



Marksans Pharma Ltd.

Prepared!

Marksans Pharma Limited | Annual Report 2016-17



CONTENTS

Corporate identity	02
Managing Director's overview	04
The global healthcare sector	06
An interview with Executive Director	08
Operational review	10
Business model	12
Geographic review	18
Business support	22
Industry review	23
Operational review	27
Risks and their management	28
Director's Report	30
Corporate Governance Report 2016-17	41
Financials	71
Notice	135
e-voting instructions for members	149



Prepared!

The year FY2016-17 was one of the most challenging for India's pharmaceutical sector.

**Currencies depreciated. Realisations declined.
Regulatory standards tightened. Asset
acquisitions declined. Capacity utilisation dipped.**

Marksans responded with a corresponding priority. The Company strengthened its strict regulatory compliance. Streamlined processes.

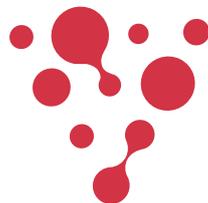
**Commissioned state-of-the-art automation.
Enhanced people skills.**

Deepened distribution reach. Widened the product pipeline. Protected the integrity of its Balance Sheet.

**In doing so, Marksans is now competently placed
to address emerging opportunities.**

Prepared.





Vision

To build a global pharmaceutical company with a strong presence across both regulated and emerging markets – export-focused from Day One!

Core values

Achievement: We applaud achievement and strive towards our vision, with perseverance.

Respect: We respect all our stakeholders.

Knowledge: We value knowledge for it empowers our people to develop innovative solutions and to manage change.

Honesty and integrity: We perform our duties with extreme honesty and integrity.

Background

Promoted by Mr. Mark Saldanha, Marksans Pharma is involved in the research, manufacture and marketing of generic pharmaceutical solutions.

Location

Marksans Pharma is headquartered in Mumbai with the following manufacturing units:

- Goa (oral solid tablets and soft gelatin capsules)
- Southport, United Kingdom (for liquids, ointments and sachets)
- Farmingdale, United States (for solid oral dosages).

The Company has subsidiaries in the United Kingdom, the United States and Australia.

Portfolio

The Company manufactures analgesics, expectorants, anti-diabetic, cardiovascular, central nervous system, gastrointestinal and oncologic drugs as well as antibiotics and anti-allergic medications. The Company's state-of-the-art R&D infrastructure offers CRAMs services to global pharmaceutical companies.

Listing

The shares of the Company are listed on the Bombay Stock Exchange and the National Stock Exchange.

Goa

USFDA, UKMHRA and Australian TGA-approved

Capacity

- 2.4 billion capsules per annum
- 5 billion tablets per annum

Southport

UKMHRA-approved

Capacity

- 13.6 million bottles per annum
- 7.8 million tubes per annum
- 5.75 million sachets per annum

Farmingdale

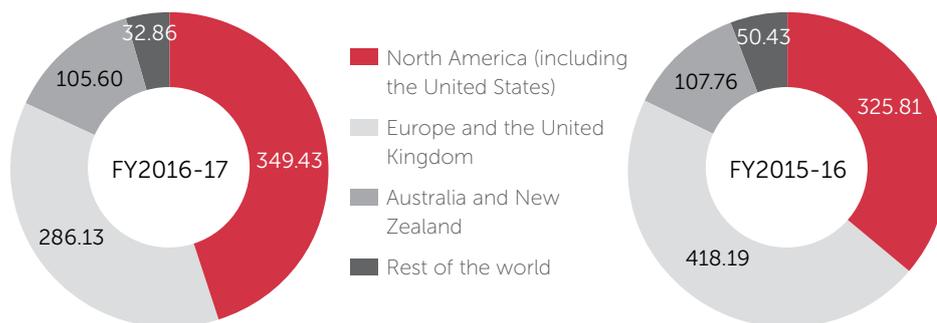
USFDA-approved

Capacity

- 5 billion tablets and hard capsules per annum

Revenue by geography

(₹ crore)



Revenue by therapeutic segments

Therapeutic segments	FY2016-17	FY2015-16
Pain management	271.82	370.58
Cough and cold	110.29	127.25 w
Anti-diabetic	92.65	147.09
Cardiovascular	112.70	113.15
Central nervous system	40.51	43.95
Antibiotic	17.42	10.54
Gastrointestinal	66.82	44.79
Anti-allergic	16.97	15.54
Miscellaneous	44.88	29.31
OTC	448.93	497.83
Rx	325.14	404.36

In view of this, the Company appears attractively placed to report respectable growth rate over the near-term.



The year 2016-17 was a critical point in the journey of Marksans Pharma. Even as the Company reported a weaker performance, the Company invested resources in preparing for the future.

Over the last few years, regulatory standards the world over have become increasingly demanding in response to growing customer and doctor concerns related to the quality of medical interventions required to bring patients soonest to complete health.

These evolving standards are warranting an ongoing reinvention of existing processes and practices; they are also requiring a complete rewiring of the attitudes and aptitudes of shopfloor workers and quality professionals.

During the course of this transition, there have been a number of Indian pharmaceutical companies that have been flagged by prominent regulatory bodies, some of these being among the largest in India. While it would be ideal for companies to clear these regulatory hurdles at the first shot, there is a growing recognition that with the goalpost continuously moving, companies should be able to respond with speed and sensitivity to negative observations, with the objective of returning to erstwhile reality in the shortest time.

It is with this background in mind that I am glad to report that during the year under review, the UKMHRA regulatory agency issued a full-fledged GMP certificate to our Goa facility.

At Marksans Pharma, we responded to this reality with speed; we focused on the basics, trained our workers, widened training

from the functional to the behavioral, streamlined processes around global standards, reinforced our technological platform and raised the level of our compliance.

The result was that the subsequent audits by Australian TGA and the UKMHRA at our facilities were successfully cleared. By the end of the fiscal, we had successfully reacquired all the certificates by prominent global regulatory bodies, a validation of our compliance competence.

We also completed the absorption of Time-Cap Labs into the Marksans fold and leveraged 90% of its erstwhile American distribution channel. Subsequently, we strengthened our reputation as a front-end pharmaceutical company in the US, enjoying a healthy demand for proprietary drugs. The most visible manifestation was in the form of enhanced revenues, graduating the US into our largest geographic source of revenues at a time when the US market was marked by a distinctive pricing pressure owing to consolidations taking place at the wholesale-level.



We are filing dossiers in new target markets and are aiming to increase the contribution from these market to **15% over the next 2-3 years.**

In a long-term forward-looking initiative, Marksans Pharma is modifying its product portfolio across the Farmingdale and Southport facilities. The Company is graduating its portfolio towards niche and margins-accretive products. Besides, a number of R&D investments empowered the Company to extend its product pipeline; we are in the process of gaining approval for these before launching in these markets.

For a considerable time, we had largely focused on the regulated markets, deriving more than 90% of our earnings from there. We believe that during these years, the Company strengthened its revenues, margins and operating standards based on this approach. However, during the year under review, the Company made a strategic shift. With the objective to emerge as a globally-

pervasive pharmaceutical company, Marksans Pharma extended to key pharmerging markets including India.

The Company extended into the prudently-identified markets of the Middle East, South East Asia, Africa, Russia and CIS nations. We believe that a number of reasons make these markets some of the most attractive in the world. These geographies account for a growing population; the demographic profile in most of these markets is young and economically productive; these countries are raising their health care standards that indicate opportunities for quality-respecting companies; these regions are marked by increasing incomes that provide a foundation for the enhanced consumption of higher value and superior quality medicines.

As a matter of prudence, we approached these markets with a method. We addressed the most attractive verticals (respiratory, dermatology and central nervous system), marked by an unmet and growing therapeutic need, coupled with a growing willingness of patients to consume higher-priced medicines.

Besides, we readied our formulations line for a pan-India launch and roped in senior industry personnel to oversee our Indian operations. We are filing dossiers in these markets and aiming to increase the contribution from these markets to 15% over the next 2-3 years.

At Marksans Pharma, we are optimistic of our prospects for a number of reasons.

The overarching environment continues to be positive. Healthcare bills are increasing as the global population becomes older. Health systems need to respond to the altered needs of those living longer.

The global pharmaceutical industry stands at the edge of yet another patent cliff; we expect a host of opportunities arriving our

way in the generic drugs space. Our proven expertise in the manufacture of soft gels (marked by relatively low competition and high entry barriers) is expected to catalyse revenue growth.

Marksans possesses all relevant regulatory approvals, a visible front-end consumer-facing presence in US, a strong product portfolio, and a growing presence in pharmerging markets. In view of this, the Company appears attractively placed to report respectable growth rate over the near-term.

I am thankful to our shareholders for staying invested in our company through the challenging phase. The fact that we successfully navigated the challenges indicates the maturity of our management bandwidth and strategic vision.

I am optimistic that we are competently positioned to add significant value for the benefit of our investors over the foreseeable future.

Regards,

Mark Saldanha
Managing Director



Marksans possesses all relevant regulatory approvals, a visible front-end consumer-facing presence in US, a strong product portfolio, and a growing presence in pharmerging markets.

The global healthcare sector



Global Healthcare spending as a proportion of GDP



Projected global healthcare expenditure



50 Percentage of global healthcare expenditure addressing three leading causes of death: cardiovascular disease, cancer and respiratory disease.

Projected global healthcare expenditure



6.5 CAGR percentage increase in pharmaceuticals spending between 2017 and 2022.

194 (US\$ billion) Projected reduction in sales owing to patent expiry

4 (US\$ billion) Average R&D spend per new molecule entity since 2006

1.06 (US\$ trillion) Forecasted worldwide prescriptions sales till 2022

[Source: Deloitte and Evaluate Pharma]



An interview with **Dr. Vinay Nayak**, Executive Director

“We are creating a strong pipeline of products across markets to drive growth of the Company”

Q. How would you evaluate the year under review?

The year was challenging for a number of Indian pharmaceutical companies as global regulatory agencies flagged a number of manufacturing units in India. The Goa unit of Marksans Pharma was also subjected to rigorous audits by UKMHRA. However, we are glad that we were able to meet the required guidelines and are now UKMHRA-certified with Tier I status for exports from the Goa unit.

Following the UKMHRA audit, the unit was also successfully audited by Australian TGA.

The unit also submitted to a USFDA inspection; we expect positive results from this during the year. As a result, the importance of the Goa unit will be reinstated with three major global certifications, underlining our commitment to superior product and process integrity.

Q. How did the Company

address the issue?

We availed the services of a UK-based consultant. The consultant advised on documentation and quality assurance practices, helping us streamline our approach.

We began to implement an SAP-based ERP that will eliminate the need for human intervention and completely automate the system, moderating the scope for human errors.

One of the upsides of the challenge was that team-working strengthened during the year under review.

The Company inducted experienced professionals in the manufacturing, marketing, quality assurance and documentation domains, reinforcing our management team.

Q. How is your function returning the Company to growth?

The Company is creating a strong product launch pipeline in key markets. For instance, we have seven

products in pipeline for the US market, nine for the UK market and another seven for the Australian market. These products will cover the generics and OTC spaces across multiple therapeutic segments.

In this regard, I must add that we are engaged in creating a new R&D base in our recently-acquired 40,000 sq. ft space in Navi Mumbai, expected to become operational by the second half of FY18. The facility will be manned by 40 scientists and focus on filing 12-15 products annually starting FY19.

Q. How will this catalyse organisational growth?

Last year, we witnessed unprecedented erosion in US market realisations; Brexit caused a significant devaluation of the GBP, affecting our earnings. To compensate, we are focusing on niche and high margin products from our UK and US plants.

Q. What is the road ahead for the Company?

Following approvals of the units, we are experiencing strong order flows. We are currently operating the plants at 70% capacity utilization and, going by prevailing demand, we intend to engage in greenfield or brownfield capacity expansions.

We are collaborating with global laboratories to work on different delivery systems; we are confident of creating a strong product portfolio from 2019 onwards.

We identified five dry mix products to file dossiers in the US along with controlled substances that can only be manufactured in our US facilities.

The mix of a strong product pipeline with successful process implementation is expected to generate an attractive upside that restores the Company to erstwhile growth across the foreseeable future.

The prescription for the next phase of growth at Marksans Pharma



Operational review 

“We were quick to respond to the challenges faced during the year, enabling our company to emerge stronger”

A session with **Jitendra Sharma**, CFO



Q. How would you appraise the Company's performance during FY2016-17?

A. At the very onset, I would like to communicate that 2016-17 was one of the most difficult years in the history of Marksans Pharma. There were a number of reasons that affected our performance, including:

- Owing to Brexit, the GBP faced significant erosion in terms of value (~20%). Our European business being largely UK-centric, earnings bore the brunt of revenues following this devaluation.
- The integration of Time-Cap into the Marksans family took longer than expected to complete and impacted our US revenues.
- The US pharma market went through a consolidation at the wholesaler-level (the top four wholesalers controlled >80% of the market) that exerted a pricing pressure on the pharma sector.

Q. How are these challenges expected to impact the Company?

A. During the year, we undertook measures to regain our market share in

the UK pharma sector. We implemented changes with responsiveness. We executed several quality enhancement initiatives, implemented best-in-class IT automation and brought our people up to speed with industry-best practices.

Besides, the completion of the Time-Cap transition allowed us to establish a front-end presence in the US. We were able to tap US distribution channel, auguring well for our prospects. We received four ANDA approvals during the year and are now in the process of carving away a larger market share for them.

It would be relevant to indicate that we are the only generic company in the US with FDA approval for Loratadine soft gel. We are hopeful of this product generating good revenues. Despite our US margins eroding because of the ongoing consolidation, we managed to report a sizeable topline growth of 7.25% from the US.

The result is that in 2016-17, Marksans' performance reinforced the adage that 'where there is a will, there is a way.'

Q. What were some of the other ways Marksans is strengthening its US business?

A. We are gradually fine-tuning the product mix of our Time-Cap unit in favour of margin-accretive products. We will file more ANDAs from the US unit, which is expected to help in a number of ways. The US Government demands that products come affixed with a 'Made in the US' label. Since we possess a manufacturing presence in the US, we will be able to cater to the government institutions. The need of the hour is a strong R&D platform and a long product pipeline; in view of this, we appointed Dr. Vinay Nayak, one of the most trusted research visionaries in the country, to head our research.

Q. What plans does Marksans have for its UK business?

A. Following our UKMHRA certification, it is business as usual for us in the UK. We are reshuffling our portfolio by bringing more sophisticated products primed to drive our margins. We have more than 30 market authorisations drugs ready for phased launch over the next few quarters. We also plan to file 12 more market authorisations in the UK this year and considering a nine month-long approval period, they would be launch-ready by early 2018-19.

Q. How did the slowdown impact the integrity of

your Balance Sheet?

A. Our business model derives its strength from our robust financial health. Despite the slowdown, we were able to protect the integrity of our Balance Sheet by not incurring any increase in term of long-term loans. There was a moderate increase in working capital owing to a longer receivables cycle in the US. This increased our working capital loan requirements moderately during the year under review. Apart from this, the strength of the Balance Sheet was largely protected.

Q. How optimistic are you of the Company's prospects?

A. At Marksans, we are back on our growth path. For the first time in our history, we are ready to make the most of opportunities from the regulated and pharmerging markets. Till now, the regulated markets contributed >90% of our revenues; we are now increasing our presence in pharmerging markets like the Middle East, South East Asia and Russia-CIS. Besides, we are ready with formulations (respiratory, dermatology and central nervous system) for the Indian market which we intend to launch pan-India in FY2017-18. We are aggressively filing dossiers in these markets and plan to return to a growth path. If there is one word that sums up the Marksans body language at this moment, it would be 'Prepared'.



We are reshuffling our portfolio by bringing more sophisticated products primed to drive our margins. We have more than 30 market authorisations drugs ready for phased launch over the next few quarters.

Business model

The Marksans focus is on generating sustainability through a superior product mix, niche presence, attractive margins and robust distribution network.

Components of our business model

Certifications

Accredited by major global bodies – USFDA, UKMHRA and Australian TGA.

The result: greater product acceptance in the regulated markets

Specialty

Amongst the few Indian generics company capable of manufacturing soft gel capsules in the US, Europe and Australia.

The result: relentless growth in terms of margins

Strategy

Targeted critical products going off-patent.

The result: improved long-term revenue-earning potential

Presence

Covers a wide-range of therapeutic segments including analgesics, decongestants, anti-diabetic, cardiovascular and central nervous system medications, among others.

The result: pervasive presence across the pharma value chain

Portfolio

Created a visible presence in R&D and created wider product basket.

The result: reduced dependence on a specific segment

Focus

Derived the majority of revenues from regulated markets with high entry barriers.

The result: carved a niche as a quality-conscious player

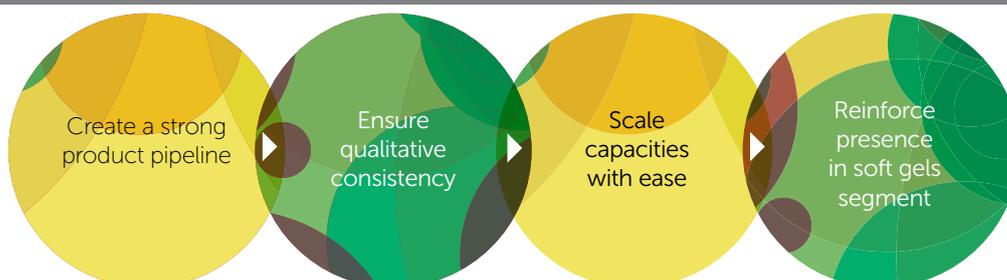
Engagement

Marksans is a competent pharmaceuticals company providing branded and private label drugs in the OTC and Rx space through fully-equipped plants in India, the US and the UK. The Company enjoys enduring marketing arrangements with key corporates (distribution channels) in the UK, Australia and the US.

Competitive advantage

Marksans' business is built on proven credentials including a wide product portfolio covering multiple therapeutic segments, largely in the regulated markets of the US, the UK and Australia.

Strategy



> Attractive and sustainable growth

The robustness of the Marksans business model.

At Marksans, we are continuously evolving with the objective to create a sustainable business model.



From one location in 2005 to four locations today

From one business to multiple businesses today

From a regular CRAMs to high IP driven business model

From a India-based manufacturing company to an internationally-accredited company

From individual-driven to institutionalised organisation

From a debt-driven business to net cash-positive

From 'good-market-profitability' to 'any-market-sustainability'

How Marksans does business

Marksans has continuously adapted its business model with changing times. This proactive responsiveness in a rapidly-evolving market environment has translated into sustainable growth across market cycles.

SECTORAL CONTEXT

Sales growth

Global prescription drug sales is expected to increase from US\$ 768 billion in 2016 to US\$ 1,060 billion by 2022, registering a CAGR of 6.5%, out of which generics are expected to account for US\$112 billion by 2022, growing from the erstwhile US\$ 79 billion.

Pharma spending

As per IMS Health, the volume of medicines used globally is expected to reach 4.5 trillion doses and consequently, the value of the overall pharmaceutical market is likely to cross \$1.4 trillion by 2020. Of the total global spending on medicine of \$1.4 trillion by the year

2020, the developed markets are expected to contribute 63% of the spending, driven by the US (41%) followed by European Union (13%) and Japan (6%).

Patent expiry

It is expected that US\$194 billion of sales will open up owing to expiration of patents between 2016 and 2022, brightening prospects for global generics players.

Specialty medicines

A rising proportion of global spending on medicines is expected to be driven by the spending on specialty medicines. By 2020, 28% of global spending is expected to be channelised towards the purchase of specialty

medicines, up from 26% in 2015. The developed markets are expected to spend more on specialty medicine accounting for 36% of the spending in 2020 compared to 12% in the pharmerging markets.

Advantage India

India, with its abundance of talent and inherent cost-competitiveness, has emerged as a one of the favourite destinations for carrying out CRAMS operations for global pharma majors.

The passion that Marksans bring to its business



Focused: Niche products, high margins



Innovative: Stay ahead, stay relevant



Inclusive: Believing in growing together



Strategic: Continuous investments towards expanding market presence



Idealistic: Discipline is critical



Proactive: Identify niches with high-growth potential



Honest: Maintain complete transparency to ensure long-term prosperity



Eager: Outperform sectoral benchmarks



Forward-looking: Ready for tomorrow, today



HOW MARKSANS IS CAPITALISING ON EMERGING TRENDS

Strategic: Marksans believes in doing the right things the right way. The result is that the Company has selected to be present in the regulated markets where the entry barriers are much higher resulting in minimal competition. This allows it to stay away from crowded markets and protect its margins.

Accredited: The Company's manufacturing units undergo periodic audits and have been certified by global bodies like the USFDA, the UKMHRA and the Australian TGA.

Niche: Marksans' decision to focus on the soft gel capsules niche has enhanced its profitability. This segment is highly under-penetrated with few manufacturers.

Right-sized: Marksans has invested in its capacities to feed the growing demand for generic products. Its Goa facility has a manufacturing capacity of five billion tablets, the Southport unit has a capacity of manufacturing 13.6 million bottles and 7.8 million tubes and the Farmingdale unit has a capacity of five billion tablets per annum.

Well-governed: The Company is engaged in the pharmaceuticals sector, subject to routine regulatory assessments. The Company has been able to successfully pass these audits, reflecting its commitment to good manufacturing practices.

MARKSANS' INTANGIBLE STRENGTHS

Distinctive: Marksans has, over the years, cemented its reputation as a quality-conscious player in the niche gels space, thereby enhancing its global recall and forging longstanding ties with major international customers. The Marksans brand has been set apart by its ability to provide incremental returns at the hands of its stakeholders by offering a superior price-value proposition in the markets of its presence.

Pioneering: The Company is among the few Indian

generic companies in the US to provide soft gels.

Competent: Marksans' team of knowledge-driven sectoral experts across the areas of research and development, marketing, financial management, mergers and acquisitions has allowed it to surge ahead of its sectoral peers. The Company had more than 1000 people employed as on 31 March 2017.

Pervasive: Marksans is present in more than 20 countries across the globe,

including the regulated markets like the US, the UK and the Australia and derived 99% of its revenues from outside India.

Research-minded: Marksans launched more than 50 new products in the last five years. The Company's keen emphasis on R&D translated into 10 ANDA approvals in the last five years, thereby strengthening its presence in the regulated markets. Looking ahead, the Company full-fledged research facility in Navi Mumbai is expected

to strengthen its R&D capabilities in emerging areas.

Integrated: Marksans efficiently straddles both ends of the pharmaceutical value chain – from research to manufacturing to front-end distribution. This empowers the Company to offer value-accretive drugs in the countries of its presence. The result: the Company's front-end distribution network accounted for nearly 80% of its regulated market revenues during the year under review.

How Marksans has enhanced value for its shareholders during the past five years

Revenues (₹ crore)



Definition

Sales growth

Why is this measured?

This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

Performance

Aggregate sales increased from 443 crore in FY2012-13 to ₹774 crore during FY2016-17.

Impact

This indicates that Marksans was able to create a robust foundation for profitable growth in the years to come.

EBIDTA (₹ crore)



Definition

Earnings before interest, depreciation, extraordinary items and tax.

Why is this measured?

It is an index that showcases the Company's ability to optimise operating costs despite inflationary pressures and can be compared with retrospective averages.

Performance

The Company's EBIDTA

has grown every single year over the past four years except 2016-17 which was an exceptional year for the Company – the growth outcome of the painstaking efforts undertaken by team members towards operational efficiencies.

Impact

This indicates Marksans' efficiency to drive profitability at the operational level.

Net profit (₹ crore)



Definition

Profit earned during the year after deducting all expenses and provisions.

Why is this measured?

It highlights the ability of the Company's business model in terms of generating value for its shareholders.

Performance

The Company is generating profits since the last five years

reflecting the robustness and resilience of its business model in the face of external vagaries.

Impact

This indicates that Marksans had access to adequate cash for investment in establishing new facilities or scaling extant capacities.

EBIDTA margin (%)



Definition

EBIDTA margin is a profitability ratio used to measure a company's operating efficiency. Higher the operating margin, the better it is for a company.

Why is this measured?

The EBIDTA margin gives an idea of how much a company has earned (before accounting for interest and taxes) on each rupee invested.

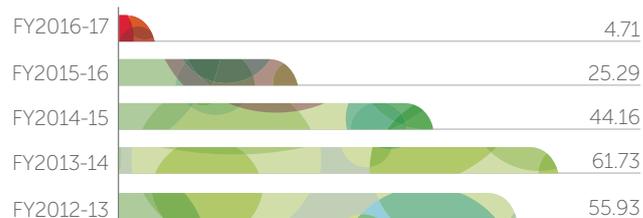
Performance

The Company reported positive EBIDTA margin for the last five years. This was the result of an enriched product basket and improved operating efficiencies across plants.

Impact

Demonstrates adequate buffer in the business, which when multiplied by scale, enhances surpluses.

ROCE (%)



Definition

It is a financial ratio that measures a company's profitability i.e., the efficiency with which invested capital gets utilised by the business.

Why is this measured?

ROCE is a useful metric for comparing profitabilities based on the amount of resources used – especially in capital-intensive sectors.

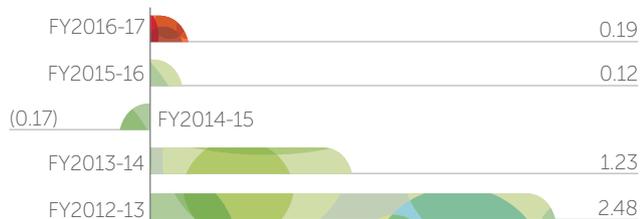
Performance

The Company reported positive ROCE for the last five years, showcasing its ability to invest prudently in profitable spaces and thereby generate higher returns.

Impact

Marksans ability to steadily enhance its ROCE indicates that its ability to boost valuation and improve sectoral perception.

Debt-equity ratio



Definition

This is arrived at by calculating the ratio between net debt and net worth (less revaluation reserves).

Why is this measured?

This indicates the ability of a company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of a company to sustain growth in terms of profits, margins and dividends.

Performance

The Company's gearing moderated from 2.48 in 2012-13 to 0.13 in FY2016-17. Marksans recommends this ratio to be read in conjunction with net debt and operating profit.

Impact

Marksans enhanced shareholder value by keeping the equity side constant and progressively moderating its debt costs.

Interest cover (x)



Definition

This is arrived at by calculating the ratio between EBIDTA and interest outflow.

Why is this measured?

A high interest cover indicates a company's comfort in servicing debt.

Performance

The Company's interest cover was 5.36x in FY2016-17.

Impact

This indicated that Marksans was able to significantly enhance its cash flows during the fiscal year by.

Geographic review

The US

Performance snapshot, 2016-17

Revenues	Share of total revenues
₹349.43 crore	45.14%

Product profile

Approved ANDAs

- Ibuprofen soft gelatin capsules - 200 milligrams
- Ibuprofen tablets – 200 milligrams (brown, white)
- Metformin tablets - 500 milligrams / 850 milligrams/1,000 milligrams • Gabapentin – 100 milligrams/ 300 milligrams/ 400 milligrams • Naproxen tablets – 250 milligrams/ 375 milligrams/ 500 milligrams tablets • Ibuprofen tablets – 400 milligrams / 600 milligrams/ 800 milligrams • Naproxen Sodium tablets - 220 milligrams • Metformin XR 500 milligrams/ 750 milligrams • Nitroglyceric XR capsules 2.5 milligrams/ 6.5 milligrams/ 9 milligrams • Loratadine Liquid Filled Capsule 10 mg • Dutasteride Goftgelatene Capsule 0.5 mg
- Paricalcitol Softgelatine Capsule 1 mg, 2 mg and 4 mg



Overview

The US is the largest pharmaceuticals market in the world and one of the key markets for Marksans. Marksans fortified its presence in the US market through the acquisition of Time-Cap Labs along with its USFDA-approved unit having an annual manufacturing capacity of five billion tablets. The segment's contribution to the total revenues improved by 725 basis points from 36.11% in FY2015-16 to

45.14% in FY2016-17.

The US now accounts for the largest share of the Company's revenues from a geographical standpoint. The Company has bagged approvals for 13 ANDAs (including an SGC product) and has six more ANDAs (SGCs) awaiting approval. The US generic business is driven by high margins due to limited competition in the soft gelatin capsules segment. Marksans is

amongst few active Indian companies with an USFDA approval for generic soft gel capsules. The Company reported strong revenue growth within two years of its launch – no mean feat considering the challenges that the US market poses. Currently, the Company markets its product through Time-Cap Labs partners and expects to forge more ties in the years to come.



US\$1,110+

Per capita pharmaceutical spending in the US

The US market – now and forward

The US pharmaceutical market is one of the most lucrative in the world. Together with Canada and Mexico, it represents the largest continental pharma market worldwide. The United States alone holds >45% of the global pharmaceutical market amounting to US\$446 billion. Although medical

spending in the US had been slowing steadily since 2001, it rebounded sharply in 2014 and 2015 due to a lowering of patent expiry impact, historically high price increases for both branded and generic drugs and the arrival of a breakthrough cure for Hepatitis C. Consequently, the US market is expected to grow 6-9% through 2021. (Source: Statista, Quintiles, IMS)

Pending ANDA approvals

Ibuprofen + Dyphenhydramine soft gel capsules
Cetirizine 10 milligram soft gel capsules
Naproxen Sodium 220 milligram soft gel capsules
Calcitriol 0.5 milligram soft gel capsules
Ethosuximide 250 milligram soft gel capsules
Amantidine Softgel Capsules

Way forward

The Company intends to strengthen its US distribution network to drive revenues. It is expected to file more ANDAs in the US market over the next few years.

Geographic review

The UK

Performance snapshot, 2016-17

<p>Revenues</p> <p>₹286.18 crore</p>	<p>Share of total revenues</p> <p>36.97%</p>
---	---

Constituent profile

Bell's Healthcare

Manufactures and supplies range of branded and own label. Products cover therapeutic segments of cough, cold, pain relief, gastro-intestinal, allergy relief, ear care and skin care

Relonchem

It has over 85 product licenses, supplying broad range of own label healthcare pharmaceutical products in therapeutic areas including anti-diabetic, anti-hypertensive, anti-depressant, anti-cancer, anti-ulcerative, allergy relief, anti-viral, pain-relief and osteoporosis.

Overview

The UK business is the second-largest revenue driver for the Company. The UK business is driven by its two subsidiaries – Bell's (OTC portfolio) and Relonchem (high-end Rx portfolio). The Company has created, a strong distribution channel driving its revenue in the UK market. The Company also engages in contract manufacturing for some EU-based clients. The Company is ranked among the top-10 Indian generic companies in the UK. In the generics segment, the Company addresses therapeutic segments such as pain management, diabetes,

cough, cold, neurological, cardiovascular and hormonal treatments.

Bell's Healthcare

Bell's, a 100% subsidiary of Marksans Pharma in the UK, reported revenues worth GBP 15.98 million in 2016-17. Its manufacturing unit in Southport is UKMHRA-accredited. Bell's enjoys a formidable presence across the OTC space in the UK and has inked deals with several major retailers such as Tesco, Asda, Morrisons, Coop, Boots and Superdrug among others. The Company's product portfolio comprises cough and cold remedies, galencials, vitamins, palliative and healthcare items, oils, antiseptics and disinfectants. Bell's also provides contract manufacturing services to a number of clients. It stands out owing to the quality, reliability and unmatched support it offers. In the coming years, Bell's is poised to grow its business through Marksans' high-margin soft gelatin capsules portfolio.

Relonchem

Relonchem is a broad-based generic pharmaceuticals company and supplies and distributes branded and generic pharmaceutical products in the UK and other countries. Relonchem reported a revenue of GBP 10.13 million in 2016-17. At the time of acquisition, the entirety of Relonchem's sales was derived from supplying to global generic players with limited direct distributor access. Over the years, Marksans has adjusted the business model as a result of which the entirety of Relonchem's revenues is supplied directly towards the distribution channels, leading to significantly higher value accretion.

Way forward

The Company would be looking forward to strengthening its product portfolios and distribution network in the UK to drive sales in the other parts of the EU where it has not yet ventured.

Australia and New Zealand

Performance snapshot, 2016-17

<p>Revenues</p> <p>₹105.60 crore</p>	<p>Share of total revenues</p> <p>13.64%</p>
---	---

Product profile

Nova Pharmaceuticals is one of the leading generics and private label suppliers in Australia. Its products are available at Aldi's, Coles and Woolworth's.

Overview

The Company's Australian operations are overseen by its subsidiary Nova Pharmaceuticals, which is a research-driven specialty pharmaceuticals company. It is a prominent distributor of popular retail brands in Australia. Nova

holds more than 100 marketing authorisations and has become one of the biggest suppliers of generic products in Australia by rapidly foraying into crucial therapeutic niches. The Australian and New Zealand business reported revenues worth ₹105.60 crore in 2016-17, accounting for 13.64% of the Company's total revenues. Nova primarily focuses on pain management, gastroenterology and the anti-allergic segments.

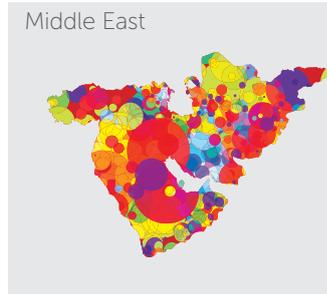
Rest of the world (ROW)

Performance snapshot, 2016-17

Revenues ₹32.86 crore	Share of total revenues 4.25%
-----------------------------	-------------------------------------

Overview

Besides presence in the US, UK and Australia, Marksans has a presence in major markets in Asia, Africa, the CIS countries and the Middle East. The Company garnered revenues worth ₹32.86 crore during FY2016-17 from its ROW business.



What sets Marksans apart?

- Global presence
- Low-cost manufacturing base
- World-class manufacturing plants with significant capacities
- Approvals from global authorities like USFDA, UKMHRA and Australian TGA
- Strong R&D and dossier development capabilities
- IP rights for 100-plus products for regulated markets
- IP rights for 500-plus products for semi-regulated markets
- Among a handful of Indian companies with USFDA/ TGA/ MHRA approval for soft gel capsules
- Among a handful of Indian companies offering CRAMS in the realms of formulation development and manufacturing for American and global players
- The Company's newly-commissioned R&D unit in Navi Mumbai has allowed it to enhance filings



Business support

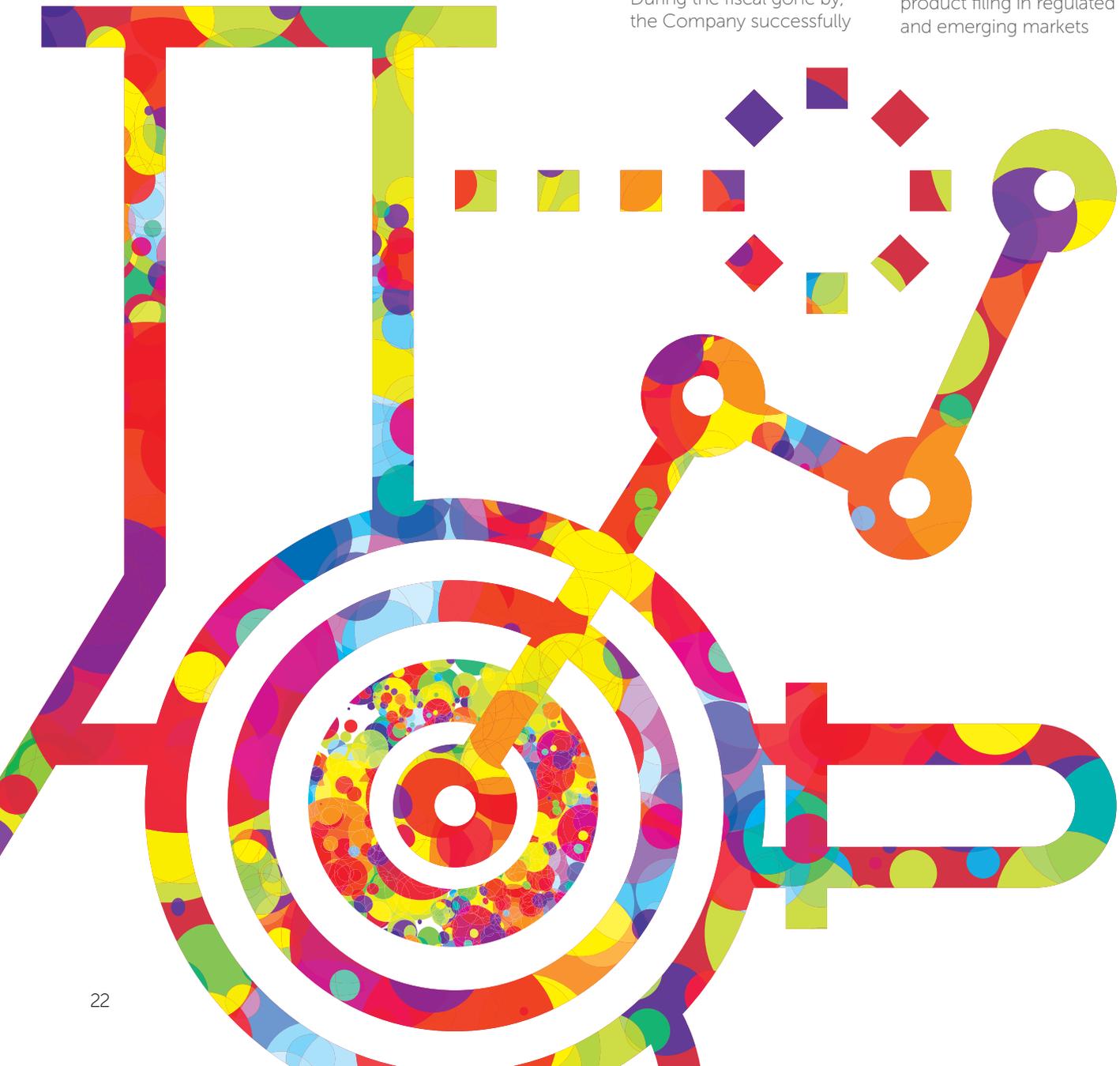
Research and development

Overview

Marksans' state-of-the-art research facilities are equipped with the latest infrastructure and helmed by qualified scientists with international recognition. This facilitates the seamless development of new generation drugs, formulations and novel drug delivery vehicles in line with international standards. During the fiscal gone by, the Company successfully

strengthened its R&D expertise by:

- Identifying niche areas for product development, namely anti-diabetic, cardiovascular and central nervous system, among others
- Developing formulations for soft gelatin capsules for the global market
- Formulating dossiers for product filing in regulated and emerging markets



Industry review

REVIEW OF THE GLOBAL ECONOMY

Global economic overview

The pace of global economic activity was mixed in 2016 as a number of crosswinds affected re-acceleration. Within advanced economies, comprising the US, Europe and Japan, a protracted monetary policy support and return to fiscal neutrality underpinned a generally-accelerating output. In countries outside the advanced economies, the sources of slower growth comprised commodity price declines, overhangs from erstwhile credit growth and political turmoil.

Global growth was 3.1% in 2016, the forecast revised downwards by 10 bps for 2017 compared to the April 2016 projections. Long-term prospects of emerging market economies

improved following a decline in interest rates in advanced economies and firming commodity prices.

Asia and India demonstrated robust growth. The currencies of advanced commodity exporters have also strengthened, reflecting the firming of commodity prices; however, several emerging market currencies depreciated substantially.

Outlook

World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018, driven by stronger economic activity, expectations of robust global demand, reduced deflationary pressures and optimistic financial markets. (Source: IMF).

Growth			
	2016	2017	2018
Global economy	3.1%	3.4%	3.6%
Advanced economies	1.6%	1.9%	2.0%
Emerging market and developing economies	4.1%	4.5%	4.8%

(Source: IMF)

INDIAN ECONOMIC OVERVIEW

The Indian economy slowed in 2016-17 to 7.1% from 7.8% in FY2015-16, largely owing to the currency demonetization in the third quarter of the financial year under review. However, the general undercurrent continued to be optimistic; India's consumer confidence index stood at 136 in Q4 2016, the highest in the world. India retained its position as the fastest growing major economy in the world catalysed by strong consumption growth and enhanced government spending. Inflation declined on account of a decline in food inflation. This facilitated a 50 basis points rate cut by the RBI in 2016-17. A declining vulnerability on the external and fiscal front and fiscal consolidation

by the government enhanced investor confidence that translated into record net foreign exchange inflows.

The year under review was also marked by the government's demonetization initiative and the preparatory work related to the introduction of the goods and services Tax (GST). While the first initiative focused on eliminating the parallel economy, the second is expected to transform the country's taxation structure.

Outlook

India's outlook remains positive with economic growth expected to rebound in the range of 6.75-7.5% in FY2017-18. The adoption of the

Goods and Service Tax promises to create a unified taxation regime. This could enhance the efficiency of production and movement of goods and services across India. This critical fiscal policy could make an important contribution to raise India's medium-term GDP growth to >8%. The Union Budget 2017-18 laid a keen emphasis on rural infrastructural development which is supposed to have a cascading multi-sectoral impact. Finally, the Central Government's policies towards achieving fiscal consolidation, reforming the agricultural sector and the labour market and moderating inflation are expected to accelerate India's economic growth over the medium-term. (Source: IMF)

GLOBAL PHARMACEUTICAL INDUSTRY

Pharmaceutical sales are defined as anything that requires a prescription (Rx) and specifically excludes Over-The-Counter (OTC) and consumer products. It does include generic drugs and biosimilars.

Hardman & Co estimates that the worldwide prescription drug market had an underlying growth of +4.9% from US\$786 billion in 2015 to a reported level of US\$ 816 billion in 2016. The last few years have seen a

positive trend in the underlying growth rate with respect to this industry. Despite a perception that the US dollar was strong last year, in reality it was stable against many currencies, including the EUR, Swiss Franc (CHF) and Danish Krone (DKK). In contrast, it was strong against the GBP and JPY, which declined by >10%. On a constant currency basis, we estimate that the global pharma market should have been around US\$ 828 billion.

The US market was itself a key driver of growth. Based on companies that have reported to date, Hardman & Co estimates that the US prescription drug market reported growth of +5.6% to \$ 320 billion, up from US\$ 303 billion in 2015, representing 39% of the global market. This may well have been influenced by positive trends in FDA approvals in the last three years, which halted abruptly in 2016 with only 22 New Molecular Entity (NME) approvals.

Global prescription market growth (1996-2016)



Source: Hardman & Co Life Sciences Research

R&D investments remained strong in 2016

The top 15 companies invested 20.5% of pharmaceutical sales back into new drug development

Average spend of the top 15 companies was US\$5.7billion – range US\$10.3billion (Roche) to US\$3.6billion (Takeda)

Total R&D spend of the top 15 companies was US\$86.0billion out of a total estimated spend of US\$120billion by 37 companies

Biopharmaceuticals market 2016

Biopharmaceuticals are drugs derived from biological sources through extraction or through the process of semi-synthesis and include the likes of monoclonal antibodies, vaccines and blood products. Within the overall global prescription market, drugs classified as biopharmaceuticals (ca.130 + vaccines) had reported sales of US\$197billion in 2016, and now represent 24% of the entire market. The growth rate was above average at +7.6%. It should be pointed out that these are provisional numbers due to the late reporting of results by some companies. Also sales confirmation from 11% of drugs in this segment is awaited. Every year since 2000, biopharmaceuticals have represented a greater proportion of the global pharmaceutical market. Over the last decade, the biopharmaceutical market has grown at a compound rate of +10.8%, compared to +2.0% for all other drugs. (Source: Hardman & Co.)

Global generics market

The market for generic drugs has been segmented on the basis of brand into two divisions which are the pure generic drugs and the branded generic drugs. Branded generic drugs are marketed under the brand name of another company but they are bioequivalent to their generic counterparts. Due to a high involvement of companies in the manufacture of pure generic drugs, the pure generic drug segment dominates the market.

Based on therapeutic applications the market for generic drugs has been segmented into central nervous system (CNS) drugs, cardiovascular drugs, dermatology-related drugs, oncology drugs and respiratory drugs among others. With more than 20% revenue contribution, the

cardiovascular segment led the generic drug market in 2015 due to a number of patent expiries of cardiovascular drugs.

Globally, the market for generic drugs has been propelled by new Government initiatives, which mainly promote their manufacture and use against chronic diseases. Patent expiration of branded drugs is one of the key growth drivers and prime reasons for generating increased revenues from the generic drug market. Moreover, new emerging markets for these generic drugs in developing countries and their low cost in these markets are primarily responsible for the accelerated growth of this segment. In spite of this, these markets are affected by high competition globally and this is due to the fact that the economic expenditure required for generic drug production is very low. Thus a number of leading companies are taking an interest in their production. In future, new developing and untapped markets may provide new and excellent opportunities.

According to a report, the global generic drug market accounted for ~ US \$ 200.20 billion in 2015 and is estimated to reach ~ US \$ 380.60 billion by 2021, growing at a CAGR of around 10.8 % between 2016 and 2021.

Outlook

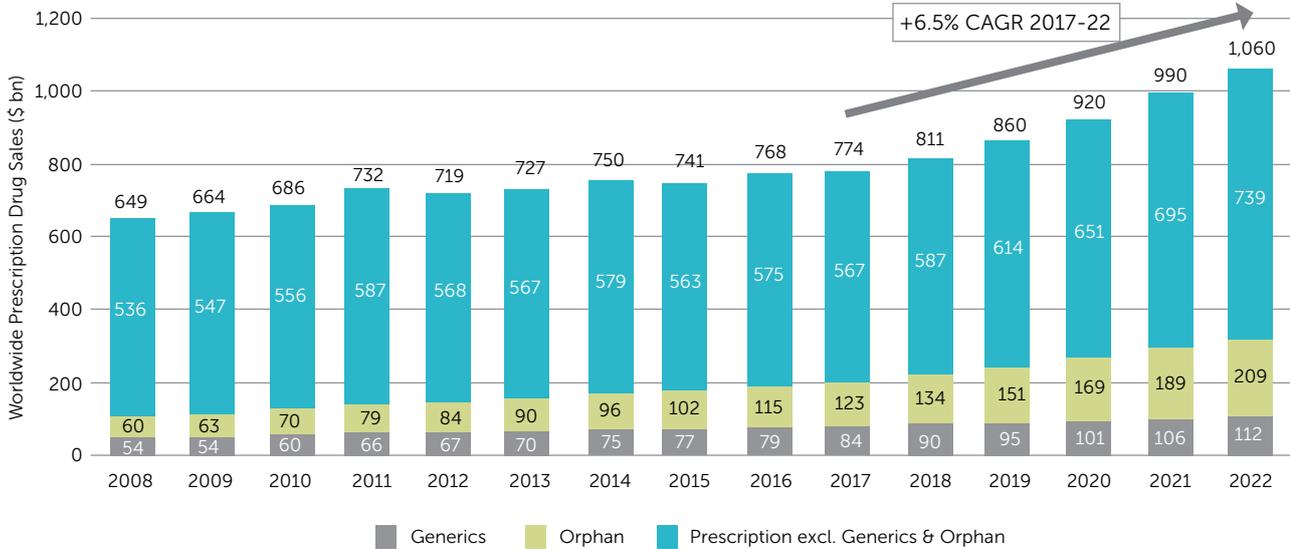
According to the Evaluate Consensus forecast, the pharmaceutical industry is set to grow at 6.5% per year (CAGR) to reach US\$1.06 trillion by 2022. The orphan drug market is expected to almost double during the 2016-22 period, peaking at US\$209billion in 2022, further demonstrating that R&D programmes are increasingly oriented towards narrow patient populations characterised by larger unmet demand, faster routes to market and

more compelling market access value propositions.

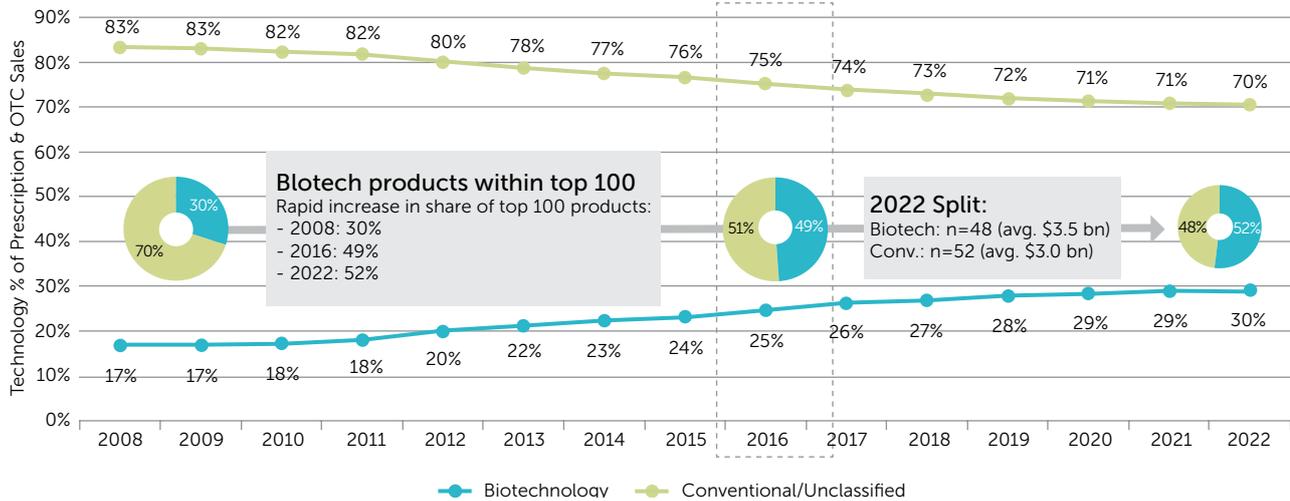
The uptake of biologics is expected to continue as novel biologic blockbusters keep entering the pharmaceutical market. The penetration of biotech products is set to rise from a 25% market share in 2016 to 30% in 2022. According to the latest Evaluate Consensus forecast for 2022, 52% of the value of the top 100 products will come from biologics as established chemical products drop off the patent cliff and new breakthrough biologics get approved.



Globally, the market for generic drugs has been propelled by new Government initiatives, which mainly promote their manufacture and use against chronic diseases. Patent expiration of branded drugs is one of the key growth drivers and prime reasons for generating increased revenues from the generic drug market.

Worldwide total prescription sales (2008-2022)


(Source: Evaluate, May 2017)

Worldwide prescription drug & OTC pharmaceutical sales: Biotech vs. conventional technology


(Source: Evaluate, May 2017)

INDIAN PHARMACEUTICALS MARKET

The Indian pharmaceuticals market has characteristics that make it unique. Firstly, branded generics dominate, making up for 70 to 80% of the retail market. Secondly, local players enjoy a dominant position driven by formulation development capabilities and early investments. Thirdly, price levels are low, driven by intense competition. While India ranks tenth globally in terms of value, it is ranked third with respect to volumes. These characteristics present opportunities and challenges.

The Indian pharmaceuticals market is expected to grow to US\$ 55 billion by 2020, driven by a steady increase in affordability and a step jump in market access. At the projected scale, this market will be comparable to all other developed global markets except for the markets in the US, Japan and China. Thus the level of penetration

of the Indian pharmaceutical market could be impressive. In terms of volumes, India will be at the top, a close second only to the US market. The combination of value and volume provides interesting opportunities for upgrading therapy and treatment levels.

Drivers

Firstly, annual population growth is ~ 1.3% and a steady rise in disease prevalence could increase the patient pool by ~ 20% in 2020.

Secondly, the affordability of drugs could rise due to sustained growth in disposable incomes and increases in insurance coverage.

Thirdly, accessibility to drugs could expand due to the growth in medical infrastructure, new business models for Tier- II towns as well as rural areas,

launches of patented products, and greater Government spending on healthcare. Medical Infrastructure could experience dramatic growth over the next decade.

Furthermore, non-traditional business models could drive access in Tier-II cities and rural areas. This, in turn, could reduce the gap in per capita spending on pharmaceuticals between rural and urban areas (i.e., US \$ 1.8 in rural markets in 2007 vis-a-vis US\$ 15.6 in urban markets). Patented products could also drive growth in select therapeutic areas.

Fourthly, the acceptability of modern medicine as well as newer therapies could increase due to aggressive market creation by players, an increased acceptance of biologics in preventive medicine and a greater propensity to self-medicate.

OPERATIONAL REVIEW

Revenue

Standalone turnover of the Company decreased from ₹35813.21 Lakh in 2015-16 to ₹21584 Lakh in 2016-17 i.e. decreased by 39.73% mainly due to price erosion on account of higher competition, channel consolidation and government action on pricing/reimbursement in US, UK and other European countries and adverse currency movement.

Cost of sales

Cost of sales decreased to ₹11237.36 Lakh in 2016-17 from ₹17818.49 Lakh in 2015-16 on account of lower sales.

Other expenses

Other expenses decreased from ₹4992.31 Lakh in 2015-16 to ₹3911.10 Lakh in 2016-17 i.e. decreased by 21.66%.

Depreciation and amortisation

Depreciation and amortization provision increased from ₹1474.85 Lakh in 2015-16 to ₹1500.16 Lakh in 2016-17 i.e. an increase by 1.72%

Finance cost

Finance cost decreased from ₹620.44 Lakh in 2015-16 to ₹343.73 Lakh in 2016-17 i.e. decreased by 44.60% on account of lower interest costs.

Reserves and Surplus

Reserves & Surplus is ₹37810.26 Lakh in 2016-17 compared to ₹36926.71 Lakh in 2015-16 i.e. an increase by 2.39%.

Short-term borrowings

Short-term borrowings increased to ₹7322.92 Lakh in 2016-17 from ₹4061.82 Lakh in 2015-16 i.e. an increase by 80.29% due to increase in

working capital cycle of US operations.

Trade payables

Trade payables decreased to ₹2060.33 Lakh in 2016-17 from ₹3140.77 Lakh in 2015-16 i.e. decreased by 34.40%, mainly on account of faster payment to suppliers to take advantage of better pricing from them.

Other Current Liabilities

Other Current Liabilities increased to ₹71.20 Lakh in 2016-17 from ₹67.59 Lakh in 2015-16 i.e. an increase by 5.34%.

Tangible assets

The Company's tangible assets increased to ₹9189.77 Lakh in 2016-17 from ₹9032.23 Lakh in 2015-16 i.e. an increase by 1.74% due to additions in plant & machinery and other assets.

Intangible assets

During 2016-17, the Company's intangible assets reduced to ₹202.15 Lakh from ₹714.98 Lakh in 2015-16 due to amortisation.

Long-term loans and advances

Long-term loans and advances decreased to ₹86.54 Lakh in 2016-17 from ₹124.82 Lakh in 2015-16. i.e. decreased by 30.67%.

Inventory

Inventory decreased to ₹2924.29 Lakh in 2016-17 from ₹4373.78 Lakh in 2015-16 i.e. decreased by 33.14% due to optimization of working capital cycle.

Receivables

Receivables increased to ₹15479.85 Lakh in 2016-17 from ₹13341.49 Lakh in 2015-16 due to offering of higher credit period to customers in USA.

Short-term loans and advances

Short-term loans and advances increased to ₹2991.79 Lakh in 2016-17 from ₹2375.86 Lakh in 2015-16.

Cash and cash equivalents

Cash and cash equivalents decreased to ₹256.18 Lakh in 2016-17 from ₹312.72 Lakh in 2015-16.

RISKS AND THEIR MANAGEMENT

Risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decisions. Effective risk management processes help in innovation and improve performance. There are risks involved with every business transaction which may have material impact on the performance of the Company. Thus the Company has a comprehensive Risk Management Policy in place, under the supervision of the Risk Management Committee. During the process, the Company makes timely and regular analysis of various risks associated with the Company's business and takes corrective actions for managing and mitigating the same.

Risk identification	Nature of risk	Probable impact	Mitigation
Industry risk	External	Offtake of the Company may be adversely affected	According to Evaluate Consensus forecast, the pharmaceutical industry is set to grow at 6.5% per year (CAGR) to reach \$1.06trillion by 2022.
Regulatory risk	External	Changes in the regulatory environment could lead to operational disruption	The Company has successfully completed audits from global regulatory bodies, namely the UKMHRA, the USFDA and the Australian TGA
Finance risk	Internal	Low availability of long-term funding at a competitive cost	The funding needs of the Company over the past few years were largely met through internal accruals.
Marketing risk	Internal	Product offtake may result in a slowdown	The Company invested in creating a strong marketing channel in the markets of its presence. More than 80% of the Company's revenues were derived from direct marketing channels resulting in robust offtake.
Innovation risk	Internal	The products may lose relevance in the market	Invested in a state-of-the-art R&D centre, helping the Company in providing a strong and relevant pipeline for scheduled launches.
Margins Risk	External	The Company's margin may erode owing to external pricing pressure	The Company is focusing on niche products with margins. The Company is rejigging the portfolio in its foreign manufacturing units to focus more on high-margin niche products.

HUMAN RESOURCES

The Company considers human resource as one of the critical drivers of its performance. The Company carefully selects and nurtures talent providing employees enough room for growth within the organisation. The Company undertakes periodic training initiatives to hone the skills of employees. As on 31st March 2017, the Company's permanent employee strength was 717 (574 as on 31st March, 2016).

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place an adequate system of internal control and management information systems which cover all financial and operating functions. These systems are designed in a manner which provides assurance with respect to maintenance of strict accounting control, optimum efficiency in operations, utilisation of resources, financial reporting, protection of Company's tangible and intangible assets and compliance with policies, applicable laws, rules and regulations.

DISCLAIMER

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Director's Report

Dear Shareholders,

The Directors take pleasure in presenting the **Twenty Fifth (25)** Annual Reports along with the financial statements for the year ended 31st March 2017.

Financial Highlights

(₹ in Lakh)

Particulars	2016-17	2015-16
Turnover	21584.00	35813.21
Profit before Depreciation & Amortization expenses, Non-recurring expenses and Tax expenses	2758.03	10637.73
Less: Depreciation & Amortization Expenses	1500.16	1474.85
Non-recurring expenses	-	-
Tax expenses	35.32	2014.33
Profit after Tax	1222.55	7148.55

Dividend

Your Directors have recommended a Dividend, subject to approval of the Members at the ensuing Annual General Meeting, of ₹0.05 (5%) per equity share of Re. 1/- each and dividend of ₹7/- (7%) per preference share of ₹100/- each for the financial year ended 31st March, 2017. Total cash outflow on account of dividend payment including dividend distribution tax will be ₹338.99 Lakh for the financial year ended 31st March, 2017. The Dividend will be paid in compliance with applicable regulations.

Operations/State of Affairs of the Company

During the year 2016-17, your Company achieved turnover of ₹21584.00 Lakh with net profit of ₹1222.55 Lakh as compared to turnover of ₹35813.21 Lakh with net profit of ₹7148.55 Lakh in the previous year. During the year, the UK business witnessed price erosion on account of higher competition and adverse currency movement due to Brexit.

On consolidated basis, your Company achieved turnover of ₹76716.13 Lakh with net profit of ₹951.88 Lakh as compared to turnover of ₹89332.62 Lakh with net profit of ₹7851.16

Lakh in the previous year.

In compliance with the Accounting Standard - 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year under review.

Subsidiaries, Joint Ventures and Associate Companies

- Performance of Marksans Pharma (UK) Limited, which operates in the European markets has not been satisfactory mainly due to price erosion on account of higher competition, channel consolidation, government action on pricing/reimbursement and adverse currency movement due to Brexit.
- Marksans Pharma Inc., through its step down subsidiary, Time-Cap Laboratories Inc. which operates mainly in US and North America, has performed well.
- Performance of Nova Pharmaceuticals Australasia Pty Ltd (your company holds 60% of the share capital) which operates mainly in Australia is satisfactory.

Pursuant to a Central Government's Circular dated 8th February, 2011, the audited accounts together with Directors' Report and Auditors' Report of the subsidiaries namely Marksans Pharma (U.K.) Limited, Marksans Pharma Inc. and Nova Pharmaceuticals Australasia Pty Limited are not being appended to the Annual Report. However, a statement giving information in aggregate for each subsidiary including subsidiaries of subsidiaries are attached to the Consolidated Balance Sheet. Statement on the highlights of performance of the subsidiary companies and their contribution to the overall performance of the company are given in Note No. 2.24 of the consolidated financial statements and forms part of this report.

Your Company has no Joint Ventures and Associate Companies.

Management Discussion and Analysis

A report on Management Discussion and Analysis covering industry structure and developments, financial and operational performance of the Company, risks, concerns, opportunities, threats and outlook forms a part of this Report.

Reserves

Your Company has not transferred any amount out of the profit of the year to the General Reserve.

Share Capital

During the year under review, there was no change in the Equity Share Capital of the Company.

During the year under review, your Company has redeemed 1,50,000 Preference Shares of ₹100/- each at par. Accordingly, Issued, Subscribed and Paid-up Preference Share Capital has reduced from 12,50,000 Preference Shares of ₹100/- each to 11,00,000 Preference Shares of ₹100/- each with effect from 31st March, 2017.

The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise, during the year under review.

The Company has not issued ESOP or sweat equity shares to Directors or employees, during the year under review.

Directors and Key Managerial Personnel (KMP):

Your Company's Board comprises of 6 (Six) Directors, of which 3 (Three) are Non-Executives Independent and 3 (Three) Directors are Executives.

a. Appointment / resignations of Directors:

During the year under review, there is no change in the composition of the Board of Directors of the Company.

b. Retirement of Director by rotation:

In terms of Section 152 of the Companies Act, 2013, Mrs. Sandra Saldanha (DIN: 0021023) will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

c. Appointment / resignation of Key Managerial Personnel:

During the year under review, there is no change in Key Managerial Personnel of the Company.

Number of Meetings of the Board

The Board met 6 (Six) times in financial year 2016-17 on 30.05.2016, 13.08.2016, 12.11.2016, 19.12.2016, 06.02.2017 and 29.03.2017.

Policy on Directors Appointment and Remuneration

Your Company has in place a policy relating to nomination and remuneration of directors as well as key managerial personnel and other employees formulated by the Nomination and Remuneration Committee. The Nomination and Remuneration Policy, inter alia, provides for the following:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.

For the appointment of KMP (other than Managing / Whole-time Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. For administrative convenience, the Managing Director is authorised to identify and appoint a suitable person for the position of KMP (other than Managing / Whole-time Director) and Senior Management.

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole-time Director is determined by the Nomination and Remuneration Committee and recommended to the Board for approval. Such remuneration / compensation / commission, etc., as the case may be, is subject to approval of the shareholders of the Company and is in accordance with the provisions

of the Companies Act, 2013 and Rules made thereunder. Remuneration of KMP (other than Managing / Whole-time Director) and Senior Management is decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, is in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

An Independent Director is not entitled to stock option of the Company.

During the financial year ended 31st March, 2017, the remuneration paid to Dr. Vinay Gopal Nayak, Whole-time Director has exceeded the permissible limit as prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹79,52,068.00 due to inadequacy of profit. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payment including seeking approval from Members and the Central Government, as necessary. Pending such approvals, the excess amount is held by the Whole-time Director in trust for the Company.

Evaluation of Performance of Board, Committee and Directors

Performance evaluation of the Board as a whole, the Committees of Directors and all individual Directors including Independent Directors has been carried out for the year under review in accordance with the criteria framed pursuant to the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidance Notes issued by SEBI.

Performance Evaluation of each individual director including independent director

A questionnaire containing performance evaluation criteria was circulated to each Director including Independent Directors. The Directors filled-up the questionnaire pertaining to other Directors (except for himself/herself) and submitted the same to the Chairman of the Board for review.

The Nomination and Remuneration Committee also carried out performance evaluation of each director of the Company for the year 2016-17. The evaluation of each director was

done by all the other directors (other than the director being evaluated) in accordance with the performance criteria suggested by the Committee and applicable SEBI Guidance Note.

Performance Evaluation of the Board and Committees of Directors

The Board reviewed a questionnaire containing performance criteria for the Board and the Committees of Directors. For the evaluation, the Board took into consideration composition of the Board and Committees of Directors, frequency of the meetings, attendance of each directors at the Board and respective Committee Meetings, discharge of key functions and responsibilities prescribed under law, effectiveness of corporate governance practices in the Company, integrity of the Company's accounting/auditing and financial reporting/control systems, etc.

All the independent directors of your Company also had a separate meeting without the attendance of executive directors and management personnel and reviewed the performance of the Board of Directors as a whole, the Chairman of the Board and the executive non-independent directors during the year 2016-17. The independent directors have also reviewed the quality, quantity and timeliness of flow of information between the Company management and the directors that was necessary for the directors to effectively and reasonably perform their duties.

The results of the above performance evaluations are satisfactory and adequate and meet the requirement of the Company.

Declaration From Independent Directors

The Company has received necessary declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

Familiarization Programme For Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry. Company's policy on the familiarization program for the independent directors is

available on the Company's website www.marksanspharma.com.

Committees of the Company

Currently, the Company has five committees; The Audit Committee, The Nomination and Remuneration Committee, The Stakeholders' Relationship Committee, The Corporate Social Responsibility Committee and the Risk Management Committee. Details of the composition of these committees are given in the Corporate Governance Report section of this Annual Report.

Policies

Your Company always strives to promote and follow the highest level of ethical standards in all its business transactions. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated formulation of certain policies for all listed companies. All the policies adopted by your Company are available on the website www.marksanspharma.com. These policies are reviewed periodically by the Board and updated based on need and new compliance requirement. Key policies that have been adopted by the Company are as follows:

Name of the Policy	Brief Description
Code of Conduct for Directors & Employees	The Code envisages directors and employees of the Company to observe in day to day operations of the Company
Code of Conduct to Regulate, Monitor and Report Trading in securities	The Code provides framework for dealing with securities of the Company by directors and employees of the Company
Policy on Related Party Transactions	The Policy regulates all transactions between the Company and its related parties
Corporate Social Responsibility (CSR) Policy	The Policy outlines Company's strategy to bring about a positive impact on society
Whistle Blower Policy (Vigil Mechanism)	The Policy provides for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's codes of conduct and ethics
Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information	The Code envisages fair disclosure of events and occurrences that could impact price discovery in the market for the Company's securities.

Details Relating to Deposits, Covered Under Chapter V of the Companies Act, 2013

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

Loans, Guarantees or Investments

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

Research and Development (R&D)

Your Company is committed to continuously fund its R&D capabilities. One of the Company's biggest strength lies in vibrant and productive R&D function that has continuously placed your Company ahead through consistent development of niche technology, processes and products. Your Company will continue to invest in R&D to keep pace with the changing domestic and global scenario.

Your Company is setting up a new Research & Development Centre at Navi Mumbai, Maharashtra with a view to foray into new segments, respond to globally unmet therapeutic

needs, enhance the Company's opportunity responsiveness and file a larger number of ANDAs.

Regulatory Compliances

Your Company's facilities in UK and USA are approved by UK MHRA and US FDA respectively. During the year under review, the Goa facility has gone through successful GMP audit by UK MHRA and Australian TGA Authorities.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the relevant information and data are annexed to this report as **Annexure - A**.

Internal Financial Control Systems and their Adequacy

Your Company has in place adequate system of internal control and management information systems which covers all financial and operating functions. These systems are designed in a manner which provides assurance with regard to maintenance of strict accounting control, optimum efficiency in operations and utilization of resources as well as financial reporting, protection of Company's tangible and intangible assets and compliance with policies, applicable laws, rules and regulations. Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. The Audit Committee has a process for timely check for compliance with the operating systems, accounting procedures and policies. Major risks identified by the businesses and functions are systematically addressed through mitigating action on continuing basis.

Information Technology

Your Company continues to make required investments in the Information Technology area to cope up with the growing information needs necessary to manage operations efficiently. Your Company has implemented state-of-the-art IT applications in automating the processes in Quality, Manufacturing and R & D. Your Company has also invested significant amount of resources to build IT platform to de-risk manufacturing process and to adopt best practices in the industry. The implementations spread across Lab automation, instrument integration and manufacturing

execution systems. Your Company's virtually every aspect of the business operations is carried out through SAP (Systems Applications and Products in Data Processing) Enterprise Resource Planning.

Health, Safety & Environment

Your Company is committed to ensure Safety and sound Health of the employees at the work place. Your Company is also committed to strengthen pollution prevention and waste management practices for a safe and healthy environment. The Company's plants are environment regulations compliant.

Related Party Transactions

There are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel or their relatives.

All Related Party Transactions (with the subsidiaries) that were entered into during the financial year were in the ordinary course of business on arm's length basis and repetitive in nature. These transactions are placed before the Audit Committee for information and are entered in the Register maintained under Section 189 of the Companies Act, 2013. The Audit Committee has granted omnibus (ad hoc) approval for Related Party Transactions as per the provisions and restrictions contained in the policy framed under Regulation 23 of the SEBI (LODR) Regulations, 2015. Company's Policy on Related Party Transactions is available on the Company's website www.marksanspharma.com.

Whistle Blower Policy/Vigil Mechanism

Your Company has in place a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. Under the policy, an effective vigil mechanism for directors and employees has been established to report their genuine concerns, actual or suspected fraud or violation of the Company's codes of conduct. Details of the Whistle Blower Policy are available on the Company's website www.marksanspharma.com.

The said mechanism also provides for adequate safeguards against victimisation of the persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee. We confirm that during the financial year 2016-17, no employee of the Company was denied access to the Audit Committee. During the financial year

2016-17, there were no instance of any unethical behavior, actual or suspicious fraud or violation in the Company's operational policies.

Risk Management System

Your directors are aware of the risks associated with the Company's business. Your Company makes timely and regular analyses of various risks associated with the Company's business and takes corrective actions for managing/mitigating the same. Your Company has institutionalized the policy/process for identifying, minimizing and mitigating risks under the supervision of the Risk Management Committee of the Company. The key risks and mitigation measures are also reviewed by the Audit Committee.

Corporate Social Responsibility

During the financial year 2016-17, your Company has not spent any amount towards CSR. Your Company understands its responsibility towards the Society, Community, Environment and committed to spend sensibly after identifying right avenues for the purpose. Your Company is continuously exploring various focus areas for its CSR activities and is also in the process of identifying NGOs working in the area of health and education to support them in their endeavors.

The particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in **Annexure - B** annexed to this Report.

Disclosure Under Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is fully committed to uphold and maintain dignity of women working in the Company and has zero tolerance towards any actions which may fall under the ambit of sexual harassment at work place. The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committees have been set up to redress complaints regarding sexual harassment at Mumbai office as well as Goa plant. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, your Company has not received any complaints related to sexual harassment at both the sites.

Significant and Material orders Passed by the Regulators or Courts or Tribunals

There are no significant material orders passed by the Regulators/Courts/tribunal which would impact the going concern status of the Company and its future operations.

Change in the Nature of Business

During the year under review, there is no change in the nature of Business of the Company.

Material changes and commitment if any, affecting financial position of the company from the end of the financial year till the date of the report.

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the company to which a financial statements relate and the date of this report.

Corporate Governance

Corporate Governance is an ethical business process to create and enhance value of stakeholders and reputation of an organization. Your directors function as trustee of the shareholders and ensure long term economic value for its stakeholders. Pursuant to Schedule V of SEBI (LODR) Regulations, 2015, a detailed report on Corporate Governance and a certificate from the Auditors regarding compliance with the conditions of Corporate Governance is annexed to this report as **Annexure - C**.

Extract of Annual Return

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014 is annexed to this report as **Annexure - D**.

Employees

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this report as **Annexure - E**.

The statement showing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read

with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as **Annexure - F**.

Human Resources Development and Industrial Relations

The guiding principle of HR Policy at your Company is that the "Intellectual Capital" and dedication of employees will help the Company emerge as a successful player in this highly competitive scenario.

The recruitment procedure ensures that people with talent and the right skill sets are selected. Nurturing of talent and a Performance Management System (PMS) is in place to ensure that the coordinated efforts of our people lead to achievement of the Business Goals of the company.

Empowerment and a motivational package ensure that employees keep performing at peak levels. The HR Policy is directed towards creating "Ownership of Goals" at each level and synchronizing the efforts of all employees to achieve the company's quality and business goals.

Development of skills through mentoring and training by our seasoned professionals ensures that the talent pool keeps expanding. The Leadership Role played by our senior professionals helps to keep the next rung of leadership ready to take up the challenges thrown up by the global market.

The management helps the process of decision making by decentralizing and empowering professionals to execute tasks in a speedy manner. The management fosters information sharing and free exchange of ideas. Above all, the sense of ownership and empowerment to take

decisions helps the Company to adapt and be ahead of the competition in this rapidly changing global environment.

The industrial relation at all the plant sites of your Company is cordial.

As on 31st March, 2017, the Company's permanent employee strength was 717 (574 as on 31st March, 2016).

Directors Responsibility Statement

In terms of provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2017 and Profit of the Company for the period ended 31st March, 2017;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- proper internal finance controls were in place and that the financial controls were adequate and were operating effectively;

- had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Audit & Auditors

Statutory Audit

Tenure of M/s. N. K. Mittal & Associates, Statutory Auditors of the Company will come to end at the conclusion of the ensuing Annual General Meeting. Your directors have decided, based on the recommendation of the Audit Committee, to recommend the appointment of M/s. V S Lalpuria & Company, Chartered Accountants (Firm Registration No. 105581W) as Statutory Auditors of the Company under section 139 of the Companies Act, 2013.

The Board placed on record its appreciation for the services of the retiring Auditors M/s. N. K. Mittal & Associates, who have been Auditors of the Company for a long time.

The Auditors Reports do not contain any qualification, reservation or adverse remark.

Secretarial Audit

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors has appointed Ms. Khushboo Bakul Gopani, a Practicing Company Secretary (Membership No.29194, Certificate of Practice No. 10560) as Secretarial Auditor to undertake Secretarial Audit of the Company. The

report of the Secretarial Auditor is annexed to this report as **Annexure - G.**

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark except three observations which are self explanatory.

Cost Audit

Your Company is a 100% export oriented unit and therefore, it is exempted from audit of its cost accounting records.

Appreciation

The directors place on record their appreciation for the contribution made by the employees at all levels enabling the Company to achieve the performance during the year under review.

The directors also appreciate the valuable co-operation and continued support extended by Company's Bankers, Medical Professionals, Business Associates and Investors who have put their faith in the Company.

For and on behalf the Board of
Directors of Marksans Pharma Limited

Mumbai
Dated 11th August, 2017

Mark Saldanha
Chairman & Managing Director
DIN: 00020983

Annexure A
Annexure to the Report of the Board of Directors

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

A. Conservation of Energy

a) Energy Conservation measures taken:

The Company continues with its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy.

The following energy conservation methods were implemented during the year.

- a) Intensified internal audit aimed at detecting wastage and leakage of utility Circuits.
- b) Scheduled production to avoid usage of diesel during "Weekly Power Shutdown".
- c) Optimisation of Agro Waste Fired Boilers.
- d) Optimisation in use of cooling water pumps.
- e) Use of energy efficient pumps and motors.
- f) Chemical dosing of cooling/chilling water system.
- g) Installed energy efficient motors for chilling plant compressors.
- h) Cold insulation ducting and HVAC system was checked and sections redone.
- i) Conducted compressed air audit.
- j) Optimised air compressor pressure.
- k) Replaced Furnace Oil Boiler with Briquette Boiler.

b) Additional investments:

- a) Continuously install electronic devices to improve quality of power and reduction of energy consumption.
- b) Install efficient steam boiler burner.
- c) Harmonics and power factor improvements.
- d) Install energy saving lamps.
- e) Install VFD for air compressor motors.

c) Impact of above measures:

The adoption of energy conservation measures have resulted in considerable savings and increased level of awareness amongst the employees. The energy conservation measures have also resulted in improvement of power factor and consequential tariff benefits. These measures have also resulted into better quality of power, reduction in fossil fuel combustion, optimal utilization of resources resulted in overall efficiency improvement and reduced consumption of fuel, water and power resulted in lowering overall costs.

d) Energy Consumption:

Particulars	2016-17	2015-16
1. Electricity		
(a) Purchases		
Units (kwhs)	8881920	9636420
Total Amount (₹)	50196808.00	52119576.00
Rate/ Unit (₹)	5.65	5.41
(b) Own Generation		
Through Diesel		
Units (in '000 kwhrs)	431.83	344.10
Units per Ltr of Diesel	3.70	3.70
Oil		
Cost/ Unit (₹)	15.36	13.38
2. Agro Waste Consumption		
Qty (units in '000)	3451.70	4365.71
Total Amount (₹'000)	12198.40	14377.90
Average Rate	3.53	3.29

B. Technology Absorption

Research and Development (R&D)

1. **Specific areas in which R&D carried out by the Company**
Foray into Generic business and identification of few niche areas for product development, mainly in dossier development, post patent filing for regulated and

emerging markets. The company is building a future by strengthening its research formulation through consistent investments in every aspect of its R&D programs, be its Generics Research or Advanced Drugs Delivery Systems (ADDS). The Generics R&D programs continues to create meaningful product pipelines for formulations for the US, European and other advanced and emerging markets.

2. Benefits derived as a result of above R & D

The year was a strong year for the company's R&D as the Company continued to benefit from its consistent investments in research through increase in number of products exported to US, Europe and other regulated and emerging markets.

3. Future plan of action

Development of new and innovative products will lead to evolution of comprehensive range of generics leading to Abbreviated New Drug Applications / Dossiers for filing.

4. Expenditure on R&D

The Company continues to benefit from the extensive Research and Development (R&D) activity carried on. During the year, the Company has incurred expenses of R & D nature for new product development and ANDA / Dossiers filing for regulated and emerging markets.

Expenditure on R&D

a. Capital expenditure	Nil
b. Revenue expenditure	₹453.09 Lakh
c. Total	₹453.09 Lakh
d. Total R&D expenditure as a percentage of total standalone revenue	2.04%

The Company is also setting up a new Research & Development centre at Navi Mumbai, Maharashtra with a view to foray into new segments, respond to globally unmet therapeutic needs, enhance the Company's opportunity responsiveness and file a larger number of ANDAs.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

Improvements in process parameters, up-gradation of plant and systems facility, working systems, documentation and practices to international regulatory standards for European and U.S. Market.

2. Benefits derived as a result of the above efforts.

Bio Fuel being substantially cheaper to Furnace Oil, its usage will generate savings in fuel cost. Also it will save time on steam generation and add to operator safety. Access to highly regulated markets, thereby increasing the sales volumes. Installation of new testing equipment has substantially reduced dependency on external testing, thereby reducing the overall operational time cycles. The same has also resulted in reduction in manpower. Improvements in process parameters have reduced the percentage rejection in the process thereby reducing the wastage of costly raw material.

3. Imported Technology

Nil

C. Foreign Exchange Earnings & Outgo

During the financial year 2016-17, the Company used foreign exchange amounting to ₹2112.21 Lakh (Previous Year ₹7960.46 Lakh) and earned foreign exchange amounting to ₹20607.18 Lakh (Previous Year ₹34179. 79 Lakh).

For and on behalf the Board of Directors of Marksans Pharma Limited

Mark Saldanha

Mumbai

Chairman & Managing Director

Dated: 11th August, 2017

DIN: 00020983

Annexure B

Annexure to the Report of the Board of Directors

Annual Report on Corporate Social Responsibility (CSR) Activities

1.	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	To actively contribute to the social and economic development of the communities and build a better sustainable way of life for weaker sections of society. The Company's CSR policy is available on the Company's website at http://marksanspharma.com/compliances.html
2.	Composition of CSR Committee	(i) Dr. Vinay Gopal Nayak - Chairman (ii) Mrs. Sandra Saldanha – Member (iii) Mr. Seetharama R. Buddharaju – Member
3.	Average Net Profits of the Company for last three financial years	₹8385.77 Lakh
4.	Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)	₹167.72 Lakh
5.	Details of CSR Spent during the financial year - Total Amount to be spent for the financial year - Amount unspent, if any - Manner in which the amount spent during the financial year	₹167.72 Lakh ₹167.72 Lakh N.A.
6.	Reasons for not spending the amount	During the financial year 2016-17, the Company has not spent any amount towards CSR. The Company understands its responsibilities towards the Society, Community, environment and committed to spend sensibly after identifying right avenue for the purpose. The Company is continuously exploring various focus areas for its CSR activities and is also in the process of identifying NGOs working in the areas of health and education to support them in their endeavors.

The CSR Committee confirms that implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company.

Place: Mumbai
Date: 11th August, 2017

Dr. Vinay Gopal Nayak
Chairman - CSR Committee

Mr. Mark Saldanha
Managing Director

Annexure C

Annexure to the Report of the Board of Directors

Corporate Governance Report 2016-17

Company's Philosophy on Code of Governance

The Company is committed to the principles of good corporate governance to achieve long term corporate goals and to enhance shareholders value by managing its operations at all levels with highest degree of transparency, responsibility and delegation with equity in all facets of its operations leading to sharp focus and operationally efficient growth. The spirit of Corporate Governance has prevailed in the Company and has influenced its decisions and policies. The strong internal control system and procedures and codes of conduct for observance by the Company's directors and employees are conducive in achieving good corporate governance practices in the Company. The compliance report is prepared and given below in conformity with the mandatory requirements of Regulation 34(3) and Schedule V of the SEBI (LODR) Regulations, 2015.

Board of Directors

As on the date of this report, the total number of Directors on the Board is six (6). Out of that three (3) Directors are non-executive and independent. During the financial year under review, six (6) Board Meetings were held on the following dates: 30.05.2016, 13.08.2016, 12.11.2016, 19.12.2016, 06.02.2017 and 29.03.2017.

None of the Directors are members of more than 10 Committees of the Board nor are the Chairman of more than 5 Committees of the Board across all the companies in which they are directors. The details as to Composition, Status, Attendance at the Board Meetings and the last Annual General Meeting, outside Directorship and other Committees membership are as follows:

Name of the Director	Executive/ Non-executive/ Independent/ Promoter	No. of Shares in the Company	No. of Board Meetings attended out of 6 held	No. of outside directorship in Public Limited Companies*	Membership held in Committee of Directors**	Chairmanship held in Committee of Directors**	Whether attended last AGM
Mr. Mark Saldanha (Chairman & Managing Director)	Executive, Non-Independent & Promoter	197491553	6	Nil	Nil	Nil	Yes
Mrs. Sandra Saldanha	Executive, Non-Independent & Promoter	180	6	Nil	Nil	Yes	Yes
Dr. Vinay Gopal Nayak	Executive & Non-Independent	Nil	5	Nil	Nil	Nil	Yes
Mr. Seetharama R. Buddharaju	Non-executive & Independent	Nil	6	Nil	Nil	Nil	Yes
Mr. Naresh B. Wadhwa	Non-executive & Independent	774883	4	Nil	Nil	Nil	Yes
Mr. Ajay S. Joshi	Non-executive & Independent	Nil	5	Nil	Nil	Nil	No

* This excludes directorship held in private companies, foreign companies, companies formed under Section 8 of the Companies Act, 2013.

** Membership/Chairmanship in Committee of Directors includes Audit Committee and Stakeholders Relationship Committee in public companies only. This does not include membership/chairmanship in Committee of Directors of Marksans Pharma Limited.

Audit Committee

The Audit Committee consists of Directors, namely Mr. Seetharama R. Buddharaju (Chairman), Dr. Vinay G. Nayak, Mr. Naresh B. Wadhwa and Mr. Ajay S. Joshi. The Managing Director and Head of Finance are invited to the audit committee meetings. Company Secretary acts as the Secretary to the Committee. The constitution, functions and the terms of the reference of the Audit Committee are those prescribed under Regulation 18 and Schedule V of the SEBI (LODR) Regulations, 2015 as well as under Section 177 of the Companies Act, 2013.

During the financial year under review, the Audit Committee met five (5) times on 30.05.2016, 13.08.2016, 12.11.2016, 06.02.2017 and 29.03.2017. The necessary quorum was present at all the meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting.

Attendance of the members of the Audit Committee was as under:

Sr. No.	Name of Committee Member	Position	Category	Meetings Attended out of 5 held
1.	Mr. Seetharama R. Buddharaju	Chairman	Non-executive & Independent	5
2.	Dr. Vinay G. Nayak	Member	Executive & Non Independent	4
3.	Mr. Naresh B. Wadhwa	Member	Non-executive & Independent	3
4.	Mr. Ajay S. Joshi	Member	Non-executive & Independent	5

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company consists of independent directors, namely Mr. Seetharama R. Buddharaju (Chairman), Mr. Naresh B. Wadhwa and Mr. Ajay S. Joshi. The Committee has power to determine remuneration of the Directors, Key Managerial Personnel and other employees of the Company as per the provisions of Regulation 19 and Part D of the Schedule II of the SEBI (LODR) Regulations, 2015 and applicable provisions of the Companies Act, 2013.

During the financial year under review, the Nomination and Remuneration Committee met three (3) times on 13.08.2016, 06.02.2017 and 29.03.2017. The necessary quorum was present at all the meetings. Attendance of the members of the Nomination and Remuneration Committee was as under:

Sr. No.	Name of Committee Member	Position	Category	Meetings Attended out of 3 held
1.	Mr. Seetharama R. Buddharaju	Chairman	Non-executive & Independent	3
2.	Mr. Naresh B. Wadhwa	Member	Non-executive & Independent	1
3.	Mr. Ajay S. Joshi	Member	Non-executive & Independent	3

Nomination and Remuneration Policy

The Company has in place Nomination and Remuneration Policy in accordance with Section 178 of the Companies Act, 2013. The Nomination and Remuneration Policy, inter alia, provides for the following:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board for his/her appointment.
2. For the appointment of KMP (other than Managing/Whole-time Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he/she is considered for the appointment. For administrative convenience, the Managing Director is authorised to identify and appoint a suitable person for the position of KMP (other than Managing/Whole-time Director) and Senior Management.

3. Remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole-time Director is determined by the Committee and recommended to the Board for approval. Remuneration / compensation / commission, etc., as the case may be, are subject to approval of the shareholders of the Company and are in accordance with provisions of the Companies Act, 2013 and Rules made thereunder. The Managing Director of the Company is authorised to decide remuneration of KMP (other than Managing/Whole-time Director) and Senior Management based on the standard market practice and prevailing HR policies of the Company.
4. Remuneration / commission / sitting fees, as the case may be, to the Non-Executive/ Independent Director, is in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / Shareholders.
5. An Independent Director is not entitled to any stock option of the Company.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee consists of Directors, namely Mr. Seetharama R. Buddharaju (Chairman), Dr. Vinay G. Nayak, Mr. Naresh B. Wadhwa and Mr. Ajay S. Joshi. The Committee looks into the shareholders' and Investors' grievances. The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures to improve the level of investor services.

Number of complaints received during the year	: 28
Number of complaints resolved to the satisfaction of complainants	: 28
Number of complaints outstanding as on 31.03.2017	: 0

During the financial year under review, Stakeholders Relationship Committee met four (4) times on 30.05.2016, 13.08.2016, 12.11.2016 and 06.02.2017. The necessary quorum was present at all the meetings.

Attendance of the members of the Stakeholders' Relationship Committee was as under:

Sr. No.	Name of Committee Member	Position	Category	Meetings Attended out of 4 held
1.	Mr. Seetharama R. Buddharaju	Chairman	Non-executive & Independent	4
2.	Dr. Vinay G. Nayak	Member	Executive & Non Independent	3
3.	Mr. Naresh B. Wadhwa	Member	Non-executive & Independent	2
4.	Mr. Ajay S. Joshi	Member	Non-executive & Independent	4

Corporate Social Responsibility (CSR) Committee

CSR Committee of the Company consists of directors, namely Dr. Vinay G. Nayak (Chairman), Mrs. Sandra Saldanha and Mr. Seetharama Raju Buddharaju. The Company has in place a CSR Policy formulated by CSR Committee and approved by the Board of the Company. CSR Committee is responsible for execution, implementation, monitoring and reporting to the Board the projects and programs undertaken under the said CSR Policy.

During the financial year under review, CSR Committee met two (2) times on 30.05.2016 and 06.02.2017. The necessary quorum was present at the meetings. Attendance of the members at CSR Committee meetings was as under:

Sr. No.	Name of Members	Position	Category	Meetings Attended out of 2 held
1.	Dr. Vinay G. Nayak	Chairman	Executive & Non-independent	1
2.	Mrs. Sandra Saldanha	Member	Executive & Non-independent	2
3.	Mr. Seetharama R. Buddharaju	Member	Non-executive & Independent	2

Risk Management Committee

Risk Management Committee of the Company consists of directors, namely Dr. Vinay G. Nayak (Chairman), Mr. Seetharama R. Buddharaju and Mr. Jitendra Sharma. The Company has a Risk Management Policy formulated by Risk Management Committee and approved by the Board of the Company. Risk Management Committee is responsible to implement and monitor risk assessment and minimization procedure and periodically report to the Board a risk assessment report and recommend to the Board risk mitigation measures, if any, for approval.

During the financial year under review, Risk Management Committee met two (2) times on 30.05.2016 and 06.02.2017. The necessary quorum was present at the meetings. Attendance of the members at Risk Management Committee meetings was as under:

Sr. No.	Name of Members	Position	Category	Meetings Attended out of 2 held
1.	Dr. Vinay G. Nayak	Chairman	Executive & Non-independent	1
2.	Mr. Seetharama R. Buddharaju	Member	Non-executive & Independent	2
3.	Mr. Jitendra Sharma	Member	Chief Financial Officer	2

Share Transfer System

The Company has appointed Bigshare Services Private Limited as its Registrar and Share Transfer Agent for both physical and demat segment. The Company has authorised Mr. Mark Saldanha, Managing Director, Mr. Jitendra Sharma, Chief Financial Officer and Mr. Harshavardhan Panigrahi, Company Secretary of the Company to approve the share transfers lodged in physical mode, dematerialization/rematerialisation of shares, issue of duplicate share certificate on surrender of defaced/damaged/mutilated share certificates. The shares lodged in physical mode are transferred and returned in 15 days from the date of receipt, so long as the documents are complete in all respects. As on 31.03.2017, no shares were pending for transfer.

The Board has designated Mr. Harshavardhan Panigrahi, Company Secretary of the Company as Compliance Officer.

Disclosures

- The Company has been selling goods to its subsidiaries, Bell, Sons & Co (Druggists) Limited, Relonchem Limited, Time-Cap Laboratories Inc. and Nova Pharmaceuticals Australasia Pty Ltd from time to time. These subsidiaries are considered as related parties. All the transactions with these subsidiaries are in the ordinary course of business on arm's length basis and are repetitive in nature. These transactions are entered in the Register of Contracts and placed before the Board of Directors on a regular basis. The details of these related party transactions are also placed before the Audit Committee for information. The Audit Committee has granted an omnibus (ad hoc) approval to such types of transactions for smooth operations and in the interest of the Company and in accordance with the Company's Policy on Related Party Transactions. Details of related party transactions during the year ended 31st March, 2017 has been set out under Note No. 2.31 of the Notes annexed to the Financial Statements for the year ended 31st March, 2017. As such, there is no materially significant related party transaction that may have potential conflict with the interests of the Company. Company's policy on dealing with Related Party Transactions is available on the Company's website www.marksanspharma.com.
- There was no non-compliance during the last three years by the Company on any matter related to the capital market. Consequently, there were neither any penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
- The Company has in place a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. Under the policy, an effective vigil mechanism for directors and employees has been established to report their genuine concerns, actual or suspected fraud or violation of the Company's codes of conduct. Details of the Whistle Blower Policy are available on the Company's website www.marksanspharma.com. The said vigil mechanism also provides for adequate safeguard against victimisation of the person who uses such mechanism and direct access to the chairperson of the Audit

Committee. During the financial year 2016-17, there was no instance of any unethical behaviour, actual or suspicious fraud or violation of the Company's operational policies and codes of conduct and no employee of the Company sought access to the Audit Committee.

- d) The Company is not into any commodity trading activities.
- e) More than 95% of the Company's revenue are derived from the export market. The Company also imports some of the raw materials. Therefore, the Company is exposed to foreign exchange fluctuation risk. The Company manages these risks by taking adequate forward cover from time to time.
- f) The Company is fully compliant with the corporate governance requirements specified in the Companies Act, 2013 and in Schedule V of SEBI (LODR) Regulations, 2015 to the extent applicable.
- g) Disclosure regarding adoption of discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015:
- i. The Company has an executive chairperson.
 - ii. Half-yearly declaration of financial performance including summary of the significant events in last six-months are presently not being sent to the shareholders.
 - iii. Every endeavor is made to make the financial statements with unmodified audit opinion.
 - iv. At present, the post of chairperson and chief executive officer or managing director is one.
 - v. The internal auditors' reports are placed before the Audit Committee from time to time

Disclosure of compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Regulation No.	Particulars	Compliance Status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Subsidiary Company	Not Applicable. The Company has only foreign subsidiaries.
25	Independent Directors	Yes
26	Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2)(b) to (i)	Website	Yes

Directors Remuneration

The non-executive directors are not paid any remuneration. Mr. Naresh B. Wadhwa, the non-executive independent director is paid sitting fee of ₹25,000/- per day for all the Board and Committee meetings actually attended by him. The executive directors are paid remuneration under the applicable provisions of the Companies Act, 2013 with approval of the shareholders

in the General Meeting. Details of the remuneration paid to the executive directors of the Company during the year ended 31st March, 2017 are given herebelow.

(Amount in ₹)

Particulars	Mr. Mark Saldanha	Mrs. Sandra Saldanha	Dr. Vinay G. Nayak
Basic	96,00,000	10,80,000	1,08,00,000
Allowances	7,72,320	59,34,564	1,09,78,600
Bonus	60,000	12,000	-
Medical Reimbursement	-	15,000	15,000
Company's Contribution to Provident Fund and other contribution	11,52,000	1,29,600	12,96,000
Gratuity	4,15,680	46,764	4,10,400
Total	1,20,00,000	72,17,928	2,35,00,000

Note:

- The above figure does not include provisions for encashable leave.
- Dr. Vinay G. Nayak is entitled to KRA based Variable Pay of upto ₹45,00,000 and EBITDA based Company Incentive of upto ₹20,00,000 as approved by the Board of Directors.
- During the financial year 2016-17, the remuneration paid to Dr. Vinay Gopal Nayak, Whole-time Director has exceeded the permissible limit as prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹79,52,068.00 due to inadequacy of profit. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payment including seeking approval of Members and the Central Government, as necessary. Pending such approvals, the excess amount is held by the Whole-time Director in trust for the Company.

Management Discussion & Analysis Report

The Annual Report has a separate and detailed chapter on Management Discussion & Analysis covering Industry structure and development, financial and operational performance of the Company, risks, concerns, opportunities, threat and outlook forming part of this report.

Means of Communication

Quarterly, Half-yearly, and Annual results of the Company are published in one English and one Marathi newspaper. These are also submitted to the stock exchanges in accordance with the Listing Regulations and are available on the website of BSE (www.bseindia.com) & NSE (www.nseindia.com) and also on the Company's website (www.marksanspharma.com).

The Company has not made any presentation to institutional investors or analysts.

General Body Meetings

Annual General Meetings	Date	Time	Venue	No. of Special Resolutions
Twenty Fourth	29.09.2016	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor D.N. Nagar, Link Road, Andheri (West), Mumbai – 400053.	1*
Twenty Third	29.09.2015	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor D.N. Nagar, Link Road, Andheri (West), Mumbai – 400053.	2**
Twenty Second	25.09.2014	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor D.N. Nagar, Link Road, Andheri (West), Mumbai – 400053.	5***

* One (1) Special Resolution was passed in the AGM held on 29th September, 2016 for approval of Marksans Employees Stock Option Scheme 2016.

** Two (2) Special Resolutions were passed in the AGM held on 29th September, 2015:-

1. Re-appointment of Mr. Mark Saldanha (DIN: 00020983) as Managing Director of the Company.
2. Approval and adoption of new set of Articles of Association of the Company.

*** Five (5) Special Resolutions were passed in the AGM held on 25th September, 2014:-

1. Revision in remuneration of Dr. Balwant S. Desai (DIN: 03631170), Whole-time Director to ₹60,00,000.00 per annum with effect from 1st April, 2014.
2. Appointment of Mrs. Sandra Saldanha (DIN: 00021023) as a Whole-time Director of the Company with effect from 25th September, 2014 at a remuneration of ₹72,17,928.00 per annum.
3. Approval of borrowing powers of the Board of Directors in excess of the aggregate of the paid-up share capital and free reserves of the Company subject to a maximum limit of ₹1000 Crores over and above the aggregate of the paid-up share capital and free reserves.
4. Approval of powers of the Board of Directors to create charge on the movable and immovable properties, both present and future of the Company in favour of the Banks to secure credit facilities availed from them.
5. Raising of capital by way of issue of securities in one or more tranches for an amount not exceeding USD 125 Million.

Postal ballot

As of date, there is no proposal to pass any resolution by postal ballot. However, the Company is providing e-voting facility to its members to exercise their votes electronically.

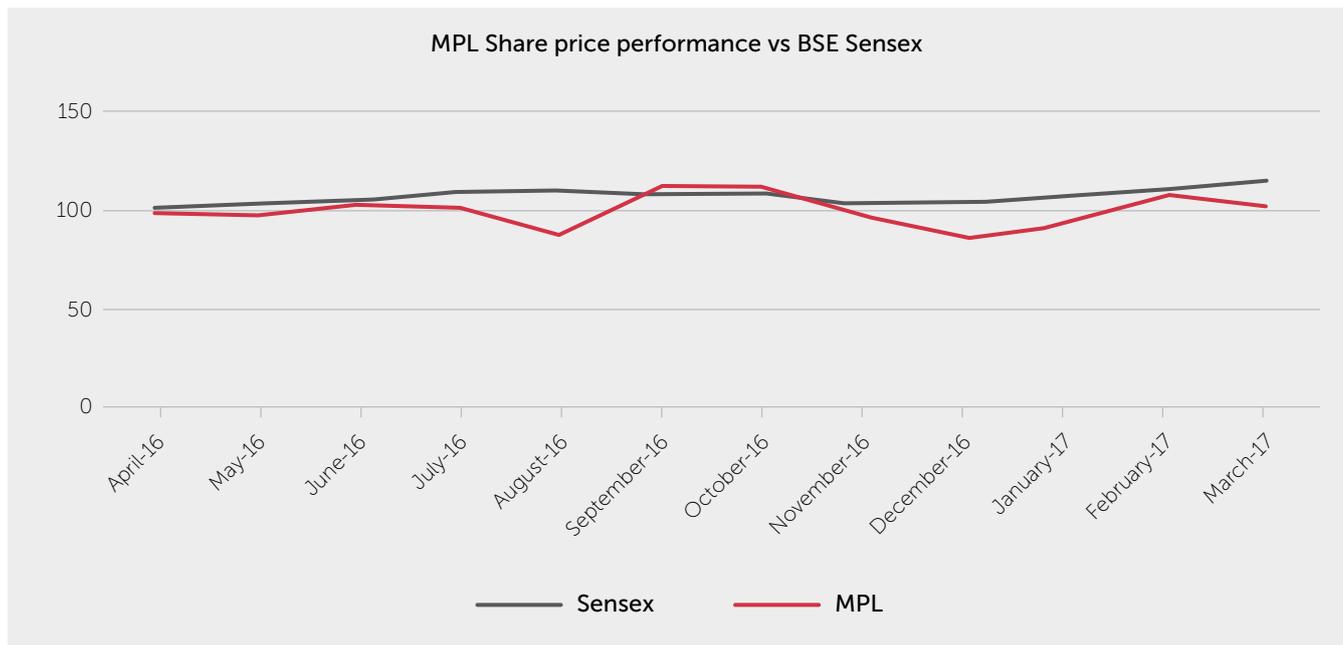
General Shareholder Information

AGM	Twenty Fifth Annual General Meeting.
Day & Date	Tuesday, 26th September, 2017
Financial Year	2016-2017
Time	10:30 AM
Venue	GMS Banquet, Next to D.N. Nagar Metro Station, Opp. Indian Oil Nagar, New Link Road, Andheri (West), Mumbai 400 053.
Financial calendar	Financial Year - April to March First Quarter Results – 2nd week of August Second Quarter Results – 2nd week of November Third Quarter Results – 2nd week of February Last Quarter Results – 3rd / 4th week of May
Date of Book Closure	From Thursday, 21st September, 2017, upto Tuesday, 26th September, 2017 (both days inclusive).
Dividend payment date	On or after 3rd October, 2017.
Listing on Stock Exchanges	BSE Limited The National Stock Exchange of India Limited (NSE) The annual listing fees for the year 2017-2018 have been paid
Stock Code	BSE : 524404 NSE : MARKSANS
ISIN	INE750C01026

Market price data on BSE during the period April 2016 to March 2017

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)
April 2016	46.55	50.75	45.2	45.75
May 2016	45.85	52.9	43.1	44.5
June 2016	44.8	47.90	39.40	47.60
July 2016	47.85	51.60	45.25	47.25
August 2016	47.25	50.25	39.40	40.75
September 2016	40.90	56.65	40.30	52.45
October 2016	53.60	58.30	49.60	52.20
November 2016	52.05	53.15	37.50	44.50
December 2016	45.50	46.50	38.90	39.85
January 2017	39.90	42.80	37.45	37.70
February 2017	37.70	52.40	36.95	50.25
March 2017	50.60	52.75	46.25	47.15

Marksans Pharma Ltd ("MPL") share price performance versus BSE Sensex during April 2016 - March 2017.



Shareholding Pattern as on 31.03.2017

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Individual	109204	97.37	341589421	83.45
Bodies Corporate	1043	0.93	22823718	5.58
Trust	1	-	2000	-
Bank & Financial Institution	4	0.05	1157627	0.28
Clearing Members	234	0.20	3571263	0.87
NRIs	1572	1.40	6002449	1.47
FII (includes FPI)	56	0.10	34167220	8.35
Total	112114	100	409313698	100
Promoters	2	0.01	197491733	48.25
Non-Promoters	112112	99.99	211821965	51.75
Total	112114	100	409313698	100

Distribution of Shareholding as on 31.03.2017

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	108409	96.70	58525624	14.30
5001 – 10000	1879	1.68	14378844	3.51
10001 – 20000	883	0.79	12761614	3.12
20001 – 30000	280	0.25	7152512	1.75
30001 – 40000	145	0.13	5156597	1.26
40001 – 50000	109	0.09	5038681	1.23
50001 – 100000	206	0.18	1531974	3.74
Above 100000	203	0.18	290985852	71.09
Total	112114	100	409313698	100

Registrar and Transfer Agent	<p>Bigshare Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, off Vasant Oasis, Makwana Road, Near Keys Hotel, Marol, Andheri (East), Mumbai - 400059 Phone No. 022 - 62638200 Fax No. 022 -62638299 E-mail: investor@bigshareonline.com; Website: www.bigshareonline.com</p> <p>Our RTA has launched Gen-Next Investor Interface Module "iBoss" the most advanced tool to interact with investors. Shareholders are requested to login into "iBoss" and help them to serve you better.</p>
------------------------------	--

Dematerialization of the Shares and Liquidity	Based on SEBI directives, Company's shares are traded in dematerialized form. As on 31.03.2017, 99.54% of the paid up equity share capital of the Company was in dematerialized form.
Outstanding GDR/ ADR/ Warrants or any convertible instruments, conversion dates and likely impact on equity	–
Plant Locations	<p>India Formulation Plant Marksans Pharma Limited L-82 & 83 Verna Industrial Estate, Verna, Goa- 403 722.</p> <p>U.K. Plant Bell, Sons & Co (Druggists) Ltd. Slaidburn Crescent, Southport, PR9 9AL.</p> <p>U.S.A. Plant Time-Cap Laboratories Inc. 7, Michael Avenue, Farmingdale, New York- 11735, USA.</p>
Address for Correspondence	<p>Mr. Harshavardhan Panigrahi Company Secretary & Manager-Legal Marksans Pharma Limited 11th Floor, Grandeur, Veera-Desai Extension Road, Oshiwara, Andheri (West), Mumbai 400 053. Tel. No. : 022- 40012000 Fax No. 022- 40012011 Email: harshavardhan@marksanspharma.com</p>

Brief resume of the person proposed to be Re-appointed as Director/Whole-time Director of the Company at the Annual General Meeting.

Name	Mrs. Sandra Saldanha (DIN: 00021023)
Age	45 Years
Qualification	Master of Arts (Sociology)
Experience	Human Resource Management, Business Development, Projects and Supply Chain Management
Name of the other public Companies in which also holds directorship	<ol style="list-style-type: none"> 1. Marksans Pharma (UK) Limited 2. Marksans Holdings Limited 3. Relonchem Limited 4. Bell, Sons and Co (Druggists) Limited
Name of the other public Companies in the committee of which also holds membership / chairmanship	Nil
No. of shares held in the Company as on 31.03.2017	180 Equity shares
Relationship with other Directors / Key Managerial Personnel	Relative of Mr. Mark Saldanha

Auditor's Certificate on **Corporate Governance**

To,
The Members,
Marksans Pharma Ltd.

We have examined the compliance of conditions of Corporate Governance by **MARKSANS PHARMA LIMITED** for the year ended 31st March, 2017 as stipulated in SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 the above-mentioned Listing Regulations.

We state that as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for a period exceeding one month.

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

For N.K.Mittal & Associates

Chartered Accountants

N.K. Mittal

Proprietor

Membership No. 046785

F. No. 113281W

Place: Mumbai

Date: 11th August, 2017

CEO / CFO Certification

To,
The Board of Directors
Marksans Pharma Ltd.

This is to certify with reference to the Annual Accounts of the Company for the year ended 31st March, 2017 that:

- a. We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2017 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- d. We have indicated to the Auditors and the Audit committee:
 - i. That there is no significant changes in internal control over financial reporting during the year;
 - ii. That there are no significant changes in accounting policies during the year; and
 - iii. That there is no instance of any fraud which we have become aware.

For Marksans Pharma Limited

Mark Saldanha
Managing Director

Jitendra Sharma
Chief Financial Officer

Place: Mumbai
Date: 29th May, 2017

Declaration on Compliance of the Company's Code of Conduct

This is to confirm that during the year ended 31st March, 2017, all the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct, framed pursuant to Schedule V of the SEBI (LODR) Regulations, 2015 in so far as it is applicable to them.

For Marksans Pharma Limited

Place: Mumbai
Date: 29th May, 2017

Mark Saldanha
Managing Director

Annexure D

Annexure to the Report of the Board of Directors

Form No. MGT 9

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

Extract of Annual Return

As on the financial year ended on 31/03/2017

I. Registration & Other Details:

i	CIN	L24110MH1992PLC066364
ii	Registration Date	16-04-1992
iii	Name of the Company	MARKSANS PHARMA LIMITED
iv	Category of the Company	Public Company
v	Address of the Registered office & contact details	
	Address	11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (West)
	Town / City	Mumbai
	State	Maharashtra - 400053
	Country Name	India
	Telephone (with STD Code)	022-40012000
	Fax Number	022-40012011
	Email Address	companysecretary@marksanspharma.com
	Website, if any	www.marksanspharma.com
vi	Whether listed company	Yes
vii	Name and Address of Registrar & Transfer Agents (RTA):	
	Name of RTA	Bigshare Services Private Limited
	Address	1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Near Keys Hotel, Marol, Andheri (East)
	Town / City	Mumbai
	State	Maharashtra
	Pin Code	400059
	Telephone	022-62638200
	Fax Number	022-62638299
	Email Address	investor@bigshareonline.com

II. Principal Business Activity of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: 1

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Formulation of pharmaceutical products	210	100.00

III. Particulars of holding, Subsidiary and Associate Companies

No. of Companies for which information is being filled: 3

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Marksans Pharma (UK) Ltd. Cheshire House, Gorsay Lane, Widnes, WA8 ORP	NA	Subsidiary	100	2(87)
2	Marksans Pharma Inc. The Corporation, 3 Phillips Lane, Lake Gorve, New York - 11755, USA.	NA	Subsidiary	100	2(87)
3	Nova Pharmaceuticals Australasia Pty Ltd. Suite 305, 10 Norbik Drive, Bella Vista NSW 2153. Australia	NA	Subsidiary	60	2(87)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity):

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	197491733	0	197491733	48.25	197491733	0	197491733	48.25	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
(2) Foreign									
a) NRI - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	197491733	0	197491733	48.25	197491733	0	197491733	48.25	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	103040	0	103040	0.03	0	0	0	0.00	-0.03
b) Banks / FI	404631	2000	406631	0.10	1155627	2000	1157627	0.28	0.18
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	15247782	0	15247782	3.73	19236124	0	19236124	4.70	0.97
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
i) Foreign Portfolio Investor	41804440	0	41804440	10.21	14931096	0	14931096	3.65	-6.57
Sub-total (B)(1):-	57559893	2000	57561893	14.06	35322847	2000	35324847	8.63	-5.43
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	21545207	3000	21548207	5.26	20998513	3000	21001513	5.13	-0.13
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	89842874	921940	90764814	22.17	102100806	900240	103001046	25.16	2.99
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	32765093	979000	33744093	8.24	38418070	979000	39397070	9.63	1.38
c) Others (specify)									
i. Clearing Member	2168731	0	2168731	0.53	3571263	0	3571263	0.87	0.34
ii. NRI	4161858	0	4161858	1.02	6002449	0	6002449	1.47	0.45
iii. Directors & Relatives	1699572	0	1699572	0.42	1699572	0	1699572	0.42	0.00
iv. Trust	2000	0	2000	0.00	2000	0	2000	0.00	0.00
v. NBFC	170797	0	170797	0.04	1822205	0	1822205	0.45	0.40
Sub-total (B)(2):-	152356132	1903940	154260072	37.69	174614878	1882240	176497118	43.12	5.43
Total Public Shareholding (B)=(B)(1)+ (B)(2)	209916025	1905940	211821965	51.75	209937725	1884240	211821965	51.75	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	407407758	1905940	409313698	100.00	407429458	1884240	409313698	100.00	0.00

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Mark Saldanha	197491553	48.25	0%	197491553	48.25	0%	0.00
2	Mrs. Sandra Saldanha	180	0%	0%	180	0%	0%	0%
	Total	197491733	48.25	0%	197491733	48.25	0%	0.00

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No. I - Mr. Mark Saldanha		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
At the beginning of the year		197491553	48.25	197491553	48.25
Changes During the Year					
Increase					
Date	Reason for Increase				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
Decrease					
Date	Reason for Decrease				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		197491553	48.25	197491553	48.25

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No. II - Mrs. Sandra Saldanha		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
At the beginning of the year		180	0%	180	0%
Changes During the Year					
Increase					
Date	Reason for Increase				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
Decrease					
Date	Reason for Decrease				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		180	0%	180	0%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Annexure - D-I)

v. Shareholding of Directors and Key Managerial Personnel:

S. No.: 1 Mr. Mark Saldanha		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
At the beginning of the year		197491553	48.25	197491553	48.25
Changes During the Year					
Increase					
Date	Reason for Increase				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
Decrease					
Date	Reason for Decrease				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		197491553	48.25	197491553	48.25

Sl. No. 2 - Mrs. Sandra Saldanha		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
At the beginning of the year		180	0%	180	0%
Changes During the Year					
Increase					
Date	Reason for Increase				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
Decrease					
Date	Reason for Decrease				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		180	0%	180	0%

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No. 3 - Mr. Naresh Wadhwa		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
At the beginning of the year		749883	0.18	749883	0.18
Changes During the Year					
Increase					
Date	Reason for Increase				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	25000	0.00	774883	0.18
Decrease					
Date	Reason for Decrease				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		774883	0.18	774883	0.18

V. Indebtedness

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

(Amount in ₹)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	40,62,03,630	58,61,455	10,000	41,20,75,085
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	40,62,03,630	58,61,455	10,000	41,20,75,085

Change in Indebtedness during the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
* Addition	32,60,88,569	0	2,50,000	32,63,38,569
* Reduction	0	1,28,756	0	1,28,756
Net Change	32,60,88,569	-1,28,756	2,50,000	32,62,09,813

Indebtedness at the end of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	73,22,92,199	57,32,699	2,60,000	73,82,84,898
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	73,22,92,199	57,32,699	2,60,000	73,82,84,898

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (₹)
		Mr. Mark Saldanha	Mrs. Sandra Saldanha	Dr. Vinay G. Nayak	
1	Gross salary	12000000	7217928	23500000	42717928
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12000000	7217928	23500000	42717928
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A)	12000000	7217928	23500000	42717928
	Ceiling as per the Act*	24000000	24000000	12000000	-

* Based on effective capital as per schedule V of the Companies Act, 2013

B. Remuneration to other directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Other Directors			Total Amount (₹)
		Mr. Naresh Wadhwa	Mr. S. R. Buddharaju	Mr. Ajay Joshi	
1	Independent Directors				
	Fee for attending board and committee meetings	25000	0	0	25000
	Commission	0	0	0	
	Others, please specify	0	0	0	
	Total (1)	25000			25000
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	0	0	0	0
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (2)	0	0	0	0
	Total (B)=(1+2)	25000	0	0	25000
	Overall Ceiling as per the Act	Sitting fees of ₹1 Lakh per meeting			
	Total Managerial Remuneration (A+B)				42742928

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Chief Financial Officer	Company Secretary	Total
		Mr. Jitendra Sharma	Mr. Harshavardhan Panigrahi	
1	Gross salary	9991532	1765771	11757303
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9991532	1765771	11757303
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of profit	0	0	0
	- others, specify...	0	0	0
5	Others, please specify	0	0	0
	Total	9991532	1765771	11757303

VII. Penalties / Punishment/ Compounding of offences:

There were no Penalties, Punishments or Compounding of offences during the year ended March 31, 2017.

(Annexure - D-I)

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase/ Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of total shares of the co.					No. of Shares	% of total shares of the company
1	Mondrian Emerging Markets Small Cap Equity Fund, L.P.	7363171	1.80	08.04.2016	380285	0.09	Purchased	7743456	1.89
				30.06.2016	1580957	0.39	Purchased	9324413	2.28
				01.07.2016	573516	0.14	Purchased	9897929	2.42
				08.07.2016	1053137	0.26	Purchased	10951066	2.68
				24.02.2017	-800000	-0.2	Sold	10151066	2.48
				31.03.2017				10151066	2.48
2	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	0	0	06.05.2016	176865	0.04	Purchased	176865	0.04
				03.06.2016	457891	0.11	Purchased	634756	0.16
				17.06.2016	78649	0.02	Purchased	713405	0.17
				24.06.2016	331497	0.08	Purchased	1044902	0.26
				22.07.2016	264047	0.06	Purchased	1308949	0.32
				29.07.2016	363707	0.09	Purchased	1672656	0.41
				05.08.2016	156908	0.04	Purchased	1829564	0.45
				23.09.2016	210133	0.05	Purchased	2039697	0.5
				30.12.2016	828124	0.2	Purchased	2867821	0.7
31.03.2017				2867821	0.7				
3	Vanguard Total International Stock Index Fund	2058913	0.5	13.01.2017	664272	0.16	Purchased	2723185	0.67
				31.03.2017				2723185	0.67
4	Mukul Agrawal	0	0	09.09.2016	200000	0.05	Purchased	200000	0.05
				16.09.2016	200000	0.05	Purchased	400000	0.1
				07.10.2016	100000	0.02	Purchased	500000	0.12
				11.11.2016	100000	0.02	Purchased	600000	0.15
				02.12.2016	100000	0.02	Purchased	700000	0.17
				24.02.2017	2100000	0.51	Purchased	2800000	0.68
				31.03.2017				2800000	0.68
5	Natty Fernandes	2274213	0.56	31.03.2017	-	-	-	2274213	0.56
6	Naishadh Jawahar Paleja	2150000	0.53	04.11.2016	101	0	Purchased	2150101	0.53
				31.03.2017				2150101	0.53
				31.03.2017				2150101	0.53

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase/ Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of total shares of the co.					No. of Shares	% of total shares of the company
7	MV SCIF Mauritius	1682389	0.41	22.04.2016	169654	0.04	Purchased	1852043	0.45
				29.04.2016	63607	0.02	Purchased	1915650	0.47
				24.06.2016	-54573	-0.01	Sold	1861077	0.45
				19.08.2016	-20554	-0.01	Sold	1840523	0.45
				23.09.2016	50419	0.01	Purchased	1890942	0.46
				23.12.2016	-132346	-0.03	Sold	1758596	0.43
				06.01.2017	-19678	0	Sold	1738918	0.42
				03.02.2017	-6320	0	Sold	1732598	0.42
				03.03.2017	-25411	-0.01	Sold	1707187	0.42
				24.03.2017	145132	0.04	Purchased	1852319	0.45
				31.03.2017				1852319	0.45
8	Artha Vrddhi Securities Limited	119610	0.03	08.04.2016	-100	0.00	Sold	119510	0.03
				22.04.2016	-100	0.00	Sold	1195410	0.03
				29.04.2016	-750	0.00	Sold	1186660	0.03
				06.05.2016	850	0.00	Purchased	119510	0.03
				13.05.2016	-950	0.00	Sold	118560	0.03
				20.05.2016	985	0.00	Purchased	119545	0.03
				27.05.2016	-200	0.00	Sold	119345	0.03
				03.06.2016	1100	0.00	Purchased	120445	0.03
				10.06.2016	1000	0.00	Purchased	121445	0.03
				17.06.2016	-2250	0.00	Sold	119195	0.03
				24.06.2016	-1000	0.00	Sold	118195	0.03
				30.06.2016	200	0.00	Purchased	118395	0.03
				01.07.2016	5000	0.00	Purchased	123395	0.03
				08.07.2016	57000	0.01	Purchased	180395	0.04
				15.07.2016	-1292	0.00	Sold	179103	0.04
				22.07.2016	22374	0.01	Purchased	201477	0.05
				29.07.2016	-11200	0.00	Sold	190277	0.05
				05.08.2016	-1210	0.00	Sold	189067	0.05
				12.08.2016	4032	0.00	Purchased	193099	0.05
				19.08.2016	10550	0.00	Purchased	203649	0.05
02.09.2016	-2300	0.00	Sold	201349	0.05				
09.09.2016	-40000	-0.01	Sold	161349	0.04				
16.09.2016	72358	0.02	Purchased	233707	0.06				
23.09.2016	-23202	-0.01	Sold	210505	0.05				
29.09.2016	-21692	-0.01	Sold	188813	0.05				
07.10.2016	-18233	0.00	Sold	170580	0.04				
21.10.2016	-1700	0.00	Sold	168880	0.04				

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase/ Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.2016)	% of total shares of the co.					No. of Shares	% of total shares of the company
				28.10.2016	-19800	0.00	Sold	149080	0.04
				04.11.2016	-10300	0.00	Sold	138780	0.03
				11.11.2016	-200	0.00	Sold	138580	0.03
				25.11.2016	-133000	-0.03	Sold	5580	0.00
				02.12.2016	3500	0.00	Purchased	9080	0.00
				23.12.2016	-2000	0.00	Sold	7080	0.00
				30.12.2016	-1180	0.00	Sold	5900	0.00
				13.01.2017	18000	0.00	Purchased	23900	0.01
				10.02.2017	14000	0.00	Purchased	37900	0.01
				17.02.2017	980	0.00	Purchased	38880	0.01
				24.02.2017	1308436	0.32	Purchased	1347316	0.33
				28.02.2017	-22943	-0.01	Sold	1324373	0.32
				03.03.2017	294507	0.07	Purchased	1618880	0.40
				10.03.2017	-186223	-0.05	Sold	1432657	0.35
				17.03.2017	19502	0.00	Purchased	1452159	0.35
				24.03.2017	154736	0.04	Purchased	1606895	0.39
				31.03.2017	47845	0.00	Purchased	1654740	0.40
9	Ashish Kacholia	2500000	0.61	19.08.2016	-1000000	0.24	Sold	1500000	0.37
				31.03.2017				1500000	0.37
10	Simon Fernandes	1380025	0.34	31.03.2017	-	-	-	1380025	0.34

Annexure E

Annexure to the Report of the Board of Directors

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- | | |
|--|---|
| <p>1. Ratio of remuneration of each Director to the median remuneration of employees</p> <p>a. Mr. Mark Saldanha, Managing Director: 74.52</p> <p>b. Mrs. Sandra Saldanha, Whole-time Director: 50.22</p> <p>c. Dr. Vinay Gopal Nayak, Whole-time Director: 140.65</p> <p>2. Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year ended 31st March, 2017</p> <p>a. Mr. Mark Saldanha, Managing Director: 54</p> <p>b. Mrs. Sandra Saldanha, Whole-time Director: 0</p> <p>c. Dr. Vinay Gopal Nayak, Whole-time Director: 3258.43*</p> <p>d. Mr. Jitendra Sharma, Chief Financial Officer: 41</p> <p>e. Mr. Harshavardhan Panigrahi, Company Secretary: 19</p> <p>* Dr. Vinay Gopal Nayak was appointed with effect from 21.03.2016</p> <p>3. Percentage increase in the median remuneration of employees in the financial year ended 31st March, 2017 in comparison to the financial year ended 31st March, 2016: 24.22%</p> <p>4. Number of permanent employees as on 31st March, 2017: 717</p> <p>5. Explanation on relationship between average increase in remuneration and company performance: Increase in remuneration is based on individual performance.</p> | <p>6. Comparison of the remuneration of KMP against the company performance: Remuneration is based on individual performance.</p> <p>7. Variation in the market capitalization: Increased by 2.06% (₹189102.93 Lakh as on 31.03.2016 and ₹192991.41 Lakh as on 31.03.2017)</p> <p>8. Variation in the Price Earning Ratio: Decreased by 130.77 (46.20/1.75 as on 31.03.2016 and 47.15/0.30 as on 31.03.2017)</p> <p>9. Variation in Net Worth: Increased by 1.74% (₹42269.85 Lakh as on 31.03.2016 and ₹43003.40 Lakh as on 31.03.2017)</p> <p>10. Key parameters for any variable component of remuneration availed by the Directors: Not Applicable</p> <p>11. Ratio of remuneration of the highest paid Director to that of employees not being a Director and receiving remuneration in excess of the highest paid Director: Not Applicable</p> <p>12. The remuneration of all the Directors, Key Managerial Personnel and other employees are as per the remuneration policy of the Company.</p> |
|--|---|

Annexure F

Annexure to the Report of the Board of Directors

Statement of particulars of employees pursuant to provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1.	Name of Employee	Mr. Mark Saldanha	Mrs. Sandra Saldanha	Dr. Vinay G. Nayak	Mr. Jitendra Sharma
2.	Age	44 Years	45 Years	60 years	47 Years
3.	Qualification	Science Graduate	MA (Sociology)	M.Sc. and Ph.D in Chemistry	B.Com, CA and CWA
4.	Experience	21 Years	21 Years	31 years	21 Years
5.	Designation	Managing Director	Whole-time Director	Whole-time Director	Chief Financial Officer
6.	Date of Commencement of Employment	6th October, 2005	25th September, 2014	21st March, 2016	06th September 2002
7.	Gross Remuneration	₹1,20,00,000	₹72,17,928	₹2,35,00,000	₹99,91,532
8.	Previous Employment	-	-	Emcure Pharmaceuticals Ltd., Cipla Ltd., Lupin Laboratories Ltd., Watson Pharma Pvt. Ltd., and Alembic Pharmaceuticals Ltd.	-
9.	Percentage of equity shares held in the Company	48.25% (197491553 equity shares of ₹1/- each)	- (180 equity Shares of ₹ 1/- each)	Nil	Nil
10.	Whether relative of any director or manager of the Company	Relative of Mrs. Sandra Saldanha, Whole-time Director	Relative of Mr. Mark Saldanha, Managing Director	No	No

1.	Name of Employee	Mr. Varddhman Jain (w.e.f 24.05.2016)	Mr. Abhinna S. Mohanty (w.e.f. 05.07.2016)	Mr. Sunil K Rane (w.e.f. 04.04.2016)	Mr. Sopan Pisal (w.e.f. 10.03.2016)
2.	Age	47 Years	63 Years	48 Years	46 Years
3.	Qualification	M. Pharm	B.Sc.	PG Diploma - Analytical Chemistry	PG Diploma - Analytical Chemistry
4.	Experience	25 Years	40 Years	25 Years	23 Years
5.	Designation	Site Director - Goa Plant	Head - India Formulations & Emerging Markets	Sr. Vice President QC	Director - QA
6.	Date of Commencement of Employment	24th May, 2016	5th July, 2016	4th April, 2016	10th March, 2016
7.	Gross Remuneration	₹55,74,356	₹55,44,355	₹50,01,903	₹38,70,500
8.	Previous Employment	Watson Pharma Pvt. Ltd.	Rytus Pharma	Cipla Ltd.	Emcure Pharmaceuticals Ltd.
9.	Percentage of equity shares held in the Company	Nil	- (1931 equity Shares of Re. 1/- each)	Nil	Nil
10.	Whether relative of any director or manager of the Company	No	No	No	No

1.	Name of Employee	Mr. Krishna Joshi (w.e.f. 21.12.2016)	Mr. Raviraj K Desai (w.e.f. 13.12.2016)
2.	Age	39 Years	47 Years
3.	Qualification	M.Pharm	Diploma in Mechanical Engineering
4.	Experience	14 Years	25 Years
5.	Designation	Senior General Manager - RA	Vice President - E&P
6.	Date of Commencement of Employment	21st December, 2016	13th December, 2016
7.	Gross Remuneration	₹36,03,876	₹29,18,511
8.	Previous Employment	Watson Pharma Pvt. Ltd.	Abbott India Ltd.
9.	Percentage of equity shares held in the Company	Nil	Nil
10.	Whether relative of any director or manager of the Company	No	No

Annexure G

Secretarial Audit Report

For The Financial Year Ended on 31st March, 2017

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

To The Members

Marksans Pharma Limited

11th Floor, Grandeur, Veera Desai Extension Road
Oshiwara, Andheri (West), Mumbai - 400053

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Marksans Pharma Limited (CIN: L24110MH1992PLC066364) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable to the Company during the Audit Period**);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit Period**);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (**Not Applicable to the Company during the Audit Period**);
 - g. The Securities and Exchange Board of India

(Delisting of Equity Shares) Regulations, 2009
(Not Applicable to the Company during the Audit Period)

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period);** and
- i. The Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015

(vi) The management has identified and confirmed the following laws as specifically applicable to the Company:

1. Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945;
2. Drugs (Price Control) Order, 2013 as amended from time to time;
3. Air (Prevention and Control of Pollution) Act, 1974;
4. Water (Prevention and Control of Pollution) Act, 1981;

I have also examined compliance with the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the Secretarial Standards issued by The Institute of Company Secretaries of India. Further the Company has generally complied with provisions of the Companies Act, 2013 and Rules framed thereunder, Regulations and Guidelines subject to following observations:

- (i) The Company has paid excess remuneration to a Whole-time Director over and above the limits specified under Section 197 and 198 of the Companies Act, 2013 and the rules framed thereunder read with Schedule V.

(ii) Company has not spent expenditure towards Corporate Social Responsibility pursuant to Section 135 of the Act.

(iii) There was a delay in filing of Annual Return on Foreign Liabilities and Assets (FLA) under the Foreign Exchange Management Act, 1999.

I 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

Decisions at the meetings of the Board of Directors were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Place: Mumbai

Date: 11th August, 2017

Khushboo Bakul Gopani

Company Secretary

Membership No. A29194

CP No. 10560

Note: This report is to be read with my letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

To The Members

Annexure A

Marksans Pharma Limited

11th Floor, Grandeur, Veera Desai Extension Road
Oshiwara, Andheri (West), Mumbai - 400053

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness

of financial records and Books of Accounts of the Company.

4. Wherever required, I 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. My 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.

Place: Mumbai

Date: 11th August, 2017

Khushboo Bakul Gopani

Company Secretary

Membership No. A29194

CP No. 10560

Financial Section

Independent Auditor's Report

To
The Members of
MARKSANS PHARMA LTD

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of MARKSANS PHARMA LTD ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An Audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the required information by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - (i) In the case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2017;

- (ii) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date;
- (iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note No 21.1. to the financial statements regarding the remuneration paid to the Whole-time Director Dr. Vinay Gopal Nayak in excess of the limits prescribed under Section 197 read with Schedule V of the Act by Rs. 79,52,068.00, due to inadequacy of profits. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payment including seeking approval of Members and the Central Government, as necessary. Pending such approvals, no adjustments have been made in the accounts for the year ended 31st March, 2017, and the excess amount is held by the Whole-time Director in trust for the Company. Our Opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received

from the directors as on March 31, 2017 taken on record by the Board of Director, none of the directors is disqualified as on March 31, 2017 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 A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us :
 - (i) The company does not have any pending litigation which would impact its financial position.
 - (ii) The Company did not have any long term contracts, including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - (iii) There has not been occasion in case of the Company during the year under report to transfer any sums to the Investor Education And Protection Fund. The Question of delay in transferring such sums does not arise.
 - (iv) The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representation provided to us by the Management, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For N K MITTAL & ASSOCIATES

Chartered Accountants

FR No. 113281W

CA N K MITTAL

(Proprietor)

M No. 046785

Place : Mumbai

Date : 29th May, 2017

Annexure A to Independent Auditors Report

Referred to in paragraph 10(f) of the Independent Auditor's Report of even date to the members of **MARKSANS PHARMA LTD** on the **standalone financial statements** for the year ended March 31, 2017.

Report of the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

1. We have audited the internal financial controls over financial reporting of Marksans Pharma Ltd ("the Company") as of March 31, 2017 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

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.

4. 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.
5. 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

6. 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 purpose 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 transaction and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and

that receipts and expenditures of the company are being made only in accordance with authorizations of Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N K MITTAL & ASSOCIATES

Chartered Accountants

FR No. 113281W

CA N K MITTAL

(Proprietor)

M No. 046785

Place : Mumbai

Date : 29th May, 2017

Annexure B to the Independent Auditor's Report

Referred to in paragraph 9 of the independent Auditor's Report of even date to the members of **MARKSANS PHARMA LTD** on the **Standalone Financial Statement** as of and for the year ended March 31, 2017.

- (1) (a) In our Opinion and according to the information given to us, the company is maintaining proper records showing full particulars, including quantitative details and situation of its Property, Plant & Equipment.
- (b) In our Opinion and according to the information given to us, the Property, Plant & Equipment have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) In our Opinion and according to the information given to us and to the best of our knowledge and belief the title deeds of immovable properties are held in name of the Company.
- (2) In our Opinion and according to the information given to us, physical verification of inventory has been conducted at reasonable intervals by the Management and no material discrepancies were noticed.
- (3) 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.
- (4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (5) In our Opinion and according to the information and explanation given to us, the Company has not accepted any deposit from the public within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (6) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under sub section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.
- (7) (a) In our opinion and according to the information given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities applicable to it.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31-03-2017 for a period of more than 6 months from the date they became payable. The sales tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the Statute	Nature of the Dues	Amount (In ₹ Lakh)	Period to which the amount relates	Forum where disputes are pending
Commissioner of Sales Tax	Sales Tax (BST, CST) – 04-05	0.28	2004-2005	Commissioner of Sales Tax (Appeal)

- (8) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (9) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the order are not applicable to the Company.
- (10) 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 material 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.
- (11) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration paid or provided to the Whole-time Director Dr. Vinay Gopal Nayak is in excess of the limits prescribed under Section 197 read with Schedule V of the Act by Rs. 79,52,068.00, due to inadequacy of profits. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payment including seeking approval of Members and the Central Government, as necessary. Pending such approvals, no adjustments have been made in the accounts for the year ended 31st March, 2017, and the excess amount is held by the Whole-time Director in trust for the Company.
- (12) The Company is not Nidhi Company and Nidhi Rules 2014, are not applicable to it, the provisions of clause 3(xii) of the order are not applicable.
- (13) In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (14) The Company has not made any preferential allotment or private placements of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the order are not applicable to the Company.
- (15) In our opinion and according to the information and explanation given to us, during the year the Company has not entered into any non-cash transaction with its Directors or persons connected to its Directors and hence provision of section 192 of the Act are not applicable.
- (16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For N K MITTAL & ASSOCIATES

Chartered Accountants
FR No. 113281W

CA N K MITTAL

(Proprietor)

M No. 046785

Place : Mumbai
Date : 29th May, 2017

Balance Sheet as at 31st March, 2017

Particulars	Note No.	31st March, 2017 ₹	31st March, 2016 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	51,93,13,698	53,43,13,698
(b) Reserves and surplus	4	3,78,10,26,077	3,69,26,71,222
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)	5	96,21,602	31,15,355
4 Current liabilities			
(a) Short-term borrowings	6	73,22,92,199	40,61,82,121
(b) Trade payables	7	20,60,33,201	31,40,77,261
(c) Other current liabilities	8	71,19,968	67,59,130
(d) Short-term provisions	9	20,41,80,294	38,48,70,653
TOTAL		5,45,95,87,039	5,34,19,89,440
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		91,89,76,942	90,32,23,453
(ii) Intangible assets		2,02,14,801	7,14,98,393
(iii) Capital work-in-progress		35,98,456	-
(b) Non-current investments	11	2,34,29,32,250	2,31,44,00,764
(c) Long-term loans and advances	12	86,53,669	1,24,81,749
2 Current assets			
(a) Inventories	13	29,24,28,929	43,73,77,919
(b) Trade receivables	14	1,54,79,84,808	1,33,41,49,083
(c) Cash and cash equivalents	15	2,56,17,786	3,12,71,869
(d) Short-term loans and advances	16	29,91,79,398	23,75,86,210
(e) Other current assets		-	-
TOTAL		5,45,95,87,039	5,34,19,89,440
Significant Accounting Policies and Notes on Financial Statements	1 to 24		

For and on behalf of

N. K. Mittal & Associates

Chartered Accountants

F.NO. 113281W

N. K. Mittal

Proprietor

M. NO. 046785

Place : Mumbai

Date : 29th May, 2017

For and on Behalf of the Board of Directors

Mark Saldanha

Chairman & Managing Director

Jitendra Sharma

Chief Financial Officer

Sandra Saldanha

Whole - time Director

Harshvardhan Panigrahi

Company Secretary & Legal Manager

Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Note No.	2016-17 ₹	2015-16 ₹
1 Revenue from operations	17	2,15,83,99,961	3,58,13,20,688
2 Other income	18	6,83,39,147	8,68,74,256
3 Total Revenue (1 + 2)		2,22,67,39,108	3,66,81,94,944
4 Expenses:			
Cost of materials consumed	19	1,00,88,05,587	1,56,72,34,923
Purchases of Stock-in-Trade		10,81,89,172	17,29,66,952
Changes in inventories of finished goods, work-in-process and stock-in-trade	20	67,41,657	4,16,47,096
Employee benefits expense	21	40,17,16,564	26,12,99,006
Finance costs	22	3,43,73,040	6,20,43,619
Depreciation and amortization expense	23	15,00,16,373	14,74,84,731
Other expenses	24	39,11,10,011	49,92,30,517
Total expenses		2,10,09,52,404	2,75,19,06,844
5 Profit/(Loss) before exceptional and extraordinary items and tax (3-4)		12,57,86,704	91,62,88,100
6 Exceptional items		-	-
7 Profit/(Loss) before extraordinary items and tax (5-6)		12,57,86,704	91,62,88,100
8 Extraordinary Items		-	-
9 Profit/(Loss) before tax (7-8)		12,57,86,704	91,62,88,100
10 Tax expense:			
(1) Current Year		2,84,00,000	24,97,58,000
(2) Earlier year		(3,13,74,053)	(4,64,08,080)
(3) Deferred tax		65,06,247	(19,17,051)
Total Tax Expenses		35,32,194	20,14,32,869
11 Profit/(Loss) for the period from continuing operations (9-10)		12,22,54,510	71,48,55,231
12 Profit/(Loss) from discontinuing operations		-	-
13 Tax expense of discontinuing operations		-	-
14 Profit/(Loss) from Discontinuing operations (after tax) (12-13)		-	-
15 Profit/(Loss) for the period (11+14)		12,22,54,510	71,48,55,231
16 Earnings per equity share:			
(1) Basic		0.30	1.75
(2) Diluted		0.30	1.75
Significant Accounting Policies and Notes on Financial Statements	1 to 24		

For and on behalf of

N. K. Mittal & Associates

Chartered Accountants

F.NO. 113281W

N. K. Mittal

Proprietor

M. NO. 046785

Place : Mumbai

Date : 29th May, 2017

For and on Behalf of the Board of Directors

Mark Saldanha

Chairman & Managing Director

Jitendra Sharma

Chief Financial Officer

Sandra Saldanha

Whole - time Director

Harshavardhan Panigrahi

Company Secretary & Legal Manager

Notes to Financial Statements for the year ended 31st March, 2017

1 Background

Marksans Pharma Limited (The Company) operates as an international pharmaceutical organisation with business encompassing the research, manufacturing, marketing and distribution of pharmaceutical products. The Company head office is situated in Mumbai, India and operates across many countries. The Company's equity shares are listed for trading on National Stock Exchange of India Limited and BSE Limited.

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company.

2.1 Basis of Accounting

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

2.3 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Cost is determined as follows:

Raw Materials, Packing Materials and Stores – At Weighted Average Cost on FIFO basis.

Work-in-Progress - At Material Cost and an appropriate share of production overheads.

Finished Goods - At Material Cost and an appropriate share of production overheads and excise duty, wherever applicable.

Stock-in-trade - At Weighted Average basis

2.4 Cash and cash equivalents (for purpose of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except leasehold land.

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

Depreciation on the tangible fixed assets of the Company has been provided on straight-line method as per the estimated useful life of such assets as follows:

Building- Factory	: 30 years
Building- Office	: 60 years
Plant and Equipment	: 15 years
Furnitures and Fixtures	: 10 years
Office Equipment	: 5 years
Vehicles	: 8 years
Computer and Software	: 3 to 6 years

Intangible assets are amortised over their estimated life on straight-line method as follows:

Internally Generated ANDA, Market Authorisation, Product Licences & Others : 5 to 10 years

Individual assets costing less than ₹5,000/- are depreciated in full in the year of purchase.

2.7 Revenue Recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer as per the terms of the arrangements with buyer.

2.8 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Fixed Assets

Tangible fixed assets, except to the extent permitted to be fair valued under the Scheme, are carried at cost less accumulated depreciation and amortisation. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase/ completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value or net realisable value and are disclosed separately.

i. Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.10 Foreign Currency Transactions and Translations

Initial Recognition

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions or at rates that closely approximate the rate at the date of the transaction.

Integral foreign operations:

Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Net investment in non-integral foreign operations:

Net investment in non-integral foreign operations is accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Non-integral foreign operations:

Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

The exchange differences relating to non-integral foreign operations are accumulated in a "foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "foreign currency translation reserve" is recognised as income/expense in the same period in which the gain or loss on disposal is recognised.

Measurement at the Balance Sheet Date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year- end rates. Non-monetary items of the Company are carried at historical cost.

Integral foreign operations

Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

Net investment in non-integral foreign operations:

Foreign currency monetary items (other than derivative contracts) of the Company's net investment in non-integral foreign operations outstanding at the balance sheet date are restated at the year-end rates.

Non-integral foreign operations:

All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Integral foreign operations:

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

liabilities of the Company's integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.

Net investment in non-integral foreign operations:

The exchange differences on restatement of long-term receivables/ payables from/ to non-integral foreign operations that are considered as net investment in such operations is accounted as per policy for long-term foreign currency monetary items stated below until disposal/ recovery of such net investment, in which case the accumulated balance in "foreign currency translation reserve" is recognised as income/ expense in the same period in which the gain or loss on disposal/ recovery is recognised.

Non-integral foreign operations:

The exchange differences relating to non-integral foreign operations are accumulated in a "foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "foreign currency translation reserve" is recognised as income/ expense in the same period in which the gain or loss on disposal is recognised.

Exchange difference on long-term foreign currency monetary items

The exchange differences arising on settlement/ restatement of long-term foreign currency monetary items 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/ upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss except in case of exchange differences arising on net investment in non-integral foreign operations, where such amortisation is taken to "foreign currency translation reserve" until disposal/ recovery of the net investment. The unamortised exchange difference is carried under Reserves and Surplus as "foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

Accounting for forward contracts

Premium/ discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

Forward exchange contracts outstanding as at the year-end on account of firm commitment transaction are marked to market and the losses, if any are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

Gain/Loss on account of foreign exchange fluctuation in respect of long term liabilities in foreign currencies specific to acquisition of fixed assets are recognised in the Statement of Profit and Loss.

2.11 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost less any provision for permanent diminution, other than temporary, in the value of such investments. The current investments are valued at lower of cost or fair market value.

Cost of investments include acquisition charges such as brokerage, fees and duties.

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.12 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

i. Short-term employee benefits

Short-term employee benefits: All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

ii. Post-employment benefits

Post-employment benefits: Post employment benefit plans are classified into defined contribution plans and defined benefit plans in line with the requirements of AS 15 on "Employee Benefits".

a. Gratuity

The liability in respect of Gratuity, a defined benefit plan, is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognised in the Statement of Profit and Loss as an income or expense.

b. Provident Fund

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

iii. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

iv. Long Term Incentive Plan ('Plan')

Under the Plan, certain employees are eligible for retention and performance linked payouts. These payouts are accrued as and when services are rendered and/ or when the specific performance criteria is met.

v. Other long-term employee benefits

Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long term employee benefits is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/ gains are recognised in the Statement of Profit and Loss.

Liability for Gratuity is accounted on accrual basis.

Annual contributions to Provident Fund & Employee State Insurance Scheme are accounted on accrual basis and charged to the Statement of Profit and Loss.

2.13 Borrowing costs

Borrowing costs are interest, amortisation of ancillary cost incurred and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs incurred by the Company in connection with the borrowing of funds. Borrowing costs are recognised in the Statement of Profit and Loss in the period in which it is incurred, except where the cost is incurred for acquisition, construction, production or development of an asset that takes a substantial period of time to get ready for its intended use in

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

which case it is capitalised up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

2.14 Segment Reporting as per AS 17

a. Business Segments

The Company is primarily engaged in a single business segment of manufacturing and marketing of Pharmaceutical Formulations and is managed as one entity for its various activities and is governed by a similar set of risks and returns.

b. Geographical Segments

In view of the management, the Indian and export markets represent geographical segments.

2.15 Leases

Finance Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as the finance leases.

Assets acquired under finance lease are recognised as assets with corresponding liabilities in the Balance Sheet at the inception of the lease at amounts equal to lower of the fair value of the leased asset or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease payments under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

2.16 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognisable in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.17 Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria in accordance with Schedule III to the Companies Act, 2013 as set out below:

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company ascertains its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

2.18 Tangible and Intangible fixed assets

a) Tangible fixed assets

Tangible fixed assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation/amortisation/impairment losses. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Exchange differences (favorable as well as unfavorable) arising in respect of translation/ settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

cost of the asset.

In case of fixed assets acquired at the time of amalgamation of certain entities with the Company, the same are recognised at book value in case of amalgamation in the nature of merger and at book value/ fair value in case of amalgamation in the nature of purchase in line with Accounting Standard (AS) 14 - "Accounting for Amalgamations".

Expenditure incurred on start up and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Insurance spares/ standby equipments are capitalised as part of the mother asset and are depreciated at applicable rates over the remaining useful life of the mother assets.

b) Intangible fixed assets

Acquired intangible assets

Intangible assets that are acquired are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Expenditure for acquisition and implementation of software systems is recognised as part of the intangible assets.

Internally generated intangible assets

Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

- Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the Statement of Profit and Loss as incurred.
- Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

2.19 Impairment of Assets

The carrying values of assets/ cash generating units at each Balance Sheet date are reviewed for impairment if any indication of impairment exists.

The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired.: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. 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.

2.20 The Company has not received any information from "Suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid/payable as required under the said Act have not been given.

2.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/ utilising the credits.

2.22 Deferred Revenue Expenditure

The Company operates in an environment which requires the manufacturing facilities to be approved by industry regulators in certain territories prior to manufacture and sale of products in such territories . If the interval between the date the facility is ready to commence commercial production and the date at which commercial production is expected to commence is prolonged, all expenses incurred during this period are treated as deferred revenue expenditure and amortised over a period not exceeding 3 years from the date of receipt of approvals.

2.23 Exceptional items

The Company classifies the following as exceptional items in the Statement of Profit and Loss:

- a) Exchange gain/loss arising on account of restatement and settlement of (i) long term foreign currency loans and advances, (ii) intra-group loans and advances;
- b) Profit/loss on disposal of non-current investments and/ or dividends received from proceeds of such disposal and provision for/ reversals of provision for diminution in non- current investment, goodwill and other assets;
- c) Profit/loss arising on account of discontinuance of products/ development activities;
- d) Restructuring cost.

2.24 Customs / Excise Duty

Excise Duty on finished goods and Custom Duty on imported materials are accounted on production of packed finished goods /receipt of material in custom bonded warehouses. All the closing stock of finished goods lying at Goa factory is for export, hence provision for excise duty is not made.

2.25 Nature and extent of risks arising from financial instruments

The main financial risks faced by the Company relate to fluctuations in interest and foreign exchange rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The Balance Sheet as at March 31, 2017 is representative of the position through the year.

Credit Risk

Credit risk arises from Cash and Cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk also arises from trade receivables and other financial assets.

The credit risk arising from receivables is subject to concentration risk in that the receivables are predominantly

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

denominated in USD & GBP and any appreciation in the INR will effect the credit risk. The Company is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

Foreign exchange risk

The Company is exposed to foreign exchange risk principally via:-

- Debt availed in foreign currencies.
- Net investments in subsidiaries that are in foreign currencies.
- Exposure arising from transaction relating to purchases, revenues, expenses etc, to be settled in currencies other than the functional currency of the Company.

Liquidity Risk

Liquidity risk is managed using short term and long term Cash Flow forecasts.

Risk Management is carried out by the Risk Management Committee as per the Risk Management Policy adopted by the Company.

2.26 Earning per share

Earning per share is calculated by dividing the profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as computed below:

Particulars	2016-17 ₹	2015-16 ₹
Earning Per Share (EPS)		
1) Net profit as per the Statement of Profit and Loss available for equity shareholders	12,22,54,510	71,48,55,231
2) Weighted average number of equity shares for EPS computation		
a) For Basic EPS of Re. 1/- each	40,93,13,698	40,93,13,698
b) For Diluted EPS of Re. 1/- each		
- No. of Share for Basic EPS as per 2 a	40,93,13,698	40,93,13,698
- Add: Weighted average outstanding	-	-
- No. of share for diluted EPS of Re. 1/- each	40,93,13,698	40,93,13,698
3) Earning Per Share (Weighted Average)		
Basic	0.30	1.75
Diluted	0.30	1.75

2.27 Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

The amount expended by the Company as Research and Development costs during the last three financial years:-

Financial Year	Revenue	Capital	Total Expenditure
2013-14	1,975.62	38.12	2,013.74
2014-15	1,719.83	21.30	1,741.13
2015-16	768.10	38.07	806.17
2016-17	453.09	-	453.09

(₹ in Lakh)

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.28 Segment Revenue

Segment Revenue	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
a) Exports	20,607.18	34,179.79
b) Local	976.82	1,633.42
Total	21,584.00	35,813.21

2.29 Production, Sales and Stock

Particulars	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
(a) Sale of Products		
Solid Orals, Tablets and Capsules	21,584.00	35,813.21
(b) Finished goods purchased		
Solid Orals, Tablets and Capsules	1,081.89	1,729.67
(c) Raw , packing materials and consumable stores consumed		
Ibuprofen	1,740.08	4,730.14
Metformin HCL	894.67	914.21
Paracetamol	235.41	558.47
Gliclazide	741.29	368.24
Gabapentin	1,051.93	1,260.72
Coating Material	142.51	268.16
Gelatin	253.30	50.65
Naproxin	256.20	413.37
Others	4,772.67	7,108.39
Total	10,088.06	15,672.35

(d) Break-up of materials and consumable stores consumed

	(%) 2016-17	(₹ in Lakh) 2016-17	(%) 2015-16	(₹ in Lakh) 2015-16
Indigenous	72.05	7,268.48	57.28	8,977.30
Imported	27.95	2,819.58	42.72	6,695.05

(e) Inventories of Finished Goods

	Opening Stock (₹ in Lakh)		Closing Stock (₹ in Lakh)	
	2016-17	2015-16	2016-17	2015-16
Inventories of finished goods (manufactured)				
Solid Orals, Tablets and Capsules (Including Soft Gelatin Capsules)	221.88	513.17	162.91	221.88
Inventories of finished goods (traded)				
Solid Orals, Tablets and Capsules (Including Soft Gelatin Capsules)	27.77	74.60	140.06	27.77

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.30 (a) Forex Outflow

C. I. F. Value of Imports	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
- Raw materials	1,417.69	5,754.62
- Capital Goods / Spare Parts and Components and others	694.52	2,205.84
Total Forex Outflow	2,112.21	7,960.46

(b) Remittance in Foreign Currency on Account of Dividend

During the financial year 2016-17, the Company has not remitted any amount in foreign currencies on account of dividend. Dividend payable to non-resident shareholders have been paid in Indian Rupees to their Indian bank accounts mandated by them.

(c) Forex Earnings

Particulars	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
Earnings in foreign currency from exports / other income	20,607.18	34,179.79

2.31 Related Party Disclosures

(a) List of Related Parties

Subsidiaries

Marksans Pharma (UK) Limited
Marksans Holdings Limited
Bell, Sons and Co. (Druggists) Limited
Relonchem Limited
Marksans Pharma Inc.
Time-Cap Laboratories Inc.
Custom Coatings Inc.
Marksans Realty LLC
Nova Pharmaceuticals Australasia Pty Ltd.

Key Management Personnel (KMP)

Mr. Mark Saldanha - Managing Director
Mrs. Sandra Saldanha - Whole-time Director
Dr. Vinay Gopal Nayak - Whole-time Director
Mr. Jitendra Sharma - Chief Financial Officer
Mr. Harshavardhan Panigrahi - Company Secretary

Relatives of KMP

Mrs. Sandra Saldanha is spouse of Mr. Mark Saldanha (Managing Director)
Mr. Mark Saldanha is spouse of Mrs. Sandra Saldanha (Whole-time Director)

Companies in which KMP is interested

Marksans Pharma (UK) Limited
Marksans Holdings Limited
Bell, Sons and Co. (Druggists) Limited
Relonchem Limited
Marksans Pharma Inc.
Time-Cap Laboratories Inc.

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

Custom Coatings Inc.
 Marksans Realty LLC
 Nova Pharmaceuticals Australasia Pty Ltd.

Note: Mr. Mark Saldanha/ Mrs. Sandra Saldanha/ Mr. Jitendra Sharma is/are Director in the above subsidiary(ies) as representative of Marksans Pharma Limited and have no personal interest as director of those subsidiary(ies). They do not own any shares in the subsidiary(ies) in which they are Director.

(b) As required by Accounting Standard 18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, list of parties with whom transactions have taken place during the year are as follows:

Key Management Personnel / Directors - Remuneration:

	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
Mr. Mark Saldanha	104.32	67.60
Mrs. Sandra Saldanha	70.30	70.30
Dr. Balwant S. Desai (upto 21.03.2016)	-	63.44
Dr. Vinay G. Nayak (w.e.f. 21.03.2016)	199.52	5.86
Mr. Jitendra Sharma	99.92	70.64
Mr. Harshavardhan Panigrahi	17.81	14.88
Total	491.87	292.72

Rent paid to Mr. Mark Saldanha of Rs. 102.93 Lakh during the year.

Related parties where control exists and transactions have taken place during the year

Subsidiary Companies

Marksans Pharma (UK) Limited
 Time-Cap Laboratories Inc.
 Nova Pharmaceuticals Australasia Pty Ltd.

Related party relationships where transactions have taken place during the year

Marksans Pharma (UK) Limited - Subsidiary Company
 Time-Cap Laboratories Inc. - Subsidiary Company
 Nova Pharmaceuticals Australasia Pty Ltd. - Subsidiary Company

Transactions with related parties during the year

	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
Subsidiary Company		
Sale of Finished products	17240.16	14748.09
Dividend received	668.84	638.40
Balances outstanding at the end of the year		
Receivable from subsidiary	11239.12	6520.80

Notes to Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.32 Provisions, Contingent Liabilities & Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Contingent liabilities and commitments (to the extent not provided for)

Particulars	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
Contingent Liabilities		
a) Claims against the company not acknowledged as debt	73.38	24.07
b) Guarantees and Letter of Credit	920.47	939.37
c) Other money for which the company is contingently liable		
Sales Tax		
Sales Tax (BST, CST) – 04-05	0.28	7.90
	994.13	971.34

2.33 Corporate Social Responsibility (CSR)

Corporate Social Responsibility expenditure for the year is Nil.

2.34 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016

Particulars	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	2,83,500	1,30,328	4,13,828
(+) Permitted receipts	1,30,383	2,20,000	3,50,383
(-) Permitted payments	-21,000	-1,98,848	-2,19,848
(-) Amount deposited in Banks	-3,92,883	-	-3,92,883
Closing cash in hand as on 30.12.2016	-	1,51,480	1,51,480

2.35 Figures of the previous year have been regrouped and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

Notes to Financial Statements for the year ended 31st March, 2017

Particulars	31st March, 2017		31st March, 2016	
	Number	₹	Number	₹
Note No. 3 Share Capital				
Authorised				
Equity Shares of ₹1/- each	55,00,00,000	55,00,00,000	55,00,00,000	55,00,00,000
7% Redeemable Cumulative Preference Shares of ₹100/- each	14,00,000	14,00,00,000	14,00,000	14,00,00,000
Total	55,14,00,000	69,00,00,000	55,14,00,000	69,00,00,000
Issued, Subscribed & Paid up				
Equity Shares of ₹1/- each	40,93,13,698	40,93,13,698	40,93,13,698	40,93,13,698
7% Redeemable Cumulative Preference Shares of ₹100/- each	11,00,000	11,00,00,000	12,50,000	12,50,00,000
Total	41,04,13,698	51,93,13,698	41,05,63,698	53,43,13,698

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares of ₹1/- each		7% Redeemable Cumulative Preference Shares of ₹100/- each	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	40,93,13,698	40,93,13,698	12,50,000	12,50,00,000
Shares issued during the year	-	-	-	-
Shares bought back/redeemed during the year	-	-	1,50,000	1,50,00,000
Shares outstanding at the end of the year	40,93,13,698	40,93,13,698	11,00,000	11,00,00,000

b. Terms/rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹1/- per share. All the Equity Shares rank pari passu in all respect. Each holder of Equity Shares is entitled to one vote per share. The equity share holders are entitled to dividend, if declared by the shareholders in an Annual General Meeting, in proportion to the number of Equity Shares held by the shareholders.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c. Terms/rights attached to Preference Shares

The company has on 31st March, 2017 redeemed 150,000 7% Redeemable Cumulative Preference Shares of ₹100/- each (The Preference Shares) at par. Consequently, the Issued, Subscribed and Paid-up Preference Share Capital of the Company has reduced from ₹125,000,000 (Rupees twelve crores fifty lakh) divided into 1,250,000 Preference Shares of ₹100/- each to ₹1,10,000,000 (Rupees eleven crore) divided into 1,100,000 Preference Shares of ₹100/- each with effect from 31st March, 2017. The preference shares carry dividend at the rate of 7% per annum subject to approval of the shareholders at an Annual General Meeting. The holder of the preference shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the preference shares. In the event of liquidation of the Company before redemption of the Preference Shares, the holder of the preference Shares will have priority over equity shares in the payment of dividend and repayment of capital.

d. The Company has not issued bonus shares and shares for consideration other than cash nor the Company has bought back any shares during the period of five years immediately preceding the reporting date except redemption of 100,000 Preference Shares at par on 07.02.2015 and 150,000 Preference Shares at par on 31.03.2017.

Notes to Financial Statements for the year ended 31st March, 2017

Note No.3 Share Capital (contd.)

e. Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	31st March, 2017		31st March, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of ₹1/- each fully paid				
Mr. Mark Saldanha	19,74,91,553	48.25	19,74,91,553	48.25
7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid				
Glenmark Pharmaceuticals Limited	11,00,000	100	12,50,000	100

Particulars	31st March, 2017 ₹	31st March, 2016 ₹
Note No. 4 Reserves & Surplus		
a. Capital Reserves	1,22,500	1,22,500
	1,22,500	1,22,500
b. Capital Redemption Reserve		
Opening Balance	1,00,00,000	1,00,00,000
(+) Transferred from Profit and Loss	1,50,00,000	-
Closing Balance	2,50,00,000	1,00,00,000
c. Securities Premium Account		
Opening Balance	1,75,13,17,328	1,75,13,17,328
(+) Securities premium credited on Share issue	-	-
Closing Balance	1,75,13,17,328	1,75,13,17,328
d. General Reserve		
Opening Balance	3,13,73,65,569	3,13,73,65,569
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	3,13,73,65,569	3,13,73,65,569
e. Surplus		
Opening balance	(1,20,61,34,175)	(1,85,13,41,067)
(+) Net Profit/(Net Loss) for the current year	12,22,54,510	71,48,55,231
(-) Transfer to Capital Redemption reserve	(1,50,00,000)	-
(-) Proposed Dividend	(2,81,65,685)	(5,78,67,644)
(-) Dividend Distribution Tax on Proposed Dividend	(57,33,970)	(1,17,80,695)
Closing Balance	(1,13,27,79,320)	(1,20,61,34,175)
Total	3,78,10,26,077	3,69,26,71,222

Notes to Financial Statements for the year ended 31st March, 2017

Particulars	31st March, 2017 ₹	31st March, 2016 ₹
Note No. 5 Deferred tax liabilities (Net)		
Deferred Tax Liabilities : DTL		
Related to Fixed Assets	2,48,18,240	1,83,11,993
Deferred Tax Assets : DTA		
Disallowances under Income Tax Act, 1961	1,51,96,638	1,51,96,638
Net DTA / DTL	96,21,602	31,15,355

Note No. 6 Short Term Borrowings

Secured		
Working Capital facilities from Bank	73,22,92,199	40,61,82,121
Total	73,22,92,199	40,61,82,121

Note No. 6.1

Working capital facilities are secured by hypothecation of current assets and all the movable fixed assets and equitable mortgage of the immovable assets.

Note No. 7 Trade Payable

a) Total outstanding dues to Micro, Medium and Small Enterprises*	-	-
b) Total outstanding dues to other than Micro, Medium and Small Enterprises	20,60,33,201	31,40,77,261
Total	20,60,33,201	31,40,77,261

* Refer Note no.2.20 on outstanding dues from Micro, Medium and Small enterprises.

Trade Payable Includes general and miscellaneous creditors.

Note No. 8 Other Current Liabilities

a. Current maturities of Term Loan	-	-
b. Current maturities of Vehicle Loan	-	21,509
c. Other Current Liability	57,32,699	58,61,455
d. Unclaimed Dividend	11,27,269	8,66,166
e. Deposits	2,60,000	10,000
Total	71,19,968	67,59,130

Note No. 9 Short Term Provisions

a. Provision for Gratuity and compensated absences		
- Gratuity	1,82,45,985	1,41,32,971
- Compensated absences	6,14,65,953	4,06,27,520
b. Others	5,94,49,050	6,95,00,636
c. Proposed Dividend	2,81,65,685	5,78,67,644
d. Dividend Distribution Tax on Proposed Dividend	57,33,970	1,17,80,695
e. Income Tax provision	3,11,19,651	19,09,61,187
Total	20,41,80,294	38,48,70,653

Notes to Financial Statements for the year ended 31st March, 2017

Note No. 10 Fixed Assets

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	Balance as at 1 April 2016	Additions	Disposals	Impairments	Balance as at 31 March 2017	Balance as at 1 April 2016	Depreciation charge for the year	On disposals	Balance as at 31 March 2017	Balance as at 31 March 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Land	96,65,840	-			96,65,840	-			96,65,840	96,65,840
Buildings	31,59,34,894	7,27,30,906			38,86,65,800	7,73,95,458	93,17,954		8,67,13,412	30,19,52,388
Plant and Equipment	84,56,37,343	3,21,18,450	19,21,463		87,58,34,330	29,25,72,910	7,06,48,509	13,52,764	36,18,68,655	51,39,65,675
Furniture and Fixtures	4,18,09,213	51,98,369			4,70,07,582	95,26,991	38,25,927		1,33,52,918	3,36,54,664
Vehicles	6,08,01,569	-	18,82,115		5,89,19,454	1,31,54,042	68,69,789	18,45,448	1,81,78,383	4,07,41,071
Office equipment	61,52,852	10,26,829			71,79,681	43,90,173	5,79,929		49,70,102	22,09,579
Computer and Software	5,10,26,293	39,17,082			5,49,43,375	3,07,64,977	73,90,673		3,81,55,650	1,67,87,725
Total (a)	1,33,10,28,004	11,49,91,636	38,03,578	-	1,44,22,16,062	42,78,04,551	9,86,32,781	31,98,212	52,32,39,120	91,89,76,942
Intangible Assets										
Internally Generated ANDA, Market Authorisations, Product Licences & Others	51,37,86,882	1,00,000			51,38,86,882	44,22,88,489	5,13,83,592		49,36,72,081	2,02,14,801
Total (b)	51,37,86,882	1,00,000	-	-	51,38,86,882	44,22,88,489	5,13,83,592	-	49,36,72,081	2,02,14,801
Total (a+b)	1,84,48,14,886	11,50,91,636	38,03,578	-	1,95,61,02,944	87,00,93,040	15,00,16,373	31,98,212	1,01,69,11,201	93,91,91,743
Previous year figure	1,62,46,55,581	22,30,39,722	28,80,417	-	1,84,48,14,886	72,45,43,124	14,74,84,731	19,34,815	87,00,93,040	90,01,12,457

Note No. 10.1

Land held on leasehold basis. Building includes those constructed on leasehold land.

Note No. 10.2 Capital Work-in-progress

Particulars	Balance as at 31 March 2017	Balance as at 31 March 2016
	₹	₹
Includes Building, Plant & Machinery	35,98,456	-

Note No. 10.3

Addition to Fixed Assets include capital expenditure of Nil (2016- ₹38.07 Lakhs, 2015- ₹21.30 Lakhs, 2014- ₹38.12 Lakhs) incurred for Research and Development.

Notes to Financial Statements for the year ended 31st March, 2017

Particulars	31st March, 2017 ₹	31st March, 2016 ₹
Note No. 11 Non-current investments		
Trade Investments		
Investment in subsidiaries (Unquoted)	2,34,29,32,250	2,31,44,00,764
Total	2,34,29,32,250	2,31,44,00,764

Note No. 11.1 Investment in Equity Instruments

Name of the Body Corporate	Nova Pharmaceuticals Australasia Pty Ltd.	Marksans Pharma (UK) Ltd.	Marksans Pharma Inc.
Subsidiary / Associate / JV/ Controlled Entity / Others	Subsidiary	Subsidiary	Subsidiary
	31st March, 2017	31st March, 2017	31st March, 2017
No. of Shares	90 (90)	8596941 (8492565)	100 100
Quoted / Unquoted	Unquoted (Unquoted)	Unquoted (Unquoted)	Unquoted (Unquoted)
Partly Paid / Fully paid	Fully Paid (Fully Paid)	Fully Paid (Fully Paid)	Fully Paid (Fully Paid)
Extent of Holding (%)	60% (60%)	100% (100%)	100% (100%)
Amount (₹)	1,59,05,003 (1,59,05,003)	66,92,37,881 (66,02,58,895)	1,65,77,89,366 (1,63,82,36,866)
Whether stated at Cost (Yes / No)	Yes	Yes	Yes
If Answer to Column above is 'No' - Basis of Valuation	N.A.	N.A.	N.A.

(Information provided in Brackets pertain to Previous year)

Note No.11.2

During the F.Y.2016-17, the Company has invested ₹19,552,500(USD 300,000) in Marksans Pharma Inc. and ₹8,978,986(GBP 104,376) in Marksans Pharma (UK) Ltd.

Particulars	31st March, 2017 ₹	31st March, 2016 ₹
Note No. 12 Long Term Loans and Advances		
Unsecured, considered good	86,53,669	1,24,81,749
Total	86,53,669	1,24,81,749

Note No. 13 Inventories

a. Raw Materials and Packing Materials	23,20,73,781	37,02,81,114
b. Work-in-process	3,00,57,513	4,21,32,500
c. Finished goods	1,62,91,184	2,21,87,658
d. Stock-in-trade	1,40,06,451	27,76,647
Total	29,24,28,929	43,73,77,919

Notes to Financial Statements for the year ended 31st March, 2017

Particulars	31st March, 2017 ₹	31st March, 2016 ₹
Note No. 14 Trade Receivables		
Unsecured, considered good		
Outstanding for a period more than six months from due date	12,07,72,899	41,25,550
Others	1,42,72,11,909	1,33,00,23,533
Total	1,54,79,84,808	1,33,41,49,083

Note No. 15 Cash and cash equivalents

a. Balances with banks	2,52,86,101	3,04,89,467
b. Cash in hand	3,31,685	7,82,402
c. Bank deposits with less than 12 months maturity	-	-
d. Margin Money	-	-
Total	2,56,17,786	3,12,71,869

Note No. 16 Short-term loans and advances

Advance recoverable in cash or kind		
Unsecured, considered good	29,91,79,398	23,75,86,210
Total	29,91,79,398	23,75,86,210

Particulars	2016-17 ₹	2015-16 ₹
Note No. 17 Revenue from operations		
Sale of products	2,07,52,13,599	3,48,14,55,565
Other operating revenues	8,31,86,362	9,98,65,123
Less: Excise duty	-	-
Total	2,15,83,99,961	3,58,13,20,688

Note No. 18 Other income

Interest Income	14,54,947	2,29,93,415
Insurance Claim received	-	40,841
Dividend Income	6,68,84,200	6,38,40,000
Total	6,83,39,147	8,68,74,256

Notes to Financial Statements for the year ended 31st March, 2017

Particulars	2016-17 ₹	2015-16 ₹
Note No. 19 Cost of materials and components consumed		
Cost of material and components consumed	1,00,88,05,587	1,56,72,34,923

Note No. 20 Changes in inventories of finished goods, work-in-process and stock-in-trade

Changes in inventories of finished goods, work-in-process and stock-in-trade	67,41,657	4,16,47,096
--	-----------	-------------

Note No. 21 Employee Benefits Expense

(a) Salaries and Wages	37,32,22,145	23,96,77,503
(b) Contributions to - Provident fund , E.S.I.C. and other fund	1,77,50,866	90,82,747
(c) Staff welfare expenses	1,07,43,553	1,25,38,756
Total	40,17,16,564	26,12,99,006

Note No. 21.1

During the year ended 31st March, 2017, the remuneration paid to Dr. Vinay Gopal Nayak, Whole-time Director has exceeded the permissible limit as prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by Rs. 79,52,068.00 (Previous Year Rs. Nil). The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payment including seeking approval from Members and the Central Government, as necessary. Pending such approvals, no adjustments have been made in the accounts for the year ended 31st March, 2017, and the excess amount is held by the Whole-time Director in trust for the Company.

Note No. 22 Finance Costs

Interest expense	1,85,30,024	2,76,05,157
Others	1,59,71,774	2,97,17,104
Applicable net loss/(profit) on foreign exchange	(1,28,758)	47,21,358
Total	3,43,73,040	6,20,43,619

Note No. 23 Depreciation and amortization expense

Depreciation on tangible assets	9,86,32,781	9,61,06,043
Amortization of intangible assets	5,13,83,592	5,13,78,688
Total	15,00,16,373	14,74,84,731

Notes to Financial Statements for the year ended 31st March, 2017

Particulars	2016-17 ₹	2015-16 ₹
Note No. 24 Other Expenses		
Water Charges	30,32,599	43,54,507
Power & Fuel	6,90,30,130	7,11,01,699
Freight Inward & Raw Material Clearing Charges	1,70,64,049	2,89,27,921
Repairs & Maintenance - Plant and Machinery	3,49,38,271	4,50,99,721
Repairs & Maintenance - Building	64,40,193	59,17,163
Other Manufacturing Expenses	1,33,48,134	1,73,60,778
Rent	1,52,30,451	1,14,84,992
Rates & Taxes	16,65,244	15,91,619
Travelling Expenses	4,01,34,909	2,84,99,996
Communication Expenses	34,60,631	23,97,775
Courier & Postage Expenses	18,10,936	15,96,697
Printing & Stationery	17,70,816	55,91,481
Audit Fees	3,37,000	3,39,500
Vehicle Expenses & Local Conveyance	74,47,350	92,00,805
Legal & Professional Fees	3,26,01,880	3,46,28,921
Office Expenses	36,66,798	26,01,289
Insurance Charges	53,99,222	55,08,857
Exchange Loss/(Gain)	(10,87,11,697)	(4,50,94,243)
Loss on sale of Fixed Assets	(2,47,412)	(92,401)
Other Operating Expenses	4,80,89,452	4,26,26,633
Freight Outward & Export Clearing Expenses	8,17,81,646	19,23,02,162
Selling & Distribution Expenses	11,28,19,409	3,32,84,645
Total	39,11,10,011	49,92,30,517

Note No. 24.1 Details of Payments to the Auditor

As Auditor	3,37,000	3,39,500
Total	3,37,000	3,39,500

For and on behalf of

N. K. Mittal & Associates

Chartered Accountants
F.NO. 113281W

N. K. Mittal

Proprietor
M. NO. 046785

Place : Mumbai

Date : 29th May, 2017

For and on Behalf of the Board of Directors

Mark Saldanha

Chairman & Managing Director

Jitendra Sharma

Chief Financial Officer

Sandra Saldanha

Whole - time Director

Harshvardhan Panigrahi

Company Secretary & Legal Manager

Statement of Cash Flow for the year ended as on 31st March, 2017

Particulars	31st March, 2017	31st March, 2016
	₹	₹
A. Cash Flow From Operating Activities		
Profit/(Loss) Before Tax	12,57,86,704	91,62,88,100
Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
-Depreciation	15,00,16,373	14,74,84,731
-(Profit)/Loss on sale of Fixed Assets	(2,47,412)	(92,401)
-Interest Expense	1,85,30,024	2,76,05,157
-Dividend Income	(6,68,84,200)	(6,38,40,000)
-Interest Income	(14,54,947)	(2,29,93,415)
Operating Profit before working capital changes	22,57,46,542	1,00,44,52,172
Movements in working capital :		
(Increase)/Decrease in Inventories	14,49,48,991	7,28,74,795
(Increase)/Decrease in Trade and other receivables	(21,38,35,725)	(8,78,48,733)
(Increase)/Decrease in loans and advances	(5,77,65,108)	1,28,16,503
Increase/(Decrease) in Trade Payable and short term provisions	(28,87,34,419)	(15,13,49,953)
Income Tax Paid	29,74,053	(20,33,49,920)
Net cash used in operating activities	(18,66,65,666)	64,75,94,864
B. Cash Flow provided by (used in) Investing Activities:		
(Purchase)/Sale of Fixed Assets	(11,78,37,314)	(22,20,01,720)
Investment	(2,85,31,486)	(1,63,82,36,866)
Dividend Income	6,68,84,200	6,38,40,000
Interest Income	14,54,947	2,29,93,415
Net Cash Flow provided by (used in) Investing Activities	(7,80,29,653)	(1,77,34,05,171)
C. Cash Flow provided by (used in) Financing Activities:		
Increase in Equity Share Capital	-	-
Redemption of Preference Share Capital	(1,50,00,000)	-
Increase in Share Premium	-	-
Increase in General Reserve	-	-
Proposed Dividend and Dividend Distribution Tax on it	(3,38,99,655)	(6,96,48,339)
Proceeds/(Repayment) of Short Term and Long Term Borrowings	32,64,70,915	(42,10,80,498)
Interest Expense	(1,85,30,024)	(2,76,05,157)
Net Cash Flow provided by (used in) Financing Activities	25,90,41,236	(51,83,33,994)
Net Increase /(Decrease) in Cash and Bank Balances	(56,54,083)	(1,64,41,44,301)
Cash & Bank Balances as at 31.03.2016	3,12,71,869	1,67,54,16,170
Cash & Bank Balances as at 31.03.2017	2,56,17,786	3,12,71,869
	(56,54,083)	(1,64,41,44,301)

Notes :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

For and on behalf of
N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

N. K. Mittal
Proprietor
M. NO. 046785
Place : Mumbai
Date : 29th May, 2017

For and on Behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Jitendra Sharma
Chief Financial Officer

Sandra Saldanha
Whole - time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Independent Auditor's Report

To
The Members of
MARKSANS PHARMA LTD

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MARKSANS PHARMA LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No 20.1 to the financial statements regarding the remuneration paid to the Whole-time Director Dr. Vinay Gopal Nayak in excess of the limits prescribed under Section 197 read with Schedule V of the Act by Rs. 79,52,068.00, due to inadequacy of profits. The Company is in the process of complying with the statutory requirements prescribed to regularise such excess payment including seeking approval of Members and the Central Government, as necessary. Pending such approvals, no adjustments have been made in the accounts for the year ended 31st March, 2017, and the excess amount is held by the Whole-time Director in trust for the Company. Our Opinion is not modified in respect of the above matter.

Other Matters

We did not audit the financial statements of three (3) Subsidiaries whose financial statements reflect total assets of Rs. 45,534.34 Lakh as at March 31, 2017, total revenue from operations (net) of Rs. 55,139.27 Lakh, for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our Opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the Adequacy of the Internal Financial Controls over financial Reporting of the Group and the operating Effectiveness of such controls, refer to our report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. There were no pending litigations which would impact the consolidated financial position of the Group.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.
- iv. The Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit

procedures performed and the representations provided to us by the Management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the Management of the respective Group entities.

For N K MITTAL & ASSOCIATES

Chartered Accountants

FR No. 113281W

CA N K MITTAL

(Proprietor)

M No. 046785

Place : Mumbai

Date : 29th May, 2017

Annexure A to Independent Auditors Report

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Act.

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of MARKSANS PHARMA LTD (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are incorporated in India, to the extent applicable as of that date.

Management's Responsibility for Internal Financial Controls

2. The Respective Board of Directors of the Holding Company and its subsidiary companies, which are incorporated in India, to the extent applicable, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our Responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both

applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and 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.

4. 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 procedure 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.
5. We believe that the audit evidence we have obtained, during the audit of Holding Company, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting; for providing an opinion on the internal financial controls system of the Subsidiary Companies which are not incorporated in India (Foreign Subsidiaries) we have relied upon the audit opinion given by their respective auditors in reference to the same.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial controls 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 purpose in accordance with generally accepted accounting principles. A company's internal financial controls 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 transaction 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 the Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, to the extent applicable, have in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N K MITTAL & ASSOCIATES

Chartered Accountants

FR No. 113281W

CA N K MITTAL

(Proprietor)

M No. 046785

Place : Mumbai

Date : 29th May, 2017

Consolidated Balance Sheet as at 31st March, 2017

Particulars	Note No.	31st March, 2017 ₹	31st March, 2016 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	51,93,13,698	53,43,13,698
(b) Reserves and surplus	4	3,92,65,06,124	4,00,89,31,091
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Minority Interest		6,24,73,733	8,36,06,107
4 Non-current liabilities			
(a) Long-term borrowings		-	-
5 Current liabilities			
(a) Short-term borrowings	5	1,09,71,02,816	87,89,29,105
(b) Trade payables	6	1,61,78,40,760	1,18,98,01,764
(c) Other current liabilities	7	71,19,968	67,59,130
(d) Short-term provisions	8	29,22,55,003	51,88,30,600
TOTAL		7,52,26,12,102	7,22,11,71,495
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		1,64,50,25,496	1,64,13,88,069
(ii) Intangible assets		1,02,47,27,282	1,05,51,57,082
(iii) Capital work-in-progress		35,98,456	-
(b) Non-current investments		-	-
(c) Long-term loans and advances	10	86,53,669	10,40,61,739
(d) Deferred tax assets (Net)	11	26,77,982	1,91,10,284
2 Current assets			
(a) Inventories	12	1,90,08,69,534	1,67,79,17,477
(b) Trade receivables	13	2,47,58,11,464	2,17,29,29,670
(c) Cash and cash equivalents	14	25,16,21,433	35,30,13,344
(d) Short-term loans and advances	15	20,96,26,786	19,75,93,830
(e) Other current assets		-	-
TOTAL		7,52,26,12,102	7,22,11,71,495
Significant Accounting Policies and Notes on Financial Statements	1 to 23		

For and on behalf of

N. K. Mittal & Associates

Chartered Accountants

F.NO. 113281W

N. K. Mittal

Proprietor

M. NO. 046785

Place : Mumbai

Date : 29th May, 2017

For and on Behalf of the Board of Directors

Mark Saldanha

Chairman & Managing Director

Jitendra Sharma

Chief Financial Officer

Sandra Saldanha

Whole - time Director

Harshavardhan Panigrahi

Company Secretary & Legal Manager

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Note No.	2016-17	2015-16
		₹	₹
1 Revenue from operations	16	7,67,16,13,428	8,93,32,61,868
2 Other income	17	6,90,52,845	8,86,71,139
3 Total Revenue (1 + 2)		7,74,06,66,273	9,02,19,33,007
4 Expenses:			
Cost of materials consumed	18	3,65,53,14,505	3,41,26,99,496
Purchases of Stock-in-Trade		1,41,14,99,970	1,63,58,40,503
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	19	(47,93,56,746)	4,84,03,865
Employee benefits expense	20	1,50,09,86,005	1,22,41,73,964
Finance costs	21	5,72,20,852	10,15,51,680
Depreciation and amortization expense	22	30,09,29,974	28,12,70,397
Other expenses	23	1,13,87,78,388	1,24,94,86,336
Total expenses		7,58,53,72,948	7,95,34,26,241
5 Profit/(Loss) before exceptional and extraordinary items and tax (3-4)		15,52,93,325	1,06,85,06,766
6 Exceptional items		-	-
7 Profit/(Loss) before extraordinary items and tax (5-6)		15,52,93,325	1,06,85,06,766
8 Extraordinary Items		-	-
9 Profit/(Loss) before tax (7-8)		15,52,93,325	1,06,85,06,766
10 Tax expense:			
(1) Current Year		4,87,14,304	32,18,33,873
(2) Earlier year		(3,13,74,053)	(4,64,08,080)
(3) Deferred tax		1,78,08,943	(3,43,50,116)
Total Tax Expenses		3,51,49,194	24,10,75,677
11 Profit/(Loss) for the period from continuing operations (9-10)		12,01,44,131	82,74,31,089
12 Profit/(Loss) from discontinuing operations		-	-
13 Tax expense of discontinuing operations		-	-
14 Profit/(Loss) from Discontinuing operations (after tax) (12-13)		-	-
15 Profit/(Loss) for the period before adjustment for Minority interest (11+14)		12,01,44,131	82,74,31,089
16 Less: Minority Interest		2,49,56,183	4,23,14,975
17 Profit/(Loss) for the period after adjustment for Minority interest (15-16)		9,51,87,948	78,51,16,114
18 Earnings per equity share:			
(1) Basic		0.23	1.92
(2) Diluted		0.23	1.92
Significant Accounting Policies and Notes on Financial Statements	1 to 23		

For and on behalf of

N. K. Mittal & Associates

Chartered Accountants

F.NO. 113281W

N. K. Mittal

Proprietor

M. NO. 046785

Place : Mumbai

Date : 29th May, 2017

For and on Behalf of the Board of Directors

Mark Saldanha

Chairman & Managing Director

Jitendra Sharma

Chief Financial Officer

Sandra Saldanha

Whole - time Director

Harshvardhan Panigrahi

Company Secretary & Legal Manager

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

1.1 Background

Marksans Pharma Limited (The Company) together with its subsidiaries (referred to as the Group), operates as an international pharmaceutical organisation with business encompassing the research, manufacturing, marketing and distribution of pharmaceutical products. The Group is headquartered in Mumbai, India and operates across many countries. The company's equity shares are listed for trading on National Stock Exchange of India Limited and BSE Limited.

1.2 Basis of Consolidation

i. Basis of Accounting and Preparation of Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

ii. Principles of consolidation

The consolidated financial statements relate to Marksans Pharma Limited (the 'Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- a. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2017.
- b. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses.
- c. The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies at the dates on which the investments in the subsidiary companies were made, is recognized as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investments is in excess of cost of investments of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill'/'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities. Goodwill arising on consolidation is amortised.
- d. Minority Interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the days of investments. Net profit/ loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- e. Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Sl No.	Name of the Entity	Country of Incorporation	Ownership at March 31, 2017 held by	% ownership held either directly or through subsidiaries as at March 31, 2017	% ownership held either directly or through subsidiaries as at March 31, 2016
1	Marksans Pharma Inc	USA	Marksans Pharma Limited	100%	100%
	a) Time-Cap Laboratories Inc.	USA	Marksans Pharma Inc.	100%	100%

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Sl No.	Name of the Entity	Country of Incorporation	Ownership at March 31, 2017 held by	% ownership held either directly or through subsidiaries as at March 31, 2017	% ownership held either directly or through subsidiaries as at March 31, 2016
	- Custom Coatings Inc.	USA	Time-Cap Laboratories Inc.	100%	100%
	- Marksans Realty LLC	USA	Time-Cap Laboratories Inc.	100%	100%
2	Nova Pharmaceuticals Australasia Pty Ltd	Australia	Marksans Pharma Limited	60%	60%
3	Marksans Pharma (UK) Limited	UK	Marksans Pharma Limited	100%	100%
	a) Relonchem Limited	UK	Marksans Pharma (UK) Limited	100%	100%
	b) Marksans Holdings Limited	UK	Marksans Pharma (UK) Limited	100%	100%
	- Bell, Sons and Co. (Druggists) Limited	UK	Marksans Holdings Limited	100%	100%

- f. Assets and Liabilities of foreign subsidiaries are translated into Indian Rupees at the rate of exchange prevailing as at the Balance Sheet Date. Revenues and expenses are translated into Indian Rupees at average exchange rates prevailing during the year and the resulting net transaction adjustment is adjusted to reserve.
- g. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Company's consolidated financial statements.

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries

2.1 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

2.2 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Cost is determined as follows:

Raw Materials, Packing Materials and Stores – At Weighted Average Cost on FIFO basis.

Work-in-Progress - At Material Cost and an appropriate share of production overheads.

Finished Goods - At Material Cost and an appropriate share of production overheads and excise duty, wherever applicable.

Stock-in-trade - At Weighted Average basis

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

2.3 Cash and cash equivalents (for purpose of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except leasehold land.

Depreciation on the tangible fixed assets of the Group has been provided on straight-line method as per the estimated useful life of such assets as follows:

Building- Factory	:	30 years
Building- Office	:	60 years
Plant and Equipment	:	15 years
Furnitures and Fixtures	:	10 years
Office Equipment	:	5 years
Vehicles	:	8 years
Computer and Software	:	3 to 6 years

Intangible assets are amortised over their estimated life on straight-line method as follows:

Goodwill	:	5 to 10 years
Prescription Product Licences	:	5 to 10 years
OTC Product Licences	:	5 to 10 years

Internally Generated ANDA, Market Authorisation, Product Licences & Others : 5 to 10 years

Individual assets costing less than ₹5,000/- are depreciated in full in the year of purchase.

2.6 Revenue Recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer as per the terms of the arrangements with buyer.

2.7 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.8 Fixed Assets

Tangible fixed assets, except to the extent permitted to be fair valued under the Scheme, are carried at cost less accumulated depreciation and amortisation. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase/ completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value or net realisable value and are disclosed separately.

i. Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.9 Foreign Currency Transactions and Translations

Initial Recognition

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions or at rates that closely approximate the rate at the date of the transaction.

Integral foreign operations:

Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Net investment in non-integral foreign operations:

Net investment in non-integral foreign operations is accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Non-integral foreign operations:

Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

The exchange differences relating to non-integral foreign operations are accumulated in a "foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "foreign currency translation reserve" is recognised as income/expense in the same period in which the gain or loss on disposal is recognised.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Measurement at the Balance Sheet Date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Integral foreign operations

Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

Net investment in non-integral foreign operations

Foreign currency monetary items (other than derivative contracts) of the Company's net investment in non-integral foreign operations outstanding at the balance sheet date are restated at the year-end rates.

Non-integral foreign operations

All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Integral foreign operations:

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.

Net investment in non-integral foreign operation:

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.

Non-integral foreign operations:

The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income/ expense in the same period in which the gain or loss on disposal is recognised.

Exchange difference on long-term foreign currency monetary items

The exchange differences arising on settlement/ restatement of long-term foreign currency monetary items 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/ upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss except in case of exchange differences arising on net investment in non-integral foreign operations, where such amortisation is taken to "Foreign currency translation reserve" until disposal/ recovery of the net investment. The unamortised exchange difference is carried under Reserves and Surplus as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

Accounting for forward contracts

Premium/ discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

income or as expense in the period in which such cancellation or renewal is made.

Forward exchange contracts outstanding as at the year-end on account of firm commitment transaction are marked to market and the losses, if any are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

Gain/Loss on account of foreign exchange fluctuation in respect of long term liabilities in foreign currencies specific to acquisition of fixed assets are recognised in the Statement of Profit and Loss.

2.10 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost less any provision for permanent diminution, other than temporary, in the value of such investments. The current investments are valued at lower of cost or fair market value.

Cost of investments include acquisition charges such as brokerage, fees and duties.

2.11 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

- i. Short-term employee benefits: All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.
- ii. Post-employment benefits: Post employment benefit plans are classified into defined contribution plans and defined benefit plans in line with the requirements of AS 15 on "Employee Benefits".

a. Gratuity

The liability in respect of Gratuity, a defined benefit plan, is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognised in the Statement of Profit and Loss as an income or expense.

b. Provident Fund

The liability in respect of Gratuity, a defined benefit plan, is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognised in the Statement of Profit and Loss as an income or expense.

iii. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

iv. Long Term Incentive Plan ('Plan')

Under the Plan, certain employees are eligible for retention and performance linked payouts. These payouts are accrued as and when services are rendered and/ or when the specific performance criteria is met.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

v. Other long-term employee benefits

Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long term employee benefits is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Liability for Gratuity is accounted on accrual basis.

Annual contributions to Provident Fund & Employee State Insurance Scheme are accounted on accrual basis and charged to the Statement of Profit and Loss.

2.12 Borrowing costs

Borrowing costs are interest, amortisation of ancillary cost incurred and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs incurred by the Group in connection with the borrowing of funds. Borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period in which it is incurred, except where the cost is incurred for acquisition, construction, production or development of an asset that takes a substantial period of time to get ready for its intended use in which case it is capitalised up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

2.13 Segment Reporting as per AS 17

a. Business Segments

The Company is primarily engaged in a single business segment of manufacturing and marketing of Pharmaceutical Formulations and is managed as one entity for its various activities and is governed by a similar set of risks and returns.

b. Geographical Segments

In view of the management, the Indian and export markets represent geographical segments.

2.14 Leases

Finance Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as the finance leases.

Assets acquired under finance lease are recognised as assets with corresponding liabilities in the Balance Sheet at the inception of the lease at amounts equal to lower of the fair value of the leased asset or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease payments under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

2.15 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognisable in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.16 Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle of each entity of the Group and other criteria in accordance with Schedule III to the Companies Act, 2013 as set out below:

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, each entity of the Group ascertains its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

2.17 Tangible and Intangible fixed assets

a) Tangible fixed assets

Tangible fixed assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation/amortisation/impairment losses. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Exchange differences (favorable as well as unfavorable) arising in respect of translation/ settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

In case of fixed assets acquired at the time of amalgamation of certain entities with the Group, the same are recognised at book value in case of amalgamation in the nature of merger and at book value/ fair value in case of amalgamation in the nature of purchase in line with Accounting Standard (AS) 14 - "Accounting for Amalgamations".

Expenditure incurred on start up and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Consolidated Statement of Profit and Loss.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Insurance spares/ standby equipments are capitalised as part of the mother asset and are depreciated at applicable rates over the remaining useful life of the mother assets.

b) Intangible fixed assets

Acquired intangible assets

Intangible assets that are acquired are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Internally generated intangible assets

Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

- Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the Consolidated Statement of Profit and Loss as incurred.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

- Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Consolidated Statement of Profit and Loss as incurred.

2.18 Impairment of Assets

The carrying values of assets/ cash generating units at each Balance Sheet date are reviewed for impairment if any indication of impairment exists.

The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated 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 Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

- 2.19 The Company has not received any information from "Suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid/payable as required under the said Act have not been given.

2.20 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/ utilising the credits.

2.21 Deferred Revenue Expenditure

The Group operates in an environment which requires the manufacturing facilities to be approved by industry regulators in certain territories prior to manufacture and sale of products in such territories . If the interval between the date the facility is ready to commence commercial production and the date at which commercial production is expected to commence is prolonged, all expenses incurred during this period are treated as deferred revenue expenditure and amortised over a period not exceeding 3 years from the date of receipt of approvals.

2.22 Exceptional items

The Group classifies the following as exceptional items in the Consolidated Statement of Profit and Loss:

- a) Exchange gain/loss arising on account of restatement and settlement of (i) long term foreign currency loans and advances, (ii) intra-group loans and advances;

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

- b) Profit/loss on disposal of non-current investments and/ or dividends received from proceeds of such disposal and provision for/ reversals of provision for diminution in non-current investments, goodwill and other assets;
- c) Profit/loss arising on account of discontinuance of products/ development activities;
- d) Restructuring cost.

2.23 Customs / Excise Duty

Excise Duty on finished goods and Custom Duty on imported materials are accounted on production of packed finished goods /receipt of material in custom bonded warehouses. All the closing stock of finished goods lying at Goa factory is for export, hence provision for excise duty is not made.

2.24 Additional information as required under Schedule III to the Companies Act,2013, of enterprises consolidated as Subsidiary

Name of the Enterprises	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount in ₹	As % of consolidated profit or loss	Amount in ₹
Parent				
Marksans Pharma Limited	96.73	4,30,03,39,775	128.43	12,22,54,510
Subsidiaries				
Marksans Pharma Inc	0.45	2,00,73,145	23.04	2,19,27,534
Marksans Pharma (UK) Limited	0.71	3,17,05,742	(90.80)	(8,64,28,371)
Nova Pharmaceuticals Australasia Pty Ltd	3.51	15,61,74,890	65.54	6,23,90,457
Minority Interests in Subsidiaries	1.41	6,24,73,733	26.22	2,49,56,183

2.25 Information of Subsidiaries

Particulars	Currency	Marksans Pharma (UK) Limited CONSOLIDATED	Currency	Nova Pharmaceuticals Australasia Pty Ltd	Currency	Marksans Pharma Inc
Capital	GBP	8596941	AUD	150	USD	26106742
	RS.	669237881	RS.	4781	RS.	1657789366
Reserve	GBP	1266629	AUD	3141040	USD	-630250
	RS.	31705742	RS.	156179553	RS.	20073145
Total Assets	GBP	24043709	AUD	5780009	USD	36635472
	RS.	1864502310	RS.	287069228	RS.	2401862648
Total Liabilities	GBP	24043709	AUD	5780009	USD	36635472
	RS.	1864502310	RS.	287069228	RS.	2401862648
Investment	GBP	-	AUD	-	USD	-
	RS.	-	RS.	-	RS.	-
Turnover	GBP	24993709	AUD	14402738	USD	38691660
	RS.	2191710839	RS.	726778002	RS.	2594724626

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Particulars	Currency	Marksans Pharma (UK) Limited CONSOLIDATED	Currency	Nova Pharmaceuticals Australasia Pty Ltd	Currency	Marksans Pharma Inc
Profit/(Loss) Before Taxation	GBP	-1072454	AUD	1772887	USD	508321
	RS.	-94044027	RS.	89461828	RS.	34088820
Provision for Taxation	GBP	-86847	AUD	536480	USD	181345
	RS.	-7615657	RS.	27071371	RS.	12161286
Profit/(Loss) After Taxation	GBP	-985607	AUD	1236407	USD	326976
	RS.	-86428371	RS.	62390457	RS.	21927534
Dividend	GBP	-	AUD	2207693	USD	-
	RS.	-	RS.	111402617	RS.	-

2.26 Acquisition of Business/ Investment made during the Year

During the F.Y.2016-17, the Company has invested ₹19,552,500 (USD 300,000) in Marksans Pharma Inc. and ₹8,978,986 (GBP 104,376) in Marksans Pharma (UK) Ltd.

2.27 Nature and extent of risks arising from financial instruments

The main financial risks faced by the Group relate to fluctuations in interest and foreign exchange rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The Balance Sheet as at March 31, 2017 is representative of the position through the year.

Credit Risk

Credit risk arises from Cash and Cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk also arises from trade receivables and other financial assets.

The credit risk arising from receivables is subject to concentration risk in that the receivables are predominantly denominated in USD and any appreciation in the INR will effect the credit risk. The Company is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

Foreign exchange risk

The Group is exposed to foreign exchange risk principally via:-

- Debt availed in foreign currencies.
- Net investments in subsidiaries that are in foreign currencies.
- Exposure arising from transaction relating to purchases, revenues, expenses etc, to be settled (within or outside the Group) in currencies other than the functional currency of the respective entities.

Liquidity Risk

Liquidity risk is managed using short term and long term Cash Flow forecasts.

Risk Management is carried out by the Risk Management Committee as per Risk Management Policy adopted by the Company.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

2.28 Earning per share

Earning per share is calculated by dividing the profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as computed below:

Particulars	2016-17 ₹	2015-16 ₹
Earning Per Share (EPS)		
1) Net profit as per the Consolidated Statement of Profit and Loss available for equity shareholders	9,51,87,948	78,51,16,114
2) Weighted average number of equity shares for EPS computation		
a) For Basic EPS of Re. 1/- each	40,93,13,698	40,93,13,698
b) For Diluted EPS of Re. 1/- each		
- No. of Share for Basic EPS as per 2 a	40,93,13,698	40,93,13,698
- Add: Weighted average outstanding	-	-
- No. of share for diluted EPS of Re. 1/- each	40,93,13,698	40,93,13,698
3) Earning Per Share (Weighted Average)		
Basic	0.23	1.92
Diluted	0.23	1.92

2.29 Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

The amount expended by the Company as Research and Development costs during the last three financial years:-

Financial Year	Revenue	Capital	Total Expenditure
2013-14	1,975.62	38.12	2,013.74
2014-15	1,719.83	21.30	1,741.13
2015-16	768.10	38.07	806.17
2016-17	453.09	-	453.09

(₹ in Lakh)

2.30 Segment Revenue

Segment Revenue	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
Europe, UK – Formulations	28,618.44	41,819
US & North America – Formulations	34,942.50	32,581
Australia & NZ – Formulations	10,559.99	10,776
Rest of World (ROW)	3,285.73	5,043
Consolidated Revenue from operations	77,406.66	90,219

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

2.31 Related Party Disclosures

(a) List of Related Parties

Subsidiaries

Marksans Pharma (UK) Limited
Marksans Holdings Limited
Bell, Sons and Co. (Druggists) Limited
Relonchem Limited
Marksans Pharma Inc.
Time-Cap Laboratories Inc.
Custom Coatings Inc.
Marksans Realty LLC
Nova Pharmaceuticals Australasia Pty Ltd.

Key Management Personnel (KMP)

Mr. Mark Saldanha - Managing Director
Mrs. Sandra Saldanha - Whole-time Director
Dr. Vinay Gopal Nayak - Whole-time Director
Mr. Jitendra Sharma - Chief Financial Officer
Mr. Harshavardhan Panigrahi - Company Secretary

Relatives of KMP

Mrs. Sandra Saldanha is spouse of Mr. Mark Saldanha (Managing Director)
Mr. Mark Saldanha is spouse of Mrs. Sandra Saldanha (Whole-time Director)

Companies in which KMP is interested

Marksans Pharma (UK) Limited
Marksans Holdings Limited
Bell, Sons and Co. (Druggists) Limited
Relonchem Limited
Marksans Pharma Inc.
Time-Cap Laboratories Inc.
Custom Coatings Inc.
Marksans Realty LLC
Nova Pharmaceuticals Australasia Pty Ltd.

Note: Mr. Mark Saldanha/ Mrs. Sandra Saldanha/ Mr. Jitendra Sharma is/are Director in the above subsidiary(ies) as representative of Marksans Pharma Limited and have no personal interest as director of those subsidiary(ies). They do not own any shares in the subsidiary(ies) in which they are Director.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

- (b) As required by Accounting Standard 18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, list of parties with whom transactions have taken place during the year are as follows:

Key Management Personnel / Directors - Remuneration:

	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
Mr. Mark Saldanha	104.32	67.60
Mrs. Sandra Saldanha	70.30	70.30
Dr. Balwant S. Desai (upto 21.03.2016)	-	63.44
Dr. Vinay G. Nayak (w.e.f. 21.03.2016)	199.52	5.86
Mr. Jitendra Sharma	99.92	70.64
Mr. Harshavardhan Panigrahi	17.81	14.88
Total	491.87	292.72

Rent paid to Mr. Mark Saldanha of Rs. 102.93 Lakh during the year.

Related parties where control exists and transactions have taken place during the year

Subsidiary Companies

Marksans Pharma (UK) Limited
Time-Cap Laboratories Inc.
Nova Pharmaceuticals Australasia Pty Ltd.

Related party relationships where transactions have taken place during the year

Marksans Pharma (UK) Limited - Subsidiary Company
Time-Cap Laboratories Inc. - Subsidiary Company
Nova Pharmaceuticals Australasia Pty Ltd. - Subsidiary Company

Transactions with related parties during the year

	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
Subsidiary company		
Sale of Finished products	17240.16	14748.09
Dividend received	668.84	638.40
Balances outstanding at the end of the year		
Receivable from subsidiary	11239.12	6520.80

2.32 Provisions, Contingent Liabilities & Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Contingent liabilities and commitments (to the extent not provided for)

Particulars	2016-17 (₹ in Lakh)	2015-16 (₹ in Lakh)
Contingent Liabilities		
a) Claims against the company not acknowledged as debt	73.38	24.07
b) Guarantees and Letter of Credit	920.47	939.37
c) Other money for which the company is contingently liable		
Sales Tax		
Sales Tax (BST,CST) – 04-05	0.28	7.90
	994.13	971.34

2.33 Corporate Social Responsibility (CSR)

Corporate Social Responsibility expenditure for the year is Nil.

2.34 Subsidiaries

a Marksans Pharma (UK) Limited

Marksans Pharma (UK) Limited, through its step down subsidiaries Bell, Sons & Co (Druggists) Ltd and Relonchem Ltd, has achieved revenue of GBP 24.99 Mn as against revenue of GBP 30.22 Mn achieved during last year and incurred loss of GBP 0.99 Mn during the year as against profit after tax of GBP 0.65 Mn last year. UK based business is witnessing price erosion on account of higher competition, channel consolidation and government action on pricing/ reimbursement and adverse currency movement due to Brexit.

The two step down subsidiaries have incurred one off Pharmacovigilance and Regulatory Cost of GBP 2.12 Mn during the FY 2016-17 to keep themselves abreast of latest UK MHRA guidelines.

b Marksans Pharma Inc. USA

Marksans Pharma Inc. through its step down subsidiary, Time-Cap Laboratories Inc. has achieved revenue of USD 38.70 Mn as against revenue of USD 23.32 Mn achieved during the last year. Profit after tax for the year was USD 0.33 Mn as against net loss of USD 0.86 Mn during last year.

c Nova Pharmaceuticals Australasia Pty Ltd.

Nova Pharmaceuticals Australasia Pty Ltd. has achieved sales of AUD 14.41 Mn as against sales of AUD 15.48 Mn achieved during last year. Profit after tax for the year was AUD 1.23 Mn as against AUD 2.08 Mn during last year.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

2.35 Information Technology Initiative

The Company has implemented state of the art IT applications in automating the processes in Quality, Manufacturing and R & D. The Company has also invested significant amount of resources to build IT platform to de-risk the manufacturing process and to adopt best practices in the industry. The implementations spread across lab automation, instrument integration and manufacturing execution systems. The Company has spent an amount of USD 1.30 Mn towards IT System upgradation.

2.36 New Approvals

The Company is currently marketing 13 approved ANDAs in USA. The Company has received approval of 4 ANDA from US FDA since April 2016:-

- (a) Metformin Hydrochloride Extended Release (ER) USP 500 mg. & 750 mg.
- (b) Paricalcitol Softgelatin Capsules 1 mcg, 2 mcg, 4 mcg.
- (c) Loratadine Liquid Filled Capsules 10 mg.
- (d) Dutasteride Softgelatin Capsules 0.5 mg.

2.37 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016

Particulars	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	2,83,500	1,30,328	4,13,828
(+) Permitted receipts	1,30,383	2,20,000	3,50,383
(-) Permitted payments	-21,000	-1,98,848	-2,19,848
(-) Amount deposited in Banks	-3,92,883	-	-3,92,883
Closing cash in hand as on 30.12.2016	-	1,51,480	1,51,480

2.38 Figures of the previous year have been regrouped and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	31st March, 2017		31st March, 2016	
	Number	₹	Number	₹
Note No. 3 Share Capital				
Authorised				
Equity Shares of ₹1/- each	55,00,00,000	55,00,00,000	55,00,00,000	55,00,00,000
7% Redeemable Cumulative Preference Shares of ₹100/- each	14,00,000	14,00,00,000	14,00,000	14,00,00,000
Total	55,14,00,000	69,00,00,000	55,14,00,000	69,00,00,000
Issued, Subscribed & Paid up				
Equity Shares of ₹1/- each	40,93,13,698	40,93,13,698	40,93,13,698	40,93,13,698
7% Redeemable Cumulative Preference Shares of ₹100/- each	11,00,000	11,00,00,000	12,50,000	12,50,00,000
Total	41,04,13,698	51,93,13,698	41,05,63,698	53,43,13,698

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares of ₹1/- each		7% Redeemable Cumulative Preference Shares of ₹100/- each	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	40,93,13,698	40,93,13,698	12,50,000	12,50,00,000
Shares issued during the year	-	-	-	-
Shares bought back/redeemed during the year	-	-	1,50,000	1,50,00,000
Shares outstanding at the end of the year	40,93,13,698	40,93,13,698	11,00,000	11,00,00,000

b. Terms/rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹1/- per share. All the Equity Shares rank pari passu in all respect. Each holder of Equity Shares is entitled to one vote per share. The equity share holders are entitled to dividend, if declared by the shareholders in an Annual General Meeting, in proportion to the number of Equity Shares held by the shareholders.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c. Terms/rights attached to Preference Shares

The Company has on 31st March, 2017 redeemed 150,000 7% Redeemable Cumulative Preference Shares of ₹100/- each (the Preference shares) at par. Consequently, the Issued, Subscribed and Paid-up Preference Share Capital of the Company has reduced from ₹125,000,000 (Rupees twelve crores fifty lakh) divided into 1,250,000 Preference Shares of ₹100/- each to ₹1,10,000,000 (Rupees eleven crore) divided into 1,100,000 Preference Shares of ₹100/- each with effect from 31st March, 2017.

The Preference Shares carry dividend at the rate of 7% per annum subject to approval of the shareholders at an Annual General Meeting. The holder of the preference shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the Preference Shares. In the event of liquidation of the Company before redemption of the preference shares, the holder of the Preference Shares will have priority over equity shares in the payment of dividend and repayment of capital.

d. The Company has not issued bonus shares and shares for consideration other than cash nor the Company has bought back any shares during the period of five years immediately preceding the reporting date except redemption of 100,000 Preference Shares at par on 07.02.2015 and 150,000 Preference Shares at par on 31.03.2017.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Note No.3 Share Capital (contd.)

e. Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	31st March, 2017		31st March, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of ₹1/- each fully paid				
Mr. Mark Saldanha	19,74,91,553	48.25	19,74,91,553	48.25
7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid				
Glenmark Pharmaceuticals Limited	11,00,000	100	12,50,000	100

Particulars	31st March, 2017 ₹	31st March, 2016 ₹
Note No. 4 Reserves & Surplus		
a. Capital Reserves		
Opening Balance	1,22,500	1,22,500
(+) Current Year Transfer	-	-
Closing Balance	1,22,500	1,22,500
b. Capital Redemption Reserve		
Opening Balance	1,00,00,000	1,00,00,000
(+) Transferred from Profit and Loss	1,50,00,000	-
Closing Balance	2,50,00,000	1,00,00,000
c. Securities Premium Account		
Opening Balance	1,75,13,17,328	1,75,13,17,328
(+) Securities premium credited on Share issue	-	-
Closing Balance	1,75,13,17,328	1,75,13,17,328
d. General Reserve		
Opening Balance	3,13,73,65,569	3,13,73,65,569
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	3,13,73,65,569	3,13,73,65,569
e. Exchange Fluctuation A/c	(21,00,072)	3,02,10,571
	(21,00,072)	3,02,10,571
e. Surplus		
Opening balance	(92,00,84,877)	(1,52,55,93,219)
(+) Net Profit/(Net Loss) For the current year	9,51,87,948	78,51,16,114
(-) Transfer to Capital Redemption reserve	(1,50,00,000)	-
(-) Proposed Dividend	(13,95,68,302)	(16,78,27,077)
(-) Dividend Distribution Tax on Proposed Dividend	(57,33,970)	(1,17,80,695)
Closing Balance	(98,51,99,201)	(92,00,84,877)
Total	3,92,65,06,124	4,00,89,31,091

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	31st March, 2017	31st March, 2016
	₹	₹

Note No. 5 Short Term Borrowings

Secured		
Working Capital facilities from Bank	1,09,71,02,816	87,89,29,105
Total	1,09,71,02,816	87,89,29,105

Note No. 5.1

Working capital facilities are secured by hypothecation of current assets and all the movable fixed assets and equitable mortgage of the immovable assets.

Note No. 6 Trade Payable

Trade Payable	1,61,78,40,760	1,18,98,01,764
Total	1,61,78,40,760	1,18,98,01,764

Trade Payable Includes general and miscellaneous creditors.

Note No. 7 Other Current Liabilities

a. Current maturities of Term Loan	-	-
b. Current maturities of Vehicle Loan	-	21,509
c. Other Current Liability	57,32,699	58,61,455
d. Unclaimed Dividend	11,27,269	8,66,166
e. Deposits	2,60,000	10,000
Total	71,19,968	67,59,130

Note No. 8 Short Term Provisions

a. Provision for Gratuity and compensated absences		
- Gratuity	1,82,45,985	1,41,32,971
- Compensated absences	6,82,69,623	5,04,01,104
b. Others	14,07,20,089	15,71,28,064
c. Proposed Dividend	2,81,65,685	5,78,67,644
d. Dividend Distribution Tax on Proposed Dividend	57,33,970	1,17,80,695
e. Income Tax provision	3,11,19,651	22,75,20,122
Total	29,22,55,003	51,88,30,600

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Note No. 9 Fixed Assets

Particulars	Balance as at 1 April 2016			Gross Block			Accumulated Depreciation			Net Block	
	₹	₹	₹	Balance as at 31 March 2017	Impairments	Disposals	Balance as at 1 April 2016	Depreciation charge for the year	On disposals	Balance as at 31 March 2017	Balance as at 31 March 2016
Tangible Assets											
Land	1,38,07,793	-	-	1,38,07,793	-	-	-	-	-	1,38,07,793	1,38,07,793
Buildings	89,13,33,864	752,63,517	-	96,65,97,381	-	-	11,54,80,759	2,40,66,311	-	82,70,50,311	77,58,53,105
Plant and Equipment	1,29,63,49,994	6,16,73,325	19,99,320	1,35,60,23,999	-	-	56,93,61,567	9,84,98,817	13,52,764	68,95,16,379	72,69,88,427
Furniture and Fixtures	4,57,85,101	51,98,369	-	5,09,83,470	-	-	99,52,994	43,96,823	-	3,66,33,653	3,58,32,107
Vehicles	6,82,41,104	27,46,738	26,41,063	6,83,46,779	-	-	1,60,76,085	80,93,192	26,04,397	4,67,81,899	5,21,65,019
Office equipment	2,29,13,431	10,26,829	-	2,39,40,260	-	-	64,33,131	30,59,395	-	1,44,47,734	1,64,80,300
Computer and Software	5,10,26,292	39,17,082	-	5,49,43,374	-	-	3,07,64,974	73,90,673	-	1,67,87,727	2,02,61,318
Total (a)	2,38,94,57,579	14,98,25,860	46,40,383	2,53,46,43,056	-	2,53,46,43,056	74,80,69,510	14,55,05,211	39,57,161	88,96,17,560	1,64,13,88,069
Intangible Assets											
Goodwill	1,02,09,31,434	-	-	1,02,09,31,434	-	-	24,19,16,670	8,21,85,454	-	69,68,29,310	77,90,14,764
Prescription Product Licences	36,57,23,644	-	-	36,57,23,644	-	-	16,32,02,101	2,13,39,045	-	18,45,41,146	20,25,21,543
OTC Product Licences	48,32,081	-	-	48,32,081	-	-	27,09,698	5,16,672	-	32,26,370	16,05,711
Internally Generated ANDA, Market Authorisations, Product Licences & Others	51,37,86,881	12,49,94,963	-	63,87,81,844	-	-	44,22,88,489	5,13,83,592	-	49,36,72,081	7,14,98,392
Total (b)	1,90,52,74,040	12,49,94,963	0	2,03,02,69,003	0	0	85,01,16,958	15,54,24,763	0	1,00,55,41,721	1,05,51,57,082
Total (a+b)	4,29,47,31,619	27,48,20,823	46,40,383	4,56,49,12,059	0	4,56,49,12,059	1,59,81,86,468	30,09,29,974	39,57,161	2,66,97,52,778	2,69,65,45,151
Previous year figure	2,97,78,26,126	1,31,97,85,910	28,80,417	4,29,47,31,619	0	0	1,31,88,50,886	28,12,70,397	19,34,815	2,69,65,45,151	1,65,89,75,240

Note No. 9.1

Land held on leasehold basis. Building includes those constructed on leasehold land.

Note No. 9.2 Capital Work-in-progress

Particulars	Balance as at 31 March 2017	Balance as at 31 March 2016
Includes Building, Plant & Machinery	₹ 35,98,456	₹ -

Note No. 9.3

Addition to Fixed Assets include capital expenditure of Nil (2016- ₹38.07 Lakhs ,2015- ₹21.30 Lakhs,2014- ₹38.12 Lakhs) incurred for Research and Development.

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	31st March, 2017 ₹	31st March, 2016 ₹
Note No. 10 Long Term Loans and Advances		
Unsecured, considered good	86,53,669	10,40,61,739
Total	86,53,669	10,40,61,739

Note No. 11 Deferred Tax Assets (Net)

Deferred Tax Assets : DTA		
Disallowances under Income Tax Act, 1961	1,51,96,638	1,51,96,638
Add: Dererred Tax Assets of Marksans Pharma Inc.	2,06,03,971	3,24,33,065
Deferred Tax Liabilities : DTL		
Related to Fixed Assets	2,48,18,240	1,83,11,993
Add: Deferred Tax Liabilty of Marksans Pharma (UK) Ltd.	83,04,387	1,02,07,426
Net DTA / DTL	26,77,982	1,91,10,284

Note No. 12 Inventories

Raw Materials, Packing Materials, Work-in-Process, Finished goods and Stock-in-Trade	1,90,08,69,534	1,67,79,17,477
Total	1,90,08,69,534	1,67,79,17,477

Note No. 13 Trade Receivables

Unsecured, considered good		
Outstanding for a period more than six months from due date	12,07,72,899	41,25,550
Others	2,35,50,38,565	2,16,88,04,120
Total	2,47,58,11,464	2,17,29,29,670

Note No. 14 Cash and cash equivalents

a. Balances with banks	25,12,63,043	34,99,81,178
b. Cash in hand	3,58,390	10,90,553
c. Bank deposits with less than 12 months maturity	-	-
d. Margin Money	-	19,41,613
Total	25,16,21,433	35,30,13,344

Note No. 15 Short-term loans and advances

a. Advance recoverable in cash or kind		
Unsecured, considered good	20,96,26,786	19,75,93,830
Total	20,96,26,786	19,75,93,830

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	2016-17 ₹	2015-16 ₹
Note No. 16 Revenue from operations		
Sale of products	7,58,84,27,066	8,83,33,96,745
Other operating revenues	8,31,86,362	9,98,65,123
Less: Excise duty	-	-
Total	7,67,16,13,428	8,93,32,61,868

Note No. 17 Other income

Interest income	21,68,645	2,47,90,298
Insurance Claim received	-	40,841
Dividend income	6,68,84,200	6,38,40,000
Total	6,90,52,845	8,86,71,139

Note No. 18 Cost of materials and components consumed

Cost of material and components consumed	3,65,53,14,505	3,41,26,99,496
--	----------------	----------------

Note No. 19 Changes in inventories of finished goods, work-in-process and stock-in-trade

Changes in inventories of finished goods, work-in-process and stock-in-trade	(47,93,56,746)	4,84,03,865
--	----------------	-------------

Note No. 20 Employee Benefits Expense

(a) Salaries and Wages	1,44,82,18,618	1,18,13,73,659
(b) Contributions to - Provident fund , E.S.I.C. and other fund	3,40,03,897	2,75,91,124
(c) Staff welfare expenses	1,87,63,490	1,52,09,181
Total	1,50,09,86,005	1,22,41,73,964

Note No. 20.1

During the year ended 31st March, 2017, the remuneration paid to Dr. Vinay Gopal Nayak, Whole-time Director has exceeded the permissible limit as prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by Rs. 79,52,068.00 (Previous Year Rs. Nil). The Company is in the process of complying with the statutory requirements prescribed to regularize such excess payment including seeking approval of Members and the Central Government, as necessary. Pending such approvals, no adjustments have been made in the accounts for the year ended 31st March, 2017, and the excess amount is held by the Whole-time Director in trust for the Company.

Note No. 21 Finance Costs

Interest expense	3,96,12,656	6,29,44,705
Others	1,77,36,954	3,38,85,617
Applicable net loss on foreign exchange	(1,28,758)	47,21,358
Total	5,72,20,852	10,15,51,680

Note No. 22 Depreciation and amortization expense

Depreciation on tangible assets	14,55,05,211	13,28,84,445
Amortization of intangible assets	15,54,24,763	14,83,85,952
Total	30,09,29,974	28,12,70,397

Notes to Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	2016-17 ₹	2015-16 ₹
Note No. 23 Other Expenses		
Water Charges	30,32,599	43,54,507
Power & Fuel	12,96,77,216	12,14,35,381
Freight Inward & Raw Material Clearing Charges	13,72,20,663	17,31,19,461
Repairs & Maintenance - Plant and Machinery	6,99,76,542	7,57,57,426
Repairs & Maintenance - Building	3,13,93,490	3,88,33,740
Other Manufacturing Expenses	9,47,25,897	9,88,18,852
Rent	4,96,90,205	4,61,68,429
Rates & Taxes	76,03,293	82,82,897
Travelling Expenses	8,85,11,472	3,31,50,519
Communication Expenses	1,25,06,874	1,04,82,545
Courier & Postage Expenses	72,29,419	1,70,05,241
Printing & Stationery	79,60,143	1,34,33,964
Audit Fees	50,62,949	52,02,976
Vehicle Expenses & Local Conveyance	1,58,85,948	1,95,56,996
Legal & Professional Fees	11,85,40,248	13,42,14,798
Office Expenses	96,63,333	1,70,10,663
Insurance Charges	6,84,31,089	7,51,22,043
Exchange Loss/(Gain)	(11,89,58,458)	(3,83,86,720)
Loss/(Profit) on sale of Fixed Assets	(2,47,412)	(92,401)
Other Operating Expenses	14,01,08,891	11,78,74,925
Freight Outward & Export Clearing Expenses	11,24,91,868	21,21,61,972
Selling & Distribution Expenses	14,82,72,119	6,59,78,122
Total	1,13,87,78,388	1,24,94,86,336

Note No. 23.1 Details of Payments to the Auditor

As Auditor	50,62,949	52,02,976
Total	50,62,949	52,02,976

For and on behalf of

N. K. Mittal & Associates

Chartered Accountants

F.NO. 113281W

N. K. Mittal

Proprietor

M. NO. 046785

Place : Mumbai

Date : 29th May, 2017

For and on Behalf of the Board of Directors

Mark Saldanha

Chairman & Managing Director

Jitendra Sharma

Chief Financial Officer

Sandra Saldanha

Whole - time Director

Harshvardhan Panigrahi

Company Secretary & Legal Manager

Consolidated Statement of Cash Flow for the year ended as on 31st March, 2017

Particulars	31st March, 2017	31st March, 2016
	₹	₹
A. Cash Flow From Operating Activities		
Profit/(Loss) Before Tax	15,52,93,325	1,06,85,06,766
Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
-Depreciation	30,09,29,974	28,12,70,397
-Exchange Fluctuation Reserve	(3,36,87,284)	14,07,86,717
-(Profit)/Loss on sale of Fixed Assets	(2,47,412)	(92,401)
-Interest Expense	3,96,12,656	6,29,44,705
-Dividend Income	(6,68,84,200)	(6,38,40,000)
-Interest Income	(21,68,645)	(2,47,90,298)
Operating Profit before working capital changes	39,28,48,414	1,46,47,85,886
Movements in working capital :		
(Increase)/Decrease in Inventories	(22,29,52,056)	(37,68,49,674)
(Increase)/Decrease in Trade and other receivables	(30,28,81,795)	(33,83,86,056)
(Increase)/Decrease in loans and advances	8,33,75,114	(19,33,47,890)
Minority Interest	(4,60,88,556)	(3,97,10,900)
Increase/(Decrease) in Trade Payable and Short term provisions	20,14,63,399	6,69,39,303
Income Tax paid	(1,73,40,251)	(27,54,25,793)
Net cash used in operating activities	8,84,24,269	30,80,04,876
B. Cash Flow provided by (used in) Investing Activities:		
(Purchase)/Sale of Fixed Assets	(27,74,88,646)	(1,31,87,47,906)
Investment	-	-
Dividend Income	6,68,84,200	6,38,40,000
Interest Income	21,68,645	2,47,90,298
Net Cash Flow provided by (used in) Investing Activities	(20,84,35,801)	(1,23,01,17,608)
C. Cash Flow provided by (used in) Financing Activities:		
Increase in Equity Share Capital	-	-
Redemption of Preference Share Capital	(1,50,00,000)	-
Increase in Share Premium	-	-
Increase in General Reserve	-	-
Proposed Dividend and Dividend Distribution Tax on it	(14,53,02,272)	(17,96,07,772)
Proceeds/(Repayment) of Short Term and Long Term Borrowings	21,85,34,549	(33,49,73,545)
Interest Expense	(3,96,12,656)	(6,29,44,705)
Net Cash Flow provided by (used in) Financing Activities	1,86,19,621	(57,75,26,022)
Net Increase /(Decrease) in Cash and Bank Balances	(10,13,91,911)	(1,49,96,38,754)
Cash & Bank Balances as at 31.03.2016	35,30,13,344	1,85,26,52,098
Cash & Bank Balances as at 31.03.2017	25,16,21,433	35,30,13,344
	(10,13,91,911)	(1,49,96,38,754)

Notes :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

For and on behalf of
N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

N. K. Mittal
Proprietor
M. NO. 046785

Place : Mumbai
Date : 29th May, 2017

For and on Behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Jitendra Sharma
Chief Financial Officer

Sandra Saldanha
Whole - time Director

Harshvardhan Panigrahi
Company Secretary & Legal Manager



Marksans Pharma Ltd.

CIN: L24110MH1992PLC066364

Regd Office: 11th Floor, Grandeur, Veera Desai Extension Road,

Oshiwara, Andheri (West), Mumbai – 400053.

Website: www.marksanspharma.com, E-mail: companysecretary@marksanspharma.com

NOTICE

To
The Members of
Marksans Pharma Limited

NOTICE is hereby given that the Twenty Fifth (25th) Annual General Meeting of the Members of Marksans Pharma Limited will be held on **Tuesday, the 26th September, 2017 at 10:30 a.m.** at GMS Banquet, Next to D.N. Nagar Metro Station, Opp. Indian Oil Nagar, New Link Road, Andheri (West), Mumbai 400053, to transact the following business:

Ordinary Business

- To consider and adopt:
 - the audited Financial Statements of the Company for the financial year ended 31st March, 2017, the Reports of the Board of Directors and Auditors thereon; and
 - the audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2017 and Reports of the Auditors thereon.
- To declare dividend on equity shares and preference shares for the financial year ended 31st March, 2017.
- To appoint a Director in place of Mrs. Sandra Saldanha (DIN: 00021023), who retires by rotation and being eligible offers herself for re-appointment.
- To appoint auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification, amendment, substitution or re-enactment thereof for the time being in force), M/s V S Lalpuria & Company, Chartered Accountants, 301, Balaji Business Centre, Ram Milan Premises Co-op-Society, 36, Shubhash Road, Vile Parle (East), Mumbai - 400 057 (having their Firm Registration Number - 105581W) be and are hereby appointed as Auditors of the Company to hold office for

a term of five (5) consecutive years from the conclusion of 25th Annual General Meeting until the Conclusion of 30th Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors for each financial year based on the recommendation of the Audit Committee and reimbursement of out-of pocket expenses in connection with the audit of the accounts of the Company and the said remuneration be paid to them in such installments as may be decided by the Board of Directors.”

“RESOLVED FURTHER THAT appointment of M/s V S Lalpuria & Company, Chartered Accountants, shall be subject to ratification by the Members at every Annual General Meeting during the remaining term of five years.”

Special Business

- To approve the re-appointment of Mrs. Sandra Saldanha (DIN: 00021023) as a Whole-time Director and in this regard to consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 188(1)(f) read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and on the basis of the recommendation of the Nomination and Remuneration Committee, re-appointment of Mrs. Sandra Saldanha (DIN: 00021023) as a Whole-time Director of the Company, for a period of three (3) years with effect from 25th September, 2017, be and is hereby approved on the following remuneration:

Particulars	Amount in ₹ Per Month
Basic	90,000.00
Special Allowance	4,93,547.00
Leave Travel Allowance	1,000.00
Medical Allowance	1,250.00
Bonus	1,000.00
Provident Fund (12%)	10,800.00
Gratuity (4.33%)	3,897.00
Total Remuneration Per Month	6,01,494.00
Total Remuneration Per Annum	72,17,928.00

"RESOLVED FURTHER THAT Mrs. Sandra Saldanha shall be provided with Company's car with driver for use in company's business."

"RESOLVED FURTHER THAT remuneration payable to Mrs. Sandra Saldanha shall be subject to deduction of tax as per the provisions of the Income Tax Act."

"RESOLVED FURTHER THAT remuneration payable to Mrs. Sandra Saldanha shall not exceed the limits laid down in Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013."

"RESOLVED FURTHER THAT in case in any financial year during the currency of the tenure of Mrs. Sandra Saldanha, the Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above as the minimum remuneration, provided that the total remuneration shall not exceed the ceiling provided in Section II of Part II of Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase remuneration of Mrs. Sandra Saldanha during her tenure within the limits set out in Section 197 read with Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary in this regard."

- To approve waiver of recovery of excess remuneration paid to Dr. Vinay Gopal Nayak (DIN: 02577389), Whole-time Director for the financial year 2016-17 and in this regard to consider and, if thought fit, to pass the following

resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof ("the Act"), read with Schedule V of the Act and subject to the approval of the Central Government, if required, and subject to all other permissions, sanctions and approvals as may be necessary, approval of the Members of the Company be and is hereby accorded to ratify and approve the payment of remuneration of ₹1,99,52,068/- to Dr. Vinay Gopal Nayak (DIN: 02577389), Whole-time Director for financial year 2016-17, which was found to be in excess of the limits prescribed under Section 197 read with Schedule V of the Act in view of inadequacy of profits for the financial year 2016-17 and within the limits approved by the Members of the Company at the 24th Annual General Meeting held on 29th September, 2016."

"RESOLVED FURTHER THAT pursuant to the provisions of sub-section (10) of Section 197 and other applicable provisions, if any, of the Act including any statutory modification(s) or re-enactment thereof, read with Schedule V of the Act and subject to the approval of the Central Government if required, approval of the Members of the Company be and is hereby accorded to ratify and approve the waiver of the recovery of the excess remuneration amounting to ₹79,52,068/- paid to Dr. Vinay Gopal Nayak (DIN: 02577389), Whole-time Director for the financial year 2016-17, which is in excess of the limits prescribed under Section 197 read with Schedule V of the Act in view of inadequacy of profits for the financial year 2016-17 and within the limits approved by the Members of the Company at the 24th Annual General Meeting held on 29th September, 2016."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

- To approve payment of remuneration to Dr. Vinay Gopal Nayak (DIN: 02577389), Whole-time Director and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 197 read with Schedule V and all other applicable

provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the resolution passed by the Members of the Company at the 24th Annual General Meeting held on 29th September, 2016 and on the basis of the recommendation of Nomination and Remuneration Committee, Dr. Vinay Gopal Nayak (DIN: 02577389), Whole-time Director of the Company in the category of Professional Director and designated as Executive Director be paid remuneration as per the approval given by the Members of the Company at the 24th Annual General Meeting held on 29th September, 2016 in the event of no profits or inadequacy of profits in any financial year during the tenure of his appointment subject to the provisions of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

8. To approve Marksans Employees Stock Option Scheme 2017 and in this regard to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, as may be required, “MARKSANS EMPLOYEES STOCK OPTION SCHEMES 2017 (hereinafter referred to as “MARKSANS ESOS 2017”) for the benefit of present and future permanent employees of the Company and its directors, whether whole-time director or not but excluding promoters and independent directors, be and is hereby approved as per the salient features mentioned in the Explanatory Statement annexed herewith, provided that the total number of options that can be granted under MARKSANS ESOS 2017 shall not exceed 81,86,273 options, convertible into equivalent number of equity

shares of ₹1/- each face value of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (“Board”) which term shall be deemed to include the “Compensation Committee” constituted by the Board to exercise its powers (including the powers conferred by this resolution) be and is hereby authorized, on behalf of the Company to grant from time to time in one or more tranches, options to apply for Equity Shares of the face value of ₹1/- each of the Company under the said MARKSANS ESOS 2017 and consequently create, issue, allocate and allot at any time and from time to time equity shares of ₹1/- each face value in terms of such options.”

“RESOLVED FURTHER THAT options and the consequential issue, allocation and allotment of equity shares under the said MARKSANS ESOS 2017 shall be at such price including at a discount, in such manner, during such period in one or more tranches and on such other terms and conditions as the Board may decide.”

“RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issue, buy-back of shares, split or consolidation of shares, amalgamation, sale of undertaking, etc. resulting into change in the capital structure of the Company, the Board be and is hereby authorised to make such adjustments as it may deem fit to the quantum of shares to be issued pursuant to the exercise of the options, the exercise price, and other rights and obligations under the options.”

“RESOLVED FURTHER THAT the equity shares to be allotted under the said MARKSANS ESOS 2017 shall, upon allotment, rank pari passu in all respects inter se as also with the then existing equity shares including dividend entitlement.”

“RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any grant of options and consequent issue and allotment of equity shares under the said MARKSANS ESOS 2017, 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 or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard including to amend or modify any of the terms and conditions of the grant of options and consequent issue and allotment of equity shares

without being required to seek any further consent or approval of the members of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to:-

- (a) Administer, implement and superintend MARKSANS ESOS 2017;
- (b) Determine the terms and conditions of grant, issue, re-issue, cancel and withdrawal of options from time to time;
- (c) Formulate, approve, evolve, decide upon and bring into effect, suspend, withdraw or revive MARKSANS ESOS 2017 in line with salient features mentioned in the Explanatory Statement annexed herewith and/or any sub-scheme or plan for the purpose of grant of options under MARKSANS ESOS 2017 and to make any modifications, changes, variations, alterations or

revisions in such sub-scheme or plan from time to time.”

“RESOLVED FURTHER THAT Nomination and Remuneration Committee of Directors of the Company be and is hereby designated as the Compensation Committee referred here in above for MARKSANS ESOS 2017.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares to be allotted under MARKSANS ESOS 2017 on National Stock Exchange of India Limited and BSE Limited where the Company’s equity shares are listed, as per the terms and conditions of the Listing Regulations and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing.”

For and on behalf of the Board of Directors of Marksans Pharma Limited

Mumbai
Dated: 11th August, 2017

Registered Office:
11th Floor, Grandeur, Veera Desai Extension Road,
Oshiwara, Andheri (West), Mumbai-400 053.

Harshavardhan Panigrahi
Company Secretary and Manager Legal

NOTES:

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE MEMBER OF THE COMPANY. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

A person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10 percent of the total share capital of the company. A member holding more than 10 percent of the total share capital of the company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

b) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, the 21st September, 2017 and will remain closed till Tuesday, the 26th September, 2017 (both days inclusive) for the

purpose of Annual General Meeting and payment of dividend, if declared at the Annual General Meeting.

c) Dividend, if declared at the Annual General Meeting, will be credited /dispatched on or after 3rd October, 2017 to those members whose names shall appear on the Company's Register of Members on 20th September, 2017. In respect of the shares held in dematerialised form, dividend will be paid to the beneficial owners whose names will be furnished by the Depositories as on that date. Members are requested to notify promptly any change in their registered address.

d) Pursuant to the provision of Section 124 and 125 of the Companies Act, 2013, dividend which remains unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Members who have not encashed the dividend warrant(s) for the financial years ended March 31, 2014, March 31, 2015 and March 31, 2016 are requested to make their claims to the Company's Registrar and Share Transfer Agent Bigshare Services Private Limited, without any delay.

Due date for transfer of unclaimed dividend to IEPF:

Year of Dividend	Dividend rate per share (₹)	Date of Declaration	Due date of transfer to IEPF
2013-14	0.10	25th September, 2014	31st October, 2021
2014-15	0.12	29th September, 2015	3rd November, 2022
2015-16	0.12	29th September, 2016	3rd November, 2023

e) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent, Bigshare Services Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.

f) Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.

g) Members desiring any information as regards the Accounts are requested to write to the Company at least 7 days in advance so as to enable the Management to

keep the information ready.

h) Members holding shares in physical form are requested to immediately intimate to the Company's Registrar and Transfer Agent, changes, if any, in their registered address along with the PIN code. Members holding shares in dematerialized mode are requested to forward intimation for change of address, if any, to their respective Depository Participants.

i) Trading in the Company's shares through Stock Exchange is permitted only in dematerialized /electronic form. The equity shares of the Company have been inducted in both National Securities Depository Limited and Central Depository Services (India) Limited to enable members to hold and trade the securities in dematerialized /electronic form. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialization.

j) In terms of provisions of the Companies Act, 2013, nomination facility is available to individual members. The

members who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Registrar and Transfer Agent Bigshare Services Private Limited for nomination form quoting their folio number. Members holding shares in dematerialized form should write to their Depository Participant for the purpose.

- k) Brief resume of Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter se as required under Regulation 36 of SEBI (LODR) Regulations, 2015 are provided in the Corporate Governance Report forming part of the Annual Report.
- l) Members/ Proxies should bring their attendance slip duly filled in, for attending the meeting and also their copy of the Annual Report.
- m) In terms of Section 108 of the Companies Act, 2013 read with Rule 20(2)(vii) of the Companies (Management and Administration) Rules, 2014 and Regulations 44 of SEBI (LODR) Regulations, 2015, the Company is providing the facility to its Members, being eligible to vote, to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice.
- n) In compliance with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has considered Wednesday, 20th September, 2017 to determine the eligibility of members to vote by electronic means or through physical ballot at the AGM (Cut-off date). The persons whose names appear on the Register of Members/List of Beneficial Owners as on Cut-Off date would be entitled to vote through electronic means or through physical ballot at the AGM.
- o) The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting facility will be available during the following Period:
Commencement of remote e-voting: On Saturday, 23rd September, 2017 at 09:00 a.m.
Conclusion of remote e-voting: On Monday, 25th September, 2017 at 05:00 p.m.
The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of aforesaid period.
- p) The persons who have become the Members of the Company after the dispatch of the Notice and Annual

Report and their names appear in the Register of Members/List of Beneficial owners as on the Cut-off date may contact the Registrar and Transfer Agent to obtain the Notice of AGM and the login id and password for casting vote electronically or may cast their vote through physical ballot at the AGM. If a Member is already registered with CDSL e-voting Platform then he can use his existing user ID and Password for casting the vote through remote e-voting. Detail of the process and manner of remote e-voting is being sent to all the Members along with the Notice.

- q) 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.
- r) **Poll at the Meeting**
After the items of the notice have been discussed, the Chairman will order poll in respect of the items. Poll will be conducted and supervised under the Scrutinizer appointed for remote e-voting and poll as stated above. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date and who have not cast their vote by remote e-voting, and being present at the AGM either personally or through proxy, only shall be entitled to vote at the AGM. After conclusion of the poll, the Chairman shall declare the meeting as closed. The results of the poll aggregated with the results of remote e-voting will be announced by the Company on its website: www.marksanspharma.com within 48 hours of conclusion of the AGM and also inform the stock exchanges where the securities of the Company are listed. Instructions and other information relating to e-voting is annexed to this notice as E-Voting Instruction for Shareholder.
- s) A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- t) Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the registered office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
- u) A route map and prominent land mark for easy location to the venue of AGM is given on the back of the Proxy Form attached to this Notice.
- v) Members who have not registered their e-mail addresses so far are requested to register their e-mail address with the Company's Registrar and Transfer Agent for receiving all communication including Annual Report, Notices, etc. from the Company electronically.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

Item No. 5

The tenure of Mrs. Sandra Saldanha as a Whole-time Director of the Company will expire on 25th September, 2017. In terms of Section 196 read with Schedule V of the Companies Act, 2013, the Board of Directors of the Company has on the basis of recommendation of the Nomination and Remuneration Committee and subject to approval of Members of the Company at the ensuing Annual General Meeting, re-appointed Mrs. Sandra Saldanha as a Whole-time Director of the Company for a further period of three (3) years with effect from 25th September, 2017. The re-appointment of and remuneration of Mrs. Sandra Saldanha has also the approval of the Audit Committee of the Company.

The remuneration proposed are in line with the remuneration package that is necessary to encourage good professionals

to important position such as that is to be occupied by Mrs. Sandra Saldanha.

Mrs. Sandra Saldanha has a Master Degree in Arts (Sociology). Mrs. Sandra Saldanha has a vast experience in the field of Human Resource Management, Business Development, Projects and Supply Chain Management. The Company will continue to be benefited by her expertise. Currently, Mrs. Sandra Saldanha is also a Director in Marksans Pharma (UK) Limited, Marksans Holdings Limited, Bell, Sons & Co. (Druggists) Limited and Relonchem Limited.

Accordingly, the resolution in the item no. 5 of the notice for approving the re-appointment of Mrs. Sandra Saldanha as a Whole-time Director of the Company is being proposed for consideration of the Members.

Mrs. Sandra Saldanha satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 for being eligible for the re-appointment.

1.	Name	Mrs. Sandra Saldanha	
2.	Date of Birth	11.12.1971	
3.	Age	45 years	
4.	Profession	Service	
5.	Qualification	Master of Arts (Sociology)	
6.	6.1 Terms and conditions of appointment and details of remuneration sought to be paid	As mentioned in the resolution under Item 5 of the notice	
	6.2 Remuneration last drawn	₹70,29,564/-	
7.	Experience	Vast experience in the field of Human Resource Management, Business Development, Projects and Supply Chain Management.	
8.	Shareholding of the Director	180	
9.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Relative of Mr. Mark Saldanha, Managing Director	
10.	Date of first appointment on the Board	25.09.2014	
11.	List of other Directorship and membership/chairmanship in the committees of other Boards		
	Board Meetings attended during the year	Whether attended last AGM	Other Directorships / Board Committees
			Directorships in other Companies
	6	Yes	1. Marksans Pharma (UK) Limited 2. Marksans Holdings Limited 3. Bell, Sons & Co. (Druggists) Limited 4. Relonchem Limited
			Nil

Brief resume of Mrs. Sandra Saldanha, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as required under the Listing Regulations are also provided in the Corporate Governance Report forming part of the Annual Report.

Mrs. Sandra Saldanha is holding 180 equity shares in the Company and accordingly, she may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of her re-appointment as a Whole-time Director. Mr. Mark Saldanha who is her relative and the Managing Director of the Company, may be deemed to be concerned or interested in the re-appointment of Mrs. Sandra Saldanha.

Mrs. Sandra Saldanha is a related party within the meaning of Section 2(76) of the Companies Act, 2013 and therefore, her re-appointment as a whole-time director and remuneration payable will require approval of the Company by a Special Resolution in terms of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval of the Members.

Item No. 6

Members of the Company at their 24th Annual General Meeting held on 29th September, 2016, had by way of an ordinary resolution approved the appointment of Dr. Vinay Gopal Nayak (DIN: 02577389) as a Whole-time Director of the Company for a period of three years with effect from 21st March, 2016 on the terms and conditions including payment of remuneration as mentioned therein. At that time, the Company had adequate profits and the remuneration was well within the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 (the Act).

During the financial year 2016-17, the Company witnessed de-growth due to price erosion on account of higher competition, channel consolidation and government action on pricing/reimbursement in UK, US and other European countries and adverse currency movement. Owing to the said factors, the financial performance of the Company in the financial year 2016-17 did not meet expectations

and its turnover reduced from ₹35813.21 Lakh in 2015-16 to ₹21584.00 Lakh in 2016-17 i.e. a reduction by 39.73%. Consequently, net profit of the Company reduced from ₹7148.55 Lakh during 2015-16 to ₹1222.55 Lakh during 2016-2017 i.e. a reduction by 82.90%.

The net profit of the Company computed under Section 198 of the Act for the financial year 2016-17 of ₹16,32,00,656.00.00 is inadequate to commensurate the remuneration paid to Dr. Vinay Gopal Nayak. Accordingly, the remuneration of ₹1,99,52,068.00 paid to Dr. Vinay Gopal Nayak is in excess of the limits as prescribed under Section 197 read with Schedule V of the Act.

Under Section 197 of the Companies Act, 2013, if in any financial year a company has no profits or its profits are inadequate, payment of remuneration to its directors including any managing or whole-time director (exclusive of sitting fees payable to directors) may be made only in accordance with the provisions of Schedule V.

Section II of Part II of the Schedule V of the Companies Act, 2013 provides that where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, it may without Central Government approval, pay remuneration to the managerial person not exceeding the limits set out below:

1	2
Where the effective capital is:-	Limit of yearly remuneration payable shall not exceed (Rupees)
(i) Negative or less than ₹5 crore	60 Lakh
(ii) ₹5 crore and above but less than ₹100 crore	84 Lakh
(iii) ₹100 crore and above but less than ₹250 crore	120 Lakh
(iv) ₹250 crore and above	120 Lakh plus 0.01% of the effective capital in excess of ₹250 crores

Provided that the above limits shall be doubled if the resolution passed by the shareholders is a special resolution.

As on 31 March 2017, the effective capital of the Company was ₹19,574 Lakh.

On account of inadequacy of profits, the remuneration paid to Dr. Vinay Gopal Nayak in accordance with the terms of his appointment, was in excess of the limits prescribed as above.

The details of such payments are given below:

Remuneration paid in Rupees	Maximum permissible limit in Rupees	Excess remuneration paid in Rupees
1,99,52,068.00 (As per Financial Statements)	1,20,00,000.00	79,52,068.00

Although the remuneration paid to Dr. Vinay Gopal Nayak for the financial year 2016-17 was:

(a) not in excess of the double of the limit applicable to the company (viz. ₹2,40,00,000.00); and (b) within the limits sanctioned by the Members at its Annual General Meeting held on 29th September, 2016, the resolution at item 6 for waiver of recovery of the excess remuneration and for approval of payment of such excess remuneration is being placed before the Members since the earlier resolution of 29th September, 2016 was passed only by way of an ordinary resolution.

The Management of the Company believes that the remuneration as previously approved by the Members of the Company paid to Dr. Vinay Gopal Nayak was justified in terms of his key role within the Company.

The Nomination and Remuneration Committee and the Board have at their respective meeting(s) held on 11th August, 2017, subject to the approval of the Members of the Company, accorded their approvals for waiver of the recovery of excess remuneration paid by the Company to Dr. Vinay Gopal Nayak and, in the interest of the Company have recommended the aforesaid resolution as set out in this Notice for approval of the Members.

Accordingly, it is proposed that consent of the Members of the Company by way of a special resolution be obtained for the waiver of recovery of excess remuneration paid to Dr. Vinay Gopal Nayak.

Except Dr. Vinay Gopal Nayak, none of the Directors, Key Managerial Personnel of the Company / their relatives is in any way concerned or interested, financially or otherwise, in the special resolution set out at Item No. 6 of the Notice.

The Board recommends the special resolution set out at Item No. 6 of the Notice for approval of the Members.

The information as required to be disclosed under paragraph (iv) of the second proviso of Paragraph B of Section II of Part II of Schedule V to the Companies Act, 2013 is given in the Annexure to the Notice.

Item No. 7

Members of the Company at their 24th Annual General Meeting held on 29th September, 2016, had by way of an ordinary resolution approved the appointment of Dr. Vinay Gopal Nayak (DIN: 02577389) as a Whole-time Director of the Company for a period of three years with effect from 21st March, 2016 on the terms and conditions including payment of remuneration as mentioned therein.

During the financial year 2016-17, remuneration paid to Dr. Vinay Gopal Nayak has exceeded the permissible limits due to reduction in the net profit. Since his appointment was approved by the Members of the Company at the 24th Annual General Meeting held on 29th September, 2016 by an Ordinary Resolution, he was not eligible to the approved remuneration in the event of inadequacy of profits as per Section II of Part II of Schedule V of the Companies Act, 2013 even though he is in the category of a professional director.

Dr. Vinay Gopal Nayak is M.Sc. and Ph.D in Chemistry. He is a pharmaceutical professional with technical background. He has a career span of over 30 years with specialisation in the areas of Manufacturing, Quality, R&D, Compliance and Regulatory Affairs both for API and finished dosage form manufacturing. Dr. Nayak has successfully handled about 50 USFDA and 30 other international regulatory inspections with good leadership and sound technical knowledge. Apart from plant expansions and capacity enhancements, he has given the organisations he has worked very sound quality systems which are capable of standing up to very tough regulatory inspections of recent years. As team player in each organisation he has worked, he was capable of filing innovative ANDA and DMF products all these years through efficient regulatory pathway. His strength/ expertise involved selecting good teams, grooming them and meeting organisational expectations. Dr. Nayak is a member of Indian Pharmacopoeia, Examiner of Mumbai University for Masters and Ph.D students. He is a winner of many awards and recognitions. He is also an Advisory Board member of USP.

Based on the above qualifications, technical expertise and experience, Dr. Vinay Gopal Nayak has been appointed as a Whole-time Director in the category of Professional Director.

His in-depth knowledge and experience in the aforesaid field has been of great help to the Company particularly in the successful inspection of the Company's Goa plant by major global health authorities.

The remuneration paid/payable to Dr. Vinay Gopal Nayak has been recommended by the Nomination and Remuneration Committee and is in line with the remuneration package that is necessary to encourage good professionals to important position such as that occupied by Dr. Vinay Gopal Nayak and is commensurate with the functions and responsibilities that is being discharged by him.

As a measure of abundant caution, approval of the Members of the Company is being sought for payment of remuneration as specified in the resolution passed by the Members of the Company at the 24th Annual General Meeting held on 29th September, 2016 to be passed by a Special Resolution.

Accordingly, the resolution in the item no. 7 of the notice

for payment of remuneration to Dr. Vinay Gopal Nayak, Whole-time Director of the Company as above as a Special Resolution is being proposed for consideration of the Members.

Except Dr. Vinay Gopal Nayak, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the resolutions set out at Item No. 7 of the Notice.

The Board recommends the resolution set out at Item No. 7 of the Notice for approval of the Members as a Special Resolution.

The statement containing additional information as per Schedule V of the Companies Act, 2013 for Item No. 6 and 7.

General Information:

1. Nature of Industry: The Company is engaged in the business of manufacture and marketing of pharmaceutical formulations in the global markets.

2. Date of commencement of commercial production: The Company was incorporated on 16th April, 1992. The Company commenced its business from 5th June, 1992.

3. Financial performance:

(Amount in ₹)

Particulars	2016-17	2015-16	2014-15
Total Income from Operations	2,15,83,99,961	3,58,13,20,688	4,05,59,35,363
Profit before Tax	12,57,86,704	91,62,88,100	96,68,50,015
Profit after Tax	12,22,54,510	71,48,55,231	67,10,91,027

4. Foreign investments and collaborations, if any: The Company has following subsidiary companies:

Sr. No.	Name of Subsidiary	Country of incorporation	Percentage of ownership held
1	Bell, Sons & Co. (Druggists) Limited	UK	100%
2	Relonchem Limited	UK	100%
3	Time-Cap Laboratories Inc.	USA	100%
4	Nova Pharmaceuticals Australasia Pty Ltd.	Australia	60%

The Company has no foreign collaborations. As on 31st March, 2017, foreign shareholding in the Company was as under:-

1. Foreign Institutional Investors : 8.35%

2. Non Resident Indians : 1.47%

Information about Dr. Vinay Gopal Nayak:

1. Background details:

Dr. Vinay Gopal Nayak is M.Sc. and Ph.D in Chemistry. He is a pharmaceutical professional with technical background who has worked with organisations such as Cipla, Lupin, Watson and Alembic pharmaceuticals. He is specialised in the areas of Manufacturing, Quality, R&D, Compliance and Regulatory Affairs both for API and finished dosage form manufacturing. In a career span of over 30 years, he has provided leadership to the above organisations rise to become global leaders in their specialised segments. Dr. Nayak has successfully handled about

50 USFDA and 30 other international regulatory inspections with good leadership and sound technical knowledge. Apart from plant expansions and capacity enhancements, he has given the organisations very sound quality systems which are capable of standing up to very tough regulatory inspections of recent years. As team player in each organisation, he was capable of filing innovative ANDA and DMF products all these years through efficient regulatory pathway. His strength/ expertise involved selecting good teams, grooming them and meeting organisational expectations all these years. Dr. Nayak is a member of Indian Pharmacopoeia, Examiner of Mumbai

University for Masters and Ph.D students. He is a winner of many awards and recognitions. He is also an Advisory Board member of USP.

2. Past Remuneration (Amount in ₹)

2015-16*	2014-15	2013-14
2,12,17,096.00	2,35,82,401.00	1,88,39,849.00

* For Nine months.

3. Recognition or awards:

Dr. Vinay Gopal Nayak is a pharmaceutical professional with technical background. He is a member of Indian Pharmacopoeia, Examiner of Mumbai University for Masters and Ph.D students. He is also an Advisory Board member of USP. He is a winner of many awards and recognitions such as Winner of Eminent Pharmaceutical Analyst Award of IDMA, Cited in WHO's WHO in Science and Technology in 1999, International Member of AOAC, USA in 2000, Member of Scientific Body of IPC since past 20 years on Pharmacopoeia Standards, to name a few. He is also Government nominee on various National Standards.

4. Job Profile and his suitability:

Dr. Vinay Gopal Nayak is a pharmaceutical professional with technical background. He is specialised in the areas of Manufacturing, Quality, R&D, Compliance and Regulatory Affairs both for API and finished dosage form manufacturing. He is responsible for entire technical operations of the Company.

5. Remuneration proposed:

It is proposed to waive the recovery of the excess remuneration of ₹79,52,068.00 paid to Dr. Vinay Gopal Nayak during the financial year 2016-17.

6. The remuneration paid to Dr. Vinay Gopal Nayak is commensurate with remuneration of Board level positions in similar sized domestic companies, taking into consideration his qualification, knowledge and experience and the responsibilities shouldered by him.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any:

Besides the remuneration paid as stated above, Dr. Vinay Gopal Nayak did not have any other pecuniary relationship with the Company or with any other managerial personnel. He is also not holding any shares in the Company.

Other information:

a) Reasons for loss or inadequacy of profit:

During the financial year 2016-17, the Company witnessed de-growth due to price erosion on account of higher competition, channel consolidation and government action on pricing/reimbursement in UK, US and other European countries and adverse currency movement.

b) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

The Company has initiated appropriate measures to drive growth and achieve increased revenues and higher margins.

All the elements of the managerial remuneration of Dr. Vinay Gopal Nayak have been disclosed in the Corporate Governance Report forming part of the Annual Report.

Item No. 8

In the present competitive environment and in the long term interest of the Company and its shareholders, it is necessary that the Company adopt suitable measures for attracting and retaining qualified, talented and competent employees. Stock option is an effective instrument to foster a sense of ownership and belonging amongst the employees and provide an opportunity to participate in the growth of the Company besides creating long term wealth in their hands.

The Members had at the 24th Annual General Meeting held on 29th September, 2016, approved Marksans Employees Stock Option Scheme 2016. However, the said Scheme has not been implemented yet and therefore, as a measure of abundant precaution, the Board is seeking fresh approval of the Scheme under the title "Marksans Employees Stock Option Scheme 2017"

The Board, therefore, proposes to introduce, formulate and create Marksans Employees Stock Option Scheme 2017 ("Marksans ESOS 2017"). Grant of stock options under Marksans ESOS 2017 shall be as per the terms and conditions as may be decided by the Board from time to time in accordance with the provisions of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014.

The salient features of Marksans ESOS 2017 are as under:-

1. Total number of Options to be granted

- (i) A total of 81,86,273 Options would be available for grant to eligible employees under the scheme.
- (ii) Number of options shall be adjusted due to any corporate action(s) such as rights issue, bonus issue, buy-back of shares, split, consolidation of shares, amalgamation, sale of undertaking, etc. of the Company.
- (iii) Each option when exercised would give the option holder a right to get one fully paid equity share of Re. 1 each face value of the Company.
- (iv) The options which will lapse, expire or be forfeited, will be available for further grant to the eligible employees.

2. Implementation of Marksans ESOS 2017

The Scheme shall be implemented by the Company under the supervision of the Compensation Committee constituted by the Board of Directors of the Company for the purpose.

3. Classes of Employees entitled to participate in Marksans ESOS 2017

All present and future permanent employees and directors, whether whole-time director or not but excluding independent directors, shall be eligible to participate in the scheme. The Promoter, the person belonging to promoter group or director/employee, who either himself or through his relative or through body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company, shall not be eligible to participate in the Scheme.

4. Requirements and period of Vesting

The options granted shall vest so long as the employee continues to be in the employment of the Company. The vesting period shall be decided by the Compensation Committee from time to time but shall not be less than one (1) year and not more than five (5) years from the date of grant of options. Vesting may happen in one or more tranches.

5. Exercise Price or Pricing formula

The exercise price and/or the pricing formula shall be decided by the Compensation Committee from time to time. Employees shall bear all tax liability in relation to grant of options.

6. Exercise Period and process of exercise

The Compensation Committee shall decide the exercise period from time to time which can be extended upto seven (7) years from the vesting date(s). The employees can exercise stock options at any time after the vesting date either in full or in tranches by making full payment of exercise price and applicable taxes and by execution of such documents as may be prescribed by the Compensation Committee from time to time.

7. Appraisal process for determining the eligibility of the employees

The process for determining the eligibility of the employees will be specified by the Compensation Committee and will be based on designation, period of service, band, performance linked parameters such as work performance and such other criteria as may be determined by the Compensation Committee at its sole discretion from time to time. In case of performance linked stock options, the number of vested stock options may vary from the original number of stock options granted.

8. Maximum number of options to be granted per employee

Maximum number of options to be granted to an eligible employee will be determined by the Compensation Committee on case to case basis. However, it is proposed that options not exceeding 81,86,273 equity shares of Re. 1/- each face value in the aggregate can be granted. Further, options under each Grant to an employee shall not be less than fifty (50) and shall not exceed 1% of the total issued capital of the Company in any year provided that the aggregate number of options granted per employee under the total tenure of the scheme in any case shall not exceed 81,86,273 options.

9. Transferability options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of death or permanent disability of an employee stock option holder while in employment, the right to exercise options granted to him till such date shall be transferred to his legal heirs or nominees.

10. Accounting Policies

The Company shall comply with the accounting policies specified in Regulation 15 of SEBI (Share Based Employee Benefits) Regulations, 2014 in respect of shares issued under Marksans ESOS 2017.

11. Method of Valuation

The Company shall use one of the applicable methods (intrinsic value or fair value) to value its options. In case the Company calculates the employee compensation cost using intrinsic value of options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of options, shall be disclosed in the Directors Report and also the impact of this difference on Statement of Profit and Loss and on Earnings Per Share (EPS) of the Company shall be disclosed in the Directors Report.

The Company shall comply with the disclosures, the accounting policies and other requirements as may be prescribed under the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable laws from time to time. The Compensation Committee shall have all the powers to take necessary decisions for effective implementation of Marksans ESOS 2017.

In terms of the provisions of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014, Marksans ESOS 2017 is required to be approved by the Members by passing of Special Resolution.

A copy of the draft Marksans ESOS 2017 will be available for inspection on all working days (Monday to Friday) between 11.00 a.m. and 1.00 p.m. at the registered office of the Company.

None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolutions except to the extent of the stock options that may be granted to them under Marksans ESOS 2017.

The Board recommends the resolutions set out at Item No. 8 of the Notice for approval of the Members as Special Resolution.

Section 62 of the Companies Act, 2013 inter – alia provides that wherever it is proposed to increase the subscribed capital of the Company by the allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the said section unless the shareholders in the general meeting decide otherwise. The consent of the Members is, therefore, sought to authorize the Board of Directors to grant options and allot shares to employees in the manner set out in the resolution.

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF SEBI (LODR) REGULATIONS, 2015

Re-appointment of Mrs. Sandra Saldanha (DIN: 00021023) (Item No.5)

Mrs. Sandra Saldanha (DIN: 00021023), a non-independent and executive director was appointed in the 22nd Annual General Meeting held on 25th September, 2014. She will retire as Director at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment. Mrs. Sandra Saldanha, age 45 Years is a Master of Art (Sociology). She has vast experience in Human Resource Management, Business Development, Projects and Supply Chain Management. Mrs. Sandra Saldanha has served the Company as a Director during the period from 6th October, 2005 till 13th April,

2006 and as Whole-time Director from 25th September, 2014 till date.

Brief resume of Mrs. Sandra Saldanha, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36 of the SEBI (LODR) Regulations, 2015 with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Except Mr. Mark Saldanha, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in agenda Item No. 5

1.	Name	Mrs. Sandra Saldanha	
2.	Date of Birth	11.12.1971	
3.	Age	45 Years	
4.	Profession	Business	
5.	Qualification	Masters of Art (Sociology)	
6.	6.1 Terms and conditions of re-appointment and details of remuneration sought to be paid	As per resolution no.6 passed by the members at the 22nd Annual General Meeting held on 25th September, 2014.	
	6.2 Remuneration Last drawn	₹70,29,564	
7.	Experience	She has experience in Human Resource Management, Business Development, Project and Supply Chain Management.	
8.	Shareholding of the Director	180 Equity shares	
9.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Relative of Mr. Mark Saldanha	
10.	Date of first appointment on the Board	25.09.2014	
11.	List of other Directorship and Membership/Chairmanship in the committees of other Boards		
	Board Meetings attended during the year	Whether attended last AGM	Other Directorships/ Board Committees
			Directorships in other Companies
	6	Yes	1. Marksans Pharma (UK) Ltd. 2. Marksans Holdings Limited 3. Relonchem Limited 4. Bell, Sons and Co (Druggists) Limited
			Nil

For and on behalf of the Board of Directors of Marksans Pharma Limited

Mumbai
Dated: 11th August, 2017

Harshavardhan Panigrahi
Company Secretary and Manager Legal

Registered Office:
11th Floor, Grandeur, Veera Desai Extension Road,
Oshiwara, Andheri (West), Mumbai-400 053.

E-VOTING INSTRUCTION FOR SHAREHOLDERS

The instructions for members voting electronically are as under:

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and amendments thereof, the Company is providing facility for voting by electronic means and all resolutions set forth in the Notice convening the 25th AGM of the Company may be transacted through such voting. The Company will also be providing voting facility through polling paper at the AGM and Members attending the AGM who have not already cast their vote by remote e-voting may be able to exercise their voting right at the AGM.

- (i) The e-voting period begins on 23rd September, 2017 at 09:00 a.m. IST and ends on 25th September, 2017 at 05:00 p.m. IST. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Any person who acquires shares of the Company and becomes member of the Company after dispatch of notice of AGM and holding shares as on the cut-off date i.e. 20th September, 2017 should follow the same procedure for e-Voting as mentioned below.
- (ii) Members should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next, enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in dematerialised form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat account holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting

through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of MARKSANS PHARMA LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians:-
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporate.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxi) **General instructions:**

- a. A person whose name is recorded in the register of members or in the beneficial owners maintained by depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper.
- b. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.
- c. The Board of Directors has appointed Ms. Khushboo Bakul Gopani, Practicing Company Secretary, (Membership No. 29194), to act as the Scrutinizer for conducting the electronic voting and physical ballot voting process in a fair and transparent manner.
- d. In case of Members who are entitled to vote but have not exercised their right to vote by remote e-voting, the Chairman will offer an opportunity to such Members to vote at the AGM for all businesses specified in the accompanying Notice. For abundant clarity, please note that the Members who have exercised their right to vote by remote e-voting shall not be entitled to vote at the AGM, but shall be entitled to attend the meeting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot shall be treated as invalid.

- e. Remote e-voting shall not be allowed beyond 05:00 p.m. on 25th September, 2017. During the remote e-voting period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Cut-off date, may cast their vote electronically. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.
- f. The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor of or against, if any, forthwith to the Chairman of the Company.
- g. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 20th September, 2017.
- h. The Results of e-voting and poll voting at the meeting on resolutions shall be aggregated and declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite numbers of votes in favour of the Resolutions.
- i. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.marksanspharma.com and on the website of CDSL e-Voting within two days of the passing of the resolutions at the 25th Annual General Meeting of the Company on 26th September 2017, and communicated to the Stock Exchanges where the Company's shares are listed.



Marksans Pharma Ltd.

CIN: L24110MH1992PLC066364

Regd Office: 11th Floor, Grandeur, Veera Desai Extension Road,
Oshiwara, Andheri (West), Mumbai – 400053.

Website: www.marksanspharma.com, E-mail: companysecretary@marksanspharma.com

ATTENDANCE SLIP

Folio No. / Client ID:

No. of Shares

Name of Member / Proxy:

I hereby record my presence at the 25th Annual General Meeting of the Company on Tuesday, 26th September, 2017 at 10:30 a.m. at GMS Banquet, Next to D.N. Nagar Metro Station, Opp. Indian Oil Nagar, New Link Road, Andheri (West), Mumbai 400053.

Member's/Proxy's Signature

Note: Members are requested to produce this attendance slip, duly signed in accordance with their specimen signatures registered with the Company, for admission to the Meeting.



Marksans Pharma Ltd.

CIN: L24110MH1992PLC066364

Regd Office: 11th Floor, Grandeur, Veera Desai Extension Road,
Oshiwara, Andheri (West), Mumbai – 400053.

Website: www.marksanspharma.com, E-mail: companysecretary@marksanspharma.com

Form No. MGT-11

PROXY FORM

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

Name of the Member(s):		
Registered Address:		
E-Mail Id:	Folio No. / Client Id:	DP Id:

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

- Name
Address:
E-mail Id: Signature:.....or failing him
- Name
Address:
E-mail Id: Signature:.....or failing him
- Name
Address:
E-mail Id: Signature:.....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Tuesday, 26th September, 2017 at 10:30 a.m. at GMS Banquet, Next to D.N. Nagar Metro Station, Opp. Indian Oil Nagar, New Link Road, Andheri (West), Mumbai 400053 and at any adjournment thereof in respect of such resolutions as are indicated below:



Resolutions		For*	Against*
Ordinary Business			
1.	Adoption of Financial Statements for the year ended March 31, 2017.		
2.	Declaration of dividend on equity shares and preference shares for the year ended March 31, 2017.		
3.	Re-appointment of Mrs. Sandra Saldanha (DIN: 00021023) who retires by rotation.		
4.	Appointment of M/s V S Lalpuria & Company, Chartered Accountants, as Statutory Auditors of the Company for a term of five consecutive years and authorise the Board of Directors to fix their remuneration.		
Special Business			
5.	Approval of re-appointment of Mrs. Sandra Saldanha (DIN 00021023) as a Whole-time Director.		
6.	Waiver of recovery of excess remuneration paid to Dr. Vinay Gopal Nayak, Whole-time Director for the financial year 2016-17.		
7.	Payment of remuneration to Dr. Vinay Gopal Nayak, Whole-time Director.		
8.	Approval of Marksans Employees Stock Option Scheme 2017.		

Affix
Revenue
Stamp

Signed this..... day of 2017

Signature of Shareholder(s):

Signature of Proxy holder(s):

Notes:

1. The Proxy Form in order to be effective should be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- *4. This is only optional. Please put an 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

CORPORATE INFORMATION

Board of Directors

Mr. Mark Saldanha – Chairman & Managing Director
Mrs. Sandra Saldanha – Whole-time Director
Dr. Vinay Gopal Nayak – Whole-time Director
(With effect from 21.03.2016)
Mr. Seetharama R. Buddharaju – Independent Director
Mr. Naresh B. Wadhwa – Independent Director
Mr. Ajay S. Joshi – Independent Director

Registered Office

11th Floor, Grandeur,
Veera Desai Extension Road,
Oshiwara, Andheri (West),
Mumbai – 400053

CIN

L24110MH1992PLC066364

Registrar & Share Transfer Agent

Bigshare Services Private Limited
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Makwana Road, Near Keys Hotel,
Marol, Andheri (East), Mumbai - 400059

Legal advisors

Crawford Bayley & Co.
Desai & Diwanji

Bankers

State Bank of India
Bank of India
Corporation Bank

Works

1. L-82 & 83, Verna Industrial Estate, Verna, Goa – 403722
2. Bell, Sons & Co. (Druggists) Ltd.
Gifford House, Slaidburn Crescent, Southport, PR9 9AL
3. Time Cap Laboratories, Inc.
7, Michael Avenue, Farmingdale, New York- 11735, USA

25th Annual General Meeting

Day & Date: Tuesday, 26th September, 2017

Time: 10:30 a.m.

Venue: GMS Banquet, Next to D.N. Nagar, Metro Station,
Opp. Indian Oil Nagar, Near Link Road,
Andheri (West), Mumbai- 400053

Key Management Personnel

Mr. Mark Saldanha – Chairman & Managing Director
Dr. Vinay Gopal Nayak – Whole-time Director
Mrs. Sandra Saldanha- Whole-time Director
Mr. Jitendra Sharma – Chief Financial Officer

Company Secretary & Manager - Legal

Mr. Harshavardhan Panigrahi

Statutory Auditors

M/s N.K. Mittal & Associates

Secretarial Auditor

Mrs. Khushboo Bakul Gopani

Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Marksans Pharma Ltd.

