

MOREPEN



Date: 05/09/2020

To,

National Stock Exchange of India Limited

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BSE Limited

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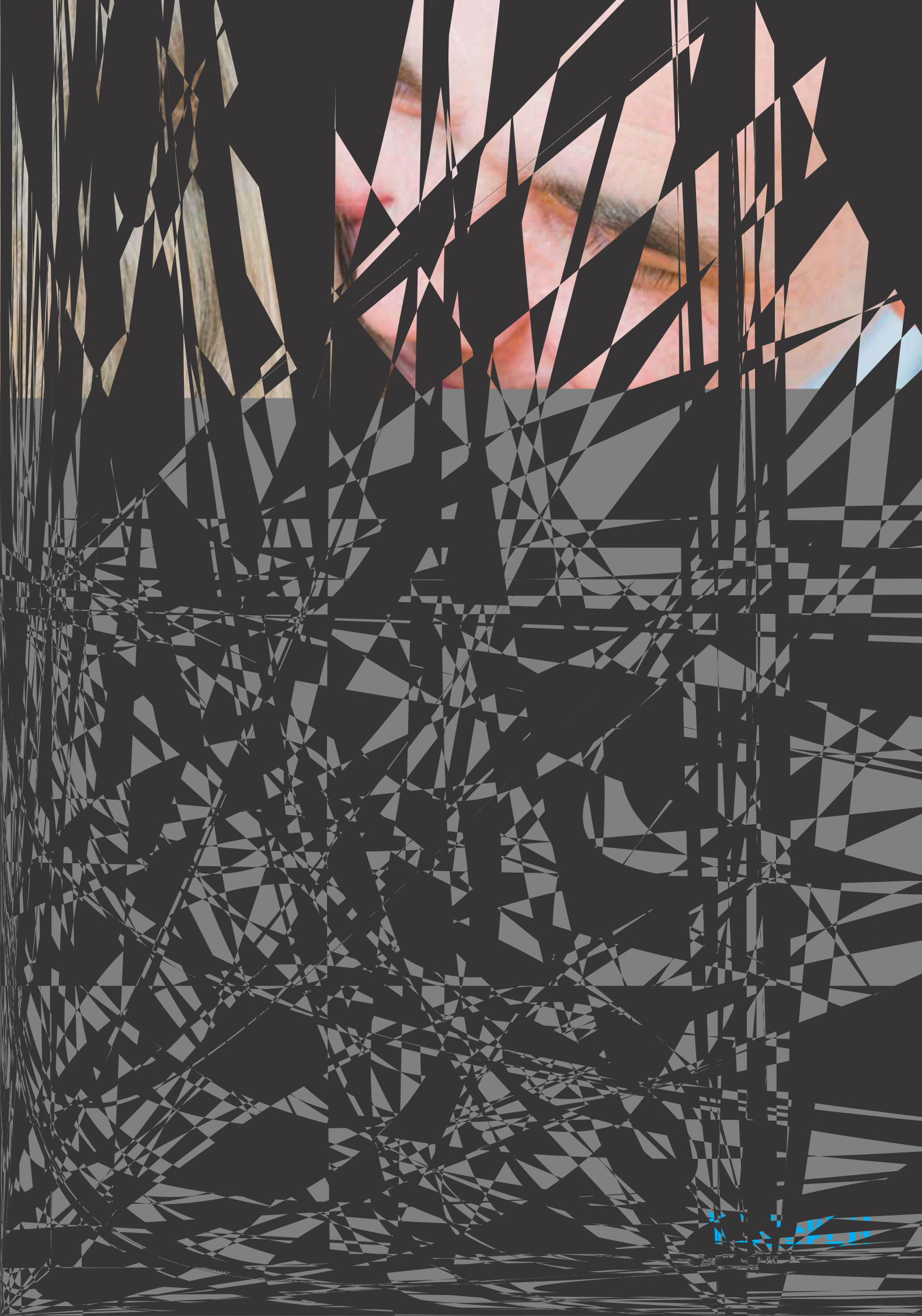
Fax: 91-22-2272 3121

Scrip Code: 500288

Subject: Annual Report 2019-20

Please find enclosed Annual Report of the Company for the Financial Year 2019-20, pursuant to the provisions of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Kindly take note of the same.





THANK
YOU

It paid a cash dividend of \$1.00 per share.

I d l v g d v o t o f f d d d s o u t y
 t h's p u t t s s s d h y o u d h t y o s u b d t o l d
 o d l.

IN 100 OF US d d d d p g t h t w e d t o w
p p o c o l s o f r y d d y x t e t d s o
d o g t u s w o x o c o c p t o l o o t o t
a p o c a l y p y s o f s s c o u g d a y d e d a y.

T s d t f o t l w d o s - t d o s d d
p o f s s o d s o f o u d l c a s y b t o l g s l f s s l y
d d t l s s l y, h t l g t s u p c d t d d c d l
g c y d d s - o d d d d o .

As parents of children, with more patiently
 on our dock, how often do we support of
 the children on our side always.

A h a r a l l , t h e l a s t w o d a y s o w o u c o l l e c t i v e
 g a t h e r i n g a s w e d i d l y f o r g o d d a y s ,
 p e r g a t h e r i n g s , p e r g a t h e r i n g s ,
 p e r g a t h e r i n g s o w l a s t s , s o s a y d
 u h , d e f i n e " T o d a y !



Għat u d s t o n d l v t o l f . t l s t o n t a w l p v y g t h w
 d a d w h w d p t v t o f d o y t s a l l t t g s .
 C o s t t g ħ t u d s t o g l y a s s o c h d w t p o s t v f o s , h t
 h , h t a d s y a d g t a d t s o g l h o s p s t u s
 l a d g t o g h a p p s s a d t f v h o t o d c v g o d l s . o
 w a u p v y d a y a d s a y " T a y o u l t o l f . "

D t o s'R pot	32
A x u s t o t D t o s'R pot	43
I d p d t A u d o s'R pot	98
B a l d c t	106
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From the desk of Chairman

A t b l s a d, H's d u g o u d a t s o t s w u b f o u s o s t l g t".

CO-IP-19 s w d a d i x t h's d s c d d u p o u s. T p a d' c a s d d l a c u s g h o w o l f a s w w t a d l i f u a d s u g g l g o c o p w t d y d a s o f a u p c d t d x b t d l c s s. B u r u d t s t y g c o u b a c s, d r d u d s c o t u t o d o t b h w h d a u t l s s p t a d s l f s s c o t t c a d a r.

CO-IP-19 h o u g t t w o l w o l d o a s d a b l l a d g o g g o t o u g, w h M o p d e d d o p o u s k s g o g. M t a l l s a f f y p h o c o l s p l a c, w p p a d o u s k s o d l r p u l l a s u. M a l s o o t d o u f o u s o c l u d p o d u t s h w t o g a s y s s t a l s t a d g t a d t g h o o f CO-IP-19.

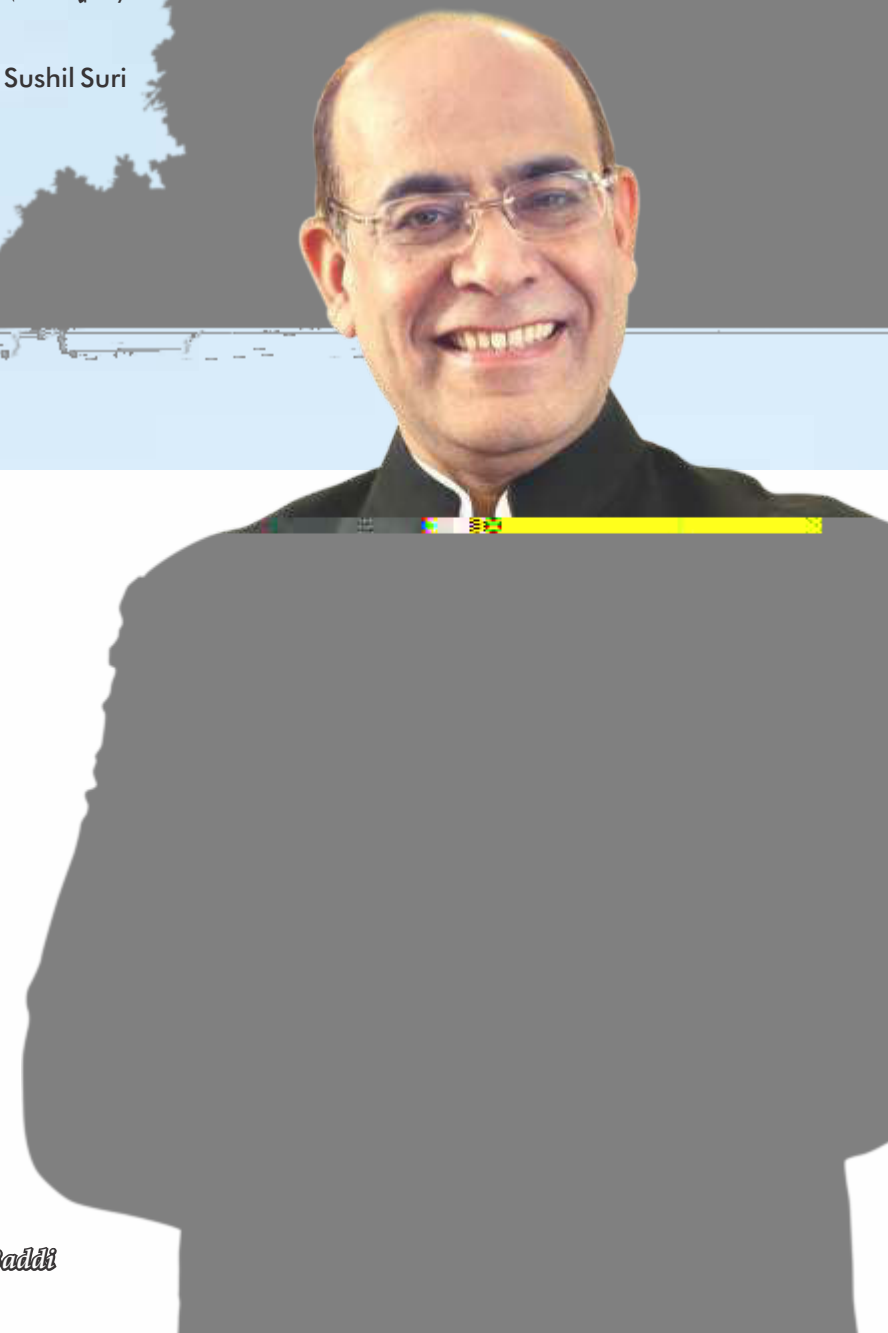
q o u s w p o d u t s w l a u c d i x t C o p a y's O T C p o d u t s d r s o t p s o a l y g a d p h o t o s g t c l u d g f a d t o t s, o x t s, s a t z s, d s f t a t s o m o s, a s s a d g l a s, a o g o s. T t l y l a u c l p d t g h t g h r p a t s o f CO-IP-19 a d s u h s u t l o c d o w s o d g h k t.

Add s s g d u h o a l c a l l g s w t o u s c i t y o f p u p o s, d l g c a d c o t t d l r d u x p t d d r d a s. T C o p a y d e r d g o o d g o w a d s a l d s o f l y t o u g t d f f o u h u s s s c a l l g s p o s d h y CO-IP-19 c l o c g d o u h l - d g g o w t s s a l s a d t p o f F Y 2019-20.

T s y a t o o, o u o u y o f p a d e u c a l o r h o t o a c t x p c o f l f p o a l l w t c o s - f f e t r, g - u a t y d l c a p o d u t s a d s p h o a l a d x l a h g l a g h p u t o a l l o u t a o l d s, s u p p l s a d y c o l l a g u s p o t s u b a d s u p p o t r t o u g t s d f f o u h t s.

T o u s a d s o f f o t l d l w o s h h l g t c o t a g o a o u t a d g x a p l s o f a l s c d h l s l c t f a c o f c s s. d o u h d l y y d s r a l l o u w o l - d t d s u p p o t a d h o b g h a u d l a r o d o u h t h d c h o f t M o p f a l y s o w t d d e h g o u f f o t s a s a c o l l t r "T a Y o u!" o a l l o u f o t l d l w o s a d d c a l f h t y p o t r a h u a h o l h a g CO-IP's u a d p o t c o p a d h l f f o t s a l l r h g s y o f u a t y w t c o p a s s o a d e a.

- Sushil Suri





The Journey of Growing Together





u





Global Generics

Making patents work

Morepen occupies a global position as well as the global API markets. It has a constant focus on developing competitive and innovative generic APIs, the company is working globally as it is. It focuses on product portfolio by developing products for the highest company sales. It is a global leader in the field of generic APIs, Europe, Japan, India, and the US. It is a global leader in the field of generic APIs, Europe, Japan, India, and the US.

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To bring its generic product portfolio, Morepen is currently focusing on specific therapeutic areas as it has a high growth rate. It is a global leader in the field of generic APIs, Europe, Japan, India, and the US.

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THANK
YOU



"The various certifications received by our Masulihana plant, including the USFDA certification for Loxapine, indicate our commitment to quality, innovation and excellence."

Sanjay Suri
Whole Time Director







ar
svenic &
Monte



THANK
YOU



THANK YOU

Finished Formulations

Touch of Colors

With a dedication to quality products, we have been able to provide our customers with a wide range of products. Our products are of high quality and are made from natural ingredients. We are proud to have a long history of providing quality products to our customers.

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THANK YOU

Veg Green Algal DHA pat could ly tot t of child memory and vision. T h d d clud s Rythmix Syrup/Drop, Rythmix XT, tot at h d d c h g o y w a p o o g Rythmix Mom.

M d l u , d d t h c o u p o d t p o t o l o , w a c o t t d o p o r d s o o f p o d t s d e d s w l l d s o c s g t .

M d r h c o s o l d h g o u p o t t l d d P o h c s d t s . R e t l y l d c d " I n t e b a c t " t p o h c s g t , w t o u p h t d t c o l o g y p o d t s c o r g p o p l d e s s d l l d g s , d s h s o w g p o s r s u l l s .

O r l a b d e a d t c o p a y d s h p o r d g C a d d e & D a h t e s d u g s u d s p a h d d e h d h s s s r t e d l , ' C a d d ' d r g d

p o t o l o o f a r 50 p l u s K ' s . A o u d 4000 D o t o s , 25,000 H d l c d p d t o s (H C P ' s) , 14000 R t d l s , 1000 t o c t s & 10 C F A ' s d e s s c o u t y d h g c o r d h y o u s a l s t d w t t d o f h l d g d d l y p u w t a r s o o f " T J o y o f G o w g T o g t " .

M d c o s t t o u h l t s o f d d o p g t h b p o s s h l d t g p d e s p o t d t g o f o u p o d t s . M d t t b d p l o s o p y t h d l l o u p o d t s s d l l h d u f d t u d u d t g t b d d d s o f u d t y u s g t c a l s o u c g p d e s d s w h l r t g g l o b a l l y d d d t g l o c a l l y .





Varun Suri
CEO - CoSurya DVS

It is felt that COVID-19, which is a new disease, is a global health issue. It is a disease that is spreading rapidly and is a threat to the health of the world. It is a disease that is spreading rapidly and is a threat to the health of the world. It is a disease that is spreading rapidly and is a threat to the health of the world.



THANK
YOU

28-29

THANK
YOU



THANK
YOU



30-31

THANK
YOU





DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 35th Annual Report of the Company together with the audited financial statements for the financial year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS		(₹ Lakhs)			
Particulars	Standalone		Consolidated		
	2019-20	2018-19	2019-20	2018-19	
Revenues	77,985.88	70,597.21	83,960.26	75,621.44	
Operating Income	1,212.86	1,127.08	1,346.43	1,232.40	
Finance Income	941.72	367.18	948.35	367.18	
Total Income	80,140.46	72,091.47	86,255.04	77,221.02	
Operating Expenses	7,388.32	6,869.22	7,799.81	7,118.96	
Finance Costs	196.75	207.08	198.45	211.00	
Costs Expenses	7,191.57	6,662.14	7,601.36	6,907.96	
Non-Financial Items:					
Depreciation & Amortisation	3,443.39	3,800.78	3,690.60	3,990.29	
Provision for Tax	3,748.18	2,861.36	3,910.76	2,917.67	
Tax-Credit Yield	-	(212.70)	(37.40)	(246.33)	
Tax Credit from other sources	-	212.70	-	212.70	
Tax (Earnings Before Tax)	(514.87)	-	(515.47)	-	
Provision for Contingent Liabilities	3,233.31	2,861.36	3,357.89	2,884.04	
Losses: Non-Financial Items	-	-	(0.03)	(0.89)	
Provision for Contingent Liabilities	3,233.31	2,861.36	3,357.92	2,884.93	
Operating Profit (Net of Tax)	(254.28)	(171.82)	(261.09)	(169.81)	
Total Operating Profit	2,979.03	2,689.54	3,096.83	2,715.12	
EP (Basic/Diluted)	0.72	0.64	0.75	0.64	

REVIEW OF PERFORMANCE

Our business performance for the year ended 31st March 2020 is reviewed under the following heads: (API) revenues, Direct expenses, Budgeted Financial Results as well as OIC (or Profit) and the Company's performance for the year ended 31st March 2020 was 12% higher than ₹86,255.04 Lakhs as compared to ₹77,221.02 Lakhs. The operating profit has increased by 10% to ₹3,096.83 Lakhs.

The Company has adopted a number of cost-cutting measures to reduce the impact of the COVID-19 pandemic on the business. The management has also taken steps to ensure the safety of the employees and the continuity of the business.

API revenues for the year ended 31st March 2020 were ₹77,985.88 Lakhs, an increase of 15% over the year ended 31st March 2019 of ₹70,597.21 Lakhs. The increase in revenues is primarily due to the increase in the volume of sales and the increase in the price of the products. The operating profit for the year ended 31st March 2020 was ₹2,979.03 Lakhs, an increase of 10% over the year ended 31st March 2019 of ₹2,715.12 Lakhs. The increase in operating profit is primarily due to the increase in the volume of sales and the increase in the price of the products.

COVID-19: Response & Impact

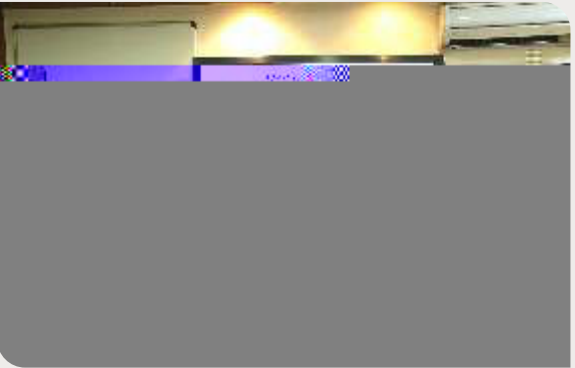
COVID-19 pandemic has had a significant impact on the global economy. The Company has taken various measures to mitigate the impact of the pandemic on the business. The management has also taken steps to ensure the safety of the employees and the continuity of the business. The Company has also taken steps to ensure the safety of the employees and the continuity of the business.

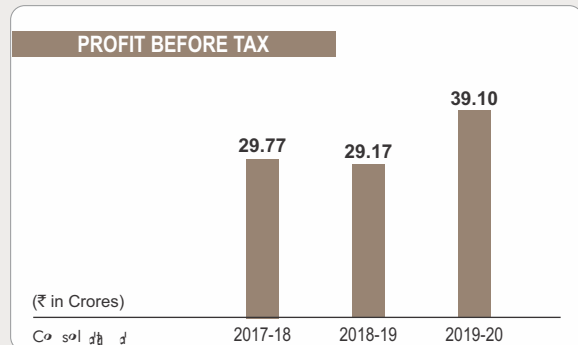
The financial results for the year ended 2019-20 were as follows: Revenues of ₹83,960.26 Lakhs, Direct expenses of ₹7,799.81 Lakhs, and Operating profit of ₹3,096.83 Lakhs. The Company's performance for the year ended 2019-20 was 12% higher than ₹86,255.04 Lakhs as compared to ₹77,221.02 Lakhs. The operating profit has increased by 10% to ₹3,096.83 Lakhs.

Financial Performance:

Sales

The consolidated sales for the year ended 31st March 2020 were ₹83,960.26 Lakhs, an increase of 11.03% over the year ended 31st March 2019 of ₹75,621.44 Lakhs. The increase in sales is primarily due to the increase in the volume of sales and the increase in the price of the products.





C d g ds co dow to ₹3,690.60 Ld s dgd b ₹3,990.29 Ld s of p rousy d.

Other Operating Income & Other Income

T co sol dh d p op h g co p s t s x p o t c t r s, co fo fo g op h o s & o s. T x p o t c t r s o t u t y d h ₹1,212.86 Ld s d u p h y 11% dgd b p c d g y d c t r s h ₹1,093.59 Ld s. O s- co fo fo g op h o s, h ₹133.57 Ld s d g w h y 4% d g t u t y d s dgd b ₹138.81 Ld s t p rousy d. Co sol dh d p co p s t g u cy t h u h o s d d t b co h ₹948.35 Ld s, s u p fo p rousy d of ₹367.18 Ld s.

Profit after Tax

T co sol dh d P of h fo t b, d p c h o d d x s g h ₹7,799.81 Ld s dgd b ₹7,118.96 Ld s t p rousy d. Nt p of dh t dx h h fo s d of p of fo o c o t o l l g t b s h ₹3,357.89 Ld s dgd b ₹2,884.04 Ld s l a b f a c a l y d. T co sol dh d t p of, x l u s r of o t y s d, h ₹3,357.92 Ld s, s u p h y 16.40% o p rousy d s' p of. T o d l Co p s l co fo t y d s ₹3096.83 Ld s s- d x s ₹2,715.12 Ld s of p rousy d. t d g o w of 14.06% o p c d g y d.

O b d d l o h d s s t Nt P of s dh t dx fo t y d d h ₹3,233.31 Ld s dgd b ₹2,861.36 Ld s d g p rous f a c a l y d, d g o w of 13%. T o d l Co p s l co fo t y d s h ₹2,979.03 Ld s r s- d x s ₹2,689.54 Ld s of p c d g y d, d g o w of 10.76%.

Division wise Business Performance:

Active Pharmaceutical Ingredients (API)

API h u s s s d g t u t y d s co d d r u of ₹47,394.72 Ld s dgd b ₹41,304.70 Ld s of l a b y d, d g o w of 15%. T x p o t h u s s fo g 72% of API h u s s s co d d g o w of 10% d g t u t f a c a l y d. l o b of p o d u t s t co p a y d s h d h t o a t a h t p c a l s h o d d t r o l u g o w a s w l l. A l l t o p s l l g p o d u t s d l y L o h d d, M o t h u b s A o r v d b d d R o s u r d b d r co d d x l l t g o w t d u d l r u s t d g of 15-24%.

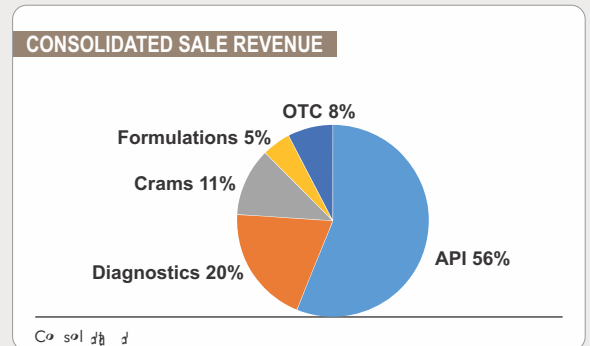
T F s d API's w t u t y d r u s of ₹41439.17 Ld s co d d g o w of 14% d g t y d. l t d d s w t t d u d l s d l s r u s of ₹3,150.10 Ld s d u p h y 24%. T s l s r u s fo w o l u l s d r c d s d h y 23% h ₹2,806.18 Ld s.

L o h d d d r g g b d d u d l s l s r u of ₹16,558.36 Ld s co t u s t o h l d d g r u g h o fo t API h u s s c l o s l y f o l l o w d h y M o t h u b s w t s l s r u of ₹14,246.52 Ld s co d d d g t u t y d. A o r v d b w t s d u d l r u s of ₹8,341.06 Ld s g b d d g o w of 16% d g t u t y d. R o s u r d b s l s r u s, h ₹3,775.23 Ld s d r t a d u a t u u p of 24% d g t y d. T u t y d F x o f a d r u h ₹1,680.33 Ld s s d o w h y d o u d 15% dgd b p rousy d r u s of ₹1,680.33 Ld s.

API h u s s s co d d d co p o u d d u d l g o w h (CAGR) of 13.50% d g l a b 5 y d s.

T M t y of E r o t, F o b d d C l h C d g r d o f c h o d h d 27 M a c, 2020, t - d l a, x p d t p o r o t c l a d c s o a s t o s u d u g d r d a h t y o p o d u t o t o d u t p d t of CO-IP-19 h y co s d d c s s d y h a l l p o t s o d t i t s s p t of h u l d u g s d d t d h s d u f a t u g o d d s s a l t s s u c d s CO-IP-19 d d o s w t s l d s y p o s d c h g o z d s ' B 2' fo d p o d u p o t 30 p h 2020, d s a t d s u. T co p a y d d a p p l d fo d d c r d - p c p l a p p o r d fo D t o h of l a b s (DOI) G o t. of H d c l P d d s o 24 J u l y, 2020.

O 31st A u g u s t, 2020, t B o d d of D t o s of t co p a y a p p o r d x p d s o of APIs (h u l d u g s) o c a s d u f a t u g c a p d t y h y 2000 M T p d u a d d o t o x b g c a p d t y of 3000 M T. T x p d d d c a p d t y s l l y o c o c o c a l p o d u t o o r k 3 y d s.



Home Diagnostics - Device Business

T D a g o b c s D r c s h u s s o f co p a y d s h g o w g b a d l y o l a b d y y d s d d s co d d d co p o u d d u d l g o w h (CAGR) of a o u d 28% d g l a b 5 y d s. B l o o d G l u c o M o t o g h u s s w t u t y d r u s of ₹11,954.30 Ld s, d s g b d d CAGR of 38% d g l a b 5 y d s. G l u c o o t o s

b a l l h o s d u g t u t y d d r h 26% o t a t p rousy d d d d r c o s s 3.3 l l o. T g l u c o s t b g b p s d r g b d d b d g g g o w of 30% d g t u t y d d d o r 425 l l o g l u c o s t b g b p s d r h s o l d l l d h.

B l o o d P s s u M o t o s w t u t y d a l s r u s of ₹2,906.01 Ld s d s p o b d d c t g o w of 10% o t p rousy d. l l a s co d d d CAGR of 32% d g l a b 5 y d s.

N h u l s s w t u t y d s l s r u of ₹1,256.13 Ld s co d d d o m b g o w of a o u d 44% u t y d, w a s u t y d s l s r u fo o p o d u t c h g o y s h of ₹718.35 Ld s dgd b ₹1,160.67 Ld s t p c d g y d.

l l w t s co t t of d l r g g o o d d l h o h a f f o d a h p c s t co p a y d s a l s o b d d o u s d u f a t u g o f t t o s c o p d l o g w t B l o o d G l u c o s M o t o s d b p s. T co p a y d s h co s l f l a t t p o d u t o of g l u c o t s d d b p s. l l a s d u f a t u d a o u d l l l o B l o o d G l u c o s M o t o s d d a o u d 125 l l o G l u c o s p s t u t y d. T s d s M o p o o f l a g b M a u f a t u of B l o o d G l u c o s M o t o s l d d d t A A R C g o. T co p a y d s b d d d d o p g b h o f d t o m b c t c o l o g y t s p o d u t o p o c s s of d c a l d r c s t o p o r u a t y d d f f c c y. T co p a y d s a l s o b d d p o d u t o of T o t s d d P u l s O x t d d a l s o p l a s t o b d p o d u t o of N h u l z s t d h u. H o D a g o b c s h u s s s d d d d h l g o w r y y d d d s l l y g d d u p t o d c r d y o l t o s t c o g y d s.

T co p a y c o t u t o r b s G l u c o t s p l a c t s t a t t u t y d t o x p d t u t o h d s. T r b s t d s p a d o f f w l l x p d d g t s u t o h d s fo t g l u c o s b p s d s a l s o x p t d o c o t u t c o g y d s.

Finished Formulations

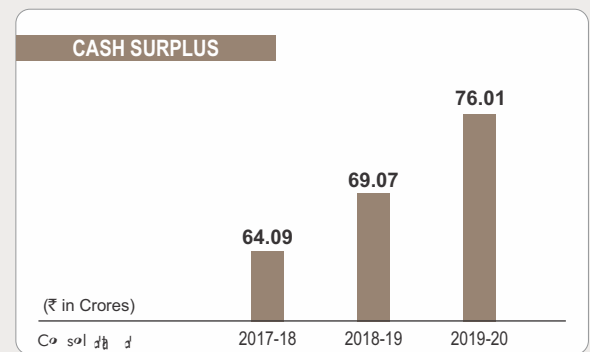
T u t y d s l s r u fo t F s d D o s a g s h ₹13,756.36 Ld s s d o w h y 10% o p rousy d r u s of ₹15,317.43 Ld s d u t o s l o w p c u p c o t a t d u f a t u g d d g c s h u s s of t co p a y t o u g t h a d d fo u l h o h u s s c o t u d o s o w u p d o r t y d s o of s a l s w l o b o a c c o u t of b t o p o s d d u t o CO-IP-19. T B a d d P s c p o (R x) p o d u t c h g o y t r o p t t a p h c h g o s d l y A t h o c s, G a b o t t s d d t y d s c o t h d ₹3,110.32 Ld s t o h a d d fo u l h o h u s s, dgd b ₹2,588.83 Ld s d d d d p rousy d.

DIVIDEND

F o t y d u d r w t D t o s d o o co d d y d r d d d u t o d h s c o f d b h d h l s u p l u s.

RESERVES

t d d l o t p of dh t dx of ₹3,233.31 Ld s co d fo w a t o t R t d d E d g. D u g t y d u d r w, o d o u t w d s d s f d o G d l R s r.



DEPOSITS

Y o u Co p a y d s o a c c p d d y d p o s t fo t p u b l c, d u g t y d u d r w, w t t d g o f t o 73 of Co p d s A t, 2013 (f A t) a d w t t Co p d s (A c c p d c of D p o s t s) R u l s, 2014, d d o d o u t of p c p a l o t b o d p o s t fo t p u b l c w a s o u t a d d g a s o t d h of B a l c t.

D u g t f a c a l y d d d 31st M a c, 2010, t co p a y d d a l l t d 9,24,90,413 E u t y d s t o t f x d d p o s o l d s s t l t of f x d d p o s d u s p u s a t t o t c o of A d g t & Co p o s u d t o 391 of Co p d s A t, 1956, a p p o r d h t H o 'h l H g C o u t of H d c l P d d s, l a r d t s o d d h d 4 A u g u s t, 2009.

T C t a l G o v t f l d d a p p a l a dgd b t a r o s a d o d of s g l u d g, h fo D r s o B c of H d c l P d d s H g C o u t, h l a w c r d t s o d d h d 14.09.2010 a l l o w d a p p a l, t - d l a, s t a s d t o d p a s s d h y t s g l u d g d h d 04.08.2009 d d d d t h h d c t o t s g l u d g fo d c d g p t t o d f s.

T co p a y f l d a c r l a p p a l t H o 'h l u p C o u t of l d a dgd b t o d of H o 'h l H g C o u t d h d 14.09.2010. T H o 'h l u p C o u t d s p o s d of a r o s a d a p p a l o 14.01.2011 d d t t d t h t o t s g l u d g fo a d u d c h o d d u t b d t s g l u d g t o d c d t h s w t t w o t s.

l t a t, p u s a t t o R u l 3 of Co p d s (T a s f of P d g P o c d g s) R u l s, 2016, t h w a s t a s f d f o H o 'h l H g C o u t of H d c l P d d s t o t N h o d l Co p a y L a w T h u d l ('N C l U'), C d d g d.

A f d g t h t N C l U, C d d g d, r d t s u d g t d h d 12.03.2018, o d d c d c l l h o of E u t y d s a l l t d o t f x d d p o s t (F D) o l d s (x c p t o t o s F D o l d s w o d r s c t a d d / t a s f d t s d s) d d p a y t o u t a d d g f x d d p o s d u s o s u c F D o l d s.



A dpp dfl dhyt co pay h to Ho'yl Nho d Co pay Law App lly T hu dl (NCLAT), N w D l dgd bt dfo sd dNCLT o d , wasst ds d, w c v d t s o d d h d 23.07.2019 up ldt pu g d NCLT, o d d h d 12 M d c , 2018.

I co pl d c oft Ho'yl NCLT, C d dgd , o d d h d 12.03.2018, t co pay to d dlt l g h l s d o l d s (t w l FD o l d s), o l d g t E u t y d s s o g d lly d llt d o t u d t 391 c to su d g t s d s to t c d c l l h o o d d pay t of f x d d p o s t d u s d s p t d f o s d d NCLT o d .

I s p o s t o t d r d u d t c o s t t o d c l g h l f x d d p o s t o l d , d d t s t s p l d d t t w s p d p s d d t c o h g p l d d o t w h t o f co pay, to t d g o f u t y s d s w t co pay, to t c d c l l h o o d d p d y t o f FD d u s l u o f.

O t o f 31,109 f x d d p o s t o l d s o l d g 3,85,65,081 E u t y d s , 228 f x d d p o s t o l d s o l d g 2,66,413 E u t y d s , d p p o d c d t co pay to t c d c l l h o o f u t y s d s d d p d y t o f FD d u s l u o f.

A f r f y g d o u t s s u h t t d h y s FD o l d s , t co pay p d d l t s FD o l d s t f x d d p o s t d u s d d d s d p p o d c d t t o c x c d g s d d d p o s t d s t o t c d c l l h o o f t s s d s , d g d t w c p d y t s d s h d o t 1131st M d c , 2020.

T o u g t Ho'yl T hu dl d d g d t d t o t s t t o c o p l t d f o s d d p o c s s , o w r t B o d d o f D t o s f B o d d o f co pay d g d l t r w d s g d t d d p o d o r t o t s p o t co p l t o o f t p o c s s o f c d c l l h o o f u t y s d s d d p u d o f FD d u s .

A d d o a l l y , p g r w o f t t o f o s FD o l d s , w o d l g h l t o c d c l l h o o f u t y s d s s s u d d d p u d o f FD d u s g l o g w t t t b d t o d d d s t o y t s u d d t s d s t o c d c l l h o o t B o d d o f D t o s o f Co pay, o d t o c o c l u d t p o c s s h y 30.09.2020, d s d c d d t o g r d t o p p o t u t y t o t o s l g h l FD o l d s h y s d g d r d u d l t t s t o FD o l d s h y g t s d p o s t / s p d p o s t d d s d l t t s o t g t s d - d l d d d s s . I t s g d d d g d l t c o w a s a l s o p u h l s d t w o w s p d p s . , r d u l d d d E g l s l a g u d g o 27.07.2020.

FINANCES

T d d g t t d s w o g d l g t l y t o t p o f d h l g o w o f co pay s o t h a l l t s d o l d s d s u d h y w d d d . T f o t s d o t o u d c o u s l y d d c o s t t l y t o u s o a l l t h u s s s t d s h y d c h u s s l o o d d f h y d f f t h u s s s d s .

P o s d h s r c g t t d l d c u a l s d c a s g l y h g p t o f t g o w g s t o a l l t h u s s s s g t s .

H o w r t p f c s d s d p d g t o d p o d u t o u d r d d h y o f d t h d h l p o f s t s o f

t o 55(2) (a) d d w t t o 123 o f Co p d s A t , 2013 d d t s u l s d d t u d . T co pay s x p l o g s u d h l o p o s t o d d l w t t t o f d p o o f o t b d d g p f c s d s c l u d g s s u d c o f u t y s d s s u h t t o c s s d y t h u o y d p p o d s c l u d g d p p o d s o f p f c s d o l d s . T d o t y o f p f c s d o l d s c o p s g o f h d s d d f d c d l t h u o s , w o w s s u d t p f c s d s , s h s f a t o o f o t b d d g d h u d C o p o h D h R t u t u g ('CDR') c d d g d h t d co pay s d f o s d d p o p o s d l .

SHARE CAPITAL

D u g t y d u d r w t w a s o c d g t p d d u p u t y s d c a p t d l o f Co pay w c d s o 31st M d c , 2020, w a s ₹ 8,995.86 L d s .

T E u t y d s s s u d h y t Co pay d l t d h f o l l o w g t o c E x c d g s d s o 31st M d c , 2020:

1. N h o a l t o c E x c d g o f l d d L t d (N E)
2. B E L t d (B E)

A u a l l t g f t o t f d c a l y d 2020-21 d s h p d d t o h t t o c E x c d g s . T E u t y d s c o t u t o h l t d o h t N E d d B E .

T p o r s o s o f A t d r p l d c d t h u o y t t o o co pay, d r g d u u l h d l o s s s , f o p d y t o f d r d d s o P f c d s . A s d s u l , d r d d s o P f c d s d r t o h p d d t o t d t w o y d s t h y d g o l d s o f s s d s t t l d o r t o a l l s o h o s p l d d h t o t co pay. T p o p o t o o f r t g g t s o f E u t y d o l d s & P f c d o l d s s d l h p o p o t o t o t p d d u p c a p t d l t t o d l s d c a p t d l o f co pay.

SUBSIDIARIES / JOINT VENTURES / ASSOCIATES

T Co pay d s t s u h s d d s d s o 31st M d c , 2020, d l y :

1. D . M o p L t d
2. T h d l C d t d (s u h s d d y o f D . M o p L t d)
3. M o p l c , A

Dr. Morepen Limited

T O r t C o u t (O I C) h u s s s o f co pay p o t d u d h d d ' D . M o p l d d c d d u d w o l l y o w d s u h s d d y r z , D . M o p L t d , s g t t g t d t o y d d f y d . I l d s c o d d d C A G R o f 17% d u g l a t 5 y d s . O t b d d l o h a s t co pay d s c o d d d t o p l o f ₹ 6,462.64 L d s d s d g d t ₹ 5,438.08 L d s c o d d t p c d d g y d , g o w o f 19% . T O I C h u s s s d s c o d d d d z g g o w d s p l o s s o f s d l s o f g u l d p o d u t s t o t o f M d c 2020 d u t o l o c d o w p o s d h c d u s o f C O . I P - 19 .

M a y w p o d u t s w l d u c d t u t o d d d p r t r d l c d s g t d u g t y d i e . A t r l (M o u t w a s) , D . M o p D a l y (H d u p p l t) , M I P K (C o t d c p o P I l s) , C d l c (C d l c u T d h) , C l d & P u (I t h H y g M d s) , L r H d l y



(Liv' To c), H ddt (Rl ffo H dddc), D. Mo p Ad (Ad sv F b Ad D ss g), D. Mo p Bu ds (Ed cl d gct o m d), Col d-E (Rl ffo Col d & Coug), Pad- d -A st d (Ayur dc D g b r To c) d d AdH Nasal pay.

l ts fgt dgd ts CO-IP-19, w p o d t c h g o s w t o d u d w c c h d d- d g o f d d s a t s s, d d u h s, d d w a s, d t -h d t d l s p a y s, d s f t d t s o h o s, d s s, g l a r s, -t g d -C g u s f o d s t o f g t CO-IP-19 h g o u d l v l.

l s a l o f w l y a d d d CO-IP-19 p o d t s c o p s h d l o s s o f s a l o f g u l a p o d t s d u g t o t M d c 2020. l c o p a y s p a y h d a s l B u o l (B u C a), L o l a (C o u g & C o l d) d d F h - (h l s a h g o l) w t c o h d s a l s v u s o f ₹1,703.65 L a s g t d d d o p o f 14% t s d u d l v u s. O s a l l d t h o d d d c h a s d h d a s w t s a l s v u o f ₹1,349.76 L a s d c o d d a s s r g o w o f 14% d u g y d.

l g o o g h u s s s, l a u c d J u l y 2015, c a d o u d t h d d d 'G B B' c o d d s a l s v u o f ₹1,482.41 L a s d g d t p r o u s v u s o f ₹939.82 L a s, g t g d d g f c t g o w o f 58% o r t p c d g y d. l c o p a y s c o f d t o f t g o w p o t t a l f o t s h u s s t c o g y d s p g v w t p o c h g g d d o r t s 5 y a s o f s l a u c.

l c o p a y s x p t g o f d y p o d g o w t s v u t c o g y d a s t v t s o t s h u s s w t c o t v o u s f o u s o w p o d t a d d o s, t g w d t s a d c a s g p o d t d c d d r a d h t y.

Total Care Limited

l c o p a y s d a l g O I C & H d l C a p o d t s. l s a l o f C o p a y s o p h o s c o t u s o h d l s c p a b f w y d s w t o o p h g v u c o d d d u g y d.

Morepen Inc.

M o p l c. s t d t g a d d t h o t f a c o f t C o p a y A p o t s A P I h u s s s, v a o u s O I C & o p o d t s. D u g y a u d v w t c o p a y a s c o d d v u o f ₹133.57 L a s (\$177,155) a s d g d t ₹105.32 L a s (\$153,409) o f p r o u s y d, d g o w o f 21%. l c o p a y d u g y d, a s c o d d d p o f o f ₹74.46 L a s d g d t p o f o f ₹18.97 L a s c o d d t p c d g y d.

CONSOLIDATED FINANCIAL STATEMENTS

l c o s o l d h d f a c a l t h t s p o t y d d d 31st M d c, 2020 a s h p p a d d a c c o d a c w t l d a A c c o u t g t a d a d s (l d A) o f d u d t C o p a s (l d a A c c o u t g t a d a d s) R u l s, 2015 t o g t w t c o p a h v p o d d a d a h d f o t p r o u s y d d d 31st M d c, 2020.

l a c c o d a c w t C o p a s A t, 2013 a d l d a A c c o u t g t a d a d s (l d A) 110 o 'C o s o l d h d F a c a l t h t s' a d w t l d A 112 o 'D s c l o s u

l t b o t t s t A u d d C o s o l d h d F a c a l t h t s s p o d d t A u d l R p o t.

l a c c o d a c w t p a r s o s o f t o 129(3) o f A t, a d w t C o p a s (A c c o u t s) R u l s, 2014, d p o t o t p f o d c d d f a c a l p o t o f d c o f t s u h d a s s t h d a s A N N E X U R E 'A t o f s R p o t t p s c h d r, A O C-1.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Changes in Directors & Key Managerial Personnel

l h s h 34 A u d l G d l M t g (A G M) o f C o p a y l d o 13th p h, 2019 a p p o r d t :

- R -a p p o t t o f M s. A u u, w o w a s l a h t o t h y o h o p u s a t t o p a r s o s o f t o 152 a d o a p p l c a h l p a r s o s o f A t a d w t C o p a s (A p p o t t a d d Q u a l f c a o o f D t o s) R u l s, 2014, a s D t o o f C o p a y.
- A p p o t t o f M. a d y u a s d M o l l D t o o f C o p a y, l a h t o t h y o h o, p o d p o d o f t (3) y a s c o c g f o 13 A u g u s t, 2019 o 12 A u g u s t, 2022.
- A p p o t t o f M. P a r K u d D n t a s d l d p d t D t o, o l a h t o t h y o h o, p o d o f 5 y a s c o c g f o 13 A u g u s t, 2019 t o 12 A u g u s t, 2024.

l R -a p p o t t o f M. A u K u d a d a s d M o l l D t o (., Ex c h v D t o), p o d o f 3 y a s c o c g f o 1st A p l 2019 t o 31st M d c, 2022.

l R -a p p o t t o f M. B u p d R d M d d w a, M. u c d d g a d d M. M a o J o s, t N o -E x c h v l d p d t D t o s o f C o p a y p o a s c o d t o f 5 y a s c o c g f o 13th p h, 2019 o 12th p h, 2024.

D. A u K u d a, M o l t D t o o f C o p a y, w o s l a h t o t h y o h o p u s a t t o p a r s o s o f t o 152 a d o a p p l c a h l p a r s o s o f A t a d w t C o p a s (A p p o t t a d d Q u a l f c a o o f D t o s) R u l s, 2014, a s a d d o - d t d f o t t o t, a s g r s c o s t d d h g l g h l o f f d s l f o -a p p o t t, t 35 A u d l G d l M t g.

P u s a t t o p a r s o o f R g u h o 17(1)(a) o f E B I (L O D R) R g u h o s, 2015, a s a d d, d f "L b g R g u h o s t c o p a y f a l l g u d t c h g o y o f o p 1000 l b d t t s, o t h a s s o f d t c a p d l s h o a s o 31st M d c, 2020. B o d d o f D t o s a s a p p o t d D. o t a (D I N: 08764773) a s A d d o a l D t o c h g o s d a l d p d t M o a D t o w t f f t f o 22nd J u, 2020 a d s u h t o a p p o r d o f h s o f c o p a y p o t o f 5 c o s c h v y a s t l l 21st J u, 2025. l t s g d d, D. o t a (D I N: 08764773), a s

Q u a l f c a o o f D t o s) R u l s, 2014, p o d o f 5 (v r) c o s c h v y a s c o c g f o 22nd J u, 2020 o 21st J u, 2025. Y o u d t o s c o d d a p p o t t a s l d p d t D t o o t B o d d, a c c o d a c w t p a r s o s o f t o 149 o f C o p a s A t, 2013, a d w t C o p a s (A p p o t t a d d Q u a l f c a o o f D t o s) R u l s, 2014, a s d d f o t t a, t 35 A u d l G d l M t g.

Declaration by Independent Director(s)

P u s a t t o p a r s o s o f t o 149 o f A t, t d p d t d t o s o r s u h t d d c l a h o s t h d c o f t t c t a o f d p d c a s p o r d d t o 149(6) o f A t a l o g w t R u l s f a d t u d a d R g u h o 16(1)(h) o f u t s a d E x c d g B o d d o f l d a (L b g O h g h o s a d D s c l o s u R u t s) R g u h o s, 2015. l a s h o c a d g t c o u b a c s d f f t g t t h u s a s d p d t d t o s o f C o p a y.

Evaluation of Board, Committees and Directors

P u s a t t o p a r s o s o f A t a d R g u h o 17 o f L b g R g u h o s, t B o d d a s c a d o r t s o w p f o d c v a h o t h o f C o t t s a d t d r d a l p f o d c o f t s D t o s. l d w c t v a h o a s h c a d o r t s h p a r d d t 'C o p o h G a r d c R p o t'.

Familiarization Programme for Independent Directors

l d t a l s p t a g t o F a l a z h o P o g d p o l d p d t D t o s a s h c o p o h d 'C o p o h G a r d c R p o t'.

Meetings of Board of Directors

l B o d d o f D t o s t v (7) s d u g y d u d v w t a d a t h u s s o f C o p a y d t a l s o f w c a d g r 'C o p o h G a r d c R p o t'.

Independent Directors Meeting

D u g t y a u d v w a s p a h t g o f l d p d t D t o s o f C o p a y w a s l d o 14 F h u a y, 2020, w o t p s c o f N o -l d p d t D t o s a d h s o f M a d g t. l l d p d t D t o s v w t p f o d c o f N o -l d p d t D t o s a d B o d d a s d w o l, p f o d c o f c a p s o o f c o p a y d d a s s d t u d y, u a t t y d t l s o f f l o w o f p o h o h t w t c o p a y a d g t a d B o d d. A l l l d p d t D t o s o f c o p a y w p s t t t g.

DIRECTORS' RESPONSIBILITY STATEMENT

A s u d u d t o 134(3)(c) o f A t, y o u D t o s, t o t h s o f o w l d g a d h l f a d a c c o d g o t p o h o a d x p l a h o s o h a d h y t, c o f t h:

- t p p a h o o f d u a l a c c o u t s t a p p l c a h l a c c o u t g t a d a s o r h f o l l o w d, a l o g t w t p o p x p l a h o l a g t o a d l d p a u s, w v a p p l c a h l; w t t h a o y p s c h d l.

h) y o u D t o s o r s l t d s u a c c o u t g p o l c s a d a p p l d t c o s t l y a d d u d g t s a d t h s h a d a s o a h l a d p u d t s o a s o g r d t u d d f a r w o f t t h o f d f a s o f c o p a y h t o f f a c a l y a d d o f p o f a d l o s s o f c o p a y p a p o d;

c) y o u D t o s o r t a p o p a d s u f f c t c a p o t a t a c o f d u a a c c o u t g c o d s a c c o d a c w t p a r s o s o f A t p o s a f g u a d g t a s s t s o f c o p a y a d p o p r t o d d d t t g o f f a u d a d o g u l d t s;

d) t a u a l a c c o u t s o r h p p a d o d g o g c o c h a s s;

) t d l f a c a l c o t o l s t o h f o l l o w d h y t c o p a y o r h l a d d o w a d s u t a l f a c a l c o t o l s a d d u a d d w o p h g f f t v l y;

f) p o p s y s t o s u c o p l a c w t p a r s o s o f a l l a p p l c a h l l a w s o r h d r s d a d h s u c s y s s w a d u a d o p h g f f t v l y.

MANAGERIAL REMUNERATION AND OTHER DISCLOSURES

D s c l o s u p u s a t t o t o 197 o f A t a d w t R u l 5 o f C o p a s (A p p o t t a d d R u h o o f M a d g d l P s o l) R u l s, 2014:

d) R h o o f u h o o f d c D t o t a d d u h o o f p l o y 's (M R E) a d o d t a l s p u s a t t o t o 197 (12) o f A t a d w t R u l 5 (1) o f C o p a s (A p p o t t a d d R u h o o f M a d g d l P s o l) R u l s, 2014 s a x d d d p o s p a t o f s p o t a s A N N E X U R E 'B'.

h) l t h t c o t a g t p a t u l d s o f p l o y s a s u d u d s t o 197(12) o f C o p a s A t, 2013 a d w t R u l 5(2) a d o a p p l c a h l R u l s (f a y) o f C o p a s (A p p o t t a d d R u h o o f M a d g d l P s o l) R u l s, 2014, s p a r d d a s p a h d x u p o g p a t o f s p o t. F u t t p o t a d a c c o u t s a h g s t t o t h s x l u d g d p o s a d d x u. l t s o f t o 136 o f C o p a s A t, 2013 s a d d x u s o p p o s p t o h t R g t d a d C o p o h o f f c o f c o p a y d u g t w o g o u s. A y h t t s d o h a g d c o p y o f s a d y w t t o c o p a y a d o h d t c o p y w t t h a o y p s c h d l.

c) N o D t o o f C o p a y, c h d g t s M a d g d D t o o M o l l D t o, s c p o f d y c o s s o f o t c o p a y o t s s u h d a y c o p a y.

AUDIT COMMITTEE

Y o u C o p a y a s d A u d C o t t c o p l a c o f p a r s o s o f t o 177 o f A t a d R g u h o 18 o f L b g R g u h o s. l c o p l t d t a l s w t s p t t o A u d C o t t, a s u d t o h g r u d t a p o s a p a r s o s, s g r t 'C o p o h G a r d c R p o t'.



Financially sound and solvent.

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

The company has given effect to the Energy,
Technology Absorption and Foreign Exchange Earnings
and Outgo, as required under section 134(3)(g) of the
Companies (Accounts) Rules, 2014 as detailed in
the report of the company as ANNEXURE 'F'.

PARTICULARS OF LOANS, GUARANTEES OR
INVESTMENTS

Details of Loans, Guarantees and Investments
undertaken by the company are as follows: At the
end of the Financial Year.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS
WITH RELATED PARTIES

All the related parties have been identified
and disclosed in the financial statements of the
company as required under section 134(3)(h) of the
Companies (Accounts) Rules, 2014 as detailed in
the report of the company as ANNEXURE 'G'.

The company has given effect to the
conservation of energy, technology absorption and
foreign exchange earnings and outgo, as required
under section 134(3)(g) of the Companies (Accounts)
Rules, 2014 as detailed in the report of the
company as ANNEXURE 'H'.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed report on the performance of the
company for the financial year has been prepared
and is attached to the Board of Directors' Report
as ANNEXURE 'I'.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report of the
company for the financial year has been prepared
and is attached to the Board of Directors' Report
as ANNEXURE 'J'.

HUMAN RESOURCES

A detailed report on the human resources
of the company for the financial year has been
prepared and is attached to the Board of Directors'
Report as ANNEXURE 'K'.

CORPORATE GOVERNANCE

A detailed report on the corporate governance
of the company for the financial year has been
prepared and is attached to the Board of Directors'
Report as ANNEXURE 'L'.

ACKNOWLEDGEMENTS

The company wishes to thank all the
stakeholders for their support and cooperation
during the financial year. The company also
wishes to thank the Board of Directors for their
guidance and support throughout the year.

The company also wishes to thank the
Board of Directors for their support and
cooperation throughout the year.

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: 31st August, 2020

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

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

PART A: SUBSIDIARIES

Name of the Subsidiary Company	Dr. Morepen Limited	Total Care Limited*	Morepen Inc.
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	-	US\$/₹75.40 (As on 31.03.2020)
Share Capital	4,067.95 (4,06,79,500 Equity Shares of ₹10/- each)	933.39 (9,33,390 Equity Shares of ₹100/- each)	22.23 (9,400 Fully paid shares of US\$1 each)
Reserves & Surplus	(210.14)	(1860.16)	174.89
Total Assets	6258.61	5.59	197.12
Total Liabilities	6258.61	5.59	197.12
Investments	1171.00	-	-
Turnover	6462.64	-	133.57
Profit/(Loss) before taxation	83.22	(0.68)	80.03
Provision for taxation	32.43	-	5.57
Profit after taxation	50.79	(0.68)	74.46
Proposed Dividend	-	-	-
Percentage of Shareholding	100%	95%	100%

*Subsidiary of Dr. Morepen Limited

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

For and on behalf of Board of Directors

Place: New Delhi
Date: 31st August, 2020

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

ANNEXURE 'C'

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

A. Ratio of the remuneration of each Director to the Median remuneration of the employees of the Company;

Name of the Director	Designation	Ratio of Remuneration to Median Remuneration of Employees
Mr. Sushil Suri	Chairman & Managing Director	60.37
Mr. Sanjay Suri ¹	Whole-time Director	21.50
Dr. A.K. Sinha	Whole-time Director	3.18
Ms. Anju Suri	Non-Executive Director	–
Mr. B. R. Wadhwa	Independent Director	1.08
Mr. Sukhcharan Singh	Independent Director	0.99
Mr. Manoj Joshi	Independent Director	1.22
Mr. P.K.Dutt ²	Independent Director	0.26

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

Name of the Director/KMP	Designation	% increase of remuneration in F.Y. 2019-20
Mr. Sushil Suri	Chairman & Managing Director	41.08%
Mr. Sanjay Suri ¹	Whole-time Director	–
Dr. A. K. Sinha	Whole-time Director	50.00%
Ms. Anju Suri	Non-Executive Director	–
Mr. B. R. Wadhwa*	Independent Director	79.41%
Mr. Sukhcharan Singh*	Independent Director	47.37%
Mr. Manoj Joshi*	Independent Director	68.29%
Mr. P. K. Dutt ^{2*}	Independent Director	–
Mr. Ajay Kumar Sharma	Chief Financial Officer	12.09%
Mr. Vipul Kumar Srivastava	Company Secretary	13.75% ³

^{1,2} Appointed on 13th August, 2019.

³Annualized % increase

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

- B. The percentage increase in the median remuneration of employees in the financial year 2019-20 was 5.45%.
- C. The number of permanent employees on the rolls of the Company as on 31st March, 2020 was 1555.
- D. The average percentile increase in the salaries of the employees other than the managerial personnel in the financial year 2019-20 was 17.40% while increase in Managerial remuneration was 60.18%.
- E. It is hereby affirmed that the remuneration is as per Remuneration Policy of the Company.

For and on behalf of Board of Directors

Place: New Delhi
Date: 31st August, 2020

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

(Form No. MR-3) SECRETARIAL AUDIT REPORT (FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020)

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

To,
The Members,
Morepen Laboratories Limited

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

Based on verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

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

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended;
- The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended;
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended;

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

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

We further report that:

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



- (b) adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- (c) all the resolutions have been passed unanimously and did not find any dissenting views in the minutes;
- (d) there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;
- (e) The Company has entered into related party transactions for the sale and purchase of material/products and paying remuneration to related party personnel. The Company confirms that all transactions, including increase in remuneration, are in the ordinary course of business and at arm's length;
- (f) The Company has not paid dividend to preference shareholders for more than two years and hence the preference shareholders are entitled to vote on all the matters in the General Meetings. Preference shareholders had allowed to attend the Annual General Meeting held on 13th September, 2019 and vote by ballot as well as by e voting.
- (g) During the year under review, the SEBI, in the matter of Global Depository Receipt issued by the company in 2003, vide its order no. WTM/ AB / EFD-1/DRA-1/21/2019-20 dated 24th September, 2019 has prohibited the company to access the securities market and restraining from buying, selling or otherwise dealing in the securities, inclusive of mutual fund either directly or indirectly or in any other manner whatsoever, for a period of one year.
- (h) In the matter of Scheme of Arrangement and Compromise ('the Scheme') U/s. 391 of the Companies Act, 1956, the Hon'ble NCLT, Chandigarh, vide its order dated 12th March, 2018 set aside the Scheme in respect of fixed deposit ('FD') holders who were still holding equity shares allotted as per the Scheme, however the operation of aforesaid order was stayed by Hon'ble NCLAT vide its order dated 27th April, 2018.

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

The company has sought surrender of aforesaid equity shares by way of individual notice to each eligible FD holders and issued 'Public Notice' in the newspapers i.e., 'Financial Express' - English and 'Jansatta' in the Hindi both published on 15.08.2019, before such cancellation. The company received 2,66,413 equity shares of ₹2/- each share till 31st March, 2020. The company had not cancelled these shares however the payment has been made by the company to all these FD holder who have surrendered their shares for cancellation.

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

The Company has filed an application before the Hon'ble NCLT, Chandigarh for parte ad-interim stay on the appointment of nominee directors. The appointment of said nominee directors is yet to be effective.

We further report that during the audit period, apart from ordinary business, the company has got the approval of members in the Annual General Meeting of the Company held on 13th September, 2019 i.e., increase in the remuneration of Mr. Sushil Suri, Chairman and Managing Director of the Company, re-appointment of Dr. Arun Kumar Sinha as Whole Time Director, appointment Mr. Sanjay Suri as Whole Time Director, a relative of Mr. Sushil Suri and Mrs. Anju Suri, Directors of the Company, re-appointment of Independent Directors viz., Mr. Manoj Joshi, Mr. B. R. Wadhwa and Mr. Sukhcharan Singh and appointment of Mr. P. K. Dutt as Independent Director, maintenance

of register of members and other statutory registers at a place other than registered office of the company, ratification of remuneration of M/s. Vijender Sharma & Co., Cost Accountants, Cost Accountant of the Company, increase in the limits of investment and loan to other body corporates, increase in the limits of borrowing power and creation of charge.

We, further report that redemption of preference shares issued by the company is still pending. The redemption details in respect of said preference shares are as under:

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

**For PD and Associates
Company Secretaries**

**CS Praveen Dua
(Proprietor)**

FCS No.: 3573

C P No.:2139

Place: New Delhi

Date: 31st August, 2020

UDIN: F003573B000616020

**To,
The Members
Morepen Laboratories Limited**

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

- 1) Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For PD and Associates
Company Secretaries**

**CS Praveen Dua
(Proprietor)**

FCS No.: 3573

C P No.:2139

Place: New Delhi

Date: 31st August, 2020



ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

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

II. Composition of CSR Committee of the Board

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

III. Average Net Profits, prescribed CSR expenditure and details of CSR spent (₹ in Lakhs)

Particulars	Amount
Average net profit of the Company for the last 3 financial years	2,590.28
Prescribed CSR Expenditure (2% of the average net profits)	51.81
Details of CSR Expenditure during the financial year:	
Total amount to be spent for the financial year	51.97
Amount unspent	Nil

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

CSR Project or activity identified	Sector in which the project is covered	Location of project (District & State)	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent directly or through implementing agency
				Direct expenditure on project or programs	Overheads		
Promotion of healthcare including preventive healthcare	Health	Katra, Jammu & Kashmir	51.81	51.97	–	144.01	K.B. Suri Memorial Trust (Implementing Agency)
Education and General Public Utility	Education & Vocational Training etc.	Guwahati, Assam	–	–	–	12.51	Gyan Jyoti Education Foundation (Implementing agency)
Total			51.81	51.97	–	156.52	

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

The foundation brings in a fresh approach based on its expertise in integrating technology, training methods, knowledge management and quality system to transform delivery of vocational training.

IV. Responsibility Statement

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

For Morepen Laboratories Limited

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

Place: New Delhi
Date: 31st August, 2020

Form No MGT-9: Extract of Annual Return as on Financial Year Ended on 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

ANNEXURE 'E'



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

i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2019]				No. of Shares held at the end of the year [As on 31 st March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,12,41,750	-	4,12,41,750	9.17	4,12,41,750	-	4,12,41,750	9.17	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	11,41,29,838	-	11,41,29,838	25.37	11,41,29,838	-	11,41,29,838	25.37	-
e) Banks / FIs	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	15,53,71,588	-	15,53,71,588	34.54	15,53,71,588	-	15,53,71,588	34.54	-
(2) Foreign									
a) NRI's - Individuals	-	-	-	-	-	-	-	-	-
b) Others - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FIs	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters (A) = (A)(1) + (A)(2)	15,53,71,588	-	15,53,71,588	34.54	15,53,71,588	-	15,53,71,588	34.54	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FIs	16,32,945	3,12,500	19,45,445	0.43	16,04,794	3,12,500	19,17,294	0.42	(0.01)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

f) Insurance Companies	2,15,79,754	85,125	2,16,64,879	4.82	2,15,79,754	85,125	2,16,64,879	4.82	-
g) FIIs	-	3,85,30,000	3,85,30,000	8.57	-	3,85,30,000	3,85,30,000	8.57	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (FPIs)	35,27,700	-	35,27,700	0.78	33,47,894	-	33,47,894	0.74	(0.04)
Sub-total (B)(1):	2,67,40,399	3,89,27,625	6,56,68,024	14.60	2,65,32,442	3,89,27,625	6,54,60,067	14.55	(0.05)
(2) Non-Institutions									
a) Bodies Corp.	1,77,48,870	6,37,221	1,83,86,091	4.09	1,64,36,981	6,37,221	1,70,74,202	3.80	(0.29)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh	12,07,46,370	3,04,43,571	15,11,89,941	33.61	11,99,15,765	2,85,18,487	14,84,34,252	33.60	(0.61)
c) Any Other	3,04,74,341	4,74,382	3,09,48,723	6.88	3,62,22,561	99,382	3,63,21,943	8.07	1.19
i) Non-Resident Indian/OCB	2,65,33,998	-	2,65,33,998	5.90	2,56,01,637	1,657	2,56,03,294	5.69	(0.21)
ii) Clearing Member	15,41,429	-	15,41,429	0.34	15,50,776	-	15,50,776	0.34	0.00
iii) Trust	16,068	-	16,068	-	10,081	-	10,081	0.00	0.00
iv) NBFC	1,70,341	-	1,70,341	0.04	-	-	-	-	(0.04)
Sub-total (B)(2)	19,72,31,417	3,15,55,174	22,87,86,591	50.86	19,97,37,801	2,92,56,747	22,89,94,548	50.91	0.05
Total Public Shareholding (B)=(B)(1)+(B)(2)	22,39,71,816	7,04,82,799	29,44,54,615	65.46	22,62,70,243	6,81,84,372	2,44,54,615	65.46	(0.00)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	37,93,43,404	7,04,82,799	44,98,26,203	100.00	38,16,41,831	6,81,84,372	44,98,26,203	100.00	(0.00)



	20/12/2019	(10,000)	(0.00)	6,964,403	1.55
	10/01/2020	20,000	0.00	6,984,403	1.55
	31/01/2020	(29,261)	(0.01)	6,955,142	1.55
	28/02/2020	(160,946)	(0.04)	6,794,196	1.51
	06/03/2020	187,559	0.04	6,981,755	1.55
	13/03/2020	10,000	0.00	6,991,755	1.55
	20/03/2020	(22,500)	(0.01)	6,969,255	1.55
	At the end of the year	6,969,255	1.55	6,969,255	1.55
5.	UNITED INDIA INSURANCE COMPANY LIMITED				
	At the beginning of the year	41,56,275	0.92		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	41,56,275	0.92	41,56,275	0.92
6.	GENERAL INSURANCE CORPORATION OF INDIA				
	At the beginning of the year	35,66,869	0.79		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	35,66,869	0.79	35,66,869	0.79
7.	THE NEW INDIA ASSURANCE COMPANY LIMITED				
	At the beginning of the year	30,41,425	0.68		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	30,41,425	0.68	30,41,425	0.68
8.	BAYSWATER ENTERPRISES LIMITED				
	At the beginning of the year	29,04,000	0.65		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	29,04,000	0.65	29,04,000	0.65
9.	NATIONAL INSURANCE COMPANY LIMITED				
	At the beginning of the year	19,29,500	0.43		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	19,29,500	0.43	19,29,500	0.43
10.	EMERGING MARKETS CORE EQUITY PORTFOLIO OF DFA INVESTMENT DIMENSION GROUP INC (DFAIDG)				
	At the beginning of the year	18,96,828	0.42		
	Increase/(Decrease) in Shareholding during the year:	-	-	-	-
	At the end of the year	18,96,828	0.42	18,96,828	0.42

v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	MR. SUSHIL SURI Chairman & Managing Director				
	At the beginning of the year	55,01,510	1.22		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	55,01,510	1.22	55,01,510	1.22

2.	MR. SANJAY SURI¹ Whole-time Director				
	At the beginning of the year	34,17,240	0.76		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	34,17,240	0.76	34,17,240	0.76
3.	DR. A. K. SINHA Whole-time Director				
	At the beginning of the year	100	0.00		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	100	0.00	100	0.00
4.	MR. MANOJ JOSHI Independent Director				
	At the beginning of the year	-	-		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
5.	MR. SUKHCHARAN SINGH Independent Director				
	At the beginning of the year	-	-		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
6.	MR. B. R. WADHWA Independent Director				
	At the beginning of the year	-	-		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
7.	MR. P.K. DUTT² Independent Director				
	At the beginning of the year	-	-		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
8.	MRS. ANJU SURI Director				
	At the beginning of the year	51,86,369	1.15		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	51,86,369	1.15	51,86,369	1.15
9.	MR. AJAY SHARMA Chief Financial Officer				
	At the beginning of the year	-	-		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
10.	MR. VIPUL KUMAR SRIVASTAVA Company Secretary				
	At the beginning of the year	-	-		
	Increase/(Decrease) in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

^{1,2} Appointed on 13th August, 2019



V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans (excluding deposits)	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1,169.36	1,1965.20	–	13,134.56
(ii) Interest due but not paid	–	881.32	–	881.32
(iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	1,169.36	12,846.52	–	14,015.88
Change in Indebtedness during the financial year				
*Addition	283.51	48.92	–	332.43
*Reduction	119.73	–	–	119.73
Net Change	163.78	48.92	–	212.70
Indebtedness at the end of the financial year				
(i) Principal Amount	1,333.14	11,965.20	–	13,298.34
(ii) Interest due but not paid	–	930.24	–	930.24
(iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	1,333.14	12,895.44	–	14,228.58

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Sushil Suri Chairman & Managing Director	Mr. Sanjay Suri* Whole-time Director	Dr. A. K. Sinha Whole-time Director	
1.	Gross salary				
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	155.78	45.68	9.00	210.46
	b. Value of perquisites under Section 17(2) Income Tax Act, 1961	15.19	15.22	–	30.41
	c. Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	- as % of profit	–	–	–	–
	- others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total (A)	170.97	60.90	9.00	231.87
	Ceiling as per the Act**				420.17

*Appointed on 13th August, 2019.

**The Company has obtained the approval of members in form of 'Special Resolution' in Annual General Meeting held in year 2019, pursuant to Section 196, 197 read-with Schedule V of the Companies Act, 2013 and its rules made thereunder, as amended.

B. Remuneration to other Directors:

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Manoj Joshi	Mr. Sukhcharan Singh	Mr. B. R. Wadhwa	Mr. P. K. Dutt**	
1.	Independent Directors					
	• Fee for attending board committee meetings	3.45	2.80	3.05	0.75	10.05
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (1)	3.45	2.80	3.05	0.75	10.05
2.	Other Non-Executive Directors					
	• Fee for attending board and committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	3.45	2.80	3.05	0.75	10.05
	Total Managerial Remuneration (A+B)					241.92
	Overall Ceiling as per the Act					462.18

*Mrs. Anju Suri being a Non-Executive Non-Independent Director of the Company, is not paid any remuneration.

**Appointed on 13th August, 2019.

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

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Ajay Sharma (Chief Financial Officer)	Mr. Vipul Kumar Srivastava (Company Secretary)	
1.	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	92.48	14.44	106.92
	b) Value of perquisites under Section 17(2) Income Tax Act, 1961	–	–	–
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	- as % of profit	–	–	–
	- others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total	92.48	14.44	106.92

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for the year ended 31st March, 2020.

For and on behalf of Board of Directors

Place: New Delhi
Date: 31st August, 2020

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

ANNEXURE 'F'

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

[Information under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of Directors' Report for the year ended 31st March, 2020]

A. CONSERVATION OF ENERGY

1) Energy Conservation measures taken:

- Technology upgradation in utilities where reciprocating machines are replaced with Screw Technology which are 25% efficient than Reciprocating machines.
- Feed water temperature of boiler increased by 12 degree Celsius resulting in 2% lower fuel consumption in the boiler.
- Hot water generation system installed with recovery of condensate water and direct steam injection in the tanks is replaced with the above system.
- Automation has been incorporated in some of the utilities and plant equipment's.
- Installation of high efficiency agitator in the reactors.
- Replacement of Worm reduction gearboxes with Helical Gearboxes.

2) Impact of measures taken:

- Reduction in power consumption by 3%/kg of productivity.
- Reduction in fuel consumption by 3%.
- Reduction in our overall energy bill, power & fuel by around 3%/kg of productivity.
- Reduction in solvent consumption by around 5%.
- Reduction in time cycle by around 15%.

3) Steps taken for utilizing alternate source of energy:

- Solar Power plant of 1000KW under consideration.
- Evaluating running of boiler from solvents recovered from our Waste effluent by stripping process.

4) Capital investment on energy conservation equipment:

The Capital investment on energy conservation equipment made during the year is at ₹450.00 Lakhs.

B. TECHNOLOGY ABSORPTION (R&D)

1) Efforts made towards technology absorption:

The company continues to carry out innovative process for the manufacture of its APIs and Formulations product portfolio. The company

continues to focus on Research and Development (R&D) activities so as to be formidable player in its areas of operations both for regulated and unregulated markets. The efforts and capital put in R&D activities have been yielded the desired results for the development of robust and safe processes, availability of formulations at affordable cost, development of economic processes for synthesis of new APIs and improving processes for existing APIs and formulation products. The key areas and efforts made towards development/ improvements of technologies of various APIs are as under:

- In respect of scaling up of technology for anti-diabetics, Empagliflozin, its EDMF & USDMF were filed.
- In respect of transfer of technology of amorphous Dapagliflozin & its propanediol solvate in Anti-diabetic category to plant, EDMF & USDMF were filed for Dapagliflozin propanediol. Further USDMF is being planned for Amorphous Dapagliflozin.
- Under anti-diabetic category, the commercialization of Linagliptin took place during the year and its EDMF & USDMF were also filed. Another polymorphic form 'C' is has also been developed as per customer specific requirement. It's USDMF/ CNDMF are also being planned.
- Cost-effective enzymatic process using Green chemistry was commercialized for Ursodeoxycholic Acid in Treatment of primary biliary Cirrhosis category.
- Development and Commercialization of Vildagliptin in Anti-diabetic category from basic Raw Materials.
- Development & Transfer of Technology of Rivaroxaban in Anti-Coagulant category to plant.
- Development & Transfer of Technology



- Montelukast+Desloratadine Syrup (First time in INDIA, Patent has filed in India).
- Aspirin 75+Clopidogrel 150mg Bilayered tablets- Under Cardiac segment.
- Telmisartan 80mg +Amlodipine 5mg bilayered tablets-under antihypertensive segment.
- Esomeprazole 20mg tablets under Antigastric/ antacid category.
- Mefenamic acid 250mg +Dicyclomine 10mg tablets under Pain and Antispasmodic category.
- Etoricoxib 60+ Thiocholchicoside 8mg tablets under pain & skeletal muscle relaxant.
- Calcitriol, Vit K2-7, Caco3 Boron, Zinc tablets- Under vitamin, mineral tablets.
- Atorvastatin 10mg + Aspirin 75mg capsules- under cardiac segment.
- Rosuvastatin 10mg + Aspirin 75mg capsules- under cardiac segment.
- Dapagliflozin propanediol 5/10mg tablets-under cardiac segment.
- Ursodeoxycholic acid 600mg tablet.

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

It has been company's endeavor to improve its processes and product quality with a view to deliver high quality products at affordable price both for its API business as well it consumer facing finished dosages business.

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

- PCT National phase application of Rosuvastatin Calcium of new polymorph patent was filed in Europe & USA. It has been granted in US as US 10,626,093.
- Indian patent application entitled "Novel Process for Crystalline as well as Amorphous Rosuvastatin Calcium and New Polymorph Thereof" was granted by Indian Patent office as IN329366.
- Montelukast Patent entitled "A Process for Isolation of Montelukast Acid in solid Form" was granted as IN 323853 by Indian Patent Office.
- Patent for Sitagliptin Phosphate Process used for its USDMF was granted to Morepen as IN 317954.

- Indian patent application entitled "Improved Processes for the preparation as well as purification of Atorvastatin Calcium and its Intermediate" was granted as IN 331925 by Indian Patent Office.
- Indian Patent application titled" Process for the preparation of Rupatadine fumarate form A "was filed as IN201911020274.
- Indian Patent application for Loratadine (LN08-L8-LH09 Stage) was filed as IN201911038549.
- Indian Patent application titled "Process for Purification of Apixaban "was filed as IN201911042344.
- Indian Patent application titled "New Acid salts of Sitagliptin, Novel processes thereof & New Polymorphs of Sitagliptin Phosphate" was filed as IN201911043622.
- Indian Patent application titled" Novel processes for the preparation of polymorphic form H3 of Apixaban "was filed as IN202011000968.
- Indian Patent application titled "Improved Process for the Preparation of Vildagliptin "was filed as IN202011000967.
- Indian Patent application titled "New Amine salts of Febuxostat & Novel Processes thereof "was filed as IN202011001119.
- Indian Patent application titled "Improved Process for the Preparation Ertugliflozin L-Pyroglytamate and its Intermediates "was filed as IN202011001308.
- Indian Patent application titled "Improved Processes for the Preparation of Edoxaban Tosylate and its Intermediates "was filed as IN202011009865.
- Indian Patent application titled "Improved Processes for the preparation as well as purification of Vortioxetine Hydrobromide and New Polymorphs thereof "was filed as IN 202011009866.
- Indian Patent application titled" Novel processes for the preparation of crystalline Empagliflozin "was filed as IN202011022352.
- Patent filing (complete specification) entitled A Pharmaceutical Composition in Form of Aqueous Syrup Comprising Desloratadine and Montelukast Sodium".
- Yield improvement and reduction in the input quantities of Raw Materials resulting in cost reduction and economization for various APIs.

- Process/Quality improvements and product up-gradation as per customer requirements.
- Robust formulation with improved Quality of pharmaceutical products via mandatory stability studies of drug product at Formulation Development stage to bring down market complaints to Zero level.
- Cost reduction in different formulations by altering the excipient & solvents without affecting the quality parameters such as: Ondansetron 4 & 8mg Tablets Enalapril maleate tablets 2.5/5.0 & 10mg, Olmesartan 20 & 40mg tablets, Ursodeoxycholic acid 150 & 300mg tablet Pantoprazole 40mg, Pantoprazole 40mg + Domperidone 10mg tablet, Ramipril 2.5 & 5mg Tablet, Atorvastatin 20 & 40mg tablets.

3) Future plan of action:

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

- New drugs like Brexpiprazole & Vortioxetine Hydrobromide in Anti-depressant Category, Vonoprazan Fumarate in Anti-ulcerative Category, Saroglitazar in Anti-diabetic category, Paliperidone in Anti-psychotic Category, Tofacitinib in Anti-Arthritis category, Hydroxychloroquine in Anti-Malarial/ COVID 19 category & Erythromycin & Rifaxamin in Anti-biotic category are being considered for development.

- Commercialization of Vortioxetine Hydrobromide is being planned due to their high demand.
- In-house development of key raw materials of Canagliflozin, Dapagliflozin & Empagliflozin is being planned for cost reduction & process extension for regulation requirement in certain countries such as china.
- Commercialization of Candesartan is planned after its development from basic raw materials.
- To focus on in-house API formulations for domestic and export markets.
- To set up ADL facility for Domestic & ROW market to support Formulation development activities.

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

None.

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

The Company has incurred a total expenditure of ₹253.45 Lakhs, in comparison to expenditure of ₹95.48 Lakhs in the previous year (including capital and revenue expenses), towards Research and Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: 31st August, 2020



MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL PHARMACEUTICAL SCENARIO

Global pharmaceutical market is expected to grow in the coming years despite recent slowdown in key markets across the globe. The primary reasons include aging, growing population, rising income levels, emerging medical conditions and emergence of new diseases.

The global pharmaceutical industry is expected to touch USD 1.57 trillion by 2023. The growth in this market is predicted on the basis of various factors like market drivers, current & upcoming trends, current growth pattern and market challenges.

North America is expected to retain its leading position in the global pharmaceuticals market with market share of 45.33% in 2023. Europe on the contrary is expected to see a decline in its market share and be worth 20.24% of global pharma industry by 2023. Asia Pacific pharmaceuticals market is expected to retain its second position with a market share of 24.07% in 2023. Latin America and Middle East and Africa (MEA) are expected to retain 7.53% and 2.96% market share of global pharmaceuticals market in 2023.

This growth is fuelled by the growing and ageing population in key markets. As per World Population Prospects by United Nations, the worldwide population is likely to cross 9.3 billion by 2050 and around 21% of this population is expected to be aged 60 and above. Apart from ageing and rising population, the improvements in purchasing power and access to quality healthcare and pharmaceuticals to poor and middle-class families worldwide also is driving the growth of global pharma industry. Another aspect which is leading this growth is rising focus of pharmaceuticals companies to tap the rare and specialty diseases market. Innovations in advanced biologics, nucleic acid therapeutics, cell therapies and bioelectronics & implantable has attracted investments in the industry by even non-pharma companies like Facebook, Qualcomm etc. which is also driving the global pharmaceuticals industry growth.

On the other hand, adoption of cost control policies along with tightening of rules by governments in key markets are expected to impact the growth prospect of the global pharmaceuticals industry. Pharmaceuticals companies are forced to reduce their research and development (R&D) spending due to slowdown of growth in last few years which is also expected to hamper growth of the global pharma market as new drugs revenue form large part of pharma firm's revenue due to exclusivity of the drug. Apart from these generics pharma market is facing decreasing return on investment due to price erosion in key markets which is forcing many firms to look for other avenues and markets to sustain growth.

COVID-19: IMPACT ON PHARMACEUTICAL BUSINESS

The disruptive effects of the coronavirus COVID-19 have placed enormous strain on the global supply of medical products, increasing the risk of shortages.

Although production across various industries and regions in China has been gradually resuming since late February, U.S. pharmaceutical and medical device manufacturers, which heavily source directly and indirectly from China, were exposed to high risks in supply shortages. These risks were due primarily to limited operational capacity in China and prioritization on resumption of production.

In the United States, approximately 72% of active pharmaceutical ingredients (APIs) are foreign-sourced. Production in China (which manufactures 13% of U.S. medical products), for instance, were significantly curtailed as the country strived to contain the outbreak. India supplies about 40% of over-the-counter and generic prescription drugs to the United States and depends, in turn, on China for about 80% of APIs and chemical intermediates essential for production. China also ranks first among countries that export medical devices to the United States, making the supply of medical products in the U.S. vulnerable when suppliers' production in China is disrupted unexpectedly.

DOMESTIC PHARMACEUTICAL MARKET

The Indian pharma industry is now at the cusp of developing new molecules for treatment of various medical conditions. Many Indian firms already have molecules in clinical trials. Developing new drugs costs huge resources and the government needs to provide the conditions for sufficient profits for investment in new molecules while holding the firms accountable for producing new drugs for India and the world.

Currently Indian pharmaceuticals companies occupy almost 85% of domestic pharmaceuticals markets against 5% share held five decades ago. Over this period Indian firms have been successful both in terms of both meeting the domestic needs as well as building a leading position in the global pharmaceuticals landscape. India already contributes over 20% by value to the global generics market, with Indian products contributing over 40% of US drugs by volume.

The Indian pharma industry has been growing steadily for the past few years. The industry in India is worth about \$37 billion, with exports accounting for about \$18 billion. Indian pharmaceutical sector is expected to grow to \$100 billion and medical device market expected to grow \$25 billion by 2025. Pharmaceutical exports include bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and the surgical.

The US FDA approved total 837 ANDAs in 2019 as compared to 813 in the previous year. Total tentative approvals were at 165 in 2019 as against 194 in 2018. Indian pharma companies secured 40% of total final ANDA approvals in 2019 and 49% of total tentative approvals.

The US FDA approved total 5,768 ANDAs during last decade i.e. 2010-2019 and 1,351 tentative approvals. Indian companies remained dominant and grabbed over 35% approvals. With higher approvals, Indian players were able to launch new products in leading

market like US & Europe. Indian companies have given tough time to major international players by launching affordable products in these markets.

India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30% a year and reach \$100 billion by 2025.

The prices of medicines in India are amongst the lowest in the world, partly because of very high competition in the domestic markets. The low prices make the drugs acceptable everywhere in the world. With quality that is enforced by the USFDA which has a reputation for top-notch standards; India will be able to supply quality medicines at low prices.

The COVID-19 crisis provides an opportunity to the Indian pharmaceutical industry to play an even more important role in global healthcare. There is a potential opportunity for India to truly play the role of 'pharmacy of the world'. How can the pharmaceuticals industry in India use the opportunity to leapfrog into the future using the impetus provided by COVID-19, is an important aspect, requiring careful consideration.

MOREPEN'S STRATEGY

ACTIVE PHARMACEUTICAL INGREDIENDTS (API)

The company is having significant presence in the fields of Anti-histaminic, Anti-asthmatic, Anti-hypercholesterolemia, Anti-hypertensive & Anti-diabetic drugs and has been servicing customers both in export as well as domestic markets from many years. The Candesartan Cilexetil and Olmesartan Medoxomil DMF filing is slated during the current calendar year. The USDMFs for latest and already commercialized anti-diabetic drugs of 'gliptin' series i.e. Saxagliptin Hydrochloride, Sitagliptin phosphate & Linagliptin were filed during the current year. The USDMF filing for another commercialized products under this category i.e. Vildagliptin & Alogliptin Benzoate has been planned for the current calendar. Two new products in the latest anti-diabetic 'gliflozin' series i.e., Dapagliflozin Propanediol & Empagliflozin have been commercialized & their USDMF were also filed. The USDMF filing of Amorphous Dapagliflozin is planned for the current year. Morepen has also developed Ertugliflozin, another new drug of this series, and its technology has been transferred to plant as it seems to have good market potential. The company has also developed Anhydrous Sitagliptin Phosphate and Linagliptin Form C for their early launch in various markets and their USDMF filing is planned for the current year. These valuable additions would make 'Morepen' very strong in Anti-histaminic, Anti-asthmatic, Anti-hypercholesterolemia & Anti-diabetic drugs. The new product additions in aforesaid new categories are expected to bring additional business to the Company.

Apart from this, another complex molecules 'Ursodiol' or Ursodeoxycholic acid, for treatment of primary biliary cirrhosis, has been commercialized by enzymatic technology as a green chemistry initiative.

The collaborative project is also going on with NIPER Mohali for use of enzyme catalyst for cost effectiveness for the synthesis of intermediates of various API's such as Atorvastatin Calcium, Rosuvastatin calcium & Sitagliptin Phosphate as a step forward towards green chemistry initiative to be eco-friendly.

The company is world leader in Loratadine produced in its USFDA approved Masulkhana as well as Baddi facility. The company has achieved leadership position; of being one of the largest suppliers of block buster drugs i.e. anti-asthmatic drug, Montelukast Sodium produced in its USFDA approved Masulkhana facility along with Desloratadine, another anti-histaminic drug. The company continues to be a prominent player in commercial production of block buster drugs Atorvastatin calcium, Rosuvastatin calcium of anti-hypercholesterolemic series, Fexofenadine Hydrochloride of anti-histaminic series, Olmesartan & Candesartan of anti-hypertensive series & their intermediates produced in its USFDA approved Baddi facility. Another block buster drugs Sitagliptin, Saxagliptin, Linagliptin, Vildagliptin, Alogliptin of 'Gliptin' series and Empagliflozin, Dapagliflozin Propanediol, Amorphous Dapagliflozin, Canagliflozin Hemihydrate of 'Gliflozin' series are also produced in the Baddi facility to cater the requirement of various customers for formulation development and for the patent free countries.

Morepen has recently developed Apixaban, Rivaroxaban, Edoxaban Tosylate of new therapeutic category i.e. Anti-Coagulant in which drugs like Apixaban & Rivaroxaban are among the top 10 selling drugs in 2017 & 2018 and their USDMF filing is planned for the current year. Morepen has also focusing on another new therapeutic category i.e. Anti-Depressant and drugs like Vortioxetine Hydrobromide, Brexpiprazole are in advance stage of development in the R&D. Another molecule Febuxostat of Anti-Gout category has also been developed and is ready for commercialization.

Morepen was granted Five process/ polymorph patents for Montelukast, Rosuvastatin, Atorvastatin and Sitagliptin during the year. Morepen has filed Nine new patent applications for Novel processes/ New Polymorphs for Vortioxetine Hydrobromide, Linagliptin, Crystalline Empagliflozin, UDCA, Rivaroxaban, Apixaban, Sitagliptin, Rupatadine and Loratadine

FORMULATIONS AND HOME HEALTH DIAGNOSTICS

Your company has recorded handsome growth in home diagnostics devices business even though formulation business recorded a drop in revenues during the year. The devices business recorded a growth of 20% against last year revenues whereas Formulation business has recorded a drop of 10% in its annual revenues. The Blood Gluco monitoring business grew up by 29% whereas Blood Pressure monitoring recorded growth of 10%. The company has cumulatively sold 425 million Gluco Strips as on close of current year. Gluco monitors installations



have cross 3.3 million as on date. Despite lockdown in last two weeks of March 2020, the devices business recorded did not suffer any loss of sales during the month. However branded formulation business did lost some sales on account of lockdown in the month of March 2020.

The Diagnostics Devices business has been making rapid growth over last many years and has recorded a compounded annual growth rate (CAGR) of around 28% during last 5 years. The company in its quest to be self-reliant and with a view to fulfill government vision to make in India all the products has started in house manufacture of Stethoscope along with Blood Glucose Monitors and strips. The company has also started production of Thermometers and Pulse Oximeter and also plans to start production of Nebulizers in the near future. The company has become self-reliant in the production of glucometers and strips. It had saved foreign exchange worth \$3 million during the current year. Further in house production of Glucometer strips was started last year is bearing fruits. The company has taken up in house manufacturing nebulizers and Thermometers.

The branded formulation business and the home devices business has been gaining traction over the years and hold good fortune in the coming years. The customers continue to repose confidence in our branded product portfolio and the company hopes to record better numbers in the coming years.

BRAND SHARING AND PRODUCT CONTRACT MANUFACTURING (PCM)

The brand sharing and contract manufacturing business though doing good over last many years have not been able to keep pace during the year and recorded a drop of 18% over last year revenues. Last two weeks revenues were lost due to imposition of curfew on account of COVID-19. Your company has been present across most of the therapeutic areas due to its brand image and quality product delivery.

On account of tie-up with Vésale Pharma International, the company has made some in roads in the Probiotics market in India.

The company is expanding its presence across various products and is getting better recognition year after year.

OPPORTUNITIES AHEAD

The worldwide population is likely to cross 9.3 billion by 2050 and around 21% of this population is expected to be aged 60 and above. Apart from ageing and rising population the improvements in purchasing power and access to quality healthcare and pharmaceuticals to poor and middle-class families worldwide also is driving the growth of global pharma industry.

Further, medicine spending in India is projected to grow 9-12 % over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

There is an opportunity for the Indian pharmaceutical industry to play a larger role in ensuring global drug supply-security, and potential financial incentives can play a significant role in making this happen. This is, of course, subject to the availability of essential medicines in India at a reasonable cost.

Going forward, India's self-reliance in pharmaceutical manufacturing can be further enhanced by providing incentives / support to API and Intermediates/KSM manufacturing such as provision for SEZ's for manufacturing bulk drugs.

The industry has already taken some significant steps during the COVID-19 crisis by providing drugs to many friendly countries. This initiative can be made much more broad-based by launching a structured export-incentive plan for Indian pharmaceutical manufacturers, to promote greater supply of drugs to global markets in the medium term.

The government can boost Indian pharma R&D by implementing streamlined and accelerated regulatory and testing pathways for all drugs (including those for Covid-19). The increase in overall innovation/R&D can provide a long-term thrust to Indian pharmaceuticals.

Morepen is thinking out of box and targeting totally different segment of drugs, with consideration of Elagolix Sodium in GnRH Antagonist Category, Vortioxetine Hydrobromide & Brexpiprazole in anti-depressant category for R&D development. Other drugs, Vonoprazan Fumarate in Anti-ulcer category, Saroglitzar in Anti-diabetic Category, Tofacitinib Citrate in Anti-Arthritis category, Paliperidone Palmitate in Anti-Psychotic category, Hydroxy-chloroquine Sulphate in Anti-Malarial/ COVID-19 category, Azithromycin & Rifaximin in Anti-Biotic category are also considered as future pipeline.

OUTLOOK ON THREATS, RISKS AND CONCERNS

Indian medicine prices are already amongst the lowest in the world. In addition, research evidence based on data from 2011-2018 for 108 molecules suggests that price control has not increased access and affordability. There is, thus, a need to fine-tune the drug pricing policy to generate enough surpluses to invent new molecules while keeping the price levels reasonable with the objective of providing affordable healthcare.

The adoption of cost control policies along with tightening of rules by governments in key markets are expected to impact the growth prospect of the global pharmaceuticals industry. The pharmaceuticals companies are forced to reduce their research and development (R&D) spending due to slowdown of growth in last few years which is also expected to hamper growth of the global pharma market as new drugs revenue form large part of pharma fi(inclu

financial incentives to promote the manufacturing of diagnostic kits and other medical devices – especially given that the raw material for manufacturing of these devices is heavily dependent on imports. This is also an opportunity to bring a much larger proportion of manufacturing of APIs back into India, so that the country is not dependent on imports of critical inputs.

The real focus of attention for the pharmaceutical industry is on how to respond to that sudden demand changes as well as to changes in the production and distribution network of various pharmaceutical products. Out-of-stock products are a serious issue for consumers, but the bigger question is how pharmaceutical manufacturers will be able to maintain their sales chain in the face of more long-lasting changes than those brought about by a sudden spike in demand due to COVID-19.

As a consequence of COVID-19, the pharmaceutical industry has been simultaneously experiencing an acceleration in growth and a supply bottleneck. While the demand for and development of medicines has not slowed, the crisis is limiting the access to ingredients that usually come from China and India.

This is causing a gap that could alter the distribution chain and manufacturing model in a radical way. Pharma brands based in Europe and the United States will need to begin to consider establishing their own factories and plants closer to home in order to ensure access to raw materials in the event of another crisis situation.

Already, the prices of certain drugs have shot up and the possibility of an impact on volumes, as well as margins, remains high.

Further it may also be noted that 2019 was a particularly harsh year from the US Food and Drug Administration (FDA) for Indian pharma firms. About 19 plants received official action-indicated status and warning letters from FDA. While this seems to be continuing this year, it puts revenues from the US at risk. The growth in US business depends on how quickly these issues are resolved.

FIXED ASSETS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

HUMAN RESOURCES

The human capital is an essential part of our company. Your company believes in fair practices and equal opportunity to employees across all levels. The Company is judicious in rewarding its efficient workforce and values the importance of human capital. The company has strong belief in collective efforts of all the team members. Its traditions of fair play, equal opportunity and value chain enhancement are alive and progressing. The inter-personal relationship amongst workers, staff and officers has always been pleasant and of peaceful co-existence. As on 31st March, 2020, there were 1555 permanent employees on the rolls of the company.

KEY FINANCIAL RATIOS

Key financial parameters as on 31st March 2020 on the basis of Standalone Financials for the year ending 31st March 2020 & 31st March 2019 respectively are as follows;

Particulars	FY 2020	FY 2019
Debtors Turnover (days)	55	62
Inventory Turnover	4.67	5.66
Interest Coverage Ratio	20.05	14.82
Current Ratio	1.06	0.88
Debt Equity Ratio	0.43	0.47
Operating Profit Margin	4.92%	4.26%
Net Profit Margin	4.03%	3.97%

During the year, the return on Net Worth of the Company is 10.52% as compared to the previous financial year 10.31%.

CAUTIONARY STATEMENT

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

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

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: 31st August, 2020

[illegible]



4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	The policy has been approved by the Board and initialed by the Chairman and Managing Director of the company.								
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	Policy is available on the website of the company i.e., www.morepen.com and the policies which are internal to the company are available on the intranet of the company.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	N	N	N	N	Y	N	N	N	N
8	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

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

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

1. Governance related to BR

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

Annually

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

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

Section E: Principle – Wise Performance

Principle 1: Ethics, Transparency & Accountability

The company believes that while implementation of the minimum framework is a pre-requisite, superior governance practices are vital for growing a sustainable and successful business. This has helped the company to gain the trust and confidence of all its stakeholders. The company has built its business practices on the three inviolable principles of ethics, transparency and accountability.

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

Yes, the policy relating to ethics, bribery and corruption extends beyond our employees, both whole-time and independent directors and covers our subsidiary companies. While contracts with our suppliers, contractors and business partners include adherence to our principles concerning ethics. The company is also preparing a separate code of conduct being adhered to by its suppliers and service providers.

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

The company encourages all its stakeholders to freely share their concerns and grievances. The company has received nil complaints from various stakeholders during the year 2019-20.

Principle 2: Products Life Cycle Sustainability

Drug's product quality and safety are the fundamental

principles of the company. The company strives to provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

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

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

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

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

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

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



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

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

Atorvastatin calcium production includes coupling of Diketone intermediate & Amino side chain to get diprotected Atorvastatin which is deprotected in acid/ basic medium in aliphatic alcohol solvent followed by purification and recrystallization to get Crystalline Form I or Amorphous Atorvastatin calcium by respective process designed in such a way to minimize the residual solvents or wastes. Also Morepen is looking ahead towards its technical collaboration with Cambrex Germany for development of various chemoenzymatic/biological methods for synthesis of Atorvastatin key intermediates which are being currently imported from China. These green chemistry initiatives will ultimately lead to eco-friendly industrial method for synthesis of Atorvastatin calcium crystalline as well as amorphous.

4-(4-fluorophenyl)-6-isopropyl-2-[(N-methyl-N-methylsulfonyl)amino]pyrimidine- 5-yl-methanol and aliphatic side chain are the key intermediate for synthesis of Rosuvastatin calcium. Various New polymorphic forms are developed for Rosuvastatin calcium which are being explored by various customers worldwide for better pharmacokinetic & pharmacodynamic properties. Their patents

are granted to the company in US and India. A highly efficient process is in place which minimize the usage hazardous chemicals/ catalysts.

IV. The traditional oral pharmacological therapy for Type 2 diabetes mellitus (T2DM) has been based on the prescription of Metformin, a biguanide, as first line antihyperglycemic agent world over. It has been demonstrated that after 3 years of treatment, approximately 50 % of diabetic patients could achieve acceptable glucose levels with monotherapy; but by 9 years this had declined to only 25 %. Therefore, the implementation of a combined pharmacological therapy acting via different pathways becomes necessary, and its combination with a compound of the sulfonylurea group was along decades the most frequently employed prescription in routine clinical practice. Meglitinides, glitazones and alpha-glucosidase inhibitors were subsequently developed, but the five mentioned groups of oral antihyperglycemic agents are associated with variable degrees of undesirable or even severe cardiovascular events. The gliptins also called dipeptidyl peptidase 4 (DPP4) inhibitors are an additional group of anti-diabetic compounds with increasing clinical use. Inhibitors of dipeptidyl peptidase 4 (DPP-4 inhibitors or gliptins) are a class of oral hypoglycemics that block the enzyme dipeptidyl peptidase-4 (DPP-4). They can be used to treat diabetes mellitus type 2. The first agent of the class – sitagliptin – was approved by the FDA in 2006. Glucagon increases blood glucose levels, and DPP-4 inhibitors reduce glucagon and blood glucose levels. The mechanism of DPP-4 inhibitors is to increase incretin levels (GLP-1 and GIP), which inhibit glucagon release, which in turn increases insulin secretion, decreases gastric emptying, and decreases blood glucose levels.

The company has taken a giant leap in anti-diabetic category by developing many of the key drugs in this category like Sitagliptin, Saxagliptin, Linagliptin, Vildagliptin & Alogliptin. The mechanism of action of all the drugs in body is the same. Morepen has successfully developed novel as well ecofriendly processes for the preparation

thereof. The processes have been streamlined in such a way to minimize the cost as well as effluents, whether solid, liquid or gaseous. We are looking forward to our technical collaboration with National Institute of pharmaceutical education & Research (NIPER) & Cambrex Germany for chemoenzymatic method of synthesis of various key intermediates of gliptin drugs. We are also working on the regeneration of key costly catalysts like rac-BINAP & Josiphos used in the synthesis of Sitagliptin in NIPER.

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

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

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

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

Angiotensin II receptor blockers block the action of angiotensin II. As a result, the medication allows your veins and arteries to widen (dilate). Morepen is also producing two major sartan drugs – **Candesartan & Olmesartan**. Morepen has devised use of typical route of synthesis of both the drugs which not only ensures the synthesis of these drugs with lowest possible effluents but also with nil amount of nitrosamine impurities like N-nitrosodiethylamine (NDEA), N-nitrosodiisopropylamine (NDIPA), N-nitrosoethylisopropylamine (NEIPA) and N-nitroso-N-methyl-4-aminobutyric acid (NMBA).

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

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

The company is continuously incorporating/ strengthening controls in the sourcing methodology, manufacturing, safety norms and distribution chain. Same were considered during product development. The system is in place for vendor selection and evaluation



procedure and emphasize local supplier as and where possible. Product development involves optimum yield which resulted into reduced waste generation by 10-15% by solvent recycling due to cost effective process development and ultimately achieve increased production with reduced waste.

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

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

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

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

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

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

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

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

(a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

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

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

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

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

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

Principle 3: Employees Well-Being

In recognition of the employee contribution, the company constantly strives to provide a conducive work environment. It also focuses on empowering employees and help them to realize their potential. This has provided them an opportunity for the all-round

development and growth - both professionally and personally.

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

The total number of employees was 1,555 as on 31st March, 2020.

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

The total number of employees hired on temporary / contractual / casual basis was 511 as on 31st March, 2020.

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

The total number of permanent women employees was 148 as on 31st March, 2020.

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

There were no permanent employees with disabilities as on 31st March, 2020.

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

No

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

Not applicable

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

The company was not employed any child labour or forced / involuntary labour during the financial year. There was no any complaint received and pending as on 31st March, 2020.

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

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

Sr. no.	Particulars	Percentage
a.	Permanent Employees	84.02%
b.	Permanent Women Employees	81.11%
c.	Casual / Temporary / Contractual Employees	76.95%
d.	Employees with Disabilities	N.A.

Principle 4: Stakeholder Engagement

At Morepen Laboratories Limited, we believe that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. The company has always partnered with its stakeholders and believed in sharing the fruits of socio-economic progress.

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

Yes, our key stakeholders include our suppliers and customers including stockiest and distributors, healthcare professionals, employees, investors & shareholders, local communities and government & regulatory authorities.

Stakeholder's engagement helps in better understanding of the perspectives on key issues and builds a strong relationship with them. Many of the engagements take place during the routine course of business, in day to day interactions with the stakeholders. In addition, we also have formal engagements with the stakeholders in the following manner:

Stakeholders	Medium of Engagement
Suppliers and Customers	Regular business
including Stockiest and	meetings, Personal and
Distributors	electronic interactions etc.
Healthcare professionals	Meetings with Sales representative Interactions during conferences etc.
Employees	Regular meetings, various company-wide celebrations and events.
Investors & Shareholders	Investors' meets, quarterly results, annual reports, annual general meetings, extra-ordinary general meetings, press releases etc.



Local communities	Conducting medical camps, supporting hospitals, schools, particularly in the areas where the company's registered office is situated including other locations in and around its operations.
Government & Regulatory authorities	Compliance of various statutory laws and regulations applicable to the company.

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

Yes, the company has identified the disadvantaged, vulnerable & marginalized stakeholders residing nearby vicinity of the plant's location.

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

The company works actively to enhance the employment opportunities in the nearby locations wherever it operates, leading to income generation and economic empowerment in the marginalized sections of the communities residing in local area.

Various initiatives have been taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders at locations in and around its operations in the areas of:

- (i) Community Health Care, Sanitation and Hygiene,
- (ii) Education and Knowledge Enhancement and
- (iii) Social Care and Concern.

Principle 5: Human Rights

At Morepen Laboratories Limited, there are several policies related to Human Rights i.e., Policy on Protection of Women against Sexual Harassment at Workplace and the Vigil Mechanism Policy, which are developed and aligned to protect the employees.

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

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

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

No complaint was received during the previous financial year.

Principle 6: Environment

At Morepen Laboratories Limited, we believe that Environment, Health & Safety are crucial and paramount pillars for sustainable growth of our business.

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

Yes, the company have a Health, Safety and Environment policy, which cover all its operations in India. There is a Rain Water Harvesting System installed at Baddi plant with 26 injection wells with large sunken (Catchment) area. Dense and lush green belt has been developed across all its locations.

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

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

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

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

The company is not using ozone layer depleting substances in any of its process / utilities. The company has also taken up several other steps directed towards conservation of energy. For more details, please refer to Annexure 'F' (i.e., conservation of energy, technology absorption and foreign exchange earnings and outgo) of the Director's Report.

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

Yes, the company has system in place to

evaluate environment risks under 'Environment Management System'

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

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

Yes, the company has taken various actions to minimize GHG (Greenhouse Gases) like clean fuel, ecofriendly refrigerant gas R410 is used in air conditioning operations.

Yearly environment audits are conducted, wherever applicable, by schedule I auditor decided by State Pollution Control Board. The reports are submitted to authorities.

The incinerated type hazardous waste is incinerated in house facility of incinerator.

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

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

Yes, the company has taken several initiatives on clean technology, energy efficiency and renewable energy. Solar power system has been installed in its manufacturing facility. Energy efficient dewatering system has been installed & commissioned to reduce the moisture content in ETP sludge.

All new installations are having energy efficient motors. Existing motors are being replaced gradually. For more details, please refer to Annexure 'F' (i.e., conservation of energy, technology absorption and foreign exchange earnings and outgo) of the Director's Report.

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

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

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

No show cause / legal notice is pending at the end of the year 2019-2020.

Principle 7: Policy Advocacy

As a responsible organization, Morepen Laboratories Limited's shares its views through the relevant Industries Associations on the policies related to its business for the benefit of its various stakeholders.

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

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

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

No

Principle 8: Equitable Development

The company channelizes its CSR activities in light of its guiding principle as enumerated by its founder Late Shri K. B. Suri "CARE"

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

Yes, the company have specified program on healthcare, in the pursuit of the policy related to Principle 8.

The company is focusing on specific CSR initiatives that support social development. The implementation of said program is carried out through its trust. The details of project undertaken during the year 2019-2020 is mentioned in 'Annual Report on CSR Activities' attached as Annexure D (i.e., Annual Report on Corporate Social Responsibility' activities) to Directors Report.

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



ANNEXURE 'I'

The identified programs/ projects are carried out directly by the company its trust namely 'K.B. Suri Memorial Trust' which contributes in the promotion of healthcare including preventive healthcare and manages the 'Jai Durga Charitable Dispensary' situated at Main Bazaar, Katra. Near Hanuman Mandir, Jammu & Kashmir.

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

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

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

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

During the year under review the company had contributed ₹51.97 Lakh to community development program as part of its CSR initiatives. The details of projects undertaken is mentioned in "Annual Report on CSR Activities" attached as Annexure-D to the Directors Report.

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

The company undertakes assessment surveys in areas and community before undertaking CSR initiatives. The community needs are understood and evaluated and their views are taken before project plans are finalized and executed.

The community members are continuously consulted from time to time. Further, the company, ensures that community members participate in the initiatives being undertaken / implemented and they also acknowledging the healthcare service given to them at free of cost. The company engage the local authorities whose active involvement encourages

participation and ownership from the community members.

Principle 9: Customer Value

Morepen Laboratories Limited is committed towards its customers are enunciated in its Core Values, which are timeless and well founded and ensures our longevity. The company being in the business of healthcare, the nature of its business requires the utmost attention to the quality of its products. The company has in place strong vigilance system through which all the stakeholders are protected.

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

During the year, the company has not received any complaint and no case was filed by any consumer against the company.

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

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

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

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

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

No. Although, the marketing team of the company regularly interacts with the Doctors and other Healthcare professionals and takes their feedback on the company's products.

For and on behalf of Board of Directors

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: 31st August, 2020

CORPORATE GOVERNANCE REPORT

[Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and forming part of the Directors' Report for the year ended 31st March, 2020]

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Morepen Laboratories Limited's Corporate Governance philosophy defines the way in which the company directs its business operations. It aims at producing performance results that are enabled by strong policies, robust processes and best in class industry practices with high standards of regulatory compliance, ethics and operating controls. Aligned to the best in-class practices, the Company has adopted the following best Corporate Governance practices:

- The Company has a strong and diverse Board of Directors, independent of management with sufficient expertise to oversee corporate management on behalf of the Company's shareholders. The Board reviews and approves corporate strategies that are intended to build sustainable long-term value, including allocating capital for long-term growth, assessing & managing risks and sets the "tone at the top" for ethical conduct;
- In making decisions, the Board considers the interests of all the stakeholders of the Company such as employees, customers, suppliers and the community in which the Company operates and when doing so it results, in a direct and meaningful way, in long-term value creation;
- To prevent opportunistic behaviour by executive management and help link management with corporate performance, compensation of the senior management is approved by a committee comprised of Non-Executive and Independent Directors after review and assessment of individual performances;
- Corporate functioning is directed and exercised within the strict legal framework and compliance of corporate laws and regulations, which ensures fairness to all stakeholders and protects the rights of minority shareholders;
- Management sets exemplary standards of ethical behaviour, both internally within the organizations, as well as in their external relationships;
- Board of Directors and the officials strictly follows the Company's code of conduct;
- Appropriate and real time reporting of financial and non-financial information are made to apprise the shareholders and potential investors an accurate, timely and thorough picture of the Company's affairs, performance and liabilities;
- Appropriately qualified and experienced professionals are appointed who are entrusted with the responsibility of taking critical business decisions and monitoring the implementation thereof with proper internal controls;
- An independent audit function is in place, with sufficiently thorough procedures to confirm the accuracy of the Company's financial disclosures which is overseen by the Audit Committee comprised of Non-Executive and Independent Directors; and
- A robust internal audit function reviews the effectiveness of internal financial controls which includes critically reviewing, amongst other business functions, Standard Operating Processes and delegation of authorities to prevent any misuse of powers.

2. BOARD OF DIRECTORS

Key objective of the Board of Directors' ("Board") of the Company is to ensure the Company's prosperity by collectively directing the Company's affairs, whilst meeting the appropriate interests of all its stakeholders. Board's powers, duties and responsibilities are determined by government regulations and the organization's own constitution, bylaws and policies to manage the affairs of the Company.

Composition and category of the Board of Directors as on 31st March, 2020

The composition of Board is in conformity with Regulation 17 of the Listing Regulations and as per the Companies Act, 2013 ('the Act'), as amended. The Board has optimum combination of Executive and Non-Executive Directors with one Woman Director, the Chairman being an Executive Director, not less than fifty percent of the Board of Directors comprise of Non-Executive Independent Directors. The Board consists of eight (8) Directors including three (3) Executive Directors, four (4) Non-Executive Independent Directors and one (1) Non- Executive Director.

The Independent Directors are eminent professionals bringing wide range of experience in strategy, finance and law. None of the Directors on the Board is a member of more than ten (10) Committees or Chairman of more than five (5) Committees across all companies in which he/ she is a Director. During the financial year 2019-20, the time gap between any two Board Meetings did not exceed one hundred and twenty days



Except Mr. Sushil Suri, Mr. Sanjay Suri and Mrs. Anju Suri, none of the Directors of the Company is inter-se related. The Board composition, directorships and board committee positions, including that of the Company, as on 31st March, 2020 are given below:

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

Name of Director	Category	No. of Directorships ¹	Committee' Membership in Listed and Unlisted Companies ²	Committee' Chairmanship in Listed and Unlisted Companies ²
Mr. Sushil Suri	Chairman & Managing Director- Promoter & Executive Director	1	1	Nil
Mr. Sanjay Suri	Whole-time Director - Executive Director	3	Nil	Nil
Dr. Arun Kumar Sinha	Whole-time Director- Executive Director	1	Nil	Nil
Mrs. Anju Suri	Non-Executive Director	4	1	1
Mr. Manoj Joshi	Non-Executive Independent Director	1	2	2
Mr. Sukhcharan Singh	Non-Executive Independent Director	2	3	Nil
Mr. Bhupender Raj Wadhwa	Non-Executive Independent Director	2	2	1
Mr. Praveen Kumar Dutt	Non-Executive Independent Director	2	2	2

¹Excludes directorships in foreign companies, companies registered under Section 8 of the Act, private limited companies and alternate directorships.

²Includes membership(s) /chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies.

Except Mrs. Anju Suri and Mr. Praveen Kumar Dutt, none of the aforesaid director is acting as Director in any other listed entities. Pursuant to provisions of SEBI (LODR) Regulations, 2015, the details of listed entities and category of directorship of Mrs. Anju Suri and Mr. Praveen Kumar Dutt are as follows;

Name of Director	Name of other listed entity wherein person acting as director as on 31 st March, 2020	Category of directorship
Mrs. Anju Suri	Blue Coast Hotels Limited	Non-Executive Director
Mr. Praveen Kumar Dutt	Blue Coast Hotels Limited	Non-Executive Independent Director

Details of skills/expertise/competence of Board of Directors

The Board of Directors is collective body which is expected to consist of mix of individual directors who has balance of skills such as leadership to direct the implementation of corporate policies, setting goals, strategy formulation to achieve corporate growth along-with other personal attributes such as integrity, strong ethics, honesty and sound professional knowledge.

Following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the business of the Company for it to function effectively and those actually available with the Board:

- Industry knowledge/ experience
- Technical skills/ experience
- Behavioural competencies/ personal attributes
- Strategic expertise
- Other skills i.e., leadership, administration, knowledge of finance and taxation etc.

Parameter	Specific skills/ expertise/ competency	Mr. Sushil Suri	Mr. Sanjay Suri	Mr. A. K. Sinha	Mr. Manoj Joshi	Mr. Sukhcharan Singh	Mr. B. R. Wadhwa	Mr. P.K. Dutt	Mrs. Anju Suri
Industry knowledge & experience	Understanding of the relevant laws, rules, regulation policies applicable to the Company/ industry/ sector and level/ status of compliances thereof by the company.	√	√	√	√	√	√	√	√
	Understanding of the best corporate governance practices, relevant governance codes, governance structure, processes and practices followed by the Company.	√	√	√	√	√	√	√	√
	Understanding of business ethics, ethical policies, codes and practices of the Company.	√	√	√	√	√	√	√	√
	Understanding of the structures and systems which enable the Company to effectively identify, asses and manage risks and crises.	√	√	√	√	√	√	√	√
	Understanding of international practice applicable on the pharmaceutical industry/ business.	√	√	√	√	√	√	√	√
Technical skills/ experience	Ability to understand /interpret financial statements and accounts in order to assess the financial health of the Company.	√	√	√	√	√	√	√	–
	Understanding of the finance health of the Company and their related merits and risks.	√	√	√	√	√	√	√	–
	Vision towards potential business opportunities.	√	√	√	√	√	√	√	√
	Experience of information technology.	√	√	–	–	–	√	√	√
	Marketing or other specific skills required for the effective performance of the Company.	√	√	√	–	–	–	–	–
Behavioural competencies/ personal attributes	Integrity, ethical standards and mentoring abilities.	√	√	√	√	√	√	√	√
	Managing people and achieving change interpersonal relations.	√	√	√	√	√	√	√	√
	Curiosity and courage.	√	√	√	√	√	√	√	√
	Genuine interest and Instinct.	√	√	√	√	√	√	√	√
Strategic expertise	Strategic thinking and inputs.	√	√	√	√	√	√	√	√
	Vision and value creation.	√	√	√	√	√	√	√	√
	Strategy Development.	√	√	√	√	√	√	√	√
	Strategy implementation and change.	√	√	√	√	√	√	√	√



Parameter	Specific skills/ expertise/ competency	Mr. Sushil Suri	Mr. Sanjay Suri	Mr. A. K. Sinha	Mr. Manoj Joshi	Mr. Sukhcharan Singh	Mr. B. R. Wadhwa	Mr. P.K. Dutt	Mrs. Anju Suri
Other skills i.e., Leadership, administration, knowledge of finance and taxation etc.	Active decision making skills, communication skills.	√	√	√	√	√	√	√	√
	Leadership skills, influencing and risk oversight	√	√	√	√	√	√	√	√
	Risk management skills and stakeholder relations	√	√	√	√	√	√	√	√

Disclosure regarding Appointment, Re-appointment and Resignation of Directors

- During the year under review, the Board of Directors, on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Sanjay Suri (DIN: 00041590) as a Whole-Time Director (Additional) on the Board of the Company, on 13th August, 2019 to hold office upto the date of ensuing Annual General Meeting and with the approval of members for a period of three (3) years commencing from 13th August, 2019 to 12th August, 2022. The members at 34th Annual General Meeting has approved the appointment of Mr. Sanjay Suri for said period.
- The Board of Directors, on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Praveen Kumar Dutt (DIN: 06712574) as an Additional Director (Independent Category) on the Board of the Company, not liable to retire by rotation, pursuant to Section 161 of the Companies Act, 2013 on 13th August, 2019 to hold office upto the date of ensuing Annual General Meeting of the Company. The said appointment has been approved for a term of 5 years by the members of the Company at 34th Annual General Meeting.
- On the recommendation of the Nomination & Remuneration Committee followed by the Board of Directors of the Company, the members has approved the re-appointment of Mr. Arun Kumar Sinha (DIN: 00450783) as a Whole Time Director (i.e., Executive Director), at 34th Annual General Meeting. The said appointment has been made for a period of 3 years and resolution was proposed and passed as 'Special Resolution' as Dr. Arun Kumar Sinha will attain the age of 70 years during his term of 3 years.
- Mr. Bhupender Raj Wadhwa, Mr. Sukhcharan Singh and Mr. Manoj Joshi, the Non-Executive Independent Directors of the Company, whose term being expired on September 18, 2015, have been re-appointed for 2nd term of 5 consecutive years with the approval of members at 34th Annual General Meeting. Wherein, Mr. Sukhcharan Singh is aged more than 75 years, therefore, requisite approval of members has been attained at 34th Annual General Meeting.
- Mrs. Anju Suri, Non-Executive Director of the Company, was liable to retire by rotation at 34th Annual General Meeting, being re-appointed at the said Annual General Meeting.
- Dr. A. K. Sinha, Executive Director of the Company, being liable to retire by rotation at 35th Annual General Meeting, offered himself for re-appointment.
- Pursuant to proviso of Regulation 17(1)(a) of SEBI (LODR) Regulations, 2015, as amended, the company being a top 1000 listed entities, on the basis of market capitalisation as on 31st March, 2020, the Board of Directors has appointed Dr. Savita as Additional Director categorised as Woman Independent Director with effect from 22nd June, 2020 and subject to approval of members in the ensuing AGM of the company for a term of 5 consecutive years i.e., till 21st June, 2025.

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

None of the Non-Executive Directors of the Company hold any share/ convertible instruments of the Company except Mrs. Anju Suri. She holds 51,86,369 Equity Shares of the Company as on 31st March, 2020.

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

During the financial year 2019-20, the Board met seven (7) times i.e., on 04th May, 2019, 27th July, 2019,

13th August, 2019, 19th September, 2019, 26th September, 2019, 13th November, 2019 and 14th February, 2020. The Annual General Meeting ('AGM') for the financial year 2018-2019, was held on 13th September, 2019. Attendance of the Directors at the Board Meetings and AGM are as follows:

Name of Director	No. of Board meetings held during the tenure	No. of Board meetings attended	Attendance at last AGM
Mr. Sushil Suri	7	7	Yes
Mr. Sanjay Suri	5	5	Yes
Dr. Arun Kumar Sinha	7	7	Yes
Mrs. Anju Suri	7	7	No
Mr. Manoj Joshi	7	7	Yes
Mr. Sukhcharan Singh	7	6	Yes
Mr. Bhupender Raj Wadhwa	7	7	Yes
Mr. Praveen Kumar Dutt	5	3	No

The Board meeting dates were finalised in consultation with the Directors and Notice of the meetings alongwith detailed agenda and other background notes or information, which were essential for the Board to effectively and reasonably perform their duties and functions, were circulated well in advance thereby enabling the Board to take informed decisions.

Independent Directors

The Company has received necessary declaration from each Independent Director as per the provisions of Section 149(7) of the Act that they meet the criteria of independence laid down in Section 149(6) of the Act. Additionally, they complying criteria of independence prescribed in clause (b) of sub-regulation (1) of regulation 16 of the SEBI listing regulations.

During the year under review a separate meeting of the Independent Directors of the Company was held on 14th February, 2020, without the presence of Non-Independent Directors and members of the Management. All the Independent Directors of the Company were present in the meeting.

The Board of Directors of the Company is in form opinion that the all Independent Directors of the Company fulfil all the requirements/ conditions related to Listing Regulation and the Companies Act, 2013 and its rules made thereunder and are truly independent of the Management of the Company. During the year, there were no any Independent Director resigned before the expiry of his tenure.

Familiarisation Programme for Independent Directors

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

Performance Evaluation of Board, Committees & Individual Directors

The Company, under the Director's Performance Evaluation Policy, has laid down the process and mechanism for evaluating the performance of the Board, Committees thereof, individual Directors and Chairman of the Board. As per the requirements of the Act and the Listing Regulations, annual performance evaluation of Board, Independent Directors, Non-Executive Director, Executive Director, Committees and Chairman of the Board is required to be carried out during a calendar year. Such evaluation has been carried out as per Director's Performance Evaluation Policy during the financial year ended 31st March, 2020.

3. AUDIT COMMITTEE

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

Composition of the Committee

The Audit Committee comprises following members of the Board of Directors



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

All the members of the Committee are financially literate i.e., have the ability to read and understand financial statements. Majority of the members of the Audit Committee possesses accounting or related financial management expertise. The meeting of Audit Committee is also attended by the Chief Financial Officer, Statutory Auditors and Internal Auditors of the Company. The Company Secretary of the company acts as the Secretary to the Committee.

Meetings and attendance during the year

During the period under review, Six (6) meetings were held i.e., on 4th May, 2019, 27th July, 2019, 13th August, 2019, 19th September, 2019, 13th November, 2019 and 14th February, 2020. The attendance of members are as follows:

S. No.	Name of the Committee' member	No. of meetings held during the year	No. of meetings Attendance
1.	Mr. Manoj Joshi	6	6
2.	Mr. Sukhcharan Singh	6	5
3.	Mr. Bhupender Raj Wadhwa	6	6

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

Brief terms of reference of the Audit Committee

The terms of reference, role and powers of the Audit Committee are as per the applicable provisions of the Act and Regulation 18 and Part C of schedule II of the Listing Regulations, which includes the following:

- Examination and overseeing of Company's financial reporting process and the disclosure of its financial information;
- Recommending to the Board, the appointment, reappointment, remuneration/audit fees, terms of appointment and removal, as and when required, of the statutory and internal auditors of the Company;
- Approving or any subsequent modification of transactions of the Company with related parties;
- Reviewing the annual Financial Statements with the Management, before submission to the Board for approval, with particular reference to:
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to Financial Statements;
 - disclosure of any related party transactions.
- Reviewing the matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134 of the Act;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue, the statement of funds utilized and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing the Internal Audit Report presented by the internal auditors including the independence, adequacy and effectiveness of the overall internal audit function and evaluation of the external and internal auditors;
- Reviewing any internal investigations by the internal auditors into areas of suspected fraud or irregularity of a material nature and reporting the matter to the Board;

- Reviewing and evaluating internal financial controls, adequacy of the internal control and risk management systems;
- Reviewing the functioning of the Whistle Blower Mechanism; Assess the causes for substantial defaults in payment to the depositors, creditors and shareholders (for unpaid dividend, if any);
- Scrutinize inter-corporate loan and investments
- Evaluation of internal financial controls
- Any other matters as may be mentioned in the terms of reference of the Audit Committee. The Audit Committee provides assurance related to the adequacy of internal control system, financial performance and disclosures to the Board

4. NOMINATION AND REMUNERATION COMMITTEE

The Company has a duly constituted Nomination & Remuneration Committee. The Committee's constitution and terms of reference are in compliance with the provisions of Regulation 19 and Part D of Schedule II of the Listing Regulations and Section 178 of Companies Act, 2013, as amended, from time to time and other matters referred by the Board.

Composition of the Committee

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

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

Pursuant to provisions of Regulation 19 of the Listing Regulations, all the members of Nomination and Remuneration Committee of the Company are non-executive independent directors of the Company. The Company Secretary of the Company acts as the Secretary to the Committee.

Meetings and attendance during the year

During the period under review, five (5) meetings of Nomination and Remuneration Committee were held i.e., on 4th May, 2019, 27th July, 2019, 13th August, 2019, 13th November, 2019 and 14th February, 2020. The attendance of members are as follows:

S. No.	Name of the Committee' member	No. of meetings held during the year	No. of meetings Attendance
1.	Mr. Manoj Joshi	5	5
2.	Mr. Sukhcharan Singh	5	4
3.	Mr. Bhupender Raj Wadhwa	5	5

As per Regulation 19(3) of the Listing Regulations, Section 178 of the Companies Act 2013 and the Secretarial Standards, Mr. Manoj Joshi, the Chairman of the Committee was present at the last AGM of the Company to answer shareholder queries.

Brief terms of reference of the Nomination and Remuneration Committee

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

- Formation of criteria for determining qualification, positive attributes and independence of Directors; Recommendation of the remuneration policy for the Directors, Key Managerial Personnel, and other senior management personnel to the Board;
- Formulation of criteria for evaluation of Directors, the Board and the Committees thereof; Recommendation of remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria and commissions to Non-Executive Directors;



- Identifying persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel in accordance with the criteria laid down and recommending to the Board their appointment, removal, and other terms as may be referred by the Board from time to time.

Performance evaluation of Directors and criteria for Independent Directors

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

5. REMUNERATION TO DIRECTORS

Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company is available on the website of the Company at <http://www.morepen.com/pdf/Nomination-and-Remuneration-Policy.pdf>. The Remuneration to the Executive is paid in accordance with the provisions of the Act, within the limits set out thereunder, Articles of Association of the Company and as per the Nomination and Remuneration Policy of the Company. The Nomination and Remuneration Policy of the Company is aimed at:

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

Presently, except sitting fees Non-Executive Directors are not paid any remuneration. Further, none of the Non-Executive Directors have any pecuniary relationship or transaction vis-a-vis the Company. Details of remuneration disbursed to Executive Directors of the Company, during the period under review are as under:

(₹ in Lakh)					
Name of Director	Salary	Perks	Commission	Sitting Fee	Total
Mr. Sushil Suri	155.78	15.19	–	–	170.97
Mr. Sanjay Suri	45.68	15.22	–	–	60.90
Dr. Arun Kumar Sinha	9.00	–	–	–	9.00

Non-Executive Directors including Independent Directors are paid by way of sitting fees for attending meetings of the Board & Committees thereof. Details of sitting fee paid to Non- Executive Directors of the Company, during the year under review are as under;

Name of Director	Sitting Fee (Amount in ₹/ Lac)
Mr. Manoj Joshi	3.45
Mr. Sukhcharan Singh	2.80
Mr. Bhupender Raj Wadhwa	3.05
Mr. Praveen Kumar Dutt	0.75
Mrs. Anju Suri	Nil

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

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to compliance of Regulation 20 and Part D of Schedule II of Listing Regulations and Section 178 of the Act, as amended from time to time, The Company have a duly constituted Stakeholders Relationship Committee.

Composition of the Committee:

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

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

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

Role of Stakeholders' Relationship Committee

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

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

The Company and its Registrar & Share Transfer Agent attend all grievances received from the shareholders. Efforts are made to ensure that all the grievances of the shareholders are redressed expeditiously and satisfactorily. A separate e-mail i.d., investors@morepen.com, has been designated by the Company for the shareholders to lodge their complaints / queries.

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

SEBI Complaints Redressal System (SCORES)

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

The Company has received 10 shareholders'/investors' complaints during the year and all complaints have been resolved/answered to the satisfaction of the shareholders. No complaint remained un-attended/pending for more than 30 days.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company have also a duly constituted Corporate Social Responsibility Committee in compliance of Section 135 of the Companies Act, 2013 and its rules made thereunder.

Composition of the Committee:

Corporate Social Responsibility (CSR) Committee was constituted by the Board of Directors of the Company. The Composition of the CSR Committee are in compliance with the provisions of Section 135 of the Act. The CSR Committee is comprising following members:

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

Role of Corporate Social Responsibility Committee

The Role and Terms of Reference of the CSR Committee, includes the following:



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

During the year two meetings of the Corporate Social Responsibility Committee were held on i.e., 4th May, 2019 and 14th February, 2020. The requisite quorum was present at both the meetings. Further, Mr. Vipul Kumar Srivastava, Company Secretary of the Company acts as the Secretary of the Committee.

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

8. GENERAL BODY MEETINGS

The General Body Meetings i.e., Annual General Meetings were held in accordance with the requirements of Listing Regulations and the Companies Act, 2013.

Details of last three Annual General Meetings (AGMs)

Financial Year	Date & Time	Location	Special Resolution(s) Passed
2018-19	13.09.2019 at 10.00 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	Yes, details given below
2017-18	21.09.2018 at 10.30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	–
2016-17	22.09.2017 at 10:30 a.m.	Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh	–

Details of Special Resolution passed at the 34th Annual General Meeting held on 13.09.2019: -

1. Increase in remuneration of Mr. Sushil Suri (DIN: 00012028), Chairman & Managing Director of the Company.
2. Re-appointment of Dr. Arun Kumar Sinha (DIN: 00450783) as a Whole-Time Director of the Company.
3. Re-appointment of Mr. Sukhcharan Singh (DIN: 00041987) as an Independent Director of the Company.
4. Re-appointment of Mr. Manoj Joshi (DIN: 00036546) as an Independent Director of the Company.
5. Re-appointment of Mr. Bhupender Raj Wadhwa (DIN: 00012096) as an Independent Director of the Company.
6. Maintenance of Register of Members and other Statutory Registers at a place other than Registered Office of the Company.
7. Increase in the limits of Loan and Investment under section 186(3) of the Companies act, 2013.
8. Authorization for borrowings under Section 180 (1) (c) of the Companies Act, 2013.
9. Creation of charge on assets under Section 180 (1) (a) of the Companies Act, 2013.
10. Appointment of Mr. Sanjay Suri (DIN: 00041590) as a Whole-Time Director of the Company.

There was no any Special Resolution passed through postal ballot, during the period under review. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require to be transacted through postal ballot. There was no any Extra-Ordinary General Meeting held during the year under review.

9. MEANS OF COMMUNICATION

Financial Results: The results (quarterly and yearly) of the Company are published within 48 hours in 'Financial Express' (English) and 'Jansatta' (Hindi) newspapers within 48 hours of approval thereof and shall also be posted on Company's website viz., www.morepen.com

Annual Report: The Company has sent Annual Reports, notices, and other communications to the shareholders electronically on their email IDs as registered in the depository system. Physical copies of such communications

are sent to other shareholders, whose email IDs are not registered in depository system, through the prescribed modes of postage.

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

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

10. GENERAL SHAREHOLDER INFORMATION

a) Date, Time and Venue of Annual General Meeting (AGM)	Wednesday, 30 th September, 2020 at 11:00 a.m. through Video Conferencing or Other Audio Visual Means		
b) Financial Year	1 st April, 2019 to 31 st March, 2020		
c) Date of Book Closure	The dates of book closure will be from Thursday, 24 th September, 2020 to Wednesday, 30 th September, 2020 (both days inclusive) for AGM. The Board of Directors of the Company has not recommended dividend for the financial year ended 31 st March, 2020.		
d) Stock Exchanges	National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051 BSE Limited (BSE) Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Listing fees for the year 2019-20 has been duly paid to NSE & BSE.		
e) Stock code	NSE Symbol MOREPENLAB ISIN No. INE083A01026 RIC Code Morl.ns	BSE Scrip Code 500288 ISIN No. INE083A01026 RIC Code Morl.ns	

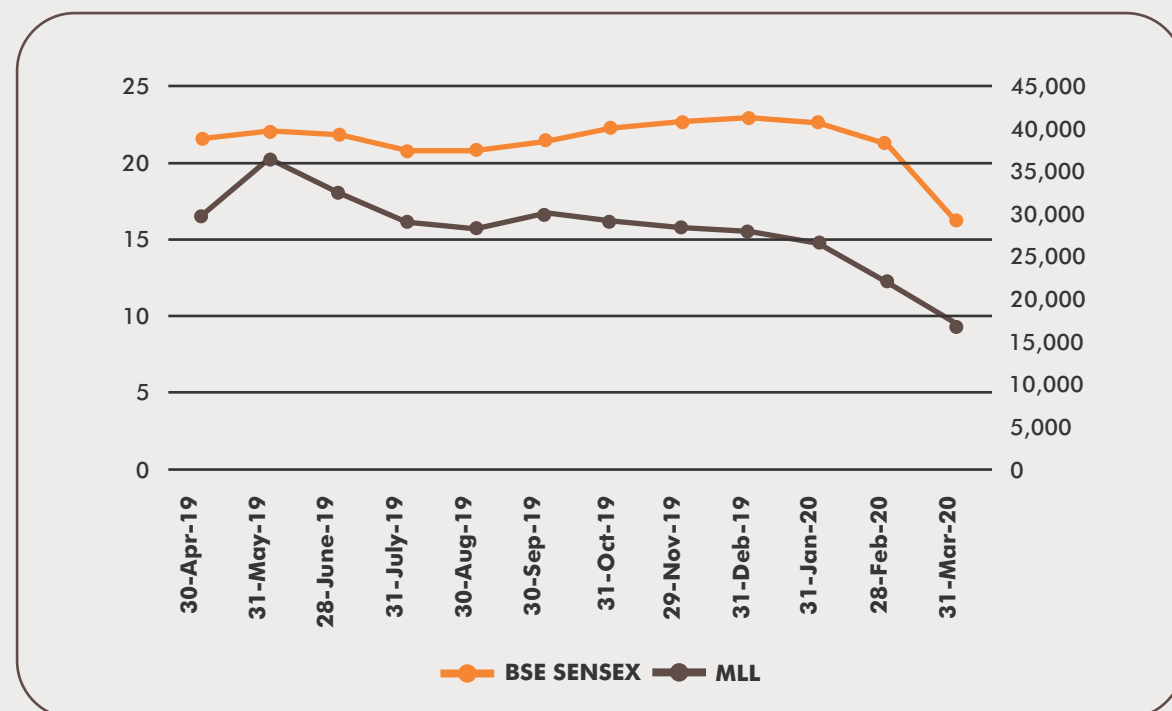
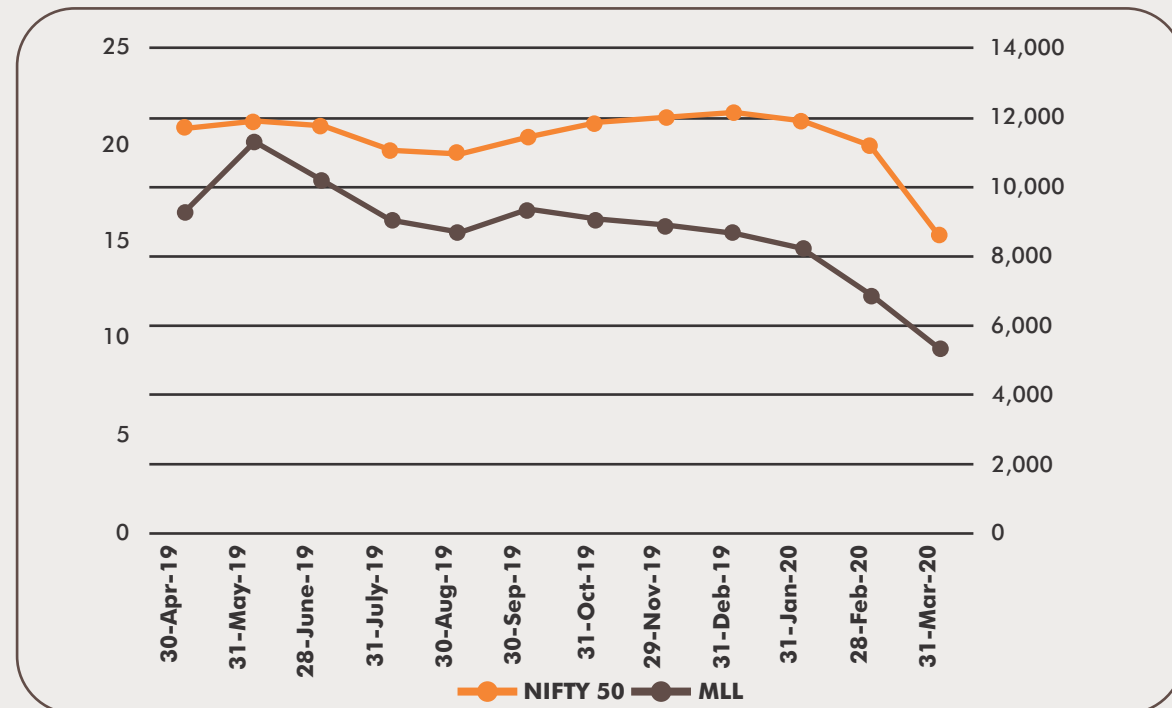
f) Market Price Data:

Month	BSE		NSE	
	High Price	Low Price	High Price	Low Price
Apr-2019	18.25	16.55	18.25	16.60
May-2019	23.20	16.00	23.15	15.30
Jun-2019	21.10	16.35	21.10	16.25
Jul-2019	20.00	15.45	19.60	15.30
Aug-2019	18.85	15.00	18.95	15.25
Sep-2019	24.00	15.20	23.95	15.10
Oct-2019	17.40	12.70	17.20	14.65
Nov-2019	17.85	15.10	17.90	15.75
Dec-2019	17.20	15.00	17.25	15.00
Jan-2020	17.35	14.65	16.90	14.65
Feb-2020	15.90	12.15	15.95	12.00
Mar-2020	12.66	7.21	12.70	7.20

(Source: Official website of BSE & NSE)



g) Performance of Morepen Laboratories Limited (MLL) Share Price in comparison to broad based indices such as NSE – Nifty 50 and BSE Sensex



h) Registrar and Share Transfer Agents (RTA)

MAS Services Limited

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

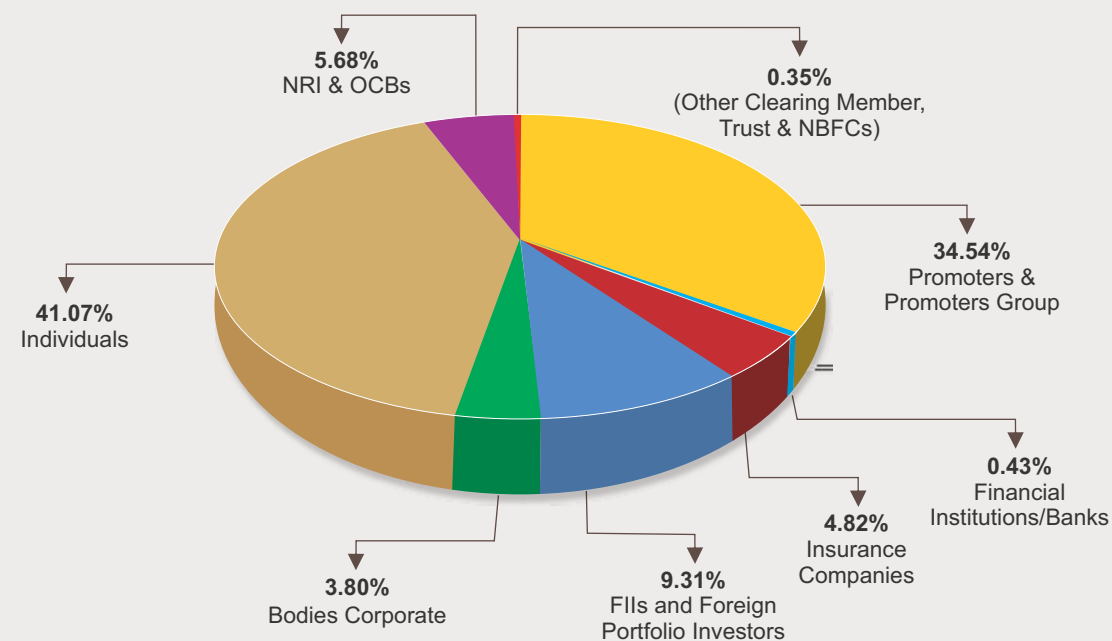
i) Share Transfer System

The Company has appointed a Registrar and Transfer Agent (RTA) viz., Mas Services Limited, for smooth and hassle free share transfer and other related activities. The requests for share transmission, sub-division, consolidation, renewal, re-mat, duplicate etc., in physical form, may be lodged with the RTA. The Company is complying with applicable Regulations of Listing Regulations and the Companies Act, 2013 and its rules made thereunder related to Share Transfer(s).

ii) Distribution of shareholding as on 31st March, 2020

Category of Shareholdings From-To	No. of shareholders	% of shareholders	Total Shares	Amount (₹)	% of total Amount
1 - 5,000	118,311	91.05	73,261,141	146,522,282	16.29
5,001 - 10,000	6,742	5.19	24,009,763	48,019,526	5.34
10,001 - 20,000	2,740	2.11	20,070,817	40,141,634	4.46
20,001 - 30,000	780	0.60	9,837,455	19,674,910	2.19
30,001 - 40,000	404	0.31	7,190,473	14,380,946	1.60
40,001 - 50,000	218	0.17	4,961,786	9,923,572	1.10
50,001 - 1,00,000	421	0.32	15,017,844	30,035,688	3.34
1,00,001 & above	324	0.25	295,476,924	590,953,848	65.68
Total	129,940	100.00	449,826,203	899,652,406	100.00

Category	No. of shares held	Shareholding (%)
Promoter & Promoter Group	155,371,588	34.54
Financial Institutions/Banks	1,917,294	0.43
Insurance Companies	21,664,879	4.82
FII's and Foreign Portfolio Investors	41,877,894	9.31
Bodies Corporate	17,074,202	3.80
Individuals	184,756,195	41.07
NRI & OCBs	25,603,294	5.68
Others (Clearing Member, Trust & NBFCs)	1,560,857	0.35
Total	449,826,203	100.00



- k) Dematerialization of Shares and Liquidity
- The Equity Shares of the Company are in compulsory de-mat segment and are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. The ISIN Number of Company on both the NSDL and CDSL is INE083A01026. As on 31st March, 2020, 38,16,41,831 Equity Shares of ₹2/- each (84.84 %) are held in electronic/demat form.

l) Outstanding GDRS/ADRS/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity;

Type of Security	Date of Conversion	Likely impact on Equity
97,35,201 - 0.01% Optionally Convertible Preference Shares (OCPS)	Optionally Convertible into Equity Shares at the end of 7 years from the respective date of its allotment.	The impact on equity would be determined only at the time of conversion of Preference Shares into Equity.
The above shares have been allotted as per the following details:	97,35,201 0.01% OCPS have fallen due for redemption/conversion as follows:	The Equity Shares, if opted, would be allotted at a price determined as per the provisions of SEBI (ICDR) Regulations, 2018 and other laws as may be applicable.
i. 70,40,276 allotted on 4 th May, 2007;	i. 70,40,276 due on 4 th May, 2014; and	
ii. 17,62,000 allotted on 31 st May, 2007; and	ii. 17,62,000 due on 31 st May, 2014;	
iii. 9,32,925 allotted on 9 th February, 2008	iii. 9,32,925 due on 9 th February, 2015	

- m) Commodity price risk or foreign exchange risk and hedging activities
- The Company is not engaged in commodity trading, hedging or exchange risk management activities.
- n) Plant Locations
- Morepen Village, Nalagarh Road, Near Baddi, Distt. Solan, Himachal Pradesh - 173 205
 - Plot No.12 B & Plot No.12 C, Sector - 2, Parwanoo, District Solan, Himachal Pradesh - 173 220
 - Village Masulkhana, District Solan, Himachal Pradesh - 173 220

o) Address for correspondence

Registered Office:

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

Corporate Office:

409, Antriksh Bhawan, 22, K.G. Marg, New Delhi - 110 001
Tel No.: 011 - 2332 4443/2371 2025 Fax No.: 011 - 2372 2422
Email id: investors@morepen.com; Website: www.morepen.com

Investor Correspondence (RTA):

MAS Services Ltd.
Unit: Morepen Laboratories Limited
T-34, 2nd Floor, Okhla Industrial Area, Ph. - II, New Delhi - 110 020
Tel No.: 011 - 2638 7281/82/83; Fax No.: 011 - 2638 7281
Email id: info@masserv.com; Website: www.masserv.com

p) Credit Rating

The Company didn't issue any debt instruments or any fixed deposit or have any scheme or proposal involving mobilization of funds, whether in India or abroad, therefore, there is no need to have credit rating(s) from any Credit Rating Agencies, during the relevant financial year.

11. DEPOSITORY SERVICES

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

National Securities Depository Ltd.

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

Central Depository Services (India) Ltd.

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

12. CORPORATE GOVERNANCE COMPLIANCE

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

13. OTHER DISCLOSURES

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

There were no materially significant related party transactions during the financial year 2019-2020 which are considered to have potential conflict with the interests of the Company at large. Particulars and nature of transactions with the related parties in summary form, duly reviewed by Audit Committee, be entered into during the year ended 31st March, 2020 in the ordinary course of business of the Company and at arm's length basis are disclosed in compliance with the Indian Accounting Standard on "Related Party Disclosures" in Note No. 33 of Notes to financial statements in the Annual Report.

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

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

The Company has complied with the requirements of Stock Exchanges, Securities and Exchange Board of India and other statutory authorities /regulatory on matters relating to capital markets during the last three years. During the year under review, the following order/ penalties/ strictures imposed by Stock Exchange or SEBI or any Statutory Authority: -

On 23.07.2019, the Hon'ble NCLAT has upheld the order passed by Hon'ble NCLT, Chandigarh, wherein the



company has to cancel the Equity Shares allotted to the FD holders (except to those FD holders who have since traded/ transferred) under the Scheme of Compromise and Arrangement and pay due FD amount along-with cost of ₹50 Lakh. The Company is complying with aforesaid order.

SEBI vide its order no. WTM/ AB / EFD-1/ DRA-1/21/2019-20 dated 24th September, 2019, in the matter of issuance of Global Depository Receipts by the Company, has directed, inter-alia, prohibited the company to access the securities market i.e., restraining from buying, selling or otherwise dealing in the securities, either directly or indirectly or in any other manner whatsoever, for a period of one year. The Company has filed an appeal before Hon'ble Securities Appellate Tribunal (SAT), Mumbai against the aforesaid order passed by SEBI. Presently, the matter is pending for adjudication before Hon'ble SAT, Mumbai.

Pursuant to Corporate Debt Restructuring Scheme approved by the CDR cell, the company had allotted 75,17,540 Equity Shares to Eighteen (18) Banks and Financial Institutions (FIs), out of these 3,75,750 Equity Shares issued to two banks/ FIs, pending for listing with Stock Exchanges on account of lapse of Cl. 13.3.1 (h) of erstwhile SEBI (DIP) Guidelines, 2000 i.e., sale of pre-preferential shareholding by said allottees. The Company approached SEBI for exemption from said compliance, consequently, list 3,75,750 Equity Shares. As on date, entire paid up capital i.e., 44,98,26,203 Equity Shares are listed with both Stock Exchanges.

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

The Company has adopted a Vigil Mechanism/Whistle Blower Policy for developing a culture where it is safe for all directors/employees to raise concerns about any unacceptable practice and any event of misconduct. The Policy allows unrestricted access to all employees and others to approach the Audit Committee and there has been no instance during the year where any personnel has been denied access to the Audit Committee.

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

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

e) Disclosures related to policy for 'material' subsidiary

None of the subsidiary companies including wholly owned subsidiary of the Company is a material non-listed subsidiary as defined in Regulation 24 of the Listing Regulations. The Audit Committee of the Company periodically reviews the financial statements, in particular, the investments made by the unlisted subsidiary companies. The Minutes of the Board Meetings and financial statements of all wholly owned unlisted subsidiary Companies are circulated along with agenda and are also placed before the Meeting(s) of the Board of Directors of the Company. The Policy for determining the 'material' subsidiaries is in accordance with the definition of 'material subsidiary' as contained in Regulation 16(1)(c) of the Listing Regulations and the same is available on the website of the Company at following web link at <http://www.morepen.com/pdf/Policy-for-Determining-Material-Subsidiary.pdf>.

f) Disclosures related to policy on dealing with Related Party Transaction

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

g) Disclosures related commodity price risks and commodity hedging activities

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

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

The Company has not raised any funds through preferential allotment or qualified institutional placement during the year under review.

i) Certificate of Practicing Company Secretary for Board of Directors

A Certificate has been obtained from Mr. Praveen Dua, Company Secretary in practice that none of the Directors on the Board has been debarred or disqualified from being appointed/re-appointed or continuing as Director of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

J) Disclosures related to recommendation of Committee(s) of the Board of Directors of the Company

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

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

Total fees paid to Statutory Auditors for all services provided to the Company and its subsidiaries, on a consolidated basis, ₹49.61 Lakhs for the year ending 31st March, 2020. The firm of Statutory Auditors does not have any network firm/network entity of which the Statutory Auditors are a part.

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

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

m) Disclosure related to compliance related to Corporate Governance

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

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

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

o) Chairman & Managing Director and Chief Financial Officer' declaration

In accordance with Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Chairman & Managing Director and Chief Financial Officers have furnished a duly signed Compliance Certificate to the Board of Directors for the year ended 31st March, 2020.

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

The Chairman & Managing Director and Chief Financial Officer have also certified to the Board in accordance with Regulation 33(2)(a) of the Listing Regulations pertains to Chairman & Managing Director and Chief Financial Officer certificates for the financial year ended 31st March, 2020.

p) Compliance Certificate from Practicing Company Secretary for Corporate Governance Compliance

A certificate from Mr. Praveen Dua, Proprietor of PD & Associates, a firm of practicing company secretary, regarding compliance of conditions of corporate governance is annexed with Directors Report.

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

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, and with a view to regulate trading in securities by the Designated Persons and other connected persons, the Company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Insiders pursuant to compliance of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

r) Compliance related to Secretarial Standards as issued by the Institute of Company Secretaries of India

The applicable Secretarial Standards as issued by the Institute of Company Secretaries of India and approved by the Central Government has been duly complied with and adhered to by the Company.

14. EQUITY SHARES IN THE SUSPENSE ACCOUNT

In terms of Part F of Schedule V of the Listing Regulations, the Company hereby reports the following details in



respect of Equity Shares lying in demat unclaimed suspense account of the Company which were issued in de-mat form and physical form:

Particulars	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1 st April, 2019	4,860	53,87,848
Number of shareholders who approached the Company for transfer of shares from Unclaimed Suspense Account during the year	12	12,385
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	12	12,385
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31 st March, 2020	4,848	53,75,463

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

For Morepen Laboratories Limited

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: 31st August, 2020

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

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with Code of Conduct of Board of Directors and Senior Management, as applicable to them, for the year ended 31st March, 2020.

For Morepen Laboratories Limited

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Place: New Delhi
Date: 31st August, 2020

CERTIFICATE FROM PRACTICING COMPANY SECRETARY

(Pursuant to clause 10(l) of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015)

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

For PD and Associates
Company Secretaries

Place: New Delhi
Date: 31st August, 2020

CS Praveen Dua
Proprietor
C.P. No.2139
UDIN: F003573B000616031

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

To,

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

We have examined the compliance of conditions of Corporate Governance by Morepen Laboratories Limited ('the Company') for the financial year ended on 31st March, 2020 as stipulated in Part E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') of the Company with Stock Exchanges.

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

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

On the basis of information/documents provided to us, we state that in respect of investor grievances received during the financial year ended 31st March, 2020, no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Company which are presented to the Stakeholders Relationship Committee.

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

**For PD and Associates
Company Secretaries**

**CS Praveen Dua
Proprietor**

**C.P. No.2139
UDIN: F003573B000616064**

**Place: New Delhi
Date: 31st August, 2020**

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

To,

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

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

- We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2020 and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have indicated to the auditors and the Audit committee
 - significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Morepen Laboratories Limited

**Place: New Delhi
Date: 22nd June, 2020**

**Ajay Sharma
(Chief Financial Officer)**

For Morepen Laboratories Limited

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



Independent Auditor's Report

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

Opinion

We have audited the accompanying standalone financial statements of **Morepen Laboratories Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, 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 31st March, 2020, 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 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 4th August, 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 during the year 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 31,109 eligible FD holders, only 228 FD holders holding 2,66,413 equity shares (0.69% of the total shares) approached the company for the cancellation of their shares and they have been paid as per terms of the order by the company till 31.03.2020. (Refer Note No. 13G to the standalone financial statements)	Principal Audit Procedures We collected the following documents - Scheme approved by the Company Law Board (CLB) dated 19.08.2003 - Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956 approved by the Hon'ble High Court of Himachal Pradesh dated 4th August, 2009 - Judgment of Hon'ble NCLT dated 12th March 2018 dismissing the Company's petition seeking approval of the Scheme of arrangement with the Fixed Deposit holders - Copy of order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dismissing the appeal of the company. - Communication with ROC and Stock Exchanges in this regard. We read and analysed the above orders/judgments/communications. The payment to 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)(l) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, 2016 ("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, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2020 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:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - (ii) The Company did not have any long term contracts including derivative contracts.
 - (iii) During the year, the company was not liable to transfer any amount to the Investor Education and Protection Fund.

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

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

**Date : 22nd June, 2020 Membership No. : 084613
Place : New Delhi UDIN:20084613AAAAA11226**

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, 2020.)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) According to the information and explanation given to us, the Company has a regular program of physical verification of its fixed assets. In our opinion, the frequency of physical verification is reasonable having regard to the size and the nature of its assets. As, informed to us, the discrepancies noticed on such verification are not material and have been properly dealt with in the books of accounts.
 - (c) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the title deeds of immovable property are held in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the "Act"). Hence provision of this clause is not applicable.
- (iv) According to the information and explanations given to us and based on audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the company has complied with the provisions of section 185 and 186 of the Act.
- (v) 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 31,109 eligible FD holders, only 228 FD holders holding 2,66,413 equity shares (0.69% of the total shares) approached the company for the cancellation of their shares and the company is making payments as per terms of the order. (Refer Note No. 13G to the standalone financial statements).
- (vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act in respect of the company's products to which the said rules are made applicable and that prima facie, the prescribed cost records have been made and maintained. However we have not carried out detailed examination of the records with a view to determine whether these are accurate and complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, during the year, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of custom, value added tax, goods and services tax (GST), cess and any other applicable statutory dues to the appropriate authorities.

According to the records and information and explanations given to us, the following statutory dues were in arrears as on 31st March, 2020 for a period of more than six months from the date they became payable-

Nature	Year	Outstanding since	Amount (₹)
Fringe benefit tax	A.Y. 2009-10	31.03.2011	10,28,025

 - (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 31st March, 2020 due to any dispute.
- (viii) 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 interest to Banks/FIs. However, the preference shares issued to Banks/FIs have not been redeemed. (Refer Note No. 18 of standalone financial statements).
- (ix) According to the information and explanations given to us and based on our examination of the records of the company, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) and/or term loan during the year.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information



and explanations given to us, we have neither come across any instance of fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- (xi) According to the information and explanations given to us and on the basis of our verification of books of accounts of the company, the company has paid/provided for Managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V of the Act.
- (xii) In our opinion and according to information and explanations given to us, the company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections

177 & 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or convertible debentures during the year under review. Accordingly, the provision of clause 3(xiv) of the Order are not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transaction with directors or person connected with them during the year. Accordingly, the provision of clause 3(xv) of the Order are not applicable to the company.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**S.K. Goyal
(Partner)
Membership No. : 084613
UDIN: 20084613AAAAA11226**

**Place : New Delhi
Date : 22nd June, 2020**

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, 2020)

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 31st March, 2020 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 included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Balance Sheet

As at 31st March, 2020

		(₹ in Lakhs)	
	Note No.	As at 31.03.2020	As at 31.03.2019
A ASSETS			
1. NON-CURRENT ASSETS			
Property, Plant and Equipment	2	13243.52	14542.65
Goodwill	2	-	0.56
Other Intangible Assets	2	240.56	716.13
Financial Assets			
Investments	3	11877.98	11769.48
Loans	4	6.80	4.14
Other Non-Current Assets	5	6003.75	6573.16
		31372.61	33606.12
2. CURRENT ASSETS			
Inventories	6	13247.26	9084.16
Financial Assets			
Investments	7	-	2.25
Trade Receivables	8	12140.53	12196.49
Cash and Cash Equivalents	9	1279.11	935.82
Bank Balances other than Cash and Cash Equivalents	10	2524.13	2261.71
Loans	4	35.02	34.71
Other Financial Assets	11	56.37	26.31
Other Current Assets	12	5543.56	3791.32
		34825.98	28332.77
Total		66198.59	61938.89
B EQUITY AND LIABILITIES			
1. EQUITY			
Equity Share Capital	13	8995.86	8995.86
Other Equity		21728.83	18749.80
		30724.69	27745.66
2. NON - CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	14	92.46	179.15
Other Financial Liabilities	15	205.19	146.39
Provisions	16	2238.01	1785.48
		2535.66	2111.02
3. CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	14	1135.95	898.97
Trade Payables	17	15838.01	15707.84
Other Financial liabilities	18	14987.39	14625.37
Other Current Liabilities	19	751.50	735.98
Provisions	16	225.39	114.05
		32938.24	32082.21
TOTAL		66198.59	61938.89
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-39		

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

Place : New Delhi
Date : 22nd June, 2020

Statement of Profit and Loss

For the Year Ended 31st March, 2020

		(₹ in Lakhs)	
	Note No.	Year Ended 31.03.2020	Year Ended 31.03.2019
REVENUE			
Revenue from Operations (Net)	21	79198.74	71724.29
Other Income	22	941.72	367.18
Total Income (I)		80140.46	72091.47
EXPENSES			
Cost of Materials Consumed	23	41321.87	34308.09
Purchases of Stock-in-Trade	24	11545.31	14274.29
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(758.40)	(1946.01)
Employee Benefits Expense	26	9807.19	8474.24
Finance Costs	27	196.75	207.08
Depreciation and Amortization Expense	2	3443.39	3800.78
Other Expenses	28	10836.17	10111.64
Total Expenses (II)		76392.28	69230.11
Profit before Tax		3748.18	2861.36
Tax Expense			
Tax		-	(212.70)
Tax Credit Entitlement		-	212.70
Tax (Earlier year)		(514.87)	-
Profit for the Year (III)		3233.31	2861.36
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss		(217.25)	(171.82)
Tax		-	37.03
Tax Credit Entitlement		-	(37.03)
Tax (Earlier year)		(37.03)	-
Other Comprehensive Income for the Year (Net of Tax) (IV)		(254.28)	(171.82)
Total Comprehensive Income for the Year (III+IV)		2979.03	2689.54
Earning per equity share (Face Value of ₹ 2/- each)	34		
(1) Basic		0.72	0.64
(2) Diluted		0.72	0.64
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-39		

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

Place : New Delhi
Date : 22nd June, 2020

Cash Flow Statement

For the Year Ended 31st March, 2020

		(₹ in Lakhs)	
	Note No.	Year Ended 31.03.2020	Year Ended 31.03.2019
A. CASH FLOWS FROM OPERATING ACTIVITIES :			
Profit before Tax		3748.18	2861.36
Adjustments for :			
Depreciation & Amortisation	2	3443.39	3800.78
(Profit)/Loss on Sale of Property, Plant & Equipments		-	0.06
Provision for Employee benefit (OCI)		(217.25)	(171.82)
Finance Cost	27	196.75	207.08
Operating Profit before changes in Current Assets and Liabilities		<u>7171.07</u>	<u>6697.46</u>
Changes in Current Assets and Liabilities -			
Trade Receivables	8	55.96	(1174.23)
Loans, Bank balance other than cash & Cash equivalent and other Current Assets	4,10,11,12	(2045.03)	(2388.49)
Inventories	6	(4163.10)	(1689.70)
Current Liabilities	16,17,18,19	619.05	12.84
Cash generated from Operations		<u>1637.95</u>	<u>1457.88</u>
Tax Expense (Net)		<u>(551.90)</u>	<u>-</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES		<u>1086.05</u>	<u>1457.88</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant & Equipments	2	(1664.43)	(849.97)
Purchase/Addition of Intangibles (Net)		(3.71)	(1.80)
Proceeds from Sale of Property, Plant & Equipments		-	1.80
Sales/(Purchase) of Investments (Net)	3, 7	(106.25)	19.53
Investment in Other Non-Current Assets and Loans	4,5	566.75	(203.10)
NET CASH USED IN INVESTING ACTIVITIES		<u>(1207.64)</u>	<u>(1033.54)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost	27	(196.75)	(207.08)
Proceeds/(Repayments) of Long Term Borrowings (Net)	14	(86.69)	(1141.28)
Proceeds/(Repayments) of Short Term Borrowings (Net)	14	236.98	898.97
Change in Other Non- Current Liabilities & Provisions (Net)	15,16	511.34	414.18
NET CASH USED IN FINANCING ACTIVITIES		<u>464.88</u>	<u>(35.21)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		343.29	389.13
Cash and Cash Equivalents as at Begining of the Year		935.82	546.69
Cash and Cash Equivalents as at End of the Year		1279.11	935.82
Bank Balances other than Cash and Cash Equivalents		2524.13	2261.71
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON FINANCIAL STATEMENTS	2-39		

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

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

(Ajay Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary

Place : New Delhi
Date : 22nd June, 2020

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March, 2020

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)		
Balance as at 1 st April, 2019	Change in equity share capital during the year	Balance as at 31 st March, 2020
8995.86	-	8995.86

B. OTHER EQUITY

(₹ in Lakhs)						
	RESERVES & SURPLUS				Other items of other comprehensive income	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings		
Balance as at 1st April, 2019	270.40	7123.33	16740.51	(5161.89)	(222.55)	18749.80
Profit for the year	-	-	-	3233.31	-	3233.31
Other comprehensive income/(loss) for the year	-	-	-	-	(254.28)	(254.28)
Total comprehensive income/(loss) for the year	-	-	-	3,233.31	(254.28)	2979.03
Balance as at 31st March, 2020	270.40	7123.33	16740.51	(1928.58)	(476.83)	21728.83

SIGNIFICANT ACCOUNTING POLICIES NOTES ON FINANCIAL STATEMENTS

1
2-39

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)
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(Ajay Sharma)
Chief Financial Officer

(Vipul Kumar Srivastava)
Company Secretary

Place : New Delhi
Date : 22nd June, 2020

1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

1.0 Company Overview

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

1.1 Basis for preparation of financial statements

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

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on 22nd June, 2020.

Functional and Presentation Currency

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

Basis of measurement

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

Operating Cycle

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

classification of its assets and liabilities as current and non-current.

1.2 Use of Estimates and Judgements

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

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

1.3 Property, Plant and Equipment (PPE)

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

- Free hold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected significant costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any.

Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

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

- 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.
- 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

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



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

1.8 Dividends

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

1.9 Leases

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

2.0 Financial Instruments

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

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

i) Initial Recognition and measurement

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

ii) Subsequent measurement

a) Financial assets carried at amortised cost

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

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

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

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

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

d) Investments in subsidiaries, joint ventures and associates

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

e) Financial liabilities

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

Financial liabilities at FVTPL

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

Other Financial liabilities

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

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

iii) Derecognition of financial instruments

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

iv) Fair value measurement of financial instruments

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

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

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

2.1 Impairment of Assets

i) Financial Assets

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

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

ii) Non-Financial Assets

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



of the impairment loss, if any.

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

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

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

2.2 Revenue Recognition

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

- a) Revenue is recognised at the fair value of the consideration received or receivable. The amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

2.3 Interest

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

Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash

payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

2.4 Income Taxes

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

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

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

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and

liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

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

2.5 Borrowing Costs

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

2.6 Provisions, contingent liabilities and contingent assets

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

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

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when

there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the Company.

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

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

2.7 Earning per share

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

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

2.8 Employee Retirement benefits

i) Short term employee benefits

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

ii) Post – employment benefits

Defined contribution plans –

Retirement benefits in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. Payments to defined contribution plans are



recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans -

Gratuity

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

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

iii) Long – term employee benefits

Leave Encashment

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

2.9 Segment Reporting

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

3.0 Cash and cash equivalents

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

2. I) PROPERTY, PLANT AND EQUIPMENT
TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			CARRYING VALUE		
	As at	Additions	(Disposals)/ Adjustments	As at	For the	Deductions/ year	As at	As at	As at
	01.04.2019			01.04.2019			31.03.2020	31.03.2019	
Land	143.03	-	-	-	-	-	143.03	143.03	
Buildings	7450.03	211.73	-	3474.86	182.74	-	4004.16	3975.17	
Plant & Machinery	67326.68	1337.85	(15205.53)*	57437.51	2673.88	(15205.53)	8553.14	9889.17	
Furnitures & Fixtures	314.28	30.60	(1.14)	252.56	5.35	(1.14)	86.97	61.72	
Vehicles	651.58	38.08	-	264.68	67.41	-	357.57	386.90	
Office Equipments	282.16	46.17	(20.71)	195.50	34.18	(20.71)	98.65	86.66	
Total	76167.76	1664.43	(15227.38)	61625.11	2963.56	(15227.38)	13243.52	14542.65	
Previous Year	87485.72	849.97	(12167.93)	70471.88	3319.30	(12166.07)	14542.65		
II) GOODWILL									
Goodwill	2.80	-	-	2.24	0.56	-	-	0.56	
Total	2.80	-	-	2.24	0.56	-	2.80	0.56	
Previous Year	2.80	-	-	1.68	0.56	-	0.56		
III) OTHER INTANGIBLE ASSETS									
Computer Software	198.25	3.71	(0.12)	148.69	25.43	(0.12)	174.00	27.84	49.57
Customer Acquisition Cost	1,345.05	-	-	678.49	453.84	-	1132.33	212.72	666.56
Total	1543.30	3.71	(0.12)	827.18	479.27	(0.12)	1306.33	240.56	716.13
Previous Year	1541.50	1.80	-	346.26	480.92	-	827.18	716.13	
GRAND TOTAL									
Current year	77713.86	1668.14	(15227.50)	62454.53	3443.39	(15227.50)	50670.42	13484.08	15259.34
Previous Year	89030.02	851.77	(12167.93)	70819.82	3800.78	(12166.07)	62454.53	15259.34	

Notes :-

- 1. Customer Acquisition Cost represents amount spent for the expansion of product markets and increase in customer reach.
- 2. * Old machinery no longer in use and fully depreciated, written off during the year.

	(₹ in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
3. INVESTMENTS (NON-CURRENT)		
Trade Investments (At Cost)		
A. Investment in Equity Instruments (Unquoted)		
Subsidiary Companies		
i) Dr. Morepen Limited		
4,06,79,500 (Previous Year 4,06.79,500)		
Equity shares of ₹ 10/- each fully paid up	11747.25	11747.25
ii) Morepen Inc.		
9,400 (Previous Year 9,400) fully paid		
Shares of Common Voting Stocks	22.23	22.23
	<u>11769.48</u>	<u>11769.48</u>
Non-Trade Investments (At Cost)		
A. Investment in Mutual Funds (Quoted)		
5001 Units (Previous Year : Nil) of ICICI Prudential Bluechip Fund	15.00	-
41171 Units (Previous Year : Nil) of Kotak Standard Multicap Fund	15.00	-
24025 Units (Previous Year : Nil) of Franklin India Prima Fund	16.25	-
10939 Units (Previous Year : Nil) of Canara Robeco Equity Fund	15.00	-
5034 Units (Previous Year : Nil) of HDFC Equity Fund	30.00	-
14921 Units (Previous Year : Nil) of		
Nippon India Multi Cap Fund	15.00	-
37 Units (Previous Year : 37 Units) of		
Aditya Birla Sun Life Equity Fund *	0.25	-
120 Units (Previous Year : 120 Units) of		
Aditya Birla Sun Life Frontline Equity Fund *	0.25	-
640 Units (Previous Year : 640) of		
ICICI Prudential Bluechip Fund *	0.25	-
758 Units (Previous Year : 758 Units) of		
Kotak Standard Multicap Fund *	0.25	-
134 Units (Previous Year : 134 Units) of		
Franklin India Prima Fund *	1.25	-
	<u>108.50</u>	<u>-</u>
 * Note : The investments are considered for long term (Previous year in Short Term) (Refer Note No. 7)		
Market Value of Quoted Investments as on 31.03.2020 - ₹ 74.63 Lakhs.		
Aggregate amount	11877.98	11769.48
Aggregate amount of provision for fall in carrying value of investments	-	-
Provision for fall in carrying value of investments, has not been made, as these losses, in management's perception, are temporary in nature.		

	(₹ in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
4. LOANS		
	Current Portion	Non Current Portion
	As at 31.03.20	As at 31.03.19
Unsecured		
(Considered good)		
Financial Assets at amortised cost		
Loans to Employees	35.02	34.71
	<u>35.02</u>	<u>34.71</u>
5. OTHER NON CURRENT ASSETS		
Unsecured		
Capital Advances (Considered good) *	5771.27	5790.08
Leasehold Land Prepayments	25.34	25.34
Prepaid (Deffered) Expenses for Employee Benefit	2.69	2.57
Security Deposits	204.45	203.27
Due from Income Tax Department	-	551.90
	<u>6003.75</u>	<u>6573.16</u>
 Includes-*		
₹5771.27 Lakhs (Previous year ₹5771.27 Lakhs) represents sum advanced for acquisition of brands/ new business opportunity. Due to uncertainty arising out of onset of global pandemic, COVID-19, the process of finding right business combination may take some more time and is expected to be completed in the coming year.		
6. INVENTORIES		
Raw Materials	7151.94	3747.92
Work-in-progress	1957.31	2192.57
Finished goods	2831.81	1839.68
Stock -in-trade	1094.23	1131.55
Goods in transit	3.51	2.83
Stores and spares	208.46	169.61
	<u>13247.26</u>	<u>9084.16</u>
 The inventory of stocks, stores and spares has been taken, valued and certified by the management.		
Breakup of Inventory		
i) Raw materials -		
API & Intermediates	5983.65	2553.86
Home Health	544.14	521.57
Formulations	624.15	672.49
Total Raw Materials	<u>7151.94</u>	<u>3747.92</u>
ii) Work in Progress -		
API & Intermediates	1819.32	1851.60
Home Health	42.41	266.48
Formulations	95.58	74.49
Total Work -in -progress	<u>1957.31</u>	<u>2192.57</u>





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

E. Disclosure about unpaid calls - (₹ in Lakhs)

Unpaid Calls	As at 31.03.20	As at 31.03.19
By Directors & Officers	-	-
By Others	0.66	0.66

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

G. Implementation of Hon'ble National Company Law Tribunal (NCLT), Chandigarh order dated 12.03.2018

- i) 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 31,109 eligible FD holders, only 228 FD holders holding 2,66,413 equity shares (0.69% of the total shares) approached the company for the cancellation of their shares and they have been paid as per terms of the order by the company till 31.03.2020. The accounting entries for the cancellation of shares will be effected in the next financial year on the receipt of guidance from stock exchanges and depositories.

The detail about shares pending cancellation is as under -

Number of Equity Shares to be cancelled	266413
Nominal Value of Equity Capital to reduce (Rs./Lakhs)	5.33
Premium on the above Equity Shares to be reversed (Rs./Lakhs)	24.83
Total Capital and Reserves & Surplus to be reduced	30.16

- ii) The aforesaid sum of Rs. 30.16 Lakhs, pending reduction of share capital and reserves & surplus, is appearing under head - other current assets. It has insignificant impact on EPS and current assets.
- iii) Looking at the continuous fall in the fresh requests received under the aforesaid NCLT order, for the cancellation of shares, the company expects nominal numbers of fresh request in this regard. In order to take care of the additional liability which may arise in the later years on this account, the company, on the conservative basis, has made a provision during the year for additional 50,000 nos. of equity shares, which may be presented for cancellation in the subsequent periods.

14. BORROWINGS

Long Term	Current Portion		Non Current Portion	
	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
Secured				
Term (Vehicle) Loans	114.63	91.24	92.46	179.15
Total	114.63	91.24	92.46	179.15

I. Term (Vehicle) Loans

Above loans represent vehicle loans, repayable on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase scheme.

Particulars	Current Portion	Non Current Portion			Total Loan
Year of Repayment	2020-21	2021-22	2022-23	Total	
Annual Repayment Amount (₹/Lakhs)	114.63	57.02	35.44	92.46	207.09
Annual Rate of Interest (%)	8.17% - 10.95%	8.17% - 10.95%	8.17% - 10.95%	8.17% - 10.95%	8.17% - 10.95%

(₹ in Lakhs)

As at 31.03.2020 As at 31.03.2019

- 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)	1135.95	898.97
Total	1135.95	898.97
Annual rate of interest chargeable on aforesaid facilities ranges up to 8.5 % .		

15. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

Security Deposits from Business Associates & Others	205.19	146.39
	205.19	146.39

16. PROVISIONS

	Current Portion		Non Current Portion	
	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
Provision for Employees' Benefits (Unfunded) -				
Gratuity	146.05	85.97	1692.84	1336.43
Leave Encashment	79.34	28.08	545.17	449.05
Total	225.39	114.05	2238.01	1785.48

(₹ in Lakhs)

As at 31.03.2020 As at 31.03.2019

17. TRADE PAYABLES

Total outstanding dues of micro small and medium enterprises	135.52	268.60
Total outstanding dues of creditors other than micro small and medium enterprises	15702.49	15439.24
	15838.01	15707.84



(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
No interest during the year has been paid or payable under the terms of the MSMED Act, 2006.		
18. OTHER FINANCIAL LIABILITIES - CURRENT		
Current maturities of Long Term Borrowings (Refer note no. 14)	114.63	91.24
Preference Shares	11965.20	11965.20
Cummulative Dividend on Preference Shares	930.24	881.32
Accrued Salaries and Benefits	1131.29	977.53
Others	846.03	710.08
	<u>14987.39</u>	<u>14625.37</u>

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.

A. Preference Shares

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. The detailed break up is as under -

- 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') of ₹100/- each amounting to ₹9735.201 Lakhs
- 15,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS') of ₹100/- each amounting to ₹1530.00 Lakhs

The aforesaid preference shares are pending for redemption on account of unavailability of distributable profits in terms of Section 55(2) (a) read-with Section 123 of Companies Act, 2013 and its rules made thereunder. The company is exploring suitable options to deal with matter of redemption of outstanding preference shares including issuance of equity shares subject to necessary statutory approvals including approvals of preference shareholders. The majority of preference shareholders are agreeable to the company's aforesaid proposal.

	As at March 31, 2020		As at March 31, 2019	
	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	11965201	11965.20	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	500000	500.00
	<u>11965201</u>	<u>11965.20</u>	<u>11965201</u>	<u>11965.20</u>

Reconciliation of the numbers and amount of Preference shares

	As at March 31, 2020		As at March 31, 2019	
	Nos.	Amount (₹/Lakhs)	Nos.	Amount (₹/Lakhs)
Outstanding at beginning of the year	11965201	11965.20	11965201	11965.20
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back/ redeemed during the year	-	-	-	-
Outstanding at the end of year	<u>11965201</u>	<u>11965.20</u>	<u>11965201</u>	<u>11965.20</u>

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

- The company has preference shares of ₹100/- each. Every preference share holder of the company shall be entitled to vote on resolutions placed before the Company which directly affect the rights attached to their shares and any resolution for winding up of the Company or for repayment or reduction of capital and their voting right on poll shall be in proportion to their share in the paid-up preference share capital of the Company. However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all resolutions placed before the Company and the proportion of voting rights of equity shareholders to the voting rights of preference shareholders shall be in proportion to their paid up capital.
- All 97,35,201, 0.01% Optionally Convertible Preference Shares, had already become due for redemption/conversion in the financial year 2014-15 and could not be redeemed due to unavailability of surplus.
- Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, preference shares comprising of 2,00,000 Shares amounting to ₹200.00 Lakhs were due for redemption in financial year ending 31.03.2012, whereas 50% of 15,30,000 Shares amounting to ₹765.00 Lakhs were due for redemption in the financial year ending March 31, 2017 and balance 50% were due for redemption in the financial year ending March 31, 2018.
- 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to ₹500.00 Lakhs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber has filed a legal case against the company for the recovery of the sum invested as well as dividend thereon. The company is contesting the claim of the subscriber at appropriate forum.
- During the year, the company could not redeem the Preference Shares, already due for redemption, on account unavailability of distributable profits in terms of Section 55(2)(a) and Section 123 of Companies Act, 2013.

C. Shareholders holding more than 5% shares -

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

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia Stressed Assets Stabilisation Fund (SASF)	1179000	12.11	1179000	12.11
EXIM Bank Ltd.	961044	9.87	961044	9.87
SICOM Ltd.	916333	9.41	916333	9.41
Punjab National Bank	829463	8.52	829463	8.52
Oriental Bank of Commerce	671522	6.90	671522	6.90
Dena Bank	623828	6.41	623828	6.41
UCO Bank	593936	6.10	593936	6.10
	<u>515900</u>	<u>5.30</u>	<u>515900</u>	<u>5.30</u>


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

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	500000	100	500000	100

(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
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19. OTHER CURRENT LIABILITIES

Advance received from Customers	620.62	239.89
Direct Taxes	118.43	292.77
Indirect Taxes	12.45	203.32
	<u>751.50</u>	<u>735.98</u>

20. CONTINGENT LIABILITIES AND COMMITMENTS
(TO THE EXTENT NOT PROVIDED FOR)
a) Contingent Liabilities

Claims against the Company not acknowledged as debts	-	218.33
Guarantees	8.00	32.65
Other money for which company is contingently liable	118.50	901.50
	<u>126.50</u>	<u>1152.48</u>

b) Commitments

	-	-
	<u>126.50</u>	<u>1152.48</u>

(₹ in Lakhs)

	Year Ended 31.03.2020	Year Ended 31.03.2019
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21. REVENUE FROM OPERATIONS
Sale of products

Domestic	43662.42	40900.75
Exports	34323.46	29696.46

Total	<u>77985.88</u>	<u>70597.21</u>
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[(includes third party & deemed exports of ₹ Nil (Previous year ₹ 3.50 Lakh)]

Other Operating Revenues

Export Incentives	1212.86	1093.59
Other items	-	33.49
	<u>1212.86</u>	<u>1127.08</u>
	<u>79198.74</u>	<u>71724.29</u>

(₹ in Lakhs)

	Year Ended 31.03.2020	Year Ended 31.03.2019
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Break-up of revenue from sale of products (net of taxes)

Classification -

Manufactured goods

API & Intermediates	47351.50	41304.72
Home Health	12013.59	6015.87
Formulations	5609.21	5699.02
Sale of Manufactured Goods - (A)	<u>64974.30</u>	<u>53019.61</u>

Traded Goods

API & Intermediates	43.23	-
Home Health	4821.20	7959.06
Formulations	8147.15	9618.54
Total Sales of Stock in Trade - (B)	<u>13011.58</u>	<u>17577.60</u>
Total Sales Revenues (A+B)	<u>77985.88</u>	<u>70597.21</u>

22. OTHER INCOME

Interest Income	419.62	82.23
Others	522.10	284.95
	<u>941.72</u>	<u>367.18</u>

23. COST OF MATERIALS CONSUMED

Raw Materials	37999.33	32570.03
Packing Materials	3322.54	1738.06
	<u>41321.87</u>	<u>34308.09</u>

Break up of cost of Raw Material consumed

API & Intermediates	30477.63	25579.34
Home Health	7231.53	5504.40
Formulations	3612.71	3224.35

Total	<u>41321.87</u>	<u>34308.09</u>
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24. PURCHASE OF STOCK-IN-TRADE

API & Intermediates	83.48	-
Home Health	4761.57	6118.75
Formulations	6700.26	8155.54
Total	<u>11545.31</u>	<u>14274.29</u>

25. CHANGE IN INVENTORY

Opening Balance -		
Work-in-progress	2192.57	1450.72
Finished goods	1839.68	727.11
Stock-in-trade	1131.55	1035.01
Stores and spares	169.61	174.56
	<u>5333.41</u>	<u>3387.40</u>

Closing Balance -		
Work-in-progress	1957.31	2192.57
Finished goods	2831.81	1839.68
Stock-in-trade	1094.23	1131.55
Stores and spares	208.46	169.61
	<u>6091.81</u>	<u>5333.41</u>

Change in Inventory	(758.40)	(1946.01)
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	(₹ in Lakhs)	
	Year Ended 31.03.2020	Year Ended 31.03.2019
26. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	8755.48	7528.51
Contribution to provident fund/ ESI	323.83	280.58
Gratuity and Leave Encashment	406.45	338.03
Staff Welfare	321.43	327.12
	<u>9807.19</u>	<u>8474.24</u>
27. FINANCE COST		
Interest expense	147.83	157.45
Dividends on Cumulative Preference Shares (refer Note No. 18)	48.92	49.63
	<u>196.75</u>	<u>207.08</u>
28. OTHER EXPENSES		
Consumption of Stores and spare parts	453.32	236.29
Power and Fuel	1255.79	1318.15
Rent	375.91	358.08
Repairs to buildings	93.18	178.66
Repairs to machinery	312.50	437.95
General Repairs	195.27	93.71
Insurance	59.13	48.28
Research & Development	253.45	95.48
Quality Control & Testing Charges	455.15	440.96
Rates and Taxes	167.29	135.05
Legal and Professional Expenses	1349.07	1393.00
Travelling Expenses	1045.96	1092.84
Selling and Distribution Expenses	3575.37	3172.21
Miscellaneous Expenses	1244.78	1110.98
	<u>10836.17</u>	<u>10111.64</u>
	(₹ in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
29. PAYMENTS TO AUDITORS (excluding Service Tax/GST)		
Statutory Auditors -		
Audit Fee	30.00	20.00
Tax Audit Fee	6.00	6.00
Tax Matters	4.00	4.00
Certification	1.43	1.43
Others	1.53	1.53
Total	42.96	32.96
Cost Auditors-		
Audit Fees	2.00	2.00
Others	2.50	2.50
Total	4.50	4.50
GST Auditors -		
Audit Fee	5.75	-
Certification	2.13	-
Total	<u>7.88</u>	<u>-</u>

	(₹ in Lakhs)	
	Year Ended 31.03.2020	Year Ended 31.03.2019
30. PRIOR PERIOD ITEMS		
Expenses include ₹66.72 Lakhs (Previous Year ₹42.03 Lakhs) as expenses (net) relating to earlier years.		
31. DISCLOSURES ABOUT IMPORTS, EXPENDITURE IN FOREIGN CURRENCY, RAW MATERIAL CONSUMPTION & EARNINGS IN FOREIGN EXCHANGE -		
A. VALUE OF IMPORTS ON CIF BASIS		
Raw Materials	22569.58	22255.89
Stock-in-trade	3710.76	4456.71
Capital Goods	86.74	208.10
	<u>26367.08</u>	<u>26920.70</u>
B. EXPENDITURE IN FOREIGN CURRENCY		
Purchase of Capital Goods/ Travel/ Commission	638.31	470.79
	<u>638.31</u>	<u>470.79</u>
C. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL CONSUMED AND PERCENTAGE THEREOF		
Imported	23712.19	17964.36
Indigenous	17609.68	16343.73
	<u>41321.87</u>	<u>34308.09</u>
% Imported	57.18	52.36
% Indigenous	42.82	47.64
	<u>100.00</u>	<u>100.00</u>
D. EARNINGS IN FOREIGN EXCHANGE		
Exports of Goods on F.O.B. basis	34075.94	29692.96
[Excluding third party & deemed exports of ₹Nil (Previous Year ₹3.50 Lakhs)]	<u>34075.94</u>	<u>29692.96</u>

32. SEGMENT REPORTING

In accordance with Indian Accounting Standard, Ind AS-108 "Operating Segment ", segment information has been given in consolidated financial statements of the company, and therefore, no separate disclosure on segment information is given in these financial statements.

33. RELATED PARTY DISCLOSURES

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

Related Parties

1. Subsidiary Companies	
Morepen Inc.	Overseas Company
Dr. Morepen Limited	Domestic Company
Total Care Limited	Domestic Company
2. Key Management Personnel	Mr. Sushil Suri, Chairman & Managing Director
	Mr. Sanjay Suri w.e.f. 13-Aug-2019
	Dr. A.K. Sinha, 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. Sanjay Suri (upto 12-Aug-2019), Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Mrs. Amita Sharma.
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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
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Transactions with related parties -

Particulars	Nature of transaction	(₹ in Lakhs)
1. Subsidiary Companies	Sale of inventories Purchase of inventories Amount payable as on 31.03.20 (To Dr. Morepen Ltd.) Amount receivable as on 31.03.2020 (From Total Care Ltd.) (Maximum amount payable - ₹110.49 Lakhs)	488.26 - 16.98 3.25
2. Key Management Personnel	Remuneration Amount Payable as on 31.03.20 (Maximum amount payable - ₹88.03 Lakhs)	347.80 27.55
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 Amount payable as on 31.03.20 (Maximum amount payable - ₹18.38 Lakhs)	48.00 11.29
4. Relatives of key Management personnnels with whom the company has any transaction during the year	Remuneration Amount payable as on 31.03.20 (Maximum amount payable - ₹308.75 Lakhs)	519.19 281.85

34. EARNING PER SHARE

Particulars	Year Ended	
	31.03.2020	31.03.2019
Profit/ (Loss) after Tax (₹ in Lakhs)	3233.31	2861.36
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value ₹2/- per share)- Basic & Diluted	0.72	0.64

35. EMPLOYEE BENEFITS

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

(A)Disclosures for Defined Contribution Plans -

Particulars	31.03.2020	31.03.2019
Employer's Contribution to Provident Fund	279.78	225.04
Employer's Contribution to Employees State Insurance	44.06	55.42

(B)Disclosures for Defined Benefit Plans - Unfunded

Particulars	Gratuity		Leave Encashment	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
I Change in the present value of obligation:				
Present Value of Obligation at beginning of the year	1422.39	1104.18	477.13	367.56
Add: Interest Cost	122.94	101.51	42.69	34.49
Add: Current Service Cost	113.91	92.76	62.77	60.74
Less:- Benefit Paid	37.59	47.88	45.25	40.11
Add: Acturial loss/(gain) on obligations	217.25	171.82	87.16	54.45
Present Value of Obligation as at year end	1838.90	1422.39	624.50	477.13
II Change in the fair value of plan Assets:				
Fair Value of Plan Assets at the beginning of year	-	-	-	-
Add : Expected Return on Plan Assets	-	-	-	-
Add : Contributions	-	-	-	-
Less: Benefits Paid	-	-	-	-
Fair Value of Plan Assets at year end	-	-	-	-
III Expense recognized in the Statement of Profit & Loss	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Current Service Cost	113.91	92.76	62.77	60.74
Add: Interest Cost	122.94	101.51	42.69	34.49
Less: Expected Return on plan asstes	-	-	-	-
Less: Settlement Credit	-	-	23.02	5.93
Add: Net acturial loss/(gain) recognised	217.25	171.82	87.16	54.45
Total expenses recognized in the statement of profit & loss	454.10	366.09	169.60	143.75

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

Assumptions	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Discount Rate	6.60%	7.70%	6.60%	7.70%
Salary Escalation Rate	5.00%	8.30%	5.00%	5.00%
Expected Return on Assets	-	-	-	-
Employee Turnover rates	3.00%	4.00%	3.00%	3.00%
Expected average remaining working lives of employees (years)	21	21	21	21

36. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2020. Hence, no provision is required in the accounts for the year under review.



37. INCOME TAX

- As required by Indian Accounting Standard "Income - taxes" i.e. (Ind-AS 12) issued by the Institute of Chartered Accountants of India, deferred tax asset on accumulated losses, is not recognized as a matter of prudence.
- 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. Accordingly, the MAT credit entitlements as at 31st March, 2019 amounting to ₹551.90 Lacs has been written off during the year.

38. OTHERS SIGNIFICANT DISCLOSURES

- In the opinion of directors, all assets stated otherwise have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the books of accounts and the provision for depreciation and for all known liabilities is adequate and considered reasonable.
- Balances of Non-current liabilities, Current liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.

39. Corporate Social Responsibility (CSR)

- During the financial year ended 31st March, 2020, CSR amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof was ₹51.84 Lakh (Previous year ₹43.15 Lakh).
- During the year the Company has made an expenditure of ₹ 51.98 Lakh (Previous year ₹45.06 Lakh) related to CSR.
- Details of CSR expenditure incurred during the year ended March 31, 2020 is as below :-

	(Rs./Lakh)	
	31.03.2020	31.03.2019
CSR activity		
- Promotion of Healthcare	51.98	32.55
- Education	-	12.51
Total	51.98	45.06

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 standalone financial statements of Morepen Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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

Key Audit Matters

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

S. No.	Key Audit Matter	Auditor's Response
1	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 4th August, 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 during the year 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 31,109 eligible FD holders, only 228 FD holders holding 2,66,413 equity shares (0.69% of the total shares) approached the company for the cancellation of their shares and they have been paid as per terms of the order by the company till 31.03.2020. (Refer Note No. 13G to the standalone financial statements)	Principal Audit Procedures We collected the following documents: - Scheme approved by the Company Law Board (CLB) dated 19.08.2003 - Scheme of Arrangement & Compromise under Section 391 of the Companies Act, 1956 approved by the Hon'ble High Court of Himachal Pradesh dated 4th August, 2009 - Judgment of Hon'ble NCLT dated 12th March, 2018 dismissing the Company's petition seeking approval of the Scheme of arrangement with the Fixed Deposit holders - Copy of order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dismissing the appeal of the company. - Communication with ROC and Stock Exchanges in this regard. We read and analysed the above orders/ judgments/communications. The payment to 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 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)(l) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, 2016 ("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, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2020 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:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - (ii) The Company did not have any long term contracts including derivative contracts.
 - (iii) During the year, the company was not liable to transfer any amount to the Investor Education and Protection Fund.

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

S.K Goyal
(Partner)

Membership No. : 084613
UDIN : 20084613AAAAJ5273

Date : 22nd June, 2020
Place : New Delhi



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, 2020.)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, the Company has a regular program of physical verification of its fixed assets. In our opinion, the frequency of physical verification is reasonable having regard to the size and the nature of its assets. As, informed to us, the discrepancies noticed on such verification are not material and have been properly dealt with in the books of accounts.
- (c) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the title deeds of immovable property are held in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013(the "Act"). Hence provision of this clause is not applicable.
- (iv) According to the information and explanations given to us and based on audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the company has complied with the provisions of section 185 and 186 of the Act.
- (v) 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 31,109 eligible FD holders, only 228 FD holders holding 2,66,413 equity shares (0.69% of the total shares) approached the company for the cancellation of their shares and the company is making payments as per terms of the order. (Refer Note No. 13G to the standalone financial statements).
- (vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act in respect of the company's products to which the said rules are made applicable and that prima facie, the prescribed cost records have been made and maintained. However we have not carried out detailed examination of the records with a view to determine whether these are accurate and complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, during the year, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, duty of custom, value added tax, goods and services tax (GST), cess and any other applicable statutory dues to the appropriate authorities.
- According to the records and information and explanations given to us, the following statutory dues were in arrears as on March 31, 2020 for a period of more than six months from the date they became payable-
- | Nature | Year | Outstanding since | Amount (Rs.) |
|--------------------|--------------|-------------------|--------------|
| Fringe benefit tax | A.Y. 2009-10 | 31.03.2011 | 10,28,025 |
- (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, 2020 due to any dispute.
- (viii) 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 interest to Banks/FIs. However, the preference

Consolidated Balance Sheet

As at 31st March, 2020

(₹ in Lakhs)			
	Note No.	As at 31.03.2020	As at 31.03.2019
A ASSETS			
1. NON-CURRENT ASSETS			
Property Plant and Equipment	2	13408.94	14736.71
Goodwill	2	7447.42	7447.98
Other Intangible Assets	2	780.72	1436.25
Financial Assets			
Investments	3	108.50	-
Loans	4	6.80	4.14
Other Non-Current Assets	5	7376.36	7945.82
		<u>29128.74</u>	<u>31570.90</u>
2. CURRENT ASSETS			
Inventories	6	13847.57	9420.16
Financial Assets			
Investments	7	-	2.25
Trade Receivables	8	13768.05	13374.69
Cash and Cash Equivalents	9	1363.91	959.51
Bank Balances other than Cash and Cash Equivalents	10	2524.13	2261.71
Loans	4	35.02	39.11
Other Financial Assets	11	56.37	26.31
Other current assets	12	5622.60	3863.10
		<u>37217.65</u>	<u>29946.84</u>
TOTAL		<u>66346.39</u>	<u>61517.74</u>
B. EQUITY AND LIABILITIES			
1. EQUITY			
Equity Share Capital	13	8995.86	8995.86
Other Equity		19410.25	16313.42
		<u>28406.11</u>	<u>25309.28</u>
2. MINORITY INTEREST	14	(46.34)	(46.31)
3. NON - CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	92.46	182.92
Other Financial liabilities	16	367.45	253.65
Provisions	17	2382.35	1901.21
		<u>2842.26</u>	<u>2337.78</u>
4. CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	1135.95	898.97
Trade Payables	18	17230.43	16815.02
Other Financial liabilities	19	15302.68	14875.81
Other Current Liabilities	20	1203.33	1188.59
Provisions	17	271.97	138.60
		<u>35144.36</u>	<u>33916.99</u>
TOTAL		<u>66346.39</u>	<u>61517.74</u>
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 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

Place : New Delhi
Date : 22nd June, 2020

Consolidated Statement of Profit and Loss

For the Year Ended 31st March, 2020

(₹ in Lakhs)			
	Note No.	Year Ended 31.03.2020	Year Ended 31.03.2019
REVENUE			
Revenue from operations (Net)	22	85306.69	76853.84
Other Income	23	948.35	367.18
Total Income (I)		<u>86255.04</u>	<u>77221.02</u>
EXPENSES			
Cost of Materials Consumed	24	41321.87	34308.09
Purchases of Stock-in-Trade		15442.69	17329.47
Changes in inventories of Finished goods Work-in-progress and Stock-in-Trade		(1022.71)	(1987.78)
Employee Benefits Expense	25	10990.60	9536.47
Finance Cost	26	198.45	211.00
Depreciation and Amortization Expense	2	3690.60	3990.29
Other Expenses	27	11722.78	10915.81
Total Expenses (II)		82344.28	74303.35
Profit before Tax		3910.76	2917.67
Tax Expense			
Current Year Tax		(37.40)	(246.33)
Tax Credit Entitlement		-	212.70
Tax (Earlier year)		(515.47)	-
Profit for the Year (III)		<u>3357.89</u>	<u>2884.04</u>
Share of minority interest in Profit/ (loss)		(0.03)	(0.89)
Profit for the year available for majority shareholders		<u>3357.92</u>	<u>2884.93</u>
Other Comprehensive Income			
Items that will not be reclassified to Profit & Loss		(226.35)	(169.11)
Tax		2.29	36.33
Tax Credit Entitlement		-	(37.03)
Tax (Earlier year)		(37.03)	-
Other Comprehensive Income for the Year (Net of Tax) (IV)		<u>(261.09)</u>	<u>(169.81)</u>
Total Comprehensive Income for the Year (III+IV)		<u>3096.83</u>	<u>2715.12</u>
Earning per equity share (Face Value of ₹ 2/- each)	31		
(1) Basic		0.75	0.64
(2) Diluted		0.75	0.64
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 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

Place : New Delhi
Date : 22nd June, 2020

Consolidated Cash Flow Statement

For the Year Ended 31st March, 2020

		(₹ in Lakhs)	
	Notes No.	Year Ended 31.03.2020	Year Ended 31.03.2019
A. CASH FLOWS FROM OPERATING ACTIVITIES :			
Profit before Tax		3910.76	2917.67
Adjustments for :			
Depreciation & Amortisation	2	3690.60	3990.29
(Profit)/Loss on Sale of Fixed Assets		-	0.06
Provision for Employee benefit (OCI)		(226.35)	(169.11)
Finance Cost (Net)	26	198.45	211.00
Minority Interest		0.03	0.89
Operating Profit before changes in Current Assets and Liabilities		7573.49	6950.80
Changes in Current Assets and Liabilities -			
Trade Receivables	8	(393.36)	(1189.64)
Loans, Bank balance other than cash & Cash equivalent and other Current Assets	4,10,11,12	(2047.89)	(2313.36)
Inventories	6	(4427.41)	(1731.47)
Current Liabilities	17,18,19,20	984.49	55.08
Cash generated from operations		1689.32	1771.41
Income Tax (Net)		(587.60)	(34.36)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1101.72	1737.05
B. CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Property, Plant & Equipments		(1666.31)	(850.60)
Purchase/Addition of Intangibles/Goodwill (Net)		(40.39)	(333.18)
Proceeds from Sale of Property, Plant & Equipments		-	1.80
Sales/(Purchase) of Investments (Net)	3, 7	(106.25)	19.53
Investment in Other Non-Current Assets	4,5	566.80	(142.60)
NET CASH USED IN INVESTING ACTIVITIES		(1246.15)	(1305.05)
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Finance Cost	26	(198.45)	(211.00)
Proceeds/(Repayments) of Long Term Borrowings (Net)	15	(84.56)	(1161.01)
Proceeds/(Repayments) of Short Term Borrowings (Net)	15	236.98	898.97
Change in Other Non- Current Liabilities & Provisions (Net)	14,16,17	594.86	428.94
NET CASH USED IN FINANCING ACTIVITIES		548.83	(44.10)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		404.40	387.90
Cash and Cash Equivalents as at Beginning of the Year		959.51	571.61
Cash and Cash Equivalents as at End of the Year		1363.91	959.51
Bank Balances other than Cash and Cash Equivalents		2524.13	2261.71
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 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

Place : New Delhi
Date : 22nd June, 2020

Consolidated statement of changes in Equity

For the Year Ended 31st March, 2020

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)		
Balance as at 1 st April, 2019	Change in equity share capital during the year	Balance as at 31 st March, 2020
8995.86	-	8995.86

B. OTHER EQUITY

	RESERVES & SURPLUS				Other items of other comprehensive income	Total Other Equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings		
Balance as at 1st April, 2019	270.40	7123.33	16740.51	(7601.09)	(219.73)	16313.42
Profit for the year	-	-	-	3357.92	-	3357.92
Other comprehensive income/(loss) for the year	-	-	-	-	(261.09)	(261.09)
Total comprehensive income/(loss) for the year	-	-	-	3357.92	(261.09)	3096.83
Balance as at 31st March, 2020	270.40	7123.33	16740.51	(4243.17)	(480.82)	19410.25

SIGNIFICANT ACCOUNTING POLICIES NOTES ON FINANCIAL STATEMENTS

1
2-35

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

Place : New Delhi
Date : 22nd June, 2020



1. COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

1.0 Company Overview

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

1.1 Basis for preparation of financial statements

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

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

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

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

*(Held by Dr. Morepen Limited)

The financial statements are authorized for issue by the Board of Directors of the Company at their meeting held on 22nd June, 2020.

Functional and Presentation Currency

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

Basis of measurement

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

Operating Cycle

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

1.2 Use of Estimates and Judgements

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

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

1.3 Property, Plant and Equipment (PPE)

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

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

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

1.6 Valuation of inventories

Stocks of raw materials and other



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

1.7 Foreign Currency Transactions / Translations

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

the exchange difference is amortised over the maturity period / up to the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

1.8 Dividends

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

1.9 Leases

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

2.0 Financial Instruments

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

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

i) Initial Recognition and measurement

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

ii) Subsequent measurement

a) Financial assets carried at amortised cost

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

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

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

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

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

d) Investments in subsidiaries, joint ventures and associates

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

e) Financial liabilities

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

Financial liabilities at FVTPL

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

Other Financial liabilities

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

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

iii) Derecognition of financial instruments

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

iv) Fair value measurement of financial instruments

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

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

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those



instruments, carrying amount is considered as fair value.

2.1 Impairment of Assets

i) Financial Assets

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

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

ii) Non-Financial Assets

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

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

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

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

2.2 Revenue Recognition

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

- a) Revenue is recognised at the fair value of the consideration received or receivable. The amount disclosed as revenue is net of returns, trade discounts, Goods and Services Tax (GST).

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

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

2.3 Interest

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

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

2.4 Income Taxes

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it

relates to items recognized directly in equity or other comprehensive income, in which case it is also recognized in equity or other comprehensive income respectively.

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

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

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

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, 2020

2. I) PROPERTY, PLANT AND EQUIPMENT

TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION/AMORTIZATION		CARRYING VALUE	
	As at	(Disposals)/	As at	As at	As at	As at
	01.04.2019	Additions	Adjustments	31.03.2020	31.03.2020	31.03.2019
Land	158.22	-	-	-	158.22	158.22
Buildings	7449.73	211.73	-	3475.45	4003.27	3974.28
Plant & Machinery	67421.71	1337.85	(15205.53)*	57458.57	8620.24	9963.14
Furnitures & Fixtures	362.04	30.60	(1.14)	276.15	107.87	85.89
Vehicles	813.81	38.08	-	350.70	415.98	463.11
Office Equipments	317.41	48.05	(20.71)	225.34	103.36	92.07
Total	76522.92	1666.31	(15227.38)	61786.21	13408.94	14736.71
Previous Year	87840.25	850.60	(12167.93)	70600.58	61786.21	14736.71
II) GOODWILL						
Goodwill	7450.22	-	-	2.24	0.56	7447.42
Total	7450.22	-	-	2.24	0.56	7447.98
Previous Year	7450.22	-	-	1.68	0.56	7447.98
III) OTHER INTANGIBLE ASSETS						
Computer Software	198.66	3.71	(0.12)	149.10	25.43	27.84
Customer Acquisition Cost	1916.47	36.68	-	863.06	652.23	437.86
Patents & Trade Marks	2687.73	-	-	2354.45	18.26	315.02
Total	4802.86	40.39	(0.12)	3366.61	695.92	780.72
Previous Year	4469.68	333.18	-	2728.61	638.00	1436.25
GRAND TOTAL						
Current year	88776.00	1706.70	(15227.50)	65155.06	3690.60	21637.08
Previous Year	99760.15	1183.78	(12167.93)	73330.87	3990.29	23620.94

Notes -

- Trade mark "Burnol" forming part of Patents & Trade Marks was given as a collateral security against inter-corporate deposit taken by the parent company. Legal case in respect of the above trade mark is pending final adjudication.
- Freehold land includes land having gross value of ₹14.94 Lakhs sold in earlier years and advance received against sale revenue on this transaction is not recognised in the books as some obligations are still pending to be completed.
- Customer Acquisition Cost represents amount spent for the expansion of product markets and increase in customer reach.
- *Old machinery no longer in use and fully depreciated, written off during the year.



	(₹ in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
3. INVESTMENTS (NON-CURRENT) - Non Trade		
A. Investment in Mutual Funds (Quoted)		
5001 Units (Previous Year : Nil) of ICICI Prudential Bluechip Fund	15.00	-
41171 Units (Previous Year : Nil) of Kotak Standard Multicap Fund	15.00	-
24025 Units (Previous Year : Nil) of Franklin India Prima Fund	16.25	-
10939 Units (Previous Year : Nil) of Canara Robeco Equity Fund	15.00	-
5034 Units (Previous Year : Nil) of HDFC Equity Fund	30.00	-
14921 Units (Previous Year : Nil) of Nippon India Multi Cap Fund	15.00	-
37 Units (Previous Year : 37 Units) of Aditya Birla Sun Life Equity Fund *	0.25	-
120 Units (Previous Year : 120 Units) of Aditya Birla Sun Life Frontline Equity Fund *	0.25	-
640 Units (Previous Year : 640) of ICICI Prudential Bluechip Fund *	0.25	-
758 Units (Previous Year : 758 Units) of Kotak Standard Multicap Fund *	0.25	-
134 Units (Previous Year : 134 Units) of Franklin India Prima Fund *	1.25	-
	<u>108.50</u>	<u>-</u>

* Note : The investments are considered for long term

(Previous year in Short Term) (Refer note No. 7)

Market Value of Quoted Investments as on 31.03.2020 - ₹74.63 Lakhs.

Provision for fall in carrying value of investments, has not been made, as these losses, in management's perception, are temporary in nature.

4. LOANS

	Current Portion		Non Current Portion	
	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
<u>Secured</u>				
(Unsecured, considered good)				
Financial Assets at amortised cost				
Loans to Employees	35.02	39.11	6.80	4.14
	<u>35.02</u>	<u>39.11</u>	<u>6.80</u>	<u>4.14</u>

5. OTHER NON CURRENT ASSETS

Unsecured		
Capital Advances*	7124.19	7143.00
Leasehold Land Prepayments	25.34	25.34
Prepaid (Deferred) Expenses for Employee Benefit	2.69	2.57
Security Deposits	224.14	223.01
Due from Income Tax Department	-	551.90
	<u>7376.36</u>	<u>7945.82</u>

Includes:-*

₹7124.19 Lakhs (Previous year ₹7124.19 Lakhs) represents

sum advanced for acquisition of brands/ new business opportunity.

Due to uncertainty arising out of onset of global pandemic, COVID-19, the process of finding right business combination may take some more time and is expected to be completed in the coming year.

	(₹ in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
6. INVENTORIES		
Raw Materials	7151.94	3747.92
Work-in-progress	1957.31	2192.57
Finished goods	2831.81	1839.68
Stock -in-trade	1694.54	1467.55
Goods in transit	3.51	2.83
Stores and spares	208.46	169.61
	<u>13847.57</u>	<u>9420.16</u>

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

7. INVESTMENTS (NON-CURRENT)

Other Investments (At Cost) (Refer Note No. 3)

Investment in Mutual Funds

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
Nil (Previous Year : 640) of ICICI Prudential Bluechip Fund	-	0.25
Nil (Previous Year : 758 Units) of Kotak Standard Multicap Fund	-	0.25
Nil (Previous Year : 134 Units) of Franklin India Prima Fund	-	1.25
	<u>-</u>	<u>2.25</u>

Market Value of Quoted Investments

	-	2.39
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8. TRADE RECEIVABLES

Unsecured -

Considered good	13768.05	13374.69
Considered doubtful	125.11	130.26
Less: Allowance for bad & doubtful debts	(125.11)	(130.26)
	<u>13768.05</u>	<u>13374.69</u>

9. CASH AND CASH EQUIVALENTS

Balances with banks

Current Accounts	1342.90	948.47
Cash in hand	21.01	11.04
	<u>1363.91</u>	<u>959.51</u>

10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked balances with banks

Term Deposit - Towards Margin Money & Security against Overdraft,		
Bills discounting and LC facilities (Refer Note No. 15)	2498.03	2229.06
Guarantees	26.10	32.65
	<u>2524.13</u>	<u>2261.71</u>

11. OTHER FINANCIAL ASSETS

Interest accrued but not due	56.37	26.31
	<u>56.37</u>	<u>26.31</u>



	(₹ in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
12. OTHER CURRENT ASSETS		
Unsecured considered good, unless otherwise stated		
Advances with Suppliers & Others	3884.14	1766.99
Leasehold Land Prepayments	0.36	0.36
Balance with Government Authorities	951.04	1178.34
Advance Income Tax - Tax Deducted at source	0.53	0.48
Security Deposits	112.95	77.10
Export Incentives Receivable	401.35	668.63
Advances to Employees	132.16	80.89
Prepaid Expenses	140.07	90.31
	<u>5622.60</u>	<u>3863.10</u>
Advances Considered Doubtful	1.83	163.60
Less : Provision for doubtful advances	(1.83)	(163.60)
	<u>5622.60</u>	<u>3863.10</u>

13. SHARE CAPITAL

A. Equity Share Capital

	As at March 31, 2020		As at March 31, 2019	
	Nos. of Shares	Amount (₹/Lakhs)	Nos. of Shares	Amount (₹/Lakhs)
Authorised				
Equity Shares of ₹2/- each	450000000	9000.00	450000000	9000.00
Issued and Subscribed				
Equity Shares of ₹2/- each (33000 Shares not paid up)	449826203	8996.53	449826203	8996.53
Paid up				
Equity Shares of ₹2/- each	449826203	8995.86	449826203	8995.86
Reconciliation of the numbers and amount of Equity shares -				
For the year ended	As at March 31, 2020		As at March 31, 2019	
	Nos.	Amount (₹/Lakhs)	Nos.	Amount (₹/Lakhs)
Outstanding at beginning of the year	449826203	8995.86	449826203	8995.86
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Outstanding at the end of year	449826203	8995.86	449826203	8995.86

B. Shareholders holding more than 5% shares -

Equity Shares

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Pinfold Overseas Ltd.	38530000	8.57	38530000	8.57

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

- The company has equity shares having a par value of ₹2/- each. Every member of the Company holding equity shares shall be entitled to vote on every resolution placed before the Company and their voting right on poll shall be in proportion to their share in the paid-up equity share capital of the Company.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.

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

E. Disclosure about unpaid calls -

(₹ in Lakhs)

Unpaid Calls	31.03.2020	31.03.2019
By Directors & Officers	-	-
By Others	0.66	0.66

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

G. Implementation of Hon'ble National Company Law Tribunal (NCLT), Chandigarh order dated 12.03.2018

- 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 31,109 eligible FD holders, only 228 FD holders holding 2,66,413 equity shares (0.69% of the total shares) approached the company for the cancellation of their shares and they have been paid as per terms of the order by the company till 31.03.2020. The accounting entries for the cancellation of shares will be effected in the next financial year on the receipt of guidance from stock exchanges and depositories.

The detail about shares pending cancellation is as under -

Number of Equity Shares to be cancelled	266413
Nominal Value of Equity Capital to reduce (₹/Lakhs)	5.33
Premium on the above Equity Shares to be reversed (₹/Lakhs)	24.83
Total Capital and Reserves & Surplus to be reduced	30.16

- The aforesaid sum of ₹30.16 Lakhs, pending reduction of share capital and reserves & surplus, is appearing under head - other current assets. It has insignificant impact on EPS and current assets.
- Looking at the continuous fall in the fresh requests received under the aforesaid NCLT order, for the cancellation of shares, the company expects nominal numbers of fresh request in this regard. In order to take care of the additional liability which may arise in the later years on this account, the company, on the conservative basis, has made a provision during the year for additional 50,000 nos. of equity shares, which may be presented for cancellation in the subsequent periods.



	(₹ in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
14. MINORITY INTEREST		
Share Capital	46.66	46.66
Share in Profit/(Loss)	(93.00)	(92.97)
	<u>(46.34)</u>	<u>(46.31)</u>

15. BORROWINGS

Long Term

	Current Portion		Non Current Portion	
	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
Secured				
Term (Vehicle) Loans	118.40	112.50	92.46	182.92
	<u>118.40</u>	<u>112.50</u>	<u>92.46</u>	<u>182.92</u>

I. Term (Vehicle) Loans

Above loans represent vehicle loans, repayable on monthly basis, are secured by way of hypothecation of specific assets purchased under the hire purchase scheme.

Particulars	Current Portion	Non- Current Portion			Total loans
Year of Repayment	2021-22	2021-22	2022-23	Total	
Annual Repayment Amount (Rs./Lakhs)	118.40	57.02	35.44	92.46	210.86
Annual Rate of Interest (%)	8.17 - 11.00	8.17% - 10.95%	8.17% - 10.95%	8.17% - 10.95%	

	(₹ in Lakhs)	
	As at 31.03.2020	As at 31.03.2019
II. Current Portion of Long Term Borrowings is appearing under the head Other Financial Liabilities. (Refer Note No. 19)		
Short Term		
Secured		
Bank Overdraft and Bill Discounting facility against term deposit (Refer Note No. 10)	1135.95	898.97
Total	1135.95	898.97
Annual rate of interest chargeable on aforesaid facilities ranges up to 8.5 % .		
16. OTHER FINANCIAL LIABILITIES (NON-CURRENT)	<u>367.45</u>	<u>253.65</u>
Security Deposits from Business Associates & Others	<u>367.45</u>	<u>253.65</u>

17. PROVISIONS	CURRENT		NON-CURRENT	
Provision for employees' benefits (Unfunded) -	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
Gratuity	153.83	89.76	1,779.95	1,405.23
Leave Encashment	88.60	31.63	602.40	495.98
Provision for Income Tax	29.54	17.21	-	-
	<u>271.97</u>	<u>138.60</u>	<u>2,382.35</u>	<u>1,901.21</u>

18. TRADE PAYABLES

Total outstanding dues of micro small and medium enterprises	138.23	392.75
Total outstanding dues of creditors other than micro small and medium enterprises	<u>17092.20</u>	<u>16422.27</u>
	<u>17230.43</u>	<u>16815.02</u>

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

19. OTHER FINANCIAL LIABILITIES -CURRENT

Current maturities of Long Term Borrowings (Refer note no. 15)	118.40	112.50
Preference Shares (Refer note no. 15)	11965.20	11965.20
Cummulative Dividend on Preference Shares	930.24	881.32
Accrued salaries and benefits	1287.85	1175.54
Others	1000.99	741.25
	<u>15302.68</u>	<u>14875.81</u>

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.

B. Preference Share Capital

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. The detailed break up is as under -

- 97,35,201, 0.01% Optionally Convertible Preference Shares ('OCPS') of ₹100/- each amounting to ₹9735.201 Lakhs
- 15,30,000, 0.01% Cumulative Redeemable Preference Shares ('CRPS') of ₹100/- each amounting to ₹1530.00 Lakhs

The aforesaid preference shares are pending for redemption on account of unavailability of distributable profits in terms of Section 55(2) (a) read-with Section 123 of Companies Act, 2013 and its rules made thereunder. The company is exploring suitable options to deal with matter of redemption of outstanding preference shares including issuance of equity shares subject to necessary statutory approvals including approvals of preference shareholders. The majority of preference shareholders are agreeable to the company's aforesaid proposal.



	As at March 31, 2020		As at March 31, 2019	
	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	11965201	11965.20	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	500000	500.00
	11965201	11965.20	11965201	11965.20

Reconciliation of the numbers and amount of Preference shares

	As at March 31, 2020		As at March 31, 2019	
	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	-	-	-	-
Outstanding at the end of year	11965201	11965.20	11965201	11965.20
Total Equity (₹/Lakhs)		20961.06		20961.06

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

- a) i) The company has preference shares of ₹100/- each. Every preference share holder of the Company shall be entitled to vote on resolutions placed before the Company which directly affect the rights attached to their shares and any resolution for winding up of the Company or for repayment or reduction of capital and their voting right on poll shall be in proportion to their share in the paid-up preference share capital of the Company. However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all resolutions placed before the Company and the proportion of voting rights of equity shareholders to the voting rights of preference shareholders shall be in proportion to their paid up capital.
- ii) In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of preferential amounts. The distribution will be in the proportion of the number of equity shares held by the shareholders.
- b) i) All 97,35,201, 0.01% Optionally Convertible Preference Shares, had already become due for redemption/conversion in the financial year 2014-15 and could not be redeemed due to unavailability of surplus.
- ii) Out of 17,30,000, 0.01% Cumulative Redeemable Preference Shares, preference shares comprising of 2,00,000 Shares amounting to ₹200.00 Lakhs were due for redemption in financial year ending 31.03.2012, whereas 50% of 15,30,000 Shares amounting to ₹765.00 Lakhs were due for redemption in the financial year ending 31st March, 2017 and balance 50% were due for redemption in the financial year ending 31st March, 2018.
- iii) 5,00,000, 9.75% Cumulative redeemable Preference shares amounting to ₹500.00 Lakhs had been due for redemption since March 2004, however, could not be redeemed because of unavailability of surplus. The subscriber has filed a legal case against the company for the recovery of the sum invested as well as dividend thereon. The company is contesting the claim of the subscriber at appropriate forum.

- iv) During the year, the company could not redeem the Preference Shares, already due for redemption, on account unavailability of distributable profits in terms of Section 55(2)(a) and Section 123 of Companies Act, 2013.

Preference Shares

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

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Bank of Nova Scotia	1179000	12.11	1179000	12.11
Stressed Assets Stabilisation Fund (SASF)	961044	9.87	961044	9.87
EXIM Bank Ltd.	916333	9.41	916333	9.41
SICOM Ltd.	829463	8.52	829463	8.52
Punjab National Bank	671522	6.90	671522	6.90
Oriental Bank of Commerce	623828	6.41	623828	6.41
Dena Bank	593936	6.10	593936	6.10
UCO Bank	515900	5.30	515900	5.30

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

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Oriental Bank of Commerce	1000000	57.80	1000000	57.80
Axis Bank Ltd.	500000	28.90	500000	28.90
Blue Sky Securities Pvt. Ltd.	200000	11.56	200000	11.56

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

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Jammu and Kashmir Bank Ltd.	500000	100	500000	100

(₹ in Lakhs)

	As at 31.03.2020	As at 31.03.2019
20. OTHER CURRENT LIABILITIES		
Advance Received from Customers	620.62	239.89
Direct Taxes	124.81	302.23
Indirect Taxes	22.90	211.47
Advance against sale of Fixed Assets*	435.00	435.00
	<u>1203.33</u>	<u>1188.59</u>

* Advance against sale of Fixed Assets

Advance against the sale of fixed assets represents amount received for the sale of land apperaing in Note no. 2 (b) of notes on financial statements under the head Fixed Assets.

3. Relatives of Key Management personnnels with whom the company has any transaction during the year	Mr. Varun Suri, Mr. Anubhav Suri, Mr. Kushal Suri, Mrs. Sunita Suri, Mrs. Mamta Suri, Mrs. Shalu Suri, Mrs. Sakshi Suri, Mrs. Suhina Suri, Mrs. Bavleen Suri, Mr. Rajas Suri, Mrs. Amita Sharma.
--	--

Transactions with related parties -

Particulars	Nature of transaction	(₹ in Lakhs)
1. Key Management Personnel	Remuneration Amount payable as on 31.03.20 (Maximum amount outstanding ₹88.89 Lakhs)	354.81 28.09
2. Entities over which key management personnel/ or Relatives of key management personnel are able to exercise significant influence with which the company has any transactions during the year	Receipt of services Amount payable as on 31.03.20 (Maximum amount outstanding - ₹18.38 Lakhs)	48.00 11.29
3. Relatives of key Management personnnels with whom the company has any transaction during the year	Remuneration Amount payable as on 31.03.20 (Maximum amount outstanding - ₹308.75 Lakhs)	519.19 281.85

31. EARNING PER SHARE (EPS)

Particulars	Year Ended	
	31.03.2020	31.03.2019
Profit/ (Loss) after Tax (₹ in Lacs)	3357.92	2884.93
Weighted average number of equity shares outstanding	449826203	449826203
Earnings/(loss) per share in rupees (face value ₹2/- per share)	0.75	0.64

32. IMPAIRMENT

It is the view of management that there are no impairment conditions that exist as on 31st March, 2020. Hence, no provision is required in the accounts for the year under review.

33. TAXES

As required by Indian Accounting Standard "Income - taxes" i.e. (Ind-AS 12) issued by the Institute of Chartered Accountants of India, deferred tax asset on accumulated losses, is not recognized as a matter of prudence. Current year income tax is provided as per the provisions of Income Tax Act, 1961.

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 liabilities, Long terms loans and advances, Trade receivables, Short term loans and advances and banks are subject to confirmation.
- c) Sales Tax assessments for earlier years are in progress. Demand, if any, shall be known & accounted for, on the completion of assessments.
- d) Previous year figures have been regrouped and rearranged wherever necessary to suit the present year layout.

35. Corporate Social Responsibility (CSR)

- a) During the financial year ended 31st March, 2020, CSR amount required to be spent by the Company as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof was ₹51.84 Lakh (Previous year ₹43.15 Lakh).
- b) During the year the Company has made an expenditure of ₹51.98 Lakh (Previous year ₹45.06 Lakh) related to CSR.
- c) Details of CSR expenditure incurred during the year ended 31st March, 2020 is as below :-

	(₹/Lakh)	
	31.03.2020	31.03.2019
CSR activity		
- Promotion of Healthcare	51.98	32.55
- Education	-	12.51
Total	51.98	45.06





THANK YOU DOCTOR



MOREPEN
The Joy Of Growing Together

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NOTICE

Notice is hereby given that the 35th Annual General Meeting ('AGM') of the members of Morepen Laboratories Limited ('the Company') will be held on **Wednesday, 30th day of September, 2020** at 11.00 A.M. through Video Conferencing/ Other Audio Visual Means ('VC'/'OAVM'), to transact the following business:

Ordinary business**Item no. 1 – Adoption of financial statements**

To receive, consider and adopt the audited financial statement including consolidated financial statements of the Company for the financial year ended March 31, 2020 together with the reports of the Board of Directors and Auditors thereon.

Item no. 2 – Appointment of Dr. Arun Kumar Sinha as a Director liable to retire by rotation

To appoint a Director in place of Dr. Arun Kumar Sinha (DIN: 00450783), who retires by rotation at this annual general meeting and being eligible, offers himself for re-appointment.

Special business**Item no. 3 – Appointment of Dr. Savita (DIN: 08764773) as an Independent Director of the Company**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force) and pursuant to provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and other applicable rules, regulations and guidelines of the Securities and Exchange Board of India, Dr. Savita (DIN: 08764773) who was appointed by the Board as an Additional Director in the capacity of Independent Director of the Company effective from 22nd June, 2020 in terms of Section 161 of the Companies Act, 2013, and whose appointment as an Independent Director is recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 22nd June, 2020 to 21st June, 2025 and shall not liable to retire by rotation.

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

Item no. 4 – Amendment to main Object Clause of the Memorandum of Association of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 4, 13 and all other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), and subject to the necessary approvals, consents, permissions and sanctions required, if any, by the jurisdictional Registrar of Companies, and any other appropriate authority and subject to such terms, conditions, amendments or modifications as may be required or

suggested by any such appropriate authorities, the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) is authorized to accept as it may deem fit, Clause III of the Memorandum of Association, in relation to the main objects to be pursued by the Company on its incorporation, be and is hereby altered by inserting the following clauses:

Insertion of following Clauses after Sub Clause III in the “Main Objects”:

4. To undertake, engage, construct, manufacture, run, manage, design, promote, administer and offer all kinds of hospitals, diagnostic laboratories, dispensaries, pharmacies, clinics, drug house, health care/rejuvenation centers/clubs and facilities for yoga/meditation, gym(s), spa(s), medical tourism, nursing centers, schools, colleges, paramedical activities including manufacturing, production, buying, selling, supplying, imports and exports, merchants, agents of goods/ materials related to aforesaid activities and also includes sanitization, public health care and cleanliness and general public welfare.
5. To carry on the business of research and development, consultation(s), counselling in the field of health care, health management systems.
6. To design, establish and develop on a turnkey basis outlets for all kinds of products and to acquire, set up, construct, establish, run, operate and manage stores, markets, malls, shopping outlets, health destinations, hotels, restaurants, travel agents, theatres, proprietors of art saloons, beauty parlors, shopping arcades, fitness health clubs, rejuvenation centers and clubs, cafeterias, food parlors and any other business which can be conveniently and efficiently carried on in connection therewith and carry on business as agents, franchisee(s), distributors and dealers of medicinal products, health foods and supplements for the consumer market and of operating, establishing, providing and managing e-commerce websites, direct to home and mail order services for various categories of products including pharma and services in India or in any other part of the world.
7. To act as consultants and render technical and managerial services in the field of medical research and running of health care facilities including multi-speciality and general hospitals, laboratories, dispensaries, clinics, day care centers, pharmacies, diagnostic centers/laboratories and health clubs.
8. To design, manufacture, import, export, buy, sell, install, maintain and improve all kinds of equipment and instrumentation for any spare parts, accessories, or anything or things required and necessary for the above mentioned business.

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

Item no. 5 – Increase in authorised share capital of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 13, 61 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), the authorized share capital of the Company be and is hereby increased from the existing ₹ 210,00,00,000/- (Rupees Two Hundred Ten Crore Only) divided into 45,00,00,000 (Forty Five Crore) Equity Shares of ₹ 2/- (Rupees Two Only) each and 1,20,00,000 (One Crore Twenty Lakh) Preference Shares of ₹ 100/- (Rupees One Hundred Only) each to ₹ 250,00,00,000/- (Rupees Two Hundred Fifty Crore Only) divided into 65,00,00,000 (Sixty Five Crore) Equity Shares of ₹ 2/- (Rupees Two Only) each and 1,20,00,000 (One Crore Twenty Lakh) Preference Shares of ₹ 100/- (Rupees One Hundred Only) each by creation of additional 20,00,00,000 (Twenty Crore) Equity Shares of ₹ 2/- (Rupees Two Only) each.

RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be and is hereby amended and substituted by the following:

- V. The Authorized Share Capital of the Company is ₹ 250,00,00,000/- (Rupees Two Hundred Fifty Crore Only) divided into 65,00,00,000 (Sixty Five Crore) Equity Shares of ₹ 2/- (Rupees Two Only) each and 1,20,00,000 (One Crore Twenty Lakh) Preference Shares of ₹ 100/- (Rupees One Hundred Only) each.

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

Item no. 6 - Adoption of Memorandum of Association of the Company pursuant to the Companies Act, 2013

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 4, 13 and any other applicable provisions of the Companies Act, 2013 ("the Act"), read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the Table A of the Schedule I of the Act, consent of the members be and is hereby accorded for alteration in the Memorandum of Association of the Company by deleting the objects of the Company mentioned under Clause III (C) – "Other Objects" and adopt altered Memorandum of Association in the place of existing Memorandum of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

Item no. 7 – Increase in remuneration of Mr. Sushil Suri (DIN: 00012028), Chairman & Managing Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), pursuant to provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and other applicable rules, regulations and guidelines of the Securities and Exchange Board of India, approval of the members be and is hereby accorded to payment of such remuneration to Mr. Sushil Suri (DIN: 00012028), Chairman & Managing Director of the Company with effect from 1st April, 2020, as set out in the statement annexed to the Notice convening this Meeting with the liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the said terms and conditions of appointment and / or remuneration, pursuant to provisions of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

Item no. 8 – Increase in remuneration of Mr. Sanjay Suri (DIN: 00041590), Whole-Time Director of the company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable

provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), pursuant to provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and other applicable rules, regulations and guidelines of the Securities and Exchange Board of India, approval of the members be and is hereby accorded to payment of such remuneration to Mr. Sanjay Suri (DIN: 00041590), Whole-time Director of the Company, as set out in the statement annexed to the Notice convening this Meeting with the liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the said terms and conditions of appointment and / or remuneration, pursuant to provisions of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

Item no. 9 - Adoption of Article of Association of the Company pursuant to the Companies Act, 2013

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this Meeting be and are hereby approved and adopted in substitution, and to the entire exclusion which are contrary to the Table F of the first schedule and the applicable provisions of the Companies Act, 2013, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

Item no. 10 - Ratification of the remuneration of M/s. Vijender Sharma & Co., Cost Auditors of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force and as per the recommendation of the Audit Committee, the Company hereby ratifies the remuneration of M/s. Vijender Sharma & Co., Cost Accountants, (FRN: 000180), appointed as Cost Auditors of the Company by the Board of Directors of the Company, to audit the cost records relating to manufacturing of Bulk Drugs and Formulations for the financial year 2020-2021, at a remuneration of ₹ 2,00,000/- (Rupees Two Lakh Only) excluding applicable taxes and out of pocket expenses.

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

Item no. 11 - Fixation of minimum fee for serving various documents on members of the Company

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

“RESOLVED THAT pursuant to Section 20 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the company may serve documents on its members, by sending the document(s) that he / she is entitled to receive as a member under the Act by post or by registered post or by speed post or by courier or such electronic or other mode as may be prescribed, depending on event and circumstance of each case from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company or its duly constituted committee be and is hereby authorized to decide, in respect of any advance request for sending documents in a particular mode of delivery by any member provided at least one week in advance of the dispatch of the document by the company along with requisite fee duly received by the company and that no such request shall be entertained by the company post-dispatch of such documents by the company to the member, the charges payable for such delivery, as prescribed below for each mode of dispatch.

Sl. No.	Mode of dispatch	Minimum rate per document at the minimum slab of the weight of the document in each category in INR.	
		Within India	International
1.	Ordinary post	10	1.2 times of the actual charges in each case
2.	Registered post	50	
3.	Speed post	50	
4.	Courier	50	
5.	Electronic mail (e-mail)	10	10

RESOLVED FURTHER THAT the Board of Directors of the company or its duly constituted committee be and is hereby authorised to amend or alter such charges from time to time either keeping in view the change of charges as applicable to that mode or in any situation so warrants and to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

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

**Date: 31st August, 2020
Place: New Delhi**

NOTES:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 and its rules framed thereunder (hereinafter referred to as the 'Act') relating to businesses to be transacted at the 35th Annual General Meeting (hereinafter referred to as 'AGM'), as set out in item no(s). 3 to 11 and relevant details as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as the 'Listing Regulations') and Secretarial Standard -2 of General Meeting issued by the Institute of Company Secretaries of India ('ICSI'), is annexed thereto.
2. The Board of Directors have considered and decided to include item no(s). 3 to 11 given above as Special Business in this AGM, as they are unavoidable in nature.
3. Pursuant to Section 110(1)(a) read with Secretarial Standards 2 of ICSI, resolution proposed in item no. 04 shall be passed through postal ballot. However, the Companies (Amendment) Act, 2017, w.e.f., 08 February, 2018,

provided that business(es) required to be transacted by means of postal ballot under clause 110(1)(a), may be transacted at a general meeting by the company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section. The Company is providing e-Voting facilities to the members, therefore, resolution as set out in item no. 04 is proposed for approval of members in this AGM.

4. In view of outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has, vide General Circular no. 14/2020 dated April 8, 2020, General Circular no. 17/2020 dated April 13, 2020 and General Circular no. 20/2020 dated May 5, 2020 (collectively 'MCA Circulars'), permitted companies to conduct AGM through video conferencing ('VC') or Other Audio Visual Means ('OAVM') and various circulars issued by the Securities and Exchange Board of India ('SEBI') on holding of AGM through VC or OAVM during the calendar year 2020. In compliance with the MCA and SEBI Circulars and applicable provisions of the Act and Listing Regulations, the 35th AGM of the Company is being convened and conducted through VC/ OAVM.
5. The Company has enabled the members to participate at the 35th AGM through the VC/ OAVM facility provided by National Depository Services Limited ('NSDL'). The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC/ OAVM shall be allowed on a first-come-first-served basis.
6. Pursuant to the provisions of the Act, members are entitled to attend and vote at the AGM, are entitled to appoint a proxy to attend and vote on his/her behalf. Since the 35th AGM is being held through VC/ OAVM, therefore physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be made available for the 35th AGM and hence the Proxy Form and Attendance Slip and route map are not annexed to this Notice.
7. Corporate members are required to send a certified copy of the board resolution authorizing their representative to attend the AGM through VC/ OAVM and vote on their behalf at e-mail i.d. of the Company at 'investors@morepen.com' with a copy marked to 'evoting@nsdl.co.in' and institutional investors are encouraged to attend and vote at the meeting through VC/ OAVM.
8. The Company has provided the facility to members to exercise their right to vote by electronic means both through remote e-Voting and e-Voting during the AGM. The process of remote e-Voting with necessary user id and password is given in the subsequent paragraphs. Such remote e-Voting facility is in addition to voting that will take place at the 35th AGM being held through VC/ OAVM.
9. Members joining the meeting through VC/ OAVM, who have not already cast their vote by means of remote e-Voting, shall be able to exercise their right to vote through e-Voting at the AGM. The members who have cast their vote by remote e-Voting prior to the AGM may also join the AGM through VC/ OAVM but shall not be entitled to cast their vote again.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. The Company has appointed Mr. Praveen Dua (FCS: 3573, CP: 2139), Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the e-Voting process in a fair and transparent manner.
12. The Register of Members and Share Transfer books will remain closed from Thursday, 24th September, 2020 to Wednesday, 30th September, 2020 (both days inclusive).
13. The details of the Directors seeking appointment/ re-appointment at the 35th AGM are provided in Annexure A of this Notice. The Company has received the requisite consents/declarations for the appointment/ re-appointment under the Companies Act, 2013 and the rules made thereunder.

14. All documents referred to in the Notice and accompanying Explanatory Statement, as well as the Annual Report, are open for inspection at the Corporate Office of the Company on all working days, excluding Saturday between 11.00 A.M to 1.00 P.M. up-to the date of the AGM.
15. The following documents will be available for inspection by the Members electronically during the 35th AGM. Members seeking inspect to such documents may send an email to company @ investors@morepen.com, in advance.
 - Register of Directors and Key Managerial Personnel and their shareholding; and
 - Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013.
 - Any other documents information which are required as per the preceding paragraph of this notice and annual report.
16. In accordance with the proviso to Regulation 40(1) of the Listing Regulations, with effective from 1st April, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding Equity Shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.
17. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be:-
 - a) the change in the residential status on return to India for permanent settlement, and
 - b) the particulars of the NRE account with a Bank in India, if not furnished earlier.
18. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The prescribed nomination form can be obtained from the Registrar and Share Transfer Agent of the Company.
19. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc. to their DPs in case the shares are held in electronic form and to the Registrar & Transfer Agent at info@masserv.com in case the shares are held in physical form, quoting their folio number. Further, Members may note that SEBI has mandated the submission of PAN by every participant in the securities market.
20. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or its RTA i.e., Mas Services Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified from time to time.
22. In case of any queries regarding the Annual Report, the Members may write to 'investors@morepen.com' or 'info@masserv.com' to receive an email response.

Process for dispatch of Annual Report and registration of email id for obtaining copy of Annual Report

23. In line with the MCA and SEBI Circulars, the notice of the 35th AGM along with the Annual Report 2019-20 is being sent only by electronic mode to those members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2019-20 will also be available on the

Company's website at www.morepen.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited viz., www.bseindia.com and www.nseindia.com, respectively, and on the website of NSDL at www.evoting.nsdl.com

24. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020 with folio no. and name.
25. Members seeking any information with regard to any matter to be placed at the AGM, are requested to write to the Company through an email at investors@morepen.com, till Friday, 25th September, 2020.

Procedure for joining the 35th AGM through VC / OAVM:

26. Members may note the VC/OAVM facility will provided by NSDL, allows participation of 1,000 members on first come first serve basis. However, this number does not include the large shareholders (i.e., shareholding 2% or more), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
27. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-Voting login credentials and selecting the link available against the EVEN for Company's AGM. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in the Notice.
28. Facility of joining the AGM through VC/ OAVM shall open 30 minutes before the time scheduled for the AGM and will be available on first come first serve basis.
29. Members who need assistance before or during the AGM, can contact NSDL at evoting@nsdl.co.in/ 1800-222-990 or contact our Registrar Transfer Agent at info@masserv.com / 011-26387281/82/83.
30. As per the provisions under the MCA Circulars, members attending the 35th AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

Procedure to raise question/ seek clarifications with respect to Annual Report at the ensuing 35th AGM:

31. Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number (DP ID and Client ID)/folio number, email id, mobile number at 'investors@morepen.com'. Questions / queries received by the Company till 05.00 p.m. on Friday, 25th September, 2020 shall only be considered and responded during the AGM.
32. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number & number of shares at 'info@masserv.com' and 'investors@morepen.com' before Friday, 25th September, 2020 (till 5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
33. The Company reserves the right to restrict the number of questions and number of speakers, depending on the availability of time for the AGM.

Procedure for remote e-Voting and e-Voting during the AGM

34. All the members of the Company including retail individual investors, institutional investors, etc. are encouraged to attend and vote in the AGM to be held through VC/OAVM.

35. In compliance with the provisions of Section 108 of the Act read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations re-enactment(s) thereof for the time being in force), members are provided e-Voting facility to cast their votes, by electronic means for voting through remote e-Voting, for participation in the 35th AGM through VC/OAVM facility and e-Voting during the 35th AGM.
36. The remote e-Voting period will commence on Saturday, 26th September, 2020 at 9.00 a.m. and will end on Tuesday, 29th September, 2020 at 5.00 p.m. The remote e-Voting module will be disabled by NSDL for voting thereafter. Members holding shares either in physical form or in dematerialized form, as on Wednesday, 23rd September, 2020 i.e., cutoff date, may cast their vote electronically including those preference shareholders whose dividends have remained unpaid for more than two years, are entitled to cast their votes on the resolutions set forth in this Notice.

The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-Voting then he/she can use his/her existing User ID and password for casting the vote

Instructions and information relating to e-Voting are as follows:

Instructions

The instructions for remote e-Voting are as under:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>

- A. Visit the e-Voting website of NSDL.
Open web browser by typing the following: <https://www.evoting.nsdl.com> either on a Personal Computer or on a mobile.
- B. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.
- C. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e., IDeAS, you can log-in at <https://eservices.nsdl.com> with your existing IDeAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., cast your vote electronically.
- D. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL/CDSL) or Physical	Your User ID is:
i) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****
ii) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your User ID is 12*****
iii) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example if Folio Number is 001*** and EVEN is 101456, then User ID is 101456001***

- E. Your password details are given below:
- i) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - ii) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - iii) How to retrieve your 'initial password'? If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit Client ID for NSDL account, last 8 digits of Client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

If your email ID is not registered with the depositories, for procuring user id and Password and for registration of email ID for e-Voting, please follow the steps mentioned below:

- (a) In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the Share Certificate (front and back), self-attested copy of PAN Card, self-attested copy of Aadhar Card by email to info@masserv.com
 - (b) In case shares are held in demat mode, please provide DPID CLENT ID (16 digit DP ID+ CLIENT ID or 16-digit beneficiary ID), Name, client master or copy of consolidated account statement, self-attested copy of PAN Card, self-attested copy of Aadhar Card by writing an email to info@masserv.com
- F. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
- i) Click on 'Forgot User Details/Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - ii) 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - iii) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- G. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
- H. Now, you will have to click on 'Login' button.
- I. After you click on the 'Login' button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

- A. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- B. After clicking on Active Voting Cycles, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle is in active status.
- C. Select 'EVEN' of '**MOREPEN LABORATORIES LIMITED**'.
- D. Now you are ready for e-Voting as the Voting page opens.
- E. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for

which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

- F. Upon confirmation, the message 'Vote cast successfully' will be displayed.
- G. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- H. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- I. For the votes to be considered valid, the Institutional shareholders (other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution /Authority Letter etc. to the Scrutinizer through e-mail at 'cspraveendua@gmail.com'/'investors@morepen.com' with a copy marked to 'evoting@nsdl.co.in'.
- J. Members may contact to Mr. Deepanshu Rastogi, Assistant Manager, Mas Services Limited at 'info@masserv.com'/'011-26387281/82/83 or Ms. Pallavi Mhatre, Manager, NSDL at 'evoting@nsdl.com' / 1800-222-990 for any grievances connected with electronic means / e-Voting.
- K. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e voting user manual for Shareholders available at the Downloads section of 'www.evoting.nsdl.com' or call on toll free no.: 1800-222-990.

The instructions for e-Voting during the AGM are as under:

- (i). The procedure for remote e-Voting during the AGM is same as the instructions mentioned above for remote e-Voting since the Meeting is being held through VC/OAVM.
- (ii). Only those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system during the AGM.

General Guidelines for Members

The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-Voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

The result declared along with the Scrutinizer's Report shall be placed on the Company's website 'www.morepen.com' and on the website of NSDL i.e., 'www.evoting.nsdl.com' immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited, BSE Limited where the shares of the Company are listed.

Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password' or 'Physical User Reset Password' option available on www.evoting.nsdl.com to reset the password.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SEBI (LODR) REGULATIONS, 2015, AS AMENDED.

Item no. 3

Pursuant to requirements of Regulation 17(1)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended, the Board of Directors, on the recommendation of the Nomination & Remuneration Committee, was appointed Dr. Savita (DIN: 08764773) as an Additional Director (Independent Category) on the Board of the Company, not liable to retire by rotation, pursuant to Section 161 of the Companies Act, 2013 on 22nd June, 2020 to hold office upto the date of ensuing 35th Annual General Meeting of the Company.

Dr. Savita, is holding a Post Graduate Degree in Commerce and has also qualified University Grant Commission ('UGC') National Eligibility Test in year 2007. She has worked at different positions in the field of education over the last 8 years. She has written several 'Research Papers' on variety of management skills which were published in National as well as International journals from time to time.

The Company has received a declaration from her to the effect that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, she fulfills the criteria of Independence and possesses appropriate skills, experience and knowledge for being appointed as an Independent Director. Considering her vast experience and knowledge and strategic guidance her appointment would be in the interest of the Company.

The Board of Directors recommends the appointment of Dr. Savita as an Independent Director of the Company for a term of five (5) consecutive years commencing from 22nd June, 2020, not liable to retire by rotation, as set in the Notice of 35th AGM.

Pursuant to Secretarial Standards - 2, Regulation 36 (3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the necessary details of Dr. Savita are given in '**Annexure A**'

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the resolution

The Board recommends the Ordinary Resolution set out at item no. 3 of the Notice for approval by the members.

Item no. 4, 5 & 6

With evolving trends in Pharmaceuticals Sector which is currently growing robust rate, it is expected that the pace of growth will get further momentum in the coming years, which will provide opportunities of growth and business expansion for the various market intermediaries operating in the Pharmaceutical market.

Considering the various growth opportunities, it is proposed to expand the horizon of the business activities wherein the main objects of the company will also include setting up hospitals, diagnostic centers, health clubs, health consultancy and other related activities thereto.

In this regard, the Board of Directors at their meeting held on 14th February, 2020 had approved (subject to the approval of members) the amendment, added new clause 4 to 8 as prescribed in resolution set out at item no. 4 of this notice, in the Memorandum of Association of the Company.

Further, the existing Authorized Share Capital of the Company is ₹ 210,00,00,000/- (Rupees Two Hundred Ten Crore Only) divided into 45,00,00,000 (Forty-Five Crore) Equity Shares of ₹ 2/- (Rupees Two Only) each and 1,20,00,000

(One Crore Twenty Lakh) Preference Shares of ₹ 100/- (Rupees One Hundred Only) each. With a view to augment long-term capital for the business of the Company, the Board of Directors of the Company is proposed to increase authorized capital by 20.00 Crore Equity Shares of ₹ 2/- (Rupees Two Only) each.

Therefore, the authorized share capital of the Company be increased to ₹ 250,00,00,000/- (Rupees Two Hundred Fifty Crore Only) divided into 65,00,00,000 (Sixty Five Crore) Equity Shares of ₹ 2/- (Rupees Two Only) each and 1,20,00,000 (One Crore Twenty Lakh) Preference Shares of ₹ 100/- (Rupees One Hundred Only) each.

The proposed increase of authorized share capital requires the approval of the Members set out at item no. 5 to this notice. Consequent upon the increase in authorized share capital of the Company, its Memorandum of Association will require alteration so as to reflect the increase in the authorized share capital.

The Companies Act, 2013, has prescribed a new format of Memorandum of Association ("MOA") for public companies limited by shares. Accordingly, with a view to align the existing MOA of the Company with Table A of the Schedule I of the Act and in accordance with Section 4 and 13 of the Act, it is proposed to alter the MOA of the Company by removing Clause III (C) - 'Other Objects' and such other changes as required to align with the prescribed format of the MOA as per the Companies Act, 2013 and its rules made thereunder. The Board at its meeting held on 22nd June, 2020 has approved alteration of the MOA of the Company and the Board now seek Members' approval set out in item no. 6 of this notice.

The Board recommends the Special Resolutions set out at item no. 4 & 6, and Ordinary Resolution set out at item no. 5 of the Notice for approval by the members.

The draft altered MOA of the Company after incorporating the above proposed changes in physical form is open for inspection by the Members of the Company at the Corporate Office of the Company during business hours on all working days, excluding Saturdays between 11.00 A.M. to 1.00 P.M. upto the date of the Meeting.

A copy of altered MOA shall be given to the members of the Company upon receipt of a request for the same, in writing, during the notice period. The said MOA will also be available for inspection by members during the Meeting.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the resolution.

Item no. 7

Mr. Sushil Suri (DIN: 00012028), is a fellow member of the Institute of Chartered Accountants of India (ICAI) and possesses a vast experience of more than 29 years in the various fields including finance, operations, management and managerial entrepreneurship in the pharmaceutical and hospitality industry. He is serving on the Board of Morepen Laboratories Limited since February, 1992 while he is acting as Chairman & Managing Director of the Company since October, 2000

The present term of Mr. Suri will be ending on 19th October, 2023 and his salary was revised up-to ₹ 5.00 Crore by passing a Special Resolution at 34th Annual General Meeting held on 13th September, 2019.

Keeping in view that Mr. Sushil Suri possesses rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, the Board of Directors on the recommendation of the Nomination and Remuneration Committee at its meeting held on 22nd June, 2020 has approved payment of remuneration up-to ₹ 10,00,00,000/- (Rupees Ten Crore Only) per annum for the further period from 01st April, 2020 to 31st March, 2023 (i.e., for 3 years) to Mr. Sushil Suri, for which approval of the members is required. No sitting fees will be paid to the Mr. Sushil Suri for attending meeting of the Board of Directors or any committee thereof. The details of remuneration are as under;

S. No.	Particulars	Amount (Rs.)
1.	Basic Pay	Up-to ₹ 5.00 Cr. per annum.
2.	Perquisites & Allowances	Up-to ₹ 2.00 Cr. per annum.
3.	Commission &/ or Incentive	Up-to ₹ 3.00 Cr. per annum

Pursuant to the Companies (Amendment) Act, 2017, first proviso of Section 197(1) of the Companies Act, 2013, amended with effect from 12th September, 2018, the Company through Special Resolution may make payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V. The requirement of approval of the Central Government has been omitted.

Provided also that the company has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, therefore, requirements of prior approval of the bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, has not arisen before proposing this resolution for your approval.

Pursuant to Secretarial Standards - 2, Regulation 36 (3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 & the Companies Act, 2013, the necessary details of Mr. Sushil Suri are given in 'Annexure A' and pursuant to Schedule V of the Companies Act, 2013, information is given in 'Annexure B'.

Save and except Mr. Sushil Suri, himself and Mrs. Anju Suri and Mr. Sanjay Suri, being relative of Mr. Sushil Suri in the capacity of Directors and Shareholders of the Company, none of Directors/ Key Managerial Personnel of the Company/ their relatives are in anyway, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out at item no. 7 of the Notice for approval by the members.

Item no. 8

Mr. Sanjay Suri (DIN: 00041590), Whole Time Director is a science graduate from Punjab University India. He is serving the board of the Company w.e.f. 13th August, 2019. The affairs of the company are managed under his active involvement, guidance and supervision. He has around 27 years of business experience and has good knowledge in the field of accounts, finance, banking and operations of pharmaceutical business. His key role is planning, directing and coordinating the affairs of the API Business of the Company. He is also involved in formulating policies, managing daily operations, planning strategies, initiating efficient systems and procedures for effective functioning of the Company. Mr. Suri is responsible for:

- An overall administration of the API business,
- Implementation of pharmaceutical quality systems from time to time to comply with requirements of United States Food & Drug Administration and other regulators of various other countries.
- Business development, management reviews etc. from time to time.

Keeping in view, the valued contribution in the conduct and growth of business and vast experience of Mr. Sanjay Suri, the Board with the recommendation of the Nomination and Remuneration Committee at its meeting held on 31st August, 2020 has approved payment of remuneration up-to ₹ 7,00,00,000/- (Rupees Seven Crore Only) per annum for the further period from 1st April, 2020 to 12th August, 2022 (i.e., period up-to which is his appointment had approved by the members in the 34th AGM) to Mr. Sanjay Suri, for which approval of the members is required. No sitting fees will be paid to the Mr. Sanjay Suri for attending meeting of the Board of Directors or any committee thereof. The details of remuneration are as under;



the Company for the financial year ending 31st March, 2021 (FY 2020-21) pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

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

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

The Board recommends the Ordinary Resolution set out at item no. 10 of the Notice for approval by the members.

Item no. 11

Section 20 of the Companies Act, 2013 which deals with service of documents, inter-alia, enables the company to dispatch any document to a member as per his preferred mode on receipt of specific request subject to deposit of such fee as determined by the members in the general meeting. Accordingly, consent of the members is sought for passing a resolution authorizing the board of directors to decide the fee payable as set out at item no. 11 of the notice on dispatch of document as per the choice of mode selected by any member of the company.

The rate indicated in the resolution is optimum rate per document at the standard slab of the weight in the respective category of each mode of dispatch as mentioned thereat.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any other officials of the Company is, in any way, financially or otherwise, concerned or interested in the resolution.

The Board recommends the Ordinary Resolution set out at item no. 11 of the Notice for approval by the members.

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

Sushil Suri
(Chairman & Managing Director)
DIN: 00012028

Date: 31st August, 2020
Place: New Delhi

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

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

Particulars	Mr. Sushil Suri	Mr. Sanjay Suri	Dr. Savita	Dr. A. K. Sinha
Date of Birth (Age)	18.01.1964 (56 years)	04.08.1968 (52 Years)	10.09.1984 (36 years)	17.03.1951 (69 years)
Date of first Appointment	01.02.1992	13.08.2019	22.06.2020	15.06.2005
Qualifications	B.Sc., FCA	B. Sc.	M.Com, P.hd.	M.Sc. - Chemistry, Ph.D. - Chemistry, PG Diploma in Personnel Management & Industrial Relations
Expertise in specific functional areas	Wide experience of more than 29 years in the various fields including finance, operations, management and managerial entrepreneurship in the pharmaceutical and hospitality industry.	He has around 27 years of experience in the field of accounts, finance, banking and operations of pharmaceutical business.	Vast experience in the area of Education.	Wide professional and technical expertise of more than 48 years in the pharmaceutical industry.
Directorships in other Companies (excluding foreign companies)	- Shivalik Pesticides and Chemicals Pvt. Ltd - Concept Credits and Consultants Private Limited - Scope Credits and Financial Services Private Limited - React Investments and Financial Services Private Limited - Seed Securities and Services Private Limited	- Shivalik Pesticides and Chemicals Pvt. Ltd - Blueheaven Marketing Private Limited - Mid-Med Financial Services and Investments Private Limited - Solitary Investments and Financial Services Private Limited - Solace Investments and Financial Services Private Limited	Nil	Nil

	• Epitome Holdings Private Limited • Brook Investments and Financial Services Private Limited • Square Investments and Financial Services Private Limited • Liquid Holdings Private Limited	• Liquid Holdings Private Limited • Total Care Limited • Dr. Morepen Limited • Happier Life Private Limited	Nil	Nil	Nil
Memberships/Chairmanships of Board Committees in other Companies (includes only Audit Committee and Shareholders/Investor Grievance Committee)	Nil	Nil	Nil	Nil	Nil
Details of remuneration sought to be paid and last drawn (approved) remuneration	Proposed- upto Rs. 10 crore Last drawn - upto Rs. 5 crore	Proposed- upto 7 Crore per annum Last drawn - upto 3.5 Crore per annum	Except sitting fees, no amount will be paid.	N.A	
Relationship with other Directors, Manager and Key Managerial Personnel of the Company	Spouse of Mrs. Anju Suri and Brother of Mr. Sanjay Suri, Directors of the company.	Brother of Mr. Sushil Suri, Chairman and Managing Director and Brother in law of Mrs. Anju Suri, Director of the company.	Nil	Nil	
No. of meetings of Board attended during the year (2019-20)	7	5	Not applicable	7	
Number of shares held in the Company	55,01,510	34,17,240	Nil	100	
DIN	00012028	00041590	08674773	00450783	
Terms and Conditions of appointment/ Reappointment	As set out in item no. 3 of the Explanatory Statement	As set out in item no. 4 of the Explanatory Statement	As set out in item no. 5 of the Explanatory Statement	Executive Director, liable to retire by rotation and being eligible, offer himself for re-appointment	

Disclosure pursuant to Schedule V of the Companies Act, 2013

I. GENERAL INFORMATION

(1) Nature of the Industry

The pharmaceutical industry discovers, develops, produces, and markets drugs or pharmaceutical drugs for use as medications to be administered (or self-administered) to patients, with the aim to cure them, vaccinate them, or alleviate the symptoms. Morepen Laboratories Limited ('Morepen'/ 'the Company'), being a Pharmaceutical Company is dealing in generic or brand medications and medical devices. The Company is subject to a variety of laws and regulations that govern the patenting, testing, safety, efficacy and marketing of drugs.

(2) Date or expected commencement of commercial production

The Company commenced its operations since 1st December, 1984.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institution appearing in the prospectus.

Not Applicable

(4) Financial Performance* based on given indicators:

(₹ in Lakh)

Particular	2019-20	2018-19	2017-18
Sales & other Income	80,140.46	72,091.47	56,437.05
Profit before depreciation, Interest and Tax but after Prior Period Items	7134.04	6,697.40	6,391.88
Depreciation/ Amortization	3,443.39	3,800.78	3,339.95
Interest and Finance Charges	196.75	207.08	429.46
Profit/Loss before Exceptional Item and Tax	2,979.03	2,689.54	2,622.47
Exceptional Gain/ (Loss)	-	-	-
Profit/ (Loss) before Tax	2,979.03	2,689.54	2,622.47

*on standalone basis.

(5) Foreign Investments or Collaborations, if any

Except investment in Morepen Inc., Subsidiary Company, the company is not having any foreign investment/ foreign collaboration.

II. INFORMATION ABOUT APPOINTEE:

S. no.	Particulars	Mr. Sushil Suri	Mr. Sanjay Suri
(1)	Back ground details including qualification, experience etc.	Mr. Sushil Suri has more than 2 decades of experience in pharmaceuticals industry and has played an active role in the evolution of the pharma sector since 1992. His experience and expertise span all segments of the pharma industry including the fields of strategic & financial planning, manufacturing, capital structuring, collaborations and joint ventures etc. He is a qualified Chartered Accountant & a Fellow member of the Institute of Chartered Accountants of India.	Mr. Sanjay Suri has more than 27 years of experience in pharmaceuticals industry experience including in the field of accounts, finance, banking and international sales and marketing, exports, joint ventures, statutory and regulatory approvals related to USFDA. His experience and expertise span all segments of the pharma industry including the fields of strategic and manufacturing, etc. He is a Bachelor of Science.
(2)	Past Remuneration as Director of the Company	Rs. 170.97 lakh was paid during the financial year 2019-20, maximum approved limit in the 34 th AGM was Rs. 5 Crore per annum.	Rs. 60.90 lakh was paid during the financial year 2019-20, maximum approved limit in the 34 th AGM was Rs. 3.50 Crore per annum.
(3)	Recognition or awards	Mr. Sushil Suri is associated with the pharmaceutical industry from more than 2 decades. He has diversified experience of finance, operations, management and managerial entrepreneurship in the pharmaceutical industry.	Mr. Sanjay Suri heading API Business of the Company and instrumental in attainment of USFDA approvals of manufacturing plants of the Company.
(4)	Job Profile and suitability	As Chairman Managing Director of the Company, Mr. Sushil Suri is responsible for all matters pertaining to finance, raising of funds, investor relations and business development. Mr. Suri has vast experience and expertise span in all segments of the pharma industry including the fields of strategic & financial planning, capital structuring, collaborations & joint ventures, manufacturing and sales/ marketing. He is highly suitable for the job assigned to him..	Mr. Sanjay Suri is playing key role is planning, directing, coordinating the affairs of the API Business of the Company. He is also involved in formulating policies, managing daily operations, planning strategies, initiating efficient systems and procedures for effective functioning of the Company. Mr. Suri is highly suitable for the job assigned to him.
(5)	Remuneration Proposed/ remuneration sought to be paid	The remuneration is proposed to pay him is up-to Rs. 10,00,00,000/- per annum from 1 st April, 2020 to 31 st March, 2023.	The remuneration is proposed to pay him is up-to Rs. 7,00,00,000/- per annum from 1 st April, 2020 to 12 th August, 2022.

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III. OTHER INFORMATION:

1) Reasons for loss/inadequacy of profits

The Company is engaged in the manufacturing of bulk drugs and its intermediates. In the early years of its incorporation, the Company's financial position went on well. However, during the years 2002-04, due to a sharp fall in Company's prime product 'Loratadine' in the international markets, the Company faced huge financial loss which adversely affected the sustainability of its operations as well as its ability to meet its debt servicing obligations.

Presently, the cost control policies along with tightening of rules by governments are the key measures which impact the growth prospect of the pharmaceuticals industry. Pharmaceuticals companies are forced to reduce their research and development (R&D) spending due to slowdown of growth in last few years which is also expected to hamper growth of the pharma market as new drugs revenue form large part of pharma firm's revenue due to exclusivity of the drug. Apart from these generics pharma market is facing decreasing return on investment due to price erosion in key markets which is forcing many firms to look for other avenues and markets to sustain growth. In addition, the company faces several competitive pressures from within the pharmaceutical industry and from other international challenges.

2) Steps taken or proposed to be taken for improvement

The Company has recently developed Apixaban, Rivaroxaban, Edoxaban Tosylate of new therapeutic category i.e., Anti-Coagulant in which drugs like Apixaban & Rivaroxaban are among the top 10 selling drugs in 2017 & 2018 and their USDMF filing is planned for the current year. The Company has also focusing on another new therapeutic category i.e. Anti-Depressant and drugs like Vortioxetine Hydrobromide, Brexpiprazole are in advance stage of development in the R&D. Another molecule Febuxostat of Anti-Gout category has also been developed and is ready for commercialization.

The company was granted five process/ polymorph patents for Montelukast, Rosuvastatin, Atorvastatin and Sitagliptin during the year. The company has also filed nine new patent applications for Novel processes/ New Polymorphs for Vortioxetine Hydrobromide, Linagliptin, Crystalline Empagliflozin, UDCA, Rivaroxaban, Apixaban, Sitagliptin, Rupatadine and Loratadine

The formulation, home diagnostics business, brand sharing and product contract manufacturing has significantly improved during the year and efforts are on to make significant growth in the coming years. The customers having reposed confidence in our branded product portfolio will be offered new products during the coming years and market penetration shall also be improved.

The company is reaching more markets by introducing of new products in light of prevention from COVID 19 pandemic and servicing large spectrum of people to deliver its wide range of products and also approved the expansion of its API business from existing 3000 MT per annum capacity to 5000 MT per annum capacity.

3) Expected increase in productivity and profits in measurable terms

The Company expects improvement in its profitability as a result of aforesaid efforts.

IV. DISCLOSURES

The details of proposed remuneration are set out in the accompanying notice. The Company shall make appropriate disclosures as required under Schedule V of the Companies Act, 2013 in the Corporate Governance Report forming part of the Directors' Report of the Company.