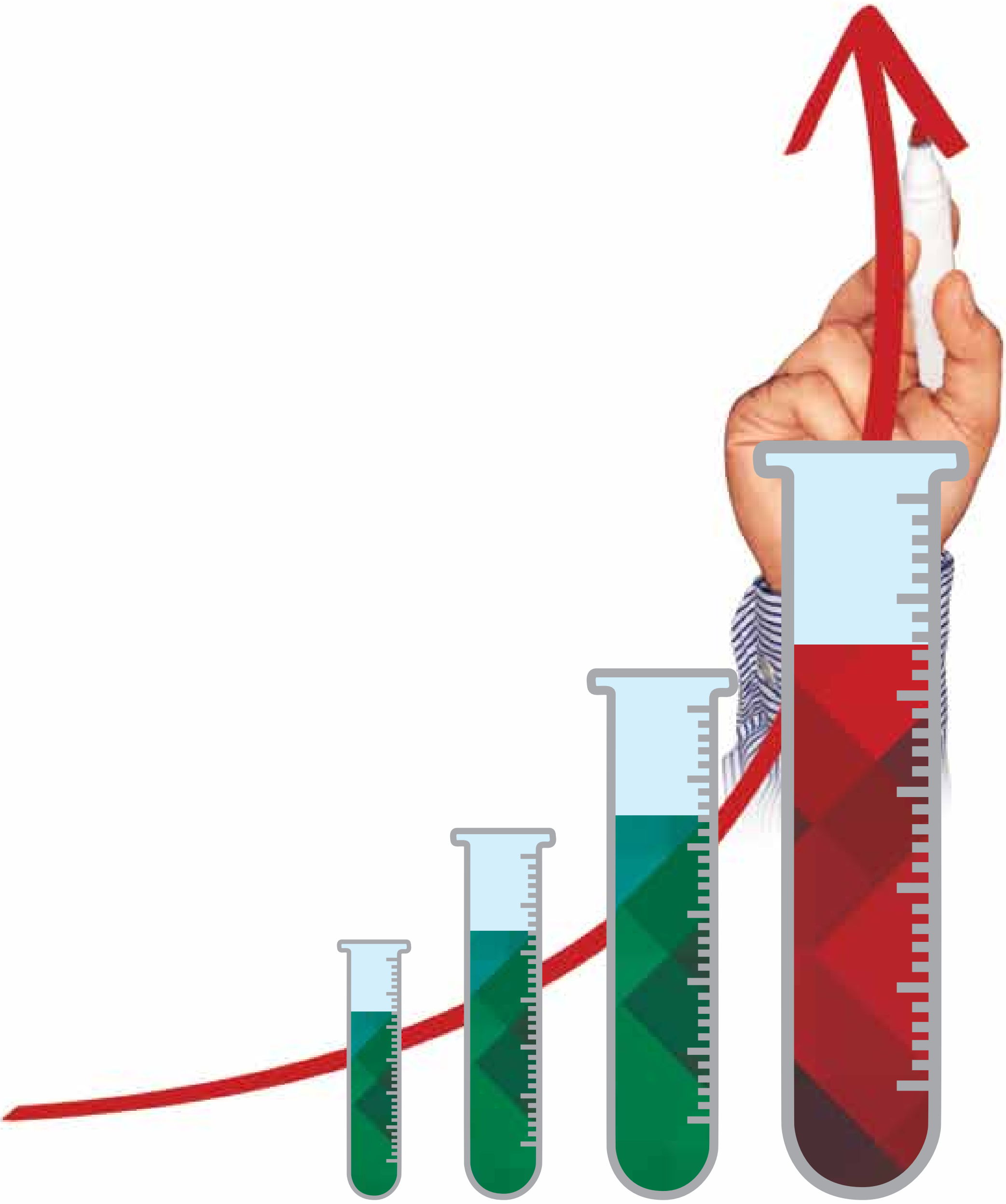
Marksans Pharma Ltd.



MARKSANS PHARMA LIMITED

ANNUAL REPORT 2013-14

Forward-looking statement

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 materialize, 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.

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OUT OF OUR COMFORT ZONE.

At Marksans Pharma, we see ourselves as an unconventional company engaged in a conventional business.

Over the decades, we have responded by selecting to go against the grain on a number of occasions. Always selecting to be ahead of the industry curve; always selecting to work from outside our comfort zone.

The results have been heartwarming.

Marksans Pharma has emerged among Indian pharmaceutical companies to have grown fastest from scratch to ₹500 crore in global revenues.

This spirit of outperformance was reflected in the Company's 2013-14 performance. Even as the Indian pharmaceutical sector grew its revenues by around 15 percent, Marksans Pharma grew revenues by 43.70 percent to ₹629 crore and profit after tax by 56.73 percent to ₹71.91 crore (consolidated). Best of all, the Company reported an ROCE of 62 percent that was considerably higher than the industry average.

A DIFFERENTIATED PHARMACEUTICAL COMPANY.

LISTING

The Company's shares are listed on the National Stock Exchange and the Bombay Stock Exchange. The Company's market capitalisation grew from ₹151.81 crore in 2012-13 to ₹922.81 crore at the close of 2013-14.

FACILITIES

The Company's manufacturing facilities are based in Goa (India) and Southport (United Kingdom). These manufacturing facilities have been audited by some of the most demanding global regulatory agencies (USFDA, UKMHRA and TGA). The Company's R&D activities are implemented from its Goa manufacturing facility.

PRESENCE

The Company manufactures formulations with an active presence across the OTC and prescription segments.

MARKETS

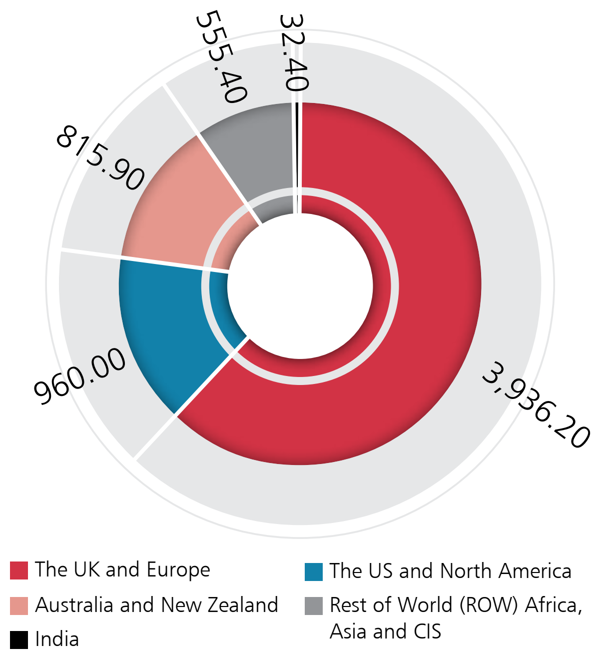
The Company derives 99 percent of its revenues from global markets; 90 percent of these revenues are derived from regulated countries. Markets in the UK and Europe accounted for 62 percent of the Company's revenues during the year under review. The Company has filed more than 25 products across 10 countries during 2013-14.

SEGMENTS

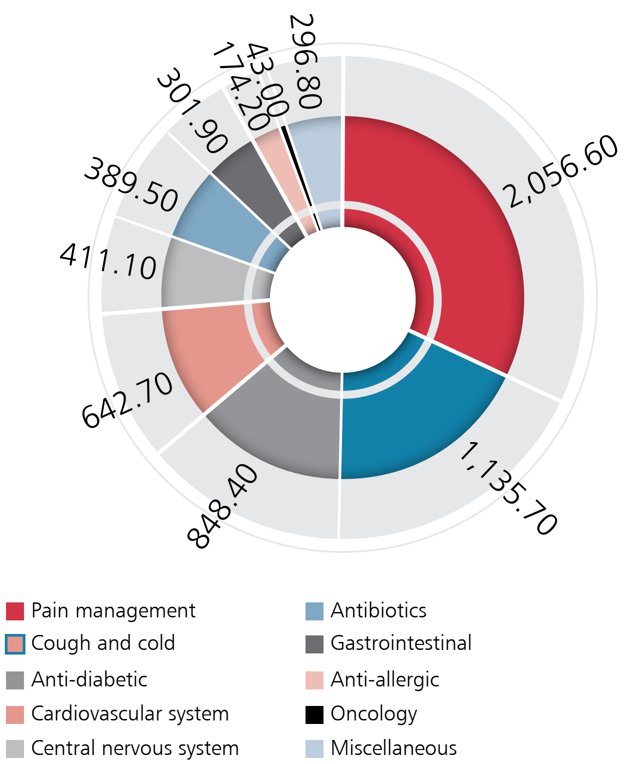
The Company addresses patient needs across growing therapeutic areas through the manufactures of analgesics, decongestants, gastrointestinal, cardiovascular, anti-diabetic, central nervous system, oncology and anti-allergic drugs.

SUBSIDIARIES

The Company's business is driven through three subsidiaries – Nova Pharmaceuticals (Australia), Bell's & Sons (UK) and Relonchem Ltd (UK). The Company is a multi-country employer. Nearly 33 percent of its employees (at the close of 2013-14) were non-Indian by nationality.



Revenues by geography
(in ₹ million)



Revenues by therapeutic segment
(in ₹ million)

51.26%
Promoter holding
(31st March 2014)

0.26%
Institutional holding
(31st March 2014)

₹6,299.90 million
Revenues
(2013-14)

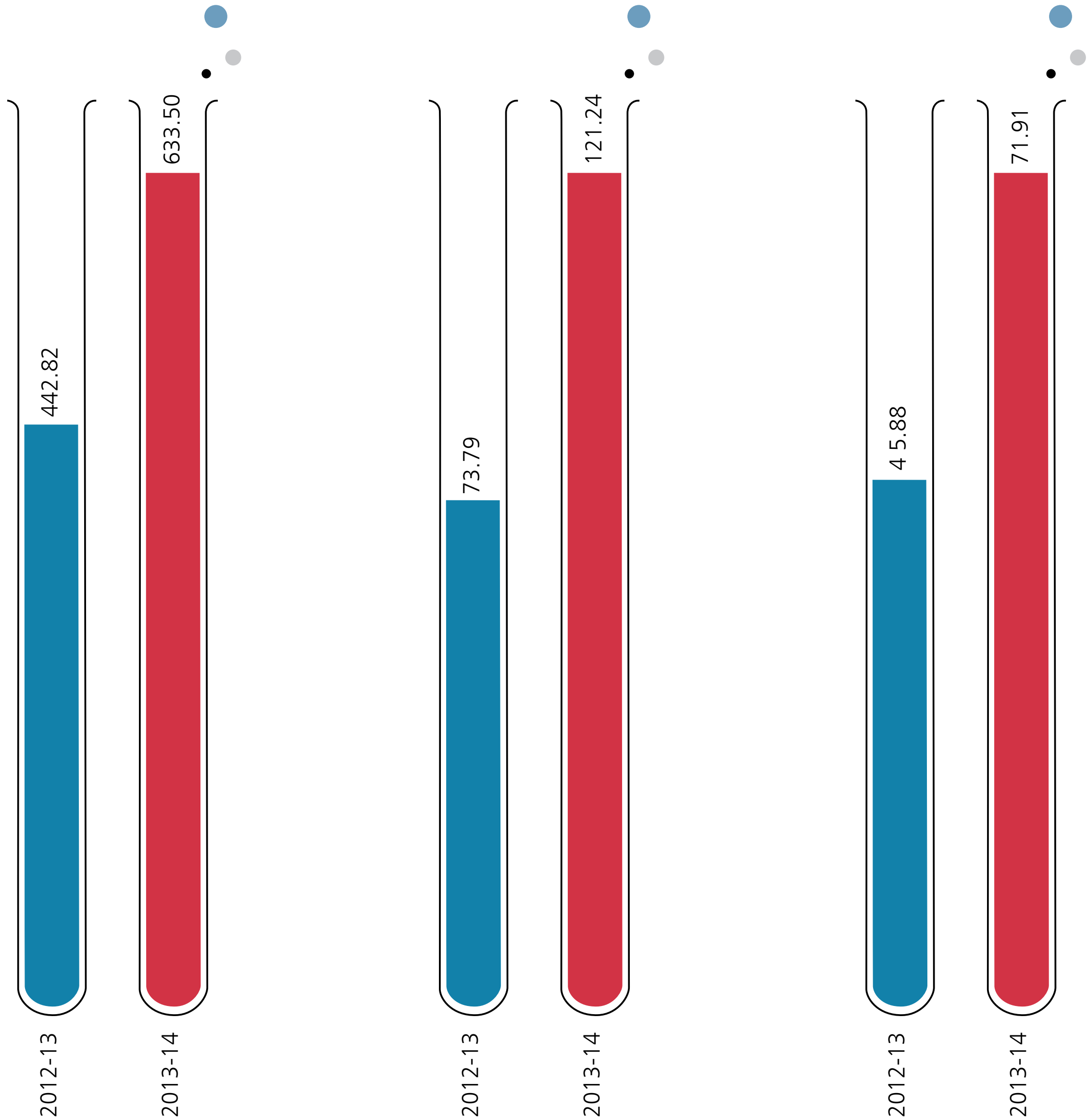
600-plus
Team size
(31st March 2014)

₹9,228 million
Market capitalisation
(31st March 2014)

₹10,481 million
Enterprise value
(31st March 2014)

OUT OF OUR COMFORT ZONE.

THIS IS THE RESULT.



Net sales (₹ crore)

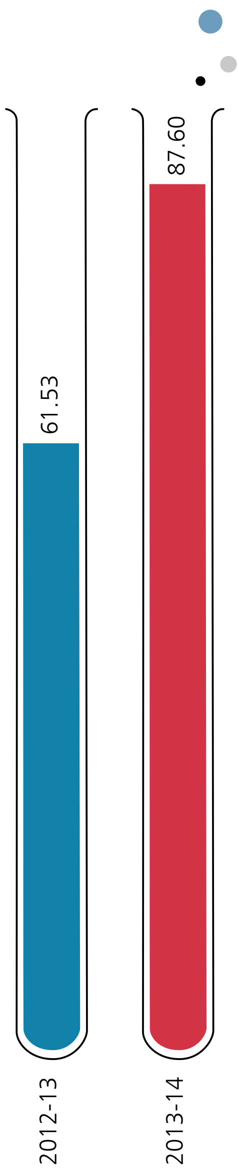
EBIDTA (₹ crore)

Net profit (₹ crore)

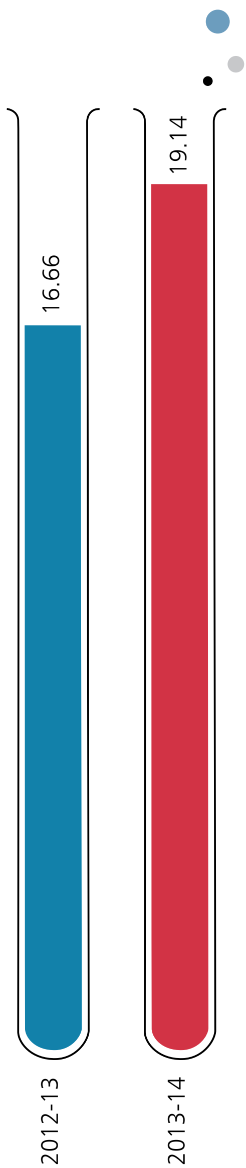
REVENUE GROWTH
43%
OVER 2012-13

EBIDTA GROWTH
72.5%
OVER 2012-13

NET PROFIT GROWTH
56.7%
OVER 2012-13



Cash profit (₹ crore)



EBIDTA margin (%)

Sustained industry outperformance comes from a differentiated mindset.

And a differentiated mindset comes from enduring values

- We think long-term
- We are passionate about growth
- We invest in enduring relationships
- We are multi-cultural in character
- We are IP-respecting by DNA
- We are ethical by conduct

CASH PROFIT GROWTH
195.6%
OVER 2012-13

EBIDTA MARGIN GROWTH
274 bps
OVER 2012-13

NET MARGIN GROWTH
98 bps
OVER 2012-13

CHAIRMAN'S OVERVIEW

"WE EMERGED AS THE FASTEST INDIAN PHARMACEUTICAL COMPANY TO GROW FROM SCRATCH TO ₹500 CRORE IN REGULATED MARKET REVENUES."

When Marksans entered the pharmaceutical industry in the early 2000s, there was a premium on growing the fastest in the shortest time.

We had started with a relative disadvantage; we possessed meagre capital, no niche products and no intellectual property. Besides, most conventional sectoral strategies had been so extensively used that they left no real opportunity for us.

We realized that the only option was to engage in strategically contrarian initiatives, leverage existing strengths, phase our growth in a manner that was compatible with our competitiveness and explore overlooked niches.

In short, we needed to step outside our comfort zone.

Contrarian

If we have emerged as the fastest Indian pharma corporate to grow from scratch to ₹500 crore of regulated market revenues in India's pharmaceutical space, then it was because we did the more difficult things first.

Regulated markets: Most companies within our sector would have selected to grow their presence in India and utilize their cash flows to grow in international markets. Marksans chose to be contrarian; the Company selected to penetrate the relatively under-crowded global regulated markets first, preferring to avoid the extensively populated emerging and Indian markets. The result is that Marksans established a distinctive personality for itself - a global company selecting to work out of India; a company deriving over 90 percent of its 2013-14 revenues from large and profitable regulated markets.

Consolidation, then growth: Most companies within our sector would have selected to immediately widen their geographic footprint with the objective to de-risk themselves on the one hand and address diverse opportunities on the other. Marksans decided to patiently grow its presence in one country and cover the entire breadth of that market before extending into another. The result is that we grew our international presence in harmony with our Balance Sheet; we entered the world's largest pharmaceutical market, the US, in 2011-12, by which time we had acquired the organizational maturity to address the challenge that lay before us. The result is that even as Marksans is present in 25 countries today, we derive 62.48 percent of revenues from the UK/Europe and 15.24 percent revenue from the US, a validation of our decision to dive deep.

Formulations focus: Most formulation companies within our sector would have selected to extend backwards into the manufacture of APIs as well. Marksans engaged in the manufacture of both but recognized that the dynamics of each were considerably different, which would inevitably affect the Company's ability to create the desired front-end presence. The Company divested its API unit and selected to focus on novel research, product development, manufacturing and marketing of formulations backed by outsourced access to APIs.

OTC, then prescription: Most formulation companies within our sector would have selected to grow their OTC and prescription segment presence with the objective to capitalize on opportunities as they presented themselves. Marksans responded with a singular approach; the Company selected to enter the relatively under-crowded regulated OTC markets with large time-tested molecules that generated adequate volumes. When the Company acquired the necessary maturity, it extended to the high-end prescription segment, generating attractive value. This combination of value and volume proved to be a sustainable strategy across a number of countries. The result is that we are present in both segments across the regulated markets of our presence, reconciling growth with profitability.

CRAMS and IP: Most companies within our sector would have selected to engage in the challenging IP-centric segment at the outset, affecting their prospects of sustainable growth. Marksans recognized that the best way to scale knowledge was to engage in the CRAMS segment, enrich its insight and progressively graduate towards IP-intensive spaces. The result is that even as CRAMS accounted for almost 100 percent of our revenues in 2009, this has now been moderated to 20 percent of overall revenues. Correspondingly, IP-centric revenues have increased to 80 percent of overall revenues today.

Niche: Most companies within our sector would have preferred to grow their presence across large commoditized spaces with the objective to scale with speed. Marksans recognized that it would need to identify niches within large spaces for sustainable growth. As a means to this end, the Company decided to tap into the soft gels dosage segment that had been largely overlooked because of complexity and market size. Over the years, Marksans established a global brand around soft gels, gaining respect for its low-costcum-high-complexity manufacturing capabilities, which helped address unmet global patient needs.

Inorganic: Most companies would have selected to consolidate their presence within the first few years of entering business. Marksans recognized that the only way to outperform the sectoral growth average lay in inorganic acquisitions of companies with complementary capabilities. The result is that we acquired research, manufacturing and distribution interfaces in Australia and the UK. The acquisitions (Bells in liquid and ointment and Relonchem in the prescription segments) accelerated growth, with revenues from these subsidiaries accounting for 50 percent of our revenues during the year under review, contributing attractively to our bottomline.

Validation

This strategy was validated in our 2013-14 performance:

- We grew our topline and bottomline every single quarter across the last seven of the eight quarters leading to the close of 2013-14
- We strengthened our consolidated EBIDTA margin by 247 bps to 19.13 percent in 2013-14
- We ensured growth along with improved trade terms; our receivables of an average 110 days of turnover equivalent declined to 98 days during the year under review
- We reduced our borrowings

Outlook

Going ahead, we expect to drive significant growth across a wider product range, creating new

OUR DIFFERENTIATED BUSINESS MODEL

Long-term: Marksans is driven by a long-term vision to emerge as one of the largest and fastest growing global formulations manufacturers coming out of India, with corresponding forward-looking investments in world-class facilities, research, regulatory clearances, acquisitions, front-end distribution and marketing.

Sustainable: At Marksans, we have selected to combine the virtues of high-margin products on the one hand with aggressive revenue growth on the other, reconciling volumes with value.

Research: Marksans is a research-led organization, investing 3 percent of annual consolidated revenues (2013-14) in research, expensed from the P&L account in the year of spending.

Relationship-driven: Marksans is a relationship-driven organisation, reflected in 20 percent of CRAMS revenues being derived from clients working with the Company for five years or more (without any conflict of interest)

Regulated market focus: Marksans has selected to focus on revenues coming out of the more regulated markets as opposed to the conventional approach of growing from the non-regulated/semi-regulated markets to the highly regulated ones. During the year under review, 90 percent of revenues were derived from regulated markets.

Products: Marksans derives all revenues from formulations marketed in regulated markets, making the business model resistant to price erosion.

Focused: Marksans has focused on the 'Day One' launch of products and consciously not gone for products marked by expensive protracted patent challenges.

capacities, carving out a larger presence in the US and Germany, extending to unexplored global markets and liquidating our debt.

In doing so, we expect to emerge as a ₹1,000 crore entity in the coming years, the shortest tenure in which any Indian pharmaceutical player focusing on the regulated markets would have reached this milestone.

Our growth story is just beginning.

Mark Saldanha

Chairman

Quick read

- **We penetrated the relatively under-crowded global regulatory markets first**
- **We widened and deepened our presence in one country before moving to another**
- **We focused on formulations manufacture and marketing (exiting APIs)**
- **We extended from OTC to the prescription segment**
- **We extended from CRAMS to IP-intensive spaces**
- **We selected to grow our presence in niche sectors**
- **We acquired companies to accelerate our growth**

Value chain: Marksans has extended from R&D to manufacturing to front-end distribution; nearly 50 percent of the Company's regulated market revenues were derived from its distribution interface.

Markets: Marksans has opted to be present in select markets, ensuring steady growth and prospects over the long-term.

Therapeutic segments: Marksans has selected to be present in therapeutic segments like analgesics, decongestants, anti-diabetics and CVS and CNS medications among others; these spaces are marked by unmet patient needs with sustainable growth prospects.

Multi-cultural: Marksans is a multi-cultural employer of talent across the regions of its presence. This (among other reasons) has made it possible for the Company's international subsidiaries to outperform the average growth in their respective markets.

Dual revenues: Marksans has balanced its exposure across its longstanding CRAMS business and IP-led business with cross-sale possibilities. The CRAMS business accounted for 20 percent of revenues in 2013-14.

Scale: Marksans is driven by scale through adequate manufacturing capacity, its IP-led business combined with a multi-market presence.

Filing discipline: Marksans has diversified its filing risk through the filing of products (about half a dozen a year) across six therapeutic segments, international geographies and with an emphasis on soft gel dosage forms.

Customized: Marksans has responded to the opportunities in each market in line with that market's needs. Consequently, this has reflected in the size of the Company's product basket (wide or niche) and volumes (large or small) for that market.

10 MINUTES WITH THE MANAGEMENT

“2013-14 WAS AN INFLECTION POINT THAT SUCCESSFULLY DEMONSTRATED THAT OUR TURNAROUND HAD BEEN OR REAL”

A review of Marksans Pharma’s 2013-14 performance

Q WAS THE MARKSANS MANAGEMENT PLEASED WITH THE COMPANY’S PERFORMANCE DURING THE FINANCIAL YEAR UNDER REVIEW?

A FY 2013-14 represented an inflection point in the Company’s existence for some pertinent reasons: we were able to successfully demonstrate that the 2012-13 turnaround in the Company’s performance was not one-off; we were able to report profitable growth in a challenging sector, reflected in a 43.70 percent increase in revenues corresponded by an even higher (56.73 percent) increase in profit after tax; we were able to report a 64.32 percent increase in our EBIDTA during the year under review. The fact that Marksans was able to report a sizeable jump immediately after the turnaround showcases the robustness of the Company’s business model.

Q WHAT REASONS CAN BE ASCRIBED TO THIS CONTINUED IMPROVEMENT?

A There were a number of reasons that contributed to this improvement: we strengthened our product basket, garnered a number of product approvals (the US, Europe and emerging markets) which translated into incremental revenues; we reported all-round growth (50.67 percent in the OTC segment and 49.33 percent growth in the prescription segment); we strengthened our distribution effectiveness across the markets of our presence; we grew our presence in emerging markets to 9 percent of our overall revenues; our subsidiaries also began to contribute attractively to our bottomline.

Q IF YOU HAD TO PICK OUT ONE PROSPECTIVE INITIATIVE FROM THE LIST YOU HAVE IDENTIFIED, WHAT WOULD IT BE?

A The pharmaceutical market abounds with the tablet dosage form. On the contrary, the soft gelatin segment remains an attractively under-penetrated space and here’s why: it accounts for a sizeable US$10 billion market in the US alone with only a couple of soft gelatin players in most products; there is a growing preference for the soft gelatin format wherever a liquid therapy needs to be delivered in volumes considerably smaller than what can be conveniently bottled. Besides, soft gels facilitate faster content dissolution inside the gastrointestinal tract faster, leading to quicker patient relief, making it ideal in analgesic therapies. The result is that while the global soft gel segment grew by 8-10 percent during the year under review, we grew our soft gel business by 44 percent.

Q WHAT OTHER DEVELOPMENTS CATALYZED THE GROWTH OF THE COMPANY IN 2013-14?

A Our CRAMS business did fairly well, accounting for 20 percent of our revenues in 2013-14. We have a differentiated CRAMS strategy; we engage in working with select large international clients in specific therapeutic areas, progressively accounting for a larger share of their outsourcing. Besides, we specialize in the niche soft gel CRAMS area, possibly the only such service provider in the world enjoying a combination of research-cum-commercial pricing.

Q WHAT WERE SOME OF THE COMPANY'S BUSINESS-STRENGTHENING INITIATIVES IN THE U.S. DURING THE YEAR UNDER REVIEW?

A The Company increased its focus on the US markets during the year under review, which helped increase revenues from ₹53.23 crore in 2012-13 to ₹96 crore in 2013-14. The Company created a strong nine-product ANDA pipeline for this market (OTC and prescription drugs in diverse dosage forms). The highlight of the ANDA approvals comprised Advil (pain management OTC product) for which there are only two manufacturers in the world. During the year under review, the Company entered the US mass distribution network (Wal-Mart, Walgreen and CVS), which enhanced corporate visibility. We filed for 20 product approvals in the US for which ANDAs are expected; besides, the Company already possesses 150 approvals in Europe, 25 in Australia, around five in Canada and about 500 approval filings in the emerging markets. The cumulative result of all these initiatives was that the Company derived an attractive 70 percent of its revenues from products launched in the last couple of years and doubled its consolidated revenues during the period. The big message that I wish to send out is that even as the Company grew revenues attractively, it concurrently rejuvenated its income lines and reinforced its capacity to sustain this growth through a higher number of filings and approvals.

Q HOW DOES THE COMPANY EXPECT TO GROW THE BUSINESS IN 2014-15?

A The Company has outlined a number of strategies to grow its presence, enhance competitiveness and bolster revenues in 2014-15. For one, the Company expects to widen and deepen its geographic footprint by extending from the UK to other European countries with a growing focus on Germany. The Company also intends to increase its emerging market presence with increased throughput and expects to drive US revenues from organic growth (derived from a larger share of the customer's wallet and widening retail presence) and more product approvals. The Company expects to engage in more filings across geographies to sustain its growth engine.

Q WHAT ARE THE REASONS OF OPTIMISM FOR THE COMPANY?

A The Company has evolved from a time when it was on the verge of a turnaround to acquiring visibility in the last couple of years and now maturing into a global organisation. This is best reflected in the fact that the Company possesses approvals for soft gels that are going off-patent by 2015-16, for which filings have been done in a number of geographies and marketing alliances have been explored with large pharmaceutical companies.

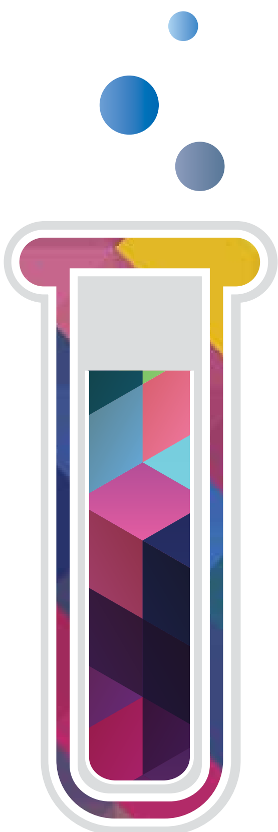
The second big point is that our US exposure accounts for a mere 15 percent of our overall revenues, which we expect to grow to 33 percent in the next three years with corresponding benefits in terms of volumes, margins and visibility.

The third point is that our soft gel exposure – the product competence that makes us different in the global markets – is less than 20 percent of our overall revenues today, which should progressively grow.

What I want to impress upon our shareholders is that we are attractively placed to address the projected growth. The Company generated an adequate cash profit in 2013-14, strengthened its debt – EBIDTA ratio, sustained considerable free cash on its books and strengthened its margins on account of its de-risked business model.

In view of these realities, I am optimistic that Marksans is placed at an inflection point and should grow attractively over the foreseeable future.

MANAGEMENT DISCUSSION AND ANALYSIS



Global pharmaceutical market

The global pharmaceutical industry grew by 3.3 percent in 2013 *(Source: IMS)* and is expected to grow to US$1 trillion in 2014 *(Source: Urch Publishing)*. Patent expirations, government cost-containment policies in Europe and a weak employment scenario in the US may only be partially offset by the launch of new products and strong growth from the emerging markets. The USFDA approved 24 novel products in 2013 (as of November 30, 2013), compared to 39 in 2012.

Growth strategies

The increase in purchasing power in emerging countries, a growing middle-class and better healthcare systems are driving the global demand for medication.

New products in mature markets: In the past, marketing and sales activities were critical to achieve sales growth. However, strict healthcare policies in countries and a rising demand for healthcare products are forcing pharmaceutical companies to focus on innovative drugs.

Established products in mature markets: Fierce competition and considerable price sensitivity in this segment means pharmaceutical companies must manufacture their products cost-efficiently to remain profitable. Subsequently, companies often select to outsource operations or relocate them to low-cost countries. The companies that can offer high-quality products at reasonable prices are expected to be successful, but this requires efficient administration, effective marketing and robust sales models.

New products in emerging markets: A growing middle-class, improving healthcare facilities and rising income levels in emerging markets are driving the demand for expensive medication. Therefore, companies need to conduct medical and R&D activities with a localized mindset coupled with a strong sales organisation and collaboration with regional companies to enhance unhindered patient access.

Established products in emerging markets: Pharmaceutical companies use established products to enhance scale in new markets. However, companies need to analyse requirements and the competitive situation of individual markets. As a rule of thumb, pharmaceutical companies need efficient production and sales initiatives to drive their sales and earnings for which collaboration with local partners is rising.

Global generics market

Generic drugs are equivalent copies of original, usually patent-protected drugs, which contain the same active ingredients and closely match the original drug's formulation, route of administration, safety and performance. These drugs account for the majority of all pharmaceutical sales by volume and offer higher growth potential than the branded segment, especially in emerging markets. Between 2014 and 2016, originator drugs worth around US$130 billion (in sales during the year before loss of market exclusivity) are all set to be opened up to generic competition *(Source: Visiongain)*.

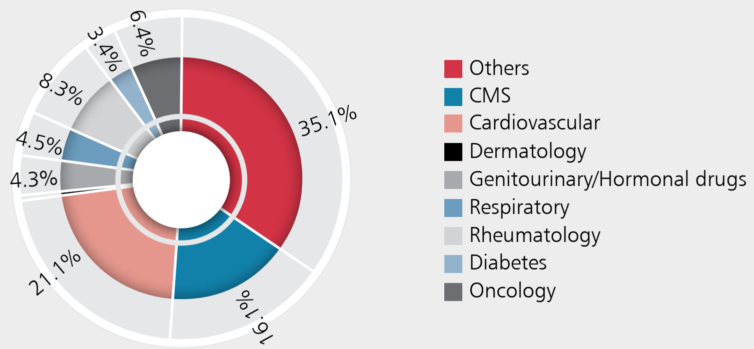
The global generics market was valued at US$150 billion in 2013 and expected to grow at a CAGR of 8.4 percent between 2013 and 2018. The US is the largest market with a share of 45 percent of the total generics segment.

Absolute spending on brands in developed markets is expected to decline by US$113 billion over the next five years due to exclusivity losses, slower uptake of new medicines and more restrictive access approaches. This is expected to be offset by projected US$40 billion generic spending, resulting in a US$73 billion patent 'dividend' in 2017. In the US, US$83 billion (34 percent) of the 2012 brand spending will shift to generics at lower prices. In other developed markets, the average brand spending exposed to generic competition will be 22 percent, except in Canada where 30 percent of the spending will be exposed.

Generics consumption will be the highest in pharmerging markets (63 percent of all spending). Patients in pharmerging markets will enjoy an increasing access to affordable generics for primary care treatment. Total spending on traditional pharmaceuticals in these markets is expected to rise from US$199 billion in 2012 to US$336 billion in 2017.

The US is the world's largest generics market estimated to be worth US$30 billion as of 2013.

Generic pharmaceutical market: Percent revenue contribution by therapeutic segments (Global)

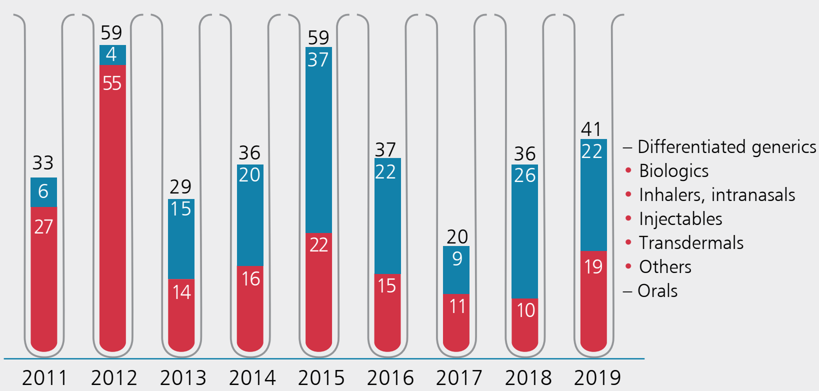


(Source: Frost & Sullivan)

Patent scenario

The global generic pharmaceuticals market is likely to witness strong growth owing to the patent expiration of key blockbuster drugs and judicious cost management efforts of governments and healthcare service providers. Drugs worth an estimated US$103 billion lost their patents between 2009 and 2012 *[Source: DTTL Global Life Sciences and Health Care Industry Group analysis of Global Generic, Cygnus]*. Altogether around US$217 billion worth of originator products are expected to lose their patent protection by 2018 *[Source: McKinsey report]*.

Estimated worldwide sales of products losing US patent protection in the year before patent expiry (USD billion)



(Source: Evaluate 2013)

US pharma market and India

- **Total US pharma market is pegged at US$350-360 billion**
- **US generic drug market is worth over US$35 billion**
- **India is the biggest foreign supplier of medicines to the US**
- **India is home to over 200 US FDA-approved drug manufacturing facilities, including many run by multinational companies**
- **Pharma exports from India to the US is estimated at around US$5 billion**

[*Source: www.business-standard.com*]

US generics market

The generics industry provides a bright spot amidst escalating American healthcare costs, which are projected to hit US$2.9 trillion in 2013 and reach US$4.5 trillion by 2020. Generics saved American consumers an estimated US$1 trillion over the last decade. Growth in the American generics market will be driven by the loss of patent protection for a number of brands *[Source: www.decisionresources.com]*.

The total American pharma market is estimated at US$350-360 billion, of which generic medicines accounted for at least 10 percent. While American companies held the largest share, India became the largest foreign supplier of generic medicines to the US.

India-based companies emerged as a growing competitive force in the US generics landscape. In 2012, over 20 percent of the retail generic prescriptions dispensed were from Indian firms. This trend appears to continue as India leads the way in Type-II drug master filings. In 2013, India-based companies surpassed US companies with the most ANDAs filed for the first time.

Global outsourcing market

A recent analysis of the Chemical Pharmaceutical Generic Association (CPA), which represents Italian generic API manufacturers, points to strong growth for the pharmaceutical contract research and manufacturing services (PCRAMS) industry. The global PCRAMS industry, which includes revenues from contract research organizations (CROs) and contract manufacturing organizations (CMOs), was valued at US$72 billion in 2012, up from US$21 billion in 2000. Contract manufacturing accounted for two-thirds of the 2012 market, or US$47 billion, and contract research the remaining US$25 billion, according to the CPA report, *The World PCRAMS Industry*.

Of the global contract manufacturing business, APIs and intermediates accounted for the largest sector at 64 percent or US$30 billion. Contract manufacturing of finished dosage forms accounted for 9.6 percent or US$4.5 billion, according to the CPA report. Development of finished dosage forms accounts for approximately 15 percent of the contract manufacturing market, or US$7 billion, and packaging/labeling and other services represent the remainder, or US$5.5 billion.

The global PCRAMS market is forecast to grow at an annual average of 13.6 percent over the next five years to reach US$136 billion by 2017 from US$72 billion in 2012. The global CRO business is expected to increase from US$25 billion to US$43 billion in 2017, representing an average annual growth of 11.4 percent, according to the CPA. The global CMO business will increase from US$47 billion in 2012 to US$93 billion in 2017, an average of 14.6 percent in yearly growth, according to CPA estimates.

The Asia-Pacific region will show the strongest growth in the global PCRAMS market, with particularly strong growth coming in from India and China. The share held by India in the world PCRAMS market will nearly triple in the next five years, and by 2017, India could be the second largest market for PCRAMS, accounting for 21.3 percent of the global market compared to only 8.3 percent in 2012. India could only be surpassed by the US, which is expected to hold almost 25 percent (24.9 percent) of the global PCRAMS market in 2017 compared to a share of 33.7 percent in 2012. Just as the US market's share in the global PCRAMS market could decline so could the share of Western Europe from 25.0 percent in 2012 to 17.1 percent in 2017. China's share of the global PCRAMS market could increase from 12.2 percent in 2012 to 19.2 percent by 2017, according to the CPA analysis. *[Source: www.pharmtech.com]*

CRAMS opportunity in India

Contract manufacturing is a strong area for Indian firms enjoying several global advantages. The expertise gained in manufacturing generics through reverse-engineering helped some companies streamline the process for getting their manufacturing up and running. The Indian companies have been costs are competitive and have incurred only two-fifths of the costs required in setting up and running a new manufacturing facility in the West.

AREAS OF CONTRACT MANUFACTURING

Custom synthesis
Scaling up from large-scale to kilo-level and from kilo to ton-level.

Drug substance production
Commercial production of APLs/intermediates.

Dosage form development and production
Commercial production of formulations in different dosage forms.

The CRAMS industry in India is heavily fragmented with more than 1,000 players. The industry is expected to reach US$8.0 billion in 2015, up from US$4.0-4.5 billion in 2012.

What drives the CRAMS market in India

- **Impending patent expirations**
- **Growing R&D costs**
- **Need for cost-cutting**
- **Shrinking R&D pipelines**

GEOGRAPHIC REVIEW

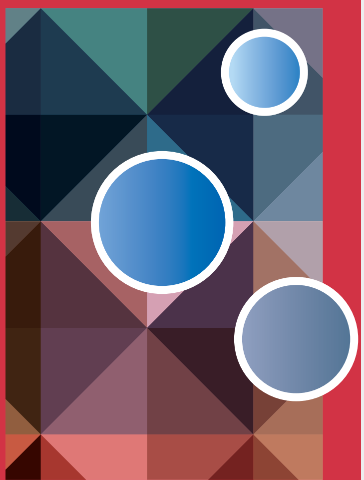
THE US

Revenues, 2013-14

₹96 crore

Proportion of overall revenues

15.23 percent



The US is the largest pharmaceutical market in the world.

The Company strategically focused on increasing its presence in this market to drive corporate growth and enhance industry respect, which can be leveraged to enter less demanding markets across the world.

The Company started filing in this market from 2008 onwards, focusing on product approvals in diverse dosages (soft gels, tablets and hard capsules) in mature product segments (pain management, anti-diabetic and CNS).

The Company responded to a product-driven and segment-driven strategy to grow its business leading to corresponding increase in scale.

The Company made more than 20 product filings in the country, received approvals for nine until the close of the financial year under review, of which all were successfully launched. These launches delivered ₹96 crore in revenues during the year under review, growing by over 50 percent over the previous financial year.

The Company increased the number of soft-gel filings (more than half). It filed ANDAs for Ibuprofen tablets in the prescription segment, a relatively under-crowded segment marked by only three players. Its approval for Advil was the first generic approval from India and the second worldwide within that family. It filed drugs in the Metformin space, a large mature US$ 1 billion space. It also launched the Gabapentin capsule (anti-depressant) addressing a large mature market with stable pricing.

The Company expects to file about half a dozen products annually in the US market.

GEOGRAPHIC REVIEW

THE UK / EUROPE

Revenues, 2013-14

₹393.62 crore

Proportion of overall revenues

62.48 percent

The UK represents the second largest pharmaceutical market in the world, providing headroom for quality-driven companies.

The country accounted for the Company's largest single geography, revenues growing by 52.68 percent, during the year under review.

The Company's growth in this geography was driven through two prudent acquisitions – Bell and Relonchem. These acquisitions provided:

- Front-end presence with a vast distribution network along with strong sales and marketing expertise
- The ability to addresses the European opportunity through product complementing. Bell manufactures and markets liquids, ointments and

powder sachets whereas the Indian manufacturing facility manufactures tablets and capsules.

- Visibility across OTC the and the Rx segments and a wide product basket.
- Cost-efficiency ensured by transferring Relonchems Rx product manufacturing needs to Marksans India.
- The UK is one of the largest generic markets in Europe. Strategic acquisitions provided Marksans with immediate sales and front-end access to the UK's generic licensing market of wholesalers, retailers and hospitals.

The success of this integration was reflected in the fact that a significant amount of the Company's UK revenues were routed through its proprietary front-end distribution, addressing effectively the requirements of the marketplace and widening margins simultaneously. The Company emerged among the ten leading Indian pharma companies in the UK and Europe.

The Company's UK product basket addressed opportunities in the OTC (pain management, cough and cold, gastrointestinal and anti-allergic segments) and prescription (cardiovascular, anti-diabetic, central nervous system, oncology) segments.

The manufacturing unit worked in tandem with the Company's Goa facility and the UK unit manufacturing sophisticated liquids and ointments. The Company generated attractive sales from the OTC and prescription segments.

The Company's subsidiaries in this market strengthened their business through:

- Timely supplies
- Stability in prices
- New product launches - Propranolol(CVS), Gliclazide 80 mg (anti-diabetic) and Tamoxifen 20 mg (oncology)
- Intensive customer penetration - Phoenix, Almus and Celesio
- Products in the pipeline and key launch targets comprised Folic Acid tablets, Sodium Bicarbonate capsules, Azathiprine tablets, Mirtazapine (15 milligram and 45 milligram tablets) and Gliclazide (40 milligram tablets).

Consequently, these subsidiaries boosted revenues and profits during the year under review.

Strengths in the UK market

- Large and growing basket comprising 150 products
- Combines low-cost manufacturing capability in India with high capability manufacture (liquids and ointments) in the UK
- Relatively low-cost acquisitions
- Declining debt in the subsidiaries
- Progressive increase in product commercialization
- Increased launch of niche products

Bell Healthcare

In 2008, Marksans acquired UK's Hale Group along with its subsidiary company Bell, Sons & Co. (Druggists) Ltd. (Bell).

Bell manufactures licensed products as own branded products and, for certain customers, under its own label along with a range of unlicensed products. Bell owns a state-of-the-art manufacturing facility in Southport and is an established manufacturer of over 200 OTC pharmaceuticals enjoying approval of the UK MHRA.

Bell holds 38 product licenses, which contribute towards 45 percent of its annual turnover. The product portfolio comprises segments like cough and cold remedies, galenicals, vitamins, palliative and healthcare items, oils, antiseptics and disinfectants.

Bell customers include retailers, pharmacies, wholesalers and cash-and-carry outlets. The Company enjoys a significant stronghold in the export markets. With more than 80 years of experience and a reach across 50+ countries, the brand is recognized and respected globally. Its key markets lie in West Africa and the Middle East.

GEOGRAPHIC REVIEW

AUSTRALIA

Revenues, 2013-14

₹81.59 crore

Proportion of overall revenues

12.95 percent

Australia is a reasonably-sized market affording attractive margins and relatively moderate competition.

The Company is addressing growth in the market through Nova Pharmaceuticals which specializes in marketing OTC and pharmaceutical products in segments like oncology, gastroenterology, anti-diabetic, cardiovascular, orthopaedic and neuro-psychiatry, among others.

The Company's subsidiary plays the role of a marketing front-end with product licenses for the country. Of the 25 products for which the Company received approvals, all had been launched by the close of the year under review.

During the year under review, the Company's Australia and New Zealand revenues stood at ₹81.59 crore. The Company strengthened its business in the geography through increased filings.

The Company expects to grow revenues from this geography during the current financial year with prospects of an even better 2015-16.

Strengths in the Australian market

- Leveraging the ability to manufacture products competitively from India
- Strong R&D pipeline to grow the Company's presence
- Increased pace of product development and launches
- Extensive distribution network
- Profitable, dividend-paying subsidiary
- Possessing diverse competencies (logistics, marketing and regulatory compliances)
- Zero debt

GEOGRAPHIC REVIEW

REST OF WORLD

Revenues, 2013-14

₹55.54 crore

Proportion of overall revenues

8.81 percent

There is a growing scope in the Rest of world (RoW) geographies in the global pharmaceutical industry. These markets comprise Canada, Vietnam, Philippines, Cambodia, Myanmar, Ukraine, Russia, Kenya and Iraq.

The markets are increasingly regulated, as a result of which the incidence of price-based competition has declined and entry barriers have risen. This augurs well for quality-driven companies like Marksans.

The Company addressed the potential in these markets through 500+ filings across a range of therapeutic segments. The Company addressed the demand in these markets with a wide product basket spread across diverse therapeutic segments (oncology, cephalosporins, betalactams and antibiotics).

The Company grew RoW revenues by 42.05 percent during the year under review; the Company broke even in most of the countries of its presence, creating a solid foundation for the future.

OPERATIONAL REVIEW

THE COMPANY CONSTANTLY REVIEWS ITS PRODUCT-MARKET PORTFOLIO WITH A VIEW TO STRENGTHEN SUSTAINABLE GROWTH. IT HAS WORKED TOWARDS STRENGTHENING ITS COMPETITIVE STATUS BY INVESTING IN LONG-TERM VALUE ASSETS.

TO ENSURE SUPERIOR CONTROL OF OPERATIONS, THE COMPANY HAS BEEN ABLE TO BETTER MONITOR ITS OPERATIONS AND COSTS.

Revenue

Turnover of the Company increased from ₹19229.70 Lacs in 2012-13 to ₹31494.46 Lacs in 2013-14 i.e. an increase by 63.78%. The incremental growth in sales came from the European and the US markets. Favourable currency rates contributed to the growth.

Cost of sales

Cost of sales increased to ₹16963.06 Lacs in 2013-14 from ₹10270.37 Lacs in 2012-13, an increase of 65.16%, owing to an increase in operations of the Company.

Other expenses

Other expenses increased from ₹2993.19 Lacs in 2012-13 to ₹4010.94 Lacs in 2013-14 i.e. an increase by 34%, mainly on account of an increase in operations.

Depreciation and amortization

Depreciation and amortization provision decreased from ₹870.33 Lacs in 2012-13 to ₹865.61 Lacs in 2013-14 i.e. a decrease by 0.54%.

Finance cost

Finance cost increased from 1013.24 Lacs in 2012-13 to ₹1521.28 Lacs in 2013-14 i.e. an increase by 50.14 percent due to a provisioning against foreign exchange fluctuation loss on FCCBs and also on account of bank charges of ₹287.83 Lacs.

Reserves and Surplus

The Reserves & Surplus was ₹10788.92 Lacs in 2013-14 compared to ₹5794.56 Lacs in 2012-13 i.e. an increase by 86.19%, due to an increase in the profits during the year.

Long term borrowings

Long term borrowings increased to ₹1981.54 Lacs in 2013-14 from ₹787.68 Lacs in 2012-13 due to the term loans taken during the year.

Short term borrowings

Short term borrowings reduced to ₹5805.87 Lacs in 2013-14 from ₹7531.23 Lacs in 2012-13 i.e. a decrease by 22.91%.

Trade Payables

Trade payables increased to ₹4050.45 Lacs in 2013-14 from ₹2985.94 Lacs in 2012-13 i.e. an increase by 35.65%, mainly on account of an increase in operations during the year.

Other current liabilities

Other current liabilities reduced to ₹7358.60 Lacs in 2013-14 from ₹7505.16 Lacs in 2012-13.

Tangible Assets

The Company's tangible assets decreased to ₹4938.94 Lacs in 2013-14 from ₹5029.12 Lacs in 2012-13 i.e. a decrease by 1.79%, owing to the depreciation provision.

Intangible assets

During 2013-14, the Company's Intangible Assets has reduced to ₹1742.56 Lacs from ₹2256.34 Lacs in 2012-13 i.e a decrease by 22.77%.

Long term loans and advances

Long-term loans and advances increased to ₹150.06 Lacs in 2013-14 from ₹120.22 Lacs in 2012-13.

Inventory

Inventory increased to ₹5560.86 Lacs in 2013-14 from ₹5131.76 Lacs in 2012-13 i.e an increase by 8.36%.

Receivable

Receivables increased to ₹11237.97 Lacs in 2013-14 from ₹9141.88 Lacs in 2012-13 due to an increase in sales and outstandings.

Short term loans and advances

Short-term loans and advances increased to ₹3913.64 Lacs in 2013-14 from ₹2542.51 Lacs in 2012-13.

Cash and cash equivalents

Cash and cash equivalents increased to ₹3337.36 Lacs in 2013-14 from ₹41.30 Lacs in 2012-13.

HOW WE MANAGE OUR RISKS

Regulatory requirements are rising across the world, making it imperative for global companies like Marksans to keep in step.

The Company invests in a strong filing team that keeps a keen watch on the regulatory requirements (and changes) the world over. Besides, the Company's manufacturing facilities have been benchmarked in line with the demanding requirements of regulatory agencies the world over (especially in the regulated markets). The Company's manufacturing facilities (Goa and the UK) possess regulatory clearances of the USFDA, UKMHRA and TGA, making it possible to address the growth coming out of some of the largest markets of the world.

Companies like Marksans with an extensive export exposure will always be vulnerable to cross-currency volatility.

The Company is exposed to the whims of foreign currency movements through revenues and debt. Since the Company is a net foreign exchange earner (₹245 crore in 2013-14) it benefits from a weakening of the Indian currency. On the other hand, because the Company holds debt in foreign exchange on its books, it benefits from an appreciation in the Indian currency. The Company is not currency-neutral and benefits more from a weakening in the Indian currency than through its appreciation. However, over time the Company expects to liquidate its forex debt and thereafter stands to benefit significantly should there be a weakening in the Indian currency.

Delays in approvals could stagger revenues and profits.

This risk is outside the control of the Company and applicable to all companies filing for product approvals in the pharmaceutical industry. As a hedging measure, the Company is engaged in increasing the number of filings across geographies, so any delays in the approval of some could be offset by quicker approvals of others.

The Company is critically dependant on the effectiveness of its research discipline.

The Company has strengthened the effectiveness of its research discipline through sustained investments in facilities, equipment and people across select therapeutic segments (85 percent of annual revenues, 2013-14). In the last five years, the Company has filed for 500 drugs dossiers worldwide and received approval for 350+ products and launched more than 60 percent of approved drugs in the respective markets.

The Company may not possess the managerial bandwidth to address challenges coming out of various international markets.

The Company has invested in improving its managerial bandwidth corresponding to geographic and product expansions. The Company has grown its management team from 350 in 2010-11 to 525 towards the close of 2013-14; 33 percent of this team comprised multi-cultural managers. Besides, the Company's subsidiaries operated as strategic business units responsible for their own growth, making it possible for them to recruit and manage bandwidth as per the needs of the hour.

There is always a risk that certain formulation segments may suffer from an unforeseen price erosion.

The Company consciously selected to be present in value-added niche sectors relatively impervious to price erosion. The Company invested in acquiring critical mass in these segments first, followed by attractive growth. The Company's prudent selection of the therapeutic segments (and niches within) was validated by an increase in consolidated margins by 100 bps to 11.35 percent in 2013-14.

There is always a competition risk within the markets of the Company's presence.

The Company customized its approach in line with the markets of its presence. As a strategy, the Company selected to enter large regulated markets first, consolidating its presence in each and then extending to other geographies. The result is that the Company established profitable operations in most of the markets of its presence. As a general strategy, the Company entered niche areas marked by low competition. Besides, it entered into alliances with large pharmaceutical or distribution companies to market its products, using its low-cost manufacturing base.

The cost of filing for a new product approval has become considerable more expensive than in the past.

This risk applies to all pharmaceutical corporates. The only effective hedge against this risk is to increase filing effectiveness, translating into product approvals, the gains from which far exceed the cost incurred from an increase in filing fees.

Directors' Report

Dear Shareholders,

The Directors take pleasure in presenting the 22nd Report together with the Audited Accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

(₹ in Million)

Particulars	2013-14	2012-13
Turnover	3149.45	1922.97
Profit before Depreciation & Amortization expenses, Non-recurring expenses and Tax expenses	719.15	383.08
Less:		
Depreciation & Amortization Expenses	86.56	87.03
Non-recurring expenses	-	-
Tax expenses	77.02	(99.78)
Profit after Tax	555.57	395.83

OPERATIONS

During the year ended 31st March, 2014, total turnover achieved by your company was ₹3149.45 Mn as compared to ₹1922.97 Mn in the previous year. The year under review has registered a net profit of ₹555.57 Mn as compared to ₹395.83 Mn in the previous year. This is mainly due to strong business and improved financial performances, new ANDA product licenses in US markets and also due to better realization on account of currency movement.

DIVIDEND

Your Directors have recommended dividend of ₹0.10 (10%) per equity share of ₹1/- each face value for the financial year ended 31st March 2014. The Preference Shareholder will also get dividend of ₹7/- (7 percent) per preference share of ₹100/- each face value.

Total cash outflow on account of dividend payment including dividend distribution tax will be ₹56.13 Mn for the financial year ended 31st March, 2014.

RESEARCH AND DEVELOPMENT (R&D)

The global challenges for the Indian pharma industry at large have increased several folds and to face the challenges, your company has continuously sharpened its focus on R&D, which is the need of the hour and will continue to commit funds to strengthen R&D capabilities. In fact, one of the Company's biggest strength lies in vibrant and productive R&D function that has continuously placed Marksans Pharma Ltd 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. During the year, your company invested 6.33 percent of its total revenue in R&D and related spends amounting to ₹201.37 Mn with continued product development and dossier filing in US, Europe and other emerging markets.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The Company had signed settlement agreement with few bond holders for settlement of 36,789 Bonds of US$1000 each in principal value representing about 97 percent of the outstanding bonds during February 2013.

One bond holder holding 15,278 Bonds has defaulted in surrendering the third and final tranche bonds as per the settlement terms even though the company was ready to pay the settlement consideration. They had already executed first and second tranche bonds which were subsequently cancelled and extinguished but have defaulted in executing the third and final tranche settlement. The company has, therefore, filed a suit in the High Court of England for specific performance by the bond holder in accordance with the settlement agreement. In the meantime, the English High Court has granted injunction restraining the bond holder from selling or transferring their bonds to or create any interest in such bonds in favour of any person or entity other than the Company until further order of the court.

INTERNAL CONTROL SYSTEMS

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.

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.

HEALTH, SAFETY & ENVIRONMENT

Your company is committed to ensure sound Safety, Health and Environment performance related to its activities, products and services. Your company is also committed to strengthen pollution prevention and waste management practices and to provide a safe and healthy environment.

FIXED DEPOSITS

During the year under review, your company has not accepted any deposits.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(AA) of the Companies Act, 1956 the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgments and estimates made 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, 2014 and the Statement of Profit and Loss for the period ended 31st March, 2014;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

CONSOLIDATED FINANCIAL STATEMENTS

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. From the Consolidated Statement of Profit and Loss, it may be observed that the turnover for the year under review has increased to ₹6299.97 Mn from ₹4384.22 Mn in the previous financial year. During the year under review, your company registered a consolidated net profit of ₹719.08 Mn as compared to net profit of ₹458.83 Mn during the previous financial year.

SUBSIDIARIES

Performance of Marksans Pharma (UK) Limited, which operates in the European market has improved.

Nova Pharmaceuticals Australasia Pty Ltd (your company holds 60 percent of the share capital) which operates mainly in Australia is doing well with consistent growth.

Pursuant to a Central Government's Circular dated 8th February, 2011, the audited accounts together with Director's Report and Auditor's Report of the subsidiaries namely M/s. Nova Pharmaceuticals Australasia Pty Ltd and M/s. Marksans Pharma (UK) 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.

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

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

EMPLOYEES

There was no employee drawing remuneration exceeding ₹60 Lacs per annum or ₹5 Lacs per month during the year ended 31st March, 2014 and therefore, provisions of Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employee) Rules 1975, as amended up to date do not apply.

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 levels 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, 2014, the Company's permanent employee strength was 436 (388 as on 31st March, 2013).

DIRECTORS

Dr. Balwant Shankarrao Desai, Whole-time Director of your company will cease to be a Director on the forthcoming Annual General Meeting and accordingly will also cease to be Whole-time Director. Dr. Balwant Shankarrao Desai has offered himself for re-appointment as a Director. Dr. Desai has been associated with your company since 7th March, 2006 looking after quality management systems and regulatory affairs. The Board recommends his re-appointment as a whole-time director of the Company.

Your Directors have proposed that Mrs. Sandra Saldanha be appointed as a Whole-time Director of the Company. Requisite notice has been received from a member proposing Mrs. Sandra Saldanha for appointment as a Director. Mrs. Sandra Saldanha has a vast experience in the field of Human Resource Management, Business Development, Projects and Supply Chain Management. The Board recommends her appointment as a Whole-time Director of the Company.

Mr. Naresh B. Wadhwa, who was appointed as an additional director with effect from 31st October, 2013, will vacate the office from the forthcoming Annual General Meeting. Requisite notice has been received from a member proposing Mr. Naresh B. Wadhwa for appointment as an independent Director. Mr. Wadhwa is a technocrat and has been instrumental in globalization using India as a platform for innovation and benefit of other emerging markets. He has worked in collaboration with Cisco's Globalization Center and Cisco's engineering organization (R&D) to develop and deploy disruptive technology and business models that were leveraged across the world. Technology intervention for inclusive growth across emerging countries is a personal passion for Mr. Wadhwa. The Board recommends his appointment as an independent director of the Company.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a detailed report on Corporate Governance and Management Discussion and Analysis and a certificate from the Auditors regarding compliance with the conditions of Corporate Governance forms a part of this report.

AUDITORS

M/s. N. K. Mittal & Associates, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that they are eligible and are not disqualified for the appointment and that their appointment, if made, would be within the prescribed limits under the provisions of the Companies Act, 2013. The Board recommends their re-appointment as Statutory Auditors of the Company.

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.

By order of the Board of Directors

Place : Mumbai — Mark Saldanha

Dated : 29th May, 2014 — *Chairman & Managing Director*

Annexure to the
Report of The Board of Directors

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULAR IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 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.

f) Optimisation use of Agro Waste Boiler.

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	2013-14	2012-13
1 Electricity		
(a) Purchases		
Units (kwhs)	7791184	5196315.00
Total Amount (₹)	37574515.00	24983447.00
Rate/ Unit (₹)	4.82	4.81
(b) Own Generation		
Through Diesel		
Units (in'000 kwhrs)	127.28	162.80
Units per Ltr of Disel Oil	2.96	2.96
Cost/ Unit (₹)	18.26	15.15
2 Agro Waste Consumption		
Qty (units in '000)	4945.07	4073.70
Total Amount (₹ '000)	20709.56	14961.47
Average Rate	4.19	3.67

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

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 products development and ANDA / Dossiers filing for regulated and emerging markets.

Expenditure on R&D	
a. Capital expenditure	₹3.81 Mn
b. Revenue expenditure	₹197.56 Mn
c. Total	₹201.37 Mn
d. Total R&D expenditure as a percentage of total revenue	6.33%

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 2013-14, the Company used foreign exchange amounting to ₹601.37 Mn (Previous Year ₹204.13 Mn) and earned foreign exchange amounting to ₹3117.03 Mn (Previous Year ₹1890.17 Mn).

By order of the Board of Directors

Place : Mumbai
Dated : 29th May, 2014

Mark Saldanha
Chairman & Managing Director

Corporate Governance Report

Company's Philosophy on Corporate 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

Board of Directors

As on the date of this report, the total number of Directors on the Board is 5 (five). Out of that three Directors are non-executive and independent. During the financial year under review, 8 Board Meetings were held on the following dates: 03.04.2013, 27.05.2013, 29.07.2013, 16.08.2013, 04.09.2013, 31.10.2013, 03.02.2014 and 31.03.2014.

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 8 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	8	Nil	Nil	Nil	Yes
Dr. Balwant S. Desai	Executive & Non-Independent	Nil	8	Nil	Nil	Nil	Yes
Mr. Seetharama R. Buddharaju	Non-executive & Independent	Nil	5	Nil	Nil	Nil	Yes
Mr. Ajay S. Joshi	Non-executive & Independent	Nil	1***	Nil	Nil	Nil	No
Mr. Naresh B. Wadhwa (Appointed w.e.f. 31.10.2013)	Non-executive & Independent	749883	2	Nil	Nil	Nil	-

* This excludes directorship held in private companies, foreign companies, companies formed under section25 of the Companies Act, 1956 and directorship held as an alternate director.

** Membership/Chairmanship in Committee of Directors includes Audit Committees and Shareholder/Investors Grievance Committees in public companies only. This does not include membership/chairmanship in committee of Directors of Marksans Pharma Limited.

*** Mr. Ajay S. Joshi has attended one meeting physically and three meetings through telephonic conferencing.

Audit Committee

The Audit Committee consists of Directors, namely Mr. Seetharama R. Buddharaju (Chairman), Dr. Balwant S. Desai, 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 Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956. During the financial year under review, 5 Audit committee meetings were held.

Remuneration Committee

The Remuneration Committee of the Company consists of Directors, namely Mr. Seetharama R. Buddharaju (Chairman), Dr. Balwant S. Desai, Mr. Naresh B. Wadhwa and Mr. Ajay S. Joshi. The Committee has power to determine the remuneration of the executive Directors of the Company as per the provisions of Clause 49 of the Listing Agreement and applicable provisions of the Companies Act, 1956.

Investors' Grievance Redressal Committee

The Investors' Grievance Redressal Committee consists of Directors, namely Mr. Seetharama R. Buddharaju (Chairman), Dr. Balwant S. Desai, 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 : 3
Number of complaints resolved to the
satisfaction of shareholders : 3

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 the Company Secretary of the Company to approve the share transfers lodged in physical mode. 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 31.03.2014, no shares were pending for transfer.

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

Disclosures

a) No material financial and commercial transactions were reported by the management to the Board of Directors in which management had personal interest having a potential conflict with the interest of the Company at large.

b) 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.

c) The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement on Corporate Governance.

d) There is no pecuniary relationship or transaction between the non-executive directors and the Company.

e) There is no relationship between the directors inter se except as members of the Board.

f) Details of related party transactions during the year ended 31st March, 2014 has been set out under Note No. 2.20 of the Notes annexed to the Financial Statements for the year ended 31st March, 2014.

Directors Remuneration

The non-executive directors are not paid any remuneration. The executive directors are paid remuneration under the applicable provisions of the Companies Act, 1956 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, 2014 has been set out under Note No. 2.20(a) of the Notes annexed to the Financial Statements for the year ended 31st March, 2014.

Management's Discussion And Analysis Report.

The Annual Report has a separate and detailed chapter on Management's Discussion and Analysis which deals with Industry structure and development, opportunities and threats, segment wise performance, outlook, risks and concerns of the Company and discussions on financials with respect to operation.

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 Agreement and are available on the website of the 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 First	26.09.2013	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road Andheri (W), Mumbai - 400053	Nil
Twentieth	27.09.2012	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai - 400053	Nil
Nineteenth	29.09.2011	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road Andheri (W), Mumbai - 400053	1*

* One Special Resolution was passed in the AGM held on 29th September, 2011 to create, issue and allot 1,75,00,000 Warrants on a preferential basis to Mr. Mark Saldanha and/or other Promoters and/or Promoters Group of the Company.

Postal ballot

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

General Shareholder Information

AGM	Twenty Second Annual General Meeting.
Day & Date	Thursday, 25th September, 2014
Time	10:30 AM
Venue	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), 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 Saturday, 20th September, 2014 upto Thursday, 25th September, 2014 (both days inclusive).
Dividend payment date	On or after 6th October, 2014
Listing on Stock Exchanges	The Bombay Stock Exchange Limited (BSE) The National Stock Exchange of India Limited (NSE) The annual listing fees for the year 2014-2015 have been paid.
Stock Code	BSE : 524404 NSE : MARKSANS
ISIN	INE750C01026

Market price data on BSE during the period April 2013 to March 2014

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)
April 2013	4.00	4.18	3.61	3.85
May 2013	3.81	4.98	3.60	4.98
June 2013	5.22	7.35	4.98	7.33
July 2013	7.50	11.57	7.05	8.81
August 2013	8.99	9.05	6.22	6.26
September 2013	6.25	8.90	6.10	8.81
October 2013	9.44	10.60	8.86	9.20
November 2013	9.25	13.80	8.99	12.21
December 2013	12.21	20.77	12.21	17.59
January 2014	17.55	21.25	16.75	18.20
February 2014	18.60	20.00	15.50	16.75
March 2014	16.80	26.40	16.75	23.95

Shareholding Pattern as on 31.03.2014

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Individual	39445	96.70	336636181	87.37
Bodies Corporate	708	1.73	30452260	7.90
NRIs	339	0.83	6293181	1.63
FIIs	2	-	880496	0.23
Foreign Companies	1	-	8400241	2.18
Trust	2	-	15000	-
Bank, Financial Institution & Insurance Companies	2	-	5000	-
Clearing Members	293	0.72	2624845	0.68
Total	**40792**	**100**	**385307204**	**100**
Promoters	2	0.01	197491733	51.26
Non-Promoters	40790	99.99	187815471	48.74
Total	**40792**	**100**	**385307204**	**100**

Distribution of Shareholding as on 31.03.2014

Shareholding	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	37163	91.10	36807513	9.55
5001 – 10000	1734	4.25	13673191	3.54
10001 – 20000	854	2.09	12643834	3.28
20001 – 30000	312	0.76	7946214	2.06
30001 – 40000	150	0.37	5264104	1.37
40001 – 50000	125	0.30	5841825	1.52
50001 – 100000	233	0.57	16727320	4.34
Above 100000	221	0.54	286402203	74.33
Total	**40792**	**100**	**385307204**	**100**

Registrar and Transfer Agents	**Bigshare Services Pvt. Ltd.** E-2, Ansa Industrial Estate Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072. Ph. No. 022-2847 0652 / 4043 0200 Fax No. 022-2847 5207 E-mail: investor@bigshareonline.com; Website: www.bigshareonline.com 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.
Dematerialization of the Shares and Liquidity	Based on SEBI directives, Company's shares are traded in dematerialized form. As on 31.03.2014, 97.30% of the paid up share capital of the Company was in dematerialized form.
Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion dates and likely impact on equity	The company has signed settlement agreement with few bond holders for settlement of USD 36,789,000 FCCBs in principal value. The current outstanding of the FCCBs (including payables under the settlement agreements) is USD 10,398,954 (₹621,966,636) as at 31st March, 2014.
Plant Locations	**- Formulation Plant:** L-82 & 83 Verna Industrial Estate, Verna, Goa- 403 722 **- U.K. Plant:** Bell, Sons & Co (Druggists) Ltd. Slaidburn Crescent, Southport, PR9 9AL
Address for Correspondence	**Mr. Harshavardhan Panigrahi** *Company Secretary & Manager-Legal* **Marksans Pharma Limited** 11th Floor, Lotus Business Park, Off New Link Road, Andheri (W), Mumbai 400 053. Tel. No. : 022- 40012000 Fax No. 022- 40012011 Email: companysecretary@marksanspharma.com

Non Mandatory Requirements

(I) The Board

There is no policy in the Company for determining the tenure of independent directors. However, independent directors will have a fixed tenure in terms of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreements.

(II) Shareholders Rights

Half yearly financial results including summary of the significant events are presently not being sent to the shareholders.

(III) Audit Qualifications

Every endeavor is made to make the financial statements without qualification.

(IV) Training of Board Members

The members of the Board are eminently competent to discharge their duties. However, newly appointed directors are made familiarized with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company, etc.

(V) Mechanism for evaluating non-executive Board Members

There is no policy in the Company for evaluation of non-executive Directors. However, the Company is in the process of framing and implementing a policy for performance evaluation of Directors in terms of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreements.

(VI) Whistle Blower Policy

Presently there is no whistle blower policy in the Company. However, the Company is in the process of framing and implementing a whistle blower policy in terms of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreements.

BRIEF RESUME OF THE PERSON PROPOSED TO BE APPOINTED/RE-APPOINTED AS DIRECTOR / WHOLE-TIME DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING.

Name	**Dr. Balwant Shankarrao Desai**
Age	49 Years
Qualification	B. Sc. In Chemistry, M.Sc.in Analytical Chemistry and Ph.D. in Analytical Chemistry
Experience	Dr. Balwant Shankarrao Desai is associated with Marksans Pharma Limited since 07.03.2006 looking after quality and regulatory affairs. Before joining Marksans Pharma Limited, he was associated with Alembic Limited, Serum Institute of India Limited, Ipca Laboratories Limited, Lupin Laboratories Limited, Merind Limited, U.S. Vitamins Limited. He has about 25 years of experience in the filed of quality management systems as per national and international requirements, preparation and submission of Dossiers of drug products and ANDA application for registration of products in US, Europe and other countries. He has also been instrumental in obtaining international regulatory approvals from US FDA, UK MHRA and other global health authorities.
Name of the other public Companies in which also holds directorship	Nil
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 31.03.2014.	Nil
Relationship with other Directors/Key Managerial Personnel	None

Name	**Mr. Naresh Balwant Wadhwa**
Age	46 Years
Qualification	Engineering Graduate in Electronics
Experience	Mr. Wadhwa is a technocrat and has been instrumental in globalization using India as a platform for innovation and benefit of other emerging markets. He has worked in collaboration with Cisco's Globalization Center and Cisco's Engineering Organization (R&D) to develop and deploy disruptive technology and business models that were leveraged across the world. Technology intervention for inclusive growth across emerging countries is a personal passion for Mr. Wadhwa.
Name of the other public Companies in which also holds directorship	Nil
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 31.03.2014.	749883
Relationship with other Directors/Key Managerial Personnel	None

Name	**Mrs. Sandra Saldanha**
Age	42 Years
Qualification	Master of Arts (Sociology)
Functional Expertise and Experience	Human Resource Management, Business Development, Projects and Supply Chain Management
Name of the other public Companies in which also holds directorship	Marksans Pharma (UK) 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 31.03.2014.	180
Relationship with other Directors / Key Managerial Personnel	Relative of Mr. Mark Saldanha

Auditors' Certificate on Corporate Governance

To,
The Members,
MARKSANS PHARMA LTD.

We have examined the compliance of conditions of Corporate Governance by MARKSANS PHARMA LTD. for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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 Agreements.

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. 46785
F. No. 113281W

Place : Mumbai
Date : 15th July, 2014

CEO / CFO Certification

To,
The Members,
MARKSANS PHARMA LTD.

This is to certify with reference to the Annual Accounts of the Company for the year ended 31st March, 2014 that:-

a. We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2014 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls which are not of material nature and necessary steps have been taken to rectify those deficiencies.

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. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. that there is no instances of any fraud.

For Marksans Pharma Ltd.

Place : Mumbai
Date : 29th May, 2014

Mark Saldanha
Managing Director

Jitendra Sharma
Chief Financial Officer

Declaration on Compliance of the Company's Code of Conduct

This is to confirm that during the year ended 31st March, 2014 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 Clause 49 of the Listing Agreement with Stock Exchanges, in so far as it is applicable to them.

For Marksans Pharma Ltd.

Place : Mumbai
Date : 29th May, 2014

Mark Saldanha
Managing Director

Auditor's Report

To
The Members of,
MARKSANS PHARMA LIMITED

We have audited the accompanying financial statements of MARKSANS PHARMA LIMITED ("the company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss and Cash Flow Statement for the year ended as on 31st March, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of theses financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act 1956, ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with accounting standards issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement.

An audit involves performing a procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting polices used and reasonable of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the said financial statements together with the notes thereon, 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 : -

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;

(ii) In the case of Statement of Profit & Loss, of the Profit for the year ended on that date; and

(iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on the Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. As required by Section 227(3) of the Act, we report that : -

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;

   (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of accounts;

   (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable; and

   (v) On the basis of the written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For N. K. MITTAL & ASSOCIATES
Chartered Accountants
FR No. 113281W

[N. K. MITTAL]
Proprietor
M No 46785

Place : Mumbai
Date : 29th May, 2014

Annexure

Re: MARKSANS PHARMA LIMITED, 31st March, 2014

Referred to in point no.1 of our report of even date.

i. (a) The company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.

ii. (a) Physical verification of inventory (excluding stocks with third parties) has been conducted at reasonable intervals by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.

iii. The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.

iv. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.

v. (a) According to the information & explanations given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.

(b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of such contracts or arrangements exceeding the value of five lacs rupees have been entered during the period at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. The company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and the rules framed there under.

vii. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

viii. 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 clause (d) of sub-section (1) of section 209 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.

ix. (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.

(b) According to the information & explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and cess were in arrears, as at 31st March, 2014, for a period of more than 6 months from the date they became payable.

(c) According to the information & explanations given to us, the dues of 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 Lacs)	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
Commissioner of Sales Tax	Sales Tax (BST,CST) – 04-05	7.62	2004-2005	Commissioner of Sales Tax Appeal

x. In our opinion and according to the information and explanation given to us, the accumulated losses of the company were ₹29,421.52 Lacs as on 31.03.13. The Company has earned profit of ₹5,555.71 Lacs during the current financial year and the Net Worth of the Company is ₹15,991.99 Lacs as on 31.03.2014.

xi. According to the information & explanations given to us, the company has not defaulted in payments of dues to financial institution & banks.

xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv. The company has given guarantee to Bank for loans taken by its Subsidiary Company.

xvi. Term loans availed by the Company were, prima facie, applied for the purpose for which the loans were obtained.

xvii. On an overall basis, the funds raised on short-term basis have, prima facie, not been used for long term investment and vice versa.

xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

xix. The Company has not issued any debentures.

xx. The Company has not raised money by public issues during the year.

xxi. Based on the checks carried out by us, any fraud on or by the company has not been noticed or reported during the year.

For N. K. MITTAL & ASSOCIATES
Chartered Accountants
FR No. 113281W

[N. K. MITTAL]
Proprietor
M No 46785

Place : Mumbai
Date : 29th May, 2014

Balance Sheet as at 31st March, 2014

Particulars	Note No.	31st March, 2014 ₹	31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	52,03,07,204	52,03,07,204
(b) Reserves and surplus	4	1,07,88,92,255	57,94,56,224
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	5	19,81,54,043	7,87,68,473
(b) Deferred tax liabilities (Net)	6	1,86,77,590	2,22,12,778
4 Current liabilities			
(a) Short-term borrowings	7	58,05,87,258	75,31,23,045
(b) Trade payables	8	40,50,44,762	29,85,93,798
(c) Other current liabilities	9	73,58,59,917	75,05,16,068
(d) Short-term provisions	10	22,67,79,951	9,94,99,019
TOTAL		3,76,43,02,980	3,10,24,76,609
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		49,38,94,372	50,29,11,664
(ii) Intangible assets		17,42,55,769	22,56,34,457
(b) Non-current investments	12	67,61,63,898	67,61,63,898
(c) Long-term loans and advances	13	1,50,05,699	1,20,21,619
2 Current assets			
(a) Inventories	14	55,60,86,051	51,31,75,755
(b) Trade receivables	15	1,12,37,97,117	91,41,88,422
(c) Cash and cash equivalents	16	33,37,35,675	41,29,546
(d) Short-term loans and advances	17	39,13,64,399	25,42,51,248
(e) Other current assets- Miscellaneous expenditure		-	-
TOTAL		3,76,43,02,980	3,10,24,76,609
Significant Accounting Policies and Notes on Financial Statements	1 to 25		

For and on behalf of
N.K. Mittal & Associates
Chartered Accountant

N.K. Mittal
Proprietor
M. No. 46785
F.no. 113281W

Place : Mumbai
Date : 29th May, 2014

For and on behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note No.	2013-14 ₹	2012-13 ₹
1. Revenue from operations	18	3,14,94,45,938	1,92,29,70,129
2. Other income	19	3,31,20,360	4,17,17,545
3. Total Revenue (1 + 2)		**3,18,25,66,298**	**1,96,46,87,674**
4. Expenses:			
Cost of materials consumed	20	1,42,63,40,543	65,95,74,703
Purchases of Stock-in-Trade		28,83,71,552	27,55,31,365
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(1,84,06,344)	9,19,31,023
Employee benefits expense	22	21,38,86,119	15,39,24,947
Finance costs	23	15,21,27,854	10,13,23,640
Depreciation and amortization expense	24	8,65,61,036	8,70,32,689
Other expenses	25	40,10,93,733	29,93,18,656
Miscellaneous Expenditure Writtern Off		-	-
Total expenses		**2,54,99,74,493**	**1,66,86,37,023**
5. Profit/(Loss) before exceptional and extraordinary items and tax (3-4)		**63,25,91,805**	**29,60,50,651**
6. Exceptional items		-	-
7. Profit/(Loss) before extraordinary items and tax (5-6)		**63,25,91,805**	**29,60,50,651**
8. Extraordinary Items		-	-
9. Profit/(Loss) before tax (7-8)		**63,25,91,805**	**29,60,50,651**
10. Tax expense:			
(1) Current Year		8,05,71,000	38,79,000
(2) Earlier year		(15,082)	-
(3) Deferred tax		(35,35,188)	(10,36,56,129)
Total Tax Expenses		**7,70,20,730**	**(9,97,77,129)**
11. Profit/(Loss) for the period from continuing operations (9-10)		55,55,71,075	39,58,27,780
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)		**55,55,71,075**	**39,58,27,780**
16. Earnings per equity share:			
(1) Basic		1.44	1.03
(2) Diluted		1.44	1.03
Significant Accounting Policies and Notes on Financial Statements	1 to 25		

For and on behalf of
N.K. Mittal & Associates
Chartered Accountant

For and on behalf of The Board of Directors

N.K. Mittal
Proprietor
M. No. 46785
F.no. 113281W

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai
Date : 29th May, 2014

Notes to Financial Statement for the year ended 31st March, 2014

1 BACKGROUND

Marksans Pharma Limited (The Company) together with it's subsidiaries, operates as an international pharmaceutical organisation with business encompassing the research, manufacturing, marketing and distribution of pharmaceutical products.

The company's equity shares are listed for trading on the National Stock Exchange and the Bombay Stock Exchange in India.

The Company has been de-registered from the purview of SICA and is no longer in BIFR as per the directions of the Honorable BIFR in its hearing held on 17th July 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The Financial Statements are prepared to comply in all material aspects with the accounting principles generally accepted in india, including the applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act,1956.

2.2 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortisation.The Company capitalises all costs relating to the acquisition and installation of fixed assets.

2.3 Depreciation

Depreciation on fixed assets other than leasehold land is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Ministry of Corporate Affairs from time to time. Leasehold land is not amortised.

2.4 Impairment of Assets

The company identifies impairable assets at the year end in terms of cash generating unit concept based on para - 5 to 13 of AS-28 issued by ICAI for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, if any, when crystallizes is charged against revenue of the year.

2.5 Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred including financing costs prior to commencement of commercial production is capitalized. All pre-operative and trial run expenditure accumulated as Capital Work in Progress is allocated on pro- rata basis depending on the prime cost of the assets.

2.6 Inventories

Inventories are valued at the lower of cost (net of CENVAT Credit and Input VAT) or Net Realisable Value as under :

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

Work in Process - At Cost (Direct Cost plus Conversion Cost) upto estimated stage of completion.

Finished Goods - At Cost (Direct cost plus Conversion Cost and Excise Duty) or Net Realisable Value, whichever is lower.

2.7 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.

2.8 Foreign Currency Transaction

a) Foreign currency transaction are recorded at the exchange rates prevailling on the date of such transactions.

Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailling at the date of the Balance Sheet. Gain/Loss arising on account of differences in foreign exchange rates on

Notes to Financial Statement for the year ended 31st March, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

settlement/translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss,unless they are considered as an adjustment to borrowing costs.

b) 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.

c) Forward contracts entered into by the Company to hedge the risk of existing assets or liabilities are accounted for as per Guidence Note contained in AS 11 'The Effects Of Changes in Exchange Rates (revised 2003)'.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange difference on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. 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.

2.9 Miscellaneous Expenditure

Expenditure on launch of new products and their sales promotion for domestic markets are being amortised over a period of 60 months.

2.10 Research and Development

Capital expenditure on research and development is capitalized as fixed assets. Development cost relating to the new and improved product and/or process development are expensed as incurred.

2.11 Investments

Long term investments are stated at cost less any provision for permanent diminution in the value. The current investments are valued at lower of cost or market value.

2.12 Employee Benefits

Liability for Gratuity is accounted on accrual basis.

Annual contributions to Provident Fund & ESIC are accounted on accrual basis and charged to the Statement of Profit & Loss.

2.13 Revenue Recognition

The company recognises sale of goods on the invoice date. Sales comprise of amounts invoiced for goods sold, including excise duty wherever applicable but net of returns and trade discounts.Dividend Income is accounted on receipt of the same. CRAMS milestone revenues are recognised on signing of Agreement with respective parties.

Interest Income and Guarantee Commission

Interest income is recognised on the basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists. Guarantee commission is recognised in the Statement of Profit and Loss based on contractual terms.

2.14 Income Tax

Current Year:

Provision for current tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

Deferred Tax:

Deferred tax is recognised, subject to the consideration of prudence, on timing differences being the difference

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. 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.

Deferred tax assets/liabilities recognised as above is after excluding the amounts,which are getting reversed during the tax holiday period.

2.15 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 and an 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 liklihood of outflow of resouces is remote, no provision or disclosure is made.

Contingent liabilities and commitments (to the extent not provided for) *(₹ in lacs)*

Particulars	2013-2014	2012-2013
Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	25.68	142.93
(b) Guarantees and Letter of Credit	8,342.30	8,339.05
(c) Other money for which the company is contingently liable		
Sales Tax		
Sales Tax (BST,CST) – 03-04	5.06	20.21
Sales Tax (BST,CST) – 04-05	7.90	7.90
(d) Foreign Currency Convertible Bonds	-	15,192.89
	8,380.94	23,702.98

2.16 Foreign Currency Convertible Bonds

The Company had signed settlement agreement with few bond holders for settlement of 36,789 Bonds of USD 1000 each in principal value representing about 97% of the outstanding bonds during February 2013.

One bond holder holding 15,278 Bonds has defaulted in surrendering the third and final tranche bonds as per the settlement agreement even though the company was ready to pay the settlement consideration. They had already executed and surrendered first and second tranche bonds which were subsequently cancelled and extinguished but have defaulted in executing the third and final tranche settlement. The company has, therefore, filed a suit in the High Court of England for specific performance by the bond holder in accordance with the settlement agreement. In the meantime, the English High Court has granted injunction restraining the bond holder from selling or transferring their bonds to or create any interest in such bonds in favour of any person or entity other than the Company until further order of the court.

2.17 Foreign Exchange Transactions

As required by Accounting Standard 11 "the effect of changes in the foreign exchange rates", the company has restated its assets & liabilities at the closing exchange rate prevailing at the Balance Sheet date.

2.18 Accounting for Employee benefits

Liabilities for gratuity & other retirement benefits are accounted on accrual basis.

Notes to Financial Statement for the year ended 31st March, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

2.19 Segment Reporting as per AS 17

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.

GEOGRAPHICAL SEGMENTS

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

(₹ in lacs)

Segment Revenue	2013-2014	2012-2013
Exports	31,170.26	18,901.65
Local	324.20	328.05
Total	**31,494.46**	**19,229.70**

2.20 Related Party Disclosures

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:

(a) **Key Management Personnel / Directors - Remuneration:**

(₹ in lacs)

	2013-2014	2012-2013
Mr. Mark Saldanha	19.02	16.93
Dr. Balwant S. Desai	36.62	25.38
Total	**55.64**	**42.31**

Rent paid to Mr. Mark Saldanha of ₹110.96 Lacs during the year.

(b) **Parties where control exists**

Subsidiary Companies

Nova Pharmaceuticals Australasia Pty Ltd

Marksans Pharma (UK) Limited

(c) **Related party relationships where transaction have taken place during the year**

Nova Pharmaceuticals Australasia Pty Ltd - Subsidiary Company

Marksans Pharma (UK) Limited - Subsidiary Company

(d) **Transaction with related parties during the year**

(₹ in lacs)

	2013-2014	2012-2013
Subsidiary company		
Sale of Finished products	10880.15	5055.53
Dividend received	270.38	251.04
Balances outstanding at the end of the year		
Receivable from subsidiary	4076.93	1834.96

2.21 Remuneration paid/payable to the Directors for the financial year ended 31st March, 2014, is in accordance with the provisions of section 198 read with section 304(3) of the Companies Act, 1956.

Notes to Financial Statement for the year ended 31st March, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

2.22 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 rent in respect of assets taken on operating lease are charged to the statement of profit and loss as per the terms of lease agreements.

2.23 Earnings per share

As per Accounting Standard 20 "Earnings Per Share" issued by ICAI, basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

Particulars	2013-2014	2012-2013
Earnings Per Share (EPS)		
1. Net profit as per the Statement of Profit & Loss available for equity shareholders	55,55,71,075	39,58,27,780
2. Weighted average number of equity shares for Earnings Per Share computation		
a. For Basic Earnings Per Share of ₹1/- each	38,53,07,204	38,53,07,204
b. For Diluted Earnings Per Share of ₹1/- each		
- No. of Share for Basic EPS as per 2 a	38,53,07,204	38,53,07,204
- Add: Weighted average outstanding	-	-
- No. of Share for Diluted Earnings Per Share of ₹1/- each	38,53,07,204	38,53,07,204
3. Earning Per Share (Weighted Average)		
Basic	1.44	1.03
Diluted	1.44	1.03

2.24 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.

2.25 Research and development expenditure

During the year, the Company expensed ₹1975.63 Lacs (Previous year ₹453.77) as research and development costs.

2.26 Additional information pursuant to the provisions of paragraphs 3, 4C, 4D of Part II of Schedule VI to the Companies Act, 1956 (figures in brackets relates to the previous year)

Notes to Financial Statement for the year ended 31st March, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(a) Opening Stock, Closing Stock and Sales:

(₹ in lacs)

Opening Stock		Closing Stock		Sales	
Quantity (Units)	Value	Quantity (Units)	Value	Quantity (Units)	Value
*	464.35	*	523.75	*	31,494.46
(*)	(1,584.00)	(*)	(464.35)	(*)	(19,229.70)

(b) Consumption of Raw Materials:

(Units)	(₹ In Lacs)
*	14,263.41
(*)	(6,595.75)

* Quantities cannot be aggregated

(c) Value and Percentage of Raw Materials consumed:

	Percentage (%)	Value (₹ in lacs)
Indigenous	53.87	7,683.44
	(56.29)	(3,712.62)
Imported	46.13	6,579.97
	(43.71)	(2,883.13)

(d) C. I. F. Value of Imports:

	(₹ in lacs)
- Raw materials	6,003.47
- Capital Goods / Spares	60.32
Total Forex Outflow	**6,063.79**
	(3,008.85)

	(₹ in lacs)
(e) Earnings in foreign currency from exports / other income	**31,170.26**
	(18,901.65)

2.27 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 Statement for the year ended 31st March, 2014

3 SHARE CAPITAL

Particulars	31st March, 2014		31st March, 2013	
	Number	₹	Number	₹
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	38,53,07,204	38,53,07,204	38,53,07,204	38,53,07,204
7% Redeemable Cumulative Preference Shares of ₹100/- each	13,50,000	13,50,00,000	13,50,000	13,50,00,000
Total	**38,66,57,204**	**52,03,07,204**	**38,66,57,204**	**52,03,07,204**

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	38,53,07,204	38,53,07,204	13,50,000	13,50,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	38,53,07,204	38,53,07,204	13,50,000	13,50,00,000

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 issued 1,350,000 7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid-up to Glenmark Pharmaceuticals Limited on 27th March, 2013 against redemption of 1,350,000 7%Redeemable Cumulative Preference Shares of ₹100/- each issued on 27.03.2008. These new preference shares will be due for redemption on 27th March, 2018. These 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 the issue of preference shares as stated in Note No.3c above.

Notes to Financial Statement for the year ended 31st March, 2014

3 SHARE CAPITAL *(Contd.)*

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

Name of Shareholder	31st March, 2014		31st March, 2013	
	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	51.25	19,66,72,780	51.04
7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid				
Glenmark Pharmaceuticals Limited	13,50,000	100	13,50,000	100

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
4 RESERVES & SURPLUS		
a. Capital Reserves	1,22,500	1,22,500
	1,22,500	**1,22,500**
b. Securities Premium Account		
Opening Balance	46,28,88,795	43,55,88,795
(+) Securities premium credited on Share issue	-	2,73,00,000
Closing Balance	46,28,88,795	46,28,88,795
c. General Reserve		
Opening Balance	3,05,85,97,200	50,71,10,591
(+) Current Year Transfer	-	2,55,14,86,609
(-) Written Back in Current Year	-	-
Closing Balance	3,05,85,97,200	3,05,85,97,200
d. Surplus		
Opening balance	(2,94,21,52,271)	(3,33,79,80,051)
(+) Net Profit/(Net Loss) For the current year	55,55,71,075	39,58,27,780
(-) Proposed Dividend	(4,79,80,720)	-
(-) Dividend Distribution Tax on Proposed Dividend	(81,54,324)	-
Closing Balance	**(2,44,27,16,240)**	**(2,94,21,52,271)**
Total	**1,07,88,92,255**	**57,94,56,224**
5 LONG TERM BORROWINGS		
Secured		
a. Term loans		
from banks	19,80,00,000	7,84,00,000
b. Vehicle Loan	1,54,043	3,68,473
Total	**19,81,54,043**	**7,87,68,473**

5.1 The term loan is secured by a charge on the plants and machineries of Goa plants. There are no overdues repayment of the term loan. Maturity profile of Term Loan are as set out below.

	2 years	2-3 years	3-4 years	Beyond 4 years
Term Loan from Bank (₹)	10,37,30,124	7,72,23,919	1,44,00,000	28,00,000

Notes to Financial Statement for the year ended 31st March, 2014

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
6 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities : DTL		
Total fixed assets (B/F)	12,58,68,907	12,58,68,907
Amortizable goodwill	-	-
Total	**12,58,68,907**	**12,58,68,907**
Deferred Tax Assets : DTA		
Intangible Impairment of assets	10,36,56,129	10,36,56,129
Total fixed assets	35,35,188	-
Total	**10,71,91,317**	**10,36,56,129**
Net DTA / DTL	**1,86,77,590**	**2,22,12,778**
The Net DTA / DTL has the following breakdown:		
Deferred Tax Liabilities : DTL	12,58,68,907	12,58,68,907
Deferred Tax Assets : DTA	10,71,91,317	10,36,56,129
Net DTA / DTL	**1,86,77,590**	**2,22,12,778**

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
7 SHORT TERM BORROWINGS		
Secured		
Working Capital facilities from Bank	58,05,87,258	75,31,23,045
Total	**58,05,87,258**	**75,31,23,045**

7.1 Working capital facilities are secured by Hypothecation of stock of raw material,packing material, finished goods,work-in-progress, receivables and equitable mortgage on fixed assets of manufacturing facility of Goa plants, present and future.

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
8 TRADE PAYABLE		
a) Total outstanding dues to Micro and Small enterprises*	-	-
b) Total outstanding dues to other than Micro and Small enterprises	40,50,44,762	29,85,93,798
Total	**40,50,44,762**	**29,85,93,798**

* Refer Note no.2.24 on outstanding dues from Micro and Small enterprises.

Trade Payable Includes general and miscellaneous creditors.

Notes to Financial Statement for the year ended 31st March, 2014

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
9 OTHER CURRENT LIABILITIES		
a. Current maturities of Term Loan	11,36,68,851	7,45,08,638
b. Current maturities of Vehicle Loan	2,14,430	1,92,444
c. Foreign Currency Convertible Bonds *	62,19,66,636	67,58,04,986
d. Deposits	10,000	10,000
Total	**73,58,59,917**	**75,05,16,068**

9.1 Foreign Curreny Convertible Bonds

The Foreign Currency Convertible Bonds had become due for redemption on 9th November, 2010 and were not redeemed.

These Bonds have redemption premium of 45.20% of the principal value. Further, due to the redemption default, the redemption amount attracts default interest at 8% p.a. from the due date of redemption.

The current outstanding(Including payables under settlement agreement signed with few bond holders is USD 10,398,954 (₹621,966,636) as at 31.03.2014. .

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
10 SHORT TERM PROVISIONS		
a. Provision for Gratuity and compensated absences		
-Gratuity	59,25,094	51,95,550
-Compensated absences	2,29,38,652	1,89,61,453
b. Others	6,13,44,897	7,53,42,016
c. Proposed Dividend	4,79,80,720	-
d. Dividend Distribution Tax on Proposed Dividend	81,54,324	-
e. Income Tax provision	8,04,36,264	-
Total	**22,67,79,951**	**9,94,99,019**

Notes to Financial Statement for the year ended 31st March, 2014

11

(₹ in lacs)

Fixed Assets	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 1st April, 2013	Additions	Disposals	Impair-ments	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation charge for the year	On disposals	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
a. Tangible Assets											
Land	96,65,840	-	-	-	96,65,840	-	-	-	-	96,65,840	96,65,840
Buildings	17,70,60,451	-	-	-	17,70,60,451	5,75,42,795	59,13,819	-	6,34,56,614	11,36,03,837	11,95,17,656
Plant and Equipment	52,87,25,819	2,42,69,119	-	-	55,29,94,938	16,62,23,961	2,57,48,820	-	19,19,72,781	36,10,22,157	36,25,01,858
Furniture and Fixtures	81,05,852	2,41,304	-	-	83,47,156	35,06,864	5,20,763	-	40,27,627	43,19,529	45,98,988
Vehicles	80,16,649	-	-	-	80,16,649	51,24,130	7,61,582	-	58,85,712	21,30,937	28,92,519
Office equipment	42,27,357	7,43,535	16,990	-	49,53,902	23,53,012	2,95,811	7,749	26,41,074	23,12,828	18,74,345
Computer and Software	2,66,38,386	9,20,339	-	-	2,75,58,725	2,47,77,928	19,41,553	-	2,67,19,481	8,39,244	18,60,458
Total	**76,24,40,354**	**2,61,74,297**	**16,990**	**-**	**78,85,97,661**	**25,95,28,690**	**3,51,82,348**	**7,749**	**29,47,03,289**	**49,38,94,372**	**50,29,11,664**
b. Intangible Assets											
"Internally Generated ANDA, Market Authorisations, Product Licences & Others"	51,37,86,882	-	-	-	51,37,86,882	28,81,52,425	5,13,78,688	-	33,95,31,113	17,42,55,769	22,56,34,457
Total	**51,37,86,882**	**-**	**-**	**-**	**51,37,86,882**	**28,81,52,425**	**5,13,78,688**	**-**	**33,95,31,113**	**17,42,55,769**	**22,56,34,457**
Total (a+b)	1,27,62,27,236	2,61,74,297	16,990	-	1,30,23,84,543	54,76,81,115	8,65,61,036	7,749	63,42,34,402	66,81,50,141	72,85,46,121
Previous year figure	1,22,76,56,897	4,92,75,063	7,04,724	-	1,27,62,27,236	46,10,88,489	8,70,32,689	4,40,063	54,76,81,115	72,85,46,121	76,65,68,408

Note No.11.1

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

Notes to Financial Statement for the year ended 31st March, 2014

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
12 NON-CURRENT INVESTMENTS		
Trade Investments		
Investment in subsidiaries(Unquoted)	67,61,63,898	67,61,63,898
Total	**67,61,63,898**	**67,61,63,898**

12.1 Investement in Equity Instruments

Name of the Body Corporate	Nova Pharmaceuticals Australasia Pty Ltd.		Investment in Marksans Pharma (UK) LTD.	
Subsidiary / Associate / JV/ Controlled Entity / Others	Subsidiary		Subsidiary	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
No. of Shares	90	90	8492565	1000
Quoted / Unquoted	Unquoted	Unquoted	Unquoted	Unquoted
Partly Paid / Fully paid	Fully Paid	Fully Paid	Fully Paid	Fully Paid
Extent of Holding (%)	60%	60%	100%	100%
Amount (₹)	1,59,05,003	1,59,05,003	66,02,58,895	66,02,58,895
Whether stated at Cost Yes / No	Yes	Yes	Yes	Yes
If Answer to Column above is 'No' - Basis of Valuation	N.A.	N.A.	N.A.	N.A.

12.2 Marksans Pharma Ltd had made an investment of GBP 8,491,565 in Marksans Pharma (UK) Limited shown as advance in the books of Marksans Pharma (UK) Ltd. Marksans Pharma (UK) Ltd. has issued and allotted 8,491,565 ordinary shares of GBP 1 each in consideration of the said advance. Accordingly, the shareholding of Marksans Pharma Limited in Marksans Pharma (UK) Limited has increased from 1000 ordinary shares of GBP 1 each to 8,492,565 ordinary shares of GBP 1 each.

13 LONG TERM LOANS AND ADVANCES		
Unsecured, considered good	1,50,05,699	1,20,21,619
Total	**1,50,05,699**	**1,20,21,619**

14 INVENTORIES		
a. Raw Materials and Packing Materials	43,37,88,342	40,92,84,390
b. Work-in-progress	6,99,22,529	5,74,56,042
c. Finished goods	4,51,93,440	4,02,49,140
d. Stock-in-trade	71,81,740	61,86,183
Total	**55,60,86,051**	**51,31,75,755**

15 TRADE RECEIVABLES		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	1,12,37,97,117	91,41,88,422
Total	**1,12,37,97,117**	**91,41,88,422**

Notes to Financial Statement for the year ended 31st March, 2014

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
16 CASH AND CASH EQUIVALENTS		
a. Balances with banks	53,39,486	37,83,384
b. Cash on hand	3,74,299	2,93,348
c. Bank deposits with less than 12 months maturity	32,79,87,651	18,575
d. Margin Money	34,239	34,239
Total	33,37,35,675	41,29,546
17 SHORT-TERM LOANS AND ADVANCES		
a. Advance recoverable in cash or kind		
Unsecured, considered good	39,13,64,399	25,42,51,248
Total	39,13,64,399	25,42,51,248

Particulars	2013-14 ₹	2012-13 ₹
18 REVENUE FROM OPERATIONS		
Sale of products	3,13,42,24,543	1,91,02,52,630
Other operating revenues	1,52,21,395	1,27,17,499
Less: Excise duty	-	-
Total	3,14,94,45,938	1,92,29,70,129
19 OTHER INCOME		
Interest Income	60,82,534	77,36,037
Insurance Claim received	-	88,77,329
Dividend Income	2,70,37,826	2,51,04,179
Total	3,31,20,360	4,17,17,545
20 COST OF MATERIALS AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	40,92,84,390	20,66,47,868
Add: Purchases	1,45,08,44,495	86,22,11,225
Less: Inventory at the end of the Year	(43,37,88,342)	(40,92,84,390)
Cost of material and components consumed	1,42,63,40,543	65,95,74,703
21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventory at the beginning of the year	10,38,91,365	19,58,22,388
Inventory at the end of the Year	(12,22,97,709)	(10,38,91,365)
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,84,06,344)	9,19,31,023

Notes to Financial Statement for the year ended 31st March, 2014

Particulars	2013-14 ₹	2012-13 ₹
22 EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and incentives	19,29,12,814	14,03,67,147
(b) Contributions to - Providend fund, E.S.I.C. and other fund	53,70,940	52,70,790
(c) Staff welfare expenses	1,56,02,365	82,87,010
Total	**21,38,86,119**	**15,39,24,947**
23 FINANCE COSTS		
Interest expense	6,81,73,237	7,40,35,635
Others	2,87,82,967	2,72,88,005
Applicable net loss on foreign exchange	5,51,71,650	-
Total	**15,21,27,854**	**10,13,23,640**
24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on tangible assets	3,51,82,348	3,56,54,001
Amortization of intangible asssets	5,13,78,688	5,13,78,688
Total	**8,65,61,036**	**8,70,32,689**
25 OTHER EXPENSES		
Water Charges	40,34,642	31,20,075
Power & Fuel	6,06,08,665	4,26,17,615
Freight Inward & Raw Material Clearing Charges	2,72,90,085	1,57,13,052
Repairs & Maintenance	2,98,67,372	2,02,53,740
Other Manufacturing Expenses	2,85,99,847	2,25,44,538
Rent	2,12,71,307	1,80,11,041
Rates & Taxes	3,46,355	12,16,126
Travelling Expenses	1,45,70,044	1,25,90,081
Communication Expenses	28,48,817	24,82,047
Courier & Postage Expenses	25,91,289	17,66,494
Printing & Stationery	49,22,386	40,65,079
Audit Fees	3,37,000	3,37,000
Vehicle Expenses & Local Conveyance	38,77,357	25,07,159
Legal & Professional Fees	2,57,04,139	2,82,16,199
Office Expenses	13,619	12,801
Insurance Charges	69,31,687	69,80,544
Exchange Loss/(Gain)	(5,10,09,832)	(3,43,81,981)
Loss on sale of Fixed Assets	3,907	1,26,884
Other Operating Expenses	4,75,84,064	4,27,30,309
Freight Outward & Export Clg. Exps	11,85,24,208	5,99,69,342
Selling & Distribution Expenses	5,21,76,775	4,84,40,511
Total	**40,10,93,733**	**29,93,18,656**

Notes to Financial Statement for the year ended 31st March, 2014

25 OTHER EXPENSES *(Contd.)*

Particulars	2013-14 ₹	2012-13 ₹
25.1 Details of Payments to the Auditor		
a. As Auditor	3,37,000	3,37,000
Total	**3,37,000**	**3,37,000**

For and on behalf of
N.K. Mittal & Associates
Chartered Accountant

N.K. Mittal
Proprietor
M. No. 46785
F.no. 113281W

Place : Mumbai
Date : 29th May, 2014

For and on behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Statement of Cash Flow for the year ended 31st March, 2014

Particulars	2013-14 ₹	2012-13 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Tax	63,25,91,805	29,60,50,651
Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
-Depreciation	8,65,61,036	8,70,32,689
-Preliminary & Deferred Revenue Expenses Written off	-	-
-Loss on sale of Business/Fixed Assets	3,907	1,26,884
-Interest Expense	6,81,73,237	7,40,35,635
-Interest Receipt	(60,82,534)	(77,36,037)
Operating Profit before working capital changes	**78,12,47,451**	**44,95,09,822**
Movements in working capital :		
(Increase)/Decrease in Inventories	(4,29,10,296)	(11,07,05,499)
(Increase)/Decrease in Trade and other receivables	(20,96,08,696)	(17,22,94,249)
(Increase)/Decrease in loans and advances	(14,00,97,231)	(16,19,11,360)
Increase/(Decrease) in Trade Payable and short term provisions	23,37,31,896	8,50,82,545
Income Tax Paid	(8,05,55,918)	(38,79,000)
Net cash used in operating activities	**54,18,07,206**	**8,58,02,259**
B. CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
(Purchase)/Sale of Business/Fixed Assets	(2,61,68,962)	(4,91,37,286)
Investment	-	(44,10,17,576)
Interest Receipt	60,82,534	77,36,037
Net Cash Flow provided by (used in) Investing Activities	**(2,00,86,428)**	**(48,24,18,825)**
C. CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Increase in Equity Share Capital	-	1,75,00,000
Increase in Share Premium	-	2,73,00,000
Increase in General Reserve	-	2,55,14,86,609
Money received against share warrants	-	(1,15,65,500)
Proposed Dividend and Dividend Distribution Tax on it	(5,61,35,044)	-
Proceeds/(Repayment) of Short Term and Long Term Borrowings/Write back on FCCB Settlement	(6,78,06,368)	(2,28,57,89,095)
Interest Expense	(6,81,73,237)	(7,40,35,635)
Net Cash Flow provided by (used in) Financing Activities	**(19,21,14,649)**	**22,48,96,379**
Net Increase /(Decrease) in Cash and Bank Balances	**32,96,06,129**	**(17,17,20,187)**
Cash & Bank Balances as at 31.03.2013	**41,29,546**	**17,58,49,733**
Cash & Bank Balances as at 31.03.2014	**33,37,35,675**	**41,29,546**
	32,96,06,129	**(17,17,20,187)**

Notes : 1 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.

2 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 Accountant

N.K. Mittal
Proprietor
M. No. 46785
F.no. 113281W

Place : Mumbai
Date : 29th May, 2014

For and on behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Holding Company's Interest in the Subsidiary Companies

		Nova Pharmaceuticals Australasia Pty Ltd	Marksans Pharma (UK) Limited (Consolidated)
1	The Financial Year of the Subsidiary companies ended on	31st March,2014	31st March,2014
2	Date on which it became a Subsidiary	1st April,2006	31st May,2005
3(A)	Numbers of Shares held by Marksans Pharma Ltd (Holding Company) in the Subsidiary Companies at the end of the Financial Year of the Subsidiary Companies	90 Equity Shares of A$1 each	8492565 Equity Shares of GBP 1 each
3(B)	Extent of Interest of Holding Company at the end of the Financial Year of the Subsidiary Companies	60%	100%
4	The net agreegate amount of the Subsidiary Companies Profit/ (Loss) so far as it concerns Members of the Holding Company and		
	(a) Is not dealt with in the Company's Accounts		
	i. For the Financial Year ended 31st March,2014	2,57,50,968	13,77,54,789
	ii. For the Previous Financial Year since it became Subsidiary	4,41,28,858	1,88,86,086
	(b) No part of the Profit/(Loss) has been dealt within Company's Accounts for the Financial Year or for the previous financial year since it became Subsidiary	-	-
	Issued and Subscribed Share Capital	4,781	66,02,58,895
	Reserve	16,58,83,641	(27,68,98,306)
	Total Assets	17,83,18,944	1,79,04,63,146
	Total Liabilities	17,83,18,944	1,79,04,63,145
	Turnover	52,19,09,367	2,62,86,13,395
	Profit/(Loss) before Taxation	6,14,66,537	17,00,55,995
	Provision for Taxation	1,85,48,257	3,23,01,206
	Profit/(Loss) after Taxation	4,29,18,280	13,77,54,789
	Proposed Dividend	4,81,00,968	-
	Exchange Rate	56.1876Avg Australian $	96.0228Avg.GBP

For and on behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai
Date : 29th May, 2014

Consolidated Auditor's Report

To
The Board of Directors of,
MARKSANS PHARMA LIMITED

1) We have audited the attached Consolidated Balance Sheet of MARKSANS PHARMA LIMITED (the company) and its subsidiaries as at 31st March, 2014 and also the Consolidated Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) We report that:

   (a) The consolidated financial statements have been prepared by the company's management in accordance with the requirements of AS-21 on consolidated financial statements issued by the Institute of Chartered Accountants of India.

   (b) We did not audit the financial statement of the subsidiaries, whose financial statement reflect total assets of ₹19,687.82 Lacs as at 31st March, 2014 and total revenues of ₹31,524.43 Lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of other auditors.

4) On the basis of information and explanation given to us and on consideration of separate audit reports on individual audited financial statements of Marksans Pharma Ltd. and its aforesaid subsidiaries, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) In the case of Consolidated Balance Sheet, of the state of affairs of Marksans Pharma Ltd. and its subsidiaries as at 31st March, 2014,

   (b) In the case of Consolidated Statement of Profit and Loss, of the Profit of Marksans Pharma Ltd. and its subsidiaries for the year ended 31st March, 2014, and

   (c) In case of Consolidated Statement of Cash Flow, of the cash flow for the year ended on 31st March, 2014.

For N. K. MITTAL & ASSOCIATES
Chartered Accountants
FR No. 113281W

[N. K. MITTAL]
Proprietor
M No 46785

Place : Mumbai
Date : 29th May, 2014

Consolidated Balance Sheet as at 31st March, 2014

Particulars	Note No.	31st March, 2014 ₹	31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	52,03,07,204	52,03,07,204
(b) Reserves and surplus	4	90,15,17,023	34,44,80,283
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
Minority Interest		6,63,55,369	6,98,99,770
3 Non-current liabilities			
(a) Long-term borrowings	5	19,81,54,043	7,87,68,473
(b) Deferred tax liabilities (Net)	6	2,34,24,746	2,61,64,432
4 Current liabilities			
(a) Short-term borrowings	7	1,05,53,92,474	1,13,78,70,477
(b) Trade payables	8	83,18,17,806	56,06,15,599
(c) Other current liabilities	9	96,57,89,884	1,08,73,43,666
(d) Short-term provisions	10	33,81,93,964	18,69,96,108
TOTAL		4,90,09,52,513	4,01,24,46,012
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		72,48,25,374	74,12,50,588
(ii) Intangible assets		73,16,70,491	81,99,12,669
(b) Non-current investments		-	-
(c) Long-term loans and advances	12	1,50,05,699	1,20,21,619
2 Current assets			
(a) Inventories	13	1,02,58,87,430	77,69,18,989
(b) Trade receivables	14	1,69,60,72,320	1,31,31,42,667
(c) Cash and cash equivalents	15	46,94,69,982	15,87,99,569
(d) Short-term loans and advances	16	23,80,21,217	19,03,99,911
(e) Other current assets- Miscellaneous expenditure		-	-
TOTAL		4,90,09,52,513	4,01,24,46,012
Significant Accounting Policies and Notes on Financial Statements	1-24		

For and on behalf of
N.K. Mittal & Associates
Chartered Accountant

For and on behalf of the Board of Directors

N.K. Mittal
Proprietor
M. No. 46785
F.no. 113281W

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai
Date : 29th May, 2014

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note No.	2013-14 ₹	2012-13 ₹
1. Revenue from operations	17	6,29,99,68,700	4,38,42,23,541
2. Other income	18	3,50,40,630	4,39,54,398
3. Total Revenue (1 + 2)		**6,33,50,09,330**	**4,42,81,77,939**
4. Expenses:			
Cost of materials consumed	19	2,29,04,66,524	1,35,92,88,096
Purchases of Stock-in-Trade		1,41,65,44,239	1,04,78,15,387
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(2,77,17,585)	12,15,42,505
Employee benefits expense	21	66,44,10,719	55,91,25,071
Finance costs	22	19,13,29,152	14,59,64,494
Depreciation and amortization expense	23	15,69,11,928	15,64,98,769
Other expenses	24	77,89,50,013	60,24,70,896
Miscellaneous Expenditure Writtern Off		-	-
Total expenses		**5,47,08,94,990**	**3,99,27,05,218**
5. Profit/(Loss) before exceptional and extraordinary items and tax (3-4)		**86,41,14,340**	**43,54,72,721**
6. Exceptional items		-	-
7. Profit/(Loss) before extraordinary items and tax (5-6)		**86,41,14,340**	**43,54,72,721**
8. Extraordinary Items		-	-
9. Profit/(Loss) before tax (7-8)		**86,41,14,340**	**43,54,72,721**
10. Tax expense:			
(1) Current Year		13,14,20,463	5,17,39,725
(2) Earlier year		(15,082)	(72,766)
(3) Deferred tax		(35,35,188)	(10,44,56,199)
Total Tax Expenses		**12,78,70,193**	**(5,27,89,240)**
11. Profit/(Loss) for the period from continuing operations (9-10)		**73,62,44,147**	**48,82,61,961**
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)		**73,62,44,147**	**48,82,61,961**
16. Less: Minority Interest		**1,71,67,312**	**2,94,19,239**
17. Profit/(Loss) for the period after adjustment for Minority interest(15-16)		**71,90,76,835**	**45,88,42,722**
18. Earnings per equity share:			
(1) Basic		1.87	1.19
(2) Diluted		1.87	1.19
Significant Accounting Policies and Notes on Financial Statements	1 to 24		

For and on behalf of
N.K. Mittal & Associates
Chartered Accountant

For and on behalf of the Board of Directors

N.K. Mittal
Proprietor
M. No. 46785
F.no. 113281W

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Place : Mumbai
Date : 29th May, 2014

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

1 PRINCIPLE OF CONSOLIDATION

a. The consolidated financial statements of Group have been prepared in accordance with Accounting Standard (AS21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

b. The Consolidated financial statement envisages combining of financial statement of Marksans Pharma Limited and its following subsidiaries.

Name of Subsidiary	Country of Incorporation	Percentage of Ownership
(1) Nova Pharmaceuticals Australasia Pty Ltd	Australia	60%
(2) Marksans Pharma (UK) Limited	UK	100%
a) Relonchem Limited.		
b) Marksans Holdings Limited.		
-Bell Sons and Co. (Druggists) Limited		

c. Assets and Liabilities of foreign subsidiary 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 has been adjusted to reserve.

d. The difference between the costs to the company of its investment in the subsidiary companies over the Company's portion of equity is recognised in the financial statements as Goodwill or Capital Reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The Financial Statements are prepared to comply in all material aspects with the accounting principles generally accepted in india, including the applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act,1956.

2.2 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortisation.The Company capitalises all costs relating to the acquisition and installation of fixed assets.

2.3 Depreciation

Depreciation on fixed assets other than leasehold land is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Ministry of Corporate Affairs from time to time. Leasehold land is not amortised.

2.4 Impairment of Assets

The company identifies impairable assets at the year end in terms of cash generating unit concept based on para - 5 to 13 of AS-28 issued by ICAI for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, if any, when crystallizes is charged against revenue of the year.

2.5 Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred including financing costs prior to commencement of commercial production is capitalized. All pre-operative and trial run expenditure accumulated as Capital Work in Progress is allocated on a pro- rata basis depending on the prime cost of the assets.

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

2.6 Inventories

Inventories are valued at the lower of cost (net of CENVAT Credit and Input VAT) or Net Realisable Value as under :

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

Work in Process - At Cost (Direct Cost plus Conversion Cost) upto estimated stage of completion.

By-Products - At Net Realisable Value.

Finished Goods - At Cost (Direct cost plus Conversion Cost and Excise Duty) or Net Realisable Value, whichever is lower.

2.7 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.

2.8 Foreign Currency Transaction

a) Foreign currency transaction are recorded at the exchange rates prevailling on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailling at the date of the Balance Sheet. Gain/Loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss,unless they are considered as an adjustment to borrowing costs.

b) 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.

c) Forward contracts entered into by the Company to hedge the risk of existing assets or liabilities are accounted for as per Guidence Note contained in AS 11 ‘The Effects Of Changes in Exchange Rates (revised 2003)’.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange difference on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. 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.

2.9 Miscellaneous Expenditure

Expenditure on launch of new products and their sales promotion for domestic markets are being amortised over a period of 60 months.

2.10 Research and Development

Capital expenditure on research and development is capitalized as fixed assets. Development cost relating to the new and improved product and/or process development are expensed as incurred.

2.11 Investments

Long term investments are stated at cost less any provision for permanent diminution in the value. The current investments are valued at lower of cost or market value.

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

2.12 Employee Benefits

Liability for Gratuity is accounted on accrual basis.

Annual contributions to Provident Fund & ESIC are accounted on accrual basis and charged to the Statement of Profit & Loss.

2.13 Revenue Recognition

The company recognizes sale of goods on the invoice date. Sales comprise of amounts invoiced for goods sold, including excise duty wherever applicable but net of returns and trade discounts.Dividend Income is accounted on receipt of the same. CRAMS milestone revenues are recognised on signing of Agreement with respective parties.

Interest Income and Guarantee Commission

Interest income is recognised on the basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists. Guarantee commission is recognised in the Statement of Profit and Loss based on contractual terms.

2.14 Income Tax

Current Year:

Provision for current tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

Deferred Tax:

Deferred tax is recognised, subject to the consideration of prudence, 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 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.

Deferred tax assets/liabilities recognised as above is after excluding the amounts,which are getting reversed during the tax holiday period.

2.15 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 and an 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 liklihood of outflow of resouces is remote, no provision or disclosure is made.

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

Particulars	2013-14 ₹	2012-13 ₹
Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	25.68	142.93
(b) Guarantees and Letter of Credit	8,342.30	8,339.05
(c) Other money for which the company is contingently liable		
Sales Tax		
Sales Tax (BST,CST) – 03-04	5.06	20.21
Sales Tax (BST,CST) – 04-05	7.90	7.90
(d) Foreign Currency Convertible Bonds*	-	15,192.89
	8,380.94	23,702.98

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

* **Foreign Currency Convertible Bonds**

The Company had signed settlement agreement with few bond holders for settlement of 36,789 Bonds of USD 1000 each in principal value representing about 97% of the outstanding bonds during February 2013.

One bond holder holding 15,278 Bonds has defaulted in surrendering the third and final tranche bonds as per the settlement agreement even though the company was ready to pay the settlement consideration. They had already executed and surrendered first and second tranche bonds which were subsequently cancelled and extinguished but have defaulted in executing the third and final tranche settlement. The company has, therefore, filed a suit in the High Court of England for specific performance by the bond holder in accordance with the settlement agreement. In the meantime, the English High Court has granted injunction restraining the bond holder from selling or transferring their bonds to or create any interest in such bonds in favour of any person or entity other than the Company until further order of the court.

2.16 Information of Subsidiaries

PARTICULARS	Currency	Bell Sons & Co (Druggists) Limited	Relonchem Limited	Marksans Pharma (UK) Limited CONSOLIDATED	Currency	Nova Pharmaceuticals Australasia Pty Ltd
Capital	GBP	6334	2300	8492565	AUD	150
	RS.	630367	228899	660258895	RS.	4781
Reserve	GBP	6258460	6712088	(2282316)	AUD	3000784
	RS.	622848824	667994381	(276898306)	RS.	165883641
Total Assets	GBP	12450635	11088694	20541634	AUD	3225641
	RS.	1239100891	1103559024	1790463145	RS.	178318944
Total Liabilities	GBP	12450635	11088694	20541634	AUD	3225641
	RS.	1239100891	1103559024	1790463145	RS.	178318944
Investment	GBP	-	-	-	AUD	-
	RS.	-	-	-	RS.	-
Turnover	GBP	16911972	11324964	27374888	AUD	9288693
	RS.	1623934905	1087454753	2628613395	RS.	521909367
Profit/(Loss) Before Taxation	GBP	931361	1273697	1770996	AUD	1093952
	RS.	89431891	122303952	170055995	RS.	61466537
Provision for Taxation	GBP	187040	149351	336391	AUD	330113
	RS.	17960105	14341101	32301206	RS.	18548257
Profit/(Loss) After Taxation	GBP	744321	1124346	1434605	AUD	763839
	RS.	71471787	107962851	137754789	RS.	42918280
Dividend	GBP	-	-	-	AUD	856078
	RS.	-	-	-	RS.	48100968

2.17 Research and development expenditure

During the year, the Company expensed ₹1975.63 Lacs (Previous year ₹453.77) as research and development costs.

2.18 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 Statement for the year ended 31st March, 2014

3 SHARE CAPITAL

Particulars	31st March, 2014		31st March, 2013	
	Number	₹	Number	₹
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	38,53,07,204	38,53,07,204	38,53,07,204	38,53,07,204
7% Redeemable Cumulative Preference Shares of ₹100/- each	13,50,000	13,50,00,000	13,50,000	13,50,00,000
Total	**38,66,57,204**	**52,03,07,204**	**38,66,57,204**	**52,03,07,204**

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	38,53,07,204	38,53,07,204	13,50,000	13,50,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	38,53,07,204	38,53,07,204	13,50,000	13,50,00,000

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 issued 1,350,000 7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid-up to Glenmark Pharmaceuticals Limited on 27th March, 2013 against redemption of 1,350,000 7% Redeemable Cumulative Preference Shares of ₹100/- each issued on 27th March, 2008. These new preference shares will be due for redemption on 27th March, 2018. These 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 the issue of preference shares as stated in Note No.3c above.

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

3 SHARE CAPITAL (Contd.)

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

Name of Shareholder	31st March, 2014		31st March, 2013	
	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	51.25	19,66,72,780	51.04
7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid				
Glenmark Pharmaceuticals Limited	13,50,000	100	13,50,000	100

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
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. Securities Premium Account		
Opening Balance	46,28,88,795	43,55,88,795
(+) Securities premium credited on share issue	-	2,73,00,000
Closing Balance	**46,28,88,795**	**46,28,88,795**
c. General Reserve		
Opening Balance	3,05,85,97,200	50,71,10,591
(+) Current Year Transfer	-	2,55,14,86,609
(-) Written Back in Current Year	-	-
Closing Balance	**3,05,85,97,200**	**3,05,85,97,200**
d. Exchange Fluctuation A/c	(8,02,48,880)	(2,24,44,797)
	(8,02,48,880)	**(2,24,44,797)**
e. Surplus		
Opening balance	(3,15,46,83,415)	(3,56,67,35,656)
(+) Net Profit/(Net Loss) For the current year	71,90,76,835	45,88,42,722
(-) Proposed Dividend	(9,60,81,688)	(4,67,90,481)
(-) Dividend Distribution Tax on Proposed Dividend	(81,54,324)	-
Closing Balance	**(2,53,98,42,592)**	**(3,15,46,83,415)**
Total	**90,15,17,023**	**34,44,80,283**
5 LONG TERM BORROWINGS		
Secured		
a. Term loans		
from banks	19,80,00,000	7,84,00,000
b. Vehicle Loan	1,54,043	3,68,473
Total	**19,81,54,043**	**7,87,68,473**

5.1 The term loan is secured by a charge on the plants and machineries of Goa plants. There are no overdues repayment of the term loan. Maturity profile of Term Loan are as set out below.

	2 years	2-3 years	3-4 years	Beyond 4 years
Term Loan from Bank (₹)	10,37,30,124	7,72,23,919	1,44,00,000	28,00,000

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
6 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities : DTL		
Total fixed assets (B/F)	12,58,68,907	12,58,68,907
Amortizable goodwill	-	-
Add: Deferred Tax Liabilty of Marksans Pharma (UK) Ltd.	47,47,156	39,51,654
Total	**13,06,16,063**	**12,98,20,561**
Deferred Tax Assets : DTA		
Intangible Impairment of assets	10,36,56,129	10,36,56,129
Total fixed assets	35,35,188	-
Total	**10,71,91,317**	**10,36,56,129**
Net DTA / DTL	**2,34,24,746**	**2,61,64,432**
The Net DTA / DTL has the following breakdown:		
Deferred Tax Liabilities : DTL	13,06,16,063	12,98,20,561
Deferred Tax Assets : DTA	10,71,91,317	10,36,56,129
Net DTA / DTL	**2,34,24,746**	**2,61,64,432**

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
7 SHORT TERM BORROWINGS		
Secured		
Working Capital facilities from Bank	1,05,53,92,474	1,13,78,70,477
Total	**1,05,53,92,474**	**1,13,78,70,477**

7.1 Working capital facilities are secured by Hypothecation of stock of raw material,packing material, finished goods,work-in-progress, receivables and equitable mortgage on fixed assets of manufacturing facility of Goa plants, present and future.

Working capital loans taken for Bell Sons and Co.(Druggists) Limited and Relonchem Limited are secured by Corporate Guarantee provided by the parent company Marksans Pharma Ltd.

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
8 TRADE PAYABLE		
Trade Payable	83,18,17,806	56,06,15,599
Total	**83,18,17,806**	**56,06,15,599**

Trade Payable Includes general and miscellaneous creditors.

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
9 OTHER CURRENT LIABILITIES		
a. Current maturities of Term Loan	34,35,98,818	41,13,36,236
b. Current maturities of Vehicle Loan	2,14,430	1,92,444
c. Foreign Currency Convertible Bonds *	62,19,66,636	67,58,04,986
d. Deposits	10,000	10,000
Total	96,57,89,884	1,08,73,43,666

9.1 Term Loan

Term loan includes loan of £ 2.31 million taken by subsidiary Companies which is secured by corporate guarantee provided by the parent company Marksans Pharma Ltd and a pledge of shares in Marksans Holding Limited & Relonchem Limited.

9.2 Foreign Currency Convertible Bonds

The Foreign Currency Convertible Bonds had become due for redemption on 9th November, 2010 and were not redeemed.

These Bonds have redemption premium of 45.20% of the principal value. Further, due to the redemption default, the redemption amount attracts default interest at 8% p.a. from the due date of redemption.

The current outstanding(Including payables under settlement agreement signed with few bond holders is USD 10,398,954 (₹621,966,636) as at 31.03.2014.

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
10 SHORT TERM PROVISIONS		
a. Provision for Gratuity and compensated absences		
-Gratuity	59,25,094	51,95,550
-Compensated absences	3,09,85,630	1,89,61,453
b. Others	13,11,36,001	16,28,39,105
c. Proposed Dividend	4,79,80,720	-
d. Dividend Distribution Tax on Proposed Dividend	81,54,324	-
e. Income Tax provision	11,40,12,195	-
Total	33,81,93,964	18,69,96,108

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

11

(₹ in lacs)

Fixed Assets	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 1st April, 2013	Additions	Disposals	Impair-ments	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation charge for the year	On disposals	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
a. Tangible Assets											
Land	96,65,840	-	-	-	96,65,840	-	-	-	-	96,65,840	96,65,840
Buildings	37,84,26,406	-	-	-	37,84,26,406	7,62,74,988	95,91,876	-	8,58,66,864	29,25,59,542	30,21,51,418
Plant and Equipment	81,20,03,920	3,43,58,569	27,15,334	-	84,36,47,155	39,71,17,213	3,98,03,966	18,04,364	43,51,16,815	40,85,30,340	41,48,86,707
Furniture and Fixtures	98,05,590	2,41,304	16,99,738	-	83,47,156	45,67,394	15,98,441	21,38,208	40,27,627	43,19,529	52,38,196
Vehicles	1,17,18,280	22,68,071	-	-	1,39,86,351	61,55,959	12,18,612	-	73,74,571	66,11,780	55,62,321
Office equipment	56,86,647	8,84,819	16,990	-	65,54,476	38,00,999	4,62,127	7,749	42,55,377	22,99,099	18,85,648
Computer and Software	2,66,38,386	9,20,338	-	-	2,75,58,724	2,47,77,928	19,41,552	-	2,67,19,480	8,39,244	18,60,458
Total	1,25,39,45,069	3,86,73,101	44,32,062	-	1,28,81,86,108	51,26,94,481	5,46,16,574	39,50,321	56,33,60,734	72,48,25,374	74,12,50,588
b. Intangible Assets											
Goodwill	45,26,59,117	-	-		45,26,59,117	11,40,32,337	2,74,48,790		14,14,81,127	31,11,77,990	33,86,26,780
Prescription Product Licences	34,47,37,793	1,28,43,198	-		35,75,80,991	9,19,70,251	2,29,45,704		11,49,15,955	24,26,65,036	25,27,67,542
OTC Product Licences	36,22,103	12,09,978	-		48,32,081	7,38,212	5,22,172		12,60,384	35,71,697	28,83,891
"Internally Generated ANDA,Market Authorisations, Product Licences & Others"	51,37,86,881	-	-	-	51,37,86,881	28,81,52,425	5,13,78,688	-	33,95,31,113	17,42,55,768	22,56,34,456
Total	1,31,48,05,894	1,40,53,176	-	-	1,32,88,59,070	49,48,93,225	10,22,95,354	-	59,71,88,579	73,16,70,491	81,99,12,669
Total (a+b)	2,56,87,50,963	5,27,26,277	44,32,062	-	2,61,70,45,178	1,00,75,87,706	15,69,11,928	39,50,321	1,16,05,49,313	1,45,64,95,865	1,56,11,63,257
Previous year figure	2,50,50,63,419	6,43,92,268	7,04,724	-	2,56,87,50,963	85,15,29,000	15,64,98,769	4,40,063	1,00,75,87,706	1,56,11,63,257	1,65,35,34,419

Note No.11.1

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

Particulars	31st March, 2014 ₹	31st March, 2013 ₹
12 LONG TERM LOANS AND ADVANCES		
Unsecured, considered good	1,50,05,699	1,20,21,619
Total	**1,50,05,699**	**1,20,21,619**
13 INVENTORIES		
Raw Materials, Packing Materials,Work-in-progress, Finished goods and Stock-in-trade	1,02,58,87,430	77,69,18,989
Total	**1,02,58,87,430**	**77,69,18,989**
14 TRADE RECEIVABLES		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	1,69,60,72,320	1,31,31,42,667
Total	**1,69,60,72,320**	**1,31,31,42,667**
15 CASH AND CASH EQUIVALENTS		
a. Balances with banks	13,76,32,249	15,50,58,393
b. Cash on hand	5,86,442	4,22,135
c. Bank deposits with less than 12 months maturity	32,91,00,665	18,575
d. Margin Money	21,50,626	33,00,466
Total	**46,94,69,982**	**15,87,99,569**
16 SHORT-TERM LOANS AND ADVANCES		
a. Advance recoverable in cash or kind		
Unsecured, considered good	23,80,21,217	19,03,99,911
Total	**23,80,21,217**	**19,03,99,911**

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

Particulars	2013-14 ₹	2012-13 ₹
17 REVENUE FROM OPERATIONS		
Sale of products	6,28,47,47,305	4,37,15,06,042
Other operating revenues	1,52,21,395	1,27,17,499
Less: Excise duty	-	-
Total	**6,29,99,68,700**	**4,38,42,23,541**
18 OTHER INCOME		
Interest Income	71,99,669	99,72,890
Insurance Claim received	-	88,77,329
Other income	8,03,135	-
Dividend Income	2,70,37,826	2,51,04,179
Total	**3,50,40,630**	**4,39,54,398**
19 COST OF MATERIALS AND COMPONENTS CONSUMED		
Cost of material and components consumed	2,29,04,66,524	1,35,92,88,096
Total	**2,29,04,66,524**	**1,35,92,88,096**
20 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,77,17,585)	12,15,42,505
Total	**(2,77,17,585)**	**12,15,42,505**
21 EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and incentives	59,33,02,266	50,08,86,863
(b) Contributions to - Providend fund, E.S.I.C. and other fund	4,82,29,359	4,27,86,357
(c) Staff welfare expenses	2,28,79,094	1,54,51,851
Total	**66,44,10,719**	**55,91,25,071**
22 FINANCE COSTS		
Interest expense	10,39,57,105	11,45,28,722
Others	3,22,00,397	3,14,35,772
Applicable net loss on foreign exchange	5,51,71,650	-
Total	**19,13,29,152**	**14,59,64,494**
23 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on tangible assets	5,46,16,574	6,02,19,825
Amortization of intangible asssets	10,22,95,354	9,62,78,944
Total	**15,69,11,928**	**15,64,98,769**

Notes to Consolidated Financial Statement for the year ended 31st March, 2014

Particulars	2013-14 ₹	2012-13 ₹
24 OTHER EXPENSES		
Water Charges	40,34,642	81,27,834
Power & Fuel	7,39,97,326	5,31,08,626
Freight Inward & Raw Material Clearing Charges	10,91,54,611	4,61,69,692
Repairs & Maintenance	5,58,28,170	3,22,08,449
Other Manufacturing Expenses	4,92,77,683	5,22,96,906
Rent	3,52,32,052	2,72,70,920
Rates & Taxes	1,10,95,671	70,33,576
Travelling Expenses	2,28,88,560	2,70,21,432
Communication Expenses	70,79,760	53,90,622
Courier & Postage Expenses	25,91,289	31,75,975
Printing & Stationery	98,52,659	69,42,320
Audit Fees	45,36,018	30,26,797
Vehicle Expenses & Local Conveyance	86,99,082	51,36,108
Legal & Professional Fees	4,98,60,786	3,82,67,016
Office Expenses	1,97,521	5,11,596
Insurance Charges	1,79,49,779	1,60,79,026
Exchange Loss/(Gain)	(3,76,05,930)	(3,50,75,027)
Loss/(Profit) on sale of Fixed Assets	(1,64,709)	1,26,884
Other Operating Expenses	8,68,01,112	8,23,85,243
Freight Outward & Export Clg. Exps	16,49,44,732	11,66,32,526
Selling & Distribution Expenses	10,26,99,199	10,66,34,375
Total	**77,89,50,013**	**60,24,70,896**

24.1 Details of Payments to the Auditor

a. As Auditor	45,36,018	30,26,797
Total	**45,36,018**	**30,26,797**

For and on behalf of
N.K. Mittal & Associates
Chartered Accountant

N.K. Mittal
Proprietor
M. No. 46785
F.no. 113281W

Place : Mumbai
Date : 29th May, 2014

For and on behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Consolidated Statement of Cash Flow for the year ended 31st March, 2014

Particulars	2013-14 ₹	2012-13 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) After Tax	71,90,76,835	45,88,42,722
Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
-Depreciation	15,69,11,928	15,64,98,769
-Preliminary & Deferred Revenue Expenses Written off	-	-
-Exchange Fluctuation Reserve	(5,78,04,083)	1,73,43,204
-Loss/(Profit) on sale of Business/Fixed Assets	(1,64,709)	1,26,884
-Interest Expense	10,39,57,105	11,45,28,722
-Interest Receipt	(71,99,669)	(99,72,890)
Operating Profit before working capital changes	**91,47,77,407**	**73,73,67,411**
Movements in working capital :		
(Increase)/Decrease in Inventories	(24,89,68,442)	(4,33,30,275)
(Increase)/Decrease in Trade and other receivables	(38,29,29,653)	(18,54,55,772)
(Increase)/Decrease in loans and advances	(5,06,05,386)	(9,04,59,304)
Deferred Tax Assets/Liability	(27,39,686)	(10,44,40,388)
Minority Interest	(35,44,401)	1,37,38,538
Increase/(Decrease) in Trade Payable and Short term provisions	42,24,00,063	5,81,83,265
Net cash used in operating activities	**64,83,89,902**	**38,56,03,475**
B. CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
(Purchase)/Sale of Business/Fixed Assets	(5,20,79,826)	(6,42,54,490)
Investment	-	-
Interest Receipt	71,99,669	99,72,890
Net Cash Flow provided by (used in) Investing Activities	**(4,48,80,157)**	**(5,42,81,600)**
C. CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Increase in Equity Share Capital	-	1,75,00,000
Increase in Share Premium	-	2,73,00,000
Increase in General Reserve	-	2,55,14,86,609
Increase in Capital Reserve	-	(46,86,00,000)
Money received against share warrants	-	(1,15,65,500)
Proposed Dividend and Dividend Distribution Tax on it	(10,42,36,012)	(4,67,90,481)
Proceeds/(Repayment) of Short Term and Long Term Borrowings/Write back on FCCB Settlement	(8,46,46,215)	(2,35,11,90,013)
Interest Expense	(10,39,57,105)	(11,45,28,722)
Net Cash Flow provided by (used in) Financing Activities	**(29,28,39,332)**	**(39,63,88,107)**
Net Increase /(Decrease) in Cash and Bank Balances	**31,06,70,413**	**(6,50,66,232)**
Cash & Bank Balances as at 31.03.2013	**15,87,99,569**	**22,38,65,801**
Cash & Bank Balances as at 31.03.2014	**46,94,69,982**	**15,87,99,569**
	31,06,70,413	**(6,50,66,232)**

Notes :

1. 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.
2. 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 Accountant

N.K. Mittal
Proprietor
M. No. 46785
F.no. 113281W

Place : Mumbai
Date : 29th May, 2014

For and on behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Dr. Balwant S. Desai
Whole - Time Director

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Notice

To the Members of **Marksans Pharma Limited,**

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Marksans Pharma Limited will be held **on Thursday, the 25th September, 2014** at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053, at **10.30 a.m.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   (a) the audited Financial Statement of the Company for the financial year ended 31st March 2014, the Reports of the Board of Directors and Auditors thereon; and

   (b) the audited Consolidated Financial Statement of the Company for the financial year ended 31st March 2014.

2. To declare dividend on equity shares and preference shares.

3. To appoint a Director in place of Dr. Balwant Shankarrao Desai (DIN 03631170), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.

4. To appoint auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT M/s N. K. Mittal & Associates, Chartered Accountants (Registration No. 113281W) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

5. To approve revision in the remuneration of Dr. Balwant Shankarrao Desai (DIN 03631170), Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

   "RESOLVED THAT pursuant to Sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the company be and is hereby accorded to the revision in the remuneration of Dr. Balwant Shankarrao Desai (DIN 03631170), Whole-time Director of the Company with effect from 01st April, 2014 as detailed below:

Particulars	Amount in ₹ Per Month
Basic	2,15,000.00
Special Allowance	1,71,057.17
Leave Travel Allowance	17,916.67
Medical Allowance	17,916.67
Bonus	43,000.00
Provident Fund	25,800.00
Gratuity	9,309.50
Total Remuneration Per Month	**₹5,00,000.00**
Total Remuneration Per Annum	**₹60,00,000.00"**

"RESOLVED FURTHER THAT Dr. Balwant Shankarrao Desai shall be entitled to incentive of upto ₹20,00,000.00 in a year on an achievement of target as discussed and approved by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT Dr. Balwant Shankarrao Desai shall be provided with Company's car with driver for use in company's business."

"RESOLVED FURTHER THAT the remuneration payable to Dr. Balwant Shankarrao Desai shall be subject to deduction of tax as per the provisions of the Income Tax Act."

"RESOLVED FURTHER THAT the remuneration payable to Dr. Balwant Shankarrao Desai 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 Dr. Balwant Shankarrao Desai, 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 as provided in 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 do such acts, deeds and things as may be necessary in this regard."

6. To appoint Mrs. Sandra Saldanha (DIN 00021023) as a Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force), Mrs. Sandra Saldanha (DIN 00021023), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

   "**RESOLVED FURTHER 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), Mrs. Sandra Saldanha (DIN 00021023) be and is hereby appointed as a Whole-time Director of the Company for a period of three (3) years with effect from 25th September, 2014 on the following remuneration:

Particulars	Amount in ₹ Per Month
Basic	5,38,547.00
Special Allowance	45,000.00
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** the 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** the 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 as 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 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 do such acts, deeds and things as may be necessary in this regard."

7. To re-appoint Dr. Balwant Shankarrao Desai(DIN 03631170) as a Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 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), Dr. Balwant Shankarrao Desai (DIN 03631170) be and is hereby re-appointed as a Whole-time Director (Quality and Regulatory Affairs) of the Company, designated as Chief Operating Officer of the Goa plants of the Company, for a period of three (3) years with effect from 29th September, 2014 on the following remuneration:

Particulars	Amount in ₹ Per Month
Basic	2,15,000.00
Special Allowance	1,71,057.17
Leave Travel Allowance	17,916.67
Medical Allowance	17,916.67
Bonus	43,000.00

Particulars	Amount in ₹ Per Month
Provident Fund	25,800.00
Gratuity	9,309.50
Total Remuneration Per Month	**₹5,00,000.00**
Total Remuneration Per Annum	**₹60,00,000.00"**

"**RESOLVED FURTHER THAT** Dr. Balwant Shankarrao Desai shall be entitled to incentive of upto ₹20,00,000.00 in a year on an achievement of target as discussed and approved by the Board of Directors of the Company from time to time."

"**RESOLVED FURTHER THAT** Dr. Balwant Shankarrao Desai shall be provided with Company's car with driver for use in company's business."

"**RESOLVED FURTHER THAT** the remuneration payable to Dr. Balwant Shankarrao Desai shall be subject to deduction of tax as per the provisions of the Income Tax Act."

"**RESOLVED FURTHER THAT** the remuneration payable to Dr. Balwant Shankarrao Desai 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 Dr. Balwant Shankarrao Desai, 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 as 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 Dr. Balwant Shankarrao Desai during his tenure within the limits set out 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 do such acts, deeds and things as may be necessary in this regard."

8. To appoint Mr. Naresh Balwant Wadhwa (DIN 01999073) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. Naresh Balwant Wadhwa(DIN 01999073) be and is hereby appointed as an independent director of the Company to hold office for a term upto five (5) consecutive years commencing from 25th September, 2014 not liable to retire by rotation."

9. To approve borrowing power of the Board of Directors in excess of the aggregate of the paid-up share capital and free reserves of the Company and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** in supersession of the Ordinary Resolution passed by the shareholders of the Company through voting by postal ballot and declared on 29th February, 2008 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013(including any statutory modification or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, at their discretion, for the purpose of the business of the Company, any sum or sums of monies which together with monies already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the Paid-up Share Capital and Free Reserves of the Company, that is to say reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any point of time (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) shall not exceed ₹1000 Crores (Rupees One Thousand Crores only) over and above the aggregate of the Paid up Share Capital and Free Reserves of the Company and that the Board of Directors be and is hereby empowered and authorized to consider and fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

   "**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to finalise, settle and execute such documents/ deeds/writings/papers/ agreements and do all such acts, deeds, matters and things as may be required to give effect to this Resolution."

10. To approve power of the Board of Directors to create charges on the movable and immovable properties, both present and future of the Company from time to time and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"**RESOLVED THAT** in supersession of the Ordinary Resolution passed by the shareholders of the Company through voting by postal ballot and declared on 29th February, 2008 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013(including any statutory modification or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecation created by the Company, on such movable and immovable properties, both present and future and/or the whole or any part of the undertaking(s) of the Company in such manner and with such ranking and at such time and on such terms as the Board may determine, in favour of the Lender(s), Agent(s) and Trust(s)/Trustee(s), for securing the borrowings availed/to be availed by the Company and/ or any of the Company's holding / subsidiary / affiliate / associate Company, by way of loan(s) (in foreign currency and/or rupee currency) and Securities (comprising fully/ partly Convertible Bonds/ Debentures / Warrants and/or Non Convertible Debentures with or without detachable or non-detachable Warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/ Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Lender(s)/Agent(s) and Trust(s) / Trustee(s), in respect of the said loans / borrowings / bonds/ debentures / warrants and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s)/ Agent(s)and Trust(s) /Trustee(s)."

"**RESOLVED FURTHER THAT** the Board and/or its duly constituted Committee be and are hereby authorised to finalise, settle and execute such documents/ deeds/ writings/papers/ agreements and do all such acts, deeds, matters and things as may be required to give effect to this Resolution."

By order of the **Board of Directors**

Harshavardhan Panigrahi
Company Secretary and Legal Manager

Place : Mumbai
Dated : 15th July 2014

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.

b) The Register of Members and Share Transfer Books of the Company will be closed from **Saturday, the 20th September, 2014** and will remain closed **till Thursday, the 25th September, 2014** (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 6th October, 2014 to those members whose names shall appear on the Company's Register of Members on **19th September, 2014**. In respect of the shares held in dematerialised form, the dividend will be paid to the beneficial owners whose names will be furnished by the Depositories as on that date.

d) 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 Registrars and Transfer Agents, Bigshare Services Private Limited can not 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.

e) In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing facility to its members to exercise their vote at the meeting through e-voting. Please refer to the instructions which are being sent alongwith the Annual Report.

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 accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrars and Transfer Agents.

g) Shareholders 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 Registrars and Transfer Agents, 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 shareholders 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 shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Registrars and Transfer Agents Bigshare Services Private Limited for nomination form quoting their folio number. Shareholders 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 stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are provided in the Corporate Governance Report forming part of the Annual Report.

l) 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.

m) 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.

n) 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.

o) Members who have not registered their e-mail addresses so far are requested to register their e-mail address with the Company's Registrars and Transfer Agent for receiving all communication including Annual Report, Notices, etc. from the Company electronically.

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

Dr. Balwant Shankarrao Desai was appointed as a whole-time director for a period of 3 years commencing from 29th September, 2011 and the terms and conditions of appointment, including remuneration were approved by the shareholders at the 19th Annual General Meeting held on 29th September, 2011. The shareholders had authorized the Board of Directors of the Company to increase remuneration of Dr. Balwant Shankarrao Desai within the limit set out in Schedule XIII of the Companies Act, 1956.

The Board of Directors at its meeting held on 29th May, 2014, subject to the approval of the shareholders of the Company, has approved a revision in the remuneration of Dr. Balwant Shankarrao Desai with effect from 1st April, 2014. However, the total amount of increased remuneration may exceed the limit set out in Schedule V of the Companies Act, 2013 (since Schedule XIII of the Companies Act, 1956 replaced by Schedule V of the Companies Act, 2013 with effect from 1st April, 2014).

As required under Section 196 and Section 197 read with Schedule V of the Companies Act, 2013, increase in remuneration beyond the limit set out in Schedule V of the Companies Act, 2013 shall be subject to approval of the shareholders accorded by a special resolution. The increase in remuneration of Dr. Balwant Shankarrao Desai has also the approval of the Remuneration Committee of Directors.

Save and except Dr. Balwant Shankarrao Desai, 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 commends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6

As per the provisions of Section 149(1) of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement, the Company should have atleast one woman director. Keeping in view these legal requirements, the Board of Directors has proposed that Mrs. Sandra Saldanha be appointed as a Director of the Company liable to retire by rotation.

The Company has received notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mrs. Sandra Saldanha for the office of Director.

Further, the Board of Directors has proposed that Mrs. Sandra Saldanha be appointed as a Whole-time Director for a period of 3 (three) years commencing from 25th September, 2014 at a remuneration recommended by the Remuneration Committee of Directors as set out in the resolution. The proposal of appointment and remuneration of Mrs. Sandra Saldanha has the approval of the Audit Committee of Directors 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 be benefited by her expertise. Previously, Mrs. Sandra Saldanha has served the Company as a Director during the period from 06th October, 2005 till 13th April, 2006. Currently, Mrs. Sandra Saldanha is a Director in Marksans Pharma (UK) Limited.

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 Clause 49 of the Listing Agreement with the Stock Exchanges, are 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 appointment as a 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 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 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. 6 of the Notice.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

Item No. 7

The tenure of Dr. Balwant Shankarrao Desai as Whole-time Director of the Company will expire on 28th September, 2014. In terms of Section 196, 197 and 203 read with Schedule V of the Companies Act, 2013, the Board of Directors of the Company has proposed that Dr. Balwant Shankarrao Desai be re-appointed as a Whole-time Director of the Company for a further period of three (3) years commencing from 29th September, 2014 at a remuneration recommended by the Remuneration Committee of Directors as set out in the resolution.

The remuneration proposed are in line with the remuneration package that is necessary to continue to encourage good professionals to important position such as that occupied by Dr. Balwant Shankarrao Desai.

Dr. Balwant Shankarrao Desai is designated as the Chief Operating Officer of the Goa plants of the Company. He is a Bachelor of Science in Chemistry, Master of Science in Analytical Chemistry and Ph. D. in Analytical Chemistry. He has been associated with the Company since 07th March, 2006. Prior to joining Marksans Pharma Limited, he was associated with Alembic Ltd as Vice President – Quality & Regulatory Affairs. He has about 26 years of experience in quality management systems as per national and international requirements, preparation and submission of Dossiers of drug products and ANDA application for registration of products in US, Europe and other countries. He has also been instrumental in obtaining international regulatory approvals from US FDA, UK MHRA and other global health authorities. His in-depth knowledge and experience in the aforesaid field shall be of great help to the Company in the long run. The re-appointment of Dr. Balwant Shankarrao Desai is appropriate and in the best interest of the Company.

Brief resume of Dr. Balwant Shankarrao Desai, nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Save and except Dr. Balwant Shankarrao Desai, 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. 7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Item No. 8

Mr. Naresh Balwant Wadhwa was appointed as an additional director of the Company effective from 31st October, 2013. However, his tenure as an additional director shall expire on 25th September, 2014 being the date of the next Annual General meeting.

The Company has received notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Naresh Balwant Wadhwa for the office of Director.

The Company has also received declarations from Mr. Naresh Balwant Wadhwa that he meets with the criteria of independence as prescribed both under Sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

In the opinion of the Board, Mr. Naresh Balwant Wadhwa fulfills the conditions for appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. He is independent of the management of the Company.

Mr. Naresh Balwant Wadhwa is an Engineering Graduate in Electronics. He has been instrumental in globalization using India as a platform for innovation and benefit of other emerging markets. He has worked in collaboration with Cisco's Globalization Center and Cisco's engineering organization (R&D) to develop and deploy disruptive technology and business models that were leveraged across the world. Technology intervention for inclusive growth across emerging countries is a personal passion for Mr. Wadhwa.

Brief resume of Mr. Naresh Balwant Wadhwa, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter for appointment of Mr. Naresh Balwant Wadhwa as Independent Director setting out the terms and conditions are available for inspection by members at the registered office of the Company.

Mr. Naresh Balwant Wadhwa is interested in the resolution set out at Item No. 8 of the Notice with regard to his appointment.

The relative of Mr. Naresh Balwant Wadhwa is holding 909689 equity shares in the Company and may be deemed to be interested in the resolution set out at Item No. 8 of the Notice, to the extent of her shareholding interest in the Company.

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. 8 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

Item No. 9

The Company has passed, through voting by postal ballot and declared on 29th February, 2008, an Ordinary Resolution under erstwhile Section 293(1)(d) of the Companies Act, 1956 authorising the Board of Directors to borrow in excess of the aggregate of the Paid-up Share Capital and Free Reserves subject to a limit of ₹1000 Crores in excess of the aggregate of the paid-up share capital and free reserve at any time.

However, as required under Section 180(1)(c) of the Companies Act, 2013, the Board of Directors can borrow money in excess of the aggregate of the Paid-up Share Capital and Free Reserves only with the consent of the Company accorded by a Special Resolution.

Keeping in view the Company's business requirements and its growth plans, it is considered desirable to authorize the Board of Directors to borrow money in excess of aggregate of the Paid-up Share Capital and Free Reserves subject to the limit of ₹1000 Crores in excess of the aggregate of the paid-up share capital and free reserve at any time by a Special Resolution as required under Section 180(1)(c) of the Companies Act, 2013.

None of the 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. 9 of the Notice.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

Item No. 10

The Company has passed, through voting by postal ballot and declared on 29th February, 2008, an Ordinary Resolution under erstwhile Section 293(1)(a) of the Companies Act, 1956 authorising the Board of Directors to create charge on the assets of the Company in favour of the lenders.

However, as required under Section 180(1)(a) of the Companies Act, 2013, the Board of Directors can dispose of the Company's assets only with the consent of the Company accorded by a Special Resolution.

Creation of charge, mortgage and hypothecation on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company or of any of its holding, subsidiary, affiliate or associate Company may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013. Hence, it is necessary for the Members to pass a Special Resolution under Section 180(1)(a) of the Companies Act, 2013.

None of the 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. 10 of the Notice.

The Board commends the Special Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

By order of the **Board of Directors**

Harshavardhan Panigrahi
Company Secretary
and Legal Manager

Place : Mumbai
Dated : 15th July, 2014

E-VOTING INSTRUCTION FOR SHAREHOLDER

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 18 September 2014 at 10 a.m. IST and ends on 20 September 2014 at 6 p.m. IST. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14 August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(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 demat 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	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • 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 folio/client id number in the PAN field. • In case the folio 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. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
Details	• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.

(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 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 for 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 same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non–Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- 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 they have to create 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.

(xix) 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.

(xx) General instructions:

a. Mr. Ashish Kumar Jain (of M/s A. K. Jain & Co., Practicing Company Secretary (Membership No. 6058, CP number 6124) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

b. 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.

c. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 14 August 2014.

d. 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 within two days of the passing of the resolutions at the 22nd Annual General Meeting of the Company on 25 September 2014, and communicated to the Stock Exchanges where the company's shares are listed.

NOTES

NOTES

Marksans Pharma Ltd.

CIN: L24110MH1992PLC066364

Registered Office: 11th Floor, Lotus Business Park, Off New Link Road, Andheri (W), Mumbai – 400053

Tel: +91 22 4001 2000, Fax: +91 22 4001 2011, Website: www.marksanspharma.com

ATTENDANCE SLIP

Folio No./Client ID:………………………………………………………………No. of Shares……………………………………....

Name of Member / Proxy: ………………………………………………………………………………………………………..

I hereby record my presence at the 22nd Annual General Meeting of the Company on Thursday, September 25, 2014 at 10:30 a.m. at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053.

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

Registered Office: 11th Floor, Lotus Business Park, Off New Link Road, Andheri (W), Mumbai – 400053

Tel: +91 22 4001 2000, Fax: +91 22 4001 2011, Website: www.marksanspharma.com

PROXY

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 Marksans Pharma Limited hereby appoint:

1) ………………………………….. of …………………………. having e-mail id ……………………………………..…or failing him

2) ………………………………….. of …………………………. having e-mail id ……………………………………..…or failing him

3) ………………………………….. of …………………………. having e-mail id ……………………………………..…or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote for me/us on my/our behalf at the **22nd Annual General Meeting of the Company on Thursday, September 25, 2014 at 10:30 a.m.** at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053, 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, 2014		
2. Declaration of dividend on equity shares and preference shares for the year ended March 31, 2014		

Resolutions	For*	Against*
3. Re-appointment of Dr. Balwant Shankarrao Desai, who retires by rotation		
4. Re-appointment of M/s N. K. Mittal & Associates, Chartered Accountants, as Statutory Auditors of the Company		
Special Business		
5. Revision in remuneration of Dr. Balwant Shankarrao Desai, whole-time Director		
6. Appointment of Mrs. Sandra Saldanha as a Whole-time Director		
7. Re-appointment of Dr. Balwant Shankarrao Desai as a Whole-time Director		
8. Appointment of Mr. Naresh Balwant Wadhwa as an Independent Director		
9. Approval of borrowing power of the Board of Directors		
10. Approval of disposal of assets by way of charge, mortgage or hypothecation		

Signed on the …...day of ……………… 2014 *Signature of Shareholder:*

Please Affix Revenue Stamp

Signature of Proxy holders:

(1)…………………………………….. (2)……………………………………. (3)…………………………………………………

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*

Dr. Balwant S. Desai – *Whole-time Director*

Mr. Seetharama S. Buddharaju – *Director*

Mr. Naresh B. Wadhwa – *Director*

Mr. Ajay S. Joshi – *Director*

Registered Office

11th Floor, Lotus Business Park
Off New Link Road
Andheri (West)
Mumbai – 400053

CIN

L24110MH1992PLC066364

Registrar & Share Transfer Agent

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Andheri (East), Mumbai – 400072

Legal Advisors

M/s Crawford Bayley & Co.

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

22nd Annual General Meeting

Day & date : Thursday, 25th September, 2014
Time : 10:30 a.m.
Venue : GMS Community Centre Hall
Sitladevi Complex
1st Floor, D. N. Nagar, Link Road
Andheri (West), Mumbai – 400053

Key Management Personnel

Mr. Mark Saldanha – *Chairman & Managing Director*

Dr. Balwant S. Desai – *Whole-time Director & COO*

Mr. Jitendra Sharma – *Chief Financial Officer*

Company Secretary & Manager - Legal

Mr. Harshavardhan Panigrahi

Statutory Auditors

M/s N. K. Mittal & Associates

Marksans Pharma Ltd.
CIN: L24110MH1992PLC066364
11th Floor, Lotus Business Park
Off New Link Road, Andheri (West)
Mumbai – 400053

www.marksanspharma.com

Marksans Pharma Ltd.

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

(Pursuant to Clause 31(a) of the Listing Agreement)

1	Name of the Company	MARKSANS PHARMA LIMITED
2	Annual Financial Statements for the year ended	31st March, 2014
3	Type of Audit Observation	Un-qualified
4	Frequency of Observation	Not Applicable

For **MARKSANS PHARMA LIMITED**

Mark Saldanha
Managing Director

S. R. Buddharaju
Chairman of Audit Committee

Jitendra Sharma
Chief Financial Officer

Mumbai
22nd August, 2014

For **N.K. Mittal & Associates**
Chartered Accountants
FR No. 113281W

N. K. Mittal & Associates
MUMBAI
M. No. 046785
Chartered Accountants

N. K. Mittal
Proprietor
Membership No. 46785

Mumbai
22nd August, 2014