of the final products.

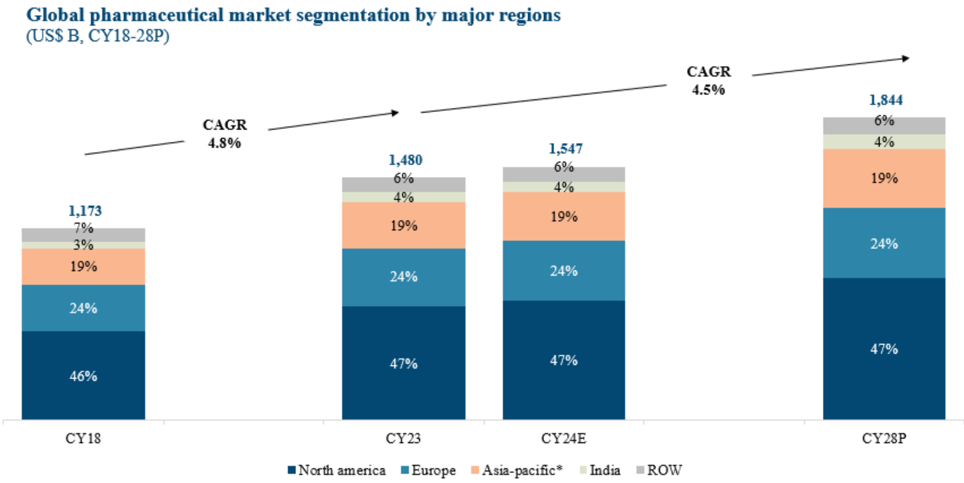
   - **Innovator products:** They are the original patented medications developed by pharmaceutical companies. They undergo broad research and development (R&D) processes, including preclinical studies and clinical trials, to demonstrate safety and efficiency before regulatory approval. These drugs are marketed under proprietary brand names and have market exclusivity for a period, allowing companies to regain R&D investments.

   - **Branded generics:** These products are produced and sold after the patent protection of branded drugs expires, offering more affordable alternatives to consumers. They retain a brand name despite containing the same active ingredients as their original innovator. These medications are typically marketed by generic drug manufacturers under a brand name rather than their chemical name. Branded generics may offer advantages such as brand recognition, patient loyalty, and perceived quality compared to trade/ unbranded generics.

   - **OTC (Over-the-counter) medications:** These pharmaceutical products are available for purchase without a prescription and are commonly used to self-treat minor ailments such as headaches, colds, and allergies. OTC medications undergo regulatory approval to ensure their safety and efficacy for consumer use.

   - **Trade generics:** Trade generics are pharmaceutical products that are therapeutically equivalent to branded drugs but are sold under a non–branded name, often at a lower cost. They are produced by generic drug manufacturers and are marketed directly to pharmacies and healthcare providers by bypassing the traditional brand-name distribution channels.

North America contributes to ~47% of total market; India is expected to contribute ~4% of global market by CY28.



Note(s): *Asia-pacific – Excluding India
Source(s): Knowledge base, 1Lattice analysis

The global pharmaceuticals market is dominated by North America with a market share of ~47%, followed by Europe at ~24%, and the Asia Pacific region with ~19% of the market share by value. The growth outlook of the global pharmaceutical market in terms of geographical distribution:

- **The Dominance of North America and Europe:** North America and Europe lead the global pharmaceutical industry, driven by increased healthcare spending and a preference for innovative treatments.

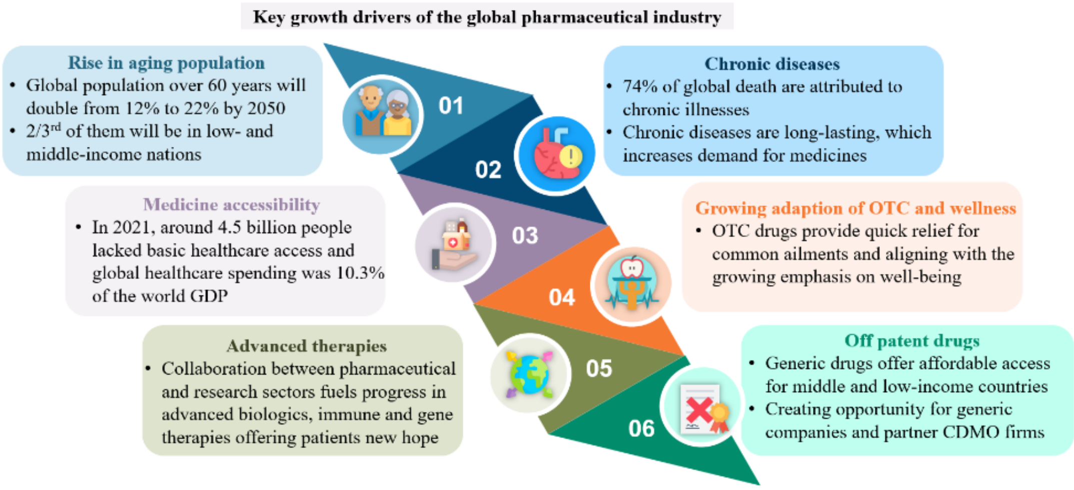
- **R&D Investment:** The United States of America and Europe make significant investments directed toward research and development. Over the last three years, there has been an increase in venture capital deal activity and investment flows. In CY22, there were over 2,000 deals with US$ 42B in deal value, which is significantly higher than pre-pandemic levels.

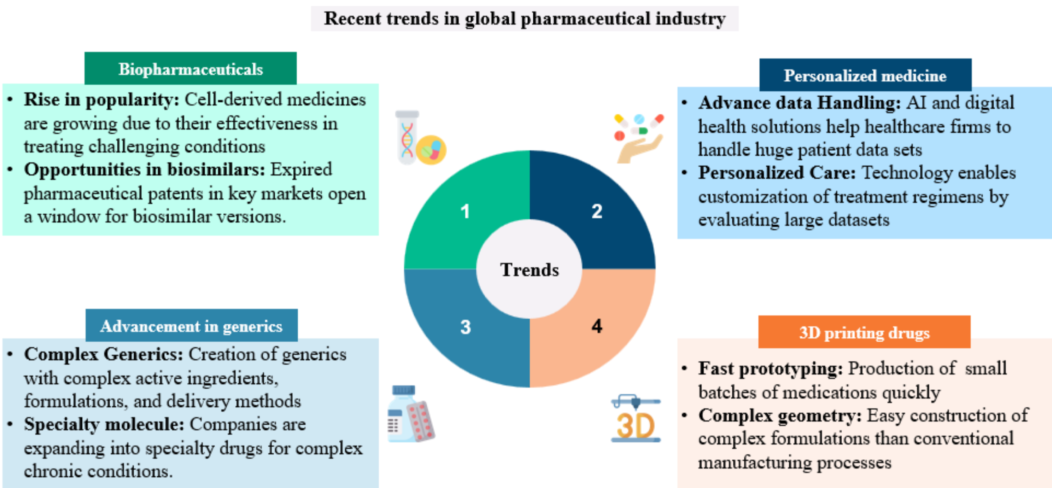
- **Growth in Emerging Markets:** Emerging markets in Latin America and Asia-Pacific, including Brazil, China, and India, are witnessing rapid pharmaceutical industry expansion, fuelled by manufacturing and research operations shifting from developed markets.

- **Indian Pharmaceutical Sector:** In India, pharmaceutical organisations have been focusing on strengthening their internal product pipelines by investing in R&D and robust manufacturing capabilities.

Recent trends and growth drivers of the global pharmaceuticals industry

The global pharmaceutical market is set to grow due to an aging population, increased chronic disease prevalence, advanced therapies like gene therapies and biologics, rising demand for OTC drugs and wellness products, and the availability of affordable off-patent medications.





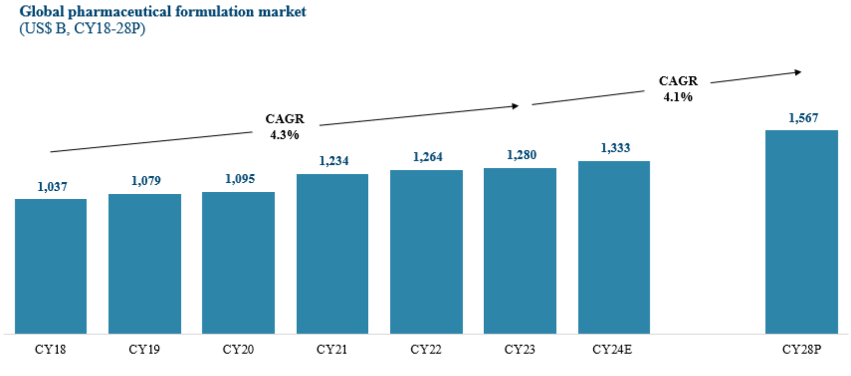
Recent trends in the global pharmaceutical industry, such as biopharmaceuticals growth, generics advancements, personalized medicine development, and innovations such as 3D printing of drugs are driving innovation and progress. They lead to enhanced medication accessibility and customized healthcare solutions.

Global pharmaceutical formulation market overview

The global pharmaceutical formulation industry contains the development of various finished medication formats which include dosage forms like oral solid form(capsules/tablets), liquids, gels, topical, and injectables, which are important for precise drug delivery and dosage control within healthcare settings. The pharmaceutical formulation development process involves bringing together APIs and excipients to create the finished dosage form.

The pharmaceutical formulation development market facilitates the larger-scale manufacture, and distribution of pharmaceutical products and guarantees the accessibility of pharmaceuticals to a broader demographic. To improve patient care and medicine accessibility, both markets depend on efficient formulation development. An increase in the prevalence of chronic diseases, demand for improved drug delivery systems, and patent expiry are creating opportunities for generic formulations, and advancements in drug delivery systems like nanotechnology and implants.

The global pharmaceutical formulations market is estimated to be US$ 1,567B in CY28 growing at 4.1% CAGR over CY23-28

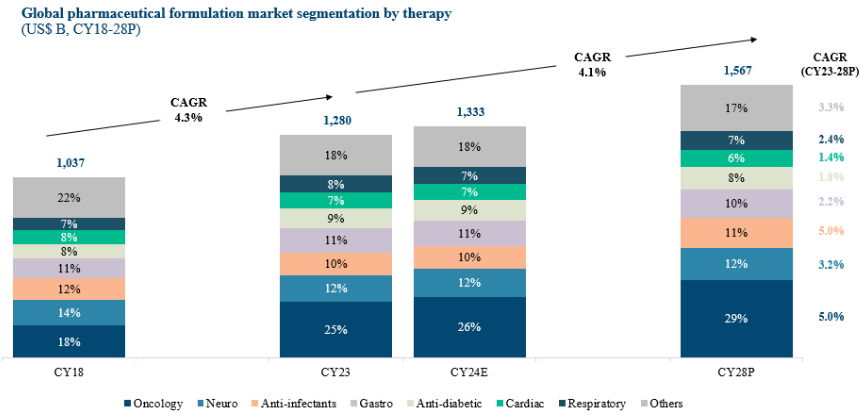


Source(s): Knowledge base, 1Lattice analysis

The global pharmaceutical formulation market has maintained steady growth, with a CAGR of ~4.3%, increasing from ~US$ 1,037B in CY18 to ~US$ 1,280B in CY23, and is forecasted to reach ~US$ 1,333B in 2024 and ~US$ 1,567B by 2028, growing at a CAGR of 4.1% during the period CY23 to CY28. This growth is primarily driven by the introduction of innovative therapies, the expansion of existing treatment options, increasing demand for generic drugs, biologics, and personalized medicines, as well as an increased need for effective treatments and medications.

Seven key therapeutical segments contribute to >80% of the formulation market.

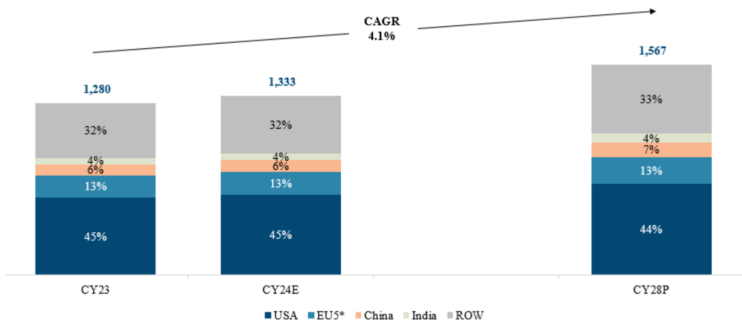
The seven key therapy areas including oncology, cardiology, anti-infectives, gastrointestinal, anti-diabetic, respiratory and neurology are estimated to account for ~82% of the total global pharmaceutical formulations market in CY23. The oncology market reached ~US$ 320B in CY23, with an anticipated CAGR of ~5% from CY23 to CY28P due to the rise in demand for precision medicine such as targeted cancer care. Other sectors such as the cardiac and respiratory market have held steady growth over the years.



Source(s): Knowledge base, 1Lattice analysis

Global formulation market by major regions and respective growth outlooks

Global pharmaceutical formulation market segmentation by major regions
(US$ B, CY23-28P)



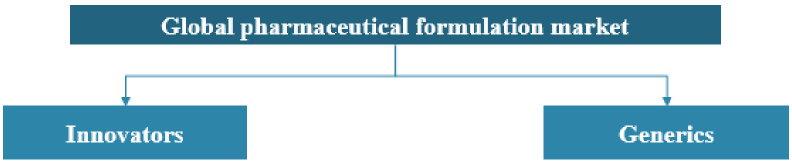
Note(s): *EU5 - France, Germany, Italy, Spain, and UK
Source(s): Knowledge base, 1Lattice analysis

The global pharmaceuticals formulation market is dominated by the USA which takes up ~45%, followed by EU5 (France, Germany, Italy, Spain, and the UK) which takes up 13% of the market share by value. The growth outlook of the global pharmaceutical formulation market presents diverse growth opportunities across different regions and subsegments.

- In the USA, specialty pharmaceuticals are expected to drive growth, benefiting from advancements in biotechnology and personalized medicine.
- The EU5 market shows promise in biologics and biosimilars, driven by patent expirations and cost-effective healthcare solutions.
- In China oncology therapeutics, offer significant growth potential due to the rising incidence of cancer and government initiatives to improve healthcare infrastructure.
- In India, generics and over-the-counter medications dominate, catering to the large population's demand for affordable healthcare.
- In the rest of the world, vaccines and preventive healthcare solutions are gaining traction, driven by increasing awareness and government efforts to combat infectious diseases.

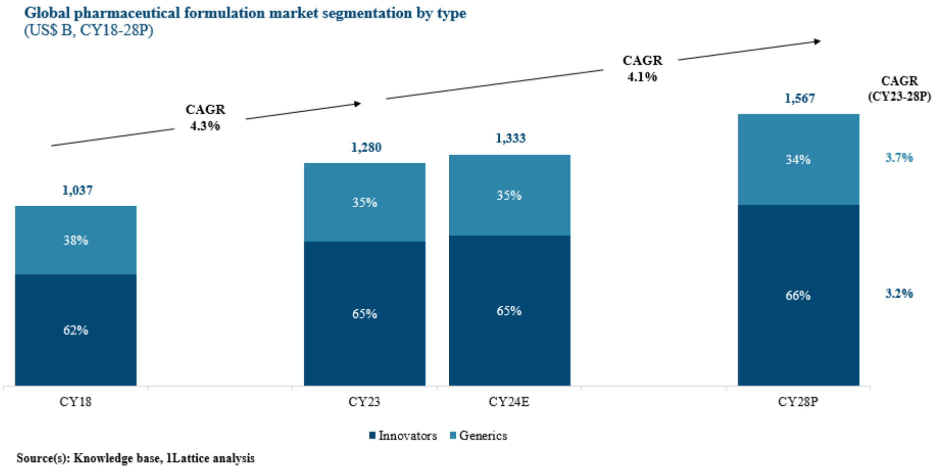
These growth outlooks highlight the importance of understanding regional dynamics and tailoring strategies to capitalize on emerging opportunities in the global pharmaceutical landscape.

Market segmented by type of formulation.



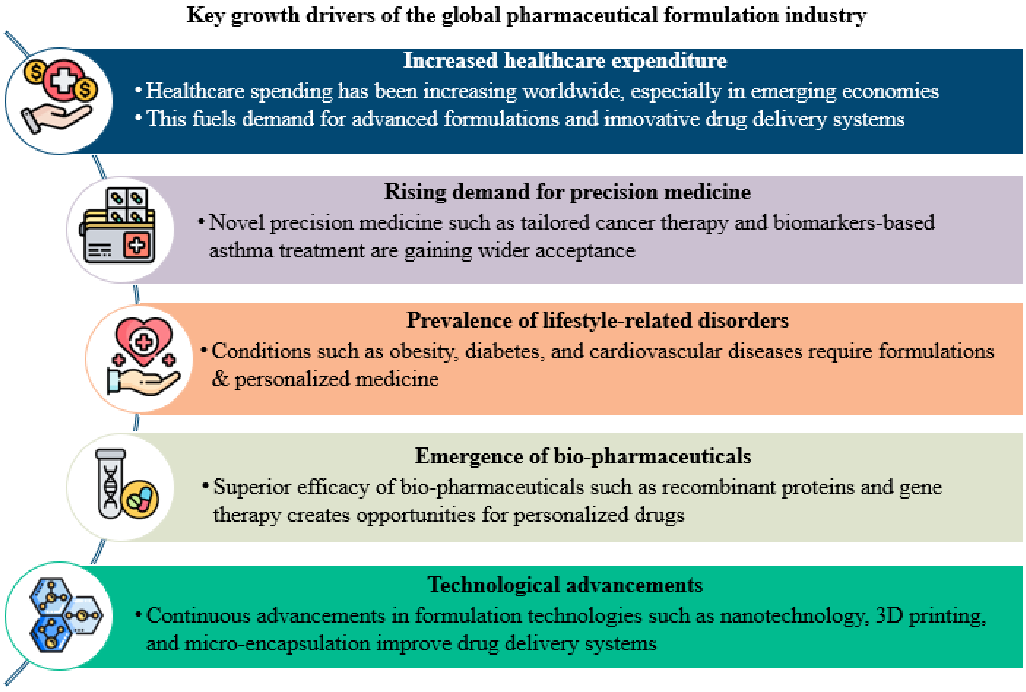
The global pharmaceutical formulation market is composed of 2 categories: Innovators and Generics.

- **Innovators:** Innovator pharmaceutical formulations are drugs developed by pharmaceutical companies through extensive R&D, involving new active ingredients and delivery mechanisms. These drugs undergo precise clinical trials for safety and efficacy before regulatory approval. Due to high R&D costs and patent protection, they command premium prices in the market, enabling companies to recoup investments and generate profits.
- **Generics:** Generic pharmaceutical formulations are non-branded versions of innovator drugs that enter the market after the expiration of patent protection. Generic drugs contain the same active ingredients, dosage forms, strengths, and indications as their brand-name counterparts but are typically sold under their chemical names. They undergo regulatory approval processes to demonstrate bioequivalence to the innovator drug. Due to the absence of R&D expenses and lower marketing costs, generic drugs are generally more affordable than their branded counterparts, making them a preferred choice for patients, healthcare providers, and payers.



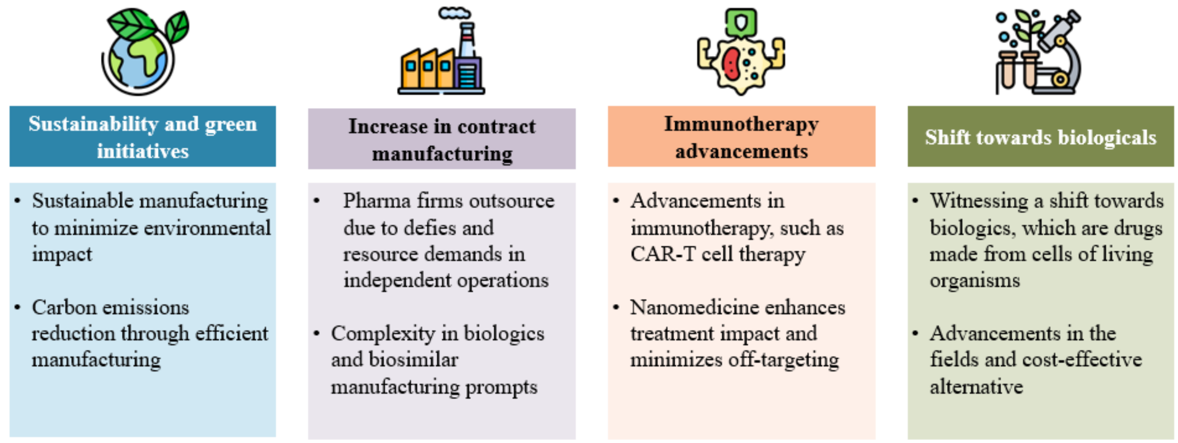
Innovators contribute 65% and generics 35% of the market share of the global pharmaceutical formulations market in CY23 amounting to ~US$ 830B and ~US$ 450B respectively. The innovators market is expected to grow steadily at a CAGR of 3.2% from CY23 to CY28P.

Recent trends and growth drivers of the global formulation industry



Increasing healthcare expenditure, the growing prevalence of lifestyle-related disorders such as obesity, and diabetes require lifelong medications & care, novel treatment methods, and increasing adoption of biopharmaceuticals are fuelling the growth of the global pharmaceutical formulations market.

Recent trends in the global pharmaceutical formulations industry



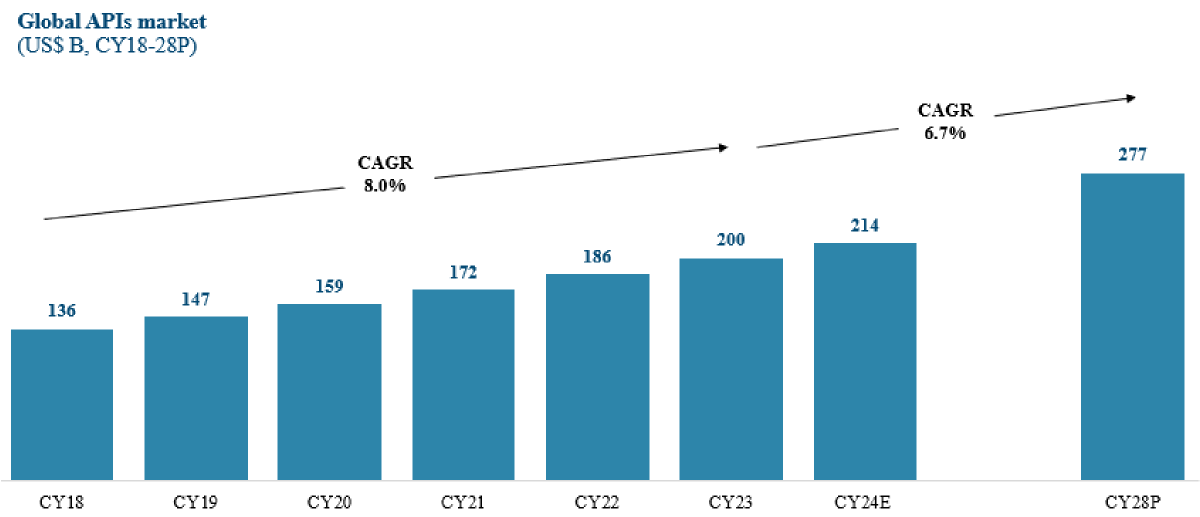
A rising tendency to outsource formulations manufacturing is an emerging trend alongside existing industries transitioning into green and sustainable practices. The industry is seen to be drifting towards advancements such as immunotherapy and biologicals.

Global APIs market overview

An active pharmaceutical ingredient is the biologically active component of a drug product, intended to produce specific therapeutic effects, ranging from moderating human physiological functions to directly impacting disease prevention or progression through pharmaceutical interventions. A properly formulated APIs is crucial for ensuring the safety and efficacy of pharmaceutical dosage formulation, with the potency of medications determined by the APIs concentration.

The global APIs market encompasses a diverse range of medications across the therapeutic segments. Uninterrupted and high-quality supplies of APIs are vital links to ensure the global availability of critical and life-saving medicines.

Global APIs market is estimated to be US$ 277B in CY28 growing at 6.7% over CY23-28



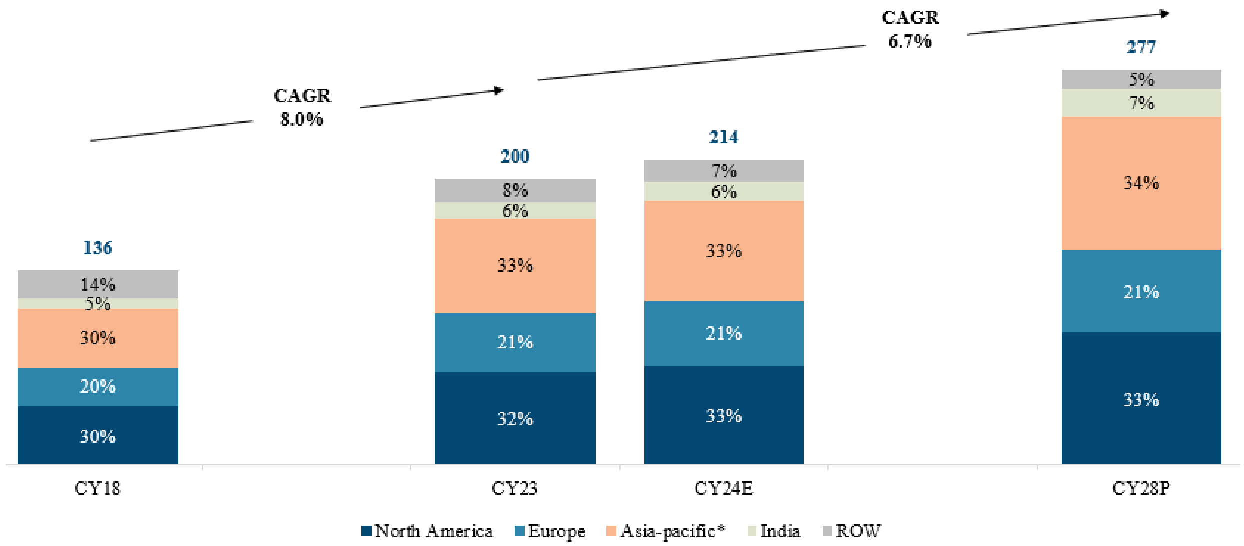
Source(s): Knowledge base, 1Lattice analysis

The global APIs market has seen significant growth at a CAGR of ~8.0% from CY18-23 reaching a market size of ~US$ 200B in CY23. The APIs market is anticipated to grow to ~US$ 277B, with a projected CAGR of 6.7% during the projected period spanning 2023 to 2028.

Global APIs Market by major region and respective growth outlooks

Asia Pacific has experienced significantly faster growth compared to North America. By CY28P, Asia Pacific is expected to become the largest contributor by a share of 34%, surpassing North America. The North American market which was the traditional market leader currently holds ~33% of the overall global APIs market. India is expected to contribute to ~6% of global share in CY24 and ~7% by CY28P, with steady increments in growth over the years, reflecting a trend of increasing influence or market presence. Meanwhile, Europe maintains a stable market share.

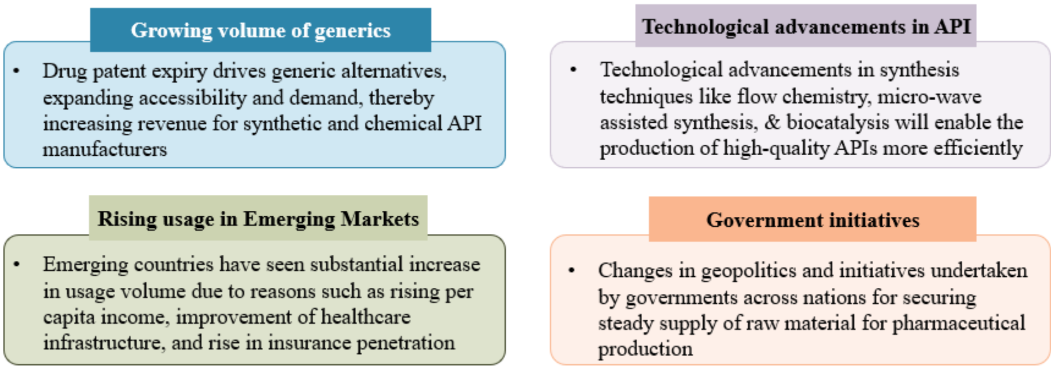
Global APIs market segmentation by major regions
(US$ B, CY18-28P)



Note(s): *Asia-pacific – Excluding India
Source(s): Knowledge base, 1Lattice analysis

Recent trends and growth drivers of the global APIs industry

Key growth drivers of the global APIs industry



The global APIs market is experiencing robust growth, driven by several key factors. The growing volume of generics and technical advancements are vital in enhancing efficiency, accessibility, and quality in pharmaceutical manufacturing. Supportive government initiatives across the globe are contributing to the market expansion, with widespread acceptance and a large consumer base in emerging markets.

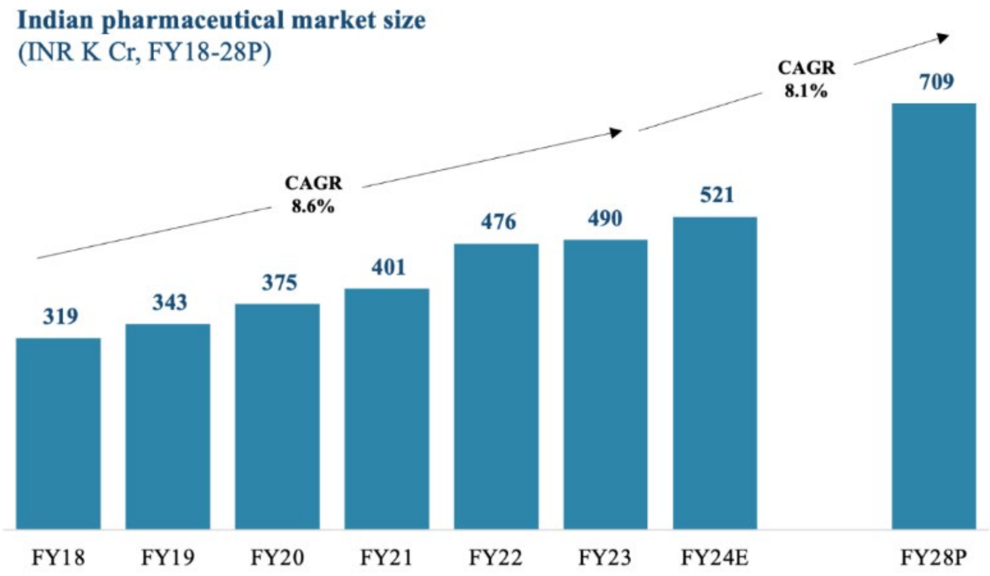
The APIs market is seeing a surge in demand for potent APIs for targeted therapies and the rise of small molecule drugs, driving market growth. Additionally, digital transformation and increased outsourcing in pharmaceutical operations are reshaping industry dynamics and boosting efficiency across the value chain.

INDIAN PHARMACEUTICAL INDUSTRY

Indian pharmaceutical industry overview

Indian pharmaceutical market is expected to be INR 709K Cr in FY28 growing at ~8.1% over FY24-28

The Indian pharmaceutical market ranked 3rd globally in 2022 in terms of production volume. As the industry aims to enhance its global competitiveness, companies are allocating substantial resources towards innovating new drugs and therapies. This is reflected through increased investments in Research and Development (R&D), increased generic drug manufacturing, and digital transformation to streamline operations and enhance patient experience.

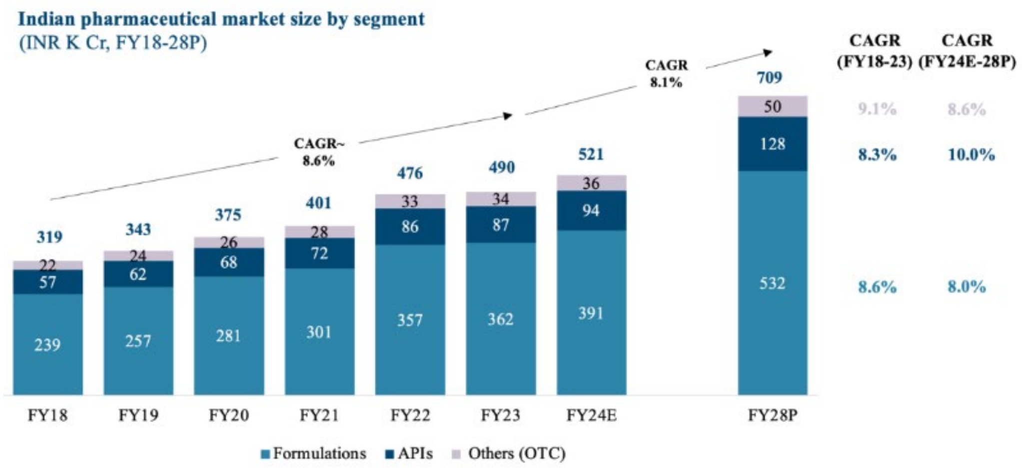


Source(s): 1Lattice analysis

Indian pharmaceutical market has seen a constant growth of ~ 8.6% CAGR from FY18 to FY23 and is expected to grow at the rate of ~8.1% CAGR from FY24 – FY28, to reach a market size of INR 709 K Cr in FY28. The pharmaceutical industry is one of the major contributors to India's economy, contributing highly to foreign exchange and major job opportunities. With an estimated market size of INR 521K crores in FY24, it boosts high annual trade. In 2023, pharmaceutical exports exceeded ~INR 180 K crores, which proved to be one of the country's highest shares in overall exports with APIs and branded generics accounting for 91% of the market share. The market is now moving its focus toward biosimilars, complex generics, and precision medicine.

Indian pharmaceutical market by sub-segment

The market consists mainly of three components – Finished Dosage Formulations (FDF), APIs & OTC. The formulations industry holds a significant majority share of around 75% in the country's market, followed by APIs accounting for approximately 18%, with generics & OTCs making up the remaining 7%.

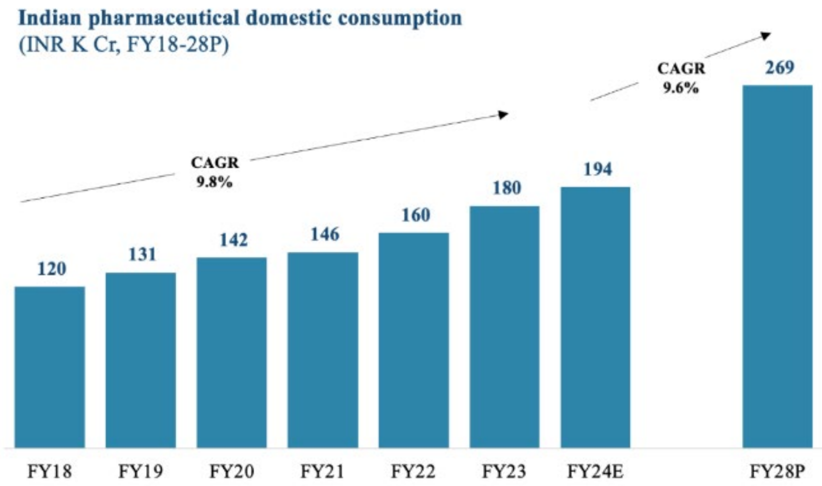


Source(s): 1Lattice analysis

India's contribution to the API industry is immense with over 500 registered manufacturers. The market also includes major therapeutic segments like gastrointestinal, cardiology, anti-diabetic, respiratory, dermatological, musculoskeletal, nervous, and others. With the increasing scientific and technological base, growing government support, and strong domestic demand, the Indian pharma industry has seen consistent growth in all three segments of the market.

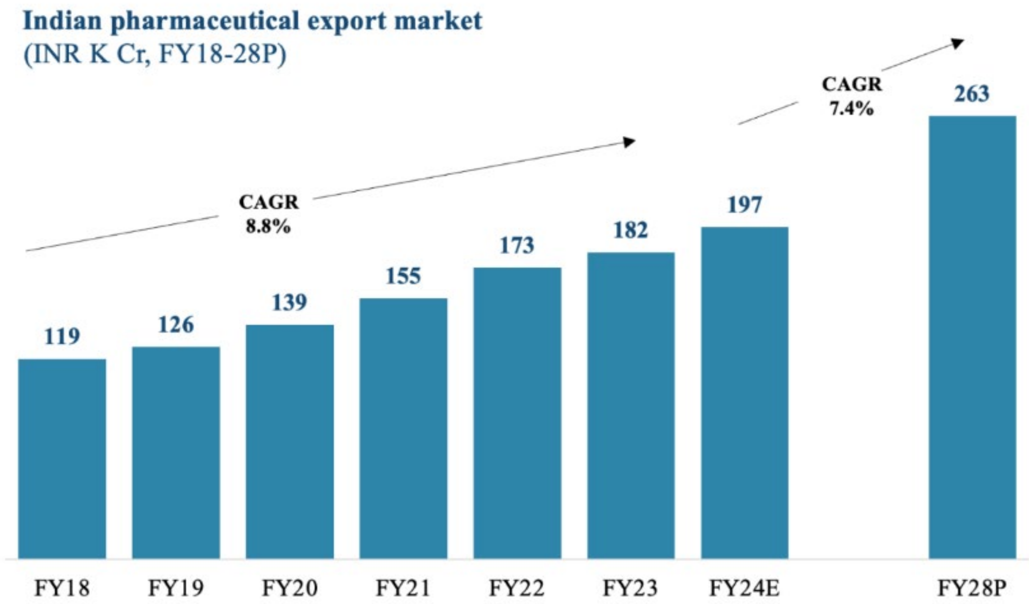
Overall outlook of Indian domestic consumption and export market

The pharmaceutical sector in India plays a crucial role in the nation's healthcare landscape, meeting the needs of both local and international markets. As the population rises, resulting in heightened health challenges, the production of medicines within the country stands out as a key factor propelling market expansion. Domestic pharmaceutical consumption is anticipated to achieve a value of ~INR 269K Cr by FY28, with a projected CAGR of 9.6% in the coming five years.



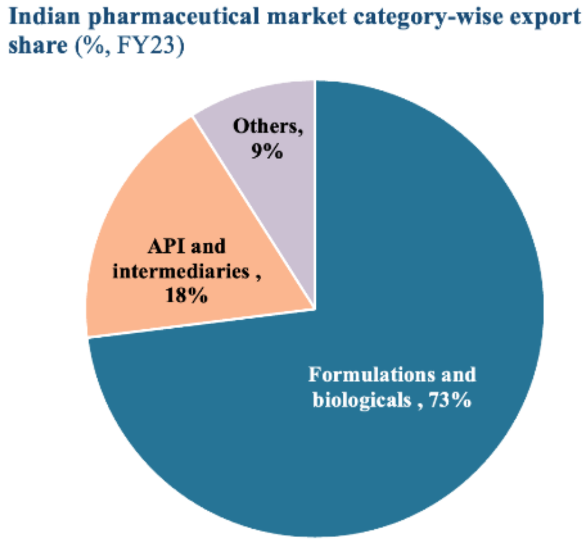
Source(s): 1Lattice analysis

The Indian pharmaceutical industry holds significant global influence and is renowned for its provision of cost-effective healthcare solutions worldwide as it includes the majority of branded generics products. There is a substantial demand for affordable generic medications from India, owing to the country's esteemed reputation for adhering to high-quality manufacturing standards. This drives the industry to expand its reach across borders. In FY23, pharmaceutical exports reached a record-breaking high of ~INR 182 K crores, reaching more than 200 countries worldwide.



Source(s): 1Lattice analysis

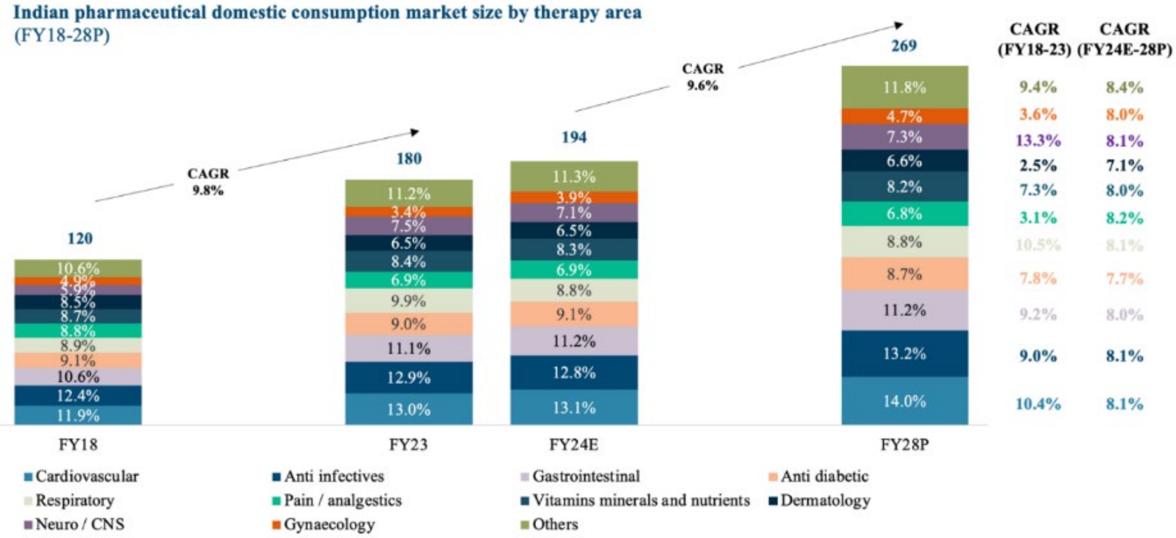
India plays a vital role in supplying over 50% of Africa's generic drug requirements, 40% of the United States, and 25% of medical supplies in the United Kingdom. Additionally, India stands as the largest exporter of vaccines globally, accounting for over 60% of the market. The World Health Organization (WHO) relies on India for 70% of its vaccine requirements.



Source(s): Industry reports, 1Lattice analysis

Indian pharmaceutical formulations market by therapeutical segments

The Indian formulations market is growing rapidly every year contributing to a major part of the industry. With the increasing population of the country over time, the need and demand for healthcare is rising rapidly. Some of the major therapeutical segments in the formulations market include – cardiology, anti-infectives, gastrointestinal, anti-diabetology, respiratory, vitamins, minerals & nutrients, and more.



Source(s): 1Lattice analysis

With the overall market growing at a steady CAGR of 9.6% from FY24-28, most of the therapy areas also show significant growth in the past five years. Cardiovascular drugs being one of the top therapy areas, have been projected to a CAGR of 8.1% in the next 4 years. Respiratory has registered the highest growth rate of 10.5% amongst all in the last 5 years and Dermatology with the highest CAGR for the coming 5 years with 7.1%.

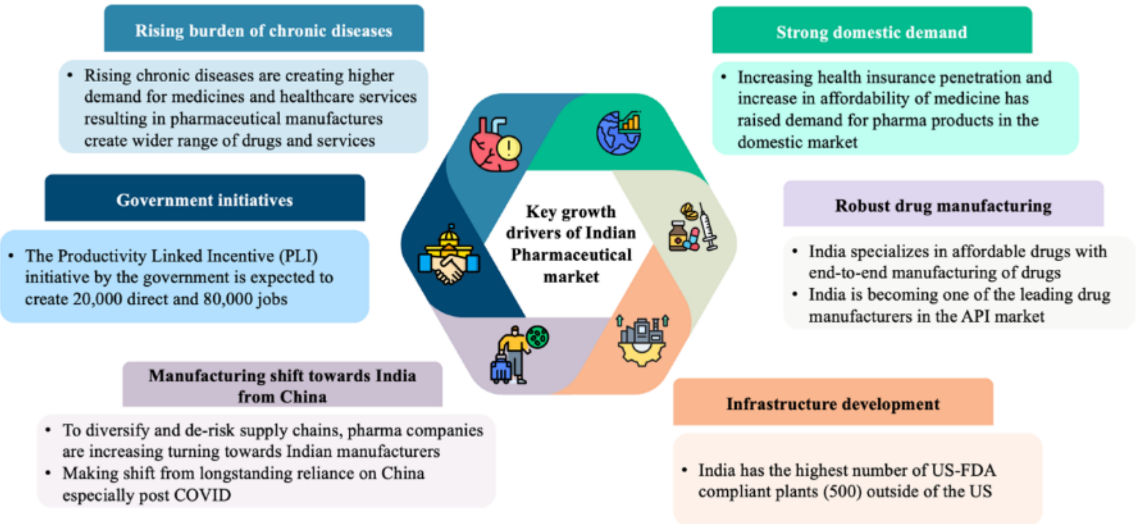
Some of the key players in this segment are classified therapy wise –

Therapy area	Key players
Cardiovascular	Sun, Torrent. USV, Lupin & Mankind
Anti infectives	Aristo, Alkem, Macleods, Cipla & Sun Pharma
Gastrointestinal	Abbott, Sun, Alkem, Torrent, Aristo
Anti diabetic	Abbott, USV, Lupin, Sun, Sanofi India
Respiratory	Cipla, Glenmark, Lupin, Mankind, Zydus

Therapy area	Key players
Pain / analgestics	IPCA, Sun, Zydus, GSK, Alkem
Vitamins minerals and nutrients	Abbott, Mankind, Alkem, Torrent, Sun
Dermatology	GSK, Sun, Glenmark, Hedge&Hedge, Abbott
Neuro / CNS	Sun, Intas, Torrent, Abbott, Alkem
Gynaecology	Mankind, Bharat Serums, Sun, Zydus, Intas

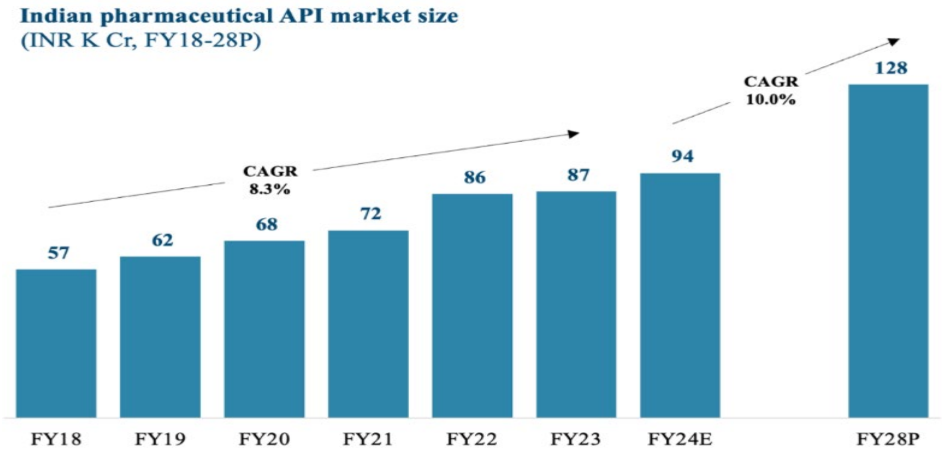
Key growth drivers of the Indian pharmaceutical market

A high burden of diseases, good economic growth leading to higher disposable incomes, improvement in healthcare infrastructure, and many more are key drivers of growth for the Indian pharmaceutical market.



Indian pharmaceutical APIs market

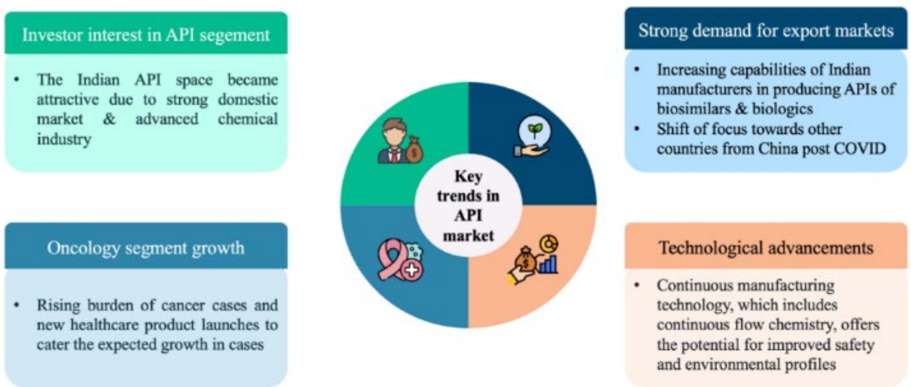
Indian Pharmaceutical APIs market size is estimated to be INR 128 K Cr in FY28

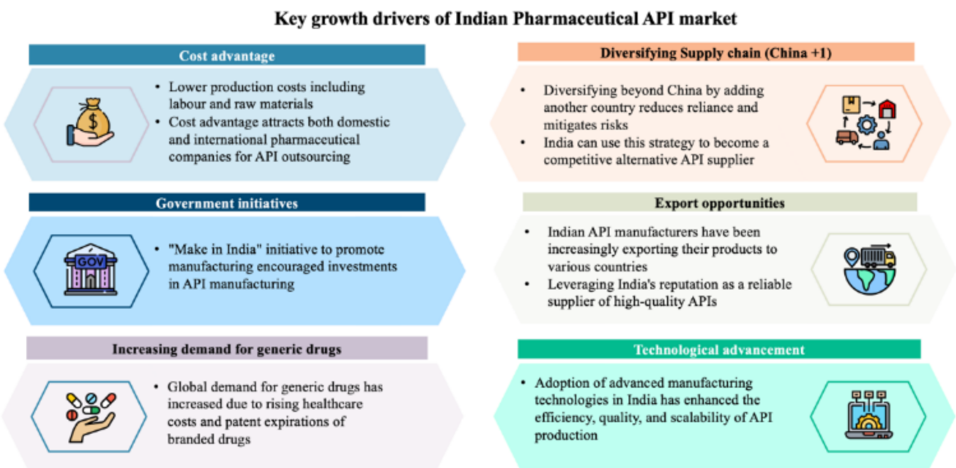


Source(s): 1Lattice analysis

According to the World Health Organization, an Active Pharmaceutical Ingredient (API) is any substance or combination of substances used in a finished pharmaceutical product intended to furnish pharmacological activity or to otherwise have a direct effect on the diagnosis. API is one of the major pillars of the Indian pharma industry. It contributes to almost 18% of the total market share. As of FY23, India is the 3rd largest producer of API, contributing to 8% of the global API market. With the introduction of the government's PLI scheme and the increase in demand for high-quality and affordable medicines, the API market is estimated to be INR 128 K Cr in FY28 with a CAGR of 10.0% from FY24-28P.

Key trends and growth drivers





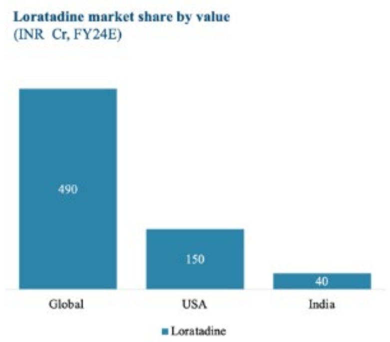
Market size and outlook for key products (Global, US, and India markets by value, volume, and key competitors)

The Pharmaceutical industry includes the following major APIs

Loratadine API

Loratadine is a medication used to manage and treat allergic rhinitis and urticaria. It is in the second-generation antihistamine class. The drug is an FDA-approved medication to relieve and treat allergic rhinitis, high fever, or allergic skin rash. Loratadine dosing is by tablet, liquid-filled capsule, or syrup. The medication can be administered orally with or without meals, although the recommendation is to take the oral medication on an empty stomach. Morepen is the largest supplier and manufacturer of Loratadine in terms of volume (MT) in FY24 with a 35% market share which attributes to 70 MTPA.

Source(s): WiStride, 1Lattice analysis



The molecule is anticipated to demonstrate a growth CAGR of over 2% from FY24-28. This growth can be attributed to increased awareness of allergic conditions, lifestyle modifications, environmental pollution, and the convenience of accessing the medication over the counter.

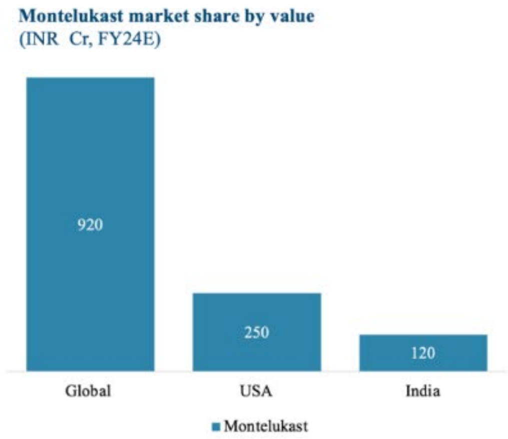
Source(s): WiStride, 1Lattice analysis

Region	Key players	Market share by volume (FY24E)
Global	Morepen	35%
	Vasudha Pharma Chem Limited	22%
	Mylan	10%
	Others (Tagoor, Cadila pharma, Hetero etc.)	33%

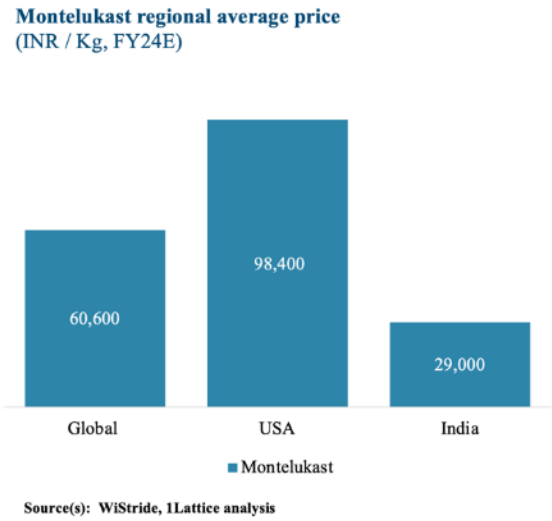
Note: Market share of top 3 players and rest of players are classified under others

Montelukast API

Montelukast is an orally dosed drug. It is FDA-approved for treating chronic asthma and prophylaxis and the prevention of exercise-induced bronchoconstriction. It is also approved to relieve seasonal and perennial allergic rhinitis symptoms. Montelukast may be taken without regard to food or meals. Patients with phenylketonuria who receive montelukast should be aware that chewable tablets contain phenylalanine. Morepen is the largest supplier and manufacturer of Montelukast in terms of volume (kg) in FY24 with a 44% market share which attributes to 66 MTPA.



Montelukast is expected to register a CAGR of over 10% from FY24-28. The major growth drivers include an increase in Bronchospasm attacks in many young and adult individuals, allergic rhinitis, primary dysmenorrhea, and urticaria.



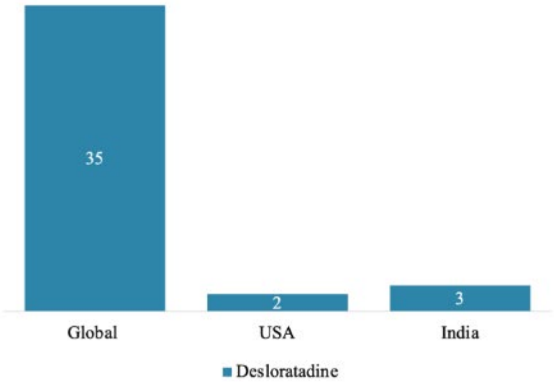
Region	Key players	Market share by volume (FY24E)
Global	MOREPEN The Joy Of Growing Together	44%
	HETERO	12%
	天宇股份 TIANYU PHARM	8%
	Others (Dhanuka, Teva, Farmosa, Laurus etc)	36%

Note: Market share of top 3 players and rest of players are classified under others

Desloratadine API

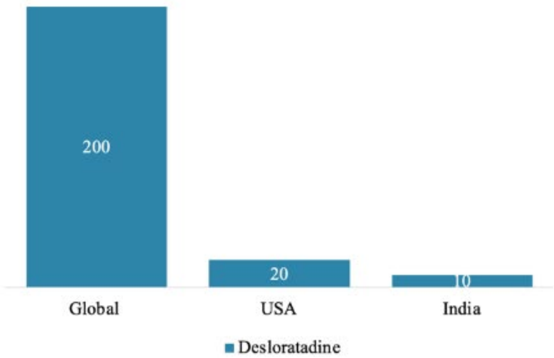
Desloratadine is used in adults and children to relieve hay fever and allergy symptoms, including sneezing, runny nose; and red, itchy, tearing eyes. It is also used to relieve symptoms of urticaria. It works by blocking histamine, a substance in the body that causes allergic symptoms. Desloratadine comes as a tablet, an oral solution (liquid), and an orally disintegrating tablet. It is usually taken once a day with or without food. Morepen is the largest supplier and manufacturer of Desloratadine in terms of volume (kg) in FY24 with a 26% market share globally which constitutes to 9 MTPA.

Desloratadine regional market share by volume
(Qty MTPA, FY24E)



Source(s): WiStride, 1Lattice analysis

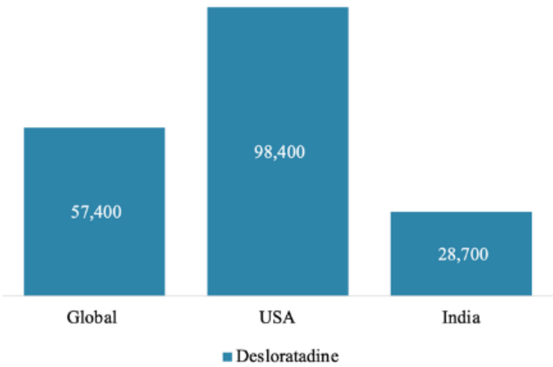
Desloratadine market share by value
(INR Cr, FY24E)



With its favorable safety profile and reduced sedative effects compared to first-generation antihistamines, Desloratadine is projected to achieve a CAGR of over 5% for FY18-28. Desloratadine's market penetration into emerging economies, where environmental changes and shifts in lifestyle are contributing to a higher prevalence of allergies, is expected to further propel its market growth.

Note: Market share of top 5 players and rest of players are classified under others

Desloratadine regional average price
(INR / Kg, FY24E)



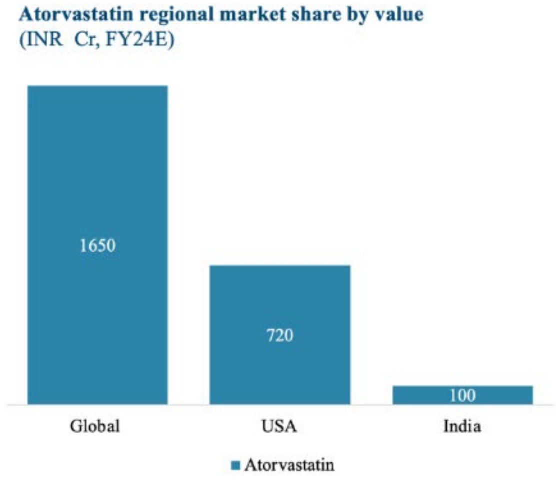
Source(s): WiStride, 1Lattice analysis

Region	Key players	Market share by volume (FY24E)
Global	MOREPEN	26%
	VASUDHA PHARMA CHEM LIMITED	9%
	HETERO	8%
	Mylan	6%
	Divis	4%
	Others (Cipla, Sun, DRL, Amsal etc)	55%

Atorvastatin API

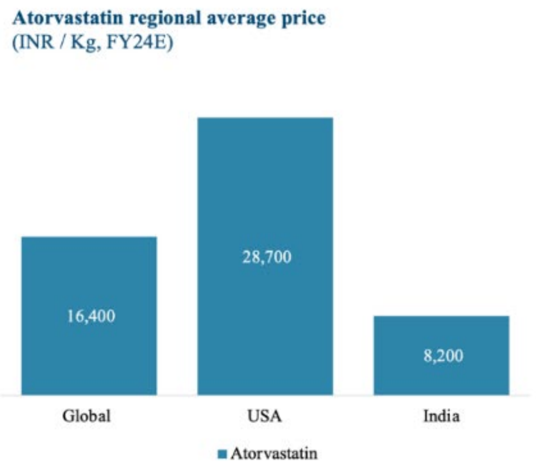
Atorvastatin is used together with diet, weight loss, and exercise to reduce the risk of heart attack and stroke and to decrease the chance that heart surgery will be needed in people who have heart disease or who are at risk of developing heart disease. Atorvastatin is also used to decrease the number of fatty substances such as low-density lipoprotein (LDL) cholesterol ('bad cholesterol') and triglycerides in the blood and to increase the amount of high-density lipoprotein (HDL) cholesterol ('good cholesterol') in the blood. Atorvastatin comes as a tablet to take by mouth. It is usually taken once a day with or without food. Morepen is the 4th largest manufacturer of Atorvastatin globally in terms of volume (kg) in FY24 with an 11% market share.

Source(s): WiStride, 1Lattice analysis



The growth of Atorvastatin is driven by the rising incidence of heart-related conditions, including elevated cholesterol levels. Lifestyle shifts, such as unhealthy dietary habits and sedentary lifestyles, have led to a surge in cardiovascular diseases like heart attacks and strokes. Due to this, it is projected to register a CAGR of 8% from FY24-28.

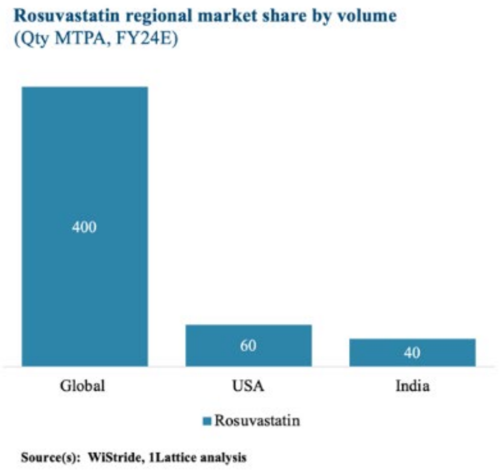
Note: Market share of top 4 players and rest of players are classified under others

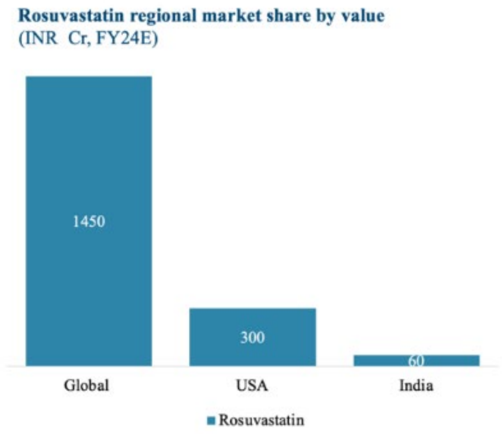


Source(s): WiStride, 1Lattice analysis

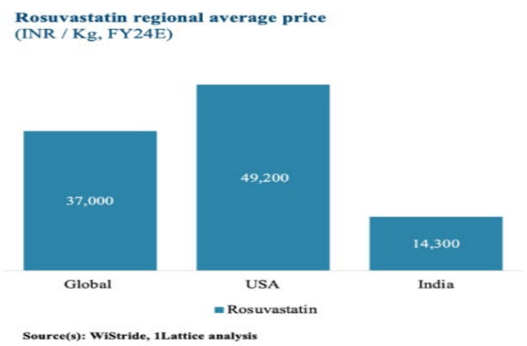
Region	Key players	Market share by volume (FY24E)
Global	Ind-Swift Laboratories Limited	18%
	Centrient Pharmaceuticals	16%
	teva	14%
	Morepen	11%
	Others (Biocon, Hisun, Cadila, Jianbe, Hetero etc)	41%

Rosuvastatin API





Rosuvastatin is used together with diet, weight loss, and exercise to reduce the risk of heart attack and stroke and to decrease the chance that heart surgery will be needed in people who have heart disease or who are at risk of developing heart disease. Rosuvastatin may also be used together with diet to decrease the amount of cholesterol and other fatty substances in the blood in adults, children, and teenagers 8 to 17 years of age. Rosuvastatin comes as a tablet (Crestor) and a capsule (Ezallor). It is usually taken once a day with or without food. Morepen is the 4th largest manufacturer of Rosuvastatin in terms of volume (kg) in FY24 with a 9% market share globally.

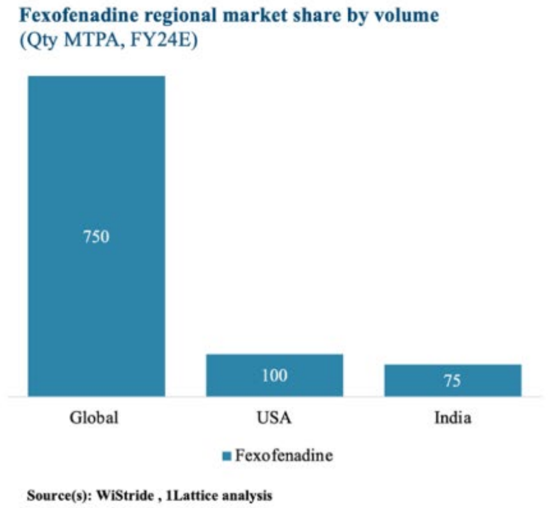


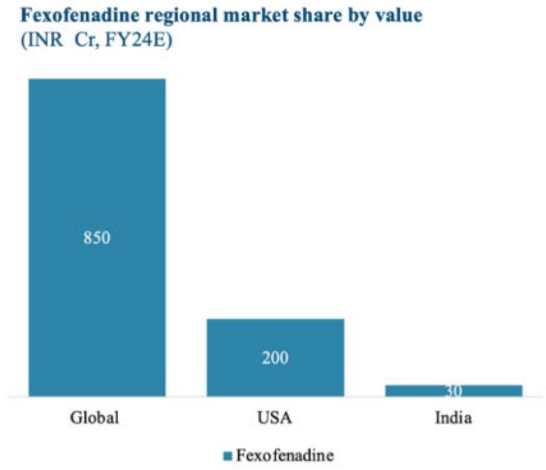
Region	Key players	Market share by volume (FY24E)
Global	MSN Research for Better Medicines	13%
	Biocon	10%
	CHANGZHOU	10%
	MOREPEN	9%
	Others (Hetero,Optimus, Nosch, Enaltec, Amoli, Sun, Aurobindo, etc)	58%

Demand for Rosuvastatin is expected to increase due to the rising incidence of hypercholesterolemia and cardiovascular illnesses. The market is expected to grow at a CAGR of 5.05% for FY24-28. The increasing usage of combination therapies, in which statins like Rosuvastatin are used in combination with other drugs proves to be one of the major trends in the market.

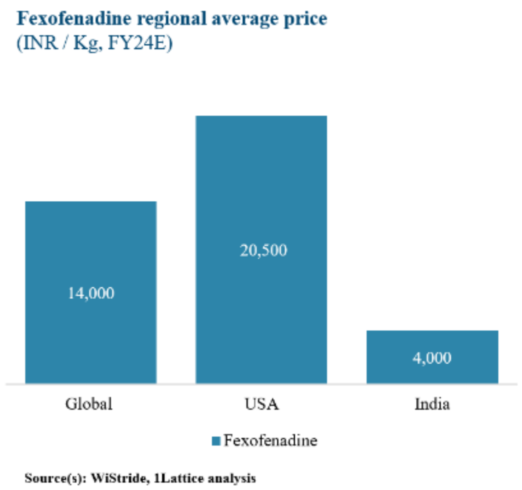
Note: Market share of top 4 players and rest of players are classified under others

Fexofenadine API





Fexofenadine is a metabolite of terfenadine and is a second-generation antihistamine. It is FDA-approved to treat seasonal allergic rhinitis and chronic idiopathic urticaria. Fexofenadine has been approved for use in both children and adults. Children should be six months or older, dependent upon the indication for use. Fexofenadine comes in multiple different forms. It may be administered orally as a tablet, oral suspension (syrup), or orally disintegrating tablets. Fexofenadine may be used in adults and children, though the dose for children is lower than that of adults. Morepen is the 3rd largest manufacturer of Fexofenadine in terms of volume (kg) in FY24 with a 16% market share globally.



Region	Key players	Market share by volume (FY24E)
Global	VIRUPAKSHA	33%
	Ind-Swift Laboratories Limited	25%
	MOREPEN The Joy Of Growing Together	16%
	Others (Cipla, Dipharma, DRL, Chemeca, Aurore, VPL etc)	26%

The growth of the Fexofenadine market is fueled by the rising incidence of seasonal allergic rhinitis and chronic idiopathic urticaria. Additionally, the increasing pollution levels are anticipated to further elevate the prevalence of allergies, thereby driving the demand for Fexofenadine. Due to this, the market is expected to register a CAGR of up to 9% in the coming years.

Note: Market share of top 3 players and rest of players are classified under others

Other Key Molecules

Dapagliflozin API

- Dapagliflozin is used along with diet and exercise, and sometimes with other medications, to lower blood sugar levels in adults with type 2 diabetes.
- Dapagliflozin is also used to reduce the risk of needing to be hospitalized for heart failure in adults who have type 2 diabetes along with heart and blood vessel disease.

- Dapagliflozin lowers blood sugar by causing the kidneys to get rid of more glucose in the urine. Dapagliflozin formulation is in the oral solid dosage form. It is taken usually with or without food once a day.
- Morepen, MSN laboratories, BDR pharmaceuticals, and Alembic pharmaceuticals are the renowned Dapagliflozin API manufacturers in India.

Sitagliptin API

- Sitagliptin is in a class of medications called dipeptidyl peptidase-4 (DPP-4) inhibitors. It works by increasing the amounts of certain natural substances that lower blood sugar when it is high.
- Sitagliptin formulation is in a tablet form, to be taken orally. It is usually taken once a day with or without food.
- The effect of this medication leads to glucose-dependent increases in insulin and decreases in glucagon to improve control of blood sugar. Sitagliptin was granted FDA approval on October 16, 2006
- Morepen, SMS pharmaceuticals are amongst the top manufacturers in the country.

Vildagliptin API

- Vildagliptin is a novel oral antidiabetic agent that enhances pancreatic islet cell responsiveness to glucose.
- Vildagliptin is rapidly absorbed after oral administration.
- Compared to the other gliptins, Vildagliptin distinguishes itself by behaving like a surrogate substrate, being altered by the enzymes
- Honor Labs, Biocon, and Mega Fine Pharma are key manufacturers of Vildagliptin API.

Olmesartan API

- Olmesartan is used alone or in combination with other medications to treat high blood pressure in adults and children.
- Olmesartan is an angiotensin receptor blocker (ARB). It relaxes the blood vessels by blocking the action of a chemical that usually makes blood vessels tighter. This lowers the blood pressure, allowing the blood to flow more smoothly to different organs and the heart to pump more efficiently.
- Olmesartan formulation is available in oral dosage form. It is usually taken once a day with or without food. The formulation market of Olmesartan has been growing steadily.
- Olmesartan controls high blood pressure but does not cure it.
- Morepen, Venkata Narayana Active Ingredients, MSN laboratories, and CTX Lifesciences, are the major manufacturers of Olmesartan.

Apixaban API

- Apixaban is used to help prevent strokes or blood clots in people who have atrial fibrillation, a condition in which the heart beats irregularly, increasing the chance of clots forming in the body and possibly causing stroke.
- Apixaban is also used to prevent deep vein thrombosis and pulmonary embolism in people who are having hip replacement or knee replacement surgery.
- When apixaban is taken to prevent DVT and PE after hip or knee replacement surgery, the first dose should be taken at least 12 to 24 hours after surgery. Apixaban formulation is available in oral dosage form.
- Some of the top Apixaban manufacturers are Glenmark Pharmaceuticals, Neuland Laboratories, Hikal Pharma, etc.

Edoxaban API

- Edoxaban is used to help prevent strokes or blood clots in people who have atrial fibrillation that is not caused by heart valve disease.

- Edoxaban is also used to prevent deep vein thrombosis in people who have been treated with injectable blood thinner medicines.
- Edoxaban formulation is available as a tablet to be taken orally. It is usually taken with or without food once a day.
- Dr. Reddy's Laboratories is the leading manufacturer and supplier of Edoxaban globally, Morepen, Metrochem API and Teva Pharmaceuticals are other leading manufacturers.

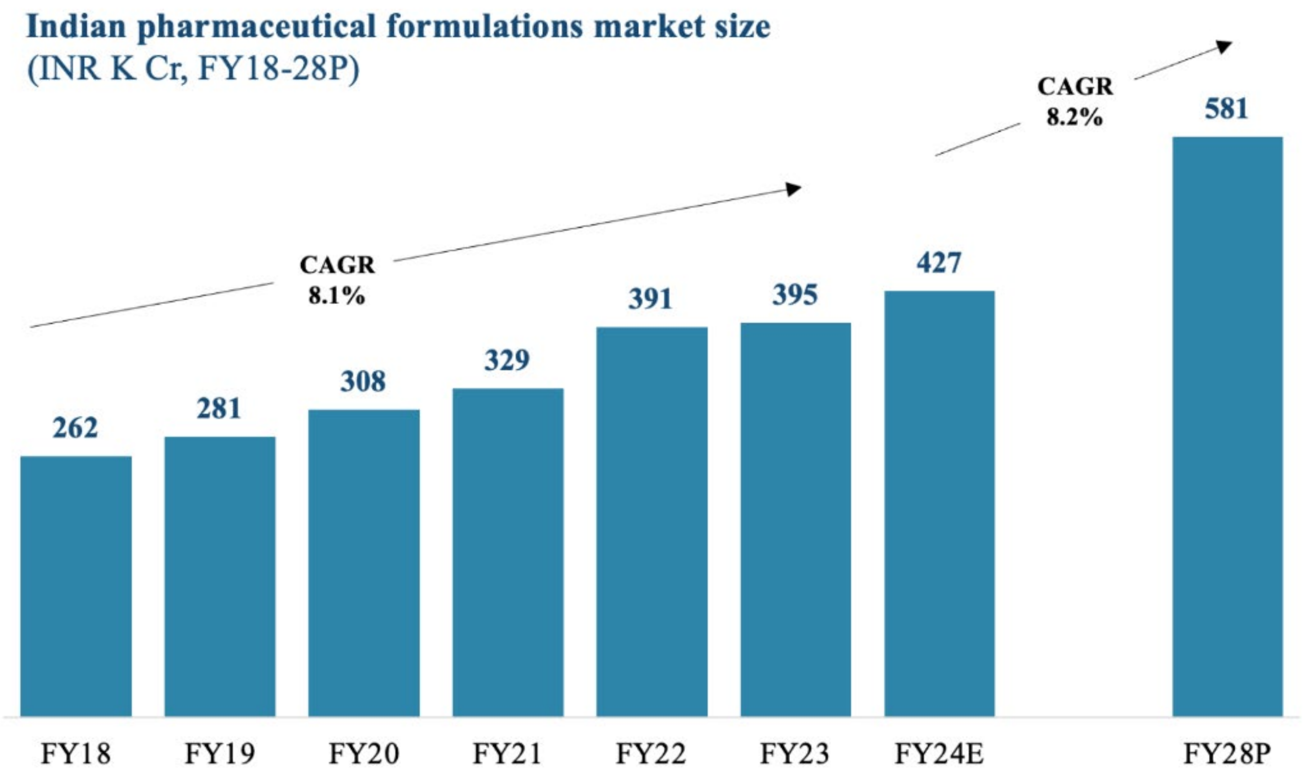
Rivaroxaban API

- Rivaroxaban is used to treat deep vein thrombosis and pulmonary embolism in adults. Rivaroxaban is also used to prevent DVT and PE from happening again after initial treatment is completed in adults.
- It is also used to help prevent strokes or serious blood clots in adults who have atrial fibrillation.
- Rivaroxaban formulation comes as a tablet and a suspension (liquid) to be taken orally. it is usually taken once daily with or without food after at least 6 months of anticoagulation (blood thinner) treatment.
- Morepen, Megafine Pharma, MSN laboratories, and Zoria International are the key manufacturers of this API molecule.

India Pharmaceutical Formulations Market

Overview of Indian Pharmaceutical Formulations Market

The overall Indian Pharmaceutical formulation market is a significant sector in the country's economy as it includes both formulations and OTC markets. Formulations hold the majority of the share in the overall market size of the Indian pharmaceutical industry. The formulations market is set to grow at ~8.2% CAGR from FY24-28. IPM formulations are estimated to have a total market size of INR 427 K Cr in FY24 which is expected to rise to INR 581 K Cr in FY28



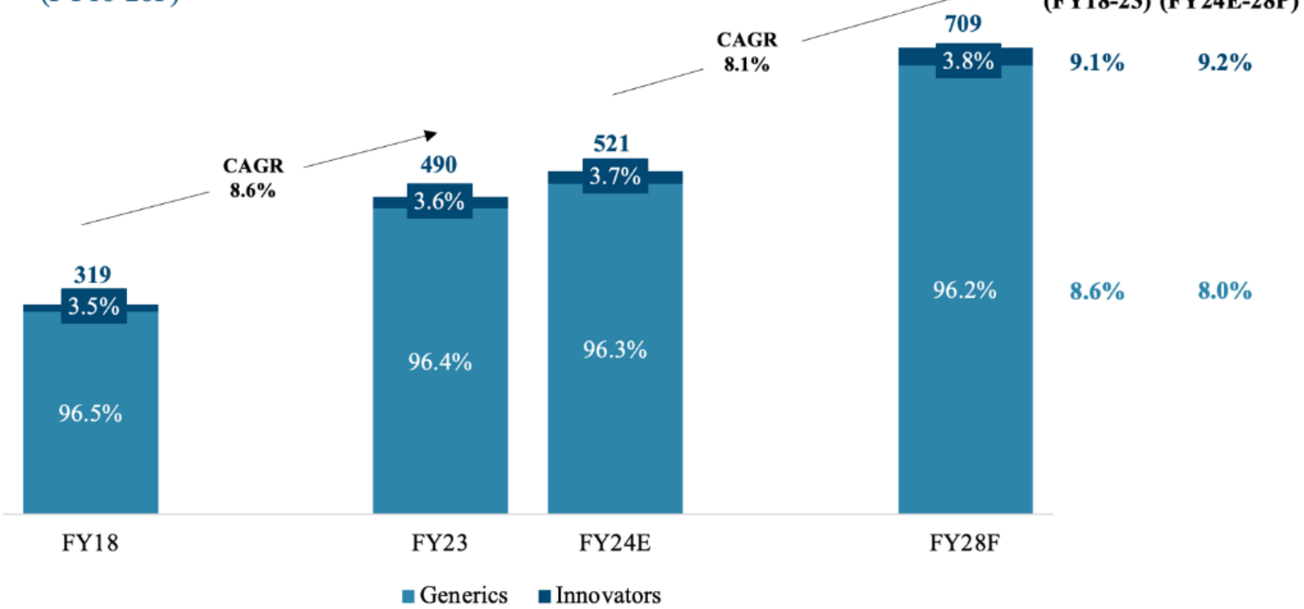
Source(s): 1Lattice analysis

Market segmented into type of formulations – Innovators vs generics.

Innovator drugs are new chemical entities that have not previously been approved by the FDA. These drugs often undergo extensive testing and research before being submitted for approval and may receive a period of market exclusivity once they are approved.

Generic drugs are medications that have been approved by the FDA as equivalent to brand-name drugs in terms of safety, efficacy, and quality. They are typically manufactured after the patent term for the innovator drug has expired or been challenged successfully. Generic medications must meet the same quality, strength, and purity standards as brands, so they have the same benefits and effects. As seen in the below graph, generic drugs make up over 95% of the total pharmaceutical market whereas innovator drugs contribute to less than 5%. This is mainly because Generic drugs provide the opportunity for major savings in healthcare expenditure since they are usually substantially lower in price than the innovator drugs. Currently, almost all medicines in India are sold under a brand name and medicines are called branded medicines or *branded generics.*

Indian pharmaceutical market size – Innovators vs generics (FY18-28P)



Source(s): 1Lattice analysis

Key formulation categories in the IPM for Morepen

Sultamicillin

- Sultamicillin is a prodrug of Ampicillin and Sulbactam, useful in the treatment of infectious diseases caused by beta-lactamase-producing bacteria.
- Typical indications are upper respiratory tract infections including sinusitis, otitis media, and tonsillitis.
- **Sultamicillin** has been used in clinical trials studying the prevention and treatment of Ventilator Associated Pneumonia and Chronic Obstructive Pulmonary Disease
- **Sultamicillin formulation is available as tablets for oral use.**
- The total market size of **Sultamicillin** is INR ~40 Cr with Morepen being the market leader, their brand Saltum-Ds has 25% of the market share.
- Other key players include Emcure, Eris Lifesciences, and Torrent Pharma.

Multi-vitamins, Minerals and Antioxidants supplements

- The overall multi-vitamins, minerals & antioxidants formulation market has an 8% market share in the IPM, which makes this a highly attractive segment.

- There are different types of multi-vitamin combinations available as per the therapeutic requirement of the patients.

- The combination of omega 3 fatty acids, green tea extract, ginkgo biloba, and grape seed extract along with vitamins, minerals & trace elements is among the fastest growing categories.

- This combination increases the utilization of vitamins, minerals, and trace elements in fever, infection, cancer, post-surgery, and critically ill cases, and boosting immunity.

- The finished dosage forms are available as kid drops/syrups/soft gel capsules.

- The formulation market in this category is valued at ~INR 120 Cr. Morepen is emerging as a fast-growing player with Rythmix & Rythmix-XT, with 6% of the market share which is moving upwards each year.

- The major competitors in this category are Pharmed, Macloeds Pharma, Hegde & Hegde & Kepler Healthcare.

Domperodine

- Domperidone is a medicine that increases the movements or contractions of the stomach and bowel. Unlike other dopamine antagonists, domperidone does not cross the blood-brain barrier, which minimizes central nervous system (CNS) side effects.

- Domperidone is also used to treat nausea and vomiting caused by other drugs and to treat Parkinson's disease.

- Domperidone formulations are available as baby drops, suspensions & tablets covering a wide acceptance amongst children & adult patients.

- The overall market of this highly efficacious molecule is ~INR 70 Cr. At present, Torrent Pharma is the brand leader with their brand Domstal.

- Dom from Morepen is one of the fast-growing brands with a 10% market share.

Antacids Gels

- Antacid gels containing a balanced mix of Aluminium hydroxide, Magnesium hydroxide, Simethicone, and Sodium alginate are well-accepted for managing hyperacidity & acid reflux disorders in a large population of India.

- These antacid gels & suspensions for oral usage help provide relief from peptic ulcers, gastritis, heartburn, esophagitis, and other dyspeptic conditions associated with hyperacidity.

- This combination of antacid gels & suspensions market is valued at around INR 150 Cr in India.

- Sun Pharma and Abbott are the leading players at present with more than 50% of the market share jointly.

- Morepen has a strong legacy brand Acifix Gel in this attractive market and is poised to make strong inroads.

Clarithromycin

- Clarithromycin is a macrolide antibiotic used for the treatment of a wide variety of bacterial infections such as acute otitis, pharyngitis, tonsillitis, respiratory tract infections, uncomplicated skin infections, and helicobacter pylori infection.

- Clarithromycin may be bacteriostatic or bactericidal depending on the organism and drug concentration.

- Clarithromycin comes as a tablet, dry syrup, and syrup to be taken orally.

- The total market size of Clarithromycin is INR 250+ Cr with Abbot holding the majority of the stake, Sun Pharma & Mankind Pharma are the other leading players.

- Morepen is making its presence felt in this category with its brand Klarim, available in dispersible tablets.

Pre & Pro-biotic supplements

- **Results of clinical studies confirm the positive effect of probiotics on gastrointestinal diseases (e.g., irritable bowel syndrome, gastrointestinal disorders, elimination of Helicobacter, inflammatory bowel disease, diarrhea) and allergic diseases (e.g., atopic dermatitis). Many clinical studies have proven the effectiveness of probiotics for the**

treatment of diseases such as obesity, insulin resistance syndrome, type 2 diabetes, and non-alcoholic fatty liver disease.

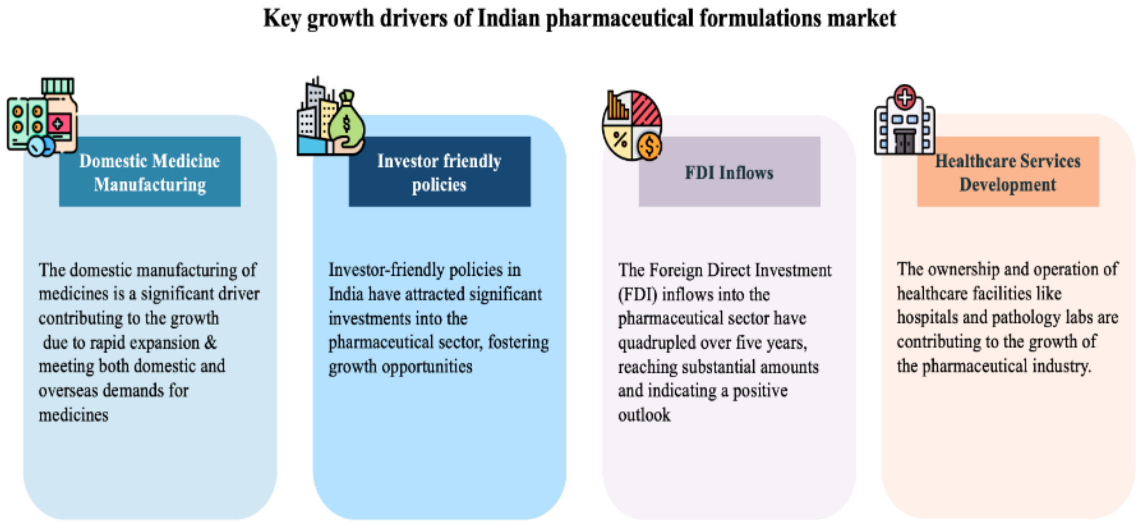
- **Amongst the majorly available strains of probiotics, Lactobacillus rhamnoses has gained significant traction in the last few years.**

- The overall market size of Lactobacillus rhamnoses formulations available as capsules, sachets, instant mix, and gynecologically specific & baby drops is over INR 6000 Cr, which makes this a highly attractive category.

- There are many established players such as Torrent Pharma, Tablets India, Alkem & FDC having a strong presence.

- Morepen has a comprehensive formulation range through their brand Intebact to cater to the requirements of a large population of patients.

Key growth drivers in the Indian pharmaceutical formulations market



INDIA MEDICAL DEVICES INDUSTRY OVERVIEW

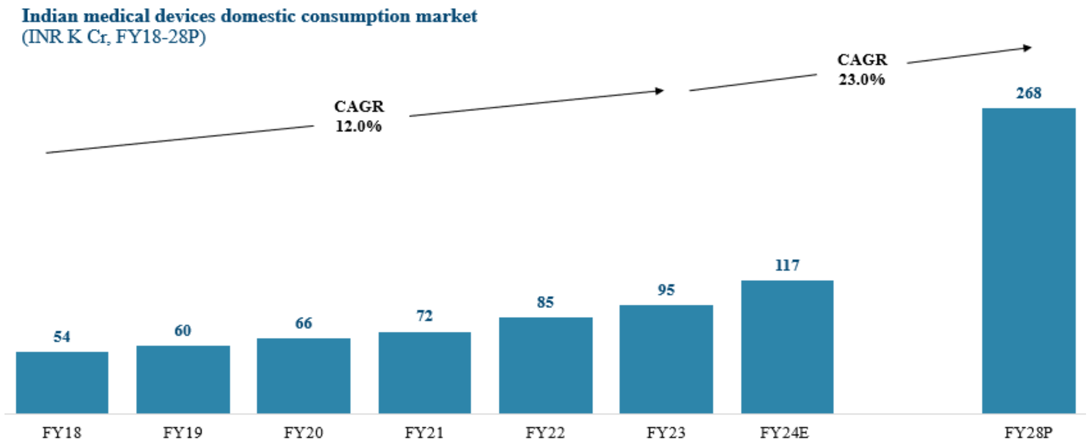
Overview of the Indian medical devices market

India's medical devices market has expanded rapidly over the years, due to the spread of modern diagnosis and treatment options. The medical device industry plays a crucial role in the country's healthcare system, especially when it comes to the management, diagnosis, and prevention of all ailments, diseases, and impairments.

The National Health Policy 2017 and The National Medical Device Policy seek to ensure self-sustainability and innovation in the Indian medical devices industry. The Indian government aims to deliver high-quality, reasonably priced, and comprehensive healthcare to all citizens through involving key stakeholders such as healthcare providers, pharmaceutical companies, and the health insurance sector. To attract substantial capital investment in this field, the government has approved 100% of FDI in the medical device business.

Previously, medical devices were primarily utilized in hospitals catering to large patient volumes. Due to the adoption of COVID-19 standards, smaller medical facilities are now incorporating these devices, and there's been a notable growth surge post-pandemic. Moreover, the increasing preference for home healthcare is fuelling the demand for portable medical equipment.

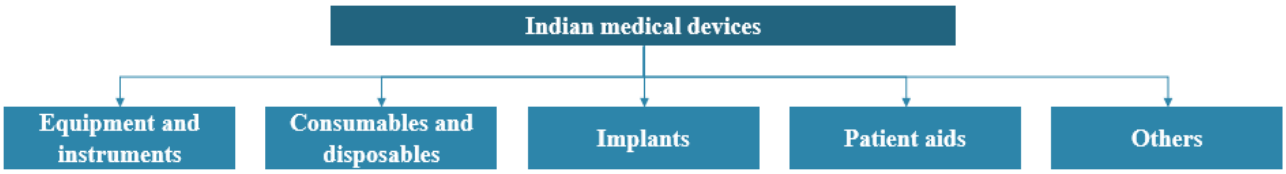
Indian medical devices domestic consumption market



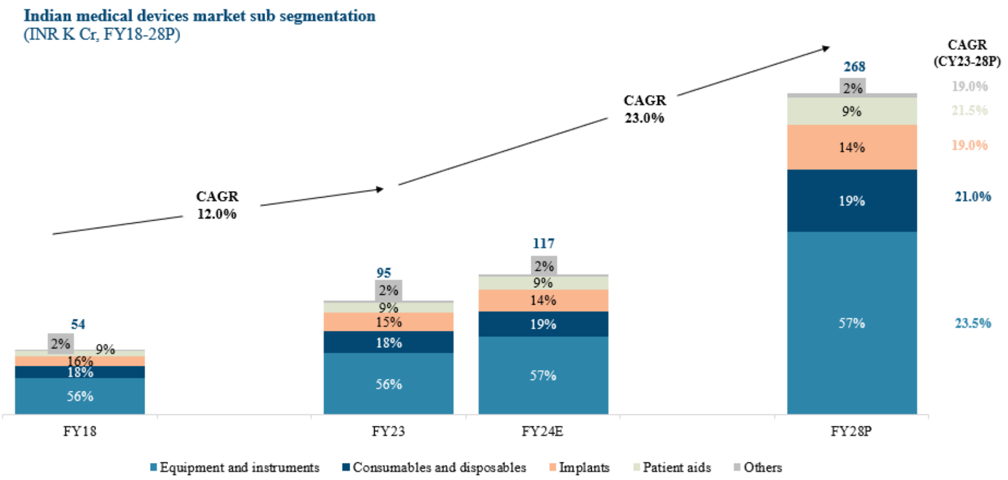
Source(s): Knowledge base, 1Lattice analysis

The Indian medical device market has grown from INR 54K Cr in FY18 to INR 95K Cr in FY23 at a CAGR of 12.0%. The medical device industry is estimated to grow to INR 117K Cr in 2024 and by 2028, the market in India is expected to grow to a value of INR 268K Cr at a CAGR of 23.0%. India ranks among the top 20 medical device markets worldwide and is the fourth-largest Asian market, behind China, Japan, and South Korea. Due to the strong growth impetus by the government of India in recent years, the medical devices sector has the potential to outgrow its counterparts in terms of size and scale.

Indian medical devices market by sub-segments

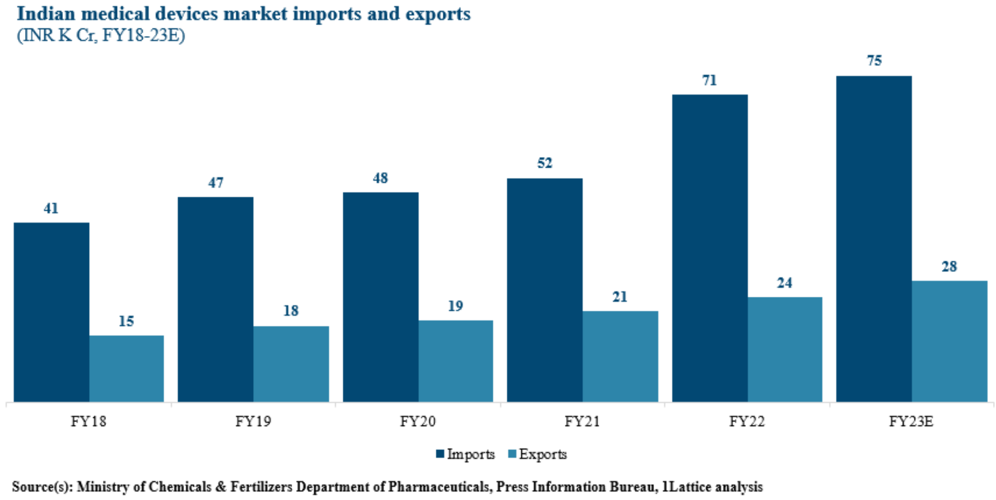


Equipment and instruments have the largest share in the Indian medical devices market contributing 56% of the market in FY23. The overall Indian medical devices market is expected to grow at a CAGR of 23.0% between FY23 to FY28P. The other significant categories include consumables and disposables, implants, and patient aids. The supply of skilled labor, government initiatives such as "Atmanirbhar Bharat" aimed at enhancing access to healthcare and encouraging local production, and rising demand brought about by these factors are the main drivers of this industry's growth.

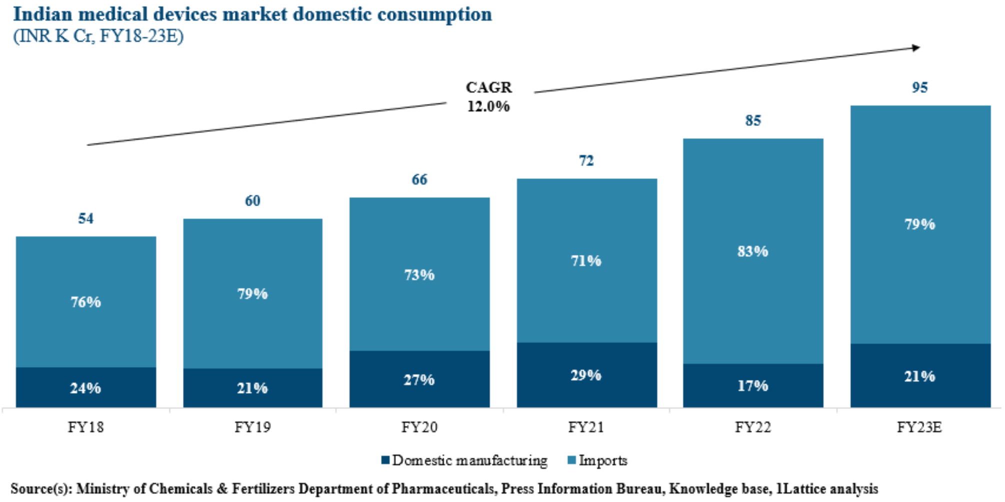


Source(s): Knowledge base, 1Lattice analysis

Market by domestic consumption and exports



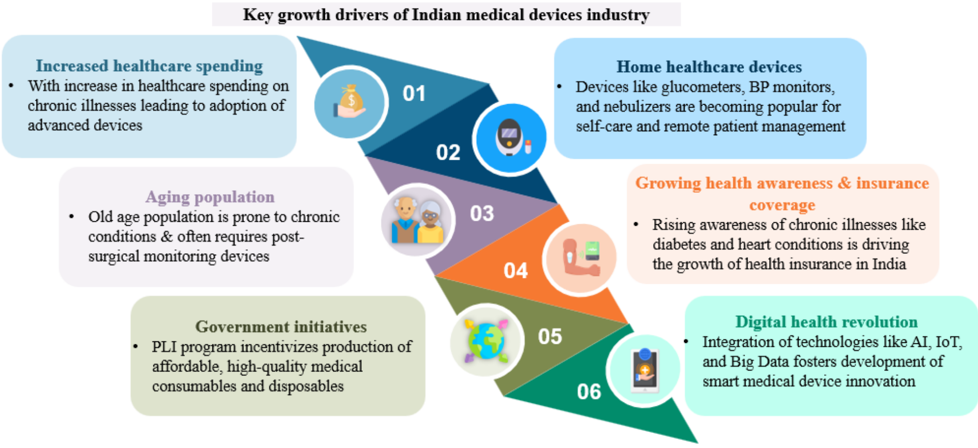
The Indian medical devices total imports were INR 41K Cr in FY18. COVID related imports led to a greater influx of medical devices in FY22 amounting to INR 71K Cr. The export of medical equipment has grown steadily from INR 15K Cr in FY18 to INR 28K Cr in FY23E.

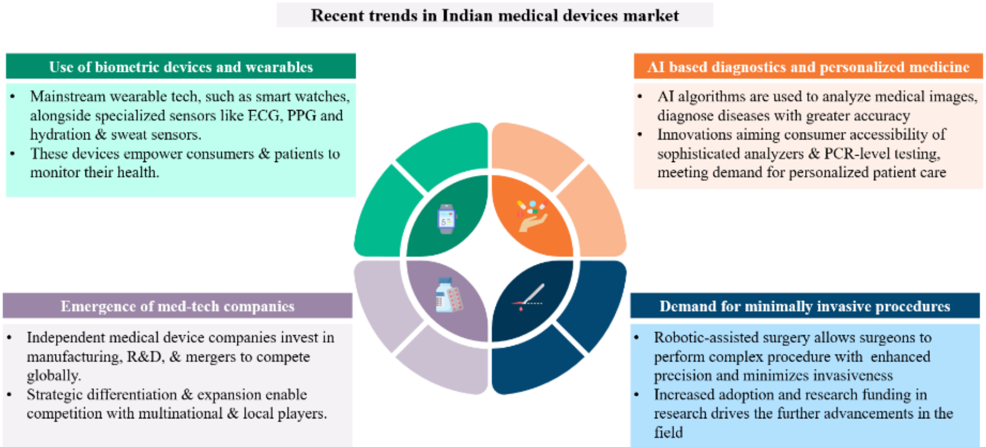


In FY18 domestic manufacturing was 24% of the total domestic consumption of the Indian medical devices market. The Indian medical devices market is largely import-dependent with generally 70-80% market catered by imported devices. This effect was magnified in FY22 with the import market contributing to 83% due to the import of diagnostic equipment, PPE kits, and other COVID related consumables. The domestic manufacturing market is seeing significant improvement post-COVID, attributed to government initiatives such as the Medical Devices Rules 2017, the PLI Scheme 2020 for equipment manufacture, and other regulatory reforms that are aimed at promoting self-sufficiency and market competitiveness.

Key trends and growth drivers of Indian medical devices industry

The demand for medical devices in India is increased by a combination of factors such as an increase in healthcare expenditure, aging demographics, governmental initiatives, the surge in home healthcare gadgets, increasing health consciousness with expanded insurance coverage, and the ongoing digital health revolution.

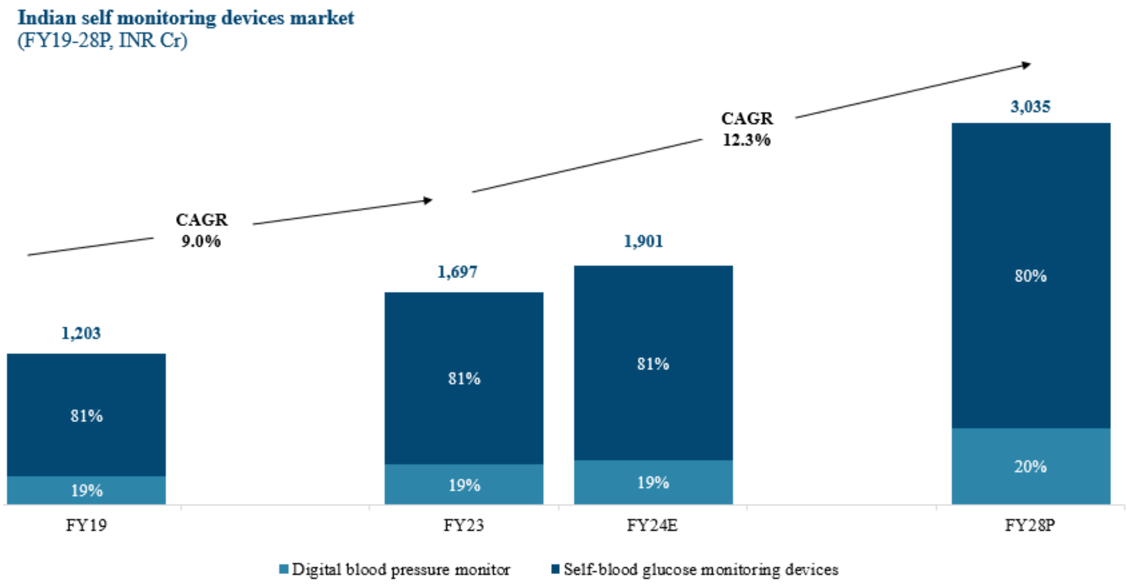




Market size and outlook for key products (Value, volume, and key competitors)

Self-monitoring devices (Blood Glucose Monitors & Blood Pressure Monitors) market in India is expected to reach a market of INR 3,035Cr in FY28P at a CAGR of 12.3% from INR 1,728Cr in FY24.

Chronic diseases, including ischemic heart diseases and diabetes, have accounted for the majority of global deaths in 2023, according to the WHO. India faces a high burden of chronic diseases, putting a strain on the healthcare system. As a result, healthcare professionals have recommended the use of various technologies in non-institutional settings to monitor and manage patients. These technologies not only aid in monitoring acute and chronic conditions but also assist in disease prevention and lifestyle choices.

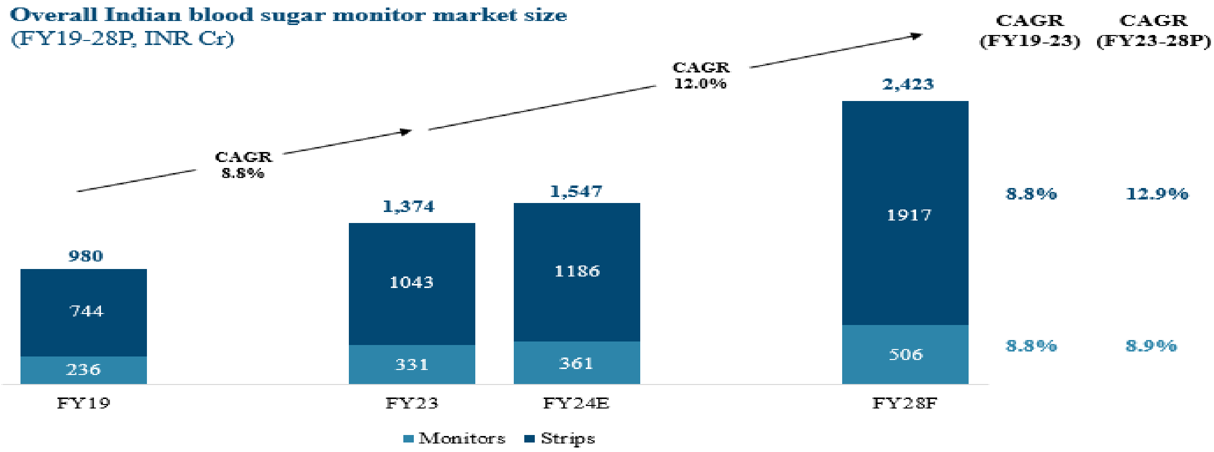


Source(s): 1Lattice analysis

Self-monitoring of key parameters such as blood pressure, oxygen saturation, blood glucose, and body temperature is crucial for managing chronic diseases like heart disease, hypertension, diabetes, and respiratory illnesses. These devices play a vital role in patient treatment both in healthcare institutions and at home. Digital blood pressure monitors and self-blood glucose monitoring are prominent products within India's self-monitoring landscape. Over the period from FY19 to FY23, this market has experienced a notable growth rate of 9.0%, from an initial value of INR 1,203Cr in FY19 to INR 1,697Cr in FY23. This upward course is estimated to persist, with projections indicating that the market is projected to achieve a value of INR 3,035Cr by FY28P, compared to an estimated value of INR 1,901 Cr in FY24E.

Self-monitoring blood glucose monitor devices including strips exhibited a CAGR of 8.8% from FY19 to FY23 and is forecasted to reach INR 2,423 CR by FY28.

Diabetes is a chronic disease that can lead to renal failure and diabetic retinopathy if left uncontrolled. One of the main causes of diabetes in Indians is obesity, particularly central obesity and increased visceral fat due to physical inactivity and the consumption of high-calorie, high-fat, and high-sugar diets. This has resulted in a high prevalence of diabetes in India, with ~101M people living with diabetes and another ~136M people in pre-diabetes stages requiring prevention, solidifying its status as the diabetic capital of the world, where more than 35% of individuals become diabetic before the age of 45.



Source(s): 1Lattice analysis

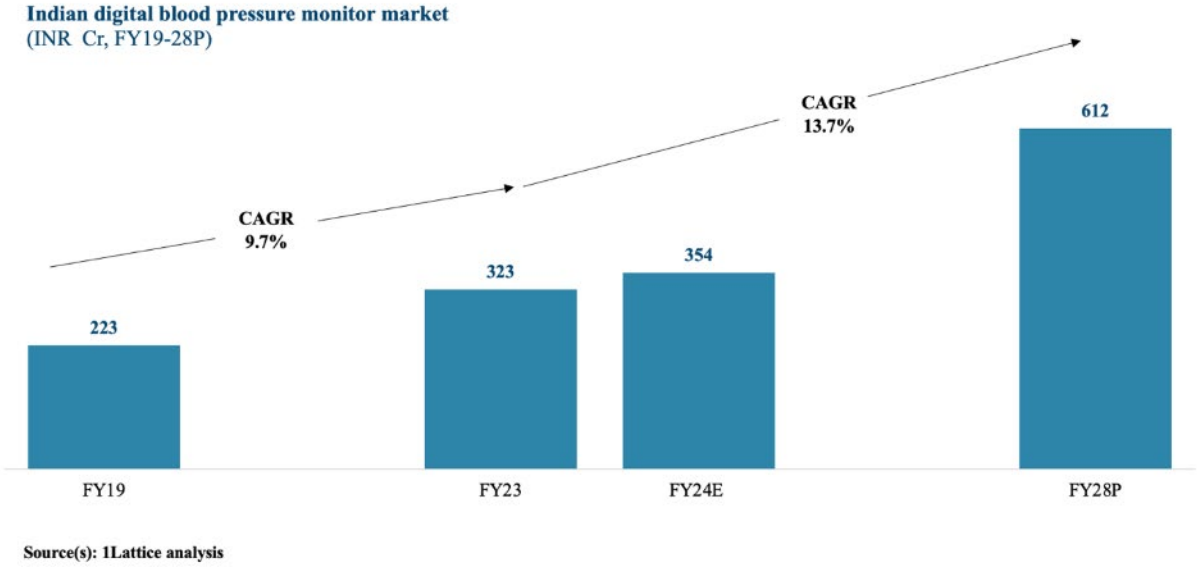
Self-monitoring of blood glucose (SmBG) has become an essential part of diabetes management. Physicians recommend monitoring and maintaining acceptable blood glucose levels, which are monitored primarily through a combination of digital monitors and strips. To use most blood glucose monitors, one begins by inserting a test strip into the device, a drop of blood is obtained by a prick using a special needle which is gently placed on the test strip. The blood glucose level is then displayed on the screen. Each test strip is single use, so you insert a new one each time a test has to be conducted. The awareness of self-monitoring has increased over the years, driving the SmBG market. In 2019, the market in India was valued at INR 980 Cr and is expected to reach INR 2,423 Cr by FY28P, with a compound annual growth rate of 12.0% in the period FY23-28P.

The COVID-19 pandemic has made people more health-conscious, leading to increased adherence to blood glucose monitoring and a ~22.1% growth in the SmBG market in 2020. Approximately 30% of the market revenues come from online sales, 30% from pharmacies, and the remaining 40% from hospitals. Home health accounts for 40-45% of the market.

The major players in the market are Morepen (Dr. Morepen, GlucoOne), Roche (Accu-Chek), and Abbott (Freestyle), with Morepen having a market share of ~22% in FY24. Other significant players include, such as Bayer (Contour Plus), Johnson and Johnson (OneTouch), and Dr Trust.

Digital blood pressure monitoring devices is projected to grow at a CAGR of ~10% between FY23-28 and is estimated to have a market of INR 612 Cr in FY28P

According to the World Health Organization (WHO), approximately 1.28 billion aged 30–79 years worldwide suffer from hypertension, which is a leading cause of premature death. In India, there are nearly ~200M hypertensive patients, with the prevalence & incidence increasing in both urban and rural populations. The lack of awareness, delayed diagnosis, and inadequate disease management pose significant challenges, especially in rural areas.



As the burden of hypertension increases, there is a growing demand for home monitoring devices. Digital blood pressure monitors have gained popularity due to their ease of use, surpassing mercury-based devices. The Indian market for digital blood pressure monitor devices was valued at INR 223Cr in FY19 and is projected to reach INR 612Cr by FY28, growing at a CAGR of 13.7% from FY23-28P.

The COVID-19 pandemic has further fuelled the demand for these devices, with sales doubling in the initial months. However, this exceptional growth is seen as stabilizing in early 2022. The market is dominated by key players such as Dr. Morepen (BP One), Omron, Health Sense, and Dr. Trust, where Morepen has a market share of ~22.6% in FY24.

Physicians influence the decision-making process, although most purchases do not require a prescription. Sales by pharmaceutical retailers/chemists' have been instrumental in raising awareness of these products, with e-pharmacy sales witnessing significant growth. Younger users, mostly aged 30-45, drive new product sales, while older users aged 50-65 drive replacement sales. Pricing, the accuracy of results, and brand perception are the top criteria for choosing these products. User reviews and word-of-mouth heavily influence online buying decisions, while pharmacists and feedback from pharmacy sales contribute significantly to brand choices

Company Overview

Established in 1984 by Mr. K. B. Suri, Morepen laboratories has rapidly expanded its presence and has become a prominent player in the pharmaceutical market over the years. Morepen is one of the leading and diversified Indian healthcare companies, manufacturing a wide range of pharmaceutical, home health, and over-the-counter products sold in India and internationally which are developed through a strong focus on R&D and building a base of innovative, chronic, and lifestyle range and comprehensive product suite across product segments like API, Medical devices, formulations, and OTC. Morepen has a legacy of 39 years in the healthcare sector with a proven track record of consistent improvement in financial performance led by continuous revenue growth.

Morepen received its first US FDA approval in 1999 and over the years has received certifications from global authorities like the US FDA, PMDA Japan, MFDS Korea, etc. Morepen operates fully integrated and scaled manufacturing facilities with global certifications with commendable chemistry skills. These global certifications are enabling Morepen to serve and have long-standing relationships with clients. As of FY24 has 500+ customers across 81+ countries. Morepen's promoters are supported by the board and management team. As of FY24 it has 3,100+ employees with 344 people in quality control / quality assurance / research and development functions, led by an experienced and entrepreneurial management team with a proven track record through company financial performance and expansion into new business segments. It has three product segments, namely API, formulations, and medical devices. It is one the leading developers and manufacturers of select APIs such as Loratadine, Desloratadine, Montelukast, Atorvastatin, Rosuvastatin, and Fexofenadine in India. Morepen is one of the providers of quality and affordable distribution formulation supplies to ESIC hospitals, railways, and DGAFMS (Director General Armed Forces Medical Services) across India. Morepen is able to cater to Pan-India consumers with a presence across different distribution channels of healthcare products like chemists / retailers, and online platforms such as Amazon, Flipkart, PharmEasy, Tata 1 mg, Big Basket, Jiomart, Health Kart, Netmeds, etc.

API product overview:

Morepen is one of the fastest growing API-focused companies in FY24 in terms of revenue in India from INR 1,18,805.65 L in FY21 to INR 1,69,043.25L in FY24, a growth of 12.47% CAGR over FY21-24; ~68% of the business of API came from exports in FY24. Manufacturers of APIs face high entry barriers such as high capital investments, operational costs, manufacturing complexities, stricter compliance requirements, and high-quality standards resulting in limited competition in the market. It started its first drug dosage production in 1996 and received US FDA approval for Loratadine API in 1999. Morepen is the largest exporter of Loratadine from India, with ~65% market share in terms of volume (kg) exported from India in CY23. Morepen is also the largest exporter of Desloratadine and Montelukast from India, with ~26% and ~44% market share respectively in terms of volume (kg) exported from India in CY23. It is among the top 4 leading exporters of Loratadine, Atorvastatin, Rosuvastatin, and Fexofenadine in terms of volume exported from India in CY23. It has a strong market share in select APIs such as Loratadine, Montelukast, Atorvastatin, Rosuvastatin, and Dapagliflozin It has taken steps to expand its global presence by filing Drug Master Files (DMFs) for various APIs in different countries. These Files are voluntarily submitted by manufacturers to regulatory authorities, showcasing the quality, safety, and efficacy of their medicinal products. The company has filed 252 Drug Master Files (DMF) over the last many years, 26 USDMF, 11 CEP (Europe), 88 EDMF (European Drug Master File) in Europe, 9 China, Import Drug Licence (IDL) & 118 DMF in RoW. Against 26 USDMF filed in the USA, 6 USDMF have been reviewed under the Generic Drug User Fee Act (GDUFA) of the USA. Out of 11, Certification of Suitability (CEP) filings made in Europe, 9 CEPs have been granted to the company to date. Morepen has received no observation in the last 3 US FDA inspections across Baddi (2018 and 2023) and Masulkhana facility (2018).

Key APIs	US DMF approved	European DMF approved	China IDL approved	DMF approval received			DMF approval submitted
Loratadine	✓	✓	✓	Mexico	Japan	Indonesia	Canada
Rosuvastatin	✓	✓	-	Ukraine	Taiwan	Malaysia	-
Montelukast	✓	✓	✓	Korea	Ukraine	Uganda	-
Fexofenadine	✓	✓	-	Slovenia	Czech Republic	-	-
Atorvastatine	✓	✓	-	Korea	Russia	-	Japan
Desloratadine	✓	✓	✓	-	-	-	

Morepen has ventured into the development of new APIs. Among these ventures, the company is focusing on areas such as antiplatelets, which aim to prevent strokes and heart attacks, as well as opioid analgesics. Morepen has a large and growing high value product portfolio led by regulatory approval in place with integrated manufacturing capacities for APIs company manufacturing, 155 processes/polymorph are filed to date. A total of 53 (India – 37, Foreign – 16) patents have been granted to the company till March 31, 2024. In API business, Morepen operates in a highly specialized with high entry barriers *inter alia* due to: (a) involvement of complex manufacturing process, (b) stringent regulatory approvals required for the manufacturing facilities including adhering to the guidelines for export and the relevant country guidelines, (c) operational barriers, (d) pricing related barriers, (e) high capital expenditure, and (f) working capital requirements.

Medical devices product overview:

Morepen is one of the leading companies in the self-care medical devices industry in India, in terms of operating revenue. Morepen has a range of self-care medical devices like blood glucose monitors, blood pressure monitors, vaporizers and digital thermometers etc. In 2016, Morepen started making blood glucose monitors at its facilities. Morepen has end-to-end integration in full manufacturing of blood glucose monitors and blood pressure monitors in India with the least dependence on China, being the first Indian-origin company to conduct in-house manufacturing of blood glucose monitors and strips, establishing a proper production plant. In house manufacturing of the key products has given an impetus to cost reduction and fueled the growth trajectory for the Morepen's devices business

Morepen is one the leading blood glucose monitors and blood pressure monitor brands in India with a strong distribution setup of medical devices in India, covering all 28 Indian states and 1 Union Territory through its distributor network with a central warehouse in Delhi. The company has over 5,100 distributors, these distributors further supply to around 3.28L retail touch points and a dedicated field force of around 580 active salespeople across medical devices, OTC, and formulation businesses. Morepen medical devices are exported to Nepal, Bhutan, and Thailand. and are available across various online platforms like Amazon, Flipkart, Pharmeasy, Tata 1mg, Big Basket, Jiomart, Health Kart, Netmeds, etc. Morepen has further strengthened its market presence by associating with well-known personalities like Javed Akhtar, Boman Irani, and Rahul Dravid, who endorse Morepen's blood glucose and blood pressure monitors. The pregnancy testing strip is endorsed by celebrity Kareena Kapoor. Morepen is one of the leading blood pressure monitor brands in India with ~22.1% market share by value in FY24. Morepen is one of the leading blood glucose monitor brand in India with ~22.6% market share by value in FY24. Morepen has sold ~1.54 billion blood glucose strips and has 11.74 million customers using Morepen's home care devices making it one of the leading integrated manufacturers of point-of-care (POC) medical devices in India in FY24.

OTC product overview:

OTC drugs are medications available for direct purchase by consumers without requiring a prescription, as they are deemed safe and effective for self-administration in treating common health issues. Morepen entered this business segment by launching Dr Morepen as a healthcare brand in 2001. Currently, they sell various products including Burnol, Lemolate, Quick chek, Pain-x, ORS, and Omega 3, catering to customer needs ranging from health supplements, personal care, sports nutrition, and sexual wellness enabling an extensive range of products under one basket. Dr Morepen operates legacy brands like Burnol and Lemolate that have strong consumer connections and brand recall.

Financial benchmarking

Parameter	Company	FY21	FY24	CAGR (FY21-24)
Revenue from operations (INR L)	Morepen	1,18,805.64	1,69,043.25	12.47%
	IND Swift	89,134.45	1,28,089.99	12.85%
	Aarti Drugs	2,15,478.00	2,52,858.00	5.48%
	Shilpa Medicare Ltd	90,113.01	1,15,160.30	8.52%
	SMS pharma	56,317.75	70,926.34	7.99%
	Glenmark Lifescience	1,88,516.50	2,28,321.40	6.59%
	Supriya Lifescience Ltd	39,124.50	57,037.00	13.39%
	Solara Active Pharma Sciences	1,61,688.00	1,28,892.00	(7.28%)
	Anuh Pharma Ltd	43,196.01	64,700.43	14.42%

Parameters	Company	FY21	FY22	FY23	FY24
Revenue from operations (INR L)	Morepen	1,18,805.64	1,54,682.69	1,41,753.00	1,69,043.25
	IND Swift	89,134.45	1,03,873.36	1,20,731.00	1,28,089.99
	Aarti Drugs	2,15,478.00	2,48,865.00	2,71,605.00	2,52,858.00
	Shilpa Medicare Ltd	90,113.01	1,14,552.28	1,05,011.24	1,15,160.30
	SMS pharma	56,317.75	51,987.43	52,205.14	70,926.34
	Glenmark Lifescience	1,88,516.50	2,12,321.40	2,16,122.00	2,28,321.40
	Supriya Life science Limited	39,124.50	53,004.90	46,093.80	57,037.00
	Solara Active Pharma Sciences	1,61,688.00	1,26,834.00	1,44,381.00	1,28,892.00
	Anuh Pharma Limited	43,196.01	48,664.62	52,748.60	64,700.43
EBITDA (INR L)	Morepen	13,009.38	15,677.11	8,566.65	17,259.54
	IND Swift	20,551.71	23,909.59	23,604.98	68,616.36
	Aarti Drugs	44,163.00	34,074.80	30,779.00	32,050.00
	Shilpa Medicare Ltd	27,089.54	22,322.71	11,587.16	25,401.00
	SMS pharma	12,456.39	11,952.70	5,938.78	12,107.93
	Glenmark Lifescience	59,188.50	63,076.40	67,125.00	68,628.80
	Supriya Lifescience Limited	17,815.10	22,156.10	13,838.60	18,361.10
	Solara Active Pharma Sciences	41,464.00	9,999.00	15,643.00	-8,981.00

	Anuh Pharma Limited	5,512.17	5,204.26	5,738.90	8,724.69
PAT (INR L)	Morepen	9,708.59	10,168.27	3,867.52	9,615.99
	IND Swift	(314.72)	(214.90)	4,783.08	42,145.17
	Aarti Drugs	28,380.00	20,499.00	16,636.00	17,159.00
	Shilpa Medicare Ltd	14,620.37	6,058.21	(3,253.34)	3,187.42
	SMS pharma	6,096.46	6,788.09	388.41	4,920.00
	Glenmark Lifescience	35,158.10	41,872.40	46,696.10	47,088.80
	Supriya Lifescience Limited	12,359.30	15,181.00	8,985.70	11,911.40
	Solara Active Pharma Sciences	22,135.00	(5,829.00)	(2,225.00)	(56,696.00)
	Anuh Pharma Limited	2,843.63	3,056.13	3,617.96	6,005.75
EBITDA (%)	Morepen	10.95%	10.14%	6.04%	10.21%
	IND Swift	23.06%	23.02%	19.55%	53.57%
	Aarti Drugs	20.50%	13.69%	11.33%	12.68%
	Shilpa Medicare Ltd	30.06%	19.49%	11.03%	22.06%
	SMS pharma	22.12%	22.99%	11.38%	17.07%
	Glenmark Lifescience	31.40%	29.71%	31.06%	30.06%
	Supriya Lifescience Limited	45.53%	41.80%	30.02%	32.19%
	Solara Active Pharma Sciences	25.64%	7.88%	10.83%	(6.97%)
	Anuh Pharma Limited	12.76%	10.69%	10.88%	13.48%
PAT (%)	Morepen	8.17%	6.57%	2.73%	5.69%
	IND Swift	(0.34%)	(0.20%)	3.85%	31.78%
	Aarti Drugs	13.14%	8.20%	6.12%	6.78%
	Shilpa Medicare Ltd	15.70%	5.22%	(3.05%)	2.75%
	SMS pharma	10.76%	12.93%	0.74%	6.89%
	Glenmark Lifescience	18.64%	19.59%	21.32%	20.52%
	Supriya Lifescience Limited	31.19%	28.24%	19.10%	20.50%
	Solara Active Pharma Sciences	13.45%	(4.52%)	(1.52%)	(43.80%)
	Anuh Pharma Limited	6.43%	6.21%	6.78%	9.11%
ROE (%)	Morepen	17.83%	14.67%	5.14%	11.35%
	IND Swift	(0.52%)	(0.36%)	7.01%	45.25%
	Aarti Drugs	31.07%	19.78%	13.95%	13.39%
	Shilpa Medicare Ltd	9.96%	3.34%	(1.83%)	1.77%
	SMS pharma	14.85%	14.43%	0.84%	9.17%
	Glenmark Lifescience	46.71%	20.38%	21.84%	20.19%
	Supriya Lifescience Limited	46.02%	24.66%	12.85%	14.61%
	Solara Active Pharma Sciences	13.90%	(3.82%)	(1.48%)	(60.54%)
	Anuh Pharma Limited	14.92%	14.30%	15.00%	20.62%
ROCE (%)	Morepen	17.39%	17.73%	7.31%	15.61%
	IND Swift	7.86%	7.37%	12.30%	67.05%
	Aarti Drugs	33.46%	22.93%	17.49%	16.44%
	Shilpa Medicare Ltd	10.69%	6.34%	0.96%	6.09%
	SMS pharma	16.58%	13.18%	4.36%	12.75%
	Glenmark Lifescience	72.00%	28.41%	28.53%	26.24%
	Supriya Lifescience Limited	57.24%	33.29%	17.47%	19.87%
	Solara Active Pharma Sciences	16.77%	(0.66%)	2.52%	(17.43%)
	Anuh Pharma Limited	20.73%	18.53%	19.57%	26.85%

Note(s):
EBITDA = Profit Before Tax + Finance Cost + Depreciation and Amortization – Other Income
EBITDA Margin = EBITDA / Revenue from operations
PAT Margin = PAT / Revenue
ROE = PAT / Shareholder's Equity
ROCE = EBIT / (Total Assets – Current Liabilities); EBIT = EBITDA – Depreciation and Amortization

OUR BUSINESS

Certain information in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. For details, please see "Forward Looking Statements" and "Risk Factors" on pages 13 and 39, respectively, for a discussion of certain factors that may affect our business, results of operations or financial condition. To obtain a complete understanding of our business, please read this section in conjunction with "Risk Factors", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 39, 110 and 90, respectively, as well as the financial, statistical and other information included in this Preliminary Placement Document.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements included in this Preliminary Placement Document. For details, please see "Financial Information" on page 227.

In evaluating our business, we consider and use certain non-GAAP measures that are presented herein as supplemental measures to review and assess our financial performance and financial condition and are not required by, or presented in accordance with, Ind AS. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for financial information presented in accordance with Ind AS. These non-GAAP measures may not fully reflect our financial performance, liquidity, profitability or cash flows and may differ from similar information used by other companies, including peer companies, and hence their comparability may be limited.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled 'Global and Indian Pharmaceutical & Medical Devices Market' dated July 29, 2024, prepared exclusively for the Issue and released by Lattice Technologies Private Limited ("**1Lattice Report**"), commissioned and paid by our Company in connection with the Issue. Lattice Technologies Private Limited was appointed by our Company pursuant to engagement letter dated February 26, 2024. Lattice Technologies Private Limited is not related in any manner to our Company, its Promoter, Subsidiaries, Directors, Key Managerial Personnel, members of Senior Management, or the Lead Manager.*

In this Preliminary Placement Document, unless specified otherwise, any reference to the "the Company" or "our Company" refers to Morepen Laboratories Limited on a standalone basis, and any reference to "we", "us" or "our" is a reference to our Company together with its Subsidiaries, on a consolidated basis, as applicable. In addition, please refer to "Definitions and Abbreviations" on page 17 for certain terms used in this section.

Overview

We are a leading and diversified Indian healthcare company, manufacturing a wide range of pharmaceutical, home health and over the counter products in India and internationally, developed through a strong focus on R&D and building a base of innovative, chronic, and lifestyle range and comprehensive product suite across product segments. (*Source: 1Lattice Report*). Established in 1984, we have rapidly expanded our presence and become a prominent player in the pharmaceutical market over the years (*Source: 1Lattice Report*). We have a legacy of 39 years in the pharmaceutical sector with a proven track record of consistent improvement in financial performance led by continuous revenue growth (*Source: 1Lattice Report*).

We are engaged in developing, manufacturing, marketing and sale of (i) active pharmaceutical ingredients ("**APIs**"), (ii) medical devices, (iii) formulations and (iv) over the counter ("**OTC**") products. We are one of the leading developers and manufacturers of select APIs such as Loratadine, Desloratadine, Montelukast, Atorvastatin, Rosuvastatin, and Fexofenadine in India (*Source: 1Lattice Report*). We are one of the fastest growing API-focused companies in terms of revenue in India from ₹ 1,18,805.64 lakhs in Fiscal 2021 to ₹ 1,69,043.25 lakhs in Fiscal 2024 (*Source: 1Lattice Report*).

We are able to cater to Pan-India consumers with a presence across different distribution channels of pharmaceutical products such as chemists and retailers, and through online platforms such as Amazon, Flipkart, PharmEasy, Tata 1mg, Big Basket, Jiomart, Health Kart, Netmeds, amongst others (*Source: 1Lattice Report*).

Our revenue through each of our offerings during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (*in ₹ lakhs*)	As a percentage of total income (*in %*)	Revenue (*in ₹ lakhs*)	As a percentage of total income (*in %*)	Revenue (*in ₹ lakhs*)	As a percentage of total income (*in %*)
API	94,440.75	55.87%	81,792.23	57.70%	86,372.26	55.84%
Medical Devices	44,271.59	26.19%	32,707.77	23.07%	41,891.99	27.08%
Formulations	21,483.12	12.71%	17,933.71	12.65%	15,918.72	10.29%

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (*in ₹ lakhs*)	As a percentage of total income *(in %)*	Revenue (*in ₹ lakhs*)	As a percentage of total income *(in %)*	Revenue (*in ₹ lakhs*)	As a percentage of total income *(in %)*
OTC Products	8,847.79	5.23%	9,319.29	6.57%	10,499.72	6.79%
Total	**1,69,043.25**	**100.00%**	**1,41,753.00**	**100.00%**	**1,54,682.69**	**100.00%**

API Portfolio

We are the largest exporter of Loratadine from India, with ~65% market share in terms of volume (kg) exported from India in CY 2023 (*Source: 1Lattice Report*). We are also the largest exporter of Desloratadine and Montelukast from India, with ~26% and ~44% market share respectively in terms of volume (kg) exported from India in CY23 (*Source: 1Lattice Report*). We are one of the leading developers and manufacturers of select APIs such as Loratadine, Desloratadine, Montelukast, Atorvastatin, Rosuvastatin, and Fexofenadine in India (*Source: 1Lattice Report*). We have a strong market share in select APIs such as Loratadine, Montelukast, Atorvastatin, Rosuvastatin, and Dapagliflozin (*Source: 1Lattice Report*). ~68% of our API business in Fiscal 2024 was through exports (*Source: 1Lattice Report*).

The revenue from our API portfolio during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
API portfolio (*in ₹ lakhs*)	94,440.75	81,792.23	86,372.26
As a percentage of total income (*in %*)	55.87%	57.70%	55.84%

Medical Devices

We market our medical devices business under the brand, 'Dr. Morepen'. We are one of the leading companies in the self-care medical devices industry in India, in terms of operating revenue (*Source: 1Lattice Report*). We have a range of self-care medical devices like blood glucose monitors, blood pressure monitors, vaporizers and digital thermometers etc. (*Source: 1Lattice Report*). We are one the leading blood glucose monitors and blood pressure monitor brands in India with a strong distribution setup of medical devices in India, covering all 28 Indian states and 1 Union Territory through our distributor network with a central warehouse in Delhi (*Source: 1Lattice Report*). We have over 5,100 distributors, these distributors further supply to around 3.28 lakhs retail touch points and a dedicated field force of around 580 active salespeople across medical devices, OTC products, and formulation businesses (*Source: 1Lattice Report*).

The revenue from our medical devices business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Medical devices (*in ₹ lakhs*)	44,271.59	32,707.77	41,891.99
As a percentage of total income (*in %*)	26.19%	23.07%	27.08%

Formulations

We have a significant penetration in domestic formulation business with more than 900 brands being promoted across various therapeutic categories like gastrointestinal, anti-infective, anti-biotic, vitamins, anti-hypertensive, anti-diabetics, anti-allergy, pain management and others under brand name 'Morepen.' We are one of the providers of quality and affordable distribution formulation supplies to ESIC Hospitals, Railways, DGAFMS (Director General Armed Forces Medical Services) across India (*Source: 1Lattice Report*).

The revenue from our formulations business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Formulations (*in ₹ lakhs*)	21,483.12	17,933.71	15,918.72
As a percentage of total income (*in %*)	12.71%	12.65%	10.29%

OTC Products

Our foray into OTC products helped us understand new business dimensions, and created a category called fast moving health goods ("**FMHGs**").

The revenue from our OTC products business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
OTC products (*in ₹ lakhs*)	8,847.79	93,19.29	10,499.72
As a percentage of total income (*in %*)	5.23%	6.57%	6.79%

For details on our product offerings, please see "*Our Business - Description of our Business*" on page 151.

We supply our products both in Indian and international markets. The revenue through our domestic and export sales during Fiscals 2024, 2023 and 2022 is as provided below.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)
Domestic sales	1,04,268.09	61.68%	85,038.13	59.99%	98,506.60	63.55%
Export sales	64,775.16	38.32%	56,714.88	40.01%	56,176.09	36.45%
Total	**1,69,043.25**	**100.00%**	**1,41,753.00**	**100.00%**	**1,54,682.69**	**100.00%**

Over the years, we have developed extensive sales and distribution network across India. We believe we have developed long-term relationships with a majority of our distributors. As of March 31, 2024, our distribution network with a pan-India presence covers 28 states in India and one union territory, included over 5,100 distributors. These distributors in turn supply to over 2,89,260 chemists and retailers. We also conduct our business through online platforms.

In Fiscal 2024, we supplied our products in countries across Europe, Africa, America and Asia. Owing to our global presence, our products are sold in both regulated markets such as such as USA, Japan, Europe, Korea and Taiwan and emerging markets such as Eastern Europe, Poland, Romania, Philippines, Malaysia and Indonesia.

Our revenue through regulated markets during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Regulated markets globally (*in ₹ lakhs*)	45,098.49	37,875.33	32,218.03
As a percentage of total income (*in %*)	47.75%	46.31%	37.30%

We currently operate four multi-purpose manufacturing facilities in India, out of which one manufacturing facility is located at Masulkhana in the state of Himachal Pradesh, one manufacturing facility is located at Baddi in the state of Himachal Pradesh, and two manufacturing facilities are located at Parwanoo in the state of Himachal Pradesh. Our API facilities are approved by US Drug and Food Administration (USFDA), since 1999. Apart from accreditation from USFDA, our API facilities are also approved by EDQM (Europe), PMDA (Japan), ANVISA (Brazil). Our formulations facilities hold certificate of good manufacturing practices from WHO (GMP approved), and our medical devices facility has received Quality Management Certificate - ISO 9001 & ISO 13485 from BSI, UK. We focus on building quality into our products through compliance with global regulatory standards as well as local and state laws.

We are a research and development ("**R&D**") focused company, undertaking dedicated R&D in our existing products and in areas where we believe there is growth potential in the future. We focus on R&D for developing more effective, safe to use, and more user friendly products. Our R&D activities are also aimed at improving existing processes and production cost efficiency and developing processes for environment friendly products. We believe that maintaining high standards of process innovation and quality in our R&D and manufacturing operations is critical to our brand and maintenance of long-term relationships with our customers.

We have a professional and experienced management team. Our management team has demonstrated the ability to successfully build and integrate our businesses with various operating activities through their cumulative years of work experience. In addition, we have a strong corporate governance system to monitor, guide and support our operations, with oversight by an experienced Board.

Our Strengths

API Portfolio

Extensive experience in manufacturing complex APIs

We are one of the fastest growing API-focused companies in terms of revenue in India from ₹ 1,18,805.64 lakhs in Fiscal 2021 to ₹ 1,69,043.25 lakhs in Fiscal 2024 (*Source: 1Lattice Report*). Over the years, we have developed an in-depth knowledge about the requirements of the pharmaceutical industry and a better understanding of the trends in the industry. We are one of the leading developers and manufacturers of select APIs such as Loratadine, Desloratadine, Montelukast, Atorvastatin, Rosuvastatin, and Fexofenadine in India (*Source: 1Lattice Report*). We have a strong market share in select APIs such as Loratadine, Montelukast, Atorvastatin, Rosuvastatin, and Dapagliflozin (*Source: 1Lattice Report*). API manufacturing process has strict current Good Manufacturing Practices ("**cGMPs**"), environmental and legal considerations. We operate in a highly specialized with high entry barriers *inter alia* due to: (a) involvement of complex manufacturing process, (b) stringent regulatory approvals required for the manufacturing facilities including adhering to the guidelines for export and the relevant country guidelines, (c) operational barriers, (d) pricing related barriers, (e) high capital expenditure, and (f) working capital requirements (*Source: 1Lattice Report*). We believe that our extensive experience in manufacturing complex APIs gives us a competitive advantage over our competitors.

Strong in-house R&D capabilities

We have strong in-house R&D capabilities enabling us to develop an innovative and diversified product offering, and improve process efficiencies. Through our continuous R&D initiatives, we optimize our production processes and undertaking dedicated R&D in our existing products and in areas where we believe there is significant growth potential. For Fiscals 2024, 2023 and 2022, our total expenditure on R&D was ₹ 519.83 lakhs, ₹ 306.89 lakhs and ₹ 300.82 lakhs, or 0.30%, 0.22% and 0.19% of our total income, respectively. As of March 31, 2024, we employed 344 personnel at our R&D laboratories, which constituted 11% of our total permanent employee strength. We believe that our strong R&D help us keep abreast with the new product developments and improve product pipeline.

Consistent regulatory compliance track record

We currently operate four multi-purpose manufacturing facilities in India. All of our manufacturing facilities have received several major regulatory approvals and accreditations, which enables us to supply our products in regulated and other markets. Our manufacturing facilities are inspected/audited by our customers and a variety of overseas regulatory authorities, including USFDA, PMDA (Japan), ANVISA (Brazil) and EDQM (Europe), to assess compliance with their respective regulatory requirements. To varying degrees, each of these agencies requires us to adhere to laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of our APIs in their respective regions. We are committed to complying with regulatory standards of countries where our APIs are exported to. We have been consistently implementing cGMPs across each of our manufacturing facilities, which are monitored by a comprehensive Quality Management System ("**QMS**") encompassing all areas of business processes from research and development ("**R&D**") and raw material procurement to manufacturing, packaging and delivery.

<u>Medical Devices</u>

Diversified product portfolio supported by strong distribution network

We market our medical devices business under the brand, 'Dr. Morepen'. We are one the leading blood glucose monitors and blood pressure monitor brands in India with a strong distribution setup of medical devices in India, covering all 28 Indian states and 1 Union Territory through our distributor network with a central warehouse in Delhi (*Source: 1Lattice Report*). We have over 5,100 distributors, these distributors further supply to around 3.28 lakhs retail touch points and a dedicated field force of around 580 active salespeople across medical devices, OTC products, and formulation businesses (*Source: 1Lattice Report*). We manufacture a wide range of medical devices which enables us to generate pricing advantages, which in turn has strengthened our relationship with our primary customers, hospitals and clinics. Our wide range of offerings enables us to cross-sell our products, thereby increasing our market share across product verticals. We believe that our focus on safety and quality, product range and pricing have enabled us to develop strong brand recognition in the Indian markets and internationally.

Robust manufacturing capabilities

Our manufacturing capabilities are vertically integrated with design and development being carried out in-house. We have received Quality Management Certificate - ISO 9001 & ISO 13485 for medical devices manufacturing facilities from BSI, UK. We believe that we enjoy a competitive advantage due to our robust manufacturing capabilities that enable us to manufacture quality products for supply in Indian and international markets. We are focused on sustainability in our operations through meaningful interventions in environment management, safety initiatives in our operations and occupational health of our workforce, and have undertaken various initiatives relating to energy efficiency, recovery and reuse of solvents and water conservation to reduce our carbon footprint.

<u>Formulations and OTC Products</u>

Penetration in domestic market and wide distribution coverage

We are one of the providers of quality and affordable distribution of formulation supplies to ESIC Hospitals, Railways, DGAFMS (Director General Armed Forces Medical Services) across India (*Source: 1Lattice Report*). Over the years, we have developed extensive sales and distribution network across India. We believe we have developed long-term relationships with a majority of our distributors. As of March 31, 2024, our distribution network with a pan-India presence covers 28 states in India, included over 1,800 distributors. These distributors in turn supply to over 150,000 chemists and retailers. We also conduct our business through online platforms. We are committed to increasing our penetration of domestic markets.

Experienced and capable management team

Our business and operations are led by a qualified, experienced and capable management team, led by our Chairman and Managing Director, Mr. Sushil Suri who has over three decades of experience in the pharmaceutical and API industry. Our API operations team is headed by Mr. Sanjay Suri. Ms. Amita Sharma, is Chief Operating Officer of API business having over 30 years of industry experience and Mr. Kushal Suri, takes care of sales and marketing activities of API business. Devices business is spearheaded by Mr. Anubhav Suri whereas Varun Suri looks after Formulation and OTC business of the company. Our Chief Financial Officer, Mr. Ajay Kumar Sharma has over 30 years of experience in finance. Our management team has demonstrated the ability to successfully build the business across diverse markets supported by strong R&D, operations, quality and regulatory functions and have integrated our businesses with various operating activities through their cumulative years of work experience. We believe that the knowledge and experience of our senior and mid-level management team members provides us with a significant competitive advantage as we seek to grow our business.

Our Strategies

API Portfolio

Expand our product portfolio and increase global outreach

We intend to continue enhancing our product portfolio to offer a diverse suite of products to cater to the growing demand for APIs. Manufacturers of APIs face high entry barriers such as high capital investments, operational costs, manufacturing complexities, stricter compliance requirements and high-quality standards resulting in limited competition in the market (*Source: 1Lattice Report*). We believe that our core expertise across R&D, manufacturing, quality assurance, regulatory experience and market knowledge has enabled us to offer a diversified portfolio of products and delivery systems that meets our customers' varying requirements and market demand opportunities. We will continue to identify, develop and launch new products and delivery systems from our pipeline to meet market needs and capture growth opportunities to sustain our revenue growth and profitability. To expand our reach to global markets, we are constantly looking for new business partnerships for growth. We will continue to evaluate new product opportunities leveraging the local market knowledge of our partners and initiate the development of products focused on such markets if we identify viable market opportunities and demand.

Cost reduction by process improvement and investment in technology to meet future demand

We strive to improve the production process to optimize our processes and achieve higher yields, with the support of our R&D team. We incur certain fixed overheads, including utilities, salaries and depreciation of assets in our operations. We aim to increase capacity utilization, which can reduce fixed overheads per product, increase our profitability and improve our operating leverage. We intend to focus on high-value, low-volume products within our product portfolio. We also seek to benefit from optimizing our product selection strategy. We seek to leverage economies of scale through capacity expansion. We intend to expand our capabilities through prudent investments aimed at sustainable business opportunities, employing more trained professionals, investing in much more sophisticated equipment and improvement in processes to enhance productivity and achieve better yields in our products.

Medical Devices

Increase market share in medical devices by offering quality products at affordable prices

We believe that the domestic market landscape are very conducive for us to continue to leverage our existing and growing product portfolio and further develop and grow our medical devices business. The overall Indian medical devices market is expected to grow at a CAGR of 23.0% between Fiscal 2023 to Fiscal 2028 (*Source: 1Lattice Report*). We intend to capitalize on such market dynamics by investing in our growing specialty product portfolio, managing the life cycle of our brands through brand extensions, increasing our reach through expansion of our sales and marketing team, and focusing on promoting our brands by highlighting the efficacy and safety of our differentiated products.

Enhance in-house production capabilities and reduce dependence on imports

We intend to increase our manufacturing capabilities by enhancing the existing production capacities at our Baddi facility during Fiscals 2025 and 2026 and our Masulkhana facility during Fiscals 2025 and 2026, by an aggregate annual total installed capacity of 200 KL. India's medical devices market has expanded rapidly over the years, due to the spread of modern diagnosis and treatment options. (*Source: 1Lattice Report*). In-house manufacturing of the key products has given further impetus to cost reduction and fuelled our medical devices business (*Source: 1Lattice Report*). Since 2016, we have been producing medical devices at its manufacturing facility at Baddi, Himachal Pradesh.

Formulations and OTC Products

Expand geographical footprint and increase customer acquisition

We intend to increase the number of geographies we cater to and achieve deeper penetration in our existing geographies, which will enable higher customer acquisition. We believe with the increased manufacturing capacity, we are poised to increase our geographical footprints and customer acquisition. We intend to continue to strategically select local partners and increase our own on-the-ground sales force in our target markets, which we expect would allow us to quickly and cost-efficiently enhance distribution channels for our products and increase customer acquisition. We aim to continue to focus on technology-driven differentiated products in our formulations and OTC products businesses.

Continued focus on improving efficiency

We aim to continue to maintain our efficiency focus, including in-house integrated manufacturing capabilities across our business to deliver growth as well to achieve economies of scale. As of March 31, 2024, we employed a total of 3,128 employees, and 976 personnel on a contractual basis across our business, including an in-house R&D team for product development, regulatory affairs for obtaining product registrations.

Description of Our Business

We are engaged in developing, manufacturing, marketing and sale of (i) APIs, (ii) medical devices, (iii) formulations and (iv) OTC products.

Product Portfolio

APIs

We are one of the fastest growing API-focused companies in Fiscal 2024 in terms of revenue in India. (*Source*: 1*Lattice Report*) We received USFDA approval for Loratadine API in 1999. (*Source*: *1Lattice Report*) Our API business comprises of the manufacture and sale of APIs for anti-allergy products, diabetes care, cardiac care, anti-coagulant products, neuro psychiatric care and oncology portfolio, including others. We are also one of the leading developers and manufacturers of select APIs such as Loratadine, Desloratadine, Montelukast, Atorvastatin, Rosuvastatin, and Fexofenadine in India. (*Source*: *1Lattice Report*).

We have taken steps to expand our global presence by filing Drug Master Files (DMFs) for various APIs in different countries. These DMFs are voluntarily submitted by pharmaceutical manufacturers to regulatory authorities, showcasing the quality, safety, and efficacy of their medicinal products (*Source*: *1Lattice Report*). We have received no observations in the last 3 USFDA inspections across Baddi facility in 2018 and 2023 and Masulkhana facility in 2018.

The revenue from our API portfolio during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
API portfolio (*in ₹ lakhs*)	94,440.75	81,792.23	86,372.26
As a percentage of total income (*in %*)	55.87%	57.70%	55.84%

We have a wide API product portfolio which spans across therapeutic areas including anti-diabetics, anti-coagulant, anti-allergy, anti-histaminic and others. Enabled by our high standards of quality and process innovation, our API products are sold in both regulated markets and emerging markets.

The table below sets forth the details of or key API portfolio:

	Category	Key APIs
1.	Anti-histaminic	• Loratadine • Desloratadine • Fexofendine
2.	Anti-asthmatics	• Montelukast
3.	Antidepressants	• Brexpiprazole
4.	Cholesterol reducing	• Atorvastatin • Rosuvastatin • Bempedoic
5.	Anti-coagulants	• Apixaban • Edoxaban • Rivaroxaban.
6.	Anti-diabetic	• Sitagliptin,

		• Saxaglitin, • Linagliptin, • Dapagliflozin • Empagliflozin
7.	Anti-ulcerative	• Vonoprazan

Medical Devices

We are one of the leading companies in the self-care medical devices industry in India, in terms of operating revenue. (*Source: 1Lattice Report*) We market our medical devices business under the brand, 'Dr. Morepen'. We have a range of self-care medical devices blood glucose monitors, blood pressure monitors, vaporizers and digital thermometers etc. (*Source: 1Lattice Report*) We have obtained licenses to manufacture certain medical devices at our manufacturing facility at Baddi, Himachal Pradesh. In the recent years, the medical devices business has grown exponentially and gained very high market share. With an aim to expand our medical devices business, we have set-up an in-house production plant for manufacturing the key products that has given further impetus to cost reduction and fueled the growth trajectory for the devices business. Our medical devices facility at Baddi has received Quality Management Certificate - ISO 9001 & ISO 13485 from BSI, UK.

The revenue from our medical devices business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Medical devices (*in ₹ lakhs*)	44,271.59	32,707.77	41,891.99
As a percentage of total income (*in %*)	26.19%	23.07%	27.08%

We sell blood glucose monitors under the brand 'Dr. Morepen Gluco Monitor' with over 10.45 million installations and blood pressure monitors under the brand name 'BP one.' We have a strong distribution setup of medical devices in India, expanding over 28 Indian states and one Union Territory through its distributor network with a central warehouse in Delhi (*Source: 1Lattice Report*). We have sold ~1.54 billion blood glucose strips and has 11.74 million customers using Morepen's home care devices making one of the leading integrated manufacturers of point-of-care medical devices in India in Fiscal 2024 (*Source: 1Lattice Report*).

Formulations

We operate our formulations business under the brand name 'Morepen'. Our integrated manufacturing facilities are fully geared for contract manufacturing requirements. We have penetrated deep into the domestic formulation business with over 900 brands being promoted across several therapeutic categories such as anti-infective, anti-allergy, pain management, vitamins and gastrointestinal among others. The revenue from our formulations business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Formulations (*in ₹ lakhs*)	21,483.12	17,933.71	15,918.72
As a percentage of total income (*in %*)	12.71%	12.65%	10.29%

We manufacture a range of oral formulations. Our formulations RX products include Saltum, Rhythmix, Cefopen, Dom, Intebact, Klarim, Acifix, among others. Our formulation facility located in Parwanoo holdsa certificate of good manufacturing practices from WHO (GMP approved).

The table below sets out the revenue from the sale of top selling brands of Rx category of formulations for Fiscals 2024, 2023 and 2022.

Branded Sale	Therapeutic Category	Fiscal 2024		Fiscal 2023		Fiscal 2022	
		In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)
Saltum	Antibiotics	944.80	24.44%	799.77	20.26%	691.43	21.49%
Rythmix	Vitamins	449.37	11.62%	451.34	11.43%	395.86	12.30%
Cefopen	Antibiotics	412.55	10.67%	341.23	8.64%	316.55	9.84%
Dom	Gastro	361.25	9.34%	362.35	9.18%	395.33	12.28%
Intebact	Probiotic	300.32	7.77%	180.61	4.57%	219.53	6.82%
Klarim	Antibiotics	278.24	7.20%	331.58	8.40%	221.36	6.88%
Acifix	Gastro	161.86	4.19%	162.40	4.11%	157.89	4.91%

The table below sets out the revenue from the sale of top selling brands of generic formulations for Fiscals 2024, 2023 and 2022.

Branded Sale	Therapeutic Category	Fiscal 2024		Fiscal 2023		Fiscal 2022	
		In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)
ZUFLO-OZ TAB	Antibiotics	374.10	4.78%	280.64	4.49%	86.78	1.50%
ZUFLO-200MG TAB (YPVC)	Antibiotics	82.27	1.05%	89.82	1.44%	64.33	1.11%
CEFYZ-O 200DT TAB	Antibiotics	62.64	0.80%	47.90	0.77%	110.79	1.92%
PROTIPEN CH POW	Protein	69.72	0.89%	38.76	0.62%	51.17	0.89%
CREMOPEN PLUS	Gastro	103.47	1.32%	80.92	1.30%	80.13	1.39%

OTC Products

We have made inroads into the business of OTC products through our OTC brand of 'Dr. Morepen' and forayed into OTC products, pursuant to which we created a new category of fast-moving health goods ("**FMHG**"). Our OTC products include various products catering to customer needs ranging from health supplements, personal care, sports nutrition, and sexual wellness enabling an extensive range of products. Our wholly owned subsidiary, Dr. Morepen Limited operates the legacy like Burnol and Lemolate have strong consumer connections and brand recall. (*Source: 1Lattice Report*)

The revenue from our OTC products business during Fiscals 2024, 2023 and 2022, is as provided below.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
OTC products (*in ₹ lakhs*)	8,847.79	9,319.29	10,499.72
As a percentage of total income (*in %*)	5.23%	6.57%	6.79%

Manufacturing Facilities and Approvals

We currently operate four multi-purpose manufacturing facilities in India. All of our manufacturing facilities have received several major regulatory approvals and accreditations, which enables us to supply our products in regulated and other markets.

Certain key details of our manufacturing facilities are as provided below.

Location	Description	Usage	Top Products (Therapeutic Area)	Approvals
	Unit I & Unit II at	API Manufacturing Facility	• Loratadine (Antihistaminic),	USFDA
				PMDA (Japan)

Location	Description	Usage	Top Products (Therapeutic Area)	Approvals
Masulkhana, Solan, Himachal Pradesh	Village Masulkhana, Parwanoo District Solan		• Desloratadine (Antihistaminic), • Montelukast (Antiasthmatic), • Dapagliflozin (antidiabetic)	ANVISA (Brazil) EDQM (Europe) WHO-GMP Central Drug Authority, India (CDSCO)
Baddi, Himachal Pradesh	Unit IV - Malkumajra (Morepen Village) Baddi Nalagarh Road, Solan District India- 173 205 Baddi, Himachal Pradesh	Manufacturing of API, Formulation, OTC Products and Medical Devices	• Atorvastatin (Antilipemic), • Fexofenadine (Antihistaminic) • Rosuvastatin (Antilipemic) • Olmesartan (Antihypertensive) • Sitagliptin (Antidiabetic) • Linagliptin (Antidiabetic) • Calciquick (Calcium) • Acifast (Acidity	USFDA EDQM (Europe) WHO GMP
Parwanoo, Solan, Himachal Pradesh	Unit No. III at Plot. No. 12B, Sec.-2, Parwanoo, District Solan Himachal Pradesh	Formulation Facility	• Formulations, • Ursodeoxycholic Acid 300mg, • Pantoprazole 40mg, • Montelukast 10mg • Generics • Pentate (Pain) • Pentowok • Saxaquest	WHO GMP
Parwanoo, Solan, Himachal Pradesh	Unit No. V at Plot.No. 12C, Sec.-2, Parwanoo, District Solan Himachal Pradesh	Formulation Facility	• Formulations, • Linezolid 600mg, • Vitamin D3 60000IU / 5ml, • Dapagliflozin 10mg • Generics • Lemolate • Montypen • Liv-Cet	WHO GMP

Production Capacity and Capacity Utilization

Our installed capacity, available capacity, actual production and capacity utilization for API manufacturing, formulations and medical devices for Fiscals 2024, 2023 and 2022 are as provided below.

Particulars	Unit of Measurement	For Fiscal 2022	For Fiscal 2023	For Fiscal 2024
Installed Capacity				
API Manufacturing	KL	314.00	314.00	402.70
Formulations	No./Lacs	10,533.00	10,551.00	18,606.00
Medical Devices	Pcs. /Lacs	3,629.00	3,777.20	4,985.60
Available Capacity				
API Manufacturing	KL	314.00	314.00	366.30
Formulations	No./Lacs	10,533.00	10,551.00	11,936.50
Medical Devices	No./Lacs	3,629.00	3,740.60	4,985.60
Actual Production				
API Manufacturing	MT	337.15	333.81	336.97
Formulations	No./Lacs	9,572.19	9,102.02	10,364.50
Medical Devices	Pcs. /Lacs	3,058.73	2,628.83	3,891.18
Capacity Utilisation				
API Manufacturing	KL	89.89%	95.77%	91.95%
Formulations	No./Lacs	90.88%	86.27%	86.83%
Medical Devices	Pcs. /Lacs	84.29%	70.28%	78.05%

[*] *As certified by an independent chartered engineering firm, SJA Industrial Consultants Private Limited, by way of their certificate dated July 31, 2024.*

Notes:

1. *The available capacity is calculated on the basis of running the operation of –*
   Two shifts of 8 hours each, of Formulation and Devices production machines in a day for 25 days in a month, for formulation & devices business
   Three shifts of 8 hour each, of API production machines, in a day throughout the year for API manufacturing
2. *%age capacity utilisation for API business has been computed by dividing 'Utilised Volume Capacity' by the Total Available Volume Capacity, for the Production Equipment. Utilised volume capacity represents actual production out of the available capacity, whereas 'Total available volume capacity' represents maximum capacity, available for use.*
3. *With respect to the API business installed capacity, available capacity and capacity utilization is calculated in terms of Kiloliters (KL) in the table above because inputs being chemicals (Liquids) are measured in Kiloliters (KL) whereas actual production is calculated in terms of 'MT' in the table above, because finished goods, API's are in the shape of Dry powder and sold in units of Kilos or 'MT'*

Research and Development

We are focused on undertaking dedicated R&D in areas which we believe have significant growth potential. Our R&D initiatives focus on critical activities including new product development, cost improvement, process improvement, technology transfer and scale-up initiatives. Our Company also has dedicated R&D centres located at Masulkhana, Baddi, Okhla (Delhi) and Bangalore. During Fiscals 2024, 2023 and 2022, we spent ₹ 519.83 lakhs, ₹ 306.89 lakhs, and ₹ 300.82 lakhs, respectively, towards our R&D activities.

We believe that our R&D has led, and will continue to lead to new, innovative processes that can increase the efficiencies of production including developing cost-effective manufacturing processes, as well as address opportunities that we have identified in the global market for our businesses. As of March 31, 2024, our R&D units were equipped with 26 R&D scientists employed with us on a full-time basis. Our team includes professionals experienced in formulations development and analytical method development.

Procurement of Raw Materials

Raw materials essential to our business are procured in the ordinary course of business from numerous vendors, including domestic and international vendors. As of March 31, 2024, we sourced 50.11% of our total raw material from international vendors. For Fiscals 2024, 2023 and 2022, our cost of raw materials was ₹ 107,865.64 lakhs, ₹ 90,885.49 lakhs and ₹ 114,975.08 lakhs, respectively, representing 68.75%, 66.44% and 80.38% of our total expenses, respectively. The raw material needed for our manufacturing process vary from time to time. Some of the key raw materials used by us in API include 3-Chlorobenzyl cyanide, N,N-Dimethyl carbamyl chloride, Niacin, 1-(Mercaptomethyl) cyclopropane acetic acid in medical devices include PCB with LCD & Connector & Buzzer mounted, Main PCBA for Blood Pressure Monitor, in formulations METFORMIN HCL I.P., DRIED ALUMINIUM HYDROXIDE GEL I.P., PANTOPRAZOLE, DOMPERIDONE, DISODIUM HYDROGEN CITRATE BP and OTC products include Paracetamol I.P., Phenylephrine Hydrochloride I.P., Chlorhexidine Gluconate Solution IP.

We source materials and packaging materials for our products from vendors who provide materials of suitable quality in accordance with applicable requirements in the relevant markets. We assess the reliability of all materials and machinery purchased to ensure that they comply with the rigorous quality and safety standards required for our products. The quality department identifies and approves multiple vendors to source our key raw materials from before we procure any raw material from them. We evaluate our vendors and potential vendors based on a number of factors, such as (i) their formal accreditation, certifications and regulatory approvals, (ii) lead-time needed in satisfying our orders, (iii) price of their supplies, (iv) quality of their supplies and (v) results of our on-site inspections. We place purchase orders with approved vendors from time to time. In an effort to manage risks associated with supply of raw materials, we work closely with our vendors to help ensure availability and continuity of supply while maintaining quality and reliability. In most cases, our raw material sourcing is not dependent on a single source of supply, and we have access to alternate sources for our procurement of raw materials. For details of risks associated with respect to the raw materials procured by us, please see "*Risk Factors - Our business depends on our relationships with suppliers for sourcing of raw materials. Any adverse changes in such relationships, or our inability to enter into new relationships, could adversely affect our business and results of operations.*" on page 47.

Quality Control and Quality Assurance

We believe that quality function is critical to our brand and continued growth. The provision of high-quality products is a key differentiator in our business, critical to our continued success and the maintenance of long-term relationships with our customers. We are committed to providing high quality products to our customers and to meet this commitment, we have implemented current good manufacturing practices across our manufacturing sites, encompassing all areas of business processes right from supply chain to product delivery. This enables us to maintain consistent quality, efficiency and product safety.

We have a comprehensive and harmonized approach towards quality, and we have adopted streamlined manufacturing procedures across all our facilities aimed towards achieving standardized quality for all our markets and ensuring compliance with regulatory requirements. We have a centralized corporate quality function that tracks all changes in quality requirements and standards and ensures implementation across all our facilities, which maintain uniform standard of quality. Any remedial action or improvement done in one facility are ported to all other facilities. Our quality function monitors all stages of product development. Various in-process quality checks are performed to monitor product quality during the manufacturing process. Final finished products are tested as per the predetermined quality specifications before release in the market. All products are subjected to extensive stability testing program to understand the real product behavior during its shelf life.

The pharmaceutical industry is highly regulated and accordingly our API manufacturing facilities are regularly inspected and/or audited by our customers and various regulatory authorities such as the USFDA, PMDA (Japan), ANVISA (Brazil) and EDQM (Europe). Our formulations facilities hold certificate of good manufacturing practices from WHO (GMP approved), and our medical devices facility has received Quality Management Certificate - ISO 9001 and ISO 13485 from BSI, UK. In addition, we have strong internal audit and control procedures which help us adhere to the highest standards of quality across the supply chain. We also perform regular audits on our manufacturing facilities and regularly review and update our procedures and practices to ensure compliance with international regulatory and cGMP requirements which are monitored by a comprehensive QMS encompassing all areas of business processes from R&D and raw material procurement to manufacturing to packaging and delivery.

As of March 31, 2024, we had 3,128 employees, including 976 independent contractors on a contractual basis. Out of this, we had 344 personnel or 11% of our permanent employee total performing quality control and quality assurance functions. Our quality assurance team has dedicated qualified professionals with industry experience that is responsible for maintaining our required quality standards. All personnel are required to undergo thorough training programs designed to update them on latest quality norms and standards periodically. For details, please see "*Risk Factors - Any manufacturing or quality control problems may subject us to regulatory action, loss of customers, damage our reputation and have an adverse effect on our business, results of operations, financial condition and cash flows.*" on page 40.

Customers

We conduct most of our business on a purchase order basis where the terms of the sale are determined by mutual agreement and depend on factors such as volumes, competition and market share of the product. For a few key customers, we may enter into long-term contracts for specific products with them. Revenue generated from sales to our top 10 customers in Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹ 49,849.15 lakhs, ₹ 37,412.54 lakhs and ₹ 31,554.53 lakhs, respectively, and represented 29.49%, 26.39% and 21.05% respectively, of our revenue from operations, respectively.

Our customer base comprises of domestic and international customers. The revenue through our domestic and export sales during Fiscals 2024, 2023 and 2022 is as provided below.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)	In ₹ lakhs	As a percentage of total income (in %)
Domestic sales	1,04,268.09	61.68%	85,038.13	59.99%	98,506.60	63.55%
Export sales	64,775.16	38.32%	56,714.88	40.01%	56,176.09	36.45%
Total	**1,69,043.25**	**100.00%**	**1,41,753.00**	**100.00%**	**1,54,682.69**	**100.00%**

Sales and Marketing

We also have a country-wide sales and distribution network in India which enables us to have a wide market base. As of March 31, 2024, our distribution network with a pan-India presence covers 28 states and one union territory in India, included over 5,100 distributors. These distributors in turn supply to over 2,89,260 chemists, retailers and doctors across product portfolio as of March 31, 2024. Our distribution network comprises product and clinically trained graduates, as well as supply chain management personnel. We also conduct our business through online platforms.

In addition to India, we supplied our products to over 80 countries, in Europe, Asia, Africa, South America and United States , through a network of over 100 agents/distributors in these jurisdictions. In Fiscal 2024, revenue generated from sales outside India was 64,775.16 lakhs which constituted 38.32% of our revenue from operations, respectively.

Environmental, Health and Safety

We maintain stringent focus on ensuring that our business strategies are aligned with our sustainability and ESG objectives. We have an internal framework and governance structure in place for compliance with applicable standards and we are committed to complying with regulatory standards of the various markets where our products are sold. We have integrated sustainability throughout our operations through meaningful interventions in the form of environmental and safety management initiatives as well as measures to ensure our operations have minimal adverse impacts on the occupational health of our workforce.

We place emphasis on the effects of our operations on the environment and the impacts of climate change on our business as these factors can significantly influence our resilience and long-term sustainability. We are subject to various Indian environmental laws and regulations, including regulations relating to the prevention and control of water pollution and air pollution, environmental protection, hazardous waste management and noise pollution. These laws and regulations govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. To ensure compliance and adherence to responsible business practices, we have established standard operating procedures to segregate, handle and dispose of different categories of waste, including hazardous and biomedical waste. Our waste management strategy includes monitoring and control procedures for waste categorization, segregation, minimization, safe handling, transport and disposal of waste. By avoiding use of chlorinated solvents and promoting incorporation of less polluting alternatives, we seek to ensure that pollution levels from our operations are within the permissible limits prescribed by regulatory authorities. We seek to optimize energy usage and minimize our dependence on conventional sources of energy by incorporating renewable alternative such as solar power where possible to reduce our carbon footprint and decarbonize our operations. We have also undertaken measures such as tree plantations to facilitate creation of carbon sinks.

Accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management and our employees. We have adopted a health and safety policy that is aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working at our facilities or under our management. We believe that all our manufacturing facilities possess adequate effluent treatment processes, including facilities aimed towards zero liquid discharge, and minimize any contamination of the surrounding environment or pollution.

Failure to comply with the applicable laws, regulations and directions may subject us to penalties and may also result in the closure of our facilities. For details, please see "*Risk Factors - We are subject to extensive government regulation both in and outside India and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, results of operations and cash flows may be adversely affected.*" on page 41.

Corporate Social Responsibility

We have adopted a Corporate Social Responsibility ("**CSR**") policy in compliance with the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 notified by the Central Government and as modified from time to time. The main objective of our CSR Policy is to make a positive contribution to society through high impact sustainable programs. We have undertaken various CSR initiatives to contribute to the society.

Our focus areas in CSR are promoting healthcare, women empowerment, ensuring environment sustainability, ecological balance, rural development projects, promoting education and promoting rural sports. We have a monitoring and reporting mechanism that tracks the progress and effectiveness of CSR activities. Our CSR activities are monitored by the CSR Committee of our Board. We spent ₹ 220.36 lakhs, ₹ 190.26 lakhs, and ₹ 119.81 lakhs in Fiscals 2024, Fiscal 2023 and Fiscal 2022, respectively, towards our corporate social responsibility activities.

Insurance

Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We may also be subject to product liability claims if the products that we manufacture are not in compliance with regulatory standards and the terms of our contractual arrangements.

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include insurance for public liability, directors' and officers' liability, marine, group medical claim, group personal accident, cyber security, burglary, fire, crime insurance and money insurance. Set forth below are the details of our total tangible assets and insurance coverage:

	Fiscal 2024	**Fiscal 2023**	**Fiscal 2022**
Total tangible assets (in ₹ lakhs) (**A**)	47,460.62	49,591.79	46,327.11
Total book value of tangible assets on which insurance has been taken (in ₹ lakhs) (**B**)	33,312.21	37,098.64	34,991.58
Insurance coverage (in ₹ lakhs) (**C**)	21,500.00	18,736.99	16,396.71
% of insurance coverage (%) (**C/B**)	64.54%	50.51%	46.86%

We believe that the level of insurance we maintain is appropriate for the risks of our business. However, we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in future. Even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. See "*Risk Factors - Our insurance coverage may not adequately protect us against all losses or the insurance cover may not be available for all the losses depending on the insurance policy, which could adversely affect business, results of operations and financial condition.*" on page 59.

Employees

Our work force is a critical factor in maintaining quality and safety, which strengthen our competitive position. As of March 31, 2024, we employed a total of 3,128 employees, and 976 personnel on a contractual basis across our business. We train our employees on a regular basis to increase the level of operational excellence, improve productivity and maintain compliance standards on quality and safety.

The following table sets forth the function-wise split of our permanent employees as of March 31, 2024:

Particulars	Number of Employees
Operations	749
Quality	267
R&D	77
Sales Marketing	633
Legal & Compliance	4
Intellectual Property	3
Administrative personnel	88
Management	14
Transportation	18
IT support Staff	23
Finance & Accounts	45
Others	231
Total	**2,152**
Contractual	**976**
Total	**3,128**

None of our permanent employees are unionized. We have not experienced any work disruptions due to labor disputes or cessation of work till date.

Competition

We operate in the global pharmaceutical industry which can be generally divided into regulated and emerging markets. The emerging markets have low barriers to entry regarding regulatory requirements, concerning the qualification process, quality controls and intellectual property rights. The regulated markets such as the United States, Europe and Japan, by contrast have higher barriers to entry as a result of more stringent regulatory practices.

To stay ahead of our competitors, we continue to invest in our existing facilities/technology and develop new technology for our manufacturing facilities. We aim to keep our costs of production low to maintain our competitive advantage and our profit margins. We continuously stive to improve existing products, seek new product registrations, marketing authorizations and other approvals from regulatory authorities to increase our product offerings.

Intellectual Property

As of March 31, 2024, we have made a total of 104 Indian patent applications, out of which 37 are granted, 41 are pending, 1 is refused and 25 withdrawn/abandoned in India. Further, we have made a total of 51 foreign patent applications, out of which 16 are granted, 2 are pending, 9 are withdrawn/ abandoned and 2 are refused. We have also submitted DMFs for APIs out of which 26 DMFs with USFDA, 11 DMFs with EDQM.

We expect to continue to file patent applications seeking to protect our innovations and novel processes in both developed markets and emerging markets. Existing or future patents issued or licensed to us may provide some competitive advantages for our products, however, they may also be challenged, invalidated or circumvented by our competitors. In addition, such patent rights may not prevent our competitors from developing, using or commercializing products that are similar or functionally equivalent to our products. As of March 31, 2024, in India, we have made an application for a total of 599 trademarks, of which 496 are registered trademarks and 103 are pending, out which 28 are accepted, 14 are objected, 1 is under rectification, 37 are opposed, 4 are under examination, 7 are accepted and advertised, 10 are abandoned, 1 is under rectification and 2 are removed.

Utilities

We consume fuel and power for our operations at our manufacturing facilities, which is sourced through the local state power grid Additionally, we have also installed generators in our manufacturing facilities to ensure uninterrupted supply of power. For Fiscals 2024, 2023 and 2022, our utilities expenses were ₹3,408.91 lakhs, ₹2,377.70 lakhs and ₹1,892.92 lakhs, respectively, which accounted for 2.17%, 1.74% and 1.32%, respectively, of our total expenses.

Information Technology

Our IT systems are vital to our business and in accordance with prevailing laws, we have adopted an IT policy to assist us in our operations. There are multiple automation systems implemented at our manufacturing facilities which help us in our day-to-day operations. We have also implemented the use of enterprise resource planning in managing our financial accounting, material management, sales and distribution. We consistently make efforts to upgrade our systems to ensure business continuity.

Material Properties

Our registered office is located at Morepen Village, Malkumajra, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh, India - 173 205. Our corporate office is situated at 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector-20, Gurugram, Haryana, India - 122 016.

Certain details of our material properties are set out below.

Location	Property Description	Owned / Leased	Purpose
Nalagarh, Baddi Himachal Pradesh	Village Morepen Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh,	Owned	Registered Office and Formulations and OTC Products Facility
Masulkhana, Himachal Pradesh	Village Masulkhana, Parwanoo District Solan, Himachal Pradesh	Owned	API Facility
Parwanoo, Himachal Pradesh	Plot.No.12B and 12C, Sec.-2, Parwanoo, District Solan Himachal Pradesh	Leased	Formulation Facility

For details in relation to the risks associated, please see "*Risk Factors - Certain of our material properties are located on leased or rented premises and there can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.*" on page 61.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the Articles. In accordance with the Articles, our Company shall not have less than three Directors and more than fifteen Directors, provided that our Company may appoint a director in excess of the limit provided by passing a special resolution. As of the date of this Preliminary Placement Document, our Company has seven Directors, of which one is a Whole-Time Director, one is the Chairman and Managing Director and five are Independent Directors. Our Board also has one woman Director, who is also an Independent Director.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

Name, date of birth, address, occupation, nationality term and DIN	Age	Designation
Sushil Suri ***Date of Birth:*** January 18, 1964 ***Address***: C-40, Anand Niketan, South-West Delhi, Delhi – 110 021 ***Occupation****:* Business ***Nationality****:* Indian ***Term****:* For a period of three years with effect from October 20, 2023. ***DIN***: 00012028	60 years	Chairman and Managing Director
Sanjay Suri ***Date of Birth:*** August 4, 1968 ***Address***: HIG 78, Sector No. 4, Parwanoo, Solan, Himachal Pradesh – 173 220 ***Occupation:*** Service ***Nationality****:* Indian ***Term****:* For a period of three years with effect from August 13, 2022 ***DIN***: 00041590	55 years	Whole-Time Director
Manoj Joshi ***Date of Birth:*** May 14, 1957 ***Address***: D-36, 2nd Floor, Hauz Khas Market, Hauz Khas, South Delhi, Delhi - 110016 ***Occupation:*** Consultant ***Nationality****:* Indian ***Term****:* For a period of five years with effect from September 19, 2019. ***DIN***: 00036546	67 years	Independent Director

Name, date of birth, address, occupation, nationality term and DIN	Age	Designation
Bhupender Raj Wadhwa ***Date of Birth:*** January 29, 1965 ***Address***: E-177, 2nd Floor, Greater Kailash 1, South Delhi, Delhi – 110048, ***Occupation****:* Practising chartered accountant ***Nationality****:* Indian ***Term****:* For a period of five years with effect from September 19, 2019 ***DIN***: 00012096	59 years	Independent Director
Sukhcharan Singh ***Date of Birth:*** September 7, 1942 ***Address***: 215, Narmada Apartments, Alaknanda, South Delhi, Delhi– 110 019 ***Occupation****:* Retired inspector general of police ***Nationality****:* Indian ***Term****:* For a period of five years with effect from September 19, 2019 ***DIN***: 00041987	81 years	Independent Director
Praveen Kumar Dutt ***Date of Birth:*** August 1, 1968 ***Address***: A-102, Harmony Apartments, Plot 6B, Sector 23, Dwarka, Delhi – 110 077, India ***Occupation****:* Professional ***Nationality****:* Indian ***Term****:* For a period of five years with effect from August 13, 2019 ***DIN***: 06712574	56 years	Independent Director
Savita ***Date of Birth:*** September 10, 1984 ***Address***: Kharawar, Rohtak – 124 021, Haryana, India ***Occupation****:* Service ***Nationality****:* Indian ***Term:*** For a period of five years with effect from June 22, 2020 ***DIN***: 08764773	39 years	Independent Director

Relationship with other Directors

Except Sanjay Suri and Sushil Suri who are brothers, none of our Directors are related to each other.

Borrowing powers of our Board

In accordance with the Articles of Association, our Board of Directors has been empowered to borrow funds in accordance with applicable law. Pursuant to the resolution dated September 13, 2019, passed by our Shareholders, our Board is authorized to borrow any sum or sums of money for and on behalf of our Company. The Board may raise and secure payment of such sum or sums borrowed in such manner and upon such terms and conditions in all respects as they think fit. In particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any other instrument or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same be issued. the total amount of such borrowings shall not exceed the amount of ₹ 1,200.00 crores at any time.

Interest of our Directors

Our Directors may be deemed to be interested to the extent of their shareholding, remuneration and fees payable to them for attending meetings of our Board or committees thereof, as well as to the extent of reimbursement of expenses payable to them and benefits to which they are entitled to as per their terms of appointment, and the Whole-Time Director of our Company may be deemed to be interested to the extent of remuneration paid to him for services rendered. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

Except for Sushil Suri, who is the Promoter of our Company, none of our Directors have any interest in the formation or promotion of our Company.

Our Directors may also be regarded as interested in any Equity Shares held by them and to the extent of any dividend payable to them and other distributions or benefits in respect of the Equity Shares held subscribed by or allotted to their relatives or them. Our Directors may also be regarded as interested in the Equity Shares held by the companies, firms, HUFs, and trusts in which they are interested as directors, members, partners, karta, trustees, etc.

Except as provided in "*Related Party Transactions*" on page 38, there have been no related party transactions between the Company and any of the Directors during the three Fiscals immediately preceding the date of this Preliminary Placement Document. Further, in the current Fiscal, none of the Directors have entered into any additional type of related party transactions, other than disclosed in the *related* party transactions of the Company for the periods mentioned above. For further details on the related party transactions mentioned above, see "*Related Party Transactions*" on page 38. Further, except as provided in "*Related Party Transactions*" on page 38 our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

Except as disclosed in this Placement Document, and except to the extent of shareholding in our Company and remuneration and sitting fees payable to Directors, our Directors do not have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Other than as disclosed in this Preliminary Placement Document and in "*Related Party Transactions*" on page 38, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested, and we have not entered into any contract, agreement or arrangement in the last three fiscal years immediately preceding the date of this Preliminary Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Interest in land and property

Except as disclosed below, none of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company:

Our Company has proposed to purchase a land measuring 28.40 Bigha situated at Morepen village, Nalagarh Road, Baddi, Himachal Pradesh for a total consideration of ₹ 33.60 lakhs from two of our Directors, Sushil Suri and Sanjay Suri, amongst other sellers. While the proposal to purchase the land was decided in Fiscal 2020, our Company has not yet executed any sale deed for such purchase.

Shareholding of Directors

As per our Articles, our Directors are not required to hold any qualification shares.

Except as disclosed below, none of our Directors hold Equity Shares in our Company as of the date of this Preliminary Placement Document:

Name of the Director	Designation	Number of Equity Shares	Percentage (%) shareholding
Sushil Suri*	Chairman and Managing Director	55,01,510	1.08
Sanjay Suri#	Whole-Time Director	34,17,240	0.67

* *Sushil Suri holds 12,01,560 Equity Shares in the capacity of being karta of Sushil Suri Sons HUF.*

\# *Sanjay Suri holds 21,00,000 Equity Shares in the capacity of being karta of Sanjay Suri Sons HUF*

Terms of Appointment of our Chairman and Managing Director and our Whole-Time Director

Sushil Suri

Sushil Suri is the Chairman and Managing Director of our Company. The following is a description of the current terms of appointment of Sushil Suri pursuant to the Board resolution dated August 5, 2023 and Shareholders' resolution dated September 28, 2023:

(in ₹ lakhs)

Particulars	Amount
Basic pay and allowances	352.00
Perquisites	80.00
Commission &/ or incentives	768.00
Total Remuneration	1,200.00

Sanjay Suri

Sanjay Suri is the Whole-Time Director of our Company. The following is a description of the current terms of appointment of Sanjay Suri pursuant to the Board resolution dated July 29, 2022 and Shareholders' resolution dated September 27, 2022:

(in ₹ lakhs)

Particulars	Amount
Basic pay and allowances	300.00
Perquisites	150.00
Commission &/ or incentives	250.00
Total Remuneration	700.00

Remuneration paid to Whole-Time Directors

The following tables set forth the details of remuneration paid by our Company to the Whole-Time Directors of our Company for Fiscal 2022, Fiscal 2023, Fiscal 2024 and for the current Fiscal:

(in ₹ lakhs)

Sr. No.	Name of the Director	Remuneration for Fiscal 2022	Remuneration for Fiscal 2023	Remuneration for Fiscal 2024
1.	Sushil Suri	908.31	477.18	391.12
2.	Sanjay Suri	644.13	181.16	217.98

Remuneration of the Independent Directors

Our Independent Directors are entitled to receive sitting fees for attending meetings of our Board of Directors or any of its committee and other payments as may be determined by our Board from time to time. Pursuant to a resolution passed by our Board dated May 5, 2022, our Independent Directors are entitled to sitting fees of ₹ 50,000 for attending each meeting of our Board and ₹ 20,000 for attending each meeting of the committees of the Board.

The following tables set forth the details of sitting fees paid by our Company to the Independent Directors of our Company for Fiscal 2022, Fiscal 2023 and Fiscal 2024:

(in ₹ lakhs)

Name of the Director	Sitting fees for Fiscal 2022	Sitting fees for Fiscal 2023	Sitting fees for Fiscal 2024
Manoj Joshi	3.35	4.65	4.80

Name of the Director	Sitting fees for Fiscal 2022	Sitting fees for Fiscal 2023	Sitting fees for Fiscal 2024
Bhupender Raj Wadhwa	3.15	5.75	5.40
Sukhcharan Singh	3.45	6.25	4.70
Praveen Kumar Dutt	2.15	5.45	5.20
Savita	1.75	3.75	3.00

Notes:

The compensation paid to non-executive directors comprises sitting fees only.

No professional fee was paid to any non-executive directors in their capacity as a consultant.

Prohibition by SEBI or Other Governmental Authorities

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI or any other governmental authority.

None of the Directors of the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI or any other governmental authority.

Key Managerial Personnel

The Key Managerial Personnel are permanent employees of our Company. In addition to the Charman and Managing Director and the Whole-Time Director, the details of our other Key Managerial Personnel in terms of the Companies Act and the SEBI ICDR Regulations as on the date of this Preliminary Placement Document are set forth below:

Name	Designation
Sushil Suri	Chairman and Managing Director
Sanjay Suri	Whole-Time Director
Ajay Kumar Sharma	Chief Financial Officer
Vipul Kumar Srivastava	Company Secretary and Compliance Officer

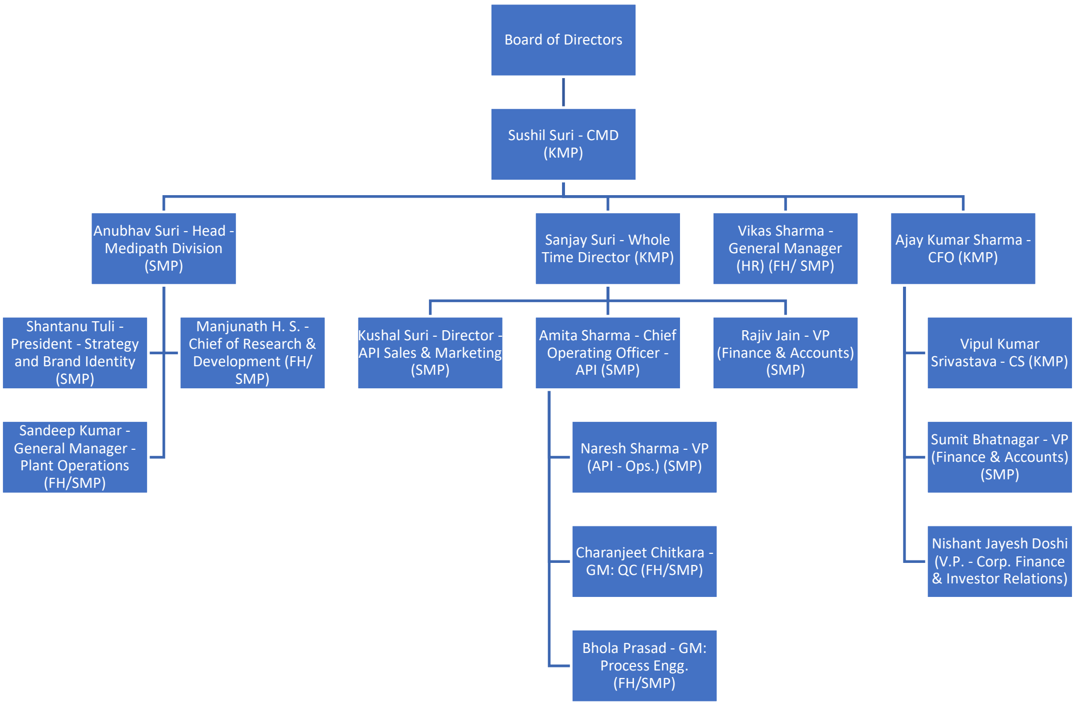
Members of Senior Management

The members of Senior Management are permanent employees of our Company. In addition to the Chief Financial Officer of our Company and the Company Secretary and Compliance Officer of our Company, the details of our members of Senior Management, as on the date of this Preliminary Placement Document are set forth below:

Name	Designation
Anubhav Suri	Head - Medipath Division
Kushal Suri	Director - API Sales & Marketing
Amita Sharma	Chief Operating Officer – API Division
Shantanu Tuli	President - Strategy and Brand Identity
Sumit Bhatnagar	Vice President - Finance & Accounts
Rajiv Jain	Vice President - Finance & Accounts
Naresh Sharma	Vice President (API Operations)
Manjunath H. S.	Chief of Research & Development
Charanjeet Chitkara	General Manager (Quality Control)
Bhola Prasad	General Manager Process Engineering & Technology Transfer
Sandeep Kumar	General Manager - Plant Operations (Medipath)
Vikas Sharma	General Manager – Human Resource
Nishant Jayesh Doshi	Vice President – Corporate Finance and Investor Relations

Organisational Chart of our Company

Set forth below is the organisational structure of our Company, including our Board, Key Managerial Personnel and Senior Management:



Relationship between Key Managerial Personnel and members of Senior Management

Other than as disclosed under "– *Relationship with other Directors*" on page 162 and as disclosed below, none of our Key Managerial Personnel and members of our Senior Management are related either to each other or to the Directors:

Names of Key Managerial Personnel/ members of Senior Management	Relationship
Ajay Kumar Sharma and Amita Sharma	Spouse

Interest of Key Managerial Personnel and members of Senior Management

Other than as disclosed under "– *Interest of our Directors*" on page 162, our Key Managerial Personnel and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. Our Key Managerial Personnel and members of Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, if any.

None of our Key Managerial Personnel and members of Senior Management have been paid any consideration of any nature from our Company, other than their remuneration.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel and members of Senior Management was selected as member of senior management.

Corporate Governance

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations and applicable circulars or directions issued by the RBI. The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; and (v) Corporate Social Responsibility Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

Committee	Name and Designation of Members
Audit Committee	Manoj Joshi (Chairman), Bhupender Raj Wadhwa, Sukhcharan Singh
Nomination and Remuneration Committee	Praveen Kumar Dutt (Chairman), Bhupender Raj Wadhwa, Sukhcharan Singh
Stakeholders Relationship Committee	Manoj Joshi (Chairman), Sushil Suri, Sukhcharan Singh
Risk Management Committee	Praveen Kumar Dutt (Chairman), Sushil Suri, Sukhcharan Singh
Corporate Social Responsibility Committee	Sushil Suri (Chairman), Praveen Kumar Dutt, Bhupender Raj Wadhwa

Other Confirmations

None of our Directors, Promoters or Key Managerial Personnel or members of Senior Management have any financial or other material interest in the Issue.

Neither our Company, nor the Directors or Promoters are identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on Wilful Defaulters or Fraudulent Borrowers issued by the RBI.

None of our Promoters or Directors have been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, Promoters, Key Managerial Personnel or Senior Management of our Company intend to subscribe to the Issue.

No change in control of our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

The SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations.

Related Party Transactions

For details in relation to the related party transactions entered into by our Company during Fiscals 2024, 2023 and 2022, see "*Financial Information*" and "*Related Party Transactions*" on pages 227 and 38, respectively.

ORGANISATIONAL STRUCTURE OF OUR COMPANY

Corporate History

Our Company was incorporated on December 1, 1984 as '*Morepen Laboratories Private Limited'*, at Jalandhar, Punjab, a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation granted by the RoC. Subsequently, the name of our Company was changed to '*Morepen Laboratories Limited*' upon conversion of our Company into a public limited company pursuant to a special resolution passed by our Shareholders on March 7, 1992 and the change of name on conversion to public limited company was noted by the ROC on March 16, 1992.

Our Company's CIN is L24231HP1984PLC006028.

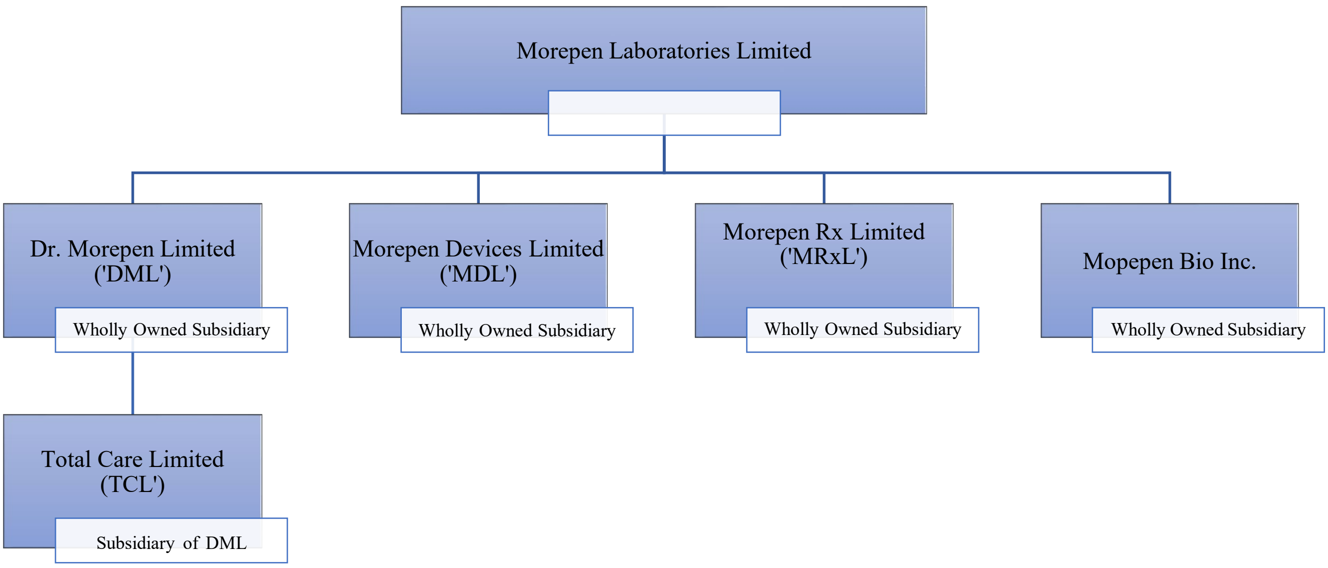
The Registered Office of our Company is located at Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh, India – 173 205. The Corporate Office of our Company is located at 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector-20, Gurugram, Haryana, India – 122 016.

Our Equity Shares are listed on BSE since March 4, 1993 and NSE since November 24,1999.

Organizational Structure

As of the date of this Preliminary Placement Document, we have five Subsidiaries (including one step-down Subsidiary). For further details, see "*Definitions and Abbreviations*" and "*Financial Information*" on pages 17 and 227, respectively.

Our organisational structure is set forth below.



Further to the organisational structure disclosed above, we have no other holding companies, joint ventures or associates.

SHAREHOLDING PATTERN OF OUR COMPANY

Shareholding pattern of our Company as on June 30, 2024

The following table sets forth the details regarding the equity shareholding pattern of our Company as on June 30, 2024.

Category (I)	***Category of shareholder (II)***	***Nos. of shareholders (III)***	***No. of fully paid up equity Shares held (IV)***	***No. of Partly paid-up equity shares held (V)***	***No. of shares underlying Depository Receipts (VI)***	***Total nos. shares held (VII) = (IV)+(V)+ (VI)***	***Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)***	***Number of Voting Rights held in each class of securities (IX)***				***No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)***	***Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)***	***Number of Locked in shares (XII)***		***Number of Shares pledged or otherwise encumbered (XIII)***		***Number of equity shares held in dematerialized form (XIV)***
								No of Voting Rights			***Total as a % of (A+B + C)***			***No. (a)***	***As a % of total Shares held (b)***	***No. (a)***	***As a % of total Shares held (b)***	
								Class eg: X	***Class eg:y***	***Total***								
A	Promoter & Promoter Group	35	195371588	0	0	195371588	38.22	195371588	0	195371588	38.22	0	38.22	40000000	20.47	0	0	195371588
B	Public	348731	315797120	0	0	315797120	61.78	315797120	0	315797120	61.78	0	61.78	0	0			289101951
C	Non Promoter-Non Public	0	0	0	0	0		0	0	0	0	0		0	0			0
C1	Shares underlying DRs	0	0	0	0	0		0	0	0	0	0		0	0			0
C2	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Total	348766	511168708	0	0	511168708	100	511168708	0	511168708	100	0	100	40000000	7.83	0	0	484473539

* *This does not include the employee stock options granted and vested but not exercised.*

Note 1 - 50,38,983 equity shares are to be cancelled from the total listed capital, in compliance with the order passed by Hon'ble NCLT, Chandigarh.

Note 2 - The shares of Late Kanta Suri and Late P L Suri, being the members of Promoters Group, are under the process of transmission.

Note 3- The company is having multiple demat accounts with same PAN which includes demat account for unclaimed shares (i.e., for physical shares which has not been claimed by shareholders, being dematerialised, and kept as unclaimed shares), a suspense escrow demat account for those shares who were not claimed by the shareholders/ investor after expiry of prescribed period of 120 days from the date of intimation of issuance of letter of confirmation and demat account for equity shares surrendered by the FD holders for cancellation and claimed FD dues in lieu thereof. Therefore, the nos. of shares lying in the name of Morepen Laboratories Limited [Unclaimed Shares] has been clubbed and shown as 55,76,048 equity shares in this shareholding pattern.

Statement showing shareholding pattern of our Promoter and Promoter Group

The following table sets forth the details regarding the equity shareholding pattern of our Promoters and Promoter Group as on June 30, 2024.

	Category & Name of the Shareholders (I)	No. of shareh older (III)	No. of fully paid up equity share s held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Sharehol ding % calculate d as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholdin g, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shar es held (b)	No. (a)	As a % of total share s held (b)	
								Class X	Class Y	Tot al								
1	Indian	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a	Individuals/Hindu undivided Family	24	41241750	0	0	41241750	8.07	41241750	0	41241750	8.07	0	8.07	0	0	0	0	41241750
	KANTA SURI	1	1510	0	0	1510	0	1510	0	1510	0	0	0	0	0	0	0	1510
	RAJAS SURI (KB SURInSONS HUF)	1	972830	0	0	972830	0.19	972830	0	972830	0.19	0	0.19	0	0	0	0	972830
	SANJAY SURI (SANJAYnSURI SONS HUF)	1	2100000	0	0	2100000	0.41	2100000	0	2100000	0.41	0	0.41	0	0	0	0	2100000
	PRADUMAN LAL SURInHUF	1	2990	0	0	2990	0	2990	0	2990	0	0	0	0	0	0	0	2990
	SUSHIL SURI (SUSHILnSURI SONS HUF)	1	1201560	0	0	1201560	0.24	1201560	0	1201560	0.24	0	0.24	0	0	0	0	1201560
	ANUBHAV SURI (ARUNnSURI SONS HUF)	1	1500000	0	0	1500000	0.29	1500000	0	1500000	0.29	0	0.29	0	0	0	0	1500000
	MAMTA SURI	1	3004000	0	0	3004000	0.59	3004000	0	3004000	0.59	0	0.59	0	0	0	0	3004000
	SONIA PANKAJ BAJAJ	1	3679718	0	0	3679718	0.72	3679718	0	3679718	0.72	0	0.72	0	0	0	0	3679718
	SANJAY SURI	1	3417240	0	0	3417240	0.67	3417240	0	3417240	0.67	0	0.67	0	0	0	0	3417240
	P.L. SURI	1	400000	0	0	400000	0.08	400000	0	400000	0.08	0	0.08	0	0	0	0	400000
	ANJU SURI	1	5186369	0	0	5186369	1.01	5186369	0	5186369	1.01	0	1.01	0	0	0	0	5186369
	SUSHIL SURI	1	5501510	0	0	5501510	1.08	5501510	0	5501510	1.08	0	1.08	0	0	0	0	5501510
	SUNITA SURI	1	3192240	0	0	3192240	0.62	3192240	0	3192240	0.62	0	0.62	0	0	0	0	3192240
	SHALU SURI	1	2052250	0	0	2052250	0.4	2052250	0	2052250	0.4	0	0.4	0	0	0	0	2052250
	VARUN SURI	1	3052357	0	0	3052357	0.6	3052357	0	3052357	0.6	0	0.6	0	0	0	0	3052357
	ANUBHAV SURI	1	782134	0	0	782134	0.15	782134	0	782134	0.15	0	0.15	0	0	0	0	782134
	SARA SURI	1	705000	0	0	705000	0.14	705000	0	705000	0.14	0	0.14	0	0	0	0	705000
	GULFY MALHOTRA	1	1150000	0	0	1150000	0.22	1150000	0	1150000	0.22	0	0.22	0	0	0	0	1150000
	AANCHAL SURI	1	685922	0	0	685922	0.13	685922	0	685922	0.13	0	0.13	0	0	0	0	685922
	RAJAS SURI	1	155000	0	0	155000	0.03	155000	0	155000	0.03	0	0.03	0	0	0	0	155000

	Category & Name of the Shareholders (I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total shares held (b)	
								Class X	Class Y	Tot al								
	MASTER ARJUN SURI	1	697060	0	0	697060	0.14	697060	0	697060	0.14	0	0.14	0	0	0	0	697060
	KANAK SURI	1	997060	0	0	997060	0.2	997060	0	997060	0.2	0	0.2	0	0	0	0	997060
	AANANDI SURI	1	750000	0	0	750000	0.15	750000	0	750000	0.15	0	0.15	0	0	0	0	750000
	AAKRITI SURI	1	55000	0	0	55000	0.01	55000	0	55000	0.01	0	0.01	0	0	0	0	55000
b	Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c	Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d	Any Other (specify)	11	154129838	0	0	154129838	30.15	154129838	0	154129838	30.15	0	30.15	40000000	25.95	0	0	154129838
	Bodies Corporate	11	154129838	0	0	154129838	30.16	154129838	0	154129838	30.16	0	30.16	40000000	334.85	0	0	154129838
	BROOK INVESTMENTS AND FINANCIAL SERVICES PVT. LTD	1	15159252	0	0	15159252	2.97	15159252	0	15159252	2.97	0	2.97	3500000	23.09	0	0	15159252
	CONCEPT CREDITS AND CONSULTANTS PVT. LTD.	1	15347724	0	0	15347724	3	15347724	0	15347724	3	0	3	3500000	22.8	0	0	15347724
	EPITOME HOLDINGS PVT.LTD.	1	14500820	0	0	14500820	2.84	14500820	0	14500820	2.84	0	2.84	3500000	24.14	0	0	14500820
	LIQUID HOLDINGS PVT. LTD.	1	5003000	0	0	5003000	0.98	5003000	0	5003000	0.98	0	0.98	5000000	99.94	0	0	5003000
	MID MED FINANCIAL SERVICES AND INVESTMENTS PVT. LTD.	1	14973813	0	0	14973813	2.93	14973813	0	14973813	2.93	0	2.93	3500000	23.37	0	0	14973813
	REACT INVESTMENTS AND FINANCIAL SERVICES PVT. LTD.	1	14942134	0	0	14942134	2.92	14942134	0	14942134	2.92	0	2.92	3500000	23.42	0	0	14942134
	SOLITARY INVESTMENTS AND FINANCIAL SERVICES PVT. LTD.	1	15114045	0	0	15114045	2.96	15114045	0	15114045	2.96	0	2.96	3500000	23.16	0	0	15114045
	SQUARE INVESTMENTS AND FINANCIAL SERVICES PVT. LTD.	1	14102075	0	0	14102075	2.76	14102075	0	14102075	2.76	0	2.76	3500000	24.82	0	0	14102075

	Category & Name of the Shareholders (I)	No. of shareholder (III)	No. of fully paid up equity share s held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculate d as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights: Class X	Class Y	Tot al	Total as a % of Total Voting rights			No. (a)	As a % of total Shar es held (b)	No. (a)	As a % of total share s held (b)	
	SOLACE INVESTMENTS AND FINANCIAL SERVICES PVT. LTD.	1	15082790	0	0	15082790	2.95	15082790	0	15082790	2.95	0	2.95	3500000	23.21	0	0	15082790
	SEED SECURITIES AND SERVICES PVT. LTD.	1	14328780	0	0	14328780	2.8	14328780	0	14328780	2.8	0	2.8	3500000	24.43	0	0	14328780
	SCOPE CREDITS AND FINANCIAL SERVICES PVT. LTD.	1	15575405	0	0	15575405	3.05	15575405	0	15575405	3.05	0	3.05	3500000	22.47	0	0	15575405
	Sub-Total (A)(1)	35	195371588	0	0	195371588	38.22	195371588	0	195371588	38.22	0	38.22	40000000	20.47	0	0	195371588
2	Foreign	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b	Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	35	195371588	0	0	195371588	38.22	195371588	0	195371588	38.22	0	38.22	40000000	20.47	0	0	195371588

Statement showing shareholding pattern of the public Shareholders

The following table sets forth the details regarding the equity shareholding pattern of the public Shareholders as on June 30, 2024:

	Category & Name of the Shareholders (I)	Nos. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held VII = IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	
								Class X	Class Y	Total								
1	Institutions (Domestic)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
a	Mutual Funds	1	4401	0	0	4401	0	4401	0	4401	0	0	0	0	0			4401
b	Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
c	Alternate Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
d	Banks	6	4702173	0	0	4702173	0.92	4702173	0	4702173	0.92	0	0.92	0	0			4702173
e	Insurance Companies	4	5158530	0	0	5158530	1.01	5158530	0	5158530	1.01	0	1.01	0	0			5158530
f	Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
g	Asset reconstruction companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
h	Sovereign Wealth Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
i	NBFCs registered with RBI	1	10000	0	0	10000	0	10000	0	10000	0	0	0	0	0			10000
j	Other Financial Institutions	1	1091679	0	0	1091679	0.21	1091679	0	1091679	0.21	0	0.21	0	0			1091679
k	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Sub-Total (B)(1)	13	10966783	0	0	10966783	2.15	10966783	0	10966783	2.15	0	2.15	0	0			10966783
2	Institutions (Foreign)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
a	Foreign Direct Investment	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
b	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
c	Sovereign Wealth Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
d	Foreign Portfolio Investors Category I	33	8531600	0	0	8531600	1.67	8531600	0	8531600	1.67	0	1.67	0	0			8531600
e	Foreign Portfolio Investors Category II	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
f	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
g	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Sub-Total (B)(2)	33	8531600	0	0	8531600	1.67	8531600	0	8531600	1.67	0	1.67	0	0			8531600
3	Central Government / State Government(s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0

	Category & Name of the Shareholders (I)	Nos. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held VII = IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	
								Class X	Class Y	Total								
a	Central Government / President of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
b	State Government / Governor	1	60000	0	0	60000	0.01	60000	0	60000	0.01	0	0.01	0	0			60000
c	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Sub-Total (B)(3)	1	60000	0	0	60000	0.01	60000	0	60000	0.01	0	0.01	0	0			60000
4	Non-institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
a	Associate companies / Subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
b	Directors and their relatives (excluding independent directors and nominee directors)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
c	Key Managerial Personnel	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
d	Relatives of promoters (other than "Immediate Relatives" of promoters disclosed under "Promoter and Promoter Group" category)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
e	Trusts where any person belonging to "Promoter and Promoter Group" category is "trustee", "beneficiary", or "author of the trust"	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
f	Investor Education and Protection Fund (IEPF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
g	Resident Individuals holding nominal share capital up to Rs. 2 lakhs	345558	201743774	0	0	201743774	39.47	201743774	0	201743774	39.47	0	39.47	0	0			180300763
h	Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	87	29389283	0	0	29389283	5.75	29389283	0	29389283	5.75	0	5.75	0	0			24772153
i	Non Resident Indians (NRIs)	2398	5933140	0	0	5933140	1.16	5933140	0	5933140	1.16	0	1.16	0	0			5931483
j	Foreign Nationals	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0

	Category & Name of the Shareholders (I)	Nos. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held VII = IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	
								Class X	Class Y	Total								
k	Foreign Companies	2	38530120	0	0	38530120	7.54	38530120	0	38530120	7.54	0	7.54	0	0			38530120
	PINFOLD OVERSEAS LIMITED	1	38530000	0	0	38530000	7.54	38530000	0	38530000	7.54	0	7.54	0	0			38530000
l	Bodies Corporate	578	17478444	0	0	17478444	3.42	17478444	0	17478444	3.42	0	3.42	0	0			16845073
	MOREPEN LABORATORIES LIMITED [UNCALIMED SHARES]	1	5576048	0	0	5576048	1.09	5576048	0	5576048	1.09	0	1.09	0	0			5576048
m	Any Other (specify)	61	3163976	0	0	3163976	0.62	3163976	0	3163976	0.62	0	0.62	0	0			3163976
	Sub-Total (B)(4)	348684	296238737	0	0	296238737	57.95	296238737	0	296238737	57.95	0	57.95	0	0			269543568
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)+(B)(4)	348731	315797120	0	0	315797120	61.78	315797120	0	315797120	61.78	0	61.78	0	0			289101951

Statement showing shareholding pattern of the non – Promoter – non-public Shareholder:

The following table sets forth the details regarding the equity shareholding pattern of the non- Promoter- non- public Shareholders as on June 30, 2024:

	Category & Name of the Shareholders (I)	*PAN (II)*	*No. of shareholder (III)*	*No. of fully paid up equity share s held (IV)*	*Partly paid-up equity shares held (V)*	*Nos. of shares underlying Depository Receipts (VI)*	*Total no. shares held (VII = IV+V+VI)*	*Shareholding % calculate d as per SCRR, 1957 As a % of (A+B+C2) (VIII)*	*Number of Voting Rights held in each class of securities (IX)*				*No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)*	*Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)*	*Number of Locked in shares (XII)*		*Number of Shares pledged or otherwise encumbered (XIII)*		*Number of equity shares held in dematerialized form (XIV) (Not Applicable)*
									No of Voting Rights			*Total as a % of Total Voting rights*			*No.*	*As a % of total Shares held*	*No. (Not applicable)*	*As a % of total share s held (Not applicable)*	
									Class X	*Class Y*	*Total*								
1	Custodian/DR Holder		0	0	0	0	0		0	0	0	0	0		0	0			0
2	Employee Benefit Trust / Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021		0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
	Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)		0	0	0	0	0		0	0	0	0	0		0	0			0

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to Bidding, payment of Application Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below, and investors are assumed to have apprised themselves of the same from our Company or the Book Running Lead Manager. Prospective Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and their directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the BRLM and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 190 and 198, respectively.

Our Company, the Book Running Lead Manager and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and Section 62 of the Companies Act and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, our Company, being a listed company in India, may issue Equity Shares to Eligible QIBs, provided that:

- our Shareholders have passed a special resolution approving the Issue. Such special resolution *inter alia* must specify (a) that the allotment of Equity Shares is proposed to be made pursuant to a qualified institutions placement and (b) the Relevant Date;

- the explanatory statement to the notice to our Shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoter or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- Equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognized stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our shareholders for convening the meeting to pass the above-mentioned special resolution, except for Equity Shares allotted during the preceding one year from the date of this Preliminary Placement Document. For further details, please see the section titled "*Capital Structure*" beginning on page 82;

- invitation to apply in the Issue must be made through a private placement offer-cum-application letter (i.e., this Preliminary Placement Document) and an Application Form serially numbered and addressed specifically to the

Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- the allotments with respect to any earlier offer or invitation made by our Company shall have been completed or our Company shall have withdrawn or abandoned such invitation or offer made, except as permitted under the Companies Act, 2013;

- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application letter (i.e., the Preliminary Placement Document and the Application Form), our Company must prepare and record a list of Eligible QIBs to whom the offer will be made. The qualified institutions placement must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited;

- our Promoter and Directors are not fugitive economic offenders;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;

- At least 10% of the Equity Shares issued pursuant to this Issue to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or duly authorised committee thereof decides to open the Issue and "stock exchange", for the purposes of determination of price, means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the resolution of our Shareholders passed in their extraordinary general meeting held on March 18, 2024, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of our Shareholder's resolution approving the Issue, being March 18, 2024 and within 60 days from the date of receipt of Application Amount from the Successful Bidders failing which our Company shall refund the Bid Amount in accordance with applicable laws. For details of refund of Application Amount, see "*– Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 186.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of this Preliminary Placement Document and the Placement Document, which shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹25,000 lakhs; and

- five, where the issue size is greater than ₹25,000 lakhs.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*– Bid Process - Application Form*" on page 182.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognized stock exchange.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction In particular, the Equity Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in offshore transactions as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 198, respectively.

Our Company has filed a draft of this Preliminary Placement Document with each of the Stock Exchanges. Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE, each dated August 1, 2024, respectively.

We shall also make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules.

Issue Procedure

1. On the Issue Opening Date, our Company and the Book Running Lead Manager shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by our Company in consultation with the BRLM, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Application Amount and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Book Running Lead Manager. Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Bidders will be required to indicate the following in the Application Form:

- A representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in Regulation S and it has agreed to certain other representations set forth in the "*Representation by Investors*" on page 3, "*Selling Restrictions*" on page 190 and "*Transfer Restrictions and Purchaser Representations*" on page 198 and certain other representations as set forth in the Application Form;

- full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;

- Equity Shares held by the Eligible QIBs in our Company prior to the Issue; and

- details of the depository/ beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited.

Note: *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.*

5. Eligible QIBs shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "*Morepen Laboratories Limited – QIP Escrow Account 2024*" with the Escrow Bank, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, Application Amounts received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Application Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "- *Refunds*" on page 187.

6. Once a duly completed Application Form is submitted by a Bidder and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, 2013, upon Allocation, our Company will disclose the names of proposed Allottees and the percentage of their post Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares were allocated to it.

8. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, on or after the Issue Closing Date, our Company shall, in consultation with Book Running Lead Manager determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Manager will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity

Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Manager.**

9. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Manager, shall, on our behalf, send a serially numbered Placement Document to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

10. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment**.**

11. After passing the resolution passed by the Board or its committee for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

13. Our Company will then apply for the final trading approvals from the Stock Exchanges.

14. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

15. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

16. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in the Refund Intimation which will be dispatched to such Bidder.

Eligible Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, Eligible QIBs, who can participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions (which are resident in India);
- Mutual Funds registered with SEBI;

- pension funds with minimum corpus of ₹2,500 lakhs registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;

- provident funds with minimum corpus of ₹2,500 lakhs registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;;

- public financial institutions, as defined under Section 2(72) of the Companies Act;

- scheduled commercial banks;

- state industrial development corporations;

- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;

- venture capital funds registered with SEBI; and

- systemically important non-banking financial companies.

Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule II of FEMA Rules respectively, in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. FVCIs are not permitted to participate in this Issue. Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules, subject to other conditions mentioned in the FEMA Rules.

In terms of the SEBI FPI Regulations, Equity Shares issued to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control shall be treated as part of the same investor group) is not permitted to be 10% or more of the post-Issue equity share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital and the total holding of all FPIs, collectively, shall be below the sectoral cap with respect to the total post-Issue paid-up equity share capital of our Company, on a fully diluted basis. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

With effect from April 1, 2020, the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company (i.e. up to 100% under the automatic route as we are engaged in the manufacturing sector and pharmaceutical sector). Further, if any FPI holds 10% or more of the Equity Share capital of our Company, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment manager of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of Offshore Derivative Instruments. Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company. Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed NSDL as the designated depository to monitor the level of FPI/NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 190 and 198, respectively.

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on our Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Company, the BRLM and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply in the Issue. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document.

Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Book Running Lead Manager who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings as well as those given or made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 1, 3, 190 and 198, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter;

3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

4. The Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

6. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the SEBI Takeover Regulations;

9. The Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. The Bidder agrees that once a duly filled Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date

10. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Manager. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

11. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act 2013, upon Allocation, our Company will be required to disclose names as proposed Allottees and percentage to post- Issue shareholding of the proposed Allottees in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLM;

12. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(c) of the SEBI Takeover Regulations;

13. The Eligible QIB acknowledges that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;

14. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

15. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary accounts maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares Allotted in the Issue are issued by the Stock Exchanges; and

16. The Eligible QIB confirms that:

    (a) It is outside the United States, it is subscribing to the Equity Shares in an "offshore transaction" as defined in Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate; and

    (b) It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of this Preliminary Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections entitled "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 1, 3, 190 and 198, respectively.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the FDI Policy, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route.

ELIGIBLE QIBS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, PHONE NUMBER, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO, REQUIRED BY THE BOOK RUNNING LEAD MANAGER, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGER TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited. The Application Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at either of the following addresses:

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower,
Rahimtullah Sayani Road, Opposite Parel ST Depot,
Prabhadevi, Mumbai-400025,
Maharashtra, India
Contact Person: Subodh Mallya/Ritu Sharma
Email: morepen.qip@motilaloswal.com
Phone No.: +91 22 7193 4380

The Book Running Lead Manager shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

Bidders Bidding in the Issue shall pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

Payment of Application Amount

Our Company has opened the "*Morepen Laboratories Limited – QIP Escrow Account 2024*" with the Escrow Bank, in terms of the arrangement among our Company, the Book Running Lead Manager and the Escrow Bank. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Note: Payments are to be made only through electronic fund transfer. Payments through cheques or demand draft or cash shall be rejected. If the payment is not made favouring the "*Morepen Laboratories Limited – QIP Escrow Account 2024* " account within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in "*Morepen Laboratories Limited – QIP Escrow Account 2024*"only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "*– Refunds*" on page 187.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the Income Tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form, to the extent applicable.

Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Manager. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Manager.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Manager shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders through a resolution dated March 18, 2024.

After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Manager on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

Confirmation of Allocation Note (CAN)

Based on receipt of the serially numbered Application Forms and Application Amount, our Company, in consultation with the Book Running Lead Manager, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Application Amount for the Equity Shares Allotted shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to furnish all details that may be required by the Book Running Lead Manager. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

The Equity Shares in the Issue will be issued, and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Successful Bidders' beneficiary demat accounts maintained with the Depository Participant, as indicated in the respective Application Form, our Company will apply for final trading and listing approvals from the Stock Exchanges.

Pursuant to a SEBI Circular no. SEBI/CFD/DIL/LA/1/2010/05/03 dated March 5, 2010, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company will be disclosed in the Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the Book Running Lead Manager and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Bid Amount paid by a Bidder is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Bidder and the Issue Price, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the Refund Intimation. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, , or where our Company has Allotted the Equity Shares but final listing and trading approvals are refused by the Stock Exchanges, within 60 days from the date of receipt of the Application Amount, our Company shall repay the Application Amount within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Manager in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For further details, see "*Bid Process*" – "*Refund*" on page 187.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

Release of Funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the "*Morepen Laboratories Limited – QIP Escrow Account 2024*" account to our Company until receipt of notice from the Book Running Lead Manager, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

PLACEMENT AND LOCK-UP

No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Placement Agreement

The BRLM has entered into the Placement Agreement dated August 1, 2024 with our Company, pursuant to which the BRLM has agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, as amended and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company, and it is subject to satisfaction of certain conditions and subject to termination in accordance with the terms contained therein.

This Preliminary Placement Document and the Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares offered pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulations S. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain other jurisdictions, see "*Selling Restrictions*" beginning on page 190. The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described in the sections "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 198, respectively.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges.

In connection with the Issue, the BRLM (or its affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be offered pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLM (or its affiliates) may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. The Affiliates of the BRLM may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" on page 8.

From time to time, the BRLM, and its affiliates have been engaged in or may in the future engage in transactions with and perform services, including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiaries, its group companies, affiliates and the shareholders of our Company, as well as to their respective affiliates, pursuant to which fees and commissions have been paid or will be paid to the BRLM and its affiliates.

Lock-up

Our Company will not for a period of 180 days from the date of Allotment under the Issue, without the prior written consent of the Placement Agent, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above.

Our Promoter will not for a period of 180 days from the date of Allotment of Equity Shares, without the prior written consent of the Placement Agent, directly or indirectly (a) sell, lend, contract to sell, any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Lock-up Shares, or any securities convertible into or exercisable or exchangeable for Lock-up Shares or file any registration statement under the U.S. Securities Act of 1933, as amended, or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Lock-up Shares or any securities convertible into or exercisable or exchangeable for Lock-up Shares; (c) sell, lend, contract to sell any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Lock-up Shares; or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Lock-up Shares, or such other securities, in cash or otherwise.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document or any offering material and the offering, sale or delivery of Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restriction. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

The Issue is being made only to Eligible QIBs. The distribution of this Preliminary Placement Document or any offering material and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit the offer and sale of the Equity Shares offered in the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required, except in India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

Each purchaser of the Equity Shares in this Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and under "*Notice to Investors*", "*Representations by Investors*" and "*Transfer Restrictions and Purchaser Representations*" on pages 1, 3 and 198, respectively.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Company that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

No financial product advice is provided in this Preliminary Placement Document and nothing in this Preliminary Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Preliminary Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Preliminary Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

None of the Book Running Lead Managers or any of its affiliates is the holder of an Australian Financial Services Licence.

Bahrain

This Preliminary Placement Document may only be distributed to Accredited Investors as defined by the Central Bank of Bahrain and the Equity Shares offered in the Issue may be offered and sold only to Accredited Investors as defined by the Central Bank of Bahrain by way of private placement in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to purchase the Equity Shares in the Issue may be to the public in the Kingdom of Bahrain and this Preliminary Placement Document may not be issued, passed to, or made available to the public generally.

The Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Preliminary Placement Document or the performance of the Equity Shares, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein.

British Virgin Islands

This Preliminary Placement Document is not an offer to sell, or a solicitation or invitation to make offers to purchase or subscribe for, the Equity Shares offered in the Issue in the British Virgin Islands (the "**BVI**"). This Preliminary Placement Document may not be sent or distributed to persons in the BVI and the Equity Shares are not available to, and no invitation or offer to subscribe, purchase or otherwise acquire the Equity Shares may be made to, persons in the BVI. However, the Equity Shares may be offered and sold to business companies incorporated in the BVI pursuant to the BVI Business Companies Act, international limited partnerships formed in the BVI pursuant to the Limited Partnership Act 1996 and limited partnerships formed in the BVI pursuant to the Limited Partnership Act, 2017 provided that any such offering and sale is made outside the BVI.

Cayman Islands

The Preliminary Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

People's Republic of China

This Preliminary Placement Document does not constitute an offer of the Equity Shares offered in the Issue, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares offered in the Issue are not being offered or sold, directly or indirectly, in the PRC or for the benefit of legal or natural persons in the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares offered in the Issue may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Manager for any such offer;
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Book Running Lead Manager of such fact in writing and has received the consent of the Book Running Lead Manager in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Manager has been obtained to each such proposed offer or resale.

Our Company, the Book Running Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

This Preliminary Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Preliminary Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Preliminary Placement Document, they should obtain independent professional advice.

This Preliminary Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Preliminary Placement Document must not be issued, circulated or distributed in Hong Kong other than:

(a) to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

(b) in other circumstances which do not result in this Preliminary Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Preliminary Placement Document may issue, circulate or distribute this Preliminary Placement Document in Hong Kong or make or give a copy of this Preliminary Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Equity Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares.

Capitalized terms used in this sub-section and not defined in this Preliminary Placement Document have the meanings given to those terms in the FIEL.

Jordan

The Equity Shares offered in the Issue have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. This Preliminary Placement Document has not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange. The Equity Shares have not been and will not be offered, sold or promoted or advertised in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant thereto governing the issue of offering and sale of securities. Without limiting the foregoing, the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them.

Kuwait

This Preliminary Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Preliminary Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Preliminary Placement Document does not constitute a public offering. This Preliminary Placement Document is for the exclusive use of the person to whom it has been given by the Book Running Lead Manager and is a private concern between the sender and the recipient.

New Zealand

This Preliminary Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Oman

This Preliminary Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Preliminary Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Preliminary Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor has the Book Running Lead Manager received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. The Book Running Lead Manager is not a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. The Book Running Lead Manager does not advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman.

Nothing contained in this Preliminary Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Preliminary Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of the Equity Shares in the State of Qatar.

By receiving this Preliminary Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Company and the Book Running Lead Manager are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Company and the Book Running Lead Manager are not, by distributing this Preliminary Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Issue. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Africa

In South Africa, the offering of the Equity Shares in the Issue will only be made by way of private placement to:

(a) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act of 2008, as amended (the "**South African Companies Act**"); and

(b) selected persons, acting as principal, acquiring Equity Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act,

and in each case to whom the offer of the Equity Shares will specifically be addressed, and only by whom the offer will be capable of acceptance (the "**South African Qualifying Investors**"). This Preliminary Placement Document is being made available only to such South African Qualifying Investors. The information contained in this Preliminary Placement Document does not constitute, nor form part of, any offer or invitation to sell or issue, an advertisement or any solicitation of any offer or invitation to purchase or subscribe for any Equity Shares and is not an "offer to the public" as contemplated in the South African Companies Act. This Preliminary Placement Document does not, nor does it intend to, constitute a "registered prospectus" or an "advertisement", as contemplated by the South African Companies Act and no prospectus has been filed with the Companies and Intellectual Property Commission (the "**CIPC**") in respect of the Issue. As a result, this Preliminary Placement Document does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC.

The information contained in this Preliminary Placement Document constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act of 2002, as amended (the "**FAIS Act**"), and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Equity Shares or in relation to the business or future investments is appropriate to the particular investment objectives, financial situation or needs of a prospective investor, and nothing in this Preliminary Placement Document should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. Our Company is not a financial services provider licenced as such under the FAIS Act.

South Korea (Republic of Korea)

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("**Professional Investors**") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Switzerland

The offering of the Equity Shares offered in the Issue in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering in Switzerland is directed only at investors classified as "professional clients" within the meaning of the FinSA and the Equity Shares offered in the Offer will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the Issue.

No key information document under article 58 of the FinSA or article 59(2) of the FinSA in respect of the Issue has been prepared and published. Accordingly, the Equity Shares offered in the Issue may not be offered to "private clients" within the meaning of the FinSA in Switzerland.

Each person in Switzerland who acquires Equity Shares in the Issue shall be deemed to have represented to our Company and the Book Running Lead Manager that it is a "professional client" within the meaning of the FinSA and that it has not opted-in to be treated as a "private client" on the basis of article 5(5) of the FinSA.

This document is not intended to constitute an advertising document within the meaning of article 68 of the FinSA and article 95 of the Swiss Federal Financial Services Ordinance.

The Equity Shares do not constitute a participation in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority ("**FINMA**") thereunder. Accordingly, neither the Equity Shares nor the Shareholders benefit from protection under the Swiss Federal Act on Collective Investment Schemes or supervision by FINMA.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of this Preliminary Placement Document or the Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Preliminary Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, this Preliminary Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of this Preliminary Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of this Preliminary Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of this Preliminary Placement Document and nor does any such entity accept any liability for the contents of this Preliminary Placement Document.

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. This Preliminary Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set out in it and has no responsibility for it. Capitalised terms not otherwise defined in this Preliminary Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require our Company or the Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial

Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Preliminary Placement Document is directed only at relevant persons. Other persons should not act on this Preliminary Placement Document or any of its contents. This Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S. To help ensure compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "*Transfer Restrictions and Purchaser Representations*" on page 198. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described in "*Transfer Restrictions and Purchaser Representations*" on page 198.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares offered in the Issue within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the U.S. Securities Act.

TRANSFER RESTRICTIONS AND PURCHASER REPRESENTATIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares Allotted in the Issue, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. The Equity Shares Allotted in the Issue are also subject to the resale restrictions in "*Selling Restrictions*" on page 190 and the following resale restrictions.

United States

Each purchaser of the Equity Shares offered in the Issue shall be deemed to have represented, warranted and acknowledged to and agreed with our Company and the Book Running Lead Manager as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.
- It was outside the United States at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States when its buy order for the Equity Shares offered in the Issue was originated.
- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).
- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or an available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.
- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.
- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.
- It agrees to indemnify and hold our Company and the Book Running Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.
- It acknowledges that our Company, the Book Running Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Our Company, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the respective websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the BRLM or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in India in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and governance of stock exchanges and clearing corporations in India together with providing for minimum net-worth requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, byelaws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen- based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations, as well as pursuant to the listing agreements entered into by our Company with the Stock Exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and byelaws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Delisting of equity shares from the stock exchanges, whether by way of a compulsory or a voluntary delisting, is governed by the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (the "**Delisting Regulations**"). Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoter, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except exempted public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such the public shareholding having fallen below the 25% threshold. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

Disclosures under the Companies Act and securities regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI ICDR Regulations. The prospectus must be filed with the relevant registrar of companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoter shall be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and payment of commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. The SEBI ICDR Regulations permit companies to price their domestic issues of securities in consultation with the lead merchant banker or through the book building process.

Public limited companies are required under the Companies Act, and other applicable guidelines to prepare, file with the RoC and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. Accordingly, companies are required to publish unaudited financial results (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any unpublished price sensitive information.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (the "**Insider Trading Regulations**") have been notified on January 15, 2015 and came into effect on May 15, 2015, by SEBI to amongst other things, prohibit and penalize insider trading in India and prohibit dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The Insider Trading Regulations also impose certain restrictions on the communication of UPSI relating to a company or securities listed or proposed to be listed. In terms of the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. It also provides disclosure obligations for promoter, employees and directors, with regard to their shareholding in the company, and the changes therein. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations define the term "unpublished price sensitive information" to mean any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of its securities and ordinarily includes but not restricted to information relating to the following: (a) financial results; (b) dividends; (c) change in capital structure; (d) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions; and (e) changes in key managerial personnel. Further, in terms of the Insider Trading Regulations, "generally available information" is defined as information that is accessible to the public on a non-discriminatory basis. An "insider" means any person who is i) a connected person; or ii) in possession of or having access to unpublished price sensitive information. The term "connected person" means any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holding any position, including a professional or business relationship between himself and the company, whether temporary or permanent, that allows such person, directly or indirectly, to have access to unpublished price sensitive information or is reasonably expected to allow such access.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities (including fiduciaries and intermediaries) that are required to handle UPSI in the course of business operations to establish (i) an internal code of practices and procedures for fair disclosure of UPSI; (ii) an internal code to regulate, monitor and report trading by designated persons and immediate relatives of designated persons; and (iii) a policy for procedures to be adopted by a company in case of any leak of UPSI. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the NIFTY 50 of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down, for all scrips in the compulsory rolling settlement. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Settlement

The stock exchanges in India operate on a trading day plus two, or T+2 rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday.

Further, in accordance with the circular dated September 7, 2021, issued by SEBI, at any time on or after January 1, 2022, a Stock Exchanges may choose to offer T+1 settlement cycle after giving an advance notice of at least one month. All stock exchanges, clearing corporations and depositories jointly decided to shift to T+1 settlement cycle in a phased manner, which was fully implemented w.e.f. January 27, 2023. SEBI vide its circular no. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/20 dated March 21, 2024, decided to put in place a framework for introduction of the beta version of T+0 settlement cycle on optional basis in addition to the existing T+1 settlement cycle in equity cash market, for a limited set of 25 scrips and with a limited number of brokers.

Additional Surveillance Measure

In accordance with applicable law, our Company forms part of the Additional Surveillance Measure list of the Stock Exchanges, on account of price variations, volume variations and volatility of our securities.

Trading Hours

Trading on both BSE and NSE normally occurs from Monday through Friday between 9:15 a.m. IST and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. IST to 9.15 a.m. IST that has been introduced). BSE and NSE are closed on public holidays.

Internet-Based Securities Trading and Security Trading using Wireless Technology Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE online trading facility in 1995. This 100% automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform BOLT Plus. NSE has a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Depositories

The Depositories Act, 1996 provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. Further, SEBI has framed the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "**Takeover Regulations**") provide specific regulations in relation to substantial acquisition of shares and takeovers. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding that a person or entity (along with persons acting in concert with such person or entity) has in the listed Indian company, which give rise to certain obligations on the part of the acquirer. Acquisition of shares or voting rights up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions (direct or indirect, along with persons acting in concert with such acquirer) crossing particular thresholds may result in the acquirer having to make an open offer for the shares of the target company.

Buy-back

A company may buy-back its shares subject to compliance with the requirements of Section 68 of the Companies Act, 2013, as amended and the SEBI (Buy-back of Securities) Regulations 2018, as amended. Under Section 68 of the Companies Act, 2013, as amended, a company may buy-back its shares out of its free reserves or securities premium account or the proceeds of the issue of any shares or other specified securities, other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is the information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association and the Companies Act, 2013. The prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share Capital

The authorised share capital of our Company is ₹ 250,00,00,000 comprising of 100,00,00,000 Equity Shares (of face value of ₹ 2 each) and 50,00,000 Preference Shares (of face value of ₹ 100 each). As on the date of this Preliminary Placement Document, the issued and subscribed equity share capital of our Company is ₹1,022,337,416 comprising of 511,168,708 Equity Shares (of face value of ₹ 2 each) and the paid-up equity share capital of our Company is ₹ 102,22,71,416 comprising of 51,11,68,708 Equity Shares. For further details, please see section titled "*Capital* Structure" on page 82. The Equity Shares are listed on BSE and NSE.

Dividends and Reserve

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the annual general meeting of its shareholders. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act, 2013 provides that shares of the same class of a company must receive equal dividend treatment. These distributions and payments are required to be paid to or claimed by shareholders within 30 days of the date of declaration of dividend. The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account within seven days from the date of expiry of the period of 30 days. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by the company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

According to the Articles of Association, the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. In addition, subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under the Companies Act, 2013. Provided that any claimant of Shares so transferred shall be entitled to claim the transfer of Shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.

Capitalisation of profits

In addition to permitting dividends to be paid as described above, the Companies Act, 2013 permits the board of directors of a company, subject to the approval of the shareholders of the company, to capitalise the profits or reserves of the company to *inter alia* distribute to the shareholders, in the form of fully paid-up bonus shares, an amount transferred from the company's free reserves, securities premium account or the capital redemption reserve account. These bonus equity shares must be distributed to the shareholders in proportion to the number of equity shares owned by them.

As per the Articles of Association, the Company in a general meeting may, upon the recommendation of the Board resolve that that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution and that such sum be accordingly set free for distribution amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. The sum aforesaid shall not be paid in cash but shall be applied, either in or towards (a) paying up any amounts for the time being unpaid on any shares held by such members respectively; (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b); and (d) a securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

Alteration of share capital

Under the provisions of the Companies Act, 2013, a company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. The board of directors of a company is entitled to make private placement and preferential issue of equity shares, debentures, preference shares or any other instruments to such class of persons as the board of directors may deem fit.

According to Section 62(1)(a) of the Companies Act 2013, such new shares shall be offered to existing shareholders in proportion to the amount paid-up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer or as may be permitted by applicable law) within which the offer, if not accepted, will be deemed to have been declined. After such date, the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person. Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting. Further, the Companies (Share Capital and Debentures) Rules, 2014 prescribe that price of shares to be issued on preferential basis by a listed company need not be determined by the valuation report of the registered valuer.

In accordance with the Articles of Association and the provisions of the Companies Act, 2013, the Company may issue the following kinds of shares: (a) Equity share capital: (i) with voting rights; and/or (ii) with differential rights as to dividend, voting or otherwise in accordance with the Companies Act, 2013; and (b) Preference share capital. Further, subject to the provisions of the Companies Act, 2013 and the Articles of Association, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (subject to the compliance with the provision of the Companies Act, 2013) or at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board thinks fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. The Board may issue and allot shares of the Company as payment in full or in part, for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed as fully paid up shares. Subject to the provisions of the Companies Act, 2013, the Company in its general meetings may, by an ordinary resolution, from time to time: (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; or; (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this article shall not be deemed to be a reduction of share capital within the meaning of the Companies Act, 2013. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

General meetings

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. A company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The board of directors of the company may convene an EGM when necessary or at the request of shareholders in accordance with the Companies Act, 2013. Written notice or notice via electronic mode means setting out the business to be transacted at the meeting must be given at least 21 days prior to the date set for the general meeting to the shareholders. Shorter notice is permitted if consent is received from 95% of the shareholders entitled to vote at such meeting. Such number of shareholders as required under the Companies Act, 2013 or applicable law personally present shall constitute quorum for a general meeting.

As per the provisions of the Companies Act, 2013 and the Articles of Association, all general meetings other than annual general meeting shall be called extraordinary general meeting. The Board may, whenever it thinks fit, call an extraordinary general meeting. If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be as provided in section 103 of the Companies Act, 2013. The Chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.

Voting rights

Subject to provisions of the Companies Act, 2013 and in accordance with the Articles of Association, subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every member present in personal shall have one vote and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company. A member may exercise his vote at a meeting by electronic means in accordance with section 108 of the Companies Act, 2013 and shall vote only once. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

Transfer and Transmission of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold), however, are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the Depositories. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall maintain a register in which every transfer or transmission of shares will be entered. In addition to complying with the Companies Act, 2013 and the other applicable laws, the Company is also required to comply with the provisions of the SEBI Listing Regulations for effecting the transfer of shares. In terms of the SEBI Listing Regulations, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of shares shall not be processed unless the shares are held in dematerialized form with a depository and that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. The Equity Shares shall be freely transferable, subject to applicable laws.

Our Articles of Association provide that the Company shall maintain a 'Register of Transfers' and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share, debenture or other security held in a material form.

Winding up

Our Articles of Association provide that subject to the provisions of the Companies Act, 2013 and the Rules made thereunder, if the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, 2013, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS

Date: August 1, 2024

To,

Board of Directors
Morepen Laboratories Limited
Village-Morepen, Nalagarh road
Near Baddi, Solan, Himachal Pradesh,
India, 173205

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower,
Rahimtullah Sayani Road, Opposite Parel ST Depot,
Prabhadevi, Mumbai-400025, Maharashtra, India

(“and any other placement agents as defined in the Placement Agreement, together, the “**Placement Agent**”)

Subject: Qualified institutions placement of equity shares of face value ₹ 2 each (“Equity Shares”) by Morepen Laboratories Limited (the “Company”) under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, and Section 42 and 62 of the Companies Act, 2013, as amended, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the “Issue”).

We, S.P. Babuta & Associates, Chartered Accountants , Statutory Auditors of the Company, hereby report the possible tax benefits available to the Company and the shareholders of the Company, under the Income Tax Act, 1961, as amended (the “**IT Act**”) , applicable indirect tax laws, along with the rules, regulations, circulars and notifications issued thereon, as applicable to the assessment year 2025-26 relevant to the financial year 2024-25, presently in force in India, in the enclosed statement at **Annexure A**.

Several of these stated tax benefits/consequences are dependent on the Company and/or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Company and/or its shareholders to derive the tax benefits is dependent on fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. **Annexure A** is for your information and we consent its inclusion in the preliminary placement document and placement document, as amended or supplemented thereto (together the “**Placement Documents**”) to be filed by the Company with the stock exchanges, the Securities and Exchange Board of India (“**SEBI**”), and the Registrar of Companies, and any other authority and such other documents as may be prepared in connection with the Issue.

In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither are we suggesting nor advising the investor to invest money based on this statement. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

We do not express any opinion or provide any assurance as to whether:

i) the Company or its shareholders will continue to obtain these benefits in future; or

ii) the conditions prescribed for availing the benefits have been/would be met with; or

iii) the revenue authorities / courts will concur with the views expressed herein.

We also consent to the references to us as “Experts” under section 26 of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Placement Documents of the Company or in any other documents in connection with the Issue.

We consent to the inclusion of the above information in the Preliminary Placement Document and the Placement Document (together as the “**Placement Documents**”) to be filed by the Company with the stock exchanges on which the Equity Shares of the Company are listed (the “**Stock Exchanges**”), the Securities and Exchange Board of India, and the Registrar of Companies, Himachal Pradesh at Chandigarh, and any other authority and such other documents as may be prepared in connection with the Issue.

This certificate may be disclosed by the Placement Agent, if required, (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

This statement is prepared for inclusion in the Preliminary Placement Document (PPD) and the Placement Document (PD) in connection with the Issue, to be filed by the Company with the National Stock Exchange of India Limited and BSE Limited.The aforesaid information contained herein and in **Annexure A** may be relied upon by the Placement Agent and legal counsel appointed pursuant to the Issue and may be submitted to the stock exchanges, SEBI, and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the Placement Agent in connection with the Issue and We undertake to immediately inform in writing to the Placement Agent and legal counsel in case of any changes to the above until the date when the Equity Shares issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Placement Documents.

For S. P. Babuta & Associates
Chartered Accountants
Firm Registration No.: - 007657N
Peer Review Number: 014339

CA S. P. Babuta
Partner

Place: Gurugram, Haryana
Date: August 1, 2024

Membership No. 086348
UDIN: 24086348BKGUSY2405

CC:

Legal Counsel to the Company as to Indian Law

Trilegal
One World Center, Tower 2A and 2B,
10th floor, Senapati Bapat Marg,
Lower Parel West,
Mumbai 400 013

Legal Counsel to the Placement Agent as to Indian Law

IndusLaw
2nd Floor
Block D, The MIRA
Mathura Road, Ishwar Nagar,
New Delhi - 110 065
Delhi, India

Annexure – A

PART – I : Statement of Possible Tax Benefits available to Morepen Laboratories Limited ("The Company") and its shareholders under the direct tax laws

Outlined below are the possible special tax benefits available to the Company and its Shareholders under the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2024, and as proposed to be amended by the Finance (No. 2) Bill, 2024 applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India.

A. Special Tax Benefits available to the Company

1. As per the provisions of section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of conditions prescribed in the Act.

2. As per the provisions of section 80M of the Act, while computing the amount of tax payable on dividend income, the Company is entitled to claim deduction of an amount equal to dividend distributed to its shareholders on or before due date not exceeding the amount of dividend received. The expression "due date" means the date one month prior to the date of furnishing the return of income under section 139(1) of the Income Tax Act for the recipient company.

3. As per the provisions of section 115BAA of the Act, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.168% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2019-20 (i.e. Assessment Year 2020-21). Such option once exercised shall apply to subsequent assessment years. The company has applied for section 115BAA of the Income Tax Act, 1961 in FY 2019-20. In such a case, the Company may not be allowed to claim any of the following deductions/exemptions:

    - Claiming any deduction especially available for units established in special economic zones under section 10AA of the Act.
    - Claiming additional depreciation under section 32 of the Act and investment allowance under section 32AD of the Act towards new plant and machinery made in notified backward areas in the states of Andhra Pradesh, Bihar, Telangana, and West Bengal.
    - Claiming a deduction for expenditure made for scientific research under section 35 of the Act.
    - Claiming a deduction for the capital expenditure incurred by any specified business under section 35AD of the Act.
    - Claiming a deduction for the expenditure incurred on an agriculture extension project under section 35CCC of the Act or on skill development project under section 35CCD of the Act.
    - Claiming deduction under chapter VI-A under the heading C in respect of certain incomes, which are allowed under section 80IA, 80IAB, 80IAC, 80IB, 80IC of the Act and so on, except deduction under section 80JJAA and 80M of the Act.
    - Claiming a set-off of any loss carried forward from earlier years, if such losses were incurred in respect of the aforementioned deductions.

    Further, the provisions of Section 115JB of the Act i.e. MAT provisions shall not apply to the Company on exercise of the option under section 115BAA of the Act and the Company would not be eligible to claim MAT credit.

B. Special Tax Benefits available to the Shareholders of the Company.

a) As per Section 112A of the Act, long-term capital gains arising from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 12.5% (without indexation), subject to fulfilment of prescribed conditions under the Act. It is pertinent to note here that no tax shall be levied where such capital gains are up-to Rs. 1,25,000/-.

b) As per Section 111A of the Act, short term capital gains arising from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 20%, subject to fulfilment of prescribed conditions under the Act.

Notes: -

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Tax Avoidance agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.

PART – II : Statement of Possible Tax Benefits available to Morepen Laboratories Limited ("The Company") and its shareholders under the indirect tax laws

Benefits available to the Company and the Shareholders of the Company under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017, Custom Act, 1962, customs Tariff Act, 1975 as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) are as under (collectively referred to as "Indirect Tax Regulations").

A. Special Tax Benefits available to the company

The Company is engaged in manufacturing and sale of Active Pharmaceutical Ingredient (API) Intermediates which attracts GST at the prescribed rates.

Further, the Company is also engaged in Export of goods and special tax benefit which the company is availing in this regard, is exporting these goods without payment of tax under a Letter of Undertaking ('LUT') and obtains refund of unutilized input tax credit.

In addition to this company is also entitled for Remission of Duty and Taxes on Exported Products ("RODTEP") under Foreign Trade Policy. It entitles to a certain percentage of an export price as a scrip, which however gets limited to the embedded taxes.

Apart from the above, none of any special Indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

B. Special Tax Benefits available to the Shareholders of the Company.

There are no special indirect tax benefits available to the shareholders of the Company.

LEGAL PROCEEDINGS

*As on date of this Preliminary Placement Document, except as disclosed below, there are no outstanding legal proceedings which have been considered as "material", in accordance with our Company's policy for determining materiality of events or information for disclosures in accordance with Regulation 30 of the SEBI Listing Regulations (the "**Materiality Policy**").*

*Additionally, solely for the purpose of the Issue, the following outstanding legal proceedings have been disclosed in this section involving our Company, its Directors, its Subsidiaries and our Promoter (as applicable) (the "**Relevant Parties**"):*

- *outstanding actions initiated (including any show-cause notices received) by any regulatory and/ or statutory authorities such as SEBI or such similar authorities or stock exchanges, involving the Relevant Parties, such matters will be disclosed individually;*

- *outstanding criminal litigations (including first information reports) filed by and against the Relevant Parties will be disclosed. For complaints under Section 138 of the Negotiable Instruments Act, 1881, if any, a consolidated disclosure of matters including the amount involved will be disclosed;*

- *All outstanding civil litigation involving (which includes cases filed by and against) the Company and its Subsidiaries, where the amount involved is equal to or exceeds the lowest of: (i) two percent of turnover, as per the last audited consolidated financial statements of the Company, i.e. ₹ 3,380.87 lakhs; (ii) two percent of net worth, as per the last audited consolidated financial statements of the Company i.e. ₹ 1,668.84 lakhs; and (iii) five percent of the average of absolute value of profit or loss after tax, as per the audited consolidated financial statements of the Company for the last three years, i.e. ₹ 394.20 lakhs ("**Materiality Threshold**").*

  In addition, (i) disclosure of any other outstanding litigation involving the Company and its Subsidiaries where the aggregate amount involved is not quantifiable or is below the Materiality Threshold, but an adverse outcome of which, in the view of the Company, could ,individually or in the aggregate, have a material adverse effect on the reputation, business, financial position, or operations of the Company and its Subsidiaries, including penalties and proceedings under securities laws, environmental laws, intellectual property laws and labour laws, whether quantifiable or not.; and (ii) other outstanding litigation involving the Promoter and Directors of the Company wherein an adverse outcome could materially and adversely affect the reputation, business, financial position or operations of the Company and its Subsidiaries, including penalties and proceedings under environmental laws, intellectual property laws and labour laws, whether quantifiable or not; and

- *A consolidated disclosure of all outstanding tax (both direct and indirect) proceedings (including show cause notices) involving the Relevant Parties shall also be provided in the Issue Documents. Provided that if the amount involved in any such claims exceeds the Materiality Threshold, such matter(s) shall be disclosed on an individual basis.*

The Materiality Threshold was determined basis the Materiality Policy, adopted by the Board, pursuant to its resolution dated August 1, 2024.

Further, except as disclosed in this section, there are no:

- *inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or any previous companies law in the last three years preceding the year of the issue of this Preliminary Placement Document involving the Company and its subsidiaries and any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of issue of this Preliminary Placement Document for the Company and its Subsidiaries;*

- *material frauds committed against the Company in the last three years from the date of the Preliminary Placement Document, and if so, the action taken by the Company;*

- *significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Company and its future operations.*

- *details of default, if any, by the Company (on a consolidated basis) including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon;*

- *default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder.*

- *litigation or legal actions, pending or taken by any ministry or department of the government or a statutory authority against the promoter(s) of the Company during the last three years immediately preceding the year of the issue of this*

Preliminary Placement Document and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any, will be disclosed.

- *Outstanding legal proceedings which have been considered by the Company as material in terms of its 'Policy for Determination of Materiality of Events/ Information & Disclosures Thereof' (the "Materiality Policy") and intimated to the stock exchange, including the details of all such material outstanding litigations that have been disclosed under the Materiality Policy in according with Regulation 30 of the SEBI Listing Regulations.*

- *Disclosure on status of promoter or directors of the Company as fugitive economic offenders, and disclosure, if any, on the wilful defaulter or fraudulent borrower status of the Company, subsidiaries, the promoter or directors, if any.*

It is clarified that for the purposes of the above, pre-litigation notices received by any of our Company, our Subsidiaries, our Directors and our Promoter, from third parties (excluding statutory/ regulatory/ governmental authorities or notices threatening criminal action) shall, unless otherwise decided by the board of directors, not be considered as material litigation proceedings till such time that any of our Company, our Subsidiaries, our Directors and our Promoter, are impleaded as parties/defendant in any such litigation proceedings before any judicial forum, court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced. Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

Litigation involving our Company

Litigation against our Company

Criminal proceedings

1. A complaint was filed by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh ("**RoC**") against the Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter), Mr. Manoj Joshi (our Director) and an ex-director in case number 65/3 of 2007 on May 19, 2006 in the Court of Chief Judicial Magistrate, Solan under Section 408(1) read with Section 629A of the Companies Act, 1956, on the basis of an order dated July 1, 2005 passed by the erstwhile Company Law Board, New Delhi ("**CLB Order**"), which was upheld by the Hon'ble Supreme Court of India ("**SC**"). As per the CLB Order, the Company' was directed to appoint two nominee directors of the Central Government for a period of three years. The Ministry of Corporate Affairs ("**MCA**") had issued an order dated July 25, 2005 for the appointment of Shri Trilochan Singh and Shri S.L. Gupta as nominee directors of the Central Government on board of the Company with immediate effect for a period of three years or until further order ("**MCA Order**"). Our Company, thereafter, filed an appeal against the CLB Order before the Hon'ble High Court of Himachal Pradesh on May 1, 2005, which was disposed of by way of its order dated May 17, 2007. Subsequently, the Company filed an application before the SC to bring on record subsequent events which took place post the CLB Order, indicating that our Company was under able leadership under its current board of directors, which was dismissed by the SC on July 9, 2019, observing that the order dated May 17, 2017 by the Hon'ble High Court of Himachal Pradesh did not require interference, however stating that the subsequent events may be presented before the appropriate forum. Accordingly, the Company filed an application before the National Company Law Tribunal, Chandigarh ("**NCLT Chandigarh**") on September 18, 2019 (the "**Application**") to bring on record the subsequent events. On October 6, 2021 the Application was dismissed by the NCLT Chandigarh on the grounds that the observation by the SC to present this application before an appropriate forum is not sufficient to empower them to modify the CLB Order which was previously upheld by the SC, and also issued notice for contempt proceedings for not appointing the nominee directors on the board of directors of our Company in compliance with CLB Order. This matter is currently pending.

2. A complaint was filed by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh ("**RoC**") against the Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter) in case number 66/3 of 2007 on May 19, 2006 in the Court of Chief Judicial Magistrate, Solan. The Complaint was filed under Section 303(2) read with Section 303(3) of the Companies Act, 1956, for non-filing of Form 32 for change in directors basis an order dated July 1, 2005 passed by the Hon'ble Company Law Board, New Delhi ("**CLB Order**"). As per the CLB order the Company was directed to appoint two nominee directors of the Central Government for a period of three years. The Ministry of Corporate Affairs ("**MCA**") had issued an order dated July 25, 2005 for the appointment of Shri Trilochan Singh and Shri S.L. Gupta as nominee directors with immediate effect for a period of three years or until further order ("**MCA Order**"). The Company, thereafter, filed an appeal against the CLB Order to the Hon'ble High Court of Himachal Pradesh, which was disposed of by way of its order dated May 17, 2007. Subsequently, the Company filed an application before the Hon'ble Supreme Court of India ("**SC**") to bring on record subsequent events which took place post the CLB Order, indicating that the Company was under able leadership and was flourishing under its current board of directors, which was dismissed by the SC on July 9, 2019, observing that the order dated May 17, 2017 by the Hon'ble High Court of Himachal Pradesh did not require interference, however, the subsequent events may be presented before the appropriate forum. Accordingly, the Company filed an application before the National Company

Law Tribunal, Chandigarh ("**NCLT Chandigarh**") on September 18, 2019 (the "**Application**") to bring on record the aforementioned subsequent events. On October 6, 2021, the application was dismissed by the NCLT Chandigarh on the grounds the earlier observation by the SC to present this application before an appropriate forum is not sufficient to empower them to modify the CLB Order which was previously upheld by the SC and also issued notice for contempt proceedings. Thereafter, the Company filed an appeal to the National Company Law Appellate Tribunal, Delhi ("**NCLAT Delhi**") against the order of the NCLT Chandigarh. The NCLAT vide its judgement dated April 25, 2023 affirmed the NCLT order, post which the Company filed an appeal before the SC. Currently, the Supreme Court has issued a stay order dated May 29, 2023 on the contempt proceedings before the NCLT Chandigarh and this matter is pending before the Chief Judicial Magistrate, Solan.

3. A complaint was filed by the Union of India ("**Complainant**") through Serious Fraud Investigation Officer, Ministry of Corporate Affairs, before the Chief Judicial Magistrate, Solan in case number 43/3/08 against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter), Mr. Manoj Joshi (our Director), certain ex-director, ex-employees and an ex-statutory auditor of our Company under Section 621 for contravention of Section 628 of the Companies Act, 1956 on December 14, 2007, alleging that the Company misrepresented its financial statements for Fiscal 2001. The Complainant alleged that the Company, in its books of accounts showed an investment of ₹4,000 lakhs in M/s Maya Trade Links Limited through subscription of non-convertible debentures, however transactions were recorded for an amount of ₹2,000 lakhs only. Further, M/s Maya Trade Links Limited, out of the ₹2,000 lakhs received from the Company, invested ₹1,000 lakhs back in Shakun Enterprises Private Limited, an entity whose directors were employees of the Company. It was also alleged that the then promoters of the Company had various shell companies which they used to siphon of money, and that Shakun Enterprises Private Limited was one such company. The Complainant alleged that the Company willingly and knowingly misrepresented the numbers in its books of account to increases Company's net-worth. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

4. A complaint was filed by the Union of India ("**Complainant**"), through Serious Fraud Investigation Officer, Ministry of Corporate Affairs, before the Chief Judicial Magistrate, Solan in case number 42/03/08 against the Company, Mr. Sushi Suri (our Director and Promoter), Mr. Manoj Joshi (our Director) and certain ex-director, ex-employees and an ex-statutory auditors of our Company under Section 621 for contravention of Section 628 of the Companies Act, 1956 on December 14, 2007, alleging that the Company misrepresented its number under its financial documents. The Complainant alleged that the Company disclosed fictitious debtors and elevated numbers of debt they owed to the Company during the Fiscal 2002, which was allegedly admitted by the Promoter, and later the Company made provision for such debtors as bad and doubtful debts during Fiscal 2004. It was alleged that the Company showed fictitious debt of ₹12,625 lakhs as doubtful debts in its accounts and corresponding fictitious sales, thereby inflating its profit to ₹5,400 lakhs instead of showing the real loss ₹ 6,621 lakhs. The Complainant alleged that this was done to acquire working capital loans from financial institutions and banks, as the Company secured working capital loans worth ₹19,116 lakhs and additional unsecured loans worth ₹9,906 lakhs in Fiscal 2003. It was alleged that the Company by falsifying the real numbers, deceived the banks, financial investors, domestic investors, and overseas investors. Further, based on the inflated profits, the Company also paid out dividend to the shareholders for the Fiscal 2002 to the tune of INR ₹543 lakhs out of which ₹144 lakhs was received by the then promoters causing unlawful enrichment. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

5. A complaint was filed by the Union of India ("**Complainant**"), through Serious Fraud Investigation Officer, Ministry of Corporate affairs, before the Chief Judicial Magistrate, Solan, in case number 45/3/08 against the Company, Mr. Sushi Suri (our Director and Promoter), Mr. Manoj Joshi (our Director) and certain ex-director, ex-employees and ad ex-auditor of our Company under Section 621 for contravention of Section 628 of the Companies Act, 1956 on December 14, 2007 alleging that the Company misrepresented its number under its financial statements. The Complainant alleged that the Company, in its books for Fiscal 2001 showed an investment of ₹2,500 lakhs in M/s Assam Gold Food Limited ("**AGFL**"") through subscription of non-convertible debentures, and the concerned amount was rightfully wired by the Company to AGFL. However, once AGFL received ₹2,500 lakhs, it transferred the amount in the account of its sister company, namely, M/s Assam Company Limited, which in turn transferred the amount of ₹2,500 lakhs to M/s Shakun Enterprises Private Limited to subscribe to its non-convertible debentures, which is allegedly indirectly controlled and managed by the Company. M/s Shakun Enterprises Private Limited thereafter issued three cheques dated March 22, 2001, March 27, 2001 and March 29, 2001 in favour of the Company worth ₹700 lakhs, ₹800 lakhs, and ₹1000 lakhs thereby circling the money back to the Company allegedly for the purpose of showing higher investments to strengthen its net worth. It was alleged that the transactions were subsequently reversed through a detailed redemption cycle. The Complainant alleged that the Company willingly and knowingly misrepresented the number in its books and should be prosecuted for falsification of accounts. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read

with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

6. A complaint was filed by the Union of India ("**Complainant**"), through Serious Fraud Investigation Officer, Ministry of Corporate affairs, before the Chief Judicial Magistrate, Solan, in case number 41/3/08 against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter), Mr. Manoj Joshi (our Director), certain ex-employees and ex-statutory auditors of our Company under Section 621 for contravention of Section 628 of the Companies Act, 1956 on December 14, 2007, alleging that the Company misrepresented its financial documents. The Complainant alleged that the Company, in its books showed an expense of ₹3,314 lakhs under the head of 'salary and wages' for the quarter ending September 2003. However, post a close scrutiny of the financials of the Company, it was found that the Company had incurred an expense of only ₹2,219 lakhs, causing a deficit of ₹1,095 lakhs. The Complainant alleged that the Company willingly and knowingly misrepresented the number in its books. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

7. A complaint was filed by the Union of India ("**Complainant**"), through Serious Fraud Investigation Officer, Ministry of Corporate Affairs before the Chief Judicial Magistrate, Solan, in case number 59/2/2008 against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. Sanjay Suri (our Director)under Sections 403 and 406 read with Section 405 of the Indian Penal Code, 1860 on March 26, 2008. The Complainant alleged that the then promoters of the Company along with their relatives had floated 11 shell companies which did not undertake any business activities, and were utilized for siphoning of finances from our Company and fictitious equity creations. These shell companies entered into transaction with the Company by siphoning out the Company's funds. It was alleged that an amount of ₹1,000 lakhs was siphoned off from the accounts of our Company, rotated through two shell companies namely Shakun Enterprises Private Limited and Wacker Trading Private Limited utilized by the then promoters of our Company, and credited to the personal account of certain members of our Promoter, Sushil Suri's family. It was also alleged that amount of ₹200 lakhs was siphoned off from the accounts of the Company, rotated through two front/ shell companies namely Shakun Enterprises Private Limited and Wacker Trading Private Limited utilized by the then promoters of the Company, and credited to the personal account of the then promoters of the Company. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

8. A complaint was filed by the Union of India ("**Complainant**") through Serious Fraud Investigation Officer, Ministry of Corporate Affairs before the Chief Judicial Magistrate, Solan, in case number 56/2/2008 against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. Sanjay Suri (our Director) under Section 120B read with Sections 403, 406, 418, 420, 465 and 477A of the Indian Penal Code, 1860 ("**IPC**") on March 26, 2008. The Complainant alleged that the Company had booked fictitious debtors to tailor their balance sheet for reducing their losses. It was recorded that provisioning for doubtful debts of ₹12,625 lakhs were made during the period ended September 30, 2003 which was allegedly admitted by the Promoter, and later the Company made provision for such debtors as bad and doubtful debts during Fiscal 2004. It was further alleged that sundry debtors of ₹12,625 lakhs booked, were mere book entries along with the corresponding sales booked, resulting in inflated profits. Further, that the outflow of cash against certain purchases and expenses were siphoned of by the then promoters/directors of the Company. When asked to furnish the names of the debtor, the Company through their letter dated November 13, 2006 stated that the debtors pertain to the periods of 2000-2001 and 2001-2002 and there were claims and disputes with regard to credit notes from customers. Further, based on the inflated profits, the Company also paid out dividend to the shareholders for the Fiscal 2002 to the tune of INR ₹ 543 lakhs out of which ₹144 lakhs was received by the then promoters. The Company was alleged to be liable under Section 465, 463 and 477A of the IPC for forging books of accounts. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

9. A complaint was filed by the Union of India ("**Complainant**"), through Serious Fraud Investigation Officer, Ministry of Corporate Affairs before the Chief Judicial Magistrate, Solan, in case number 58/2/2008 against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. Sanjay Suri (our Director) under Sections 403 and 406 read with Section 405 of the Indian Penal Code, 1860 ("**IPC**") on March 26, 2008. The Company and the then promoters of the Company and their relatives in total had floated 11 shell companies which were time and again used as 'investment companies' to siphon out finances from the Company, along with certain other companies which had the Company's employees as namesake shareholders and directors. It was alleged that the above stated investment companies (a) were floated to acquire and hold shares for the members of Suri family, (b) did not have requisite equity capital if their own to finance their investments / business, (c) did not undertake any business activities except for occasional trading in shares, (d) were controlled and managed by Mr. Sushil Suri, Chairman and Managing Director of the Company, (e) had certain employees of the Company as dummy directors. The Complainant has alleged that an

investigation found that the Company siphoned off and re-introduced the siphoned off funds worth ₹ 270 lakhs to M/s. Shakun Enterprises, which were in turn transferred to six companies invested into by the then promoters of our Company and then re-introduced into the Company through subscription to its rights issue in 1996. Our Company in its reply dated March 5, 2007 denied all allegations of funding shell company, while the companies in which our then promoters allegedly invested, replied that the acquisition of shares was made by raising loans by the companies and the accounts have been settled. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

10. A complaint was filed by the Union of India ("**Complainant**"), through Serious Fraud Investigation Officer, Ministry of Corporate Affairs before the Chief Judicial Magistrate, Solan, in case number 57/2/2008 against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. Sanjay Suri (our Director) under Sections 403 and 406 of the Indian Penal Code, 1860 on March 26, 2008. It was alleged that the Company made investment of ₹4,924.5 lakhs in its wholly owned subsidiary, Dr. Morepen Limited ("**DML**") and was allotted 32,83,000, 6% cumulative redeemable preference shares of ₹10 each at a premium of ₹140 on August 25, 2003 after defaulting in repayment of deposits made by the public in violation of section 372A of Companies Act, 1956. On September 8, 2005, instead of redeeming the preference shares, such preference shares along with 165 lakh preference shares issued on October 25, 2002, were converted into 3,28,72,500 equity shares of ₹10 each at a premium of ₹10 allotted to the Company. It was also alleged that DML was de-subsidiarized on March 31, 2003, by way of allotment of 67,50,000 equity shares of DML to members of the family and investment companies of the then promoters. It was alleged that this was carried out to avoid showing losses of DML in the financial statements of our Company. Further, the then promoters and their family members also transferred certain of their holdings in DML to the Company causing wrongful losses to the Company. It was alleged that the investments made by the Company was in violation of Section 372A(4) of the Companies Act, 1956. Further, it was also alleged that the then promoters/ directors of the Company diverted ₹6,547 lakhs in the garb of investments in DML through the cumulative preference shares, causing wrongful loss to the Company and its shareholders. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

11. A complaint was filed by the Union of India ("**Complainant**"), through Serious Fraud Investigation Officer, Ministry of Corporate Affairs before the Chief Judicial Magistrate, Solan, in case number 60/2/2008 against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. Sanjay Suri (our Director) under Sections 403 and 406 of the Indian Penal Code, 1860 on March 26, 2008. It was alleged that our Company had floated Dr. Morepen Limited ("**DML**") as a wholly owned subsidiary in 2001, and the share capital of our Company in DML was reduced to 13.46% in 2003 by way of allotment of 67,50,000 equity shares of DML to members of the then promoters' family and then promoters' investment companies, thereby de-subsidiarising DML to avoid showing losses of DML in the financial statements of the Company. In 2005, DML again became a subsidiary of the Company by way of allotment of 3,28,72,500 shares to the Company and transfer of 67,50,000 equity shares of DML to the Company. Our Company had also sold the brand name "Dr. Morepen" to DML for ₹300 lakhs on August 1, 2001. On the same day our Company had also entered into an agreement to lease the trade mark "Dr. Morepen" from DML to our Company for a fee of 10% of our Company's net revenues of certain goods subject to a minimum of ₹ 250 lakhs per annum. It was alleged that our Company entered into the sale transaction at consideration which was marginally higher than the lease value to be paid, with an intention to extend undue benefit to DML, which added to the net worth of DML allowing the then promoters/promoter companies to transfer their shares in DML to the Company at a higher price. It was alleged that our Company incurred a wrongful loss of ₹ 128 lakhs through the lease fee paid in excess of the sale consideration received . It was alleged that the financials of DML were depicted in a wrongful manner so that the then promoters/ directors of our Company could off load their own shareholding at a higher price. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

12. A complaint was filed by the Union of India ("**Complainant**") through Serious Fraud Investigation Officer, Ministry of Corporate Affairs before the Chief Judicial Magistrate, Solan, in case number 34/3/2008 against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. Sanjay Suri (our Director) under Section 372A(9) and 372A(4) of the Companies Act, 1956 ("**Act**") on December 14, 2007. It is alleged that our Company floated Dr. Morepen Limited ("**DML**") as a wholly owned subsidiary in 2001. In 2002, out of the total subscription of 10,50,000 Equity Shares, 10,40,000 were allotted to our Company and the rest 10,000 equity shares were allotted to the erstwhile promoters however, even these 10,000 equity shares were transferred by our then promoters to our Company on March 31, 2002. The share capital of our Company in DML was reduced to 13.46% in 2003 by way of allotment of 67,50,000 equity shares of DML to members of the then promoters' family and the then promoters' investment companies, thereby de-subsidiarising DML to avoid showing losses of DML in the financial statements of the Company. In 2005, DML again became a subsidiary of the Company by way of allotment of 3,28,72,500 shares to the Company and transfer of 67,50,000 equity shares of DML to the Company. Further, as per the annual report no

dividend was paid by DML to our Company in Fiscals 2002, 2003 and 2004. The investment of ₹49.24 crore in DML by our Company was allegedly in violation of Section 372(A) of the Act. Since allegedly our Company did not comply with the provisions of Section 58A of the Act, investments made were in violation of Section 372A(4) of the Act. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 2, 2015. The matter is currently pending before the Court of the Chief Judicial Magistrate, Solan.

13. An application under section 425 of the Companies Act, 2013 read with the Contempt of Courts Act, 1971, before the National Company Law Tribunal, Chandigarh ("**NCLT**") in company application number 1207/2019 in company petition number 4/2005 for issuance of contempt proceedings was filed by the Union of India ("**Petitioner**") against our Company, Mr. Sushi Suri (our Promoter and Director), Mr. Sanjay Suri, Mr. Manoj Joshi (our Directors) and an ex-director of our Company on December 12, 2019. The application was filed for non-compliance and wilful disobedience of order dated July 1, 2005 passed by the erstwhile Company Law Board, New Delhi ("**CLB**") for appointment of two government directors to monitor and assist the Company for a period of three years. Our Company had filed a response to the application on February 10, 2020 objecting the maintainability of the application and requesting for dismissal of the petition. On October 6, 2021, the NCLT dismissed the application filed by the Company and issued notice for contempt proceedings to the Company, Mr. Sushi Suri (our Chairman, Managing Director and Promoter), Mr. Sanjay Suri, Mr. Manoj Joshi (our Directors) and an ex-director of our Company, namely, Arun Kumar, post which an appeal was filed before the NCLAT. The NCLAT on April 25, 2023, did not interfere with the NCLT order dated October 6, 2021, against which the Company filed a civil appeal before the Supreme Court on May 18, 2023. The appeal is now sub-judice before the SC, which via its order dated May 29, 2023, has stayed the contempt proceedings before the NCLT. The next date of hearing for this matter is on August 2, 2024.

14. A complaint was filed by the Drugs Inspector, office of Central Drugs Standard Control Organization ("**Complainant**") on February 17, 2016 against our Company and others for taking cognizance of offence under Section 17, 27, 18(a)(i), 34 of the Drugs and Cosmetics Act, 1940, before the Court of learned Chief Judicial Magistrate at Alipore in case number CC 608/2016. The Complainant found a drug allegedly manufactured by our Company to be 'not of standard quality' and 'grossly sub-standard category', and further alleged that our Company is involved in manufacturing for sell or distribution of not of standard quality drug and misbranded drugs bearing false claim in respect to drug design. Our Company via a letter dated June 6, 2015 has recalled the stock of DYPEN 100 SR. The Central Drugs Standard Control Organization ("**CDSCO**") vide a letter dated July 9, 2015 suspended the product license to manufacture and sale on the DYPEN 100 SR for fifteen days. The matter is currently pending before the Court of learned Chief Judicial Magistrate at Alipore.

15. A complaint has been filed by the Regional Director, Ministry of Corporate Affairs ("**Complainant**") against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. P.K. Singh (ex-company secretary of the Company) in the Court of Ld. Chief Judicial Magistrate, Solan, in case number 115/3 of 2012 under Section 58-A of the Companies Act, 1956 read with Rule 3(2) of the Companies (Acceptance of Deposits) Rules, 1975 on October 11, 2012. The balance sheet and profit & loss account as at September 30, 2003 filed by the Company revealed that the Company accepted deposits of ₹15,619.49 lakhs in excess of the prescribed limits in contravention of the provisions of the Companies Act, 1956, and rules thereunder. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 23, 2015. Our Company had also filed an application under Section 320 of the Criminal Procedure Code read with Section 621A of the Companies Act, 1956 for compounding of the alleged offence on May 7, 2022. The matter is currently pending before the Court of Learned Chief judicial Magistrate, Solan.

16. A complaint has been filed by the Regional Director, Ministry of Corporate Affairs ("**Complainant**") against the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and Mr. P.K. Singh (ex-company secretary of the Company) in the Court of Ld. Chief Judicial Magistrate, Solan, in case number 116/3 of 2012 under Section 58-A of the Companies Act, 1956 read with Rule 3(2) of the Companies (Acceptance of Deposits) Rules, 1975 on October 11, 2012. The erstwhile Company Law Board's Order dated August 19, 2003 had directed the accused to make payments of the deposits amounting to ₹16,183.76 lakhs in accordance with the sanctioned scheme. The Company was required to pay ₹1,428.66 lakhs from August 19, 2003 to January 31,2004, however it paid only ₹555.4 lakhs. Our Company had filed a rejoinder application for single trial or various matters arising out of the same transaction under Section 220 read with Section 219 of the Criminal Procedure Code, on May 23, 2015. Our Company had also filed an application under Section 320 of the Criminal Procedure Code read with Section 621A of the Companies Act, 1956 for compounding of the alleged offence on May 7, 2022. The matter is currently pending before the Court of Learned Chief judicial Magistrate, Solan.

17. A compliant has been filed by Morgan Securities & Credits Private Limited ("**Complainant**") against the Company, Mr. Sushi Suri (our Promoter), Mr. Manoj Joshi (our Director) and certain other ex-directors of the Company ("**Accused**") in the court of metropolitan magistrate, Delhi, in case number 23141/16 under Section 190 and 156(3) of the Code of Criminal Procedure, 1973. The Complainant had advanced a sum of ₹500.00 lakhs repayable with interest

within 120 days as per the inter corporate agreement dated September 19, 2002. The Company defaulted in repayment, and the Complainant invoked arbitration agreement. Our Company reached a settlement as per the Memorandum of Settlement dated May 27, 2003. Later, it was decided to settle the matter amicably and 12 postdated cheques were issued to the Complainant. The cheques were dishonoured, and the Complainant had separately initiated proceedings under Section 138 of the Negotiable Instruments Act. The Complainant has also alleged that two companies which had pledged shares as security for repayment of the inter corporate agreement have filed false FIRs against the Company. The Complainant filed a complaint on December 26, 2005, however the police station, New Friends Colony has failed to register the FIR. The matter is still pending before the metropolitan magistrate, Delhi.

18. The Drug Control Officer, Jodhpur had filed a complaint before the Additional Chief Judicial Magistrate, Jodhpur, Rajasthan against our Company and certain of our employees under the Drugs and Cosmetics Act, 1940 (the "**Act**"). It was alleged that upon investigation/ testing by the Government Analyst, Drug Testing Laboratory, Jaipur, the sample of the medicine Metformin HCI, Pioglitazone HCI and Glimipride tablets manufactured by our Company was found to be of 'sub-standard' category and that it did not conform to the claim with respect to the assay of Pioglitazone and Glimepride. A sealed part of the sample and a copy of the test result were sent to out Company on November 30, 2012. As per the test report only 12.51 mg of Pioglitazone component was found in medicine against 15 mg and only 1.68 mg of Glimipride component was found against 2 mg, making the sub-standard quality of drug in terms of section 16 of the Act. It was alleged that the Company manufactured, sold, and stored medicine of non-standard quality as per section 16(a) of the Act, which is in violation of Section 18(a)(i) of the Act and punishable under Section 27(d) of the Act, and the Company upon request by the Drug Control Officer did not provide the required documents/ information. The matter is currently pending before the Additional Chief Judicial Magistrate, Jodhpur, Rajasthan.

19. Our Company has received two notices dated August 13, 2021 and October 5, 2021 from the Central Drugs Standard Control Organisation, West Zone in relation to the sample of Atorvastin Tablets I.P. 40 mg (Orvastin-40), wherein the sample was declared as "Not of Standard Quality" for reasons that the sample does not conform to IP 2018 standard. Our Company has recalled the product vide a letter dated August 18, 2021. We are yet to receive the copy of the complaint filed in relation to this matter.

20. Our Company has received two notices dated May 25, 2021 and June 25, 2021 from the Central Drugs Standard Control Organisation, West Zone in relation to the sample of Atorvastin Tablets I.P. 20 mg (Orvastin-20), wherein the sample was declared as "Not of Standard Quality" for reasons that the sample does not conform to IP 2018 standard. Our Company has recalled the product vide a letter dated June 1, 2021. We are yet to receive the copy of the complaint filed in relation to this matter.

21. Our Company has received a notice dated May 17, 2022 from the Central Drugs Standard Control Organisation, East Zone in relation to the sample of Calcium and Vitamin D3 tablets I.P. (CalciQuick-500), wherein the sample was declared as "Not of Standard Quality" for reasons that the sample does not conform to IP 2018 standard. Our Company has recalled the product vide a letter dated August 3, 2022. We are yet to receive the copy of the complaint filed in relation to this matter.

22. Other than as disclosed above, 5 cases have been filed against our Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter), Mr. Manoj Joshi (our Director) and other ex-directors and ex-employees of our Company under Section 138 of the Negotiable Instruments Act, 1881 for recovery of amounts on account of dishonored cheques towards repayment of inter corporate deposits. The matters are currently ongoing at different stages. The aggregate amount involved in the cases is ₹ 287.50 lakhs.

    Further, one case has been filed against our company by Selvel Media Services Private Limited involving an amount of ₹ 25.00 lakhs, wherein no notice or intimation has been received by us. The matter is currently pending.

Actions taken by regulatory and statutory authorities

1. The Securities and Exchange Board of India ("**SEBI**") conducted an investigation into the Global Depository Receipts ("**GDR**") issue of various companies, including the Company for its GDR issue made on March 30, 2003. The SEBI issued two show cause notices ("**SCNs**") to the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter), Mr. Manoj Joshi (our Director) and certain ex-directors under provisions of SEBI Act, 1992 and Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 on June 21, 2017 and June 26, 2018. Two supplementary show cause notices on June 12, 2018 and January 1, 2019 were also issued in continuance of the SCNs in relation penalty proceedings. Among other things, it was alleged that our Company enabled the subscribers to the GDRs by facilitating loans availed by them which was not informed to the stock exchanges, and made a misleading disclosure that the issue was successfully subscribed. On September 24, 2019, a whole-time member ("**WTM**") of SEBI passed an order ("**Impugned Order**") prohibiting the Company from accessing the securities market, directly or indirectly, and also restrained from buying, selling or otherwise dealing in the securities including units of mutual funds, either directly or indirectly or in any other manner whatsoever, for a period of one

year with effect from the date of the Impugned Order. On November 21, 2019, through an addendum, the SEBI WTM had relaxed the direction in respect to the demat account, due to the fact that our Company was not able to comply with the NCLAT order dated July 23, 2019 in relation to receipt of equity shares surrendered by shareholders. On February 7, 2020 the Company filed an application before the SEBI Appellate Tribunal, Mumbai **("SAT"**) praying to stay the Impugned Order. On April 15, 2021 SAT allowed the Company's appeal and quashed the Impugned Order ("**SAT Order**"). On July 20, 2021, SEBI filed a civil appeal before the Supreme Court of India ("**Supreme Court**") to set aside the SAT Order. The Company filed a counter affidavit against the appeal filed by SEBI, praying for dismissal on September 3, 2021. On October 8, 2021, SEBI filed an affidavit in rejoinder. The matter is currently pending before the Supreme Court.

Civil proceedings above the Materiality Threshold

1. NIL

Litigation by our Company

Criminal proceedings

1. Our Company through Satish Pandey ("**Complainant**") has filed a FIR against Morgan Securities and Credits Private Limited ("**MSPCL**") under Section 406, 109, 120B and 34 of the Indian Penal Code and Section 156(3) of the Code of Criminal Procedure on July 10, 2009. Our Company had taken an inter-corporate deposit of ₹500.00 lakhs on September 19, 2002 which we could not repay on time. MSPCL initiated an arbitration proceeding during the proceedings, and a memorandum of settlement dated May 17, 2003 was signed and a consent award dated June 28, 2003 was passed by the arbitrator. Pursuant to the award, our Company was to pay ₹546.74 lakhs for which certain cheques were given to MSPCL. Our Company upon realisation of its inability to pay the amount intimated MSPCL vide a letter dated February 6, 2004 to a date before March 31, 2004, however MSPCL filed an execution petition before the High Court of Delhi. On April 5, 2004 fresh post-dated cheques were issued and a then associate company, Blue Coast Hotel Resorts Limited also issued post dated cheques on specific assurance that such cheques would be presented only if the Company did not pay MSPCL. Our Company paid a sum of ₹537.50 lakhs to MSPCL on the belief of the promise that the cheques would not be banked and the legal proceedings would be withdrawn. However, MSPCL initiated a complaint under Section 138 for the cheques issued on May 27, 2003 by the Company. They further initiated proceedings against the then associate company stating that those cheques were in respect of the associate company's inter-corporate deposit. The matter is currently pending before the additional chief metropolitan magistrate.

2. Our Company has filed 53 cases under Section 138 of the Negotiable Instruments Act, 1881 for recovery of amounts on account of dishonored cheques issued by our customers towards discharge of dues on account of business transaction. The matters are currently ongoing at different stages. The aggregate amount involved in these cases is ₹ 55.49 lakhs.

Civil proceedings above the Materiality Threshold

1. NIL

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

Criminal proceedings

Nil

Actions taken by regulatory and statutory authorities

Nil

Civil proceedings above the Materiality Threshold

Nil

Litigation by our Subsidiaries

Criminal proceedings

1. Our Subsidiary, Dr. Morepen Limited has filed 29 cases under Section 138 of the Negotiable Instruments Act, 1881 for recovery of amounts on account of dishonored cheques issued by our customers towards discharge of dues on

account of business transaction. The matters are currently ongoing at different stages. The aggregate amount involved in the cases is ₹ 100.75 lakhs.

Civil proceedings above the Materiality Threshold

Nil

Other outstanding litigation involving our Company and our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, business, financial position of our Company or operations of the Company and its Subsidiaries, including penalties and proceedings under securities laws, environmental laws, intellectual property laws and labour laws, whether quantifiable or not

1. The Company had defaulted on its repayment to the fixed deposit holders, pursuant to which certain holders filed applications under Section 58A(9) of the Companies Act, 1956 before the Hon'ble Company Law Board ("**CLB**"). A suo-moto decision was taken against the Company by the CLB via order dated August 19, 2003. The order stipulated the repayment to be done within a maximum period of 4 (four) years from the date of maturity of such fixed deposits. However, the Company was able repay only ₹ 555.44 lakhs out of the outstanding amount of ₹ 4,248.66 lakhs the Company was required to pay between August 19, 2003 and January 31, 2004. Pursuant to such non-compliance of the order, the central government filed an application with the CLB under Section 408 read with Section 397 and 398 of the Companies Act, 1956 for appointment of 6 directors for a period of three years on the Board of Company, however, CLB vide its order dated July 1, 2005, appointed only two government directors for a period of three years. Resultantly, two separate appeals were filed by the Company and the central government with the High Court of Himachal Pradesh at Shimla ("**Shimla High Court**"). The Shimla High Court via judgement dated May 17, 2007 upheld the order passed by CLB and disposed of both the appeals. In response to the above, two cross appeals were filed by the parties with the Supreme Court of India ("**SC**"), pursuant to which a statue quo order was opined by the SC. The company vide its IA dated July 17, 2018, filed before the SC, sought to bring on record subsequent events which had happened after passing of CLB order dated July 1, 2005 i.e., turnaround of company under the guidance of by the existing board of directors and top leadership. Later on, both the appeals were dismissed by the SC on July 9, 2019 with liberty for the Company to agitate the subsequent events before the relevant forum. Thereafter, the Company filed an application before the National Company Law Tribunal, Chandigarh ("**NCLT**") seeking modification of the CLB order dated July 1, 2005, to the extent that appointment of two government directors is not necessary in light of subsequent events. The NCLT dismissed the application filed by the Company on October 6, 2021 and issued notice for contempt proceedings to the Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter), Mr. Sanjay Suri (our Whole-time Director) and Mr. Manoj Joshi (our Director) and an ex-director, ("**NCLT Order**") post which an appeal was filed before the NCLAT. The NCLAT on April 25, 2023, did not interfere with the NCLT Order passed an order, against which the Company filed a civil appeal on May 18, 2023. The appeal is now sub-judice before the SC, which via its order dated May 29, 2023, has stayed the contempt proceedings before the NCLT. In response to the appeal by the Company, the Union of India through the Ministry of Corporate Affairs has filed a counter affidavit on January 8, 2024, praying that the appeal filed by the Company be dismissed with exemplary costs and stating that criminal cases filed against the Company and its officers in default are still pending before the concerned forum. The matter is currently pending to list.

2. Poysha Power Generation Private Limited ("**Poysha**") had filed a suit for permanent injunction before High Court of Delhi ("**Delhi High Court**") for restraining our subsidiary, Dr. Morepen Limited ("**Dr. Morepen**") from infringing the trademark BURNOL which was alleged to have been assigned by Dr. Morepen to Poysha. Another suit was filed by Dr. Morepen against Poysha for cancellation of the alleged assignment and injunction. Both the suits were tagged along and are being heard together. The trademark BURNOL was originally assigned by Reckitt Piramal Ltd. to Dr. Morepen through an assignment deed, technology transfer agreement and a marketing know-how agreement. In 2002, our Company, a sister company of Dr. Morepen, entered into a Inter Corporate Deposit ("**ICD**") with Morgan Securities. On account of default in repayment of loan, parties entered into a Memorandum of Settlement dated May 27, 2003 which subsequently culminated into, a consent award dated June 28, 2003 that set out the repayment schedule, which was not allegedly adhered to by our Company. On April 5, 2004, the parties entered into an understanding whereby post-dated cheques and the trademark BURNOL was pledged by Dr. Morepen to Morgan. On April 19, 2004, Dr. Morepen assigned the trademark BURNOL to Poysha for ₹20 lakhs, on the basis of which Poysha claimed to be the lawful assignee of the trademark BURNOL. Our Company challenged the validity of assignment agreement with Poysha. It was contended that the alleged document of assignment was executed for the purposes of securing loan availed from Morgan Securities and that Dr. Morepen never intended any assignment which was evidenced by the low consideration compared to the original acquisition price. After the expiry of the period of upto April 30, 2005, Poysha filed a suit for permanent injunction. On July 26, 2005, the Trademarks Registry in Bombay allowed the application of trademark BURNOL to Poysha (an associate entity of Morgan Securities). The Delhi High Court in its order dated April 18, 2006, dismissed an application filed by Poysha for injunction restraining Dr. Morepen and Kare Lab from infringing the trade mark BURNOL and allowed the application filed by Dr. Morepen for an injunction restraining

Poysha from interfering in the use of BURNOL. Thereafter, Poysha filed an appeal before the Delhi High Court and were permitted to renew the trade mark registration of BURNOL in the name of Poysha, however, specifying that the it would not create any rights in Poysha's favor over BURNOL. Several applications were filed by Poysha and Dr. Morepen before Delhi High Court and the Delhi High Court directed filing of brief submissions. On increase of pecuniary jurisdiction of the Delhi High Court, Dr. Morepen filed an application for increase of pecuniary jurisdiction of the matter. Poysha thereafter filed an application stating that application filed by Dr. Morepen seeking enhancement of pecuniary jurisdiction of the present matter be allowed. The matter is currently pending before the Delhi High Court.

3. Amit Sharma, an ex-employee of our Company ("**Complainant**") has filed a complaint against our Company before the Presiding Officer, Industrial cum Labour Tribunal, Panipat on January 7, 2022. The Complainant was appointed as sales promotion employee on March 10, 2016 and has alleged that there were irregularities in implementation of service laws and violation of labour laws. The Complainant is a member of the Haryana Medical Representatives Association ("**HMRA**") which is registered under Trade Union Act, 1926. It is further alleged that our Company took punitive actions such as transfer to far off places, termination or dismissal of workman who continued to participate in HMRA activities. It is alleged that on May 7, 2020, the services of the Complainant were dismissed, without providing any notice, without paying any retrenchment compensation and retaining a junior to the Complainant, thereby violating section 25-F, 25-G and 25-H of the Industrial Disputes Act, 1947. Our Company had submitted a written statement to the claim on January 7, 2022 claiming that multiple opportunities were provided to the Complainant to improve his performance and provided a termination letter dated November 8, 2019 to the Complainant. Further, the HMRA intervened and gave personal assurance, a fresh letter of appointment was issued on December 13, 2019. Despite the assurance the Complainant failed to improve his performance and our Company suffered business losses and discontinued his services vide termination letter dated May 7, 2020. Two cheques amounting for ₹0.74 lakhs were furnished towards the Complainant as full and final settlement. The matter is currently pending before the Presiding Officer, Industrial cum Labour Tribunal, Panipat.

4. Godrej Consumer Products Limited ("**Applicant**") has filed a suit against our subsidiary, Dr. Morepen Limited ("**DML**") in the High Court of Judicature at Bombay on October 7, 2020 ("**Bombay High Court**"). The Applicant owns the trademark "Protekt" since 2000 with a disclaimer that the trademark has given no exclusive right to the word "Protekt" and 'the mark shall be used as a whole'. On September 22, 2009, the Applicant had also adopted the domain name "www.godrejprotekt.com". In May 2020, the Applicant came across DML's allegedly deceptively similar trade mark "Dr. Morepen Protect". On June 2, 2020 a notice was issued to DML to cease and desist from using the trade mark. DML replied to the notice on July 22, 2020 contending that it has been using the trademark without any interruption and that the Applicant has no monopoly/ exclusivity over the trade mark. DML had applied for trade mark on March 13, 2020 and it was advertised in the Trade Marks Journal dated August 24, 2020. On September 11, 2020 the Applicant addressed a rejoinder to the reply dated July 22, 2020. DML has replied to the suit initiated against it on October 19, 2020. The Applicant has applied for the word mark on June 1, 2020, a day before DML sent the cease and desist notice. Further DML's trademark "Dr. Morepen Protect" is dissimilar from the mark "Godrej Protekt" from overall structural, visual and phonetic perspective. The matter is currently pending before the Bombay High Court.

5. Our Company has filed a suit for permanent injunction against Unique Plastic India and others ("**Defendant**") on October 12, 2021 before the High Court of Delhi at New Delhi ("**Delhi High Court**"). Our Company is the proprietor of the registered trademark "Dr. Morepen Breathe Free Vaporizer (label)" under No. 2586216 in class 10 since 2011. The Defendant is also engaged in the business of manufacturing of device, and uses the trade name "Dr. Morphy Breath Easy Super All in One Vaporizer (label)" which was registered on December 28, 2016. In 2021, our Company became aware of the impugned trade name which is deceptively similar to our registered trademark. The use of the deceptively similar trademarks amounts to violation of the statutory right to exclusive use by our Company and infringement under Section 29 of the Trade Marks Act, 1999. Thus, a suit for permanent injunction, restraining infringement of trademarks and copyright, passing off, rendition of accounts of profits, dilution, delivery, etc. was filed by our Company. The matter is currently pending before the Delhi High Court.

6. Our Company has filed a suit for permanent injunction against Nippon Life Sciences Private Limited and others ("**Defendant**") on September 6, 2022 before the Patiala House Court, New Delhi. Our Company is the owner of the trademark "Rythmix" since 2014. The Defendant has adopted a deceptively similar trademark "Rithmax" and is selling the product with *malafide* intention. The Defendant had applied for the mark "Rithmax" through Nippon Seiyaku Private Limited which was objected by the examiner by citing the mark "Rythmix". The Defendant re-applied for the trademark which is pending and yet to be registered. In July 2022, our Company learnt that the Defendant is trading under the infringing trademark. Thus, a suit for permanent injunction, restraining infringement of trademarks, passing off, dilution of goodwill, unfair competition, damages, rendition of accounts, delivery up and other related reliefs was filed by our Company. Our Company has prayed for a decree of damages of at least ₹25.00 lakhs against the Defendant. The matter is currently pending before the Patiala House Court, New Delhi.

7. Our Company has filed a suit for passing off of trademark, permanent injunction, rendition of accounts and damages against Rebanta Healthcare Private Limited and another ("**Defendant**") before the Civil Court, Nalagarh, Himachal

Pradesh on February 2, 2019. Our Company is the registered owner of the trademark "Saltum". In July, 2018 our Company gained knowledge that the Defendant is marketing the drug "Saltam" which is deceptively similar and infringes our trademark. Our Company has submitted that the Defendants are liable to pay ₹20.00 lakhs towards damage. The matter is currently pending before the Civil Court, Nalagarh, Himachal Pradesh

8. Our Company has filed a suit for passing off of trademark, permanent injunction, rendition of accounts and damages against Soloson Healthcare Private Limited and others ("**Defendant**") on May 18, 2017 before the Patiala House Court, New Delhi. Our Company is the registered owner of the trademark "Saltum". In August 2016, our Company gained knowledge that the Defendant is marketing a deceptively similar and infringing trademark "Solotom". A cease-and-desist notice was sent to the Defendants on September 19, 2016, to which Soloson Healthcare Private Limited did not reply. Our Company has submitted that the Defendants are liable to pay ₹20.00 lakhs towards damage. The matter is currently pending before the Patiala House Court, New Delhi.

9. Our Company has filed a suit for infringement/ passing off of trademark, acts of unfair competition, dilution, rendition of accounts and damages against Nutrica Pusti Healthcare Private Limited and others ("**Defendant**") on September 30, 2020 before the District Court Tis Hazari, Delhi (the "**District Court**"). Our Company is the registered owner of the trademarks "Saltum", "Rythmix", "Regermina" and "Neomust". The Defendant is offering identically similar products under similar and infringing trademarks known as "Nugermina", "Sultica" and "Docomust". One of the directors of the Defendant company was an erstwhile employee of our Company, and during his employment with the Company, was exposed to confidential information. Our Company has before the District Court submitted that the Defendants are liable to pay ₹100.00 lakhs towards damage. Thereafter, pursuant to an order dated January 6, 2021 ("**Order**"), the District Court restrained the Defendants from using the impugned marks. The Order was challenged by the Defendants before Hon'ble Delhi High Court. However, the appeal was dismissed with cost of ₹0.50 lakhs by the High Court of Delhi vide an order dated April 9, 2021. The matter is currently pending before the District Court Tis Hazari, Delhi.

10. Our Subsidiary, Dr. Morepen Limited ("**DML**") has filed a suit for infringement of trademark, passing off, permanent and mandatory injunction, rendition of accounts and damages against Yash Pharma Laboratories Private Limited ("**Defendant**") on March 18, 2014 before the Patiala House Court, New Delhi. DML is the registered owner of the trademark "Lemolate" which was earlier owned by the Defendant. By the virtue of a memorandum of understanding between DML and the Defendant, the brand name "Lemolate" was acquired by DML via an assignment deed dated June 24, 2002. A technology transfer agreement, non-compete agreement, and marketing know-how agreement were also executed on June 25, 2002 wherein the technology for manufacturing of product was transferred to DML. A sum of ₹1,095.00 lakhs were paid by DML to the Defendant. DML introduced "Lemolate Plus" and "Lemolate Gold" as brand extensions. It is after acquiring the trade mark that in 2007, DML came to know the deceptively similar trademark of "Lemotab", as per the assignment agreement the Defendant had agreed to not use any trademark similar to "Lemolate". On June 4, 2014, the Patiala House Court, New Delhi had tentatively vacated the interim injunction granted vide order dated March 19, 2013 and entitled the Defendants to cost of ₹0.25 lakhs. The matter is currently pending before the Patiala House Court, New Delhi.

11. Our Company has filed a suit for infringement of trademark, permanent injunction, rendition of accounts and damages against Russian Remedies and Affy Pharma Private Limited ("**Defendants**") on November 19, 2013 before the Patiala House Court, New Delhi. Our Company is the registered owner of "Dab Gel" since the year 2001. Our Company, in June 2013 got to know about a medicine under the identical trademark "Dab Gel" but in different packaging. On June 18, 2013 a legal notice was issued to the Defendants. The Defendants replied on July 15, 2013 stating that our Company has no proprietary rights over "Dab Gel". Our Company has submitted that the Defendants are liable to pay ₹5.00 lakhs, jointly and severally towards damage. The matter is currently pending before the Patiala House Court, New Delhi.

Litigation involving our Directors

Criminal proceedings against our Directors

1. In 2004, two chargesheets were filed against our Director, Mr. Sushil Suri and certain other ex-directors of our Company by the Central Bureau of Investigation ("**CBI**") in case number 67/2016 and 68/2016 before the Court of Chief Metropolitan Delhi on July 23, 2002 wherein Mr. Sushil Suri was charged with submitting two loan proposal to Punjab and Sind Bank ("**Bank**") supported by forged proforma invoices. Further, it was alleged that the loan proposals for the Hire-Purchase advances reflected the purchase of various machinery as the purpose of loans. False and fabricated papers showing payment of 10% of machinery to the machinery suppliers were also submitted to the Bank. Four fictitious accounts were also opened to encash the pay orders and the amounts were fraudulently withdrawn from these accounts. An amount of ₹200 lakhs and ₹300 lakhs were dishonestly induced by the Director. However, investigation revealed that these loans have been repaid by the Director. Our Director has filed a petition under Section

482 of the CrPC for quashing the chargesheet, since no loss was caused to the Bank. The matter is currently pending before the CMM, Rouse Avenue (Central) Court, Delhi.

2. Our Directors, Mr. Sushil Suri and Mr. Sanjay Suri, have filed a revision petition against the Union of India before the Court of the District and Sessions Judge, Howrah which was admitted by the Court of Districts and Sessions judge, Howrah via an order dated March 2, 2024. The revision petition has been filed against an order dated December 5, 2023 ("**Order**") in complaint case no. 803 of 2022 ("**Complaint**"), thereby issuing warrant of arrest against our Directors without considering the application filed by our Directors for exemption from personal appearance. The Complaint was alleging the commission of offences under Section 274/275/276 of the Indian Penal Code, 1940 read with Section 27 of the Drugs and Cosmetics Act, 1940. As per the Complaint, our Company and the Directors were producing Calcium and Vitamin D3 Tablets I.P. (ClaciQuick-500) which was "*Not of Standard Quality*". Our Company had received notices dated July 14, 2022 and August 26, 2022 in relation to CalciQuick-500. Our Company had recalled the product vide a recall letter dated August 3, 2022. The matter is currently pending before the Court of the learned District and Sessions Judge, Howrah.

3. 12 cases under Section 138 of the Negotiable Instruments Act, 1881 for recovery of amounts on account of dishonored cheques issued towards discharge of legally enforceable liability have been initiated against our Promoter. Certain of these cases also involve the Company and have been included under "- *Litigation against our Company – Criminal Proceedings*" on page 211. The matters are currently ongoing at different stages. The aggregate amount involved in the cases is ₹ 858.01 lakhs.

4. For further details of criminal proceedings against our Directors, please see the section titled "*Litigation involving our Company – Litigation against our Company – Criminal proceedings*" on page 211 above.

Criminal proceedings by our Directors

1. Our Directors have filed 2 cases under Section 138 of the Negotiable Instruments Act, 1881 for recovery of amounts on account of dishonored cheques issued towards discharge of the dues on account of refund for the failed business transaction. The matters are currently ongoing at different stages. The aggregate amount involved in the cases is ₹100 lakhs.

Actions taken by regulatory and statutory authorities

For details of actions taken by regulatory and statutory authorities against Mr. Sushi Suri, please see the section titled "*Litigation involving our Company – Litigation against our Company – Actions taken by regulatory and statutory authorities*" on page 216 above.

Litigation involving our Promoter

Criminal proceedings against our Promoter

1. For details of criminal proceedings against Mr. Sushi Suri, please see the section titled "*Litigation involving our Company – Litigation against our Company – Criminal proceedings*" and "*Litigation involving our Directors – Criminal proceedings against our Directors*" on pages 211 and 220 above.

Criminal proceedings by our Promoter

1. For details of criminal proceedings by Mr. Sushi Suri, please see the section titled "*Litigation involving our Directors – Criminal proceedings by our Directors*" on page 221 above.

Actions taken by regulatory and statutory authorities

1. For details of actions taken by regulatory and statutory authorities against Mr. Sushi Suri, please see the section titled "*Litigation involving our Directors – Actions taken by regulatory and statutory authorities*" and "*Litigation involving our Company – Litigation against our Company – Actions taken by regulatory and statutory authorities*" on pages 221 and 216 above.

Other outstanding litigation involving our Promoter and our Directors wherein an adverse outcome could materially and adversely affect the reputation, business, operations or financial position of our Company and its Subsidiaries, including penalties and proceedings under environmental laws, intellectual property laws and labour laws, whether quantifiable or not

Except as disclosed in "*Litigation involving our Directors*" on page 220 and "*Litigation involving our Promoter*" on page 221 there are no outstanding litigation involving our Promoter and our Directors wherein an adverse outcome could materially and adversely affect the reputation, business, operations or financial position of our Company and its Subsidiaries, including penalties and proceedings under environmental laws, intellectual property laws and labour laws, whether quantifiable or not.

Inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or Companies Act, 1956 in the last three years preceding the year of this Preliminary Placement Document, involving our Company and its Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document, involving our Company and its Subsidiaries

Except as disclosed in in "*Litigation involving our Company - Litigation against our Company - Criminal proceedings*" and "*Other outstanding litigation involving our Company and our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, business, financial position of our Company or operations of the Company and its Subsidiaries, including penalties and proceedings under securities laws, environmental laws, intellectual property laws and labour laws, whether quantifiable or not*" on pages 211 and 218 respectively, and as disclosed below, there have been no inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 in the last three years preceding the year of this Preliminary Placement Document, involving our Company and its Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document, involving our Company and its Subsidiaries:

1. A complaint under section 58-A and (3A) read with Section 629A of the Companies Act, 1956 ("**Act**") was filed by the Registrar of Companies, Himachal Pradesh against our Company,Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and an ex-company secretary before the court of Chief Judicial Magistrate, Solan in case number 123/3 of 2013. It was alleged that our Company was accepting deposits from the public under Section 58A of the Act with effect from April 1, 1993 and became a defaulter in repayment of matured fixed deposits to the deposit holders with effect from October 16, 2002 onwards. Pursuant to the judgement dated August 4, 2019, whereby a scheme of arrangement and compromise between our Company and fixed deposit holder was allowed, our Company had paid a sum of ₹1,884.29 lakhs to 4,853 rightful shareholders. The Chief Judicial Magistrate, Solan by an order dated May 30, 2022 has compounded the offence, and out of the total compounding fee of ₹0.90 lakhs, a sum of ₹0.30 lakhs was awarded to the Registrar of Companies, Himachal Pradesh.

2. A complaint under section 58AA(1) of the Companies Act, 1956 ("**Act**") was filed by the Registrar of Companies, Himachal Pradesh against our Company,Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and an ex-company secretary before the court of Chief Judicial Magistrate, Solan in case number 124/3 of 2013. It was alleged that our Company defaulted in repayment of matured fixed deposit to the small depositors with effect from October 16, 2012 and our Company failed to intimate the Company Law Board of the default within 60 days. Pursuant to the judgement dated August 4, 2019, whereby a scheme of arrangement and compromise between our Company and fixed deposit holder was allowed, our Company had paid a sum of ₹1,884.29 lakhs to 4,853 rightful shareholders. The Chief Judicial Magistrate, Solan by an order dated May 30, 2022 has compounded the offence, and out of the total compounding fee of ₹0.90 lakhs, a sum of ₹0.30 lakhs was awarded to the Registrar of Companies, Himachal Pradesh.

3. A complaint under section 58-A(1) of the Companies Act, 1956 ("**Act**") read with Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975 was filed by the Registrar of Companies, Himachal Pradesh against our Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and an ex-company secretary before the court of Chief Judicial Magistrate, Solan in case number 125/3 of 2013. It was alleged that our Company failed to maintain 15% of liquid assets before April 30, 2004 for deposits maturing on March 31, 2005. Pursuant to the judgement dated August 4, 2019, whereby a scheme of arrangement and compromise between our Company and fixed deposit holder was allowed, our Company had paid a sum of ₹1,884.29 lakhs to 4,853 rightful shareholders. The Chief Judicial Magistrate, Solan by an order dated May 30, 2022 has compounded the offence, and out of the total compounding fee of ₹0.30 lakhs, a sum of ₹0.15 lakhs was awarded to the Registrar of Companies, Himachal Pradesh.

4. A complaint under section 205-C of the Companies Act, 1956 ("**Act**") was filed by the Registrar of Companies, Himachal Pradesh against our Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and an ex-company secretary of India before the court of Chief Judicial Magistrate, Solan in case number 72/3 of 2007. It was alleged that our Company in its balance sheet dated September 30, 2003 has stated that an amount of ₹5.88 lakhs is due for refund against the allotment of right issue to be transferred to investor education and protection fund ("**IEPF**"). These funds were lying unclaimed by the investors with effect from January 7, 1997. These funds were to be credited in IEPF on January 6, 2004, however the Company failed to transfer it within one month. The Chief Judicial Magistrate, Solan by an order dated October 30, 2021 has compounded the offence, and out of the total compounding fee of ₹0.90 lakhs, a sum of ₹0.25 lakhs was awarded to the Registrar of Companies, Himachal Pradesh.

5. A complaint under section 58-A (10) of the Companies Act, 1956 ("**Act**") was filed by the Registrar of Companies, Himachal Pradesh against our Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and an ex-

company secretary before the court of Chief Judicial Magistrate, Solan in case number 67/3 of 2007. It was alleged that our Company defaulted in re-payment of matured fixed deposits with effect from October 16, 2002 onwards. It was noted that the Company made investment of ₹4,925.00 lakhs on August 25, 2003 in cumulative redeemable preference shares of Dr. Morepen Limited. Our Company claimed that these are bone-fide commercial decision and submitted for compounding. The Chief Judicial Magistrate, Solan by an order dated October 30, 2021 has compounded the offence, and out of the total compounding fee of ₹0.75 lakhs, a sum of ₹0.25 lakhs was awarded to the Registrar of Companies, Himachal Pradesh.

6. A complaint under section 269(2) read with schedule XIII of the Companies Act, 1956 ("**Act**") was filed by the Registrar of Companies, Himachal Pradesh and Chandigarh against our Company and others before the court of Chief Judicial Magistrate, Solan in case number 71/3 of 2007. It was alleged that our Company failed to obtain prior consent of the shareholders for salary perquisites to Sanjay Suri and increase in basic salary for an ex-director. The Chief Judicial Magistrate, Solan by an order dated May 13, 2022 has compounded the offence, and out of the total compounding fee of ₹0.90 lakhs, a sum of ₹0.30 lakhs was awarded to the Registrar of Companies, Himachal Pradesh.

7. A complaint under Section 211 of the Companies Act, 1956 ("**Act**") 1975 was filed by the Union of India through the Serious Fraud Investigation Office, against our Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter) before the court of Chief Judicial Magistrate, Solan in case number 36/3 of 2008. It was alleged that our Company failed to make proper disclosure regarding the stocks and financial impact in their financial statements, and that our Company has shown over valuation of closing stock to suppress the loss for the period of March 30, 1995 to March 31, 1998. The Chief Judicial Magistrate, Solan by an order dated February 17, 2024 has compounded the offence, and out of the total compounding fee of ₹0.20 lakhs, a sum of ₹0.07 lakhs was awarded to the Union of India.

8. A complaint under Section 629A and 205 of the Companies Act, 1956 ("**Act**") was filed by the Union of India through the Serious Fraud Investigation Office against our Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter) and an ex-company secretary before the court of Chief Judicial Magistrate, Solan in case number 35/3 of 2008. It was alleged that our Company was well aware of the profits for Fiscal 2002, however it showed book profits and not actual profits by booking fictitious debtors. Thus, payment of dividend of ₹543.00 lakhs at 30% on non-existent profits was irregular. The Chief Judicial Magistrate, Solan by an order dated February 17, 2024 has compounded the offence, and out of the total compounding fee of ₹0.15 lakhs, a sum of ₹0.05 lakhs was awarded to the Union of India.

9. A complaint under Section 383A(1A) of the Companies Act, 1956 ("**Act**") was filed by the Union of India through the Serious Fraud Investigation Office against our Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter) before the court of Chief Judicial Magistrate, Solan in case number 37/3 of 2008. It was alleged that our Company failed to appoint a whole-time company secretary for the period of November 1, 2004 to July 7, 2005. The Chief Judicial Magistrate, Solan by an order dated February 17, 2024 has compounded the offence, and out of the total compounding fee of ₹2.49 lakhs, a sum of ₹0.49 lakhs was awarded to the Union of India.

10. A complaint under Section 211(7) read with Section 209(6) of the Companies Act, 1956 ("**Act**") was filed by the Union of India through the Serious Fraud Investigation Office against our Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter) before the court of Chief Judicial Magistrate, Solan in case number 38/3 of 2008. It was alleged that our Company failed to prepare balance sheet for Fiscal 2001 to Fiscal 2003 in accordance with disclosure requirement of Part 1 and Part 2 of Schedule VI of the Act. The Chief Judicial Magistrate, Solan by an order dated February 17, 2024 has compounded the offence, and out of the total compounding fee of ₹0.20 lakhs, a sum of ₹0.07 lakhs was awarded to the Union of India.

11. A complaint under Section 211(7) read with Section 209(6) of the Companies Act, 1956 ("**Act**") was filed by the Union of India through the Serious Fraud Investigation Office against our Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter) before the court of Chief Judicial Magistrate, Solan in case number 39/3 of 2008. It was alleged that our Company failed to prepare balance sheet for Fiscal 2001 to Fiscal 2005 in accordance with disclosure requirement of Part 1 and Part 2 of Schedule VI of the Act. The Chief Judicial Magistrate, Solan by an order dated February 17, 2024 has compounded the offence, and out of the total compounding fee of ₹0.20 lakhs, a sum of ₹0.07 lakhs was awarded to the Union of India.

12. A complaint under Section 211 of the Companies Act, 1956 ("**Act**") was filed by the Union of India through the Serious Fraud Investigation Office against our Company and Mr. Sushil Suri (our Chairman, Managing Director and Promoter) before the court of Chief Judicial Magistrate, Solan in case number 40/3 of 2008. It was alleged that our Company transferred miscellaneous expenditure of ₹6,885.00 lakhs to fixed assets and wrongfully capitalized, to cover up losses by ₹688 lakhs during year ended September 30, 2003. The Chief Judicial Magistrate, Solan by an order dated February 17, 2024 has compounded the offence, and out of the total compounding fee of ₹0.20 lakhs, a sum of ₹0.07 lakhs was awarded to the Union of India.

13. A complaint under Section 77(4) of the Companies Act, 1956 ("**Act**") was filed by the Union of India through the Serious Fraud Investigation Office against our Company, Mr. Sushil Suri (our Chairman, Managing Director and Promoter), an ex-company secretary and certain ex directors of our Company before the court of Chief Judicial Magistrate, Solan in case number 44/3 of 2008. It was alleged that our Company had transferred a sum of ₹270.00 lakhs to M/s Shakun Enterprises Private Limited on November 20, 1996. On the same day M/s Shakun Enterprises Private Limited transferred the amount to 6 promoters investment companies by issuing cheques. The Chief Judicial Magistrate, Solan by an order dated February 17, 2024 has compounded the offence, and out of the total compounding fee of ₹0.03 lakhs, a sum of ₹0.01 lakh was awarded to the Union of India.

For details of the show cause notice issued by SEBI, please see the section titled "*Litigation involving our Company – Litigation against our Company – Actions taken by regulatory and statutory authorities*" on page 216.

Material frauds committed against our Company in the last three years, and if so, the action taken by our Company

There have been no material frauds committed against our Company in the last three years preceding the date of this Preliminary Placement Document.

Significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

As on the date of this Preliminary Placement Document, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

Default by our Company, including therein the amount involved, duration of default and present status, in repayment of statutory dues, debentures and interest thereon, deposits and interest thereon and loan from any bank or financial institution and interest thereon.

Repayment of statutory dues

As on the date of this Preliminary Placement Document, there is no outstanding default in repayment of deposits and interests thereon. For details of certain defaults in repayment of deposits and interest thereon, see "*Risk Factors - Certain Equity Shares of our Company are under cancellation. The cancellation of such Equity Shares may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.*" on page 45.

Repayment of debentures and interest thereon

As on the date of this Preliminary Placement Document, there has been no default in repayment of debentures and interest thereon.

Repayment of deposits and interests thereon

As on the date of this Preliminary Placement Document, there has been no default in repayment of deposits and interests thereon.

Repayment of loan from any bank or financial institution and interest thereon

As on the date of this Preliminary Placement Document, there has been no default in repayment of loan from any bank or financial institution and interest thereon.

Default in annual filings of our Company under the Companies Act, 2013 or rules made thereunder

As on the date of this Preliminary Placement Document, our Company has not made any default in filings of our Company under the Companies Act, 2013 and the rules made thereunder.

Litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company during the last three years immediately preceding the year of this Preliminary Placement Document, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.

Except as disclosed in "*Litigation involving our Company – Litigation against our Company – Criminal proceedings*", "*Litigation involving our Directors – Litigation against our Directors – Criminal proceedings*", "*Litigation involving our Promoters – Litigation against our Promoters – Criminal proceedings*", and "*Inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or Companies Act, 1956 in the last three years preceding the year of this Preliminary Placement Document, involving our Company and its Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document, involving our Company and its Subsidiaries*" on pages 211, 220, 221 and 222 above, there are no litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company, Mr. Sushil Suri during the last three years immediately preceding the year of this Preliminary Placement Document, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action.

Tax Proceedings

As on the date of this Preliminary Placement Document, except as disclosed below, there are no outstanding tax litigations, involving our Company, our Subsidiaries, our Promoters and our Directors:

Nature of case	Number of cases	Amount involved (in ₹ lakhs)
Tax litigation involving our Company		
Direct tax	-	-
Indirect tax	6	251.94
Total	**6**	**251.94**
Tax litigation involving our Subsidiaries		
Direct tax	1	167.23
Indirect tax	-	-
Total	**1**	**167.23**
Tax litigation involving our Promoter*		
Direct tax	1	0.73
Indirect tax	-	-
Total	1	0.73
Tax litigation involving our Directors*		
Direct tax	1	0.73
Indirect tax	-	-
Total	**1**	**0.73**

* *Our Promoter, Sushil Suri, is also a Director of our Company*

Tax Litigation involving the Relevant Parties above the Materiality Threshold

Nil

Fugitive economic offenders, wilful defaulter or fraudulent borrowers

As on the date of this Preliminary Placement Document, none of our Promoters or our Directors are fugitive economic offenders, and neither our Company, nor any of our Subsidiaries, Promoters or our Directors are wilful defaulters or fraudulent borrowers.

STATUTORY AUDITORS

In term of the provisions of Section 139 of the Companies Act, 2013, M/s. S.P. Babuta and Associates, Chartered Accountants, were appointed as our Company's Statutory Auditors pursuant to a resolution adopted by our Shareholders at the AGM held on September 27, 2022 for a period of five years, from Fiscal 2022 to Fiscal 2026.

Our Statutory Auditors have audited the Fiscal 2023 Audited Consolidated Financial Statements and Fiscal 2024 Audited Consolidated Financial Statements which are included in this Preliminary Placement Document in "*Financial Information*" on page 227. The Previous Auditors have audited the Fiscal 2022 Audited Consolidated Financial which are included in this Preliminary Placement Document in "*Financial Information*" on page 227.

The peer review certificate of our Statutory Auditors is valid as of the date of this Preliminary Placement Document.

FINANCIAL INFORMATION

Particulars	Page Nos.
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Fiscal 2023 Audited Consolidated Financial Statements	F-70
Fiscal 2022 Audited Consolidated Financial Statements	F-89

Financial Year 2024

Independent Auditor's Report

To the Members of Morepen Laboratories Limited

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Morepen Laboratories Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

S.No.	Key Audit Matters	Auditor's Response
1	In the Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956 as approved by the Hon'ble High Court of Himachal Pradesh vide its Order dated August 4, 2009, the Company allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues. The Hon'ble NCLT vide its judgment dated 12th March 2018 dismissed the Company's petition seeking approval of the Scheme and stated that the order will not affect the allotment of the shares to the FD holders who have traded the shares to the third parties or transferred the allotted shares and to the balance FD holders (eligible FD holders), the company shall pay the outstanding amount as per the scheme approved by the Company Law Board (CLB). The appeal preferred by the company against the said order of NCLT, is dismissed by Hon'ble National Company Law Appellate Tribunal (NCLAT). Pursuant to implementation of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Order dated 12.03.2018, out of 3,85,65,810 Equity Shares of Rs. 2/- each issued at a premium of Rs. 9.32 per share belonging to eligible FD holders, the company has paid Fixed Deposit dues in respect of 50,38,983 Equity Shares received for cancellation with the company till 31.03.2022. (Refer Note No. 13G to the standalone financial statements)	**<u>Principal Audit Procedures</u>** We collected and analyzed the Scheme approved by the Company Law Board (CLB) dated 19.08.2003, Judgment of Hon'ble NCLT dated 12th March 2018, order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dated 23.7.2019, Communication with ROC and Stock Exchanges in this regard and other relevant documents in this regard produced for our verification. **The payment to pending eligible FD holders may impact financials of the company in the coming year/years.**

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

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

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

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

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

Management's responsibility for the Standalone Financial Statements

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

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

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease the operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143(3) of the Act, based on our audit, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.

   d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

   e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2024 from being appointed as a director in terms of section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

b) The Company did not have any long term contracts including derivative contracts.

c) During the year, the company was not liable to transfer any amount to the Investor Education and Protection Fund.

d) The Gratuity liability accrued remains uncovered to the extent of unfunded.

e) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement. (Refer Note No. 39(f) to the standalone financial statements).

f) The Company has not declared or paid any dividend during the year.

g) Based on our examination, which includes the test checks, the company has used accounting software for maintaining its books of accounts for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all the relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tempered with.

   As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on prevention of audit trail as per the statutory requirement for record retention is not applicable for the financial year ended March 31, 2024

For S.P. Babuta & Associates
Chartered Accountants
F.No. 007657N

CA S.P. Babuta
Managing Partner
FCA, IP, DISA, CCA
GST Cert, Forensic Auditor
Membership No. 086348

Date : 21st May, 2024
Place : Gurugram, Haryana

UDIN : 24086348BKGUSL1981

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone financial statements of Morepen Laboratories Limited for the year ended 31st March,2024)

(i)	(a)	(A)	The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
		(B)	The company is maintaining proper records showing full particulars of intangible assets;
	(b)		Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
	(c)		The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company;
	(d)		The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year;
	(e)		According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;
(ii)	(a)		As explained to us , physical verification of inventory has been conducted at reasonable intervals by the management and an independent CA at the year end , in our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancy of 10% or more in the aggregate for each class of inventory was noticed;
	(b)		The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, during the year from banks or financial institutions on the basis of security of current assets;
(iii)			According to the information and explanations given to us and based on audit procedures performed, we are of the opinion that during the year the company has made investments of Rs. 708.24 lakhs in equity share capital in newly created wholly owned subsidiary Morepen Rx Limited, but not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. In our opinion, investment made in wholly owned subsidiary is not prejudicial to the company's interest;
(iv)			According to the information and explanations given to us and based on audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the company has complied with the provisions of section 185 and 186 of the Act;
(v)			According to the information and explanations given to us, the company is complying Hon'ble National Company Law Tribunal (NCLT) order dated 12.03.2018 in the matter of fixed deposit holders. (Refer Note 13(G) to standalone financial statements);
(vi)			According to the information and explanations given to us, maintenance of cost records has been specified by the Central Government under subsection (1) of section 148 of the Companies Act and as explained to us such accounts and records have been so made and maintained by the company;
(vii)	(a)		According to the information and explanations given to us and based on audit procedures performed, the company is regular in depositing undisputed statutory

			dues including Goods and Services Tax, provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities **except payment of advance income tax**. No such dues are outstanding as on 31st March 2024 for a period exceeding six months;
	(b)		According to the records and information and explanation given to us, there are no dues in respect of Income tax, Sales tax, VAT, Service-tax, Custom duty, cess outstanding as at March 31, 2024 due to any dispute;
(viii)			According to the records and information and explanation given to us, no transaction/amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961;
(ix)	(a)		According to the information and explanations given to us by the management, the company has not made any default in the repayment of loans or other borrowings or interest to Banks/FIs.
	(b)		According to the information and explanations given to us by the management, the company has not been declared willful defaulter by any bank or financial institution or other lender, during the year;
	(c)		According to the records and information and explanation given to us, term/car loans were applied for the purpose for which the loans were obtained;
	(d)		According to the records and information and explanation given to us, funds raised on short term basis have not been utilised for long term purposes;
	(e)		According to the records and information and explanation given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;
	(f)		According to the records and information and explanation given to us, the company has not raised any loan during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies;
(x)	(a)		During the year, the company has not raised any money by way of initial public offer or further public offer (including debt instruments);
(xi)	(a)		During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or on the company, noticed or reported during the year, nor have we been informed of any such case by the Management;
	(b)		No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
	(c)		According to the records and information and explanation given to us, there is no whistle-blower complaint received during the year by the company;
(xii)			The company is not a Nidhi Company and hence this clause is not applicable to the company;
(xiii)			According to the information and explanations given to us and based on our examination of the records of the company, all transactions with the related parties are in compliance with sections 177 & 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;
(xiv)	(a)		The company has an internal audit system commensurate with the size and nature of its business;
	(b)		The reports of the Internal Auditors for the period under audit were considered by us;
(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)	(a)		The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934;
	(b)		The company has not conducted any Non-Banking Financial or Housing Finance activities during the year;
	(c)		The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India;
(xvii)			The company has not incurred cash losses in the financial year and in the immediately preceding financial year;
(xviii)			On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;
(xix)	(a)		According to the information and explanations given to us and based on our examination of the records of the company, there is no unspent amount required to be transferred to a Fund specified in Schedule VII to the Companies Act in respect of other than ongoing projects as per sub-section (5) of section 135 of the said Act;
	(b)		According to the information and explanations given to us and based on our examination of the records of the company, there is no amount remaining unspent under sub-section (5) of section 135 of the Companies Act which is required to be transferred to a special account in compliance with the provision of sub-section (6) of section 135 of the said Act;
(xx)			There is no qualification or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

For S.P. Babuta & Associates
Chartered Accountants
F.No. 007657N

CA S.P. Babuta
Managing Partner
FCA, IP, DISA, CCA
GST Cert, Forensic Auditor
Membership No. 086348

Date : 21st May, 2024
Place :Gurugram, Haryana

UDIN : 24086348BKGUSL1981

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2(f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the standalone financial statements of Morepen Laboratories for the year ended 31st March 2024)

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

We have audited the internal financial controls over financial reporting of **Morepen Laboratories Limited** (“the Company”) as of March 31,2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For S.P. Babuta & Associates
Chartered Accountants
F.No. 007657N

CA S.P. Babuta
Managing Partner
FCA, IP, DISA, CCA
GST Cert, Forensic Auditor
Membership No. 086348

Date : 21st May, 2024
Place : Gurugram, Haryana

UDIN : 24086348BKGUSL1981

MOREPEN LABORATORIES LIMITED
BALANCE SHEET AS AT 31st MARCH, 2024

(Rs. in Lakhs)

		Note No.	As at 31.03.2024	As at 31.03.2023
A	**ASSETS**			
1.	**NON-CURRENT ASSETS**			
	Property, Plant and Equipment and Intangible Assets			
	Property, Plant and Equipment	2	**21244.13**	16608.55
	Capital Work in Progress	2	**2445.18**	1701.37
	Other Intangible Assets	2	**409.41**	473.54
	Financial Assets :			
	Investments	3	**12617.82**	11784.48
	Loans	4	**3.59**	4.95
	Other Financial Assets	5	**532.84**	506.29
	Other Non-Current Assets	6	**6386.94**	6390.27
			43639.91	37469.45
2.	**CURRENT ASSETS**			
	Inventories	7	**22015.11**	21134.90
	Financial Assets :			
	Trade Receivables	8	**31688.79**	25547.12
	Cash and Cash Equivalents	9	**1530.40**	2126.36
	Bank Balances other than Cash and Cash Equivalents	10	**3517.15**	3463.97
	Loans	4	**22.43**	27.37
	Other Financial Assets	11	**1049.42**	550.69
	Other Current Assets	12	**24467.34**	20234.39
			84290.64	73084.80
	Total		**127930.55**	110554.25
B	**EQUITY AND LIABILITIES**			
1.	**EQUITY**			
	Equity Share Capital	13	**10222.71**	10222.71
	Other Equity		**78679.72**	67788.71
			88902.43	78011.42
2.	**NON - CURRENT LIABILITIES**			
	Financial Liabilties :			
	Borrowings	14	**336.40**	93.35
	Other Financial Liabilities	15	**42.90**	196.50
	Deferred Tax Liabilities (Net)	37	**224.95**	268.60
	Provisions	16	**3160.37**	2886.79
			3764.62	3445.24
3.	**CURRENT LIABILITIES**			
	Financial Liabilties :			
	Borrowings	14	**2482.84**	2423.06
	Trade Payables	17	**26742.58**	21309.68
	Other Financial liabilities	18	**3399.22**	3741.21
	Other Current Liabilties	19	**333.42**	132.24
	Provisions	16	**2305.44**	1491.40
			35263.50	29097.59
	TOTAL		**127930.55**	110554.25
	SIGNIFICANT ACCOUNTING POLICIES	1		
	NOTES ON FINANCIAL STATEMENTS	2-40		

As per our separate report of even date

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

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)	***(Sushil Suri)***	***(Manoj Joshi)***
Partner	*Chairman & Managing Director*	*Director*
Membership No. 086348	*DIN : 00012028*	*DIN : 00036546*
Place : Gurugram, Haryana	***(Ajay Kumar Sharma)***	***(Vipul Kumar Srivastava)***
Date : 21st May, 2024	*Chief Financial Officer*	*Company Secretary*
		Membership No. F-12148

MOREPEN LABORATORIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2024

	Note No.	Year Ended 31.03.2024	(Rs. in Lakhs) Year ended 31.03.2023
REVENUE			
Revenue from Operations (Net)	21	***153759.35***	133888.33
Other Income	22	***1256.57***	575.88
Total Income (I)		***155015.92***	134464.21
EXPENSES			
Cost of Materials Consumed	23	***88330.68***	78140.92
Purchases of Stock-in-Trade	24	***6184.38***	10506.93
Changes in Inventories of Finished Goods,Work-in-Progress and Stock-in-Trade	25	***512.96***	1653.86
Employee Benefits Expense	26	***16027.88***	14619.30
Finance Costs	27	***350.94***	198.08
Depreciation and Amortization Expense	2	***2189.98***	1800.57
Other Expenses	28	***26521.55***	21240.34
Total Expenses (II)		***140118.37***	128160.00
Profit before Tax		***14897.55***	6304.21
Tax Expense			
Current Tax		***3856.64***	1659.99
Earlier periods Tax		***(9.04)***	(0.41)
Deferred Tax	37	***(43.65)***	20.34
Total Tax Expense		***3803.95***	1,679.92
Profit for the Year (III)		***11093.60***	4624.29
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss		***(270.60)***	(197.37)
Tax		***(68.01)***	(52.59)
Other Comprehensive Income for the Year (Net of Tax) (IV)		***(202.59)***	(144.78)
Total Comprehensive Income for the Year (III+IV)		***10891.01***	4479.51
Earning per equity share (Face Value of Rs. 2/- each)	34		
Basic & Diluted		***2.17***	0.92

SIGNIFICANT ACCOUNTING POLICIES	1
NOTES ON FINANCIAL STATEMENTS	2-40

As per our separate report of even date — ***For & on behalf of the Board of Directors of Morepen Laboratories Limited***

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)	***(Sushil Suri)***	***(Manoj Joshi)***
Partner	*Chairman & Managing Director*	*Director*
Membership No. 086348	*DIN : 00012028*	*DIN : 00036546*

Place : Gurugram, Haryana	***(Ajay Kumar Sharma)***	***(Vipul Kumar Srivastava)***
Date : 21st May, 2024	*Chief Financial Officer*	*Company Secretary*
		Membership No. F-12148

MOREPEN LABORATORIES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2024

A. EQUITY SHARE CAPITAL

As at 31st MARCH, 2024

(Rs. in Lakhs)

Balance as at 1st April, 2023	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31st March, 2024
10222.71	-	10222.71	-	10222.71

As at 31st March, 2023

Balance as at 1st April, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31st March, 2023
9555.86	-	9555.86	666.85	10222.71

B. OTHER EQUITY AS AT 31st MARCH, 2024

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1st April, 2023	2145.40	7623.33	36978.86	21726.84	(685.72)	-	67788.71
Profit for the year	-	-	-	11093.60	-	-	11093.60
Other comprehensive income/(loss) for the year	-	-	-	-	(202.59)	-	(202.59)
Balance as at 31st March, 2024	2145.40	7623.33	36978.86	32820.44	(888.31)	-	78679.72

OTHER EQUITY AS AT 31st MARCH, 2023

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1st April, 2022	270.40	7623.33	23180.51	17102.55	(540.94)	2625.00	50260.85
Money received against Share Warrants						2250.00	2250.00
- Amount transferred to Equity Share Capital on conversion of warrants						(240.00)	(240.00)
- Amount transferred to Securities Premium account			13798.35			(2760.00)	11038.35
- Amount transferred to Capital Reserve account	1875.00					(1875.00)	-
Profit for the year				4624.29		-	4624.29
Other comprehensive income/(loss) for the year	-	-	-	-	(144.78)	-	(144.78)
Balance as at 31st March, 2023	2145.40	7623.33	36978.86	21726.84	(685.72)	-	67788.71

SIGNIFICANT ACCOUNTING POLICIES 1
NOTES ON FINANCIAL STATEMENTS 2-40

As per our separate report of even date

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

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)
Partner
Membership No. 086348

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(Ajay Kumar Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. F-12148

Place : Gurugram, Haryana
Date : 21st May, 2024

MOREPEN LABORATORIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2024

		Note No.	Year Ended 31.03.2024	(Rs. in Lakhs) Year Ended 31.03.2023
A.	**CASH FLOWS FROM OPERATING ACTIVITIES :**			
	Profit before Tax		14897.55	6304.21
	Adjustments for :			
	Depreciation & Amortisation	2	2189.98	1800.57
	Provision for Employee benefit (OCI)		(270.60)	(197.37)
	Finance Cost	27	350.94	198.08
	Operating Profit before changes in Current Assets and Liabilities		17167.87	8105.49
	Changes in Current Assets and Liabilities -			
	Trade Receivables	8	(6141.67)	(3360.01)
	Loans, Bank balance other than cash & Cash equivalent and other Current Assets	4,10,11,12	(4779.92)	(6150.83)
	Inventories	7	(880.21)	4690.45
	Current Liabilities	16,17,18,19	6106.14	(11869.31)
	Cash generated from Operations		11472.21	(8584.21)
	Tax Expense (Net)		(3735.94)	(1627.33)
	NET CASHFLOW - OPERATING ACTIVITIES		7736.27	(10211.54)
B.	**CASH FLOWS - INVESTING ACTIVITIES:**			
	Purchase of Property, Plant & Equipments & Capital work in Progress	2	(7123.48)	(3554.62)
	Purchase/Addition of Intangibles	2	(384.17)	(3.84)
	Proceeds from Sale of Property, Plant & Equipments	2	2.40	-
	Sales/(Purchase) of Investments (Net)	3	(833.34)	(5.00)
	Investment in Other Non-Current Assets and Loans	4,5,6	(21.86)	(56.45)
	NET CASHFLOW - INVESTING ACTIVITIES		(8360.45)	(3619.91)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES:**			
	Finance Cost	27	(350.94)	(198.08)
	Proceeds/(Repayments) of Long Term Borrowings (Net)	14	243.05	(38.76)
	Proceeds/(Repayments) of Short Term Borrowings (Net)	14	59.78	698.27
	Proceeds from Warrant subscription/ Preference shares conversion		-	13715.20
	Change in Other Non- Current Liabilities & Provisions (Net)	15,16,37	76.33	243.15
	NET CASHFLOW - FINANCING ACTIVITIES		28.22	14419.78
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(595.96)	588.33
	Cash and Cash Equivalents as at Begining of the Year		2126.36	1538.03
	Cash and Cash Equivalents as at End of the Year		1530.40	2126.36
	Bank Balances other than Cash and Cash Equivalents		3517.15	3463.97

Components of cash and cash equivalents as on end of the period		
Balance with Banks		
- In Current Accounts	1514.81	2101.68
Cash in hand	15.59	24.68
	1530.40	2126.36

Notes

a) The Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows" specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as Amended).

b) Figures have been regrouped/ reclassified wherever considered necessary.

SIGNIFICANT ACCOUNTING POLICIES	1
NOTES ON FINANCIAL STATEMENTS	2-40

As per our separate report of even date

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

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)
Partner
Membership No. 086348

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(Ajay Kumar Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. F-12148

Place : Gurugram, Haryana
Date : 21st May, 2024

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

1. Company Overview

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

1.1 Basis for preparation of financial statements

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

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 financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on May 21, 2024.

Functional and Presentation Currency

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

Basis of measurement

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

Operating Cycle

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

1.2 Use of Estimates and Judgements

The presentation of financial statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful *life of depreciable assets and provisions for impairments & others.*

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

1.3. ***Property, Plant and Equipment (PPE)***

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

a) *Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.*

b) *Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.*

c) *Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.*

d) *The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.*

1.4. ***Intangible Assets and Amortisation***

Internally generated Intangible Assets - Research and Development expenditure

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

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

Intangible Assets acquired separately

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

1.5 ***Depreciation***

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

a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it except assets costing less than Rs. 5000/- on which depreciation is charged in full during the year.

b) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

1.6 ***Valuation of inventories***

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

1.7 ***Foreign Currency Transactions / Translations***

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

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

v) In case of long term monetary items outstanding as at the end of year, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

1.8 ***Dividends***

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

1.9 ***Leases***

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

2.0 ***Financial Instruments***

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

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

i) ***Initial Recognition and measurement***

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

However, trade receivables that do not contain a significant financing component are measured at transaction price.

ii) ***Subsequent measurement***

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

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

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

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

c) ***Financial assets at fair value through profit or loss (FVTPL)***
A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

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

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

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

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

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

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

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

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

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

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

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

ii) ***Non-Financial Assets***

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

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

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

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

2.2 ***Revenue Recognition***

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

a) Revenue is recognised at the value of consideration received or receivable. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as part of the contract. The amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

2.3 ***Interest***

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

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

2.4 Income Taxes

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

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

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

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

Pursuant to Taxation Laws (Amendment) Ordinance 2019, the company has opted to pay Income Tax as provided under Section 115BAA of the Income Tax Act, 1961.

2.5 Borrowing Costs

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

2.6 Provisions, contingent liabilities and contingent assets

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

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

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

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

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

2.7 ***Earning per share***

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

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

2.8 ***Employee Retirement benefits***

i) *Short term employee benefits*

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

ii) *Post – employment benefits*

Defined contribution plans *–*

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

Defined benefit plans *–*

Gratuity

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

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

iii) Long – term employee benefits

Leave Encashment

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

2.9 ***Segment Reporting***

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

3.0 ***Cash and cash equivalents***

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

MOREPEN LABORATORIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2024

2. I) PROPERTY, PLANT AND EQUIPMENT

TANGIBLE ASSETS

(Rs./Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTIZATION				CARRYING VALUE	
	As at 01.04.2023	Additions	(Disposals)/ Adjustments	**As at 31.03.2024**	As at 01.04.2023	For the year	Deductions/ Adjustments	**As at 31.03.2024**	**As at 31.03.2024**	As at 31.03.2023
Land	143.03	-	-	**143.03**	-	-	-	**-**	**143.03**	143.03
Buildings	9087.51	874.05	(0.50)	**9961.06**	4250.76	189.27	(150.26)	**4289.77**	**5671.29**	4836.75
Plant & Machinery	37003.61	4725.08	(8511.51) *	**33217.18**	26959.71	1237.04	(8361.76)	**19834.99**	**13382.19**	10043.90
Furnitures & Fixtures	1275.89	90.41	-	**1366.30**	409.73	101.55	-	**511.28**	**855.02**	866.16
Vehicles	1084.25	588.39	(8.96)	**1663.68**	541.62	127.20	(8.51)	**660.31**	**1003.37**	542.63
Office Equipments	613.62	101.74	(4.88)	**710.48**	437.54	86.62	(2.91)	**521.25**	**189.23**	176.08
Total	**49207.91**	**6379.67**	**(8525.85)**	**47061.73**	**32599.36**	**1741.68**	**(8523.44)**	**25817.60**	**21244.13**	16608.55
Previous Year	45950.67	3267.83	(10.59)	49207.91	31406.98	1202.97	(10.59)	32599.36	16608.55	

II) CAPITAL WORK IN PROGRESS

PARTICULARS	As at 01.04.2023	Additions	(Disposals)/ Adjustments	As at 31.03.2024	As at 01.04.2023	For the year	Deductions/ Adjustments	As at 31.03.2024	As at 31.03.2024	As at 31.03.2023
Buildings	346.58	68.72	-	**415.30**	-	-	-	**-**	**415.30**	346.58
Plant & Machinery	1348.63	586.58	-	**1935.21**	-	-	-	**-**	**1935.21**	1,348.63
Furniture & Fixture	6.16	-	(4.92)	**1.24**	-	-	-	**-**	**1.24**	6.16
Research & Development	-	52.12		**52.12**	-	-	-	**-**	**52.12**	-
Electrical Installation	-	41.31	-	**41.31**	-	-	-	**-**	**41.31**	-
Total	**1701.37**	**748.73**	**(4.92)**	**2445.18**	**-**	**-**	**-**	**-**	**2445.18**	1701.37
Previous Year	1414.58	286.79	-	1,701.37	-	-	-		1,701.37	

III) INTANGIBLE ASSETS

PARTICULARS	As at 01.04.2023	Additions	(Disposals)/ Adjustments	As at 31.03.2024	As at 01.04.2023	For the year	Deductions/ Adjustments	As at 31.03.2024	As at 31.03.2024	As at 31.03.2023
Computer Software	290.52	53.24	-	**343.76**	244.16	21.12	-	**265.28**	**78.48**	46.36
Customer Acquisition Cost	1708.75	-	(1708.75)	**-**	1281.57	427.18	(1708.75)	**-**	**-**	427.18
Product Development Cost	-	330.93	-	**330.93**	-	-	-	**-**	**330.93**	-
Total	**1999.27**	**384.17**	**(1708.75)**	**674.69**	**1525.73**	**448.30**	**(1708.75)**	**265.28**	**409.41**	473.54
Previous Year	1995.43	3.84	-	1999.27	928.13	597.60	-	1,525.73	473.54	

GRAND TOTAL

PARTICULARS	As at 01.04.2023	Additions	(Disposals)/ Adjustments	As at 31.03.2024	As at 01.04.2023	For the year	Deductions/ Adjustments	As at 31.03.2024	As at 31.03.2024	As at 31.03.2023
Current year	**52908.55**	**7512.57**	**(10239.52)**	**50181.60**	**34125.09**	**2189.98**	**(10232.19)**	**26082.88**	**24098.72**	18783.46
Previous Year	49360.68	3558.46	(10.59)	52908.55	32335.10	1800.57	(10.59)	34125.08	18783.46	

Notes : -

1. Customer acqusition cost repersents amount invested for expansion of point of care business of the company. Deductions represents intangibles fully charged and therefore derecognised during the year.

2) Product Development cost represents amount spent on development on formulation products.

*3) * Old machinery no longer in use and fully depreciated, written off, derecognised during the year.*

(Rs. in Lakhs)

		As at 31.03.2024	As at 31.03.2023
3.	***INVESTMENTS (NON-CURRENT)***		
	Trade Investments (At Cost)		
	A. Investment in Equity Instruments (Unquoted)		
	Subsidiary Companies		
	i) Dr. Morepen Limited		
	4,06,79,500 Equity shares of Rs.10/- each fully paid up	***11747.25***	*11747.25*
	ii) Morepen Bio Inc. (Previously Morepen Inc.)		
	94,000 fully paid common stock of USD 0.001 each	***22.23***	*22.23*
	iii) Morepen Devices Limited		
	1,00,000 Equity shares of Rs.10/- each fully paid up	***10.00***	*10.00*
	iv) Morepen Rx Limited		
	7082356 Equity Share of Rs.10/- each fully paid up	***708.24***	*5.00*
	(Previous year 50,000 Equity Shares of Rs 10/- each)		
		12487.72	*11784.48*
	Non-Trade Investments (At Cost)		
	B. Investment in Mutual Funds (Quoted)		
	13164.448 Units (Previous Year- Nil) ICICI Prudential Liquid Fund	***45.00***	-
	657.861 Units (Previous Year- Nil) HDFC Liquid Fund	***30.00***	-
	5507.283 Units (Previous Year- Nil) HDFC Large and Midcap Fund	***15.00***	-
	63152.078 Units (Previous Year- Nil) HDFC Multi Cap Fund	***10.00***	-
	149992.50 Units (Previous Year- Nil) Motilal Oswal Large Cap Fund	***15.00***	-
	149992.50 Units (Previous Year- Nil) Mirae Asset Multi Asset Allocation Fund	***15.00***	-
	142.506 Units (Previous Year- Nil) ICICI Prudential Money Market Fund	***0.10***	-
		130.10	-
	Market Value of Quoted Investments as on 31.03.2024 - Rs. 134.26 Lakhs.		
	Aggregate amount	***12617.82***	*11784.48*

4. ***LOANS***

	Current Portion		Non -Current Portion	
	As at 31.03.24	*As at 31.03.23*	***As at 31.03.24***	*As at 31.03.23*
Unsecured				
(Considred good)				
Loans to Employees	***22.43***	*27.37*	***3.59***	*4.95*
	22.43	*27.37*	***3.59***	*4.95*

		As at 31.03.2024	As at 31.03.2023
5.	***OTHER FINANCIAL ASSETS - NON CURRENT***		
	Security Deposits	***532.84***	*506.29*
		532.84	*506.29*
6.	***OTHER NON CURRENT ASSETS***		
	Unsecured		
	*Capital Advances (Considered good) **	***6362.66***	*6362.65*
	Leasehold Land Prepayments	***22.76***	*26.06*
	Prepaid (Deferred)Expenses for Employee Benefit	***1.52***	*1.56*
		6386.94	*6390.27*

*Includes-**
Rs. 2596.38 Lakhs paid to related parties for acquisition of land for expansion of manufacturing facilities of the company. An agreement for acquisition of land was entered into with these parties in the financial year ending March 31, 2021, for a sum of Rs. 2840.00 Lakhs. Necessary documentation and seeking government & statutory approvals for the transfer of land in the name of the company is expected in

		As at 31.03.2024	As at 31.03.2023
7.	***INVENTORIES***		
	Raw Materials	***14496.08***	*12661.60*
	Work-in-progress	***3741.37***	*3864.55*
	Finished goods	***3090.43***	*3511.27*
	Stock -in-trade	***313.67***	*636.72*
	Goods in transit	***6.56***	*11.17*
	Stores and spares	***367.00***	*449.59*
		22015.11	*21134.90*

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

(Rs. in Lakhs)

	As at 31.03.2024	As at 31.03.2023
Breakup of Inventory		
i) Raw materials -		
API & Intermediates	**7247.79**	6584.84
Home Health	**6403.68**	5040.57
Formulations	**844.61**	1036.19
Total Raw Materials	**14496.08**	12661.60
ii) Work in Progress -		
API & Intermediates	**3017.10**	3505.00
Home Health	**571.35**	208.65
Formulations	**152.92**	150.90
Total Work -in -progress	**3741.37**	3864.55
iii) Finished goods -		
API & Intermediates	**1497.05**	2520.39
Home Health	**1344.36**	675.23
Formulations	**249.02**	315.65
Finished Goods Inventory	**3090.43**	3511.27
iv) Stock in trade -		
Home Health	**313.67**	297.63
Formulations	**-**	339.09
Stock in trade Inventory	**313.67**	636.72

8. TRADE RECEIVABLES

Unsecured -		
Considered good	**31575.97**	25547.12
Considered Doubtful	**249.56**	173.15
	31825.53	25720.27
Less : Allowance for doubtful debts	**136.74**	173.15
	31688.79	25547.12

Ageing of Trade Receivables (2023-24)	< than 6 months	6months-1 year	1-2 years	2-3 years	3 years or more	Total
Undisputed						
- Considered good	30,830.16	485.90	128.37	63.63	67.91	**31,575.97**
- Having significant increase in credit risk	-	-	-	-	-	**-**
- Credit Impaired	-	-	-	-	-	**-**
Disputed						**-**
- Considered good	-	-	-	-	-	**-**
- Having significant increase in credit risk	116.13	9.31	36.34	32.62	55.16	**249.56**
- Credit Impaired	-	-	-	-	-	**-**
Total Receivables	**30,946.29**	**495.21**	**164.71**	**96.25**	**123.07**	**31825.53**

Ageing of Trade Receivables (2022-23)	< 6 months	6months-1 year	1-2 years	2-3 years	3 years or more	Total
Undisputed						
- Considered good	25047.02	293.53	137.79	59.48	9.30	25547.12
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
Disputed						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	-	-	13.26	24.64	135.25	173.15
- Credit impaired	-	-	-	-	-	-
Total Receivables	**25047.02**	**293.53**	**151.05**	**84.12**	**144.55**	**25720.27**

9. CASH AND CASH EQUIVALENTS

Balances with banks		
Current Accounts	**1514.81**	2101.68
Cash in hand	**15.59**	24.68
	1530.40	2126.36

10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Term Deposit - Towards Margin Money & Security against Overdraft, Bills discounting and LC facilities (Refer Note No. 14)	**3465.88**	3326.89
Guarantees	**51.27**	137.08
	3517.15	3463.97

11. OTHER FINANCIAL ASSETS - CURRENT

Security Deposits	**414.28**	290.43
Interest accrued but not due	**155.51**	98.04
Export Incentives Receivable	**479.63**	162.22
	1049.42	550.69

(Rs. in Lakhs)

		As at 31.03.2024	As at 31.03.2023
12.	**OTHER CURRENT ASSETS**		
	Unsecured considered good, unless otherwise stated		
	Advances with Suppliers & Others*	**21327.52**	16940.07
	Leasehold Land Prepayments	**1.83**	1.47
	Balance with Government Authorities	**2026.22**	2993.05
	Advances to Employees	**121.24**	64.71
	Prepaid Expenses	**990.53**	235.09
		24467.34	20234.39

** Includes-*
Sum of Rs. 570.41 Lakhs paid to fixed deposit holders towards cancellation of 50,38,983 no. of Equity Shares. (Refer Note No. 13 G)

13. SHARE CAPITAL

A. **Equity Share Capital**

	As at March 31, 2024		As at March 31, 2023	
	Nos. of Shares	Amount (Rs./Lakhs)	Nos. of Shares	Amount (Rs./Lakhs)
Authorised				
Equity Shares of Rs. 2/- each	**1000000000**	**20000.00**	1000000000	20000.00
Issued and Subscribed				
Equity Shares of Rs. 2/- each	**511168708**	**10223.37**	511168708	10223.37

Paid up				
Equity Shares of Rs. 2/- each	**511168708**	**10222.71**	511168708	10222.71

(33000 Shares not paid up)

Reconcilation of the numbers and amount of Equity shares -

For the year ended	As at March 31, 2024		As at March 31, 2023	
	Nos.	Amount (Rs./Lakhs)	Nos.	Amount (Rs./Lakhs)
Outstanding at beginning of the year	**511168708**	**10222.71**	477826203	9555.86
Add : Shares issued during the year	**-**	**-**	33342505	666.85
Outstanding at the end of year	**511168708**	**10222.71**	511168708	10222.71

Shares held by promoters at the end of the year

Sl.	Name of the promoter	No. of shares held	% of shareholding
1	KANTA SURI	1510	0.00
2	RAJAS SURI (KB SURI SONS HUF)	972830	0.19
3	SANJAY SURI (SANJAY SURI SONS HUF)	2100000	0.41
4	PRADUMAN LAL SURI HUF	2990	0.00
5	SUSHIL SURI (SUSHIL SURI SONS HUF)	1201560	0.24
6	ANUBHAV SURI (ARUN SURI SONS HUF)	1500000	0.29
7	MAMTA SURI	3004000	0.59
8	SONIA SURI	3679718	0.72
9	SANJAY SURI	3417240	0.67
10	P.L. SURI	400000	0.08
11	ANJU SURI	5186369	1.01
12	SUSHIL SURI	5501510	1.08
13	SUNITA SURI	3192240	0.62
14	SHALU SURI	2052250	0.40
15	VARUN SURI	3052357	0.60
16	ANUBHAV SURI	782134	0.15
17	SARA SURI	705000	0.14
18	GULFY SURI	1150000	0.22
19	AANCHAL SURI	685922	0.13
20	RAJAS SURI	155000	0.03
21	MASTER ARJUN SURI	697060	0.14
22	KANAK SURI	997060	0.20
23	AANANDI SURI	750000	0.15
24	AAKRITI SURI	55000	0.01
25	BROOK INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	15159252	2.97
26	CONCEPT CREDITS AND CONSULTANTS PRIVATE LTD.	15347724	3.00
27	EPITOME HOLDINGS PRIVATE LTD.	14500820	2.84
28	LIQUID HOLDINGS PRIVATE LTD.	5003000	0.98
29	MID MED FINANCIAL SERVICES AND INVESTMENTS PRIVATE LTD.	14973813	2.93
30	REACT INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	14942134	2.92
31	SOLITARY INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	15114045	2.96
32	SQUARE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	14102075	2.76
33	SOLACE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	15082790	2.95
34	SEED SECURITIES AND SERVICES PRIVATE LTD.	14328780	2.80
35	SCOPE CREDITS AND FINANCIAL SERVICES PRIVATE LTD.	15575405	3.05
	TOTAL	**195371588**	**38.22**

B. ***Shareholders holding more than 5% shares -***

Equity Shares

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	**% of Holding**	No. of Shares	% of Holding
Pinfold Overseas Ltd.	38530000	7.54%	38530000	7.54%

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

i) The equity shares of the company are having a par value of Rs. 2/- each. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and his voting rights on any poll shall be in proportion to his share in the paid-up equity share capital of the company.

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 as per preference prescribed under the Act. The distribution will be in the proportion of the number of equity shares held by each shareholder.

D. *During last 5 years immediately preceding the balance sheet date, no Equity Share has been issued pursuant to any contract without payment being received in cash.*

E. *Disclosure about unpaid calls -* *(Rs. in Lakhs)*

Unpaid Calls	As at 31.03.24	As at 31.03.23
By Directors & Officers	-	-
By Others	**0.66**	0.66

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

G. *In terms of Hon'ble National Company Law Tribunal ('NCLT') order dated 12.03.2018, the company sent notices to all the eligible FD holders seeking, their bank account details and identification particulars, for transfer of Fixed Deposit (FD) dues in their respective bank accounts. In all 4953 no. of fixed deposit holders submitted their identification and bank account particulars and surrendered a total of 50,38,983 Equity Shares for cancellation, with the company. All these FD holders who provided their bank account details, identification particulars and other relevant details, were paid their entire FD dues as per Hon'ble NCLT order dated 12.03.2018. The necessary information in this regard to payment of FD dues were duly submitted to the jurisdictional Registrar of Companies.*
The company has approached BSE Limited (BSE) and National Stock Exchange of India (NSE) for cancellation of aforesaid shares, for which pay-out has been made by the company, in compliance with Hon'ble NCLT's order dated 12.03.2018. As soon as the Stock Exchanges give their go ahead for cancellation of said shares from total listed capital, the resultant reduction of share capital will be updated with the jurisdictional Registrar of Companies.

Necessary accounting entries for the cancellation of equity capital and reversal of reserves and surplus for Rs. 100.78 Lakhs and Rs. 469.63 Lakhs respectively, will be given effect on the receipt of guidance from stock exchanges and depositories. The total sum of Rs. 570.41 Lakhs, comprising of debit balance of share capital and reserves & surplus, is appearing under head - other current assets. Aforesaid entries has insignificant impact on EPS and current assets.

14. ***BORROWINGS***

Long Term	Current Portion		Non Current Portion	
	As at 31.03.24	As at 31.03.23	**As at 31.03.24**	As at 31.03.23
Secured				
Term Loans - Vehicles	**133.75**	105.11	**336.40**	93.35
Total	**133.75**	105.11	**336.40**	93.35

Above loans represent vehicle loans, repayble on monthly basis, secured by way of hypothecation of specific assets purchased under the hire purchase agreement.

Particulars	**Current Portion**	**Non- Current Portion**				
Year of Repayment	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**Total**
Annual Repayment Amount (Rs./Lakhs)	**133.75**	**86.94**	**81.98**	**89.51**	**77.97**	**336.40**
Annual Rate of Interest (%)	7.04% -9.50%	7.04% -9.50%	7.04% -9.50%	7.04% -9.50%	7.04% -9.50%	7.04% -9.50%

Short Term
Secured

Bank Overdraft and Bill Discounting facility against term deposit (Refer Note No. 10) *(Annual rate of interest chargable on aforesaid facilties ranges upto 9.50 %)*	**2349.09**	2317.95
Current maturities of Long Term Borrowings	**133.75**	105.11
Total	**2482.84**	2423.06

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

Security Deposits from Business Associates & Others	**42.90**	196.50
	42.90	196.50

16. PROVISIONS (Rs. in Lakhs)

	CURRENT		NON-CURRENT	
	As at 31.03.24	As at 31.03.23	As at 31.03.24	As at 31.03.23
Gratuity	638.09	538.21	2471.97	2201.03
Leave Encashment	208.67	204.00	688.40	685.76
Income Tax (Net of tax payments & TDS Deductions)	1318.35	649.73	-	-
Other Expenses	140.33	99.46	-	-
Total	2305.44	1,491.40	3160.37	2886.79

17. TRADE PAYABLES

Total outstanding dues of micro small and medium enterprises	206.64	234.36
Total outstanding dues of creditors other than micro small and medium enterprises	26535.94	21075.32
	26742.58	21309.68

Ageing of Trade Payables (2023-24)	< 1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	206.64	-	-	-	206.64
(ii) Others	26301.41	107.04	78.10	49.39	26535.94
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total Payables	26508.05	107.04	78.10	49.39	26742.58

Ageing of Trade Payables (2022-23)	< 1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	234.36	-	-	-	234.36
(ii) Others	20803.42	107.73	51.69	112.48	21075.32
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total Payables	21037.78	107.73	51.69	112.48	21309.68

18. OTHER FINANCIAL LIABILITIES -CURRENT

Accrued Salaries and Benefits	1612.30	1574.63
Other payables	1786.92	2166.58
	3399.22	3741.21

19. OTHER CURRENT LIABILITIES

Direct & Indirect Taxes	333.42	132.24
	333.42	132.24

20. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

a) Contingent Liabilties		
Claims against the Company not acknowledged as debts	36.00	81.75
Guarantees	334.78	416.72
Other money for which company is contingently liable	338.34	167.89
	709.12	666.36
b) Other commitments		
Capital commitments	1294.52	517.73
	2003.64	1184.09

(Rs. in Lakhs)

	Year Ended 31.03.2024	Year Ended 31.03.2023
21. REVENUE FROM OPERATIONS		
Sale of products		
Domestic	88657.47	76328.38
Exports	64285.91	57219.53
Total	152943.38	133547.91
Other Operating Revenues		
Export Incentives	815.97	314.15
Other items	-	26.27
	815.97	340.42
	153759.35	133888.33
Break-up of revenue from sale of products (net of taxes)		
Manufactured goods		
API & Intermediates	93952.20	82303.76
Home Health	41774.80	28420.94
Formulations	10518.01	9240.78
Sale of Manufactured Goods - (A)	146245.01	119965.48
Traded Goods		
Home Health	2496.80	4285.96
Formulations	4201.57	9296.47
Total Sales of Traded Goods - (B)	6698.37	13582.43
Revenues from Sales Operations (A+B)	152943.38	133547.91
22. OTHER INCOME		
Interest Income	248.43	165.74
Others	1008.14	410.14
	1256.57	575.88

23.	***COST OF MATERIALS CONSUMED***		
	Raw Materials	***83775.12***	*72588.90*
	Packing Materials	***4555.56***	*5552.02*
		88330.68	*78140.92*
	Break up of cost of materials consumed		
	API & Intermediates	***53128.28***	*54136.19*
	Home Health	***28050.72***	*17927.55*
	Formulations	***7151.68***	*6077.18*
	Total	***88330.68***	*78140.92*
24.	***PURCHASE OF STOCK-IN-TRADE***		
	Home Health	***2612.62***	*2936.16*
	Formulations	***3571.76***	*7570.77*
	Total	***6184.38***	*10506.93*
25.	***CHANGE IN INVENTORY***		
	Opening Balance -		
	Work-in-progress	***3864.55***	*3582.17*
	Finished goods	***3511.27***	*3722.87*
	Stock-in-trade	***636.72***	*2462.00*
	Stores and spares	***449.59***	*348.95*
		8462.13	*10115.99*
	Closing Balance -		
	Work-in-progress	***3741.37***	*3864.55*
	Finished goods	***3090.43***	*3511.27*
	Stock-in-trade	***313.67***	*636.72*
	Stores and spares	***367.00***	*449.59*
		7512.47	*8462.13*
	Less *: Transferred to Morepen Rx Ltd., a wholly owned subsidiary of the company, on slump sales basis, vide Business Transfer Agreement dated 22.08.2023, entred between the company and Morepen Rx Ltd. (See Note No. 40)*	***436.70***	*-*
	Change in Inventory	***512.96***	*1653.86*
26.	***EMPLOYEE BENEFITS EXPENSE***		
	Salaries and Wages	***14553.89***	*13317.55*
	Contribution to provident fund/ ESI	***396.22***	*378.08*
	Gratuity and Leave Encashment	***600.23***	*495.49*
	Staff Welfare	***477.54***	*428.18*
		16027.88	*14619.30*
27.	***FINANCE COST***		
	Interest expense	***205.84***	*143.50*
	Interest on delay in deposit of Advance Tax	***145.10***	*54.58*
		350.94	*198.08*
28.	***OTHER EXPENSES***		
	Consumption of Stores and spare parts	***2109.80***	*1462.84*
	Power and Fuel	***3408.91***	*2377.70*
	Repairs to Buildings	***230.61***	*228.74*
	Repairs to Machinery	***707.91***	*547.07*
	General Repairs	***1370.72***	*1142.84*
	Research & Development	***519.83***	*306.89*
	Quality Control & Testing Charges	***1426.39***	*1068.61*
	Insurance	***185.18***	*125.58*
	Rent	***1055.38***	*976.63*
	Rates and Taxes	***164.16***	*221.62*
	Legal and Professional Expenses	***1400.55***	*1145.13*
	Travelling Expenses	***1679.85***	*1429.51*
	Selling and Distribution Expenses	***9915.35***	*8490.81*
	Miscellaneous Expenses	***2346.91***	*1716.37*
		26521.55	*21240.34*

(Rs./Lakhs)

		As at 31.03.2024	As at 31.03.2023
29.	**PAYMENTS TO AUDITORS** (excluding GST)		
	Statutory Auditors -		
	Audit Fee	**25.00**	25.00
	Tax Audit Fee	**13.00**	13.00
	Tax Matters	**2.00**	2.00
	Certification & Others	**3.03**	2.00
	Total	**43.03**	42.00
	Cost Auditors-		
	Audit Fees	**2.00**	2.00
	Others	**2.50**	2.50
	Total	**4.50**	4.50

30. PRIOR PERIOD ITEMS

Expenses include Rs.66.59 Lakhs (Previous Year Rs.32.32 Lakhs) as expenses relating to earlier years.

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

		31.03.2024	31.03.2023
A.	**VALUE OF IMPORTS ON CIF BASIS**		
	Raw Materials	**52553.06**	41327.33
	Stock -in -trade	**1499.56**	1913.08
	Capital Goods	**573.70**	77.47
		54626.32	43317.88
B.	**EXPENDITURE IN FOREIGN CURRENCY**		
	Purchase of Capital Goods/ Travel/ Commission	**1217.55**	1117.10
		1217.55	1117.10
C.	**VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF**		
	Imported	**54466.12**	47021.83
	Indigenous	**33864.30**	31119.09
		88330.42	78140.92
	% Imported	**61.66**	60.18
	% Indigenous	**38.34**	39.82
		100.00	100.00
D.	**EARNINGS IN FOREIGN EXCHANGE**		
	Exports of Goods on F.O.B. basis	**63876.30**	56566.49
		63876.30	56566.49

32. SEGMENT REPORTING

In accordance with Indian Accounting Standard, Ind AS-108 "Operating Segment ", segment information has been given in consolidated financial statements of the company, and therefore, no seperate disclosure on segment information is given in these financial statements.

33. RELATED PARTY DISCLOSURES

Disclosure as required by Indian Accounting Standard "Related Party Disclosures" (Ind AS 24) as notified u/s 133 of Companies Act, 2013 are as under:

Related Parties	
1. Subsidiary Companies -	
Morepen Bio Inc., USA (Formely Morepen Inc.)	Overseas Company
Dr. Morepen Limited	Domestic Company
Morepen Devices Limited	Domestic Company
Morepen Rx Limited	Domestic Company
Total Care Limited	Domestic Company
2. Key Management Personnel	Mr. Sushil Suri, Chairman & Managing Director Mr. Sanjay Suri, Whole Time Director Mr. Ajay Sharma, Chief Financial Officer Mr. Vipul Srivastava, Company Secretary
3. Relatives of Key Management personnnels with whom the company has any transaction during the year	Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Ms. Anandi Suri, Mrs. Amita Sharma.
4. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Edit 25 Lifestyle Private Limited Mr. Naman Joshi Groom Town Pvt. Ltd. Happier Life Pvt. Ltd.

Transactions with related parties -

Particulars	Nature of transaction	Rs./Lakhs
1. Subsidiary Companies	Subscription of Share Capital	703.24
	Sale of inventories	16455.62
	Brand Usage expenses	221.36
	Purchase of inventories	99.69
	Reimbursement of Office & Rental Expense	266.74
	Amount receivable as on 31.03.2024	4021.02
	Maximum amount outstanding	4511.73
2. Key Management Personnel	Remuneration	779.49
	Amount Payable as on 31.03.24	212.82
	Maximum amount outstanding	223.68
3. Relatives of key Management personnnels with whom the company has any transaction during the year	Remuneration	695.67
	Amount Payable as on 31.03.24	153.55
	Maximum amount outstanding	200.79
4. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Receipt of services	46.20
	Amount Payable as on 31.03.24	6.62
	Maximum amount outstanding	10.39

Remuneration paid to employees of Morepen Laboratories Limited (the company) and its KMPs of the subsidiaries, is not included in the above details. The above details also do not include retail purchases made by related parties from the company.

34. EARNING PER SHARE

Particulars	Year Ended 31.03.2024	31.03.2023
Profit for the year (Rs. in Lakhs)	**11093.60**	4624.29
Earnings per share in rupees (face value Rs.2/- per share)-		
Weighted average number of equity shares used in computing basic EPS	**511168708**	502206570
Basic & Diluted EPS (Rs.) - (Face value of Rs. 2/- per share)	**2.17**	0.92

35. EMPLOYEE BENEFITS

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

(A) **Disclosures for Defined Contribution Plans -** (Rs./Lakhs)

Particulars	31.03.2024	31.03.2023
Employer's Contribution to Provident Fund	**361.25**	345.67
Employer's Contribution to Employees State Insurance	**33.93**	31.60
Labour Welfare Fund- Employer	**1.03**	0.80

(B) **Disclosures for Defined Benefit Plans - Unfunded** (Rs./Lakhs)

	Particulars	Gratuity		Leave Encashment	
I	**Change in the present value of obligation:**	**31.03.2024**	31.03.2023	**31.03.2024**	31.03.2023
	Present Value of Obligation at beginning of the year	**2739.24**	2293.68	**889.78**	817.28
	Add: Interest Cost	**206.78**	185.68	**71.97**	69.91
	Add: Current Service Cost	**204.74**	175.90	**369.61**	277.36
	Less:- Benefit Paid	**311.29**	113.39	**491.30**	288.79
	Add: Acturial loss/(gain) on obligations	**270.59**	197.37	**57.01**	14.02
	Present Value of Obligation as at year end	**3110.06**	2739.24	**897.07**	889.78
II	**Change in the fair value of plan Assets:**	**31.03.2024**	31.03.2023	**31.03.2024**	31.03.2023
	Fair Value of Plan Assets at the beginning of year	-	-	-	-
	Add : Expected Return on Plan Assets	-	-	-	-
	Add : Contributions	-	-	-	-
	Less: Benefits Paid	-	-	-	-
	Fair Value of Plan Assets at year end	-	-	-	-
III	**Expense recognized in the Statement of Profit & Loss**	**31.03.2024**	31.03.2023	**31.03.2024**	31.03.2023
	Current Service Cost	**204.74**	175.90	**369.61**	277.36
	Add: Interest Cost	**206.78**	185.68	**71.97**	69.91
	Less: Expected Return on plan asstes	-	-	-	-
	Less: Settlement Credit	-	-	**309.89**	227.39
	Add: Net acturial loss/(gain) recognised	**270.59**	197.37	**57.01**	14.02
	Total expenses recognized in the statement of profit & loss	**682.11**	558.95	**188.70**	133.90

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

Assumptions	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Discount Rate	7.20%	7.20%	7.20%	7.20%
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)	19.91	19.91	20.07	20.07

Notes -

1. A sum of Rs. 309.89 Lakhs (previous year Rs. 227.39 Lakhs) benefits paid as salaries in respect of compensated absences and Rs. 41.33 Lakhs (previous year Rs.61.40 Lakhs) regular benefit payments upon exit from service is included in the amount of Rs. 426.38 Lakhs (previous year Rs.288.79 Lakhs) of benefits paid.

2. Benefits paid includes a sum of Rs. 87.91 Lakhs (Gratuity) and Rs.64.92 Lakhs (Leave Encashment), transferred to Morepen Rx Limited (MRx Ltd.), a wholly owened subsidiary, in respect of employees transferred to MRx Ltd., in transfer of business under Slump Sales basis under U/R 11UA, of Income Tax Rules 1962, pursuant to business transfer agreement (BTA) signed between, Morepen Laboratories Limited and Morepen Rx Limited dated, August 22, 2023.

36. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2024. Hence, no provision is required in the accounts for the year under review.

37. INCOME TAXES

A. Current Tax and Deferred Tax Expense

Income taxes recognised in the statement of profit and loss including Other Comprehensive Income (OCI) -

For the year ended	31st March 2024	31st March 2023
Current tax	3788.63	1607.40
Earlier Years taxes	(9.04)	(0.41)
Deferred tax expense	(43.65)	20.34
Total income tax expenses	**3735.94**	1,627.33
B. Deferred Tax Liabilities/ (Assets) (Net)		
Deferred Tax Liabilities	1263.30	1225.59
Deferred Tax Assets	1038.35	956.99
Deferred tax Liabilities/(Assets) (Net)	**224.95**	268.60
Major Components of temporary difference and their movements thereof are given below -		
Deferred Tax Assets -		
Retirement benefits & Leave Encashment	4007.14	3629.02
Provisions deductible for tax purposes in future periods	118.54	173.38
Total	**4125.68**	3802.40
Tax Rate	25.17%	25.17%
Tax Amount	**1038.35**	956.99
Retirement benefits & Leave Encashment		
Deferred tax Liabilities -		
PP&E depreciation and Intangible Amortiastion	5019.46	4869.61
Total	**5019.46**	4869.61
Tax Rate	25.17%	25.17%
Tax Amount	**1263.30**	1225.59

38. OTHERS SIGNIFICANT DISCLOSURES

a) *In the opinion of directors, all assets except stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.*

b) *Balances of Non-current liabilities, Current liabilties, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.*

c) *Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.*

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

e) *No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.*

f) *During the year, the company has transferred the Branded Formulation (Rx) Business to its 100% subsidiary, Morepen Rx Limited, vide business transfer agreement dated 22nd August, 2023 as a going concern for lump sum consideration of Rs. 703.23 lakhs on a slump sale basis. The company has acquired 70,82,356/- equity shares of Morepen Rx Limited, of Rs. 10/- each, at par, as consideration for transfer of branded formulation business.*

The movable assets, current assets and liabilities transferred by the company through its business transfer agreement dt. 22.08.2023 effective 01.08.2023 is as under: -

Particulars/Amount (Rs. in Lakhs)	**Book Value as on 31.07.2023**
Movable Assets	
Computer	1.97
Sub-Total	**1.97**
Other Non Current Financial Assets	**24.43**
Current Assets :	
Inventories	436.70
Financial Assets:	
Trade Receivable	1873.46
Cash and cash Equivalents	0.36
Bank Balances other than Cash and Cash Equivalents	16.68
Other Financial Assets	24.69
Other Current Assets	1019.82
Sub-Total	**3371.71**
Total	**3398.11**
Liabilities :	
Non-Current Liabilities	
Financial Liabilities:	
Other Financial Liabilities	154.00
Provisions	156.42
Sub-Total	**310.42**
Current Liabilities :	
Financial Liabilities:	
Trade Payable	2017.60
Other Financial liabilities	283.52
Other Current Liabilities	21.88
Provisions	61.45
Sub-Total	**2384.45**
Total	**2694.87**
Purchase Consideration (Total Assets-liabilities)	**703.24**

39. Corporate Social Responsibility (CSR)

a) *During the financial year ended March 31, 2024, CSR amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof was Rs.210.00 Lakh (Previous year Rs.189.57 Lakh).*

b) *During the year the Company has made an expenditure of Rs.220.36 Lakh (Previous year Rs.190.26 lakh) related to CSR.*

c) *Details of CSR expenditure incurred during the year ended March 31, 2024 is as below :-*

(Rs./Lakhs)

	31.03.2024	31.03.2023
Nature of CSR activity		
-Promotion of Healthcare	**54.07**	48.63
-Social Infrastructure	**47.46**	98.57
-Education	**115.04**	29.24
-Sports	**3.79**	13.82
Total	**220.36**	190.26

MOREPEN LABORATORIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2024

40.

Ratios	***As at 31.03.2024***	*As at 31.03.2023*
Current Ratio	**2.39**	**2.51**
- Numerator - Current Assets	84290.64	73084.80
- Denominator - Current Liabilities	35263.50	29097.59
Inventory turnover Ratio	**4.40**	**3.85**
- Numerator - Cost of Goods Sold	95028.02	90301.71
- Denominator - Average Inventory	21575.01	23480.13
Trade receivables turnover Ratio (days)	**67**	**65**
- Numerator - Revenue	155015.92	134464.21
- Denominator - Average Debtors	28617.96	23867.12
Trade payables turnover Ratio (days)	**92**	**87**
- Numerator - COGS	95028.02	90301.71
- Denominator - Average Creditors	24026.13	21520.80
Debt-Equity Ratio	**0.03**	**0.03**
- Numerator - Debt	2819.24	2516.41
- Denominator		
Equity	10222.71	10222.71
Reserves & Surplus	79568.03	68474.43
Warrants	-	-
OCI	(888.31)	(685.72)
Total Equity	**88902.43**	**78011.42**
Debt Service Coverage Ratio	**576.46%**	**312.15%**
- Numerator - EBITDA	17438.47	8302.86
- Denominator -Total Loan Liability	3025.08	2659.91
Interest on loans	205.84	143.50
Principal loans	2819.24	2516.41
Net profit Ratio	**7.16%**	**3.44%**
- Numerator - PAT	11093.60	4624.29
- Denominator - Revenue	155015.92	134464.21
Return on Equity Ratio (RoE)	**12.48%**	**5.93%**
- Numerator - PAT	11093.60	4624.29
- Denominator -Total Equity	88902.43	78011.42
Net capital turnover Ratio	**1.74**	**1.72**
- Numerator - Revenue	155015.92	134464.21
- Denominator -Total Equity	88902.43	78011.42
Return on Capital employed (RoCE)	**16.46%**	**7.98%**
- Numerator - EBIT (*PBT+Interest*)	**15248.49**	**6502.29**
PBT	14897.55	6304.21
Interest	350.94	198.08
- Denominator		
Shareholder's wealth	88902.43	78011.42
Preference Capital	-	-
Non current borrowings	336.40	93.35
Non Current Liabilities	3428.22	3351.89
Total capital employed	**92667.05**	**81456.66**
Return on investment	**8.67%**	**4.18%**
- Numerator - PAT	11093.60	4624.29
- Denominator - Total Assets	127930.55	110554.25

Independent Auditor's Report

To the Members of Morepen Laboratories Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **Morepen Laboratories Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31,2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, the consolidated profit,consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

S.No.	Key Audit Matters	Auditor's Response
1	In the Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956 as approved by the Hon'ble High Court of Himachal Pradesh vide its Order dated August 4, 2009, the Company allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues. The Hon'ble NCLT vide its judgment dated 12th March 2018 dismissed the Company's petition seeking approval of the Scheme and stated that the order will not affect the allotment of the shares to the FD holders who have traded the shares to the third parties or transferred the allotted shares and to the balance FD holders (eligible FD holders), the company shall pay the outstanding amount as per the scheme approved by the Company Law Board (CLB). The appeal preferred by the company against the said order of NCLT, is dismissed by Hon'ble National Company Law Appellate Tribunal (NCLAT). Pursuant to implementation of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Order dated 12.03.2018, out of 3,85,65,810 Equity Shares of Rs. 2/- each issued at a premium of Rs. 9.32 per share belonging to eligible FD holders, the company has paid Fixed Deposit dues in respect of 50,38,983 Equity Shares received for cancellation with the company till 31.03.2022. (Refer Note No. 12G to the consolidated financial statements)	**<u>Principal Audit Procedures</u>** We collected and analyzed the Scheme approved by the Company Law Board (CLB) dated 19.08.2003, Judgment of Hon'ble NCLT dated 12th March 2018, order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dated 23.7.2019, Communication with ROC and Stock Exchanges in this regard and other relevant documents in this regard produced for our verification. **The payment to pending eligible FD holders may impact financials of the company in the coming year/years.**

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

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

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

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

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

Management's responsibility for the Consolidated Financial Statements

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

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

In preparing the consolidated financial statements, the respective board of directors of the entities included in the Group are responsible for assessing the ability of the Group to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease the operations, or has no realistic alternative but to do so.

The respective board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements,whether due to fraud or error, design and perform audit procedures responsive to those risks,and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Groupto continue as agoing concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in consolidatedfinancial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

We did not audit the financial statements of subsidiaries namely Morepen Devices Limited, Morepen Rx Limited, Total Care Ltd. (Indian Subsidiaries) and Morepen Bio Inc. [earlier Morepen Inc.] (foreign Subsidiary) included in consolidated financial statements. Financial statement of these four subsidiaries reflect total assets of Rs. 6032.60 lakhs as at March 31, 2024, total revenue of Rs. 22988.86 lakhs, total profit after tax of Rs. (399.02) lakhs and total comprehensive income of Rs. 26.77 lakhs for the year ended on that date, as considered in the consolidated financial statements. The aforesaid financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the auditors of such entities.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of the Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.

d) In our Opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issues thereunder.

e) On the basis of the written representations received from the directors of the Holding company and its Indian subsidiaries as on 31st March 2024 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 31st March 2024 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls is as per Annexure A.

g) There is no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company has disclosed the impact of pending litigations on the financial position of the group, in its consolidated financial statements;

   (ii) The Group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

   (iii) During the year, the Group was not liable to transfer any amount to the Investor Education and Protection Fund.

   (iv) The Gratuity liability accrued remains uncovered to the extent of unfunded.

   (v) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose final statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement. (Refer Note No. 33(f) to the consolidated financial statements)

(vi) No Company in the group has declared or paid any dividend during the year.

(vii) Based on our examination, which includes the test checks and that performed by the respective auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the act, the company, subsidiaries have used an accounting software for maintaining its books of accounts for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all the relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tempered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on prevention of audit trail as per the statutory requirement for record retention is not applicable for the financial year ended March 31, 2024

For S.P. Babuta & Associates
Chartered Accountants
F.No. 007657N

CA S.P. Babuta
Managing Partner
FCA, IP, DISA, CCA
GST Cert, Forensic Auditor
Membership No. 086348

Date : 21st May, 2024
Place : Gurugram, Haryana

UDIN : 24086348BKGUSM6741

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the consolidated financial statements of Morepen Laboratories Limited for the year ended 31st March 2024)

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

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended March 31, 2024, we have audited the internal financial controls over financial reporting of Morepen Laboratories Limited (hereinafter referred to as “the Holding Company”) and its Indian subsidiaries, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us, and based on the consideration of reports of other auditors, referred to in the Other Matters paragraph, the Holding company and its subsidiaries incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the respective companies, considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far as it relates to the financial statements of subsidiaries namely Morepen Devices Limited, Morepen Rx Ltd., Total Care Ltd. (Indian Subsidiaries) and Morepen Bio Inc. [earlier Morepen Inc.] (Foreign Subsidiary), is based solely on the reports of the auditors of such entities.

For S.P. Babuta & Associates
Chartered Accountants
F.No. 007657N

CA S.P. Babuta
Managing Partner
FCA, IP, DISA, CCA
GST Cert, Forensic Auditor
Membership No. 086348

Date : 21st May, 2024
Place : Gurugram, Haryana

UDIN : 24086348BKGUSM6741

MOREPEN LABORATORIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2024

(Rs. in Lakhs)

		Note No.	As at 31.03.2024	As at 31.03.2023
	ASSETS			
1.	**NON-CURRENT ASSETS**			
	Property, Plant and Equipment and Intangible Assets			
	Property, Plant and Equipment	2	**21320.41**	16699.90
	Capital Work in Progress	2	**2445.18**	1701.37
	Goodwill	2	**7447.42**	7447.42
	Other Intangible Assets	2	**1966.82**	2549.86
	Financial Assets :			
	Investments			
	Investments	3	**130.10**	-
	Loans	4	**3.59**	4.95
	Other Financial Assets	5	**714.15**	637.77
	Other Non-Current Assets	6	**6388.44**	6391.77
			40416.11	35433.04
2.	**CURRENT ASSETS**			
	Inventories	7	**24859.42**	22888.63
	Financial Assets :			
	Trade Receivables	8	**32493.81**	26324.70
	Cash and Cash Equivalents	9	**1694.51**	2166.58
	Bank Balances other than Cash and Cash Equivalents	10	**3517.15**	3463.97
	Loans	4	**22.43**	27.37
	Other Financial Assets	11	**1438.15**	551.27
	Other current assets	12	**24878.93**	20193.95
			88904.40	75616.47
	TOTAL		**129320.51**	111049.51
	EQUITY AND LIABILITIES			
1.	**EQUITY**			
	Equity Share Capital	13	**10222.71**	10222.71
	Other Equity		**74499.91**	65068.10
			84722.62	75290.81
2.	**MINORITY INTEREST**	14	**-**	(46.04)
3.	**NON - CURRENT LIABILITIES**			
	Financial Liabilties			
	Borrowings	15	**336.40**	93.35
	Other Financial liabilities	16	**450.42**	352.02
	Deferred Tax Liabilities (Net)	34	**224.95**	268.60
	Provisions	17	**3381.66**	2974.46
			4393.43	3688.43
4.	**CURRENT LIABILITIES**			
	Financial Liabilties			
	Borrowings	15	**2563.52**	2423.06
	Trade Payables	18	**29502.75**	22687.93
	Other Financial liabilities	19	**5050.91**	5012.64
	Other Current Liabilties	20	**585.78**	368.57
	Provisions	17	**2501.50**	1624.11
			40204.46	32116.31
	TOTAL		**129320.51**	111049.51
	SIGNIFICANT ACCOUNTING POLICIES	1		
	NOTES ON FINANCIAL STATEMENTS	2-36		

As per our separate report of even date **For & on behalf of the Board of Directors of Morepen Laboratories Limited**

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)
Partner
Membership No. 086348

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

Place : Gurugram, Haryana
Date : 21st May, 2024

(Ajay Kumar Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. F-12148

MOREPEN LABORATORIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2024

(Rs. in Lakhs)

	Note No.	Year Ended 31.03.2024	Year ended 31.03.2023
REVENUE			
Revenue from operations (Net)	22	**169043.25**	141753.00
Other Income	23	**1397.08**	613.34
Total Income (I)		**170440.33**	142366.34
EXPENSES			
Cost of Materials Consumed	24	**88330.68**	78140.92
Purchases of Stock-in-Trade		**17700.48**	15785.21
Changes in inventories of Finished goods Work-in-progress and Stock-in-Trade		**211.33**	1648.31
Employee Benefits Expense	25	**18146.55**	15468.05
Finance Cost	26	**371.02**	198.08
Depreciation and Amortization Expense	2	**3346.95**	2793.04
Other Expenses	27	**28791.75**	22757.20
Total Expenses (II)		**156898.76**	136790.81
Profit before Tax		**13541.57**	5575.53
Tax Expense			
Current Tax		**3932.22**	1681.78
Earlier periods Tax		**(9.03)**	5.86
Deferred Tax	33	**(43.65)**	20.34
Total Tax Expense		**3879.54**	1707.98
Profit for the Year (III)		**9662.03**	3867.55
Share of minority interest in Profit/ (loss)		**46.04**	0.03
Profit for the year available for majority shareholders		**9615.99**	3867.52
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss		**(275.24)**	(200.62)
Tax		**(68.01)**	(52.59)
Exchange differences on translation of foreign operations		**23.05**	-
		(184.18)	(148.03)
		9431.81	3719.49
Earning per equity share (Face Value of Rs. 2/- each)	31		
Basic & Diluted		**1.88**	0.77
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-36		

As per our separate report of even date

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

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)	**(Sushil Suri)**	**(Manoj Joshi)**
Partner	Chairman & Managing Director	Director
Membership No. 086348	DIN : 00012028	DIN : 00036546

Place : Gurugram, Haryana	**(Ajay Kumar Sharma)**	**(Vipul Kumar Srivastava)**
Date : 21st May, 2024	Chief Financial Officer	Company Secretary
		Membership No. F-12148

MOREPEN LABORATORIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2024

A. EQUITY SHARE CAPITAL

As at 31st March, 2024

(Rs. in Lakhs)

Balance as at 1st April, 2023	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year		Balance as at 31st March, 2024
10222.71	-	10222.71	-		10222.71

As at 31st March, 2023

Balance as at 1st April, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year		Balance as at 31st March, 2023
9555.86	-	9555.86	666.85		10222.71

B. OTHER EQUITY AS AT 31st MARCH, 2024

	RESERVES & SURPLUS				Other items of other comprehensive income	Exchange differences on translation of a foreign opeartion	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings				
Balance as at 1st April, 2023	2145.40	7623.33	36978.86	19001.20	(680.69)	-	-	65068.10
Profit for the year	-	-	-	9615.99	-		-	9615.99
Other comprehensive income/(loss) for the year	-	-	-	-	(207.23)	23.05	-	(184.18)
Balance as at 31st March, 2024	2145.40	7623.33	36978.86	28617.19	(887.92)	23.05	-	74499.91

OTHER EQUITY AS AT 31st MARCH, 2023

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1st April, 2022	270.40	7623.33	23180.51	15133.68	(532.66)	2625.00	48300.26
Money received against Share Warrants	-	-	-	-	-	2250.00	2250.00
- Amount transferred to Equity Share Capital on conversion of warrants	-	-	-	-	-	(240.00)	(240.00)
- Additions to Securities Premium Account	-	-	13,798.35	-	-	(2760.00)	11038.35
- Amount transferred to Capital Reserve account	1,875.00					(1875.00)	-
Profit for the year	-	-	-	3867.52	-	-	3867.52
Other comprehensive income/(loss) for the year	-	-	-	-	(148.03)	-	(148.03)
Balance as at 31st March, 2023	2,145.40	7623.33	36978.86	19001.20	(680.69)	-	65068.10

SIGNIFICANT ACCOUNTING POLICIES 1

NOTES ON FINANCIAL STATEMENTS 2-36

As per our separate report of even date

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

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)
Partner
Membership No. 086348

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

Place : Gurugram, Haryana
Date : 21st May, 2024

(Ajay Kumar Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. F-12148

MOREPEN LABORATORIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2024

(Rs. in Lakhs)

		Notes	Year Ended 31.03.2024	Year Ended 31.03.2023
A.	**CASH FLOWS FROM OPERATING ACTIVITIES :**			
	Profit before Tax		13541.57	5575.53
	Adjustments for :			
	Depreciation & Amortisation	2	3346.95	2793.04
	Provision for Employee benefit (OCI)		(275.24)	(200.62)
	Exchange differences on translation of a foreign opeartion		23.05	-
	Finance Cost (Net)	26	371.02	198.08
	Minority Interest	14	(46.04)	(0.03)
	Operating Profit before changes in Current Assets and Liabilities		16961.31	8366.00
	Changes in Current Assets and Liabilities -			
	Trade Receivables	8	(6169.11)	(1260.39)
	Loans, Bank balance other than cash & Cash equivalent and other Current Assets	4,10,11,12	(5620.10)	(5036.42)
	Inventories	7	(1970.79)	4696.78
	Current Liabilities	17,18,19,20	7947.68	(14227.64)
	Cash generated from operations		11148.99	(7461.67)
	Income Tax (Net)		(3811.53)	(1655.39)
	NET CASHFLOW - OPERATING ACTIVITIES		7337.46	(9117.06)
B.	**CASH FLOWS - INVESTING ACTIVITIES:**			
	Purchase of Property, Plant & Equipments	2	(7138.08)	(3562.06)
	Purchase/Addition of Intangibles/Goodwill	2	(995.47)	(1035.14)
	Proceeds from Sale of Property, Plant & Equipments	2	5.32	-
	Sales/(Purchase) of Investments (Net)	3	(130.10)	-
	Investment in Other Non-Current Assets	4,5,6	(71.69)	(53.73)
	NET CASHFLOW - INVESTING ACTIVITIES		(8330.02)	(4650.93)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES:**			
	Finance Cost	26	(371.02)	(198.08)
	Proceeds/(Repayments) of Long Term Borrowings (Net)	15	243.05	(38.76)
	Proceeds/(Repayments) of Short Term Borrowings (Net)	15	140.46	698.27
	Proceeds from Warrant subscription/ Preference shares conversion		-	13715.20
	Change in Other Non- Current Liabilities & Provisions (Net)	14,16,17,34	508.00	177.68
	NET CASHFLOW - FINANCING ACTIVITIES		520.49	14354.31
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(472.07)	586.32
	Cash and Cash Equivalents as at Begining of the Year		2166.58	1580.26
	Cash and Cash Equivalents as at End of the Year		1694.51	2166.58
	Bank Balances other than Cash and Cash Equivalents		3517.15	3463.97

Components of cash and cash equivalents as on end of the period		
Balance with Banks		
- In Current Accounts	1677.54	2141.80
- In Deposit Accounts	-	-
Cash in hand	16.97	24.78
	1694.51	2166.58

Notes

a) The Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows" specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as Amended).

b) Figures have been regrouped/ reclassified wherever necessary.

SIGNIFICANT ACCOUNTING POLICIES	1
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As per our separate report of even date

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

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)	**(Sushil Suri)**	**(Manoj Joshi)**
Partner	Chairman & Managing Director	Director
Membership No. 086348	DIN : 00012028	DIN : 00036546
Place : Gurugram, Haryana	**(Ajay Kumar Sharma)**	**(Vipul Kumar Srivastava)**
Date : 21st May, 2024	Chief Financial Officer	Company Secretary
		Membership No. F-12148

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

Company Overview

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

*1.1 **Basis for preparation of financial statements***

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

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 five subsidiaries namely Dr. Morepen Ltd., Total Care Ltd., Morepen Devices Ltd., Morepen Rx Ltd. (Domestic Companies) and Morepen Bio Inc. [earlier Morepen Inc.] (Foreign Company). Financial statements of foreign subsidiary have been recasted for the purpose of consolidation.

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

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

**(Held by Dr. Morepen Limited)*

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on May 21, 2024.

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

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

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

1.2 ***Use of Estimates and Judgements***
The presentation of financial statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful life of depreciable assets and provisions for impairments & others.

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

1.3. ***Property, Plant and Equipment (PPE)***

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

a) Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

b) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

c) *Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.*

d) *The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.*

1.4 Intangible Assets and Amortisation

Internally generated Intangible Assets - Research and Development expenditure

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

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

Intangible Assets acquired separately

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

1.5 Depreciation

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

a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it except assets costing less than Rs. 5000/- on which depreciation is charged in full during the year.

b) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

1.6. Valuation of inventories

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

*1.7. **Foreign Currency Transactions / Translations***

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

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

v) In case of long term monetary items outstanding as at the end of year, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

*1.8 **Dividends***

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

*1.9 **Leases***

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

*2.0 **Financial Instruments***

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

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

i) ***Initial Recognition and measurement***

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

However, trade receivables that do not contain a significant financing component are measured at transaction price.

ii) ***Subsequent measurement***

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

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

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

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

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

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

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

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

e) ***Financial liabilities***

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

Financial liabilities at FVTPL

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

Other Financial liabilities

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

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

iii) ***Derecognition of financial instruments***

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

iv) ***Fair value measurement of financial instruments***

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

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

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

2.1 ***Impairment of Assets***

i) ***Financial Assets***

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

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

ii) ***Non-Financial Assets***

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

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

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

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

2.2 Revenue Recognition

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

a) Revenue is recognised at the value of consideration received or receivable. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as part of the contract. The amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

2.3 Interest

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

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

2.4 Income Taxes

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

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

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

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

Pursuant to Taxation Laws (Amendment) Ordinance 2019, the company has opted to pay Income Tax as provided under Section 115BAA of the Income Tax Act, 1961.

2.5 ***Borrowing Costs***

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

2.6 ***Provisions, contingent liabilities and contingent assets***

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

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

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

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

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

2.7 ***Earning per share***

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

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

2.8 ***Employee Retirement benefits***

i) *Short term employee benefits*

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

ii) *Post – employment benefits*

Defined contribution plans *–*

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

Defined benefit plans *–*

Gratuity

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

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

iii) *Long – term employee benefits*

Leave Encashment

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

2.9 ***Segment Reporting***

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

3.0 ***Cash and cash equivalents***

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

2. I) PROPERTY, PLANT AND EQUIPMENT

TANGIBLE ASSETS

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION/ AMORTIZATION				CARRYING VALUE	
	As at 01.04.2023	Addition	Disposals/ Adjustments	**As at 31.03.2024**	As at 01.04.2023	For the year	Deductions/ Adjustments	**As at 31.03.2024**	**As at 31.03.2024**	As at 31.03.2023
Land	143.28	-	-	**143.28**	-	-	-	-	**143.28**	143.28
Buildings	9,087.21	874.05	(0.50)	**9960.76**	4,251.35	189.27	(150.26)	**4,290.36**	**5,670.40**	4,835.86
Plant & Machinery	37,098.64	4,725.08	(8,511.51) *	**33312.21**	27,008.28	1,243.91	(8,361.76)	**19,890.43**	**13,421.78**	10,090.36
Furnitures & Fixtures	1,323.65	90.41	-	**1414.06**	446.97	104.76	-	**551.73**	**862.33**	876.68
Vehicles	1,246.48	588.39	(8.55)	**1826.32**	693.69	129.68	(8.51)	**814.86**	**1,011.46**	552.79
Office Equipments	692.53	116.34	(4.88)	**803.99**	491.60	101.23	-	**592.83**	**211.16**	200.93
Total	**49,591.79**	**6,394.27**	**(8,525.44)**	**47,460.62**	**32,891.89**	**1,768.85**	**(8,520.53)**	**26,140.21**	**21320.41**	16699.90
Previous Year	46,327.11	3,275.27	(10.59)	49,591.79	31,662.40	1,240.08	(10.59)	32,891.89	16,699.90	

II) CAPITAL WORK IN PROGRESS

Buildings	346.58	68.72	-	**415.30**	-	-	-	-	**415.30**	346.58
Plant & Machinery	1,348.63	586.58	-	**1935.21**	-	-	-	-	**1,935.21**	1,348.63
Furniture & Fixture	6.16	-	(4.92)	**1.24**	-	-	-	-	**1.24**	6.16
Research & Development	-	52.12	-	**52.12**	-	-	-	-	**52.12**	-
Electrical Installation	-	41.31	-	**41.31**	-	-	-	-	**41.31**	-
Total	**1,701.37**	**748.73**	**(4.92)**	**2,445.18**	-	-	-	-	**2445.18**	1701.37
Previous Year	1,414.58	286.79	-	1,701.37	-	-	-	-	1,701.37	

III) GOODWILL

Goodwill	7,447.42	-	-	**7,447.42**	-	-	-	-	7,447.42	7447.42
Total	**7447.42**	-	-	**7447.42**	-	-	-	-	**7447.42**	7447.42
Previous Year	7,447.42	-	-	7,447.42	-	-	-	-	7,447.42	

IV) INTANGIBLE ASSETS

Computer Software	290.93	53.24	(0.41)	**343.76**	244.57	21.12	-	**265.69**	**78.07**	46.36
Customer Acquisition Cost	5446.98	366.51	(2,426.61)	**3386.88**	3362.85	1,538.46	(2,426.61)	**2474.70**	**912.18**	2,084.13
Product Development Cost	118.96	583.01	-	**701.97**	-	-	-	-	**701.97**	118.96
Right to use Assets	35.52	(7.29)	-	**28.23**	-	-	-	-	**28.23**	35.52
Patents & Trade Marks	2,692.89	-	(0.74)	**2,693.63**	2,428.00	18.52	0.74	**2,447.26**	**246.37**	264.89
Total	**8,585.28**	**995.47**	**(2,427.76)**	**7,154.47**	**6,035.42**	**1,578.10**	**(2,425.87)**	**5,187.65**	**1,966.82**	2,549.86
Previous Year	7,550.14	1,035.14	-	8,585.28	4,482.46	1,552.96	-	6,035.42	2,549.86	

GRAND TOTAL

Current year	**67,325.86**	**8,138.47**	**(10,958.12)**	**64,507.69**	**38,927.31**	**3,346.95**	**(10,946.40)**	**31,327.86**	**33179.83**	28398.55
Previous Year	62,739.25	4,597.20	(10.59)	67,325.86	36,144.86	2,793.04	(10.59)	38,927.31	28,398.55	

Notes -

1) 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.

2) Customer acqusition cost represents amount invested for expansion of point of care & OTC business of the company. Deductions represents intangibles fully amortised and therefore derecognised during the year.

3) Product Development cost represents amount spent on development on formulation products.

*4) * Old machinery no longer in use and fully depreciated, written off, derecognised during the year.*

		As at 31.03.2024	As at 31.03.2023
3.	**INVESTMENTS (NON-CURRENT) - Non Trade**		
	A. Investment in Mutual Funds (Quoted)		
	13164.448 Units (Previous Year- Nil) ICICI Prudential Liquid Fund	**45.00**	
	657.861 Units (Previous Year- Nil) HDFC Liquid Fund	**30.00**	
	5507.283 Units (Previous Year- Nil) HDFC Large and Midcap Fund	**15.00**	
	63152.078 Units (Previous Year- Nil) HDFC Multi Cap Fund	**10.00**	
	149992.50 Units (Previous Year- Nil) Motilal Oswal Large Cap Fund	**15.00**	
	149992.50 Units (Previous Year- Nil) Mirae Asset Multi Asset Allocation Fund	**15.00**	
	142.506 Units (Previous Year- Nil) ICICI Prudential Money Market Fund	**0.10**	
		130.10	-

Market Value of Quoted Investments as on 31.03.2024 - Rs. 134.26 Lakhs.

4. LOANS

(Rs. in Lakhs)

	Current Portion		Non Current Portion	
	As at 31.03.24	As at 31.03.23	**As at 31.03.24**	As at 31.03.23
Secured				
(Unsecured, considred good)				
Loans to Employees	**22.43**	27.37	**3.59**	4.95
	22.43	27.37	**3.59**	4.95

		As at 31.03.2024	As at 31.03.2023
5.	**OTHER FINANCIAL ASSETS - NON CURRENT**		
	Security Deposits	**714.15**	637.77
		714.15	637.77
6.	**OTHER NON CURRENT ASSETS**		
	Unsecured		
	Capital Advances (Considered good) *	**6364.16**	6364.15
	Leasehold Land Prepayments	**22.76**	26.06
	Prepaid (Deferred) Expenses for Employee Benefit	**1.52**	1.56
		6388.44	6391.77

Includes-*
Rs. 2596.38 Lakhs paid to related parties for acquisition of land for expansion of manufacturing facilities of the company. An agreement for acquisition of land was entered into with these parties in the financial year ending March 31, 2021, for a sum of Rs.2840.00 Lakhs. Necessary documentation and seeking government & statutory approvals for the transfer of land in the name of the company is expected in the coming financial year.

		As at 31.03.2024	As at 31.03.2023
7.	**INVENTORIES**		
	Raw Materials	**14496.08**	12661.60
	Work-in-progress	**3741.37**	3864.55
	Finished goods	**3090.43**	3511.27
	Stock -in-trade	**1435.70**	1463.58
	Goods in transit	**1728.84**	938.04
	Stores and spares	**367.00**	449.59
		24859.42	22888.63

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

		As at 31.03.2024	As at 31.03.2023
8.	**TRADE RECEIVABLES**		
	Unsecured -		
	Considered good	**32257.83**	26324.70
	Considered doubtful	**529.60**	275.41
		32787.43	26600.11
	Less: Allowance for bad & doubtful debts	**293.62**	275.41
		32493.81	26324.70

Ageing of Trade Receivables (2023-24)	***< 6 months***	***6months-1 year***	***1-2 years***	***2-3 years***	***3 years or more***	***Total***
Undisputed						
- Considered good	*31124.45*	*793.46*	*208.39*	*63.63*	*67.91*	***32257.84***
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
Disputed						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	*163.27*	*22.86*	*104.72*	*96.49*	*142.25*	***529.59***
- Credit impaired	-	-	-	-	-	-
Total Receivables	***31287.72***	***816.32***	***313.11***	***160.12***	***210.16***	***32787.43***

Ageing of Trade Receivables (2022-23)	**< than 6 months**	**6months-1 year**	**1-2 years**	**2-3 years**	**3 years or more**	**Total**
Undisputed						
- Considered good	*25831.03*	*238.72*	*178.58*	*67.07*	*9.30*	*26324.70*
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
Disputed						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	-	*2.68*	*50.70*	*29.11*	*192.92*	*275.41*
- Credit impaired	-	-	-	-	-	-
Total Receivables	***25831.03***	***241.40***	***229.28***	***96.18***	***202.22***	***26600.11***

(Rs. in Lakhs)

		As at 31.03.2024	As at 31.03.2023
9.	**CASH AND CASH EQUIVALENTS**		
	Balances with banks		
	Current Accounts	**1677.54**	2141.80
	Cash in hand	**16.97**	24.78
		1694.51	2166.58
10.	**BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**		
	Term Deposit - Towards Margin Money & Security against Overdraft, Bills discounting and LC facilities	**3465.88**	3326.89
	Guarantees	**51.27**	137.08
		3517.15	3463.97
11.	**OTHER FINANCIAL ASSETS - CURRENT**		
	Security Deposits	**803.01**	291.01
	Interest accrued but not due	**155.51**	98.04
	Export Incentives Receivable	**479.63**	162.22
		1438.15	551.27
12.	**OTHER CURRENT ASSETS**		
	Unsecured considered good, unless otherwise stated		
	Advances with Suppliers & Others *	**21413.43**	16567.19
	Leasehold Land Prepayments	**1.83**	1.47
	Balance with Government Authorities	**2277.25**	3101.54
	Advances to Employees	**179.38**	70.75
	Prepaid Expenses	**1007.07**	453.00
		24878.96	20193.95

* Includes

Sum of Rs. 570.41 Lakhs paid to fixed deposit holders towards cancellation of 50,38,983 no. of Equity Shares. (Refer Note No. 13 G)

13. SHARE CAPITAL

A. **Equity Share Capital**

	As at March 31, 2024		As at March 31, 2023	
	Nos. of Shares	**Amount (Rs./Lakhs)**	Nos. of Shares	Amount (Rs./Lakhs)
Authorised				
Equity Shares of Rs. 2/- each	**1000000000**	**20000.00**	1000000000	20000.00
Issued and Subscribed				
Equity Shares of Rs. 2/- each	**511168708**	**10223.37**	511168708	10223.37

Paid up				
Equity Shares of Rs. 2/- each	**511168708**	**10222.71**	511168708	10222.71

(33000 Shares not paid up)

Reconcilation of the numbers and amount of Equity shares -

For the year ended	**As at March 31, 2024**		As at March 31, 2023	
	Nos.	**Amount (Rs./Lakhs)**	Nos.	Amount (Rs./Lakhs)
Outstanding at beginning of the year	**511168708**	**10222.71**	477826203	9,555.86
Add : Shares issued during the year	**-**	**-**	33342505	666.85
Outstanding at the end of year	**511168708**	**10222.71**	511168708	10222.71

Shares held by promoters at the end of the year			
Sl.	Name of the promoter	No. of shares held	% of shareholding
1	KANTA SURI	1510	0.00
2	RAJAS SURI (KB SURI SONS HUF)	972830	0.19
3	SANJAY SURI (SANJAY SURI SONS HUF)	2100000	0.41
4	PRADUMAN LAL SURI HUF	2990	0.00
5	SUSHIL SURI (SUSHIL SURI SONS HUF)	1201560	0.24
6	ANUBHAV SURI (ARUN SURI SONS HUF)	1500000	0.29
7	MAMTA SURI	3004000	0.59
8	SONIA SURI	3679718	0.72
9	SANJAY SURI	3417240	0.67
10	P.L. SURI	400000	0.08
11	ANJU SURI	5186369	1.01
12	SUSHIL SURI	5501510	1.08
13	SUNITA SURI	3192240	0.62
14	SHALU SURI	2052250	0.40
15	VARUN SURI	3052357	0.60
16	ANUBHAV SURI	782134	0.15
17	SARA SURI	705000	0.14
18	GULFY SURI	1150000	0.22
19	AANCHAL SURI	685922	0.13
20	RAJAS SURI	155000	0.03
21	MASTER ARJUN SURI	697060	0.14
22	KANAK SURI	997060	0.20
23	AANANDI SURI	750000	0.15
24	AAKRITI SURI	55000	0.01
25	BROOK INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	15159252	2.97
26	CONCEPT CREDITS AND CONSULTANTS PRIVATE LTD.	15347724	3.00
27	EPITOME HOLDINGS PRIVATE LTD.	14500820	2.84
28	LIQUID HOLDINGS PRIVATE LTD.	5003000	0.98
29	MID MED FINANCIAL SERVICES AND INVESTMENTS PRIVATE LTD.	14973813	2.93
30	REACT INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	14942134	2.92
31	SOLITARY INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	15114045	2.96
32	SQUARE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	14102075	2.76
33	SOLACE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LTD.	15082790	2.95
34	SEED SECURITIES AND SERVICES PRIVATE LTD.	14328780	2.80
35	SCOPE CREDITS AND FINANCIAL SERVICES PRIVATE LTD.	15575405	3.05
	TOTAL	**195371588**	**38.22**

B. **Shareholders holding more than 5% shares -**

Equity Shares

Name of Shareholder	**As at March 31, 2024**		As at March 31, 2023	
	No. of Shares	**% of Holding**	No. of Shares	% of Holding
Pinfold Overseas Ltd.	38,530,000	7.54%	38,530,000	7.54%

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

i) The equity shares of the company are having a par value of Rs. 2/- each. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and his voting rights on any poll shall be in proportion to his share in the paid-up equity share capital of the company.

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 as per preference prescribed under the Act. The distribution will be in the proportion of the number of equity shares held by each shareholder.

D. During last 5 years immediately preceding the balance sheet date, no Equity Share has been issued pursuant to any contract without payment being received in cash.

E. Disclosure about unpaid calls - (Rs. in Lakhs)

Unpaid Calls	**31.03.2024**	31.03.2023
By Directors & Officers	-	-
By Others	**0.66**	0.66

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

G. In terms of Hon'ble National Company Law Tribunal ('NCLT') order dated 12.03.2018, the company sent notices to all the eligible FD holders seeking, their bank account details and identification particulars, for transfer of Fixed Deposit (FD) dues in their respective bank accounts. In all 4953 no. of fixed deposit holders submitted their identification and bank account particulars and surrendered a total of 50,38,983 Equity Shares for cancellation, with the company. All these FD holders who provided their bank account details, identification particulars and other relevant details, were paid their entire FD dues as per Hon'ble NCLT order dated 12.03.2018. The necessary information in this regard to payment of FD dues were duly submitted to the jurisdictional Registrar of Companies.

The company has approached BSE Limited (BSE) and National Stock Exchange of India (NSE) for cancellation of aforesaid shares, for which pay-out has been made by the Necessary accounting entries for the cancellation of equity capital and reversal of reserves and surplus for Rs. 100.78 Lakhs and Rs. 469.63 Lakhs respectively, will be given effect on the receipt of guidance from stock exchanges and depositories. The total sum of Rs. 570.41 Lakhs, comprising of debit balance of share capital and reserves & surplus, is appearing under head - other current assets. Aforesaid entries has insignificant impact on EPS and current assets.

(Rs. in Lakhs)

	As at 31.03.2024	As at 31.03.2023
14. MINORITY INTEREST		
Share Capital	**46.66**	46.66
Share in Profit/(Loss)	**(46.66)**	(92.70)
The excess of losses, over the minority interest in the equity of the step down subsidiary of the company, Total Care Limited, have been adjusted against the profits of the company, during the year.	-	(46.04)

15. **BORROWINGS**

Long Term

	Current Portion		Non Current Portion	
	As at 31.03.24	As at 31.03.23	**As at 31.03.24**	As at 31.03.23
Secured				
Term Loans - Vehicles	**133.75**	105.11	**336.40**	93.35
Other Loans **	**80.68**	-		-
	214.43	105.11	**336.40**	93.35

I. Above loans include vehicle loans, repayble on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase agreement.

Particulars	Current Portion	Non- Current Portion				
Year of Repayment	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Annual Repayment Amount (Rs./Lakhs)	214.43	86.94	81.98	89.51	77.97	336.40
Annual Rate of Interest (%)	7.04% -9.50%	7.04% -9.50%	7.04% -9.50%	7.04% -9.50%	7.04% -9.50%	7.04% -9.50%

II. Current Portion of Long Term Borrowings is appearing under the head Other Financial Liabilities.

Short Term

Secured		
Bank Overdraft and Bill Discounting facility against term deposit	**2349.09**	2,317.95
* Annual rate of interest chargable on aforesaid facilties ranges up to 9.5 % .		
Current maturities of Long Term Borrowings	**214.43**	105.11
Total	**2563.52**	2423.06

** For Other loans, annual rate of interest ranges from 26.50% to 29.50%.

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

	450.42	352.02
Security Deposits from Business Associates & Others	**450.42**	352.02

17. **PROVISIONS**

	CURRENT		NON-CURRENT	
	As at 31.03.24	As at 31.03.23	**As at 31.03.24**	As at 31.03.23
Gratuity	**648.29**	540.20	**2659.25**	2256.63
Leave Encashment	**212.84**	207.74	**722.41**	717.83
Income Tax (Net of Tax payments)	**1318.35**	649.73	**-**	-
Others	**322.02**	226.44	**-**	-
	2501.50	1624.11	**3381.66**	2974.46

(Rs. in Lakhs)

18. **TRADE PAYABLES**

	As at 31.03.2024	As at 31.03.2023
Total outstanding dues of micro small and medium enterprises	**208.31**	255.12
Total outstanding dues of creditors other than micro small and medium enterprises	**29294.44**	22432.81
	29502.75	22687.93

Ageing of Trade Payables (2023-24)	***1 year***	***1-2 years***	***2-3 years***	***3 years or more***	***Total***
(i) MSME	*208.31*	-	-	-	*208.31*
(ii) Others	*28951.80*	*206.48*	*80.13*	*49.99*	*29288.40*
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	*6.04*	*6.04*
Total Payables	***29160.11***	***206.48***	***80.13***	***56.03***	***29502.75***

Ageing of Trade Payables (2022-23)	***1 year***	***1-2 years***	***2-3 years***	***3 years or more***	***Total***
(i) MSME	*255.12*	-	-	-	*255.12*
(ii) Others	*22152.22*	*111.76*	*54.80*	*114.03*	*22432.81*
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total Payables	***22407.34***	***111.76***	***54.80***	***114.03***	***22687.93***

19. **OTHER FINANCIAL LIABILITIES -CURRENT**

Accrued salaries and benefits	**2020.90**	1738.08
Expenses payable	**1970.01**	2214.56
Others	**1060.00**	1060.00
	5050.91	5012.64

20. **OTHER CURRENT LIABILITIES**

Advance Received from Customers	**153.76**	146.17
Direct Taxes	**341.64**	146.24
Indirect Taxes	**32.56**	18.34
Others	**57.82**	57.82
	585.78	368.57

(Rs. in Lakhs)

		As at 31.03.2024	As at 31.03.2023
21.	**CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)**		
	a) Contingent Liabilties		
	Claims against the Company not acknowledged as debts	**136.00**	81.75
	Guarantees	**334.78**	416.72
	Other money for which company is contingently liable	**505.57**	167.89
		976.35	666.36
	Trade Mark 'Burnol' given as collateral security to Poysha Power Generation (P) Ltd. against Inter Corporate Deposit taken by the company. No amount is shown as contingent liability, legal case in respect of the above trade mark is pending adjudication. Refer		
	b) Other commitments		
	Capital commitments	**1294.52**	517.73
		2270.87	1184.09

		Year Ended 31.03.2024	Year Ended 31.03.2023
22.	**REVENUE FROM OPERATIONS**		
	Sale of Products		
	Domestic	**104254.24**	84994.76
	Exports	**63959.19**	56400.72
		168213.43	141395.48
	Other Operting Revenues		
	Export Incentives	**815.97**	314.15
	Others	**13.85**	43.36
		829.82	357.52
		169043.25	141753.00
23.	**OTHER INCOME**		
	Interest Income	**250.41**	165.74
	Others	**1146.67**	447.60
		1397.08	613.34
24.	**COST OF MATERIALS CONSUMED**		
	Raw Materials	**83775.12**	72588.90
	Packing Materials	**4555.56**	5552.02
		88330.68	78140.92
25.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and Wages	**16518.71**	14086.88
	Contribution to provident fund/ ESI	**493.87**	430.53
	Gratuity and Leave Encashment Expenses	**650.71**	518.68
	Staff Welfare	**483.26**	431.97
		18146.55	15468.05
26.	**FINANCE COST**		
	Interest expense	**225.92**	143.50
	Interest on delay in deposit of Advance Tax	**145.10**	54.58
		371.02	198.08
27.	**OTHER EXPENSES**		
	Consumption of Stores and spare parts	**2109.80**	1462.84
	Power and Fuel	**3408.91**	2377.70
	Repairs to buildings	**255.99**	232.22
	Repairs to machinery	**707.91**	547.07
	General Repairs	**1370.72**	1142.84
	Research & Development	**519.83**	306.89
	Quality Control & Testing Charges	**1426.39**	1068.61
	Insurance	**205.21**	141.84
	Rent	**1208.12**	1074.01
	Rates and taxes excluding taxes on income	**164.17**	227.33
	Legal and Professional Expenses	**1528.36**	1274.38
	Travelling Expenses	**2186.09**	1683.20
	Selling and Distribution Expenses	**10997.89**	9301.36
	Miscellaneous Expenses	**2702.36**	1916.92
		28791.75	22757.20

28. *PRIOR PERIOD ITEMS*

Expenses include Rs. 87.72 Lakhs (Previous Year Rs.108.00 Lakhs) as expenses (net) relating to earlier years.

29. *SEGMENT REPORTING*

In accordance with Ind AS-108, "Operating Segment " the Company's business activity falls within a single primary business segment viz. "Pharmaceuticals". The secondary business segment in terms of geographical markets have been recognised as India, USA and rest of world. The segment revenues for the year is as under-

	(Rs./Lakhs)	
Geographical Segment	**Sales Revenues**	
	2023-24	2022-23
USA	**15742.19**	8793.75
Rest of World	**48217.00**	47606.97
India	**104254.24**	84994.76
Total	**168213.43**	141395.48

30. *RELATED PARTY DISCLOSURES*

Disclosure as required by Indian Accounting Standard "Related Party Disclosures" (Ind AS 24) as notified u/s 133 of Companies Act, 2013 are as under:

Related Parties

1. Key Management Personnel	**Morepen Laboratories Limited** Mr. Sushil Suri, Chairman & Managing Director, Mr. Sanjay Suri, Whole Time Director Mr. Ajay Kumar Sharma, Chief Financial Officer Mr. Vipul Kumar Srivastava, Company Secretary
	Dr. Morepen Limited Mr. Varun Suri, MD Mr. Ajay Sharma, Director & Chief Financial Officer Mr. Akshay Mehta, Company Secretary (Till 5th August 2023) Mr. Vipul Kumar, Company Secretary , w.e.f. 18th August 2023
	Morepen Rx Limited Mr. Varun Suri, Director
2. Relatives of Key Management personnnels with whom the company has any transaction during the year	Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Ms. Anandi Suri, Mrs. Amita Sharma.
3. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any trasanctions during the year	Edit 25 Lifestyle Private Limited Mr. Naman Joshi Blueheaven Marketing Pvt. Ltd. Groom Town Pvt. Ltd. Happier Life Pvt. Ltd.

Transactions with related parties -

Particulars	Nature of transaction	(Rs. in Lakhs)
1. Key Management Personnel	Remuneration	864.54
	Amount payable as on 31.03.24	279.91
	Maximum amount outstanding	304.19
2. Relatives of key Management personnnels with whom the company has any transaction during the year	Remuneration	695.67
	Amount payable as on 31.03.24	153.55
	Maximum amount outstanding	200.79
3. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Goods & Services - Receipt	46.20
	Purchase of inventories	23.49
	Business Support Services - Sale	383.58
	Sale of Inventories	994.31
	Security Deposit received	9.40
	Amount payable as on 31.03.24	763.21
	Maximum amount outstanding	1104.48

Remuneration paid to employees of Morepen Laboratories Ltd. and its KMPs of the subsidiaries, is not included in the above details. The above details also do not include retail purchases from the company made by related parties.

31. *EARNING PER SHARE (EPS)*

	Year Ended	
Particulars	**31.03.2024**	31.03.2023
Profit/ (Loss) after Tax (Rs. in Lakh)	**9615.99**	3867.52
Weighted average number of equity shares outstanding	**511168708**	502206570
Basic & Diluted EPS (Rs.) - (Face value Rs.2/- per share)	**1.88**	0.77

32. *IMPAIRMENT*

It is the view of management that there are no impairment conditions that exist as on 31st March, 2024. Hence, no provision is required in the accounts for the year under review.

33. *INCOME TAXES*

A. Current Tax and Deferred Tax Expense

Income taxes recognised in the statement of profit and loss including Other Comprehensive Income (OCI)-

		(Rs./Lakhs)
For the year ended	**31st March 2024**	31st March 2023
Current tax	3864.21	**1,629.19**
Earlier Years taxes	(9.03)	5.86
Deferred tax expense	(43.65)	20.34
Total income tax expenses	**3811.53**	1655.39

B. Deferred Tax Assets (Net)

Deferred Tax Liabilities	1263.30	1225.59
Deferred Tax Assets	1038.35	956.99
Deferred tax Liabilities/(Assets) (Net)	**224.95**	268.60

Major Components of Deferred Tax Assets (Net) arising on account of temporary difference and movements thereof are given below -

Deferred Tax Assets -		
Retirement benefits & Leave Encashment	4007.14	3629.02
Provisions deductible for tax purposes in future periods	118.54	173.38
Total	**4125.68**	3802.40
Tax Rate	25.168%	25.168%
Tax Amount	**1038.35**	956.99
Deferred tax Liabilities -		
PP&E depreciation and intangible Amortiastion	5019.46	4869.61
Total	**5019.46**	4869.61
Tax Rate	25.168%	25.168%
Tax Amount	**1263.30**	1225.59

Note : Deferred Tax asset of Rs. 282.79 Lakhs (Previous year Rs.132.72 lakhs) is not recognised as a matter of prudence.

34. *OTHERS SIGNIFICANT DISCLOSURES*

a) *In the opinion of directors, all assets stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.*

b) *Balances of Non-current liabilities, Current liabilties, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.*

c) *Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.*

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

e) *No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.*

f) *During the year, the company has transferred the Branded Formulation (Rx) Business to its 100% subsidiary, Morepen Rx Limited, vide business transfer agreement dated 22nd August, 2023 as a going concern for lump sum consideration of Rs. 703.23 lakhs on a slump sale basis. The company has acquired 70,82,356/- equity shares of Morepen Rx Limited, of Rs. 10/- each, at par, as consideration for transfer of branded formulation business.*

The movable assets, current assets and liabilities transferred by the company through its business transfer agreement effective 01.08.2023 is as under: -

Particulars/Amount (Rs. in Lakhs)	***Book Value as on 31.07.2023***
Movable Assets	
Computer	*1.97*
Sub-Total	***1.97***
Other Non Current Financial Assets	***24.43***
Current Assets	
Inventories	*436.7*
Financial Assets:	
Trade Receivable	*1873.46*
Cash and cash Equivalents	*0.36*
Bank Balances other than Cash and Cash Equivalents	*16.68*
Other Financial Assets	*24.69*
Other Current Assets	*1019.82*
Sub-Total	***3371.71***
Total	***3398.11***
Liabilities	
Non-Current Liabilities	
Financial Liabilities:	
Other Financial Liabilities	*154*
Provisions	*156.42*
Sub-Total	***310.42***
Current Liabilities	
Financial Liabilities:	
Trade Payable	*2017.6*
Other Financial liabilities	*283.52*
Other Current Liabilities	*21.88*
Provisions	*61.45*
Sub-Total	***2384.45***
Total	***2694.87***
Purchase Consideration (Total Assets-liabilities)	***703.24***

35. Corporate Social Responsibility (CSR)

a) *During the financial year ended March 31, 2024, CSR amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof was Rs.210.00 Lakh (Previous year Rs.189.57 Lakh).*

b) *During the year the Company has made an expenditure of Rs. 220.36 Lakh (Previous year Rs.190.26 Lakh) related to CSR.*

c) *Details of CSR expenditure incurred during the year ended March 31, 2024 is as below :-*

	31.03.2024	*(Rs./Lakhs) 31.03.2023*
CSR activity		
- Promotion of Healthcare	***54.07***	*48.63*
- Social Infrastructure	***47.46***	*98.57*
- Education	***115.04***	*29.24*
- Sports	***3.79***	*13.82*
Total	***220.36***	*190.26*

36.

Ratios	*As at 31.03.2024*	*As at 31.03.2023*
Current Ratio	**2.21**	**2.35**
- Numerator - Current Assets	88904.40	75616.47
- Denominator - Current Liabilities	40204.46	32116.31
CURRENT LIABILITIES	40204.46	32116.31
Less : Pref. Capital	-	-
Inventory turnover Ratio	**4.45**	**3.79**
- Numerator - Cost of Goods Sold	106242.49	95574.44
- Denominator - Average Inventory	23874.02	25237.02
Trade receivables turnover Ratio (days)	**63**	**66**
- Numerator - Revenue	170440.33	142366.34
- Denominator - Average Debtors	29409.25	25694.51
Trade payables turnover Ratio (days)	**90**	**93**
- Numerator - COGS	106242.49	95574.44
- Denominator - Average Creditors	26095.34	24249.74
Debt-Equity Ratio	**0.03**	**0.03**
- Numerator - Debt	2899.92	2516.41
- Denominator		
Equity	10222.71	10222.71
Reserves & Surplus	75364.78	65748.79
OCI	(864.87)	(680.69)
Total Equity	**84722.62**	**75290.81**
Debt Service Coverage Ratio	**552.16%**	**322.07%**
- Numerator - EBITDA	17259.54	8566.65
- Denominator -Total Loan Liability	3125.84	2659.91
Interest on loans	225.92	143.50
Principal loans	2899.92	2516.41
Net profit Ratio	**5.64%**	**2.72%**
- Numerator - PAT	9615.99	3867.52
- Denominator - Revenue	170440.33	142366.34
Return on Equity Ratio (RoE)	**11.35%**	**5.14%**
- Numerator - PAT	9615.99	3867.52
- Denominator -Total Equity	84722.62	75290.81
Net Capital Turnover Ratio	**2.01**	**1.89**
- Numerator - Revenue	170440.33	142366.34
- Denominator -Total Equity	84722.62	75290.81
Return on Capital employed (RoCE)	**15.61%**	**7.31%**
- Numerator - EBIT (*PBT+Interest*)	13912.59	5773.61
- Denominator - Total Capital Employed	89116.05	78979.24
Shareholder's Wealth	84722.62	75290.81
Non current borrowings	336.40	93.35
Non Current Liabilities	4057.03	3595.08
Return on investment (RoI)	**7.44%**	**3.48%**
- Numerator - PAT	9615.99	3867.52
- Denominator - Total Assets	129320.51	111049.51

Financial Year 2023

Independent Auditor's Report

To the Members of Morepen Laboratories Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **Morepen Laboratories Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31,2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

S. No.	Key Audit Matter	Auditor's Response
1	In the Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956 as approved by the Hon'ble High Court of Himachal Pradesh vide its Order dated August 4, 2009, the Company allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues. The Hon'ble NCLT vide its judgment dated 12th March 2018 dismissed the Company's petition seeking approval of the Scheme and stated that the order will not affect the allotment of the shares to the FD holders who have traded the shares to the third parties or transferred the allotted shares and to the balance FD holders (eligible FD holders), the company shall pay the outstanding amount as per the scheme approved by the Company Law Board (CLB). The appeal preferred by the company against the said order of NCLT, is dismissed by Hon'ble National Company Law Appellate Tribunal (NCLAT). Pursuant to implementation of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Order dated 12.03.2018, out of 3,85,65,810 Equity Shares of `2/- each issued at a premium of `9.32 per share belonging to eligible FD holders, the company has paid Fixed Deposit dues in respect of 50,38,983 Equity Shares received for cancellation with the company till 31.03.2022. (Refer Note No. 12G to the consolidated financial statements)	<u>Principal Audit Procedures</u> We collected and analyzed the Scheme approved by the Company Law Board (CLB) dated19.08.2003, Judgment of Hon'ble NCLT dated 12th March 2018, order of Hon'ble National Company Law Appellate Tribunal (NCLAT), Communication with ROC and Stock Exchanges in this regard and other relevant documents in this regard produced for our verification. **The payment to pending eligible FD holders may impact financials of the company in the coming year/years.**

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

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

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

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

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

Management's responsibility for the Consolidated Financial Statements

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

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

In preparing the consolidated financial statements, the respective board of directors of the entities included in the Group are responsible for assessing the ability of the Group to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease the operations, or has no realistic alternative but to do so.

The respective board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transaction and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. internal control that we identify during our audit.

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

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

Other Matters

We did not audit the financial statements of subsidiaries namely Morepen Devices Limited, Morepen Rx Limited, Total Care Ltd. (Indian Subsidiaries) and Morepen Bio [earlier Morepen Inc.] (foreign Subsidiary) included in consolidated financial statements. Financial statement of these four subsidiaries reflect total assets of ₹595.65 lakhs as at March 31, 2023, total revenue of ₹2701.12 lakhs, total profit after tax of ₹111.86 lakhs and total comprehensive income of ₹111.86 lakhs for the year ended on that date, as considered in the consolidated financial statements. The aforesaid financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the auditors of such entities.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of the Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.

d) In our Opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issues thereunder.

e) On the basis of the written representations received from the directors of the Holding company and its Indian subsidiaries as on 31st March 2023 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 31st March 2023 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls is as per Annexure A.

g) There is no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on the financial position of the group, in itsconsolidated financial statements;

(ii) The Group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

(iii) During the year, the Group was not liable to transfer any amount to the Investor Education and Protection Fund.

(iv) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement. (Refer Note No. 33(f) to the consolidated financial statements)

(v) No Company in the group has declared or paid any dividend during the year.

For S.P. Babuta & Associates
Chartered Accountants
F.No. 007657N

CA S.P. Babuta
Managing Partner
FCA, AIIA, IP, DISA, CCA
GST Cert, Forensic Auditor
Membership No. 086348
UDIN : 23086348BGYBEB6208

Date : 16th May, 2023
Place : Gurugram, Haryana

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the consolidated financial statements of Morepen Laboratories Limited for the year ended 31st March 2023)

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

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of Morepen Laboratories Limited (hereinafter referred to as "the Holding Company") and its Indian subsidiaries, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us, and based on the consideration of reports of other auditors, referred to in the Other Matters paragraph, the Holding company and its subsidiaries incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the respective companies, considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far as it relates to the financial statements of subsidiaries namely Morepen Devices Limited, Morepen Rx Ltd., Total Care Ltd. (Indian Subsidiaries) and Morepen Bio [earlier Morepen Inc.] (Foreign Subsidiary), is based solely on the reports of the auditors of such entities.

For S.P. Babuta & Associates
Chartered Accountants
F.No. 007657N

CA S.P. Babuta
Managing Partner
FCA, AIIA, IP, DISA, CCA
GST Cert, Forensic Auditor
Membership No. 086348
UDIN : 23086348BGYBEB6208

Date : 16th May, 2023
Place : Gurugram, Haryana

Consolidated Balance Sheet

As at 31st March, 2023

(₹ in Lakhs)

	Note No.	As at 31.03.2023	As at 31.03.2022
A ASSETS			
1. NON-CURRENT ASSETS			
Property, Plant and Equipment and Intangible Assets			
Property, Plant and Equipment	2	16699.90	14664.72
Capital Work in Progress	2	1701.37	1414.58
Goodwill	2	7447.42	7447.42
Other Intangible Assets	2	2549.86	3067.68
Financial Assets :			
Investments		–	–
Loans	3	4.95	5.72
Other Financial Assets	4	637.77	584.62
Other Non-Current Assets	5	6391.77	6390.42
		35433.04	33575.16
2. CURRENT ASSETS			
Inventories	6	22888.63	27585.41
Financial Assets :			
Trade Receivables	7	26324.70	25064.31
Cash and Cash Equivalents	8	2166.58	1580.26
Bank Balances other than Cash and Cash Equivalents	9	3463.97	3016.80
Loans	3	27.37	34.19
Other Financial Assets	10	551.27	506.29
Other current assets	11	20193.95	15642.85
		75616.47	73430.11
TOTAL		111049.51	107005.27
B. EQUITY AND LIABILITIES			
1. EQUITY			
Equity Share Capital	12	10222.71	9555.86
Other Equity		65068.10	48300.26
		75290.81	57856.12
2. MINORITY INTEREST	13	(46.04)	(46.07)
3. NON - CURRENT LIABILITIES			
Financial Liabilties			
Borrowings	14	93.35	132.11
Other Financial liabilities	15	352.02	344.71
Deferred Tax Liabilities (Net)	32	268.60	248.26
Provisions	16	2974.46	2824.45
		3688.43	3549.53
4. CURRENT LIABILITIES			
Financial Liabilties			
Borrowings	14	2423.06	1724.79
Trade Payables	17	22687.93	25811.56
Other Financial liabilities	18	5012.64	15758.86
Other Current Liabilties	19	368.57	1126.79
Provisions	16	1624.11	1223.69
		32116.31	45645.69
TOTAL		111049.51	107005.27
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-35		

As per our separate report of even date

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

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(CA S.P. Babuta)
Partner
Membership No. 086348

(Ajay Kumar Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. F-12148

Place : Gurugram, Haryana
Date : 16th May, 2023

Consolidated Statement of Profit and Loss

For the Year Ended 31st March, 2023

(₹ in Lakhs)

	Note No.	Year Ended 31.03.2023	Year Ended 31.03.2022
REVENUE			
Revenue from operations (Net)	21	141753.00	154682.69
Other Income	22	613.34	1030.72
Total Income (I)		142366.34	155713.41
EXPENSES			
Cost of Materials Consumed	23	78140.92	79712.96
Purchases of Stock-in-Trade		15785.21	26222.65
Changes in inventories of Finished goods Work-in-progress and Stock-in-Trade		1648.31	(1003.59)
Employee Benefits Expense	24	15468.05	16424.65
Finance Cost	25	198.08	(736.55)
Depreciation and Amortization Expense	2	2793.04	2764.25
Other Expenses	26	22757.20	19658.79
Total Expenses (II)		136790.81	143043.15
Profit before Tax		5575.53	12670.26
Tax Expense			
Current Tax		1681.78	2528.49
Earlier periods Tax		5.86	(274.62)
Deferred Tax	32	20.34	248.26
Total Tax Expense		1707.98	2502.13
Profit for the Year (III)		3867.55	10168.13
Share of minority interest in Profit/ (loss)		0.03	(0.14)
Profit for the year available for majority shareholders		3867.52	10168.27
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss		(200.62)	(46.00)
Tax		(52.59)	(8.90)
Other Comprehensive Income for the Year (Net of Tax) (IV)		(148.03)	(37.10)
Total Comprehensive Income for the Year (III+IV)		3719.49	10131.17
Earning per equity share (Face Value of ₹2/- each)	30		
(1) Basic		0.77	2.26
(2) Diluted		0.77	1.96
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-35		

As per our separate report of even date

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

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(CA S.P. Babuta)
Partner
Membership No. 086348

(Ajay Kumar Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. F-12148

Place : Gurugram, Haryana
Date : 16th May, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March, 2023

A. EQUITY SHARE CAPITAL

As at 31st March, 2023 (₹ in Lakhs)

Balance as at 1st April, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31st March, 2023
9555.86	–	9555.86	666.85	10222.71

As at 31st March, 2022

Balance as at 1st April, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31st March, 2022
8995.86	–	8995.86	560.00	9555.86

B. OTHER EQUITY AS AT 31st MARCH, 2023

(₹ in Lakhs)

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1st April, 2022	270.40	7623.33	23180.51	15133.68	(532.66)	2625.00	48300.26
Money received against Share Warrants						2250.00	2250.00
- Amount transferred to Equity Share Capital on conversion of warrants						(240.00)	(240.00)
- Additions to Securities Premium Account			13798.35			(2760.00)	11038.35
Amount transferred to Capital Reserve Account	1875.00					(1875.00)	–
Profit for the year	–	–	–	3867.52	–	–	3867.52
Other comprehensive income/(loss) for the year	–	–	–	–	(148.03)	–	(148.03)
Balance as at 31st March, 2023	2145.40	7623.33	36978.86	19001.20	(680.69)	–	65068.10

OTHER EQUITY AS AT 31st MARCH, 2022 (₹ in Lakhs)

	RESERVES & SURPLUS				Other items of other comprehensive income	Warrant subscription received	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings			
Balance as at 1st April, 2021	270.40	7123.33	16740.51	5465.42	(495.54)	4375.00	33479.12
Money received against Share Warrants	–	–	–	–	–	5250.00	5250.00
Amount transferred to Equity Share Capital on conversion of warrants	–	–	–	–	–	(560.00)	(560.00)
Additions to Securities Premium Account	–	–	6440.00	–	–	(6440.00)	–
Profit for the year	–	–	–	10168.27	–	–	10168.27
Transfer to Capital Redemption Reserve	–	500.00	–	(500.00)	–	–	–
Other comprehensive income/(loss) for the year	–	–	–	–	(37.12)	–	(37.12)
Balance as at 31st March, 2022	270.40	7623.33	23180.51	15133.68	(532.66)	2625.00	48300.26

1. The money received against share warrants ('warrants') represents the amount received towards 700 Lakh no. of warrants, of face value of ₹2/- each, allotted at ₹25/- per warrant, on receipt of 25% of the warrant allotment amount during the FY 2021. The warrants holders were entitled to apply for equivalent no. of equity shares vis-à-vis warrant within a period of 18 months from the date of allotment of warrant. During the previous financial year ending March 31, 2022, the board of directors had converted 280 Lakh nos. of warrants into equal nos. of equity shares on receipt balance 75% of the warrant amount, ₹5,250 Lakh.

   During the current financial year, the board of directors has converted 120 Lakh nos. of warrants into equal no. of equity shares, on receipt of remaining 75% the warrant amount of ₹2250.00 Lakh. In aggregate, out of total 700 Lakh nos. of warrants, 400 Lakh nos. of warrants were converted into equal no. equity shares within the prescribed period and remaining 300 Lakh no. of warrants were lapsed during the current year ending March 31, 2023. Accordingly, a sum of ₹1875.00 Lakh i.e., upfront 25% of the warrant subscription monies in respect of these 300 Lakh nos. of warrants, received during the financial year ending March 31, 2021, has been transferred into Capital Reserve Account, during the current year ending March 31, 2023.

2. During the year, 2,13,42,505 no. of equity shares of ₹2/- each, at a conversion price of ₹53.72/- per share were issued to banks/financial institution and other, towards conversion of 0.01% 1,14,65,201 no. of Preference Shares of ₹100/- each held by them.

SIGNIFICANT ACCOUNTING POLICIES 1

NOTES ON FINANCIAL STATEMENTS 2-35

As per our separate report of even date

For S.P. Babuta & Associates
Chartered Accountants
Firm Regn. No. 007657N

(CA S.P. Babuta)
Partner
Membership No. 086348

Place : Gurugram, Haryana
Date : 16th May, 2023

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(Ajay Kumar Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. F-12148

Consolidated Cash Flow Statement

For the Year Ended 31st March, 2023

(₹ in Lakhs)

		Note No.	Year Ended 31.03.2023	Year Ended 31.03.2022
A.	CASH FLOWS FROM OPERATING ACTIVITIES :			
	Profit before Tax		5575.53	12670.26
	Adjustments for :			
	Depreciation & Amortisation	2	2793.04	2764.25
	(Profit)/Loss on Sale of Property, Plant & Equipments, Mutual Funds	2	–	(36.02)
	Provision for Employee benefit (OCI)		(200.62)	(46.00)
	Finance Cost (Net)	25	198.08	(736.55)
	Minority Interest		(0.03)	0.14
	Operating Profit before changes in Current Assets and Liabilities		8366.00	14616.08
	Changes in Current Assets and Liabilities -			
	Trade Receivables	7	(1260.39)	(6865.89)
	Loans, Bank balance other than cash & Cash equivalent and other Current Assets	3,9,10,11	(5036.42)	(6390.71)
	Inventories	6	4696.78	(10052.87)
	Current Liabilities	16,17,18,19	(14227.64)	5162.60
	Cash generated from operations		(7461.67)	(3530.79)
	Income Tax (Net)		(1655.39)	(2493.23)
	NET CASH FLOW - OPERATING ACTIVITIES		(9117.06)	(6024.02)
B.	CASH FLOWS - INVESTING ACTIVITIES:			
	Purchase of Property, Plant & Equipments	2	(3562.06)	(4544.62)
	Purchase/Addition of Intangibles/Goodwill (Net)	2	(1035.14)	(2192.18)
	Proceeds from Sale of Property, Plant & Equipments	2	–	16.71
	Sales/(Purchase) of Investments (Net)		–	154.11
	Investment in Other Non-Current Assets	3,4,5	(53.73)	3398.13
	NET CASH FLOW - INVESTING ACTIVITIES		(4650.93)	(3167.85)
C.	CASH FLOWS FROM FINANCING ACTIVITIES:			
	Finance Cost	25	(198.08)	736.55
	Proceeds/(Repayments) of Long Term Borrowings (Net)	14	(38.76)	49.28
	Proceeds/(Repayments) of Short Term Borrowings (Net)	14	698.27	103.05
	Proceeds from Warrant subscription/Preference Sh. conversion		13715.20	5,250.00
	Change in Other Non- Current Liabilities & Provisions (Net)	13,15,16,32	177.68	494.56
	NET CASH FLOW - FINANCING ACTIVITIES		14354.31	6633.44
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		586.32	(2558.43)
	Cash and Cash Equivalents as at Begining of the Year		1580.26	4138.69
	Cash and Cash Equivalents as at End of the Year		2166.58	1580.26
	Bank Balances other than Cash and Cash Equivalents		3463.97	3016.80
	SIGNIFICANT ACCOUNTING POLICIES	1		
	NOTES ON FINANCIAL STATEMENTS	2-35		

As per our separate report of even date

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

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(Sushil Suri)
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DIN : 00012028

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Membership No. 086348

(Ajay Kumar Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. F-12148

Place : Gurugram, Haryana
Date : 16th May, 2023

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

Company Overview

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

1.1 Basis for preparation of financial statements

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

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 five subsidiaries namely Dr. Morepen Ltd., Total Care Ltd., Morepen Devices Ltd., Morepen Rx Ltd. (Domestic Companies) and Morepen Bio.[earlier Morepen Inc.] (Foreign Company). Financial statements of foreign subsidiary have been recasted for the purpose of consolidation.

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

Subsidiary Company	Country of Incor-poration	Percentage of Holding (%)
Morepen Inc.	U.S.A.	100
Dr. Morepen Ltd.	India	100
Total Care Ltd.	India	95*
Morepen Devices Ltd.	India	100
Morepen Rx Ltd.	India	100

*(Held by Dr. Morepen Limited)

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on May 16, 2023.

Functional and Presentation Currency

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

Basis of measurement

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

Operating Cycle

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

1.2 Use of Estimates and Judgements

The presentation of financial statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions.

These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful life of depreciable assets and provisions for impairments & others.

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

1.3. Property, Plant and Equipment (PPE)

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

a) Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

b) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

c) Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

d) The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.4 Intangible Assets and Amortisation

<u>Internally generated Intangible Assets - Research and Development expenditure</u>

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

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

<u>Intangible Assets acquired separately</u>

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

1.5 Depreciation

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

a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it except assets costing less than Rs. 5000/- on which depreciation is charged in full during the year.

b) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

1.6. Valuation of inventories

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

1.7. Foreign Currency Transactions / Translations

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

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

v) In case of long term monetary items outstanding as at the end of year, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

1.8 Dividends

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

1.9 Leases

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

2.0 Financial Instruments

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

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

i) Initial Recognition and measurement

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

However, trade receivables that do not contain a significant financing component are measured at transaction price.

ii) Subsequent measurement

a) Financial assets carried at amortised cost

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

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

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

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

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

d) Investments in subsidiaries, joint ventures and associates

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

e) Financial liabilities

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

<u>Financial liabilities at FVTPL</u>

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

<u>Other Financial liabilities</u>

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

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

iii) Derecognition of financial instruments

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

iv) Fair value measurement of financial instruments

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

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

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

2.1 Impairment of Assets

i) Financial Assets

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

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

ii) Non-Financial Assets

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

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

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

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

2.2 Revenue Recognition

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

a) Revenue is recognised at the value of consideration received or receivable. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as part of the contract. The amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

2.3 Interest

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

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

2.4 Income Taxes

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

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

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

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

Pursuant to Taxation Laws (Amendment) Ordinance 2019, the company has opted to pay Income Tax as provided under Section 115BAA of the Income Tax Act, 1961.

2.5 Borrowing Costs

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

2.6 Provisions, contingent liabilities and contingent assets

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

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

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

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

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

2.7 Earning per share

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

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

2.8 Employee Retirement benefits

i) Short term employee benefits

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

ii) Post – employment benefits

<u>Defined contribution plans –</u>

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

<u>Defined benefit plans –</u>

Gratuity

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

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

iii) Long – term employee benefits

Leave Encashment

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

2.9 Segment Reporting

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

3.0 Cash and cash equivalents

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH, 2023

2. I) PROPERTY, PLANT AND EQUIPMENT

TANGIBLE ASSETS

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTIZATION				CARRYING VALUE	
	As at 01.04.2022	Additions	(Disposals)/ Adjustments	As at 31.03.2023	As at 01.04.2022	For the year	Deductions/ Adjustments	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Land	143.28	–	–	143.28	–	–	–	–	143.28	143.28
Buildings	8140.76	946.45	–	9087.21	4044.34	207.01	–	4251.35	4835.86	4096.42
Plant & Machinery	34991.58	2107.06	–	37098.64	26299.53	708.75	–	27008.28	10090.36	8692.05
Furnitures & Fixtures	1290.40	33.25	–	1323.65	347.78	99.19	–	446.97	876.68	942.62
Vehicles	1158.86	98.21	(10.59)	1246.48	591.24	113.04	(10.59)	693.69	552.79	567.62
Office Equipments	602.23	90.30	–	692.53	379.51	112.09	–	491.60	200.93	222.72
Total	46327.11	3275.27	(10.59)	49591.79	31662.40	1240.08	(10.59)	32891.89	16699.90	14664.72
Previous Year	50026.54	3325.67	(7025.10)	46327.11	37098.02	1563.20	(6998.82)	31662.40	14664.72	
II) CAPITAL WORK IN PROGRESS										
Buildings	751.12	(424.77)	20.23	346.58	–	–	–	–	346.58	751.11
Plant & Machinery	663.18	705.68	(20.23)	1348.63	–	–	–	–	1348.63	663.19
Furniture & Fixture	0.28	5.88	–	6.16	–	–	–	–	6.16	0.28
Total	1414.58	286.79	–	1701.37	–	–	–	–	1701.37	1414.58
Previous Year	195.63	1464.63	(245.68)	1414.58	–	–	–	–	1414.58	
III) GOODWILL										
Goodwill	7447.42	–	–	7447.42	–	–	–	–	7447.42	7447.42
Total	7447.42	–	–	7447.42	–	–	–	–	7447.42	7447.42
Previous Year	7447.42	–	–	7447.42	–	–	–	–	7447.42	
IV) INTANGIBLE ASSETS										
Computer Software	287.09	3.84	–	290.93	216.56	28.01	–	244.57	46.36	70.53
Customer Acquisition Cost	4570.16	876.82	–	5446.98	1856.42	1506.43	–	3362.85	2084.13	2713.74
Product Development Cost	–	118.96	–	118.96	–	–	–	–	118.96	–
Right to use Assets	–	35.52	–	35.52	–	–	–	–	35.52	–
Patents & Trade Marks	2692.89	–	–	2692.89	2409.48	18.52	–	2428.00	264.89	283.41
Total	7550.14	1035.14	–	8585.28	4482.46	1552.96	–	6035.42	2549.86	3067.68
Previous Year	5357.96	2192.18	–	7550.14	3281.42	1201.04	–	4482.46	3067.68	
GRAND TOTAL										
Current year	62739.25	4597.20	(10.59)	67325.86	36144.86	2793.04	(10.59)	38927.31	28398.55	26594.40
Previous Year	63027.55	6982.48	(7270.78)	62739.25	40379.44	2764.25	(6998.82)	36144.86	26594.40	

Notes -

1) 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.

2) Customer Acquisition Cost represents amount spent for the expansion of product markets and increase in customer reach.

(₹ in Lakhs)

3. LOANS

	Current Portion		Non Current Portion	
	As at 31.03.23	As at 31.03.22	As at 31.03.23	As at 31.03.22
Secured				
(Unsecured, considred good)				
Loans to Employees	27.37	34.19	4.95	5.72
	27.37	34.19	4.95	5.72

	As at 31.03.2023	As at 31.03.2022
4. OTHER FINANCIAL ASSETS - NON CURRENT		
Security Deposits	637.77	584.62
	637.77	584.62
5. OTHER NON CURRENT ASSETS		
Unsecured		
Capital Advances (Considered good) *	6364.15	6362.65
Leasehold Land Prepayments	26.06	25.70
Prepaid (Deferred)Expenses for Employee Benefit	1.56	2.07
	6391.77	6390.42

Includes-*

₹2596.38 Lakhs paid to related parties for acquisition of land for expansion of manufacturing facilities of the company. An agreement for acquisition of land was entered into with these parties in the last year for a sum of ₹2840.00 Lakhs. Necessary documentation and seeking government & statutory approvals for the transfer of land in the name of the company is in progress.

6. INVENTORIES		
Raw Materials	12661.60	15702.24
Work-in-progress	3864.55	3582.17
Finished goods	3511.27	3722.87
Stock -in-trade	1463.58	4222.06
Goods in transit	938.04	7.12
Stores and spares	449.59	348.95
	22888.63	27585.41

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

7. TRADE RECEIVABLES		
Unsecured -		
Considered good	26324.70	25064.31
Considered doubtful	275.41	582.87
	26600.11	25647.18
Less: Allowance for bad & doubtful debts	275.41	582.87
	26324.70	25064.31

Ageing of Trade Receivables (2022-23)	< than 6 months	6months-1 year	1-2 years	2-3 years	3 years or more	Total
Undisputed						
- Considered good	10502.86	238.72	15506.75	67.07	9.30	26324.70
- Having significant increase in credit risk	–	–	–	–	–	–
- Credit impaired	–	–	–	–	–	–
Disputed						
- Considered good	–	–	–	–	–	–
- Having significant increase in credit risk	–	2.68	50.70	29.11	192.92	275.41
- Credit impaired	–	–	–	–	–	–
Total Receivables	10502.86	241.40	15557.45	96.18	202.22	26600.11

Ageing of Trade Receivables (2021-22)	< than 6 months	6months-1 year	1-2 years	2-3 years	3 years or more	Total
Undisputed						
- Considered good	24661.23	228.36	231.05	(14.98)	(41.37)	25064.30
- Having significant increase in credit risk	–	–	–	–	–	–
- Credit impaired	–	–	–	–	–	–
Disputed						
- Considered good	–	–	–	–	–	–
- Having significant increase in credit risk	405.34	10.05	55.19	27.12	85.18	582.87
- Credit impaired	–	–	–	–	–	–
Total Receivables	25066.57	238.41	286.24	12.14	43.81	25647.18

8. CASH AND CASH EQUIVALENTS

Balances with banks		
Current Accounts	2141.80	1457.40
In Deposit Accounts	–	113.02
Cash in hand	24.78	9.84
	2166.58	1580.26

(₹ in Lakhs)

	As at 31.03.2023	As at 31.03.2022
9. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Term Deposit - Towards Margin Money & Security against Overdraft, Bills discounting and LC facilities (Refer Note No. 14)	3326.89	2984.27
Guarantees	137.08	32.53
	3463.97	3016.80
10. OTHER FINANCIAL ASSETS - CURRENT		
Security Deposits	291.01	190.82
Interest accrued but not due	98.04	57.72
Export Incentives Receivable	162.22	257.75
	551.27	506.29
11. OTHER CURRENT ASSETS		
Unsecured considered good, unless otherwise stated		
Advances with Suppliers & Others *	16567.19	11663.28
Leasehold Land Prepayments	1.47	1.11
Balance with Government Authorities	3101.54	3617.91
Advance Income Tax - Tax Deducted at source	–	52.62
Recoverable from Insurance	–	0.26
Advances to Employees	70.75	95.55
Prepaid Expenses	453.00	212.13
	20193.95	15642.86

* Includes

- Sum of ₹570.41 Lakhs paid to fixed deposit holders towards cancellation of 50,38,983 Equity Shares (Refer Note No. 12G)

12. SHARE CAPITAL

A. Equity Share Capital

	As at March 31, 2023		As at March 31, 2022	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
Authorised				
Equity Shares of ₹2/- each	1000000000	20000.00	650000000	13000.00
Issued and Subscribed				
Equity Shares of ₹2/- each	511168708	10223.37	477826203	9556.53
Paid up				
Equity Shares of ₹2/- each	511168708	10222.71	477826203	9555.86

Reconcilation of the numbers and amount of Equity shares -

For the year ended	As at March 31, 2023		As at March 31, 2022	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
Outstanding at beginning of the year	477826203	9555.86	449826203	8995.86
Add : Shares issued during the year	33342505	666.85	28000000	560.00
Less : Shares bought back during the year	–	–	–	–
Outstanding at the end of year	511168708	10222.71	477826203	9555.86

Shares held by promoters at the end of the year

S. No.	Name of the promoter	No. of shares held	% of shareholding
1	KANTA SURI	1510	0.00
2	RAJAS SURI (KB SURI SONS HUF)	972830	0.19
3	SANJAY SURI (SANJAY SURI SONS HUF)	2100000	0.41
4	PRADUMAN LAL SURI HUF	2990	0.00
5	SUSHIL SURI (SUSHIL SURI SONS HUF)	1201560	0.24
6	ANUBHAV SURI (ARUN SURI SONS HUF)	1500000	0.29
7	MAMTA SURI	3004000	0.59
8	SONIA SURI	3679718	0.72
9	SANJAY SURI	3417240	0.67
10	P.L. SURI	400000	0.08
11	ANJU SURI	5186369	1.01
12	SUSHIL SURI	5501510	1.08
13	SUNITA SURI	3192240	0.62
14	SHALU SURI	2052250	0.40
15	VARUN SURI	3052357	0.60
16	ANUBHAV SURI	782134	0.15
17	SARA SURI	705000	0.14
18	GULFY SURI	1150000	0.22
19	AANCHAL SURI	685922	0.13
20	RAJAS SURI	155000	0.03
21	MASTER ARJUN SURI	697060	0.14
22	KANAK SURI	997060	0.20
23	AANANDI SURI	750000	0.15
24	AAKRITI SURI	55000	0.01
25	BROOK INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	15159252	2.97
26	CONCEPT CREDITS AND CONSULTANTS PRIVATE LIMITED	15347724	3.00
27	EPITOME HOLDINGS PRIVATE LIMITED	14500820	2.84
28	LIQUID HOLDINGS PRIVATE LIMITED	5003000	0.98
29	MID MED FINANCIAL SERVICES AND INVESTMENTS PRIVATE LIMITED	14973813	2.93
30	REACT INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	14942134	2.92
31	SOLITARY INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	15114045	2.96
32	SQUARE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	14102075	2.76
33	SOLACE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	15082790	2.95
34	SEED SECURITIES AND SERVICES PRIVATE LIMITED	14328780	2.80
35	SCOPE CREDITS AND FINANCIAL SERVICES PRIVATE LIMITED	15575405	3.05
	TOTAL	195371588	38.22

During the year, 3510 equity shares held by Late Arun Suri (promoter group), were transmitted to his spouse Mrs. Sunita Suri (promoter group). The shareholding of promoter group has changed from 38.38% to 38.22% on account of conversion of 1,20,00,000 no. of fully convertible warrants into equity shares and 2,13,09,505 no. of equity shares issued to banks/financial institutions and other pursuant to conversion of preference shares held by them, into equity shares during the current year.

B. Shareholders holding more than 5% shares -

Equity Shares

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Pinfold Overseas Ltd.	38530000	7.54%	38530000	8.57

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

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

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 as per preference prescribed under the Act. The distribution will be in the proportion of the number of equity shares held by each shareholder.

D. During last 5 years immediately preceding the balance sheet date, no Equity Share has been issued pursuant to any contract without payment being received in cash.

E. Disclosure about unpaid calls - (₹in Lakhs)

Unpaid Calls	31.03.2023	31.03.2022
By Directors & Officers	–	–
By Others	0.66	0.66

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

G. In terms of Hon'ble National Company Law Tribunal ('NCLT') order dated 12.03.2018, the company sent notices to all the eligible FD holders seeking, their bank account details and identification particulars, for transfer of Fixed Deposit (FD) dues in their respective bank accounts. In all 4953 no. of fixed deposit holders submitted their identification and bank account particulars and surrendered a total of 50,38,983 Equity Shares for cancellation, with the company. All these FD holders who provided their bank account details, identification particulars and other relevant details, were paid their entire FD dues as per Hon'ble NCLT order dated 12.03.2018. The necessary information in this regard to payment of FD dues were duly submitted to the jurisdictional Registrar of Companies.

The company has approached BSE Limited (BSE) and National Stock Exchange of India (NSE) for cancellation of aforesaid shares, for which pay-out has been made by the company, in compliance with Hon'ble NCLT's order dated 12.03.2018. As soon as the Stock Exchanges give their go ahead for cancellation of said shares from total listed capital, the resultant reduction of share capital will be updated with the jurisdictional Registrar of Companies. Necessary accounting entries for the cancellation of equity capital and reversal of reserves and surplus for ₹100.78 Lakhs and ₹469.63 Lakhs respectively, will be given effect on the receipt of guidance from stock exchanges and depositories. The total sum of ₹570.41 Lakhs, comprising of debit balance of share capital and reserves & surplus, is appearing under head - other current assets. Aforesaid entries has insignificant impact on EPS and current assets.

(₹ in Lakhs)

	As at 31.03.2023	As at 31.03.2022
13. MINORITY INTEREST		
Share Capital	46.66	46.66
Share in Profit/(Loss)	(92.70)	(92.73)
	(46.04)	(46.07)

14. BORROWINGS

Long Term

	Current Portion		Non Current Portion	
	As at 31.03.23	As at 31.03.22	As at 31.03.23	As at 31.03.22
Secured				
Term Loans - Vehicles	105.11	111.63	93.35	132.11
	105.11	111.63	93.35	132.11

I. Above loans represent vehicle loans, repayble on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase agreement.

Particulars	Current Portion	Non Current Portion			
Year of Repayment	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Annual Repayment Amount (₹/Lakhs)	105.11	67.91	14.99	3.35	3.32	3.78
Annual Rate of Interest (%)	6.85%-8.50%	6.85%-8.50%	6.85%-8.50%	6.85%-8.50%	6.85%-8.50%	6.85%-8.50%

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

Short Term

Secured

Bank Overdraft and Bill Discounting facility against term deposit (Refer Note No. 9)*	2317.95	1613.16
*Annual rate of interest chargable on aforesaid facilities ranges up to 8.5% .		
Current maturities of Long Term Borrowings	105.11	111.63
Total	2423.06	1724.79

(₹ in Lakhs)

	As at 31.03.2023	As at 31.03.2022
15. OTHER FINANCIAL LIABILITIES (NON-CURRENT)	352.02	344.71
Security Deposits from Business Associates & Others	352.02	344.71

16. PROVISIONS

	Current Portion		Non Current Portion	
	As at 31.03.23	As at 31.03.22	As at 31.03.23	As at 31.03.22
Gratuity	540.20	306.98	2256.63	2086.93
Leave Encashment	207.74	150.68	717.83	737.52
Income Tax (Net of Tax payments)	649.73	509.22	–	–
Others	226.44	256.80	–	–
	1624.11	1223.68	2974.46	2824.45

17. TRADE PAYABLES

Total outstanding dues of micro small and medium enterprises	255.12	62.19
Total outstanding dues of creditors other than micro small and medium enterprises	22432.81	25749.37
	22687.93	25811.56

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

Ageing of Trade Payables (2022-23)	1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	255.12	–	–	–	255.12
(ii) Others	22152.22	111.76	54.80	114.03	22432.81
(iii) Disputed dues - MSME	–	–	–	–	–
(iv) Disputed dues - Others	–	–	–	–	–
Total Payables	22407.34	111.76	54.80	114.03	22687.93

Ageing of Trade Payables (2021-22)	1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	62.19	–	–	–	62.19
(ii) Others	25425.88	142.13	55.28	126.07	25749.37
(iii) Disputed dues - MSME	–	–	–	–	–
(iv) Disputed dues - Others	–	–	–	–	–
Total Payables	25488.07	142.13	55.28	126.07	25811.56

(₹ in Lakhs)

	As at 31.03.2023	As at 31.03.2022
18. OTHER FINANCIAL LIABILITIES -CURRENT		
Preference Shares	–	11465.20
Accrued salaries and benefits	1738.08	1615.50
Others	3274.56	2678.16
	5012.64	15758.86

A. Preference Share Capital

Redemption of Preference Shares

Redemption of Preference Shares

During the year, entire 0.01% 1,14,65,201 no. of Preference Shares of ₹100/- each, being considered as part of financial liability as per relevant Ind AS and the accrued dividend thereon forming part of finance cost till March 2022, was converted into 0.01% Compulsorily Convertible Preference Shares ('CCPS') of ₹100/- each, followed by conversion thereof into 2,13,42,505 no. of equity shares of ₹2/- each, at a conversion price of ₹53.72/- per share, a price derived as per SEBI (ICDR) Regulations, 2018, as amended. The listing and trading approvals in respect of Equity Shares so issued, was also obtained during the year.

Upon conversion of preference shares into the equity shares, the liability of the company in the form of preference shares dues outstanding towards Banks/ FIs and others, has been extinguished and corresponding increase in, paid-up equity share capital and reserves of the company has been taken place during the year.

	As at March 31, 2023		As at March 31, 2022	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
Authorised				
Preference Shares of ₹100/- each	5000000	5000.00	12000000	12000.00
Issued , Subscribed & paid up				
Preference Shares of ₹100/- each	–	–	11465201	11465.20
0.01% Optionally Convertible	–	–	9735201	9735.20
0.01% Cumulative Redeemable–	–	–	1730000	1730.00
	–	–	11465201	11465.20

Reconcilation of the numbers and amount of Preference shares

	As at March 31, 2023		As at March 31, 2022	
	Nos.	Amount (₹/Lakhs)	Nos.	Amount (₹/Lakhs)
Outstanding at beginning of the year	11465201	11465.20	11965201	11965.20
Add : Shares issued during the year	–	–	–	–
Less : Shares bought back during the year	11465201	11465.20	500000	500.00
Outstanding at the end of year	–	–	11465201	11465.20

B. Shareholders holding more than 5% shares -

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

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	–	–	1179000	12.11
Stressed Assets Stabilisation Fund (SASF)	–	–	961044	9.87
EXIM Bank Ltd.	–	–	916333	9.41
SICOM Ltd.	–	–	829463	8.52
Punjab National Bank	–	–	671522	6.90
Oriental Bank of Commerce	–	–	623828	6.41
Dena Bank	–	–	593936	6.10
UCO Bank	–	–	515900	5.30

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

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	–	–	1000000	57.80
Axis Bank Ltd.	–	–	500000	28.90
Blue Sky Securities Pvt. Ltd.	–	–	200000	11.56

(₹ in Lakhs)

	As at 31.03.2023	As at 31.03.2022
19. OTHER CURRENT LIABILITIES		
Advance Received from Customers	146.17	562.48
Direct Taxes	146.24	505.92
Indirect Taxes	18.34	0.53
Others	57.82	57.86
	368.57	1126.79
20. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent Liabilties		
Claims against the Company not acknowledged as debts (routine petty matters - Amount not acertained)	81.75	120.58
Guarantees	416.72	10.36
Other money for which company is contingently liable	167.89	133.12
	666.36	264.06
b) Other commitments		
Capital commitments	517.73	1733.60
	1184.09	1997.66

(₹ in Lakhs)

	Year Ended 31.03.2023	Year Ended 31.03.2022
21. REVENUE FROM OPERATIONS		
Sale of Products		
Domestic	84994.76	98269.56
Exports	56400.72	55886.94
	141395.48	154156.51
Other Operting Revenues		
Export Incentives	314.15	289.15
Others	43.36	237.03
	357.52	526.18
	141753.00	154682.69
22. OTHER INCOME		
Interest Income	165.74	132.98
Others	447.60	897.74
	613.34	1030.72
23. COST OF MATERIALS CONSUMED		
Raw Materials	72588.90	72816.69
Packing Materials	5552.02	6896.27
	78140.92	79712.96
24. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	14086.88	15103.96
Contribution to provident fund/ ESI	430.53	443.96
Gratuity and Leave Encashment Expenses	518.68	503.72
Staff Welfare	431.97	373.01
	15468.05	16424.65
25. FINANCE COST		
Interest expense*	198.08	242.61
Dividends on Cumulative Preference Shares	–	(979.16)
*Includes ₹54.58 Lakhs (Previous year ₹138.92 Lakhs) towards interest on delay in deposit of Advance Tax	198.08	(736.55)
26. OTHER EXPENSES		
Consumption of Stores and spare parts	1462.84	1161.71
Power and Fuel	2377.70	1892.92
Rent	1074.01	818.23
Repairs to buildings	232.22	177.33
Repairs to machinery	547.07	522.55
General Repairs	1142.84	477.58
Insurance	141.84	155.51
Research & Development	306.89	300.82
Quality Control & Testing Charges	1068.61	840.33
Rates and taxes excluding taxes on income	227.33	172.39
Legal and Professional Expenses	1274.38	1262.99
Travelling Expenses	1683.20	1351.54

(₹ in Lakhs)

	As at 31.03.2023	As at 31.03.2022
Selling and Distribution Expenses	6617.30	5357.99
Miscellaneous Expenses	4600.98	5166.90
	22757.20	19658.79

27. PRIOR PERIOD ITEMS

Expenses include ₹108.00 Lakhs (Previous Year ₹56.08 Lakhs) as expenses (net) relating to earlier years.

28. SEGMENT REPORTING

In accordance with Ind AS-108, "Operating Segment " the Company's business activity falls within a single primary business segment viz. "Pharmaceuticals". The secondary business segment in terms of geographical markets have been recognised as India, USA and rest of world. The segment revenues for the year is as under-

Geographical Segment	Sales Revenues (₹/Lakhs)	
	2022-23	2021-22
USA	8793.75	10065.39
Rest of World	47606.97	45821.55
India	84994.76	98269.56
Total	141395.48	154156.51

29. RELATED PARTY DISCLOSURES

Disclosure as required by Indian Accounting Standard "Related Party Disclosures" (Ind AS 24) as notified u/s 133 of Companies Act, 2013 are as under:

Related Parties	
1. Key Management Personnel	**Morepen Laboratories Limited -** Mr. Sushil Suri, Chairman & Managing Director, Mr. Sanjay Suri, Whole Time Director Mr. Ajay Kumar Sharma, Chief Financial Officer Mr. Vipul Kumar Srivastava, Company Secretary
	Dr. Morepen Limited Mr. Varun Suri, MD Mr. Ajay Kr. Sharma, Director & Chief Financial Officer Mr. Akshay Mehta, Company Secretary
2. Relatives of Key Management personnnels with whom the company has any transaction during the year	Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Mrs. Amita Sharma.
3. Entities controlled or jointly controlled by a person or a close members of that person's family having control or joint control over the reporting entity - Domestic Company Domestic Company Domestic Company	 Mid-Med Financial Services & Investments Pvt. Ltd. React Investments & Financial Services Pvt. Ltd. Liquid Holdings Private Limited
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	Edit 25 Lifestyle Private Limited Mr. Naman Joshi Blueheaven Marketing Pvt. Ltd. Groom Town Pvt. Ltd. Happier Life Pvt. Ltd. Vignet Trading Pvt. Ltd. Morepen Overseas Ltd.

Transactions with related parties -

Particulars	Nature of transaction	(₹ in Lakhs)
1. Entities controlled or jointly controlled by a person or a close members of that person's family having control or joint control over the reporting entity	Receipt of balance 75% share warrant subscription money	2250.00
	Trade Advances	213.84
	Amount payable as on 31.03.23	Nil
	Maximum amount outstanding	213.84
2. Key Management Personnel	Remunertion	818.08
	Amount payable as on 31.03.23	150.46
	Maximum amount outstanding	183.29
3. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Receipt of services	51.88
	Trade Advances	585.00
	Amount payable as on 31.03.23	7.79
	Maximum amount outstanding	560.45
4. Relatives of key Management personnels with whom the company has any transaction during the year	Remuneration	697.09
	Amount payable as on 31.03.23	195.21
	Maximum amount outstanding	255.69

Remuneration paid to employees of Morepen Laboratories Ltd. and its KMPs of the subsidiaries, is not included in the above details. The above details also do not include retail purchases from the company made by related parties.

30. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2023	31.03.2022
Profit/ (Loss) after Tax (₹ in Lakh)	3867.52	10168.27
Weighted average number of equity shares outstanding	502206570	449979628
EPS (₹) - (Face value ₹2/- per share)	0.77	2.26
Weighted average number of equity shares used in computing diluted EPS	502206570	519826203
Diluted EPS (₹) - (Face value of ₹2/- per share)	0.77	1.96

31. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2023. Hence, no provision is required in the accounts for the year under review.

32. INCOME TAXES

A. Current Tax and Deferred Tax Expense

Income taxes recognised in the statement of profit and loss including Other Comprehensive Income (OCI)-

(₹/Lakhs)

For the year ended	31.03.2023	31.03.2022
Current tax	1629.19	2519.60
Earlier Years taxes	5.86	(274.62)
Deferred tax expense	20.34	248.26
Total income tax expenses	1655.39	2493.24
B. Deferred Tax Assets (Net)		
Deferred Tax Liabilities	1225.59	1166.67
Deferred Tax Assets	956.99	918.41
Deferred tax Liabilities/(Assets) (Net)	268.60	248.26
Major Components of Deferred Tax Assets (Net) arising on account of temporary difference and movements thereof are given below -		
Deferred Tax Assets -		
Provisions deductible for tax purposes in future periods	173.38	538.17
Retirement benefits & Leave Encashment	3629.02	3110.96
Total	3802.40	3649.13

(₹ in Lakhs)

	As at 31.03.2023	As at 31.03.2022
Tax Rate	25.168%	25.168%
Tax Amount	956.99	918.41
Deferred tax Liabilities -		
PP&E depreciation and intangible Amortiastion	4869.61	4635.52
Total	4869.61	4635.52
Tax Rate	25.168%	25.168%
Tax Amount	1225.59	1166.67

Note : Deferred Tax asset of ₹132.72 (Previous year ₹80.99 lakhs) is not recognised as a matter of prudence.

33. OTHERS SIGNIFICANT DISCLOSURES

a) In the opinion of directors, all assets stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.

b) Balances of Non-current liabilities, Current liabilties, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.

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

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

e) During the year, a newly wholly owned subsidiary namely Morepen Rx Limited wasincorporated during the year .

f) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

g) ₹625.00 Lakhs have been received by Dr. Morepen Limited from promoter group entities towards allotment of share warrants entitling Equity Shares of ₹10/- each (at a premium of ₹20/- each shares) in accordance with the provisions of the Companies Act, 2013 and its rules made thereunder, along with a request to extend Warrant Exercise Period for a further period of 1 year. Based on the request received, Dr. Morepen Limited has further extended the Warrant exercise period up-to 6th March 2024 by passing of 'Special Resolution' on 7th March 2023. Accordingly, pursuant to exercise of option, i.e. upon payment of the balance amount of Warrants issue price (i.e. ₹1990.96 Lakhs) on or before 6th March 2024, the said Warrants will be converted into Equity Shares of the company. Dr. Morepen Limited will cease to be wholly owned subsidiary of the company on allotment of equity shares by Dr. Morepen Limited to promoter group entities.

34. Corporate Social Responsibility (CSR)

a) During the financial year ended March 31, 2023, CSR amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof was ₹189.57 Lakh (Previous year ₹114.97 Lakh).

b) During the year the Company has made an expenditure of ₹190.26 Lakh (Previous year ₹119.81 Lakh) related to CSR.

c) Details of CSR expenditure incurred during the year ended March 31, 2023 is as below :-

(₹/Lakhs)

	31.03.2023	31.03.2022
CSR activity		
- Promotion of Healthcare	48.63	40.54
- Social Infrastructure	98.57	66.37
- Education	29.24	9.18
- Sports	13.82	3.72
Total	190.26	119.81

35. Ratios

	As at 31.03.2023	As at 31.03.2022
Current Ratio	2.35	2.15
- Numerator - Current Assets	75616.47	73430.11
- Denominator - Current Liabilities		
CURRENT LIABILITIES	32116.31	45645.69
Less : Pref. Capital	–	11465.20
	32116.31	34180.49
Debt-Equity ratio	0.03	0.03
- Numerator - Debt	2516.41	1856.90
- Denominator		
Equity	10222.71	9555.86
Reserves & Surplus	65748.79	57673.12
Warrants	–	2625.00
OCI	(680.69)	(532.66)
Total Equity	75290.81	69321.32
Debt Service Coverage ratio	315.59%	700.07%
- Numerator - EBITDA	8566.65	14697.96
- Denominator		
Interest on loans	198.08	242.61
Principal loans	2516.41	1856.90
Total Loan liability	2714.49	2099.51
Return on Equity ratio	5.14%	14.67%
- Numerator - PAT	3867.52	10168.27
- Denominator		
Equity	10222.71	9555.86
Reserves & Surplus	65748.79	57673.12
Warrants	–	2625.00
OCI	(680.69)	(532.66)
Total Equity	75290.81	69321.32
Inventory turnover ratio	3.79	4.65
- Numerator - Cost of Goods Sold	95574.44	104932.02
- Denominator - Average Inventory	25237.02	22558.99
Trade receivables turnover ratio (days)	66	51
- Numerator - Revenue	142366.34	155713.41
- Denominator - Average Debtors	25694.51	21631.37
Trade payables turnover ratio (days)	93	81
- Numerator - COGS	95574.44	104932.02
- Denominator - Average Creditors	24249.74	23348.22
Net capital turnover ratio	1.89	2.25
- Numerator - Revenue	142366.34	155713.41
- Denominator		
Equity	10222.71	9555.86
Preference Capital	–	11465.20
Reserves & Surplus	65748.79	46207.92
Warrants	–	2625.00
OCI	(680.69)	(532.66)
Total Equity	75290.81	69321.32
Net profit ratio	2.72%	6.53%
- Numerator - PAT	3867.52	10168.27
- Denominator - Revenue	142366.34	155713.41
Return on Capital employed	5.15%	12.95%
- Numerator - (PAT+Interest)	4065.60	9431.72
- Denominator		
Shareholder's wealth	75290.81	69321.32
Non current borrowings	93.35	132.11
Non Current Liabilities	3549.04	3371.35
Total capital employed	78933.21	72824.78
Return on investment	3.48%	9.50%
- Numerator - PAT	3867.52	10168.27
- Denominator - Total Assets	111049.51	107005.27

Note : For computation of above ratios the preference capital of ₹Nil (Previous year ₹11465.20 Lakhs) was considered as part of Equity as the preference shareholders had given their assent for conversion of preference capital into Equity Capital. Now converted to Equity in current FY.

Financial Year 2022

Independent Auditor's Report

To the Members of Morepen Laboratories Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Morepen Laboratories Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31,2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

S. No.	Key Audit Matter	Auditor's Response
1	In the Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956 as approved by the Hon'ble High Court of Himachal Pradesh vide its Order dated August 4, 2009, the Company allotted 9,24,90,413 Equity Shares to the fixed deposit holders in settlement of their dues. The Hon'ble NCLT vide its judgment dated 12th March 2018 dismissed the Company's petition seeking approval of the Scheme and stated that the order will not affect the allotment of the shares to the FD holders who have traded the shares to the third parties or transferred the allotted shares and to the balance FD holders (eligible FD holders), the company shall pay the outstanding amount as per the scheme approved by the Company Law Board (CLB). The appeal preferred by the company against the said order of NCLT, is dismissed by Hon'ble National Company Law Appellate Tribunal (NCLAT). Pursuant to implementation of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Order dated 12.03.2018, out of 3,85,65,810 Equity Shares of ₹2/- each issued at a premium of ₹9.32 per share belonging to eligible FD holders, the company has paid Fixed Deposit dues in respect of 50,38,983 Equity Shares received for cancellation with the company till 31.03.2022. (Refer Note No. 13G to the consolidated financial statements)	<u>Principal Audit Procedures</u> We collected and analyzed the Scheme approved by the Company Law Board (CLB) dated19.08.2003, Judgment of Hon'ble NCLT dated 12th March 2018, order of Hon'ble National Company Law Appellate Tribunal (NCLAT), Communication with ROC and Stock Exchanges in this regard and other relevant documents in this regard produced for our verification. The payment to pending eligible FD holders may impact financials of the company in the coming year/years.

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

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

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

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

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

Management's responsibility for the Consolidated Financial Statements

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

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

In preparing the consolidated financial statements, the respective board of directors of the entities included in the Group are responsible for assessing the ability of the Group to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease the operations or has no realistic alternative but to do so.

The respective board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial

controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as ongoing concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transaction and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

We did not audit the financial statements of subsidiaries namely Morepen Devices Limited (Indian Subsidiary) and Morepen Inc.(foreign Subsidiary) included in consolidated financial statements. Financial statement of these two subsidiaries reflect total assets of ₹328.98 lakhs as at March 31, 2022, total revenue of ₹204.46 lakhs, total profit after tax of ₹62.59 lakhs and total comprehensive income of ₹62.59 lakhs for the year ended on that date, as considered in the consolidated financial statements. The aforesaid financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the auditors of such entities.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of the Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.

d) In our Opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issues thereunder.

e) On the basis of the written representations received from the directors of the Holding company and its Indian subsidiaries as on 31st March 2022 taken on record by the Board of Directors of the respective companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2022 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls is as per Annexure A.

g) There is no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding company to its directors during the year is in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

(ii) The Group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

(iii) During the year, the Group was not liable to transfer any amount to the Investor Education and Protection Fund.

(iv) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement. (Refer Note No. 34(f) to the consolidated financial statements)

(v) No Company in the group has declared or paid any dividend during the year.

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

S.K Goyal
(Partner)
Membership No. : 084613
UDIN : 22084613AIKRMI9433

Date :5th May, 2022
Place :Gurugram, Haryana

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the consolidated financial statements of Morepen Laboratories Limited for the year ended 31st March 2022)

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

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Morepen Laboratories Limited (hereinafter referred to as "the Holding Company") and its Indian subsidiaries, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us, and based on the consideration of reports of other auditors, referred to in the Other Matters paragraph, the Holding company and its subsidiaries incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies, considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far as it relates to the financial statements of subsidiaries namely Morepen Devices Limited (Indian Subsidiary) and Morepen Inc.(foreign Subsidiary), is based solely on the reports of the auditors of such entities.

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

S.K Goyal
(Partner)
Membership No. : 084613
UDIN : 22084613AIKRMI9433

Date :5th May, 2022
Place :Gurugram, Haryana

Consolidated Balance Sheet

As at 31st March, 2022

(₹ in Lakhs)

	Note No.	As at 31.03.2022	As at 31.03.2021
A ASSETS			
1. NON-CURRENT ASSETS			
Property, Plant and Equipment and Intangible Assets			
Property, Plant and Equipment	2	14664.72	12928.52
Capital Work in Progress	2	1414.58	195.63
Goodwill	2	7447.42	7447.42
Other Intangible Assets	2	3067.68	2076.54
Financial Assets :			
Investments	3	-	108.50
Loans	4	5.72	6.05
Other Financial Assets	5	584.62	483.59
Other Non-Current Assets	6	6390.42	9889.25
		33575.16	33135.50
2. CURRENT ASSETS			
Inventories	7	27585.41	17532.57
Financial Assets :			
Trade Receivables	8	25064.31	18198.42
Cash and Cash Equivalents	9	1580.26	4138.69
Bank Balances other than Cash and Cash Equivalents	10	3016.80	2650.73
Loans	4	34.19	27.44
Other Financial Assets	11	506.29	1117.80
Other current assets	12	15642.85	9013.45
		73430.11	52679.10
TOTAL		107005.27	85814.60
B. EQUITY AND LIABILITIES			
1. EQUITY			
Equity Share Capital	13	9555.86	8995.86
Other Equity		48300.26	33479.12
		57856.12	42474.98
2. MINORITY INTEREST	14	(46.07)	(45.93)
3. NON - CURRENT LIABILITIES			
Financial Liabilties :-			
Borrowings	15	132.11	82.83
Other Financial liabilities	16	344.71	383.42
Deferred Tax Liabilities (Net)	33	248.26	-
Provisions	17	2824.45	2539.30
	37	3549.53	3005.55
4. CURRENT LIABILITIES			
Financial Liabilties :-			
Borrowings	15	1724.79	1621.74
Trade Payables	18	25811.56	20884.89
Other Financial liabilities	19	15758.86	16818.76
Other Current Liabilties	20	1126.79	529.51
Provisions	17	1223.69	525.10
		45645.69	40380.00
TOTAL		107005.27	85814.60
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-36		

As per our separate report of even date

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

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

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

(Ajay Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. A-26231

Place : New Delhi
Date : 5th May, 2022

Consolidated Statement of Profit and Loss

For the Year Ended 31st March, 2022

(₹ in Lakhs)

	Note No.	Year Ended 31.03.2022	Year Ended 31.03.2021
REVENUE			
Revenue from operations (Net)	22	154682.69	118805.64
Other Income	23	1030.72	1206.89
Total Income (I)		155713.41	120012.53
EXPENSES			
Cost of Materials Consumed	24	79712.96	61792.65
Purchases of Stock-in-Trade		26222.65	20420.07
Changes in inventories of Finished goods Work-in-progress and Stock-in-Trade		(1003.59)	(4158.33)
Employee Benefits Expense	25	16424.65	13559.36
Finance Cost	26	(736.55)	178.82
Depreciation and Amortization Expense	2	2764.25	3028.33
Other Expenses	26	19658.79	15340.48
Total Expenses (II)		143043.15	110161.38
Profit before Tax		12670.26	9851.15
Tax Expense			
Current Tax		2528.49	143.41
Earlier periods		(274.62)	(1.26)
Deferred Tax	33	248.26	-
Total Tax Expense		2502.13	142.15
Profit for the Year (III)		10168.13	9709.00
Share of minority interest in Profit/ (loss)		(0.14)	0.41
Profit for the year available for majority shareholders		10168.27	9708.59
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss		(46.00)	10.50
Tax		(8.90)	4.22
Other Comprehensive Income for the Year (Net of Tax) (IV)		(37.10)	14.72
Total Comprehensive Income for the Year (III+IV)		10131.17	9693.87
Earning per equity share (Face Value of ₹2/- each)	31		
(1) Basic		2.26	2.16
(2) Diluted		1.96	2.15
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-36		

As per our separate report of even date

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

For Satinder Goyal & Co.
Chartered Accountants
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(Ajay Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. A-26231

Place : New Delhi
Date : 5th May, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March, 2022

A. EQUITY SHARE CAPITAL

As at 31st March, 2022 (₹ in Lakhs)

Balance as at 1st April, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31st March, 2022
8995.86	-	8995.86	560.00	9555.86

As at 31st March, 2021

Balance as at 1st April, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Change in equity share capital during the year	Balance as at 31st March, 2021
8995.86	-	8995.86	-	8995.86

B. OTHER EQUITY AS AT 31st MARCH, 2022

(₹ in Lakhs)

	RESERVES & SURPLUS						
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings	Other items of other comprehensive income	Warrant subscription received	Total Other Equity
Balance as at 1st April, 2021	270.40	7123.33	16740.51	5465.42	(495.54)	4375.00	33479.12
Money received against Share Warrants						5250.00	5250.00
- Amount transferred to Equity Share Capital on conversion of warrants						(560.00)	(560.00)
- Additions to Securities Premium Account			6440.00			(6440.00)	-
Profit for the year	-	-	-	10168.27	-	-	10168.27
Transfer to Capital Redemption Reserve		500.00		(500.00)			-
Other comprehensive income/(loss) for the year	-	-	-	-	(37.12)	-	(37.12)
Balance as at 31st March, 2022	270.40	7623.33	23180.51	15133.68	(532.66)	2625.00	48300.26

B. OTHER EQUITY AS AT 31st MARCH, 2021

(₹ in Lakhs)

	RESERVES & SURPLUS						
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings	Other items of other comprehensive income	Warrant subscription received	Total Other Equity
Balance as at 1st April, 2020	270.40	7123.33	16740.51	(4243.17)	(480.82)	-	19410.25
Profit for the year	-	-	-	9708.59	-	-	9708.59
Other comprehensive income/(loss) for the year	-	-	-	-	(14.72)	-	(14.72)
Total comprehensive income/(loss) for the year	-	-	-	9708.59	(14.72)	-	9693.87
Money against share warrants received during the year	-	-	-	-	-	4375.00	4375.00
Balance as at 31st March, 2021	270.40	7123.33	16740.51	5465.42	(495.54)	4375.00	33479.12

Money received against share warrants ('Warrants') represents amounts received towards 700 Lakhs no. of fully Convertible Warrants in the previous year ended 31.03.2021, which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of face value of ₹2/- each within a period of 18 months from dates(s) of allotment of Warrants. During the current year ending 31.03.2022, the company has received, a sum of ₹5250.00 Lakhs, being balance 75% amount in respect of 280 Lakhs warrants, for the conversion of these warrants into equal no. of equity shares. The Board of Directors of the company has made allotment of 280 Lakhs equity shares consequent upon conversion of aforesaid 280 lakhs warrants. The balance 420 Lakhs nos. of warrants will be convertible in Equity Shares on receipt of balance 75% monies, as per terms of allotment of warrants.

SIGNIFICANT ACCOUNTING POLICIES 1
NOTES ON FINANCIAL STATEMENTS 2-36

As per our separate report of even date

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

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

Place : New Delhi
Date : 5th May, 2022

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

(Ajay Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. A-26231

Consolidated Cash Flow Statement

For the Year Ended 31st March, 2022

(₹ in Lakhs)

		Notes No.	Year Ended 31.03.2022	Year Ended 31.03.2021
A.	CASH FLOWS FROM OPERATING ACTIVITIES :			
	Profit before Tax		12670.26	9851.15
	Adjustments for :			
	Depreciation & Amortisation	2	2764.25	3028.33
	(Profit)/Loss on Sale of Property, Plant & Equipments, Mutual Funds	2,3	(36.02)	(0.03)
	Provision for Employee benefit (OCI)		(46.00)	(10.50)
	Finance Cost (Net)	26	(736.55)	178.82
	Minority Interest		0.14	(0.41)
	Operating Profit before changes in Current Assets and Liabilities		14616.08	13047.36
	Changes in Current Assets and Liabilities -			
	Trade Receivables	8	(6865.89)	(4430.37)
	Loans, Bank balance other than cash & Cash equivalent and other Current Assets	4,10,11,12	(6390.71)	(4571.30)
	Inventories	7	(10052.87)	(3685.00)
	Current Liabilities	17,18,19,20	5162.60	4868.25
	Deferred Tax Liabilities	33	248.26	-
	Cash generated from operations		(3282.53)	5228.94
	Income Tax (Net)		(2493.23)	(146.37)
	NET CASHFLOW - OPERATING ACTIVITIES		(5775.76)	5082.57
B.	CASH FLOWS - INVESTING ACTIVITIES:			
	Purchase of Property, Plant & Equipments	2	(4544.62)	(2179.95)
	Purchase/Addition of Intangibles/Goodwill (Net)	2	(2192.18)	(1859.89)
	Proceeds from Sale of Property, Plant & Equipments	2	16.71	0.50
	Sales/(Purchase) of Investments (Net)	3	154.11	-
	Investment in Other Non-Current Assets	4,5,6	3398.13	(2995.73)
	NET CASHFLOW - INVESTING ACTIVITIES		(3167.85)	(7035.07)
C.	CASH FLOWS FROM FINANCING ACTIVITIES:			
	Finance Cost	26	736.55	(178.82)
	Proceeds/(Repayments) of Long Term Borrowings (Net)	15	49.28	(38.73)
	Proceeds/(Repayments) of Short Term Borrowings (Net)	15	103.05	396.49
	Proceeds from warrant subscription		5250.00	4,375.00
	Change in Other Non- Current Liabilities & Provisions (Net)		246.30	173.34
	NET CASHFLOW - FINANCING ACTIVITIES		6385.18	4727.28
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(2558.43)	2774.78
	Cash and Cash Equivalents as at Begining of the Year		4138.69	1363.91
	Cash and Cash Equivalents as at End of the Year		1580.26	4138.69
	Bank Balances other than Cash and Cash Equivalents		3016.80	2650.73
	SIGNIFICANT ACCOUNTING POLICIES	1		
	NOTES ON FINANCIAL STATEMENTS	2-36		

As per our separate report of even date

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

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

(Sushil Suri)
Chairman & Managing Director
DIN : 00012028

(Manoj Joshi)
Director
DIN : 00036546

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

(Ajay Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary
Membership No. A-26231

Place : New Delhi
Date : 5th May, 2022

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

Company Overview

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

1.1 Basis for preparation of financial statements

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

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

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

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

*(Held by Dr. Morepen Limited)

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on May 5, 2022.

Functional and Presentation Currency

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

Basis of measurement

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

Operating Cycle

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

1.2 Use of Estimates and Judgements

The presentation of financial statements in conformity with Ind AS requires the management of the company to make estimates, judgements and assumptions.

These estimates, judgements and assumptions affect the application of accounting policies and the reported balances of assets and liabilities, disclosures of contingent assets and liabilities as at the date of financial statements and the reported amount of revenues and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provisions for income taxes, useful life of depreciable assets and provisions for impairments & others.

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

1.3. Property, Plant and Equipment (PPE)

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

a) Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

b) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

c) Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

d) The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.4 Intangible Assets and Amortisation

<u>Internally generated Intangible Assets - Research and Development expenditure</u>

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

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

<u>Intangible Assets acquired separately</u>

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

1.5 Depreciation

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

a) Depreciation on fixed assets is provided on straight-line method at the rates prescribed by the schedule II of the Companies Act, 2013 and in the manner as prescribed by it except assets costing less than ₹5000/- on which depreciation is charged in full during the year.

b) Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the company for its use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

1.6. Valuation of inventories

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

1.7. Foreign Currency Transactions / Translations

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

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

iii) Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

iv) Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

v) In case of long term monetary items outstanding as at the end of year, exchange differences arising on settlement / restatement thereof are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

1.8 Dividends

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

1.9 Leases

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

2.0 Financial Instruments

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

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

i) Initial Recognition and measurement

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

ii) Subsequent measurement

a) Financial assets carried at amortised cost

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

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

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

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

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

d) Investments in subsidiaries, joint ventures and associates

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

e) Financial liabilities

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

<u>Financial liabilities at FVTPL</u>

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

<u>Other Financial liabilities</u>

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

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

iii) Derecognition of financial instruments

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

iv) Fair value measurement of financial instruments

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

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

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

2.1 Impairment of Assets

i) Financial Assets

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

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

ii) Non-Financial Assets

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

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

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

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

2.2 Revenue Recognition

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

a) Revenue is recognised at the fair value of the consideration received or receivable. The amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

2.3 Interest

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

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

2.4 Income Taxes

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

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

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

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

Pursuant to Taxation Laws (Amendment) Ordinance 2019, the company has opted to pay Income Tax as provided under Section 115BAA of the Income Tax Act, 1961.

2.5 Borrowing Costs

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

2.6 Provisions, contingent liabilities and contingent assets

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

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

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

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

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

2.7 Earning per share

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

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

2.8 Employee Retirement benefits

i) Short term employee benefits

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

ii) Post – employment benefits

Defined contribution plans –

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

Defined benefit plans –

Gratuity

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

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

iii) Long – term employee benefits

Leave Encashment

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

2.9 Segment Reporting

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

3.0 Cash and cash equivalents

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH, 2022

2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

I) PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTIZATION				CARRYING VALUE	
	As at 31.03.2021	Additions	(Disposals)/ Adjustments	As at 31.03.2022	As at 01.04.2021	For the year	Deductions/ Adjustments	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Land	158.22	-	(14.94)	143.28	-	-	-	-	143.28	158.22
Buildings	7925.59	215.17	-	8140.76	3846.88	197.46	-	4044.34	4096.42	4078.71
Plant & Machinery	40100.33	1860.90	(6969.65)*	34991.58	32132.23	1134.32	(6967.02)*	26299.53	8692.05	7968.10
Furnitures & Fixtures	469.04	839.75	(18.39)	1290.40	301.14	57.03	(10.39)	347.78	942.62	167.90
Vehicles	946.99	233.99	(22.12)	1158.86	512.08	100.57	(21.41)	591.24	567.62	434.91
Office Equipments	426.37	175.86	-	602.23	305.69	73.82	-	379.51	222.72	120.68
Total	50026.54	3325.67	(7025.10)	46327.11	37098.02	1563.20	(6998.82)	31662.40	14664.72	12928.52
Previous Year	62961.85	1984.32	(14919.63)	50026.54	49552.91	2464.27	(14919.16)	37098.02	12928.52	
II) CAPITAL WORK IN PROGRESS										
Buildings	92.29	791.91	(133.09)	751.11	-	-	-	-	751.11	92.29
Plant & Machinery	103.34	672.44	(112.59)	663.19	-	-	-	-	663.19	103.34
Furniture & Fixture	-	0.28	-	0.28	-	-	-	-	0.28	-
Total	195.63	1464.63	(245.68)	1414.58	-	-	-	-	1414.58	195.63
Previous Year	-	195.63	-	195.63	-	-	-	-	195.63	
III) GOODWILL										
Goodwill	7447.42	-	-	7447.42	-	-	-	-	7447.42	7447.42
Total	7447.42	-	-	7447.42	-	-	-	-	7447.42	7447.42
Previous Year	7450.22	-	(2.80)	7447.42	2.80	-	(2.80)	-	7447.42	
IV) INTANGIBLE ASSETS										
Computer Software	244.39	42.70	-	287.09	197.02	19.54	-	216.56	70.53	47.37
Customer Acquisition Cost	2420.68	2149.48	-	4570.16	693.43	1162.99	-	1856.42	2713.74	1727.25
Patents & Trade Marks	2692.89	-	-	2692.89	2390.97	18.51	-	2409.48	283.41	301.92
Total	5357.96	2192.18	-	7550.14	3281.42	1201.04	-	4482.46	3067.68	2076.54
Previous Year	4843.12	1859.89	(1345.05)	5357.96	4062.41	564.06	(1345.05)	3281.42	2076.54	
GRAND TOTAL										
Current year	63027.55	6982.48	(7270.78)	62739.25	40379.44	2764.24	(6998.82)	36144.86	26594.40	22648.11
Previous Year	75255.19	4039.84	(16267.48)	63027.55	53618.12	3028.33	(16267.01)	40379.44	22648.11	

Notes -

1) 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.
2) Customer Acquisition Cost represents amount spent for the expansion of product markets and increase in customer reach.
3) *Includes ₹6967.02 Lakhs, old machinery no longer in use and fully depreciated, written off during the year.

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
3. INVESTMENTS (NON-CURRENT) - Non Trade		
A. Investment in Mutual Funds (Quoted)		
Nil (Previous Year : 5641Units) of ICICI Prudential Bluechip Fund	-	15.25
Nil (Previous Year : 41929Units) of Kotak Standard Multicap Fund	-	15.25
Nil (Previous Year : 24159Units) of Franklin India Prima Fund	-	17.50
Nil (Previous Year : 10939Units) of Canara Robeco Equity Fund	-	15.00
Nil (Previous Year : 5034Units) of HDFC Equity Fund	-	30.00
Nil (Previous Year : 14921Units) of Nippon India Multi Cap Fund	-	15.00
Nil (Previous Year : 37 Units) of Aditya Birla Sun Life Equity Fund	-	0.25
Nil (Previous Year : 120 Units) of Aditya Birla Sun Life Frontline Equity Fund	-	0.25
	-	108.50

4. LOANS

	Current Portion		Non Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
Secured				
(Unsecured, considred good)				
Loans to Employees	34.19	27.44	5.72	6.05
	34.19	27.44	5.72	6.05

	As at 31.03.2022	As at 31.03.2021
5. OTHER FINANCIAL ASSETS - NON CURRENT		
Security Deposits	584.62	483.59
	584.62	483.59
6. OTHER NON CURRENT ASSETS		
Unsecured		
Capital Advances (Considered good) *	6362.65	9861.94
Leasehold Land Prepayments	25.70	25.34
Prepaid (Deferred)Expenses for Employee Benefit	2.07	1.97
	6390.42	9889.25

Includes-*

₹2596.38 Lakhs (Previous year - ₹2596.38 Lakhs) paid to related parties for acquisition of land for expansion of manufacturing facilities of the company. An agreement for acquisition of land was entered into with these parties in the last year for a sum of ₹2840.00 Lakhs. Necessary documentation and seeking government & statutory approvals for the transfer of land in the name of the company is in progress.

	As at 31.03.2022	As at 31.03.2021
7. INVENTORIES		
Raw Materials	15702.24	6662.77
Work-in-progress	3582.17	4365.80
Finished goods	3722.87	3683.58
Stock -in-trade	4222.06	2551.32
Goods in transit	7.12	8.29
Stores and spares	348.95	260.81
	27585.41	17532.57

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

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
8. TRADE RECEIVABLES		
Unsecured -		
Considered good	25064.31	18198.42
Considered doubtful	582.87	516.10
	25647.18	18714.52
Less: Allowance for bad & doubtful debts	582.87	516.10
	25064.31	18198.42

Ageing of Trade Receivables (2021-22)	< than 6 months	6months- 1 year	1-2 years	2-3 years	3 years or more	Total
Undisputed						
- Considered good	24661.23	228.36	231.05	(14.98)	(41.36)	25064.31
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
Disputed						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	405.34	10.05	55.19	27.12	85.18	582.87
- Credit impaired	-	-	-	-	-	-
Total Receivables	25066.57	238.41	286.24	12.14	43.82	25647.18

Ageing of Trade Receivables (2020-21)	< than 6 months	6months- 1 year	1-2 years	2-3 years	3 years or more	Total
Undisputed						
- Considered good	17881.63	225.30	116.50	(2.92)	(22.09)	18198.42
- Having significant increase in credit risk	-	-	-	-	-	-
- Credit impaired	-	-	-	-	-	-
Disputed						
- Considered good	-	-	-	-	-	-
- Having significant increase in credit risk	352.01	8.85	76.46	4.62	74.15	516.10
- Credit impaired	-	-	-	-	-	-
Total Receivables	18233.64	234.15	192.96	1.70	52.06	18714.52

	As at 31.03.2022	As at 31.03.2021
9. CASH AND CASH EQUIVALENTS		
Balances with banks		
Current Accounts	1457.40	4126.61
In Deposit Accounts	113.02	-
Cash in hand	9.84	12.08
	1580.26	4138.69

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Term Deposit - Towards Margin Money & Security against Overdraft, Bills discounting and LC facilities (Refer Note No. 15)	2984.27	2607.75
Guarantees	32.53	42.98
	3016.80	2650.73
11. OTHER FINANCIAL ASSETS - CURRENT		
Security Deposits	190.82	235.12
Interest accrued but not due	57.72	58.20
Export Incentives Receivable	257.75	824.48
	506.29	1117.80
12. OTHER CURRENT ASSETS		
Unsecured considered good, unless otherwise stated		
Advances with Suppliers & Others *	11663.28	6742.18
Leasehold Land Prepayments	1.11	0.36
Balance with Government Authorities	3617.91	2002.54
Advance Income Tax - Tax Deducted at source	52.62	0.51
Recoverable from Insurance	0.26	0.30
Advances to Employees	95.55	150.03
Prepaid Expenses	212.13	117.53
	15642.86	9013.45
Advances Considered Doubtful (Balances with Govt. Authorities - special additional duty claims)	-	1.83
Less : Allowance for doubtful advances	-	(1.83)
	15642.86	9013.45

* Includes

- Sum of ₹570.41 Lakhs (P.Y. - ₹379.73 Lakhs) paid to fixed deposit holders towards cancellation of 50,38,983 Equity Shares (P.Y. - 33,54,500). (Refer Note No. 13G)

13. SHARE CAPITAL

A. Equity Share Capital

	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
Authorised				
Equity Shares of ₹2/- each	650000000	13000.00	650000000	13000.00
Issued and Subscribed				
Equity Shares of ₹2/- each	477826203	9556.53	449826203	8996.53
Paid up				
Equity Shares of ₹2/- each	477826203	9555.86	449826203	8995.86

Reconcilation of the numbers and amount of Equity shares -

For the year ended	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
Outstanding at beginning of the year	449826203	8995.86	449826203	8995.86
Add : Shares issued during the year	28000000	560.00	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	477826203	9555.86	449826203	8995.86

Shares held by promoters at the end of the year

S. No.	Name of the promoter	No. of shares held	% of shareholding	% Change During the Year
1	ARUN SURI	3,510	0.00%	-
2	KANTA SURI	1,510	0.00%	-
3	SUSHIL SURI	55,01,510	1.15%	-
4	ANJU SURI	51,86,369	1.09%	-
5	SONIA SURI	36,79,718	0.77%	-
6	SANJAY SURI	34,17,240	0.72%	-
7	SUNITA SURI	31,88,730	0.67%	-
8	VARUN SURI	30,52,357	0.64%	-
9	MAMTA SURI	30,04,000	0.63%	-
10	SANJAY SURI	21,00,000	0.44%	-
11	SHALU SURI	20,52,250	0.43%	-
12	ARUN SURI & SONS (HUF)	15,00,000	0.31%	-
13	SUSHIL SURI & SONS (HUF)	12,01,560	0.25%	-
14	GULFY SURI	11,50,000	0.24%	-
15	KANAK SURI	9,97,060	0.21%	-
16	K B SURI & SONS (HUF)	9,72,830	0.20%	-
17	ANUBHAV SURI	7,82,134	0.16%	-
18	AANANDI SURI	7,50,000	0.16%	-
19	SARA SURI	7,05,000	0.15%	-
20	MASTER ARJUN SURI	6,97,060	0.15%	-
21	AANCHAL SURI	6,85,922	0.14%	-
22	P.L.SURI	4,00,000	0.08%	-
23	RAJAS SURI	1,55,000	0.03%	-
24	BABY AAKRITI SURI	55,000	0.01%	-
25	PRADUMAN LAL SURI (HUF)	2,990	0.00%	-
26	SCOPE CREDITS AND FINANCIAL SERVICES PRIVATE LIMITED	1,55,75,405	3.26%	28.98%
27	CONCEPT CREDITS AND CONSULTANTS PRIVATE LIMITED	1,53,47,724	3.21%	29.54%
28	BROOK INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,51,59,252	3.17%	30.02%
29	SOLITARY INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,51,14,045	3.16%	30.14%
30	SOLACE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,50,82,790	3.16%	30.22%
31	MID MED FINANCIAL SERVICES AND INVESTMENTS PRIVATE LIMITED	1,14,73,813	2.40%	0.00%
32	REACT INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,14,42,134	2.39%	0.00%
33	EPITOME HOLDINGS PRIVATE LIMITED	1,45,00,820	3.03%	31.82%
34	SEED SECURITIES AND SERVICES PRIVATE LIMITED	1,43,28,780	3.00%	32.32%
35	SQUARE INVESTMENTS AND FINANCIAL SERVICES PRIVATE LIMITED	1,41,02,075	2.95%	33.01%
36	LIQUID HOLDINGS PRIVATE LIMITED	3,000	0.00%	0.00%
	TOTAL	18,33,71,588	38.38%	18.02%

B. Shareholders holding more than 5% shares -

Equity Shares

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Pinfold Overseas Ltd.	3,85,30,000	8.57	3,85,30,000	8.57

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

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

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.

D. "During last 5 years immediately preeceding the balance sheet date, no Equity Share has been issued pursuant to any contract without payment being received in cash. During the year 2020-21, Money received against share warrants ('Warrants') represents amounts received towards fully Convertible Warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of face value of ₹2/- each within a period of 18 months from dates(s) of allotment of Warrants."

E. Disclosure about unpaid calls - (₹in Lakhs)

Unpaid Calls	31.03.2022	31.03.2021
By Directors & Officers	-	-
By Others	0.66	0.66

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

G. In terms of Hon'ble National Company Law Tribunal (NCLT) order dated 12.03.2018, the company sent notices to all the eligible FD holders who provided the company, their bank account details and identification particulars, for transfer of FD dues in their respective bank accounts. In all 4953 no. of fixed deposit holders submitted their identification and bank account particulars and surrendered a total of 50,38,983 Equity Shares (P.Y. 33,54,500) for cancellation, with the company. All those FD holders who provided their bank account details, identification and other relevant particulars were paid their entire FD dues as per Hon'ble NCLT order dated 12.03.2018. The company has approached the both the Stock Exchanges and depositories for the cancellation of these shares, against which pay-out has been made by the company , in compliance with Hon'ble NCLT order dated 12.03.2018.

Necessary accounting entries for the cancellation of equity capital and reversal of reserves and surplus for ₹100.78 Lakhs (P.Y. ₹67.09 Lakhs) and ₹469.63 Lakhs (P.Y. ₹312.64 Lakhs) respectively, will be given effect on the receipt of guidance from stock exchanges and depositories. The total sum of ₹570.41 Lakhs, comprising of debit balance of share capital and reserves & surplus, is appearing under head - other current assets. Aforesaid entries has insignificant impact on EPS and current assets.

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
14. MINORITY INTEREST		
Share Capital	46.66	46.66
Share in Profit/(Loss)	(92.73)	(92.59)
	(46.07)	(45.93)

15. BORROWINGS

Long Term

	Current Portion		Non Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
Secured				
Term Loans - Vehicles	111.63	89.30	132.11	82.83
	111.63	89.30	132.11	82.83

I. Above loans represent vehicle loans, repayble on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase agreement.

Particulars	Current Portion			Non Current Portion		
Year of Repayment	2022-23	2023-24	2024-25	2025-26	Total	Total Loan
Annual Repayment Amount (₹/Lakhs)	111.63	80.85	37.67	13.59	132.11	243.74
Annual Rate of Interest (%)	7.60% - 10.95%	7.60% - 10.95%	7.60% - 10.95%	7.60% - 10.95%		7.60% -10.95%

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

Short Term

Secured

Bank Overdraft and Bill Discounting facility against term deposit (Refer Note No. 10)*	1613.16	1,532.44
Current maturities of Long Term Borrowings	111.63	89.30
Total	1724.79	1621.74

* Annual rate of interest chargable on aforesaid facilties ranges up to 8.5 % .

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
16. OTHER FINANCIAL LIABILITIES (NON-CURRENT)	344.71	383.42
Security Deposits from Business Associates & Others	344.71	383.42

17. PROVISIONS

	Current Portion		Non Current Portion	
	As at 31.03.22	As at 31.03.21	As at 31.03.22	As at 31.03.21
Gratuity	306.98	244.31	2086.93	1882.94
Leave Encashment	150.68	132.18	737.52	656.36
Income Tax (Net of Tax payments)	509.22	148.61	-	-
Others	256.80	-	-	-
	1223.68	525.10	2824.45	2539.30

18. TRADE PAYABLES

Total outstanding dues of micro small and medium enterprises	62.19	211.25
Total outstanding dues of creditors other than micro small and medium enterprises	25749.37	20673.64
	25811.56	20884.89

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

Ageing of Trade Payables (2021-22)	1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	62.19	-	-	-	62.19
(ii) Others	25425.88	142.13	55.28	126.07	25749.37
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total Payables	25488.07	142.13	55.28	126.07	25811.56

Ageing of Trade Payables (2020-21)	1 year	1-2 years	2-3 years	3 years or more	Total
(i) MSME	211.25	-	-	-	211.25
(ii) Others	20367.52	144.95	68.02	93.15	20673.64
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total Payables	20578.77	144.95	68.02	93.15	20884.89

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
19. OTHER FINANCIAL LIABILITIES -CURRENT		
Preference Shares	11465.20	11965.20
Accummulated Dividend on Cummulative Preference Shares	-	979.16
Accrued salaries and benefits	1615.50	1608.04
Others	2678.16	2266.36
	15758.86	16818.76

A. Preference Share Capital

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

i) The Preference Share Capital of ₹11965.20 Lakhs comprises of preference shares amounting to ₹11265.20 Lakhs, issued to banks and financial institutions, in satisfaction of their outstanding debt under Corporate Debt Restructuring ('CDR') Scheme during the financial year ending March 2008 and ₹200.00 Lakhs (Previous Year ₹200.00 Lakhs) to a corporate Preference shareholder. The detailed break up is as under -

I. 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') of ₹100/- each amounting to ₹9735.20 Lakhs

II. 17,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS') of ₹100/- each amounting to ₹1730.00 Lakhs

During the year, the company has proposed to vary rights of preference shareholders holding 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') and 17,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS'), both of ₹100/- each, by converting said OCPS and CRPS into 0.01% Compulsorily Convertible Preference Shares ('CCPS') of ₹100/- each, in accordance with provisions of Section 48 of the Companies Act, 2013 read along-with applicable rules framed thereunder.

In aggregate, 114,65,201, CCPS will be issued to OCPS and CRPS holders, convertible into 2,13,42,505 equity shares of ₹2/- each, at a conversion price of ₹53.72/- per share, a price derived as per SEBI (ICDR) Regulations, 2018, as amended, subject to receipt of necessary regulatory and other approvals. During the year, the aforesaid variation of rights has been approved by the preference shareholders as well as equity shareholders. The company has filed an application with Stock Exchanges for their 'in-principle' approval, is under consideration. In view of aforesaid, the company has neither created capital redemption reserve nor provision for dividend has been made thereon.

ii) Pursuant to settlement with one of the preference share holder, the company, during the year, has redeemed 5,00,000, 9.75% Cumulative Redeemable Preference of ₹100/- each and in compliance with provisions of Companies Act, 2013 has created Capital Redemption Reserve for a sum of ₹5.00 Crores. Provision of dividends created during the past years has been reversed and credited to finance cost during the year in view of aforesaid settlement. (Refer Note No. 27)

	As at March 31, 2022		As at March 31, 2021	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
Authorised				
Preference Shares of ₹100/- each	12000000	12000.00	12000000	12000.00
Issued , Subscribed & paid up				
Preference Shares of ₹100/- each	11465201	11465.20	11965201	11965.20
0.01% Optionally Convertible	9735201	9735.20	9735201	9735.20
0.01% Cumulative Redeemable	1730000	1730.00	1730000	1730.00
9.75% Cumulative Redeemable	-	-	500000	500.00
	11465201	11465.20	11965201	11965.20

Reconcilation of the numbers and amount of Preference shares

	As at March 31, 2022		As at March 31, 2021	
	Nos.	Amount (₹/Lakhs)	Nos.	Amount (₹/Lakhs)
Outstanding at beginning of the year	11965201	11965.20	11965201	11965.20
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	500000	500.00	-	-
Outstanding at the end of year	11465201	11465.20	11965201	11965.20

B. Shareholders holding more than 5% shares -

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	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% Cummulative Redeemable Shares -

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	-	-	500000	100

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
20. OTHER CURRENT LIABILITIES		
Advance Received from Customers	562.48	185.39
Direct Taxes	505.92	248.06
Indirect Taxes	0.53	38.00
Others	57.86	58.06
	1126.79	529.51
21. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent Liabilties		
Claims against the Company not acknowledged as debts (routine petty matters - Amount not acertained)	120.58	-
Guarantees	10.36	10.36
Other money for which company is contingently liable	133.12	82.35
	164.06	92.71
b) Other commitments		
Capital commitments	1733.60	243.62
	1897.66	336.33
22. REVENUE FROM OPERATIONS		
Sale of Products		
Domestic	98269.56	69871.43
Exports	55886.94	47665.30
	154156.51	117536.73
Other Operting Revenues		
Export Incentives	289.15	1007.91
Others	237.03	261.00
	526.18	1268.91
	154682.69	118805.64
23. OTHER INCOME		
Interest Income	132.98	213.43
Others	897.74	993.46
	1030.72	1206.89
24. COST OF MATERIALS CONSUMED		
Raw Materials	72816.69	57266.99
Packing Materials	6896.27	4525.66
	79712.96	61792.65
25. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	15103.96	12358.79
Contribution to provident fund/ ESI	443.96	388.70
Gratuity and Leave Encashment Expenses	503.72	443.57
Staff Welfare	373.01	368.30
	16424.65	13559.36

(₹ in Lakhs)

	As at 31.03.2022	As at 31.03.2021
26. FINANCE COST		
Interest expense	242.61	129.90
(includes a sum of ₹53.13 Lakhs (Previous Year ₹2.47 Lakhs towards interest paid/provided on fixed deposits repayments)		
Dividends on Cumulative Preference Shares (refer Note No. 19 A (ii))	(979.16)	48.92
	(736.55)	178.82
27. OTHER EXPENSES		
Consumption of Stores and spare parts	1161.71	623.27
Power and Fuel	1892.92	1300.26
Rent	818.23	514.00
Repairs to buildings	177.33	89.67
Repairs to machinery	522.55	354.57
General Repairs	477.58	325.46
Insurance	155.51	134.43
Research & Development	300.82	564.61
Quality Control & Testing Charges	840.33	563.44
Rates and taxes excluding taxes on income	172.39	283.18
Legal and Professional Expenses	1262.99	1082.62
Travelling Expenses	1351.54	1131.66
Selling and Distribution Expenses	5357.99	4965.67
Miscellaneous Expenses	5166.90	3407.63
(includes a sum of ₹1884.29 Lakhs (Previous Year ₹1394.76 Lakhs) towards settlement of fixed deposit dues, pursuant to NCLT order dated 12.03.2018)		
	19658.79	15340.48

28. PRIOR PERIOD ITEMS

Expenses include ₹56.08 Lakhs (Previous Year ₹32.73 Lakhs) as expenses (net) relating to earlier years.

29. SEGMENT REPORTING

In accordance with Ind AS-108, "Operating Segment " the Company's business activity falls within a single primary business segment viz. "Pharmaceuticals". The secondary business segment in terms of geographical markets have been recognised as India, USA and rest of world. The segment revenues for the year is as under-

Geographical Segment	Sales Revenues (₹/Lakhs)	
	2021-22	**2020-21**
USA	10065.39	6800.03
Rest of World	45821.55	40865.27
India	98269.56	69871.43
Total	154156.51	117536.73

30. RELATED PARTY DISCLOSURES

Disclosure as required by Indian Accounting Standard "Related Party Disclosures" (Ind AS 24) as notified u/s 133 of Companies Act, 2013 are as under:

Related Parties	
1. Key Management Personnel	Morepen Laboratories Limited -
	Mr. Sushil Suri, Chairman & Managing Director, Mr. Sanjay Suri, Whole Time Director Dr. A.K. Sinha, Whole time Director (Vacated office on March 31st, 2022) Mr. Ajay Sharma, Chief Financial Officer Mr. Vipul Srivastava, Company Secretary
	Dr. Morepen Limited Mr. Sanjay Suri, MD Mr. Ajay Sharma, Director & Chief Financial Officer Mr. Deepak Das, Company Secretary till 18.03.2021
2. Relatives of Key Management personnnels with whom the company has any transaction during the year	Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Mrs. Simmi Bhasin, Mrs. Sonia Bajaj,Mrs. Amita Sharma.
3. Entities controlled or jointly controlled by a person or a close members of that person's family having control or joint control over the reporting entity -	
Brook Investments & Financial Services Private Ltd.	Domestic CompanyDomestic Company
Concept Credits & Consultants Private Limited	Domestic CompanyDomestic Company
Epitome Holdings Private Limited	Domestic CompanyDomestic Company
Scope Credits & Financial Services Private Limited	Domestic CompanyDomestic Company
Mid-Med Financial Services & Investments Pvt. Ltd.	Domestic CompanyDomestic Company
React Investments & Financial Services Pvt. Ltd.	Domestic CompanyDomestic Company
Solitary Investments & Financial Services Pvt. Ltd.	Domestic CompanyDomestic Company
Square Investments & Financial Services Pvt. Ltd.	Domestic CompanyDomestic Company
Solace Investments & Financial Services Pvt. Ltd.	Domestic CompanyDomestic Company
Seed Securities & Services Private Limited	Domestic CompanyDomestic Company
Liquid Holdings Private Limited	Domestic CompanyDomestic Company
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	Edit 25 Lifestyle Private Limited Mr. Naman Joshi Vignet Trading Pvt. Ltd. Morepen Overseas Ltd. Liquid Holdings Pvt. Ltd.

Transactions with related parties -

Particulars	Nature of transaction	(₹ in Lakhs)
1. Entities controlled or jointly controlled by a person or a close members of that person's family having control or joint control over the reporting entity	Receipt of balance 75% share warrant subscription money	5250.00
	Receipt of services	583.76
	Amount payable as on 31.03.22	-
	Maximum amount outstanding	94.21
2. Key Management Personnel	Remunertion	1755.04
	Amount payable as on 31.03.22	140.28
	Maximum amount outstanding	294.79
3. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Receipt of services	494.01
	Amount payable as on 31.03.22	11.28
	Maximum amount outstanding	93.22
4. Relatives of key Management personnnels with whom the company has any transaction during the year	Remuneration	1314.86
	Amount payable as on 31.03.22	182.76
	Maximum amount outstanding	715.06

31. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2022	31.03.2021
Profit/ (Loss) after Tax (₹ in Lakh)	10168.27	9708.59
Weighted average number of equity shares outstanding	449979628	449826203
EPS (₹) - (Face value ₹2/- per share)	2.26	2.16
Weighted average number of equity shares used in computing diluted EPS	519826203	451072778
Diluted EPS (₹) - (Face value of ₹2/- per share)	1.96	2.15

32. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2022. Hence, no provision is required in the accounts for the year under review.

33. INCOME TAXES

A. Current Tax and Deferred Tax Expense

Income taxes recognised in the statement of profit and loss including Other Comprehensive Income (OCI)-

(₹/Lakhs)

For the year ended	31.03.2022	31.03.2021
Current tax	2519.60	147.63
Earlier Years taxes	(274.62)	(1.26)
Deferred tax expense	248.26	-
Total income tax expenses	2493.24	146.37

B. Deferred Tax Assets (Net)

Deferred Tax Liabilities	1166.67	1214.39
Deferred Tax Assets	918.41	1532.61
Deferred tax Liabilities/(Assets) (Net)	248.26	(318.21)

Major Components of Deferred Tax Assets (Net) arising on account of temporary difference and movements thereof are given below -

Deferred Tax Assets -		
Tax (losses)/benefits carry forward	-	2661.52
Provisions deductible for tax purposes in future periods	538.17	512.20
Retirement benefits & Leave Encashment	3110.96	2915.79

Total	3649.13	6089.51
Tax Rate	25.168%	25.168%
Tax Amount	918.41	1532.61
Deferred tax Liabilities -		
PP&E depreciation and intangible Amortiastion	4635.52	4825.15
Total	4635.52	4825.15
Tax Rate	25.168%	25.168%
Tax Amount	1166.67	1214.39

Note : Deferred Tax asset of ₹318.21 lakhs has not been considered during previous financial year ending 31.03.2021.

34. OTHERS SIGNIFICANT DISCLOSURES

a) In the opinion of directors, all assets stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.

b) Balances of Non-current liabilities, Current liabilties, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.

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

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

e) During the year, the Board of Directors of the company has approved the hiving off of its point of care medical devices business as "slump sale" defined under section 2(42C) of Income Tax Act, 1961, on going concern basis, into a newly incorporated wholly owned subsidiary namely Morepen Devices Limited. Pursuant to compliance of the Companies Act, 2013 and its rules made thereunder, the shareholders of the company has also approved the said hiving off in its annual general meeting held on 28th September 2021. The company is taking necessary steps towards this end and will complete the process once requisite approvals are obtained.

f) "No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by any Company in the group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). No Company in the group has received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

g) During the year, the Board of Directors of the company has approved the hiving off of its point of care medical devices business as "slump sale" defined under section 2(42C) of Income Tax Act, 1961, on going concern basis, into a newly incorporated wholly owned subsidiary namely Morepen Devices Limited. Pursuant to compliance of the Companies Act, 2013 and its rules made thereunder, the shareholders of the company has also approved the said hiving off in its annual general meeting held on 28th September 2021. The company is taking necessary steps towards this end and will complete the process once requisite approvals are obtained.

35. Corporate Social Responsibility (CSR)

a) During the financial year ended March 31, 2022, CSR amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof was ₹114.97 Lakh (Previous year ₹64.53 Lakh).

b) During the year the Company has made an expenditure of ₹119.81 Lakh (Previous year ₹65.02 Lakh) related to CSR.

c) Details of CSR expenditure incurred during the year ended March 31, 2022 is as below :-

(₹/Lakhs)

	31.03.2022	31.03.2021
CSR activity		
- Promotion of Healthcare	40.54	63.02
- Social Infrastructure	66.37	-
- Education	9.18	2.00
- Sports	3.72	-
Total	119.81	65.02

41. Ratios

	As at 31.03.2022	As at 31.03.2021
Current Ratio	2.15	1.85
- Numerator - Current Assets	73430.11	52679.10
- Denominator - Current Liabilities		
CURRENT LIABILITIES	45645.69	40380.00
Less : Pref. Capital	11465.20	11965.20
	34180.49	28414.80
Debt-Equity ratio	0.03	0.02
- Numerator - Debt	1856.90	1704.57
- Denominator		
Equity	9555.86	8995.86
Reserves & Surplus	57673.12	55612.58
Warrants	2625.00	4375.00
OCI	(532.66)	(495.54)
Total Equity	69321.32	68487.91
Debt Service Coverage ratio	700.07%	693.34%
- Numerator - EBITDA	14697.96	13058.30
- Denominator		
Interest on loans	242.61	178.82
Principal loans	1856.90	1704.57
Total Loan liability	2099.51	1883.39
Return on Equity ratio	14.67%	14.18%
- Numerator - PAT	10168.27	9708.59
- Denominator		
Equity	9555.86	8995.86
Reserves & Surplus	57673.12	55612.58
Warrants	2625.00	4375.00
OCI	(532.66)	(495.54)
Total Equity	69321.32	68487.91
Inventory turnover ratio	4.65	4.97
- Numerator - Cost of Goods Sold	104932.02	78054.39
- Denominator - Average Inventory	22558.99	15690.07
Trade receivables turnover ratio (days)	51	49
- Numerator - Revenue	155713.41	120012.53
- Denominator - Average Debtors	21631.37	15983.24
Trade payables turnover ratio (days)	81	89
- Numerator - COGS	104932.02	78054.39
- Denominator - Average Creditors	23348.22	19057.66
Net capital turnover ratio	2.25	1.75
- Numerator - Revenue	155713.41	120012.53
- Denominator		
Equity	9555.86	8995.86
Preference Capital	11465.20	11965.20
Reserves & Surplus	46207.92	43647.38
Warrants	2625.00	4375.00
OCI	(532.66)	(495.54)
Total Equity	69321.32	68487.91
Net profit ratio	6.53%	8.09%
- Numerator - PAT	10168.27	9708.59
- Denominator - Revenue	155713.41	120012.53
Return on Capital employed	12.95%	13.84%
- Numerator - (PAT+Interest)	9432	9887
- Denominator		
Shareholder's wealth	69321	68488
Non current borrowings	132	83
Non Current Liabilities	3371	2877
Total capital employed	72825	71448
Return on investment	9.50%	11.31%
- Numerator - PAT	10168	9709
- Denominator - Total Assets	107005	85815

Note : For computation of above ratios the preference capital of ₹11465.20 Lakhs (Previous year ₹11965.20 Lakhs) is considered as part of Equity as the preference shareholders have given their assent for conversion of preference capital into Equity Capital.

GENERAL INFORMATION

Our Company was incorporated as '*Morepen Laboratories Private Limited'*, a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation granted by the RoC on December 1, 1984 at Jalandhar, Punjab. Subsequently, the name of our Company was changed to '*Morepen Laboratories Limited*' upon conversion of our Company into a public limited company pursuant to a special resolution passed by our Shareholders on March 7, 1992 and the change of name on conversion to public limited company was noted by the ROC on March 16, 1992. For further details, see, "*Organisational Structure of our Company*" on page 167.

1. The Equity Shares of our Company have been listed on BSE since March 4, 1993 and NSE since November 24,1999.

2. Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue from BSE and NSE, each dated August 1, 2024, and under Regulation 28(1) of the SEBI Listing Regulations. We will apply for final listing and trading approvals of such Equity Shares after Allotment of the Equity Shares pursuant to the Issue.

3. Our Registered is located at Village Morepen, Nalagarh Road, Near Baddi District, Solan, Himachal Pradesh – 173205.

4. Our Corporate Office is located at 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector-20, Gurugram, Haryana-122016, India.

5. The CIN of our Company is L24231HP1984PLC006028.

6. The website of our Company is www.morepen.com.

7. The authorised share capital of our Company is ₹ 250,00,00,000 divided into 100,00,00,000 Equity Shares of ₹ 2 each and 50,00,000 Preference Shares of ₹ 100 each.

8. The Issue was authorised and approved by the Board pursuant to the resolution dated February 22, 2024 and by our Shareholders pursuant to the special resolution dated March 18, 2024.

9. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

10. Copies of our Memorandum of Association and Articles of Association will be available for inspection between 9:30 am to 5:30 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered Office as well as our Corporate Office.

11. Except as disclosed in this Preliminary Placement Document, our Company has obtained all necessary consents, approvals and authorisations as may be required in connection with the Issue.

12. Except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" on page 90, there has been no material change in the financial position of our Company since March 31, 2024, the last date of the Audited Consolidated Financial Statements prepared in accordance with applicable accounting standards included in this Preliminary Placement Document.

13. Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "*Legal Proceedings*" on page 210.

14. The Issue will not result in a change in control of our Company.

15. Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and Rule 19A of the SCRR.

16. Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

17. The Floor Price is ₹ 57.23 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations, as certified by the Statutory Auditors. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our shareholders of our Company accorded through a special resolution dated March 18, 2024 and Regulation 176(1) of the SEBI ICDR Regulations.

18. Our Company and the BRLM accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including websites of our Company and our Subsidiaries, would be doing so at their own risk.

19. Vipul Kumar Srivastava is the Company Secretary and Compliance Officer of our Company. His details are as follows:

    Vipul Kumar Srivastava
    Address: 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector-20, Gurugram, Haryana-122016, India
    Telephone: +91-124-4892000
    E-mail: co.secretary@morepen.com

DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made at the sole and absolute discretion of our Company, in consultation with the BRLM, to Eligible QIBs.

The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital held (%)[(1)(2)(3)]
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]
4.	[●]	[●]
5.	[●]	[●]
6.	[●]	[●]
7.	[●]	[●]
8.	[●]	[●]
9.	[●]	[●]
10.	[●]	[●]

(1) *Based on beneficiary position as on [●].*

(2) *Subject to receipt of funds and Allotment in the Issue. The above table has been intentionally left blank and shall be updated in the Placement Document.*

(3) *The post-Issue shareholding (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID will be considered.*

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by:

Sushil Suri
Chairman and Managing Director
DIN: 00012028

Date: August 1, 2024
Place: Gurugram

DECLARATION

We, the Board of Directors of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

____

Sushil Suri
Chairman and Managing Director
DIN: 00012028

Date: August 1, 2024
Place: Gurugram

I am authorized by the QIP Committee of our Board, *vide* resolution dated August 1, 2024 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Sushil Suri
Chairman and Managing Director
DIN: 00012028

Date: August 1, 2024
Place: Gurugram

MOREPEN LABORATORIES LIMITED
CIN: L24231HP1984PLC006028

Registered Office
Morepen Village, Nalagarh Road,
Near Baddi District,
Solan, Himachal Pradesh – 173205

Corporate Office
2nd Floor, Tower C, DLF Cyber Park,
Udyog Vihar-III, Sector-20, Gurugram,
Haryana, India – 122 016
Tel: 01795-246401
Email: investors@morepen.com
Website: www.morepen.com

Contact Person:
Vipul Kumar Srivastava
Designation: Company Secretary and Compliance Officer

Address:
2nd Floor, Tower C, DLF Cyber Park
Udyog Vihar-III
Sector-20, Gurugram, Haryana
India – 122 016
Tel: +91-124-4892000
E-mail: investors@morepen.com; co.secretary@morepen.com

BOOK RUNNING LEAD MANAGER

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, Rahimtullah Sayani Road
Opposite Parel ST Depot, Prabhadevi
Mumbai 400 025, Maharashtra, India

MONITORING AGENCY

CARE Ratings Limited
Godrej Coliseum, 4th Floor
Somaiya Hospital Road
Off Eastern Express Highway
Sion (East), Mumbai- 400022

STATUTORY AUDITORS OF OUR COMPANY

M/s. S. P.Babuta & Associates, Chartered Accountants
240, Sector-21A
Chandigarh – 160022

LEGAL COUNSEL TO THE COMPANY

Trilegal
One World Centre,
10thFloor, Tower 2A & 2B
Senapati Bapat Marg,
Lower Parel (West),
Mumbai –400 013 Maharashtra, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER

As to Indian Law

IndusLaw
2nd Floor
Block D, The MIRA
Mathura Road, Ishwar Nagar,
New Delhi - 110 065
Delhi, India

Special International Legal Counsel

Duane Morris & Selvam LLP
16 Collyer Quay, # 17-00
Singapore 049318

SAMPLE APPLICATION FORM

"An indicative form of the Application Form is set forth below:"

MOREPEN LABORATORIES LIMITED
Registered Office: Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh, India – 173 205; **Corporate Office:** 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector 20, Gurugram, Haryana, India – 122 016
Telephone: +91 124-4892000; **Email**: investors@morepen.com;
Website: https://www.morepen.com
LEI: 335800OJZDFHFQJ4HP35 | **CIN:** L24231HP1984PLC006028

APPLICATION FORM

Form No.:

Date:

Name of the Bidder:

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹2 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE, AGGREGATING UP TO APPROXIMATELY ₹ [●] LAKHS UNDERTAKEN IN ACCORDANCE WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY MOREPEN LABORATORIES LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 57.23 AND OUR COMPANY MAY OFFER A DISCOUNT OF UP TO 5% ON THE FLOOR PRICE, IN TERMS OF REGULATION 176(1) OF THE SEBI ICDR REGULATIONS AND AS APPROVED BY THE SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which: (a) are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) are not prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable), (d) are eligible to invest in the Issue and submit this Application Form; (e) are resident in India; (f) a multilateral or bilateral development financial institution eligible to participate in the Issue under applicable laws, including the FEMA Rules (defined below) or a (g) Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (the "SEBI FPI Regulations") and any other applicable law (other than individuals, corporate bodies and family offices), that are eligible to participate in the Issue ("Eligible FPIs" and together "Eligible QIBs"), can submit this Application Form. Further, in terms of the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended, foreign venture capital investors ("FVCIs") are not permitted to participate in the Issue.

The Equity Shares offered in the Issue have not been and will not be registered, listed or otherwise qualified in any jurisdiction, except India. In particular, the Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in 'offshore transactions' as defined in and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and in accordance with the applicable laws of the jurisdiction where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see the section titled "Selling Restrictions" in the accompanying preliminary placement document dated [●], 2024 (the "PPD"). See "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" in the PPD for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

ONLY ELIGIBLE QIBs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES READ WITH THE RESTRICTION SPECIFIED IN THE "ISSUE PROCEDURE" SECTION OF THE PRELIMINARY PLACEMENT DOCUMENT, IN THE ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED IN THE FEMA RULES AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBS SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors

MOREPEN LABORATORIES LIMITED

Registered Office: Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh, India – 173 205**;**

Corporate Office: 2nd Floor, Tower C, DLF Cyber Park, Udyog Vihar-III, Sector-20, Gurugram, Haryana, India – 122 016

Dear Sirs,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, at the terms and price indicated below. We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a Promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the Promoters of the Company, directly or indirectly and this Application Form does not directly or indirectly represent the Promoter or promoter group or persons related to the Promoter. Further, we confirm that we do not have any rights under a shareholders' agreement or

STATUS (Please tick for applicable category)			
FI	Scheduled Commercial Bank and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Eligible Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Funds**
SI-NBFC	Systematically Important Non – Banking Financial Companies	**OTH**	Others ________________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the PPD.
*Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.
** Sponsor and Manager should be Indian owned and controlled.

voting agreement entered into with Promoters or persons related to Promoters of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company.

We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Application Amount and number of shares to be Allotted under each scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We note that the Company is entitled, in consultation with Motilal Oswal Investment Advisors Limited (the "**BRLM**" or the "**Book Running Lead Manager**"), in its sole discretion, to accept or reject this Application Form without assigning any reason thereof. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, the Placement Document (when issued) and the confirmation of allocation note ("**CAN**") (when issued) and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Application Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Application Amount for the Equity Shares applied for in the Issue has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this duly completed Application Form prior to the Issue Closing Date and such Application Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or in case of rejection of Bids or non-allocation of Equity Shares or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We further acknowledge and agree that (i) our names, addresses, nationalities, contact details, email IDs, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Himachal Pradesh at Chandigarh (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of BSE Limited and National Stock Exchange of India Limited (together, the "**Stock Exchanges**") and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the Reserve Bank of India ("**RBI**") and other applicable laws. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

By signing and/or submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties, acknowledgements and agreements as provided in the sections entitled "Notice to Investors", "Representations by Investors", "Issue Procedure", "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" of the PPD and (ii) the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the Book Running Lead Manager, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we also hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section entitled "Risk Factors" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the Book Running Lead Manager or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when provided), this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchange; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the Book Running Lead Manager, and the submission of this Application Form and payment of the corresponding Application Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act 2013, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the Book Running Lead Manager. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations; (9) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office;

(10) we agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below; (11) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares; (12) we have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares; (13) no action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction; (14) we satisfy any and all relevant suitability standards for investors in Equity Shares, (15) we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws and that the Equity Shares are only being offered and sold only outside the United States in in "offshore transactions" as defined in and in reliance on Regulation S; and (15) we are located outside the United States (as defined in Regulation S) and we are not submitting this Application Form as a result of any "directed selling" efforts (as defined in Regulation S).

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB.

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
MOBILE NO.			
EMAIL ID			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO.		
FOR MF	SEBI MF REGISTRATION NO.		
FOR AIFs***	SEBI AIF REGISTRATION NO.		
FOR VCFs***	SEBI VCF REGISTRATION NO.		
FOR SI-NBFC	RBI REGISTRATION DETAILS		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS.		
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS.		

*Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the BRLM.
** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.
*** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**		**APPLICATION AMOUNT (RUPEES)**	
(In Figures)	(In Words)	(In Figures)	(In Words)	(In Figures)	(In Words)

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the Company will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS				
Depository Name (Please ✓)		National Security Depository Limited		Central Depository Services (India) Limited
Depository Participant Name				
DP – ID	I N			
Beneficiary Account Number				(16-digit beneficiary account. No. to be mentioned above)

The demographic details like address, bank account details, etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purpose of refund, if any, only the bank details as mentioned below, from which the Application Amount has been remitted for the Equity Shares applied for in the Issue, will be considered.

PAYMENT DETAILS | REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 3.00 p.m. (IST), [●], 2024

BANK ACCOUNT DETAILS FOR PAYMENT OF APPLICATION AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	Morepen Laboratories Limited - QIP Escrow Account 2024	**Account Type**	Current Account
Name of Bank	Kotak Mahindra Bank	**Address of the Branch of the Bank**	Ground Floor, Ambadeep Building, 14, K.G. Marg, New Delhi -110001
Account No.	5548932172	**IFSC**	KKBK0000172
LEI Number	335800OJZDFHFQJ4HP35	**Email and telephone no.**	**Email ids.:** neelam.singh@kotak.com/ sumit.r.kumar@kotak.com / aashish.berry@kotak.com **Contact no.**: +91-7290043563

The Application Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of [●]. Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Issue Period, i.e., prior to the Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the Book Running Lead Manager shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		Fax No:	
Mobile No.	____ Email: ____		

OTHER DETAILS	
PAN	
Date of Application	
Signature of Authorised Signatory (may be signed either physically of digitally)	

ENCLOSURES ATTACHED
☐ Copy of PAN Card or PAN allotment letter**
☐ FIRC
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the SEBI registration certificate as an Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Certified copy of certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
☐ Copy of the IRDAI registration certificate
☐ Intimation of being part of the same group
☐ Certified true copy of the power of attorney
☐ Other, please specify __________________

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*
***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD.
Note 2: This Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Company, in consultation with the BRLM.
Note 3: The duly filed Application Form along with all enclosures shall be submitted to the BRLM either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.

The Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.

(Note: The format of the Application Form included herein above is indicative and for illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLM, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)