



**CAPLIN POINT LABORATORIES LIMITED**

**Eighteenth Annual Report**

**2008-2009**

**CAPLIN POINT LABORATORIES LIMITED****EIGHTEENTH ANNUAL REPORT****BOARD OF DIRECTORS**

**Mr.C.C.PAARTHIPAN**  
Chairman

**Mr.M.JAYAPAL**  
Managing Director

**Mr.K.KANMANI PORTKO**  
(Whole Time Director upto 06.08.09)

**Mr.P.T.BABY THOMAS**  
(Director)

**Mr.R.BALAKRISHNAN**  
(Director upto July 2009)

**Mr.V.THIRUMALAI**  
(Director)

**Mr. D.P. Mishra**  
(Director)

**Mr.J.Nirmal Kumar**  
(Alternate Director to  
Mr.P.T. Baby Thomas  
upto 21.07.08)

**AUDITORS**

**M/s. T. UDAYA RAJ & ASSOCIATES**  
Chartered Accountants  
222/3, Varadammal Garden First Street,  
Kellys  
Chennai 600 010

**BANKERS**

**THE CATHOLIC SYRIAN BANK LTD**  
Mount Road Branch  
Tarapore Towers  
CHENNAI – 600 002.

**REGISTERED AND CORPORATE  
OFFICE**

“Narbavi”  
No. 3, Lakshmanan Street,  
T. Nagar,  
CHENNAI – 600 017.

**FACTORY**

**Unit I**  
85/3, Suthukeny Village  
Mannadipet Commune Panchayat  
Pondicherry

**Unit II**  
No. 19, Chinnapuliyur Village,  
Sirupuzhalpet,  
Gummidipoondi, Tamilnadu

**Unit III**  
Khasra No. 435, Village Suraj Majra,  
N.H. 21, Baddi  
Tehsil Nalagarh, Dist. Solan,  
Himachalpradesh – 173 205.

**CAPLIN POINT LABORATORIES LIMITED****NOTICE**

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Wednesday the 23<sup>rd</sup> day of December, 2009 at 3.00 p.m. at Pasumpon Trust (Pasumpon Thevar Mandapam) No.158, Habibullah Road, T Nagar, Chennai – 600 017 to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the financial year ended 30<sup>th</sup> June 2009 and Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Mr. C.C. Paarthipan, who retires by rotation and being eligible offers himself for re-appointment.

**RESOLVED THAT** Mr. C.C. Paarthipan, who retires by rotation be and is hereby re-appointed as Director of the Company liable to retire by rotation

3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** Messrs. M. Raghunath and Company, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company in the place of the retiring Auditors M/s.T.Udaya Raj & Associates, Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration fixed by the Board of Directors in consultation with the auditors on mutually agreed terms and conditions.

**Special Business:**

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

**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and other approvals as may be required, approval be and is hereby given for payment of revised remuneration to Mr. M. Jayapal, Managing Director of the Company on the following terms for a period commencing from 1<sup>st</sup> January 2009 till 27<sup>th</sup> March 2011.

**a. Salary & Allowances**

Salary, allowances and perquisites not exceeding Rs.40,000/- per month with effect from 1<sup>st</sup> January 2009 till 27<sup>th</sup> March 2011.

**b. General**

- i) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes) the perquisites shall be valued as per income tax rules.
- ii) Mr. M. Jayapal would be subject to all other service conditions as applicable to any other employee of the Company.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites, amenities, facilities, incentive and retirement benefits to Mr. M. Jayapal, as may be determined by the Board, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board / Remuneration Committee be and are hereby authorised severally to take all such actions and give all such directions or do all such acts, deeds, matters and things as may be necessary in this regard.

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

**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and other approvals as may be required, approval be and is hereby given for appointment and payment of remuneration to Mr. K. Kanmani Portko as Whole Time Director of the Company for a period from 1<sup>st</sup> January 2009 to 6th August 2009 on the following terms and conditions:-

a. Salary

Rs.20,000/- per month with effect from 1<sup>st</sup> January 2009 .

b. Allowances / Perquisites / Amenities

Allowances including Contribution to Provident Fund, Superannuation Fund, Gratuity, Encashment of leave, club fees / reimbursement of club bills and any other allowances as per the rules of the Company from time to time, not exceeding one month's salary

c. General

i) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes) the perquisites shall be valued as per income tax rules.

ii) Mr. K. Kanmani Portko would be subject to all other service conditions as applicable to any other employee of the Company.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites, amenities, facilities, incentive and retirement benefits to Mr. K. Kanmani Portko, as may be determined by the Board, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board / Remuneration Committee be and are hereby authorised severally to take all such actions and give all such directions or do all such acts, deeds, matters and things as may be necessary in this regard.

By order of the Board  
For Caplin Point Laboratories Limited

M Jayapal  
Managing Director

Place: Chennai  
Date : 25<sup>th</sup> November 2009

**NOTES:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for holding the meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business at Items 4 and 5 of the above Notice is annexed hereto. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days (except Saturdays, Sundays and Public holidays) between 11.00 a.m. to 01.00 p.m. up to the date of the Annual General Meeting.
3. As per Clause 49 of the listing agreement with Stock Exchanges, the brief resume and functional expertise of the directors proposed for re-appointment are furnished below along with the details of Companies in which they are directors and the Board Committees of which they are members.

Details of shares held by Mr. C.C. Paarthipan in Caplin Point Laboratories Limited.

No. of shares held in the company : 157512

Age : 57 years

Qualification : Graduate

Experience : More than 30 years

Details of other Directorship / Committee Membership held by him are as follows:

Directorship

NIL

Committee Memberships / Chairmanship

NIL

4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 18-12-2009 to Wednesday, 23-12-2009 (both days inclusive).
5. Members holding shares in physical forms are requested to notify, any change in their address to the Company / Share Transfer Agents quoting Register Folio number.
6. Members holding shares in electronic form should update their details with their respective Depository Participants.
7. Under Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request) to M/s. Knack Corporate Services Private Limited.
8. All communications relating to shares may be addressed to Company's Share Transfer Agents (Physical and Electronic) at the following address: M/s. Knack Corporate Services Private Limited, New No.2 (Old No.102) First Floor, Karpagam Avenue, 12<sup>th</sup> Cross Street, Mandaveli, Chennai - 600 028, Phone # 91-44-42100092; Fax # 91-44-42100092.
9. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

##### **ITEM NO.4**

The Board of Directors of the Company at their meeting held on 27.12.2008, upon recommendation of Remuneration Committee, had revised the remuneration payable to Mr. M. Jayapal, Managing Director of the Company on the terms of remuneration as stated in item no. 4 of the notice.

An abstract of the terms and conditions of remuneration payable to Mr., M. Jayapal pursuant to the provisions of Section 302 of the Companies Act, 1956 was sent to all the members.

The Board is of the view that his rich experience will be of immense benefit and value to the Company and therefore recommend to suitably remunerate him as Managing Director.

As per the provisions of the Act, approval of the members is sought for the increase in remuneration of Mr. M. Jayapal, Managing Director within the limits of Schedule XIII of the Companies Act, 1956 for a period from 1st January 2009 to 27th March 2011.

Accordingly, the Ordinary Resolution set out in Item No.4 of this Notice is submitted to the Meeting.

##### **Interest of the directors:**

Mr. M. Jayapal is interested in the said resolution as it relates to his own remuneration. No other Director is concerned or interested in the aforesaid resolution.

##### **ITEM NO.5**

The Board of Directors of the Company at their meeting held on 27.12.2008, had redesignated and appointed Mr. K. Kanmani Portko as the Whole Time Director of the Company upon recommendation of Remuneration Committee for a period of three years from 01.01.2009.

An abstract of the terms and conditions of appointment and payment of remuneration to Mr. K. Kanmani Portko pursuant to the provisions of Section 302 of the Companies Act, 1956 was sent to all the members.

Mr. K. Kanmani Portko has resigned as a Director of the Company with effect from 6th August 2009. As per the provisions of the Companies Act, 1956 approval of the members is required to be sought at the ensuing Annual General Meeting for the appointment and payment of remuneration to Mr. K. Kanmani Portko as Whole Time Director within the limits of Schedule XIII with effect from 1st January 2009 till 6th August 2009.

Accordingly, Ordinary Resolution set out in Item No.5 of this Notice is submitted to the Meeting.

**Interest of the directors:**

Since Mr.K. Kanmani Portko does not hold Directorship in the Board as on date, the question of interest of Director does not arise. No other Director is concerned or interested in the aforesaid resolution.

**By order of the Board  
For Caplin Point Laboratories Limited**

**Place: Chennai  
Date : 25<sup>th</sup> November 2009**

**M Jayapal  
Managing Director**

**DIRECTORS' REPORT****To the Shareholders**

The Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts for the year ended 30<sup>th</sup> June 2009.

**Financial Performance****(Rupees in lacs)**

	2008-2009 (12 months)	2007-2008 (15 months)
Sales and Other Income	6294.75	6416.80
Profit before Tax	320.76	131.40
Profit after Tax	222.57	103.55

**Key Financial Ratios**

Net worth	2386.57	2164.00
Current Ratio	1.52	1.74
Debt Equity	0.36	0.50

**Return on Net worth**

Earnings per Share.		
Basic	1.47	0.80
Diluted	1.47	0.69

The results for the financial years 2009 and 2008 are not comparable as the previous year's results (2008) are for a period of 15 months.

**OPERATIONS & OUTLOOK**

The growth in Exports was 58.07% and in Profit Before Tax and Exceptional Items was 205% for the year ended 30<sup>th</sup> June 2009 on a comparable basis. The growth in sales is due to new areas of Export Market tapped in the South/Central American and West African Countries together with registration of several new products in the existing market. Necessary provision has been made for obsolete inventory and doubtful receivables

With regard to the Unit at Pondichery, several options are being explored in the areas of injectibles and vaccines and this will be in place before the end of this year.

**DIVIDEND**

Keeping in view the need to conserve resources, your Directors after careful consideration, have decided not to recommend any dividend for the year ended 30<sup>th</sup> June 2009.

**PRODUCT REGISTRATION**

The company has been constantly applying and obtaining registration of new products in the countries where the company is currently operating with products registered in 21 countries and the total number of registrations has increased upto 1400 as of now. The Company continues to derive its benefits due to its unique marketing strategy in these countries, which has ensured product acceptance and prompt payment. The Company is evolving its plan for sale of medical and allied consumables in these markets to increase the contribution from these areas and also to meet rising input cost.

The Company is in the process of setting up a Plant in NOIDA, Special Economic Zone which will engage in manufacture of Pharma Products and this is expected to be operational during the current year.

**ANTI - RABIES VACCINE**

As stated in the previous year report, the company could make inroads into the Anti Rabies Vaccine Market by having an exclusive arrangement with a government approved leading company from abroad. However in view of the large

requirement being in the Government Sector requiring huge support in the form of performance guarantees and obligations, the need for a large marketing force with working capital support and with margin being narrow due to exchange risks it has been decided to accept the request of the manufacturer to appoint a leading Pharma company to market the products in these sectors. However your company has ensured that till the validity of initial arrangement with the manufacturer, your company will be eligible for a commission from the manufacturer on sales made into this Territory resulting in increase in contribution at a minimum cost coupled with de-risking of the business.

With these measures, Revenue and Profitability is expected to grow in the coming years. Your Company is also exploring several new markets with different marketing strategies to tap the market in these areas. Your company continues to source products from vendors outside India so long as it is cost effective and at the same time meet the standards.

### **Management Discussion and Analysis Report Industry Structure and Development/Opportunity – Threat, Risk & Concerns**

The Company operates in the Pharmaceutical Industry and especially the Company's generic business remains tough due to global economic recession, which has resulted in lesser offtake due to lack of funding by aid agencies in the territories where your company is operating. With the indication of economic revival world over, it is hoped that this phase will be soon over. It continues to have inherent risks with regard to product liability and compliance related issues. As your Company is engaged in export market the Drug Pricing in India which has its control through DPCO, will not affect your company. There has been significant fluctuations in the US Dollar-Indian Rupee exchange Rate which has to some extent affected our exports and to hedge these, your Company has opted for conversion of pricing into Euro wherever possible. The diminution of value of USD has also helped us to keep our imports under check.

### **Internal Control Systems and their Adequacy**

The company maintains a system of internal control, including suitable monitoring procedures and the same needs to be strengthened. The management duly considers and takes appropriate action on recommendations made by the Statutory Auditors, internal auditors, and independent Audit Committee of the Board of Directors. Significant issues are also brought to the attention of the Audit Committee.

### **Outlook for the year 2009-10**

The new market initiatives and registration of new products in the existing markets coupled with cost effective sourcing/manufacturing strategy, your company is poised for a higher revenue growth and contribution. With the existing unit at Baddi acquired by merger of Malind Laboratories Private Limited and setting up of a Unit at NOIDA SEZ for product lines which have greater demand and with the tax benefits available to these units the distributable profits is likely to increase and thus look forward for a rewarding 2010.

### **Cautionary Note**

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook.

## **DIRECTORS**

### **Re-Appointment**

Mr. C.C. Paarthipan, Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

At the meeting of the Board of Directors of the Company held on 27th December, 2008, the Board has approved the increase in remuneration of Mr. M. Jayapal from Rs. 15,000/- per month to Rs. 40,000/- per month for a period from 1st January, 2009 to 27th March 2011. Accordingly the Ordinary Resolution is set out under Item No. 4 of the notice for the approval of the Members.

At the meeting of the Board of Directors of the Company held on 27th December, 2008 the Board has approved the appointment of Mr. K. Kanmani Portko as Whole time Director for a period of three years with effect from 1st January, 2009 on a remuneration of Rs. 20,000/- p.m. Accordingly the Ordinary Resolution is set out under Item No. 5 of the notice for the approval of the Members.

Subsequent to the close of the year, Mr. K. Kanmani Portko resigned as a Director of the Company with effect from 6th August 2009.



Mr. J. Nirmal Kumar ceased to be an alternate director with effect from 21st July, 2008 and Mr. R. Balakrishnan ceased to be a director due to his sudden demise in July, 2009. The Board places on record its deep appreciation for the valuable services rendered by them during their tenure as directors of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors, in accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, confirm that:

- 1) Applicable accounting standards have been followed in the preparation of the Annual Accounts;
- 2) The Directors have adopted such accounting policies and have applied them consistently and have made judgments and estimates in a reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit of the Company for the year.
- 3) 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 prevention and detection of fraud and other irregularities.
- 4) The annual accounts have been prepared on a going concern basis.

#### **FIXED DEPOSITS**

The Company has not accepted any fixed deposits from the public.

#### **AUDITORS**

The Auditors, T.Udayaraj & Associates, Chartered Accountants, Chennai, retire at the conclusion of the ensuing Annual General Meeting and have expressed their inability to seek reappointment and hence notice has been received from a Member proposing the appointment of M/s M.Raghunath and Company as Auditors of the Company for the year 2009-2010.

The Board on recommendation of the Audit Committee, proposes that M/s M. Raghunath and Company, Chartered Accountants, Chennai be appointed as Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting of the Company. M/s M. Raghunath and Company, Chartered Accountants, Chennai have forwarded their certificate to the company stating that their appointment, if made, will be within the limit specified in that behalf in sub-section (1B) of Section 224 of the Companies Act, 1956

#### **Addendum to Auditors Report:**

With reference to the Auditor's comments:

- a) As regards the comments of the Auditors in their Audit Report drawing the attention on non provision for Exchange rate fluctuations with reference to Debtors outstanding for period exceeding 5 years, in respect of which approval has been obtained from the relevant statutory authority extending time for the realization of the proceeds, the Management is of the view that the ultimate realization will not have any negative impact on the financials which require any provision or disclosure.
- b) Phased implementation of ERP application covering materials, exports are being implemented and plans are underway to have an intergerated package covering all locations during the current / next year which will augment the internal controls.
- c) During the current year, specific areas of improvement have been identified by the Internal Audit team and steps are taken to implement the same. It is also proposed to plan further areas for review by the Internal Audit for improvement.
- d) As the Company has multiple locations with independent Registration under PF / ESI, there has been delay on a few occassions due to flow of information. With the automation, there has not been delay in remittance during the current year.

**CORPORATE GOVERNANCE**

A separate section on Corporate Governance is included in the Annual Report and the Certificate from M/s R. Sridharan & Associates, Company Secretaries confirming the compliance of conditions on Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchange is annexed thereto.

The Company has delisted its Shares from The Ahmedabad Stock Exchange Limited with effect from 01.10.2009 pursuant to the approval of the Members at the previous general meeting and the approval for delisting of its shares from The Calcutta Stock Exchange Association Limited is awaited.

**INDUSTRIAL RELATIONS**

Generally the industrial relations with the employees of the Company continued to be stable, cordial and satisfactory during the year.

**PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956**

The information required in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable to this Company, since none of the employees were in receipt of remuneration higher than the limits fixed in the said section.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND 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 Board of Directors) Rules, 1988 is given in the Annexure forming part of this report.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their grateful appreciation of the valuable assistance and support extended by its buyers, suppliers, bankers, and corporate and other statutory authorities. Your Directors also wish to place on record their appreciation for the services rendered by the employees.

**By Order of the Board  
For CAPLIN POINT LABORATORIES LIMITED**

**Place: Chennai  
Date : 25.11.2009**

**M. Jayapal  
Managing Director**

**D.P. Mishra  
Director**

**ANNEXURE TO DIRECTORS' REPORT**

The information as required under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

**A. CONSERVATION OF ENERGY**

- a. Energy Conservation measures taken : NIL  
 b. Additional investments and proposals, if any, being implemented for reduction of steam and energy : NIL  
 c. Impact of the measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not Applicable  
 d. Total energy consumption and energy per unit of production are given below.

**B. Details on efforts made in technology absorption :****A) Research & Development (R & D)**

Product Development activities are being implemented to ensure development of many generic and brand formulations.

**B) Technology absorption, adaptation and innovation**

The Company is continuously looking into best process methods relating to manufacture to result cost reduction of the final product.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(Rupees in lacs)	
	Current Year	Previous Year
Foreign Exchange Earnings	4879.08	4135.05
Foreign Exchange Outgo	3016.88	2638.81

**D. POWER AND FUEL CONSUMPTION**

	Current Year		Previous Year	
	Office	Factory	Office	Factory
<b>1) Electricity</b>				
a) Purchased Units	42180	397305	54460	1387409
b) Total Amount (Rs.)	268348	3148948	419434	2664535
c) Rate Per Unit (Rs.)	6.36	7.93	7.70	1.92

**Consumption of Electricity**

Per unit of Production	Current Year	Previous Year
a) Tablets	13041 Nos.	13041 Nos.
b) Capsules	9447 Nos.	9447 Nos.
c) Ointments	825 Tubes	825 Tubes
d) Liquids	132 bottles	132 bottles
e) Injections	76 Vials / Ampoules	76 Vials / Ampoules

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to Clause 49 of the Listing Agreement)

**Corporate Governance** specifies the principle and manner in which affairs of the Company is directed. It also specifies the manner in which the company operates under the prevailing law, customary practice, rules and regulations framed by the government and the company itself. It ensures that the corporate affairs are carried out in the best interest of the company and its stakeholders.

**Company's Philosophy on Code of Corporate Governance**

Your Company has implemented and continuously strives to improve the Corporate Governance practices which attempt to enhance shareholder's value, maintain transparency, gain credibility and trust, comply with statutory regulations and maintains steady growth.

**I. Board of Directors**

**(A) Composition and Category of Directors**

The Board comprised of seven members as on 30<sup>th</sup> June 2009 amongst which four Directors are Non-Executive Independent Directors. The Non-Executive Directors are professionals, drawn from amongst persons with experience in business, industry etc. The composition, category of the Board of Directors and outside Directorships for the year under review is furnished hereunder:

Name of Directors	Category	No. of other Directorships* No. of Membership on other Board Committees**
Shri.C.C.Paarhipan	Non-Executive Chairman	_____
Shri.M.Jayapal	Executive Director	_____
Shri.K.Kanmani Portko #	Executive Director	_____
Shri.R.Balakrishnan@	Non-Executive - Independent Director	_____
Shri.V.Thirumalai	Non-Executive - Independent Director	_____
Shri.P.T.Baby Thomas	Non-Executive - Independent Director	_____
Shri.D.P.Mishra	Non-Executive - Independent Director	_____
Shri.J.Nirmal Kumar 1	Alternate Director to Mr. P T Baby Thomas	_____

\*Excludes Private Companies, Foreign Companies and Section 25 Companies.

\*\*Denotes memberships in Audit Committee and Shareholders/ Investors Grievance Committee

# Shri.K.Kanmani Portko was designated as Whole Time Director w.e.f 01.01.2009 and subsequently resigned with effect from 6<sup>th</sup> August 2009.

@ Shri.R.Balakrishnan ceased to be a director of the company due to sudden demise in July 2009.

1 Shri J. Nirmal Kumar ceased to be alternate director w.e.f. 21st July 2008.

None of the Directors on the Board is a Member in more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director.

The Independent Directors have confirmed that they satisfy the 'criteria of independence' as stipulated in the amended Clause 49 of the Listing Agreement.

**Changes in the Composition of the Board during the year 2008-2009:-**

Shri.K.Kanmani Portko was designated as Whole Time Director of the Company with effect from 1<sup>st</sup> January 2009 and subsequently resigned from the Board with effect from 6<sup>th</sup> August 2009.

**Details of Directors seeking appointment / re-appointment**

Mr. C.C. Paarhipan, Director retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Details of the above mentioned Director is furnished in the Notice convening Annual General Meeting to be held on 23<sup>rd</sup> December 2009 along with the Annual Report.

**Board Meetings held during the period 2008-09**

The Board of Directors met Nine (9) times during the financial year 2008-09 i.e., 21.07.2008, 31.07.2008, 13.10.2008, 31.10.2008, 24.11.2008, 22.12.2008, 27.12.2008, 31.01.2009 and 30.04.2009. The Attendance of Directors at the Board Meetings and last AGM is as follows:

Name of Directors	No. of Board Meetings Attended	Attendance in Last AGM held on 27.12.2008
Shri.C.C.Paarhipan #	6	—
Shri.M.Jayapal	9	YES
Shri.R.Balakrishnan #	—	—
Shri.K.Kanmani Portko	9	YES
Shri.V.Thirumalai #	—	YES
Shri.P.T.Baby Thomas	9	YES
Shri.D.P.Mishra	9	—
Shri.J.Nirmal Kumar <sup>1</sup>	—	—

# Leave of Absence was granted to Directors who could not attend the meeting.

<sup>1</sup> Shri J Nirmal Kumar ceased to be alternate director w.e.f 21.07.2008.

**Board Committees:****(a) Audit Committee**

The terms of reference of the Committee is in accordance with that specified in Clause 49 of the listing agreement with Stock Exchanges and also conforms to the requirements of Section 292A of the Companies Act, 1956 and the scope of the Audit Committee include matters which are set out in the Listing Agreement with the Stock Exchanges as amended from time to time read with Section 292A of the Companies Act, 1956.

**Composition & Meetings**

The Committee at present comprises of an Executive and Three Non – Executive Independent Directors including the Chairman of the Committee. All the members have good financial knowledge.

Audit Committee Meetings are attended by the Head of Finance and senior management members. The Statutory Auditors are invited to attend the meetings.

During the year under review the Committee met five times on 31<sup>st</sup> July 2008, 31<sup>st</sup> October 2008, 24<sup>th</sup> November 2008, 31<sup>st</sup> January 2009 and 30<sup>th</sup> April 2009 and the gap between two meetings did not exceed four months. The Composition of the Audit Committee and the attendance of each member at these meetings are given below:-

**RE-CONSTITUTION OF AUDIT COMMITTEE**

During the year under review the Board of Directors at their meeting held on 27th December, 2008, have re-constituted the composition of the Audit Committee.

SI No	Name	Chairman/Member	No. of meetings Attended
1	Shri.D.P.Mishra	Chairman	5
2	Shri.M.Jayapal	Member	3
3	Shri.K.Kanmani Portko *	Member	3
4	Shri.R.Balakrishnan*	Member	3
5	Shri.V.Thirumalai**	Member	2
6	Shri.P.T.Baby Thomas**	Member	2

\* Resigned from the committee w.e.f 27.12.2008

\*\* Appointed to the committee w.e.f 27.12.2008

**(b) Remuneration Committee****Objective**

The Committee reviews and determines the Company's policy on managerial remuneration and recommends to the Board on the specific remuneration of Executive Directors, so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance and their remuneration is in line with industry standards.

**Terms of Reference**

The broad terms of reference to the Remuneration Committee are to recommend to the Board salary (including annual increments), perquisites and commission/ incentives to be paid to the Company's Managing Director to finalise the perquisites package within the overall ceiling fixed by the Board, to recommend to the Board retirement and other benefits to Managing Director. The Committee also recommends to the Board on any new appointments including re-appointments and the tenure of office, whether of executive or of non – executive Directors.

**Composition and Meetings**

During the year under review the Committee met one (1) time. The committee has been re-constituted at the board meeting held on 27th December 2008. The Committee at present comprises of an Executive and Three Non – Executive Independent Directors including the Chairman of the Committee. The composition and attendance of each Director at the meeting are given below:-

SI No	Name	Chairman/Member	No. of meetings Attended
1	Shri.D.P.Mishra	Chairman	1
2	Shri.M.Jayapal	Member	1
3	Shri.K.Kanmani Portko *	Member	1
4	Shri.R.Balakrishnan*	Member	1
5	Shri.V.Thirumalai**	Member	-
6	Shri.P.T.Baby Thomas**	Member	-

\* Resigned from the committee w.e.f 27.12.2008

\*\* Appointed to the committee w.e.f 27.12.2008

**Remuneration Policy**

The Company while deciding the remuneration package of the senior management takes into consideration the following items:-

- job profile and special skill requirements
- prevailing compensation structure in companies of similar size and in the industry
- remuneration package of comparable managerial talent in other industries.

**Remuneration for the Year**

All fees /compensation paid to the Executive Directors and Independent Directors are approved by Board of Directors and have and / or now seeking shareholders approval.

Details of the remuneration of Non – Executive Directors and Executive Directors for the year ended 30<sup>th</sup> June 2009 are as follows:-

**Non – Executive Directors**

Name	Sitting Fees paid for Board and Committee Meetings (Rupees)
Shri D P Mishra	NIL
Shri K.Kanmani Portko #	NIL
Shri R Balakrishnan	NIL
Shri P T Baby Thomas	NIL
Shri V Thirumalai	NIL

# Non Executive Independent Director upto 31.12.2008

**Executive Directors**

Name	Salary/Allowance (Rupees)	Contribution to funds (Rupees)	Value of Perquisites (Rupees)	Incentive Paid (Rupees)
Mr. M. Jayapal	Rs. 282180/-	Rs. 9360/-	Rs. NIL	Rs. NIL
Mr. K Kanmani Portko	Rs. 120000/-	Rs. 4680/-	Rs. NIL	Rs. NIL

\* Designated as Whole Time Director w.e.f 01.01.2009

**Shareholders' / Investors' Grievance Committee****Terms of Reference**

The Shareholders / Investors Grievance Committee oversees the share transfers and Company's relationship with shareholders and ensures that the shareholders grievances are redressed in time.

**Composition & Meetings**

The Committee at present consists of three Non Executive Independent Directors and an Executive Director. Shri.D.P.Mishra is the Chairman of the Committee. Shri V.Hari is the Compliance Officer of the Company.

During the year ended 30<sup>th</sup> June 2009, the Committee met four times on 31.07.2008, 31.10.2008, 31.01.2009 and 30.04.2009 to record the share transfers / transmissions and to review the shareholders correspondence including the complaints received from the shareholders and their redressal.

The committee has been re-constituted at the board meeting held on 27th December 2008. The details of the members of the Committee and their attendance at the meetings are given below:-

SI No	Name	Chairman/Member	No. of meetings Attended
1	Shri.D.P.Mishra	Chairman	4
2	Shri.M.Jayapal	Member	2
3	Shri.K.Kanmani Portko *	Member	2
4	Shri.R.Balakrishnan*	Member	2
5	Shri.V.Thirumalai**	Member	2
6	Shri.P.T.Baby Thomas**	Member	2

\* Resigned from the committee w.e.f 27.12.2008

\*\* Appointed to the committee w.e.f 27.12.2008

The Company has received 4 (Four) complaints and the same were redressed during the year 2008-09.

**Code of Conduct**

The Company's code of conduct has been complied with by all the members of the Board. The Company has in place a Prevention of Insider Trading Code based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors. the code ensures prevention of dealing in shares by persons having access of unpublished price sensitive information.

### General Body Meetings

The location and time where the last three Annual General Meetings were held are given below:-

Year	Date	Time	Venue
2008	27.12.2008	10.30 am	Sir P T Thiagarayar Hall (Near Kannadasan Statue), G N Chetty Road, T Nagar, Chennai – 600 017.
2007	27.09.2007	3.05 pm	Bala Mandir German Hall, (A unit of Bala Mandir Kamaraj Trust) No.17, Prakasam Street, (Near Nadigar Sangam) T. Nagar, Chennai – 600 017.
2006	24.03.2007	2.30 pm	Bala Mandir German Hall, (A unit of Bala Mandir Kamaraj Trust) No.17, Prakasam Street, (Near Nadigar Sangam) T. Nagar, Chennai – 600 017.

### Details of Special resolutions passed during the last 3 Annual General Meetings

Date of AGM	Whether special resolution was passed	Particulars
27.12.2008	Yes	Approval for delisting of equity shares of the company from The Ahmedabad Stock Exchange Ltd and The Calcutta Stock Exchange Association Ltd.
27.09.2007	No	Nil
24.03.2007	No	Nil

No resolutions were passed through postal ballot during the year.

As of now there is no proposal for passing any resolutions through postal ballot.

### Disclosures

There were no materially significant related party transactions with the promoters, directors or the management, subsidiaries or relatives that have potential conflict with the interests of Company at large.

Transactions with the Related Parties are disclosed in the Annual Accounts in the Annual Report.

The Company has followed the Guidelines of Accounting Standards institute laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

During the year under review, the Company has not raised any funds from public issue, rights issue or preferential allotment.

During last three years, there were no strictures or penalties imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.

### Compliance

The Board reviews periodically compliance reports of all laws applicable to the Company prepared by the Company as well as the steps taken by the Company to rectify instance of non compliance, if any.



## Compliance with Corporate Governance Norms

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended 30<sup>th</sup> September 2008, 31<sup>st</sup> December 2008, 31<sup>st</sup> March 2009 and 30<sup>th</sup> June 2009.

Mr.R.Sridharan, Messrs.R.Sridharan & Associates, Company Secretaries, Chennai have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the exchanges.

The said certificate is annexed to the Directors' Report and will be forwarded to the stock exchanges and the Registrar of Companies, Chennai along with the Annual Report.

As regards the non – mandatory requirements, the following were adopted:-

1. As detailed in the earlier paragraphs, the Company has constituted the Remuneration Committee.
2. All the quarterly financial results are published in the leading newspapers, uploaded in the website and any major developments are covered in the press releases issued by the Company and posted on the Company's website.
3. Other Non mandatory requirements is yet to be implemented by the Company.

## Means of Communication

The Quarterly Unaudited financial results and the annual audited results are normally published in leading News papers, Trinity Mirror (English) and in Makkal kural (Tamil). Intimation of Board Meeting Date, Book Closure and dividend declaration notices are normally published in Trinity Mirror (English) and in Makkal kural (Tamil). The financial results and press releases are placed on Company's website [www.caplinpoint.net](http://www.caplinpoint.net)

## Management Discussion and Analysis.

The Management Discussion and Analysis Report forms part of the Annual Report.

## General Shareholder Information

A separate section has been included in the Annual Report furnishing the various details, viz., AGM Date, time and venue, share price movement, distribution of shareholding, etc

## GENERAL SHAREHOLDERS INFORMATION

### I. Annual General Meeting

Day & Date	:	Wednesday, 23 <sup>rd</sup> December, 2009
Time	:	3.00 p.m.
Financial Calendar	:	1 <sup>st</sup> July 2008 to 30 <sup>th</sup> June 2009
Date of Book Closure	:	18.12.2009 to 23.12.2009
Listing on Stock Exchanges	:	Madras Stock Exchange Limited Bombay Stock Exchange Limited The Calcutta Stock Exchange Association Limited* The Ahmedabad Stock Exchange Limited**

Stock Code	Name of the Stock Exchange/ Depository	Code /ISIN
	Madras Stock Exchange	CAPLNPTLAB
	Bombay Stock Exchange Limited	524742
	The Calcutta Stock Exchange Association Limited*	Nil
	The Ahmedabad Stock Exchange Limited**	11014
	NSDL & CDSL	INE475E01018

\* Awaiting for approval for Delisting

\*\*Delisted w.e.f 01.10.2009

### Market Price Data

No transactions took place in the Madras Stock Exchange, Ahmedabad Stock Exchange and Calcutta Stock Exchange during the financial year under review. Transactions at Bombay Stock Exchange during the year under review are detailed below:

Year	Month	Highest Rate	Lowest Rate
2008	July	8.70	8.30
	August	9.45	7.61
	September	11.00	7.77
	October	8.00	6.25
	November	6.54	5.37
	December	6.19	5.23
2009	January	5.95	5.42
	February	5.68	5.40
	March	6.40	5.70
	April	7.40	6.50
	May	7.50	6.33
	June	8.84	7.30

### Registrar and Share Transfer/Demat Agents

M/s.Knack Corporate Services Private Limited  
New No.2, (Old No.102)  
1<sup>st</sup> Floor, Karpagam Avenue,  
12th Cross Street, Mandaveli,  
Chennai - 600 028.

### Share Transfer System

Share transfers are approved by the Shareholders' / Investor's Grievance Committee.

The Company's share transfer work, both physical and electronic form, is done by M/s.Knack Corporate Services Private Limited, New No.2, (Old No.102) 1<sup>st</sup> Floor, Karpagam Avenue, 12th Cross Street, Mandaveli, Chennai - 600 028.

### Categories of Shareholding as on 30<sup>th</sup> June, 2009

Category	Number of Shares	Percentage
Indian Promoter	416677	2.76
Persons acting in Concert	9202356	60.90
Mutual Funds	12200	0.08
Private Corporate Bodies	182200	1.21
NRIs/OCBs	305100	2.02
Public	4991467	33.03
<b>TOTAL</b>	<b>15110000</b>	<b>100.00</b>

**Distribution of Shareholding as on 30<sup>th</sup> June, 2009**

No. of Shares	No. of Shareholders	No. of shares	Percentage
Upto 500	14222	1946675	12.88
501 to 1000	429	361000	2.39
1001 to 2000	154	241300	1.60
2001 to 3000	74	193100	1.28
3001 to 4000	28	99059	0.66
4001 to 5000	34	161044	1.07
5001 to 10000	39	303427	2.00
10001 and above	62	11804395	78.12
<b>TOTAL</b>	<b>15042</b>	<b>15110000</b>	<b>100.00</b>

**Plant Location****Unit I**

R.S.No.85/3, Suthukeny Village  
Katterikuppam (Post)  
Mannadipet Commune Panchayat  
Pondicherry 605 502  
e-mail: [caplin@satyam.net.in](mailto:caplin@satyam.net.in)  
Phone : 0413-2674137, 2674402,  
Fax : 0413-2674002

**Unit II**

No.19, Chinnapuliur Village,  
Sirupzhalpet,  
Gummidipoondi,  
Tamilnadu  
email : [mayindlab@vsnl.net](mailto:mayindlab@vsnl.net)  
Phone : 044- 2794 0274,6531 1262  
Tele fax : 044-27940274

**Unit III**

Khasra No. 435,  
Village Suraj Majra, N.H. 21,  
Baddi, Tehsil Nalagarh, Dist. Solan  
Himachal Pradesh – 173 205.  
e-mail: [malindlabs@yahoo.co.in](mailto:malindlabs@yahoo.co.in)

**Address for Correspondence**

For shares held in Demat form, investors shall address their correspondence to their respective Depository Participants.

For shares held in physical form, investors shall contact the RTA for transfers / Demat / Remat etc.

All other queries and clarifications may be addressed to the Registered Office of the Company at:

**CAPLIN POINT LABORATORIES LIMITED**

"Narbavi", No. 3, Lakshmanan Street,  
T. Nagar, Chennai – 600 017.  
E-mail: [tricap@md3.vsnl.net.in](mailto:tricap@md3.vsnl.net.in)  
Phone: +91 44 28156653, 28156905

**DECLARATION OF CODE OF CONDUCT**

**TO**

The members of Caplin Point Laboratories Limited

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the Company.

It is further confirmed that all the directors and senior management personnel of the Company have confirmed compliance with the code of conduct of the Company for the year ended 30th June 2009 as envisaged in clause 49 of the listing Agreement with the stock exchanges.

**M. Jayapal**  
**Managing Director**

**Place: Chennai.**

**Date : 25<sup>th</sup> November 2009**

**R. Sridharan & Associates**  
Company Secretaries

New No. 5, (Old No. 12) Sivasailam Street,  
T. Nagar,  
Chennai – 600 017  
Phone : 42166988, 43502997, 42555587  
Telefax : 044-42137082  
e-mail : [sribhav@airtelmail.in](mailto:sribhav@airtelmail.in)  
[aryes@airtelmail.in](mailto:aryes@airtelmail.in)

### **Corporate Governance Compliance Certificate**

To

**The Members**  
**CAPLIN POINT LABORATORIES LIMITED**

We have examined all relevant records of M/s. CAPLIN POINT LABORATORIES LIMITED, having its Registered Office at 'Narbavi', No.3, Lakshmanan Street, T.Nagar, Chennai - 600 017, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, Madras Stock Exchange Limited and The Calcutta Stock Exchange Association Limited for the financial year ended 30<sup>th</sup> June 2009. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the 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 the conditions of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. 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 all the mandatory conditions of the said Clause 49 of the Listing Agreement.

Place : Chennai  
Date : 25<sup>th</sup> November, 2009

For R.Sridharan Associates  
Company Secretaries

CS.R.Sridharan  
C P No.: 3239  
FCS No.: 4775

**T. UDAYARAJ & ASSOCIATES**  
Chartered Accountants

No.222/3 Varadammal Garden First Street  
Kellys CHENNAI - 600 010.  
Phone: +91 44 26401016  
E-mail: turassociates@gmail.com

## Auditors' Report

To,  
The Members,  
Caplin Point Laboratories Limited

We have audited the attached Balance Sheet of **Caplin Point Laboratories Limited** as at 30<sup>th</sup> June 2009 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those 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.

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 Companies Act, 1956, we enclose in the Annexure a statement on matters specified in the said Order to the extent applicable thereon.

Further to our comments in the Annexure referred to in the above paragraph, we state that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report complies with all the mandatory Accounting standards referred to in sub-section (3C) of Section 211;
- e. On the basis of written representations received from the directors of the company as at 30<sup>th</sup> June 2009 and taken on record by the board of directors we report that no director is disqualified from being appointed as director under clause (g) of sub-section (1) of Sec. 274 of the Companies Act, 1956;
- f. *We draw attention to note number B(2)(h) of Notes on accounts of Schedule 19 with regard to Exchange Fluctuation and non Provision of Debtors.*
- g. *Subject to the foregoing*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956 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 30<sup>th</sup> June 2009 and;
  - ii. In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date;
  - iii. In the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For T. Udaya Raj & Associates  
Chartered Accountants

Place: Chennai  
Date: November 25, 2009

M Thiruvengadam  
Partner  
Membership No:29667

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in our Report of even date to the members of Caplin Point Laboratories Limited for the year ended 30th June 2009)

1.
  - a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, fixed assets have been physically verified by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us there were, no material discrepancies noticed on such verification.
  - c) The Fixed Assets disposed off during the year, do not constitute substantial part of the fixed assets of the company and such disposal in our opinion, does not affect the going concern status of the company
2.
  - a) The Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories, as compared to book records were not material and have been properly dealt with in the books of accounts.
3. As informed to us, the Company has neither granted nor taken any loans secured or unsecured to / from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. *However there is scope for improvement.*
5.
  - a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - b) Transactions made in pursuance of such contracts or arrangements, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The company has an internal audit system commensurate with the size of the Company and the nature of the business, *but needs to be further strengthened.*
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government under Section 209(1)(d) of the Act for the maintenance of cost records in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
9.
  - a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Income-tax, Sales-tax, Customs duty and any other material statutory dues applicable to it in India except for delay in remittance of PF and ESI dues on few occasions..
  - b) According to the information and explanations given to us, there were no disputes in respect of Sales Tax, Income Tax, Customs duty or Cess other than the items mentioned below and accordingly, the question of deposit of dues in respect of the same does not arise.

c) According to the records of the company the dues outstanding on account of disputed statutory dues are as follows:

Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	a) Income Tax demands due to non deduction of share related expenses against interest earned	Rs. 57,08,773/-	Assessment Year 1995-96	Income Tax Tribunal, Chennai
	b) Income Assessed as Rs. Nil and not considering the losses incurred	Loss of Rs. 190,93,008/-	Assessment Year 2002-03	Commissioner of Income Tax(Appeals)
	c) Disallowance of deduction under Section 80 HHC	Rs. 11,01,337/-	Assessment Year 2001-02	Commissioner of Income Tax(Appeals)
Central Excise Act 1944	Excise Duty	Rs. 22,72,402/-	14/02/2005 to 29/04/2005	Department of Revenue, New Delhi
	Excise Duty	Rs. 4,54,419/-	08/01/2005 to 31/07/2005	Commissioner of Appeals-Central Excise, Chennai

10. The Company has no accumulated losses at the end of the year and it has not incurred cash losses in the current and in the immediately preceding accounting year.
11. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any bank / finance company.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the order is not applicable.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.
16. According to the information and explanations given to us, no term loans were availed by the company and hence clause 4(xvi) of the order is not applicable.
17. According to information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short term basis have been used for long-term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
20. The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For T. Udaya Raj & Associates  
Chartered Accountants

Place: Chennai  
Date: November 25, 2009

M Thiruvengadam  
Partner  
Membership No: 29667



**CAPLIN POINT LABORATORIES LIMITED**  
**Balance Sheet as at 30th June 2009**

	SCH No.	As at 30-06-2009 Rs.	As at 30-06-2008 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	1	151,100,000	151,100,000
Reserves & Surplus	2	<u>87,557,097</u>	<u>65,299,755</u>
		238,657,097	216,399,755
<b>LOAN FUNDS</b>			
Secured Loans	3	85,664,229	109,619,065
Deferred Tax Liability		10,843,672	11,905,199
<b>TOTAL</b>		<b><u>335,164,998</u></b>	<b><u>337,924,019</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	291,305,312	256,805,282
Less: Accumulated Depreciation		<u>102,445,209</u>	<u>82,617,263</u>
Net Block		188,860,103	174,188,019
<b>INVESTMENTS</b>			
	5	2,068,100	1,586,800
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	6	76,189,757	62,146,712
Sundry Debtors	7	88,582,807	118,847,975
Cash & Bank Balances	8	169,072,837	103,301,800
Loans, Advances & Deposits	9	88,474,598	98,276,890
		<b><u>422,319,999</u></b>	<b><u>382,573,377</u></b>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	10	253,728,218	205,770,309
Provisions	11	<u>24,354,986</u>	<u>14,670,778</u>
		<b><u>278,083,204</u></b>	<b><u>220,441,087</u></b>
<b>NET CURRENT ASSETS</b>		144,236,795	162,132,290
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		--	16,910
<b>TOTAL</b>		<b><u>335,164,998</u></b>	<b><u>337,924,019</u></b>

Notes Forming Part of the Accounts and Significant Accounting Policies  
As per our report of even date attached

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for T Udaya Raj & Associates  
Chartered Accountants

For and on behalf of the Board

**M Thiruvengadam**  
Partner  
ICAI Membership No: 29667

**M Jayapal**  
Managing Director

**D P Mishra**  
Director

**R Sriranjani**  
Company Secretary

Place : Chennai  
Date : 25.11.2009

**CAPLIN POINT LABORATORIES LIMITED**  
**Profit and Loss Account for the year ended 30th June 2009**

		For the year ended 30th June 2009	For the 15 months ended 30th June 2008
	SCH NO.	Rs.	Rs.
<b>INCOME</b>			
Gross Sales (Less Returns)		591,619,024	643,047,597
Less: Excise Duty		<u>(431,736)</u>	<u>(24,121,826)</u>
Net Sales		591,187,288	618,925,771
Conversion Charges Earned		-	3,798,995
Other Income	12	38,287,333	18,955,088
<b>TOTAL</b>		<b><u>629,474,621</u></b>	<b><u>641,679,854</u></b>
<b>EXPENSES</b>			
Cost of Goods Sold	13	484,497,270	498,319,247
Direct Expenses	14	7,355,226	15,184,467
Payments to and Provision for employees	15	27,202,723	34,424,903
Administrative Overheads	16	42,160,379	38,663,235
Interest and Finance Charges	17	11,746,790	12,009,609
Selling Overheads	18	4,342,740	4,858,552
Preliminary / Deferred Revenue expenses written off		16,910	435,312
<b>TOTAL</b>		<b><u>577,322,038</u></b>	<b><u>603,895,325</u></b>
<b>PROFIT BEFORE DEPRECIATION AND TAX</b>		<b><u>52,152,583</u></b>	<b><u>37,784,529</u></b>
Depreciation and Amortisation		20,076,901	24,644,822
<b>PROFIT BEFORE TAX</b>		<b><u>32,075,682</u></b>	<b><u>13,139,707</u></b>
Provision for Taxation		(10,500,000)	(2,100,000)
Minimum Alternate Tax Credit Entitlement		-	5,052,988
Provision for Taxation - earlier years written back		-	2,166,067
Provision for Taxation - Fringe Benefit Tax		(379,867)	(662,882)
Deferred Tax Provision		1,061,527	(7,241,357)
<b>PROFIT AFTER TAX</b>		<b><u>22,257,342</u></b>	<b><u>10,354,523</u></b>
Add: Profit Brought Forward from Previous Year		<u>16,353,606</u>	<u>5,999,083</u>
Balance carried to Balance Sheet		<b><u>38,610,948</u></b>	<b><u>16,353,606</u></b>
Earnings Per Share - Basic (Rs.)		1.47	0.80
Earnings Per Share - Diluted (Rs.)		1.47	0.69

Notes Forming Part of the Accounts and Significant Accounting Policies 19  
As per our report of even date attached

for T Udaya Raj & Associates  
Chartered Accountants

M Thiruvengadam  
Partner  
ICAI Membership No: 29667

For and on behalf of the Board

M Jayapal  
Managing Director

D P Mishra  
Director

R Sriranjani  
Company Secretary

Place : Chennai  
Date : 25.11.2009

## Schedules forming part of Accounts for the year ended 30th June 2009

	As at 30th June 2009 Rs.	As at 30th June 2008 Rs.
<b>SCHEDULE 1 — SHARE CAPITAL</b>		
<b>Authorized</b>		
17,000,000 (Previous Year - 15,000,000) equity shares of Rs.10/- each	170,000,000	150,000,000
<b>Issued, Subscribed &amp; Paid-up Share Capital</b>		
15,110,000 (Previous Year - 13,010,000) equity shares of Rs. 10 each fully paid up (Paid up share capital includes an amount of Rs.31,62,000/- (Rupees thirty one lakhs sixty two thousand only) for 316,200 equity shares of Rs.10 each allotted for consideration other than cash.)	151,100,000	130,100,000
An amount of Rs.79,200,000/- (Rupees seven crores ninety two lakhs only) for 7,920,000 equity shares of Rs.10 each allotted to the shareholders of erstwhile May (India) Laboratories Pvt Ltd, at the time of Amalgamation (An amount of Rs.21,000,000/- (Rupees two crores ten lakhs only) for 2,100,000 equity shares of Rs.10 each allotted to the shareholders of erstwhile Malind Laboratories Pvt Ltd, at the time of Amalgamation)		21,000,000
<b>Amount pending Allotment</b> (Refer Note No. A(16) of Schedule 19)	<u>151,100,000</u>	<u>151,100,000</u>

**SCHEDULE 2 — RESERVES & SURPLUS**

<b>Reserves</b>		
General Reserve	4,573,829	4,963,289
Less: Transitional provision adjustment *	-	(389,460)
Capital Reserve	6,842,591	3,608,546
Add: Capital Reserve arising out of amalgamation of Malind Laboratories P Ltd	-	3,234,045
Revaluation Reserve (Refer Note No. B(6) of Schedule 19)	37,337,799	37,337,799
Investment Reserve	121,160	121,160
Subsidy	70,770	70,770
	<u>48,946,149</u>	<u>48,946,149</u>
<b>Profit &amp; Loss A/c</b>		
Opening Balance	16,353,606	5,999,083
Balance as on 01-04-07 of the Amalgamating Company	--	23,234,045
	<u>16,353,606</u>	<u>29,233,128</u>
Less: Value of shares to be issued on account of Amalgamation of Malind Laboratories Pvt Ltd with this Company now kept as amount pending Allotment	--	(20,000,000)
	<u>16,353,606</u>	<u>9,233,128</u>
Less: Transfer to capital reserve	--	(3,234,045)
	<u>16,353,606</u>	<u>5,999,083</u>
Add: Profit for the current period	22,257,342	10,354,523
	<u>38,610,948</u>	<u>16,353,606</u>
	<u>87,557,097</u>	<u>65,299,755</u>

\* Adjustment consequent to recomputation of Defined Benefit plans liability as of 01-04-2007 in accordance with Accounting Standard 15 - Employee benefits.

**SCHEDULE 3 — SECURED LOAN****A. Loans and Advances from Banks:****From The Catholic Syrian Bank Limited**

As Pawning Credit	35,739,175	50,136,813
For Bills Discounted	45,190,352	58,394,106

Refer Note No (B) 3 of Schedule 19)

**B. From Finance Companies**

Hire Purchase Finance	4,734,702	1,088,146
(The assets purchased under Hire Purchase is secured against specific assets)		

85,664,229

109,619,065

SCHEDULES FORMING PART OF THE ACCOUNTS  
Schedule 4- FIXED ASSETS

(Figures in Rs.)

Particulars	Gross block						Depreciation / Amortisation					Net Block	
	As at 1/Jul/08	Additions due to merger	Additions During the year	Revaluation During the year	Deletions During the year	As at 30/Jun/09	As at 1/Jul/08	Additions due to merger	for the year	on deletions	As at 30/Jun/09	As at 30/Jun/09	As at 30/Jun/08
Land	43,935,000	-	4,289,411	-	-	48,224,411	-	-	-	-	-	48,224,411	43,935,000
Buildings	38,547,397	-	20,661,744	-	-	59,209,141	11,673,069	-	1,357,658	-	13,030,727	46,178,414	26,874,328
Plant & Machinery	71,200,069	-	2,583,409	-	-	73,783,478	25,168,313	-	3,422,373	-	28,590,686	45,192,792	46,031,756
A/c Plant	1,551,711	-	-	-	-	1,551,711	496,402	-	73,706	-	570,108	981,603	1,055,309
Furniture & Fixtures	7,841,081	-	1,150,101	-	-	8,991,182	4,396,343	-	855,186	-	5,251,529	3,739,653	3,444,738
Office Equipments	8,702,476	-	309,440	-	71,500	8,940,416	4,747,031	-	944,867	30,550	5,661,348	3,279,068	3,955,445
Electrical Fittings	4,592,146	-	-	-	-	4,592,146	2,534,802	-	194,852	-	2,729,654	1,862,492	2,057,344
Electrical Installations	4,238,327	-	-	-	-	4,238,327	3,810,254	-	176,738	-	3,986,992	251,335	428,073
Motor Vehicles	8,504,859	-	6,107,963	-	530,538	14,082,294	3,688,314	-	926,972	218,405	4,396,881	9,685,403	4,816,545
Tools & Spares	2,776,559	-	-	-	-	2,776,559	985,978	-	131,887	-	1,117,865	1,658,694	1,790,581
Lab Equipments	6,284,359	-	-	-	-	6,284,359	1,565,934	-	298,507	-	1,864,441	4,419,918	4,718,425
Cycle	11,081	-	-	-	-	11,081	10,866	-	215	-	11,081	-	215
Furniture & Fixtures Kenya	220,217	-	-	-	-	220,217	179,957	-	13,940	-	193,897	26,320	40,260
Goodwill	58,400,000	-	-	-	-	58,400,000	23,360,000	-	11,680,000	-	35,040,000	23,360,000	35,040,000
<b>TOTAL</b>	<b>256,805,282</b>	<b>-</b>	<b>35,102,068</b>	<b>-</b>	<b>602,038</b>	<b>291,305,312</b>	<b>82,617,263</b>	<b>-</b>	<b>20,076,901</b>	<b>248,955</b>	<b>102,445,209</b>	<b>188,860,103</b>	<b>174,188,019</b>
Previous period figures	192,759,365	22,682,311	9,835,053	37,337,799	5,809,246	256,805,282	56,128,923	2,442,776	24,644,822	599,258	82,617,263	174,188,019	136,630,442

**Schedules forming part of Accounts for the year ended 30th June 2009**

	As at 30th June 2009 Rs.	As at 30th June 2008 Rs.
<b>SCHEDULE 5— INVESTMENTS (At Cost)</b>		
<b>Equity Shares - Quoted</b>		
2000 Shares of Karnataka Bank Ltd. - face value of Rs. 10/- each fully paid up	240,000	240,000
4,800 Shares of Indian Overseas Bank - face value of Rs. 10/- fully paid up	115,200	115,200
700 Shares of Bank of India - face value of Rs. 10/- each fully paid up	31,500	31,500
2000 Shares of Sirpur Paper Mills Private Ltd - face value of Rs. 10/- each fully paid up	220,000	220,000
100 Shares of Catholic Syrian Bank - face value of Rs. 10/- each fully paid up	13,500	
Catholic Syrian Bank Rights Issue 2008 - 20000 shares face value Rs. 10/- per share (at a premium of Rs. 110 per share), Rs 25/- per share paid up	500,000	
<b>In Bonds</b>		
Catholic Syrian Bank Limited Bond-1 Bond @ Rs. 10,00,000/- per Bond, fully paid-up	1,000,000	1,000,000
<b>Equity Shares - Unquoted</b>		
20 Shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd. of Rs. 500/- each fully paid up	10,000	10,000
1000 Shares of May (India) Property Private Ltd @ Rs. 10/- per share fully paid up	10,000	10,000
<b>Other investments - Quoted</b>		
5000 Units of Franklin India Flex Cap @ Rs. 10/- per unit	50,000	50,000
Less: Provision for diminution in value of investments	(122,100)	(89,900)
	<b>2,068,100</b>	<b>1,586,800</b>
<b>SCHEDULE 6— INVENTORIES</b>		
(as certified by the Management)		
Raw Materials	53,031,569	51,306,869
Work-in-Progress	7,523,183	3,965,454
Finished Goods	15,635,005	6,874,389
	<b>76,189,757</b>	<b>62,146,712</b>
<b>SCHEDULE 7— SUNDRY DEBTORS</b>		
(i) Debts outstanding for a period exceeding six months		
Unsecured and Considered Good	20,903,410	25,014,354
Unsecured and Considered Doubtful		-
(ii) Other Debts	67,679,397	93,833,621
	<b>88,582,807</b>	<b>118,847,975</b>
<b>SCHEDULE 8—CASH AND BANK BALANCES</b>		
(i) Cash on Hand	108,741	163,416
(ii) Balance with scheduled banks		
In Current Accounts	11,252,907	3,376,592
In Deposit Accounts	157,711,189	99,761,792
	<b>169,072,837</b>	<b>103,301,800</b>

## Schedules forming part of Accounts for the year ended 30th June 2009

As at  
30th June 2009  
Rs.As at  
30th June 2008  
Rs.**SCHEDULE 9 — LOANS, ADVANCES & DEPOSITS**

(unsecured, considered good unless otherwise stated)

**Advances Recoverable in cash or kind or for value to be received**

Advances	74,943,707	73,979,523
Staff Loan	499,500	487,500
Deposits**	635,185	846,169
Insurance Claims receivable	-	14,264,580
Deposits / Credits with Excise Authorities	8,408,904	4,323,373
Excise rebate receivable	3,987,302	4,375,745
	<b>88,474,598</b>	<b>98,276,890</b>

\*\* Includes Rs. 18594/- under lien to Commercial Tax Officer, Puducherry

**SCHEDULE 10 — CURRENT LIABILITIES**

Sundry Creditors - Goods	112,814,855	131,610,263
- Expenses	3,574,511	2,965,620
- Others	4,137,250	4,129,287
- Capital goods	461,039	1,106,739
Advance received from Customers	132,469,203	65,619,186
Other Liabilities	271,360	339,214
	<b>253,728,218</b>	<b>205,770,309</b>

**SCHEDULE 11 — PROVISIONS**

Provision for Tax	22,101,402	12,625,319
Provision for Leave encashment	245,624	211,023
Provision for Gratuity	962,590	1,167,513
Provision for Fringe Benefit Tax	1,045,370	666,923
	<b>24,354,986</b>	<b>14,670,778</b>

Schedules forming part of Accounts for the year ended 30th June 2009	For the year ended 30th June 2009 Rs.	For the 15 months ended 30th June 2008 Rs.
<b><u>SCHEDULE 12—INDIRECT INCOME</u></b>		
Dividend Received	7,000	51,200
Interest Income (TDS- Rs. 1,978,522/- ), (Prev Year - Rs. 917,375/-)	13,136,846	5,436,377
Export Incentives received	17,021,783	8,661,412
Exchange Fluctuation Income (net)	-	707,986
Commission Income	991,357	-
Prior Period Income	-	408,552
Scrap Sales	7,750	33,140
Miscellaneous Income	43,085	-
No longer Payable	6,749,512	3,656,421
Rental income	330,000	-
	<u>38,287,333</u>	<u>18,955,038</u>
<b><u>SCHEDULE 13— COST OF GOODS SOLD</u></b>		
Opening Stock:		
Raw Materials	51,306,869	26,127,069
Work-in-Progress	3,965,454	1,879,559
Finished Goods	6,874,389	8,292,490
	<u>62,146,712</u>	<u>36,299,118</u>
Add: Opening stock of the Amalgamating Company		
Raw Materials	-	1,538,064
Finished Goods	-	144,650
	<u>-</u>	<u>1,682,714</u>
Add: Purchases:		
Raw Materials (Less Returns)	187,729,688	274,717,589
Finished Goods	310,810,627	247,766,538
	<u>498,540,315</u>	<u>522,484,127</u>
Less: Closing Stock:		
Raw Materials	53,031,569	51,306,869
Work-in-Progress	7,523,183	3,965,454
Finished Goods	15,635,005	6,874,389
	<u>76,189,757</u>	<u>62,146,712</u>
	<u>484,497,270</u>	<u>498,319,247</u>

Schedules forming part of Accounts for the year ended 30th June 2009	For the year ended 30th June 2009 Rs.	For the 15 months ended 30th June 2008 Rs.
<b><u>SCHEDULE 14 — DIRECT EXPENSES</u></b>		
Manufacturing Expenses	3,622,579	7,345,252
Power and Fuel	3,732,647	7,839,215
	<u>7,355,226</u>	<u>15,184,467</u>
<b><u>SCHEDULE 15 — PAYMENTS TO AND PROVISION FOR EMPLOYEES</u></b>		
Salaries, Wages & Bonus	22,272,716	29,014,008
Contribution to Provident Fund and other funds	1,491,870	1,545,181
Staff Welfare	3,438,137	3,865,714
	<u>27,202,723</u>	<u>34,424,903</u>
<b><u>SCHEDULE 16 — ADMINISTRATIVE OVERHEADS</u></b>		
Telephone Expenses	1,181,947	1,925,731
Office Maintenance	5,345,132	6,597,314
Donations	352,200	183,850
Professional and Consultancy	3,293,220	3,594,630
Rates & Taxes	1,221,210	1,961,871
Subscriptions	64,272	110,090
Travelling & Conveyance	7,255,311	9,446,763
AGM Expenses	526,778	265,991
Audit fees		
For Audit	441,200	554,778
For Tax matters	82,725	112,360
Bad Debts written off / No longer receivable	7,271,071	2,062,302
Loss on sale of assets	286,083	10,317
Loss on assets on account of fire	-	1,643,247
Diminution in value of assets	32,200	89,900
Insurance	382,441	564,598
Foreign Exchange Fluctuation	7,611,584	-
Repairs and Maintenance		
Plant and Machinery	939,714	1,810,572
- Building	1,056,207	454,160
- Others	1,027,994	1,988,613
Rent & Amenities	3,789,090	5,286,148
	<u>42,160,379</u>	<u>38,663,235</u>
<b><u>SCHEDULE 17 — INTEREST AND FINANCE CHARGES</u></b>		
Interest	9,550,699	8,349,205
Bank Charges	2,196,091	3,660,404
	<u>11,746,790</u>	<u>12,009,609</u>
<b><u>SCHEDULE 18 - SELLING OVERHEADS:</u></b>		
Advertisement	274,310	112,937
Sales Promotion Expenses	1,022,180	1,805,204
Service Charges	506,220	239,970
Freight outwards	370,949	639,184
Product Registration Expenses	307,240	299,601
Commission	100,000	386,930
Other Selling Expenses	1,761,841	1,374,726
	<u>4,342,740</u>	<u>4,858,552</u>



**CAPLIN POINT LABORATORIES LIMITED**  
**SCHEDULE 19**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2009**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparation of financial statements**

The accounts are prepared on historical costs convention and in accordance with the accounting principles generally accepted in India comprising the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. The Financial Statements are drawn up on accrual basis.

**2. Recognition of Income and Expenditure**

The company adopts mercantile system of accounting and recognizes income and expenditure on accrual basis in accordance with the applicable accounting standards

**3. Revenue Recognition**

- a. Sale of goods is recognized when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods. Gross sales include excise duty but exclude value added tax/ sales tax. Export sales are accounted for on the basis of date of bill of lading.
- b. Conversion/Service Income is recognized as per contractual terms.
- c. Export entitlement under Duty Entitlement Pass Book (DEPB) Scheme and Focused Marketing Scheme of Government of India are recognized in the Profit and Loss account in the year of export.
- d. Interest earned is recorded on time proportion accrual basis.
- e. Dividend Income is recognized when the right to receive the dividend is unconditional.

**4. Fixed Assets**

Fixed assets are valued at original cost of acquisition less depreciation. The actual cost capitalized includes freight, installation cost, duties and taxes, and other incidental expenses attributable to bringing the asset to its working condition.

**5. Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of an asset. If such recoverable amount of the asset, or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**6. Depreciation**

- a. Depreciation on Fixed Assets is calculated on Straight Line method at rates prescribed in Schedule XIV of the Companies Act, 1956, on original cost of the asset. Additions to fixed assets costing less than Rs. 5,000/- are fully charged off as depreciation in the year of addition.
- b. The cost and accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the Profit and Loss account.
- c. Depreciation has been calculated, on additions, in pro-rata to the number of months for which they have been in existence.

**7. Foreign Currency Transactions**

- a. Foreign currency transactions are translated at exchange rates prevailing on the date of transactions.
- b. Foreign currency monetary assets and liabilities are reported at the closing rate. Gain and losses arising on account of difference in foreign exchange rates on settlement/translation of Monetary Assets and Liabilities on the closing date are recognized in the Profit and Loss Account, except in the case of

certain transactions, which are carried at the same value shown in the previous year, which are outstanding for period exceeding 5 years in respect of which approval has been obtained from the relevant statutory authority extending time for the realization of the proceeds. The Resultant loss or gain will be accounted during the year in which the amount will be realized.

#### **8. Goodwill**

Goodwill represents the difference between the purchase price and fair value of the assets and liabilities acquired after considering reserves transferred. Goodwill is being amortized on Straight Line Method over a period of 5 years.

#### **9. Inventories**

- a. Raw materials, Packing materials, stores and spares are valued at cost including duties and taxes, exclusive of MODVAT credit. The cost is arrived at FIFO basis.
- b. The finished goods inventories are valued on the principles of cost and net realizable value whichever is lower. The cost includes the cost of raw materials, packing materials and other related expenses.
- c. Work in progress is valued on the same basis as finished goods and is inclusive of their cost of raw materials, packing materials and other related expenses.
- d. Value of closing stock as on 30<sup>th</sup> June 2009 is as certified by the management.

#### **10. Retirement benefits**

##### **a. Defined Contribution Plans**

Contributions paid/payable under defined contribution plans are recognized in the Profit and Loss Account each year. Contribution plan is for Provident Fund administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions

##### **b. Defined Benefit Plans**

In respect of Gratuity, which is administered through Life Insurance Corporation of India (LIC) contributions determined by LIC based on the actuarial valuation are charged to the Profit and loss account.

##### **c. Short-term employment benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leaves and performance incentives.

#### **11. Earnings per share**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

#### **12. Investments**

- a. The Long-term investments are stated at the actual Rupee value of the investment made. Provision for diminution is made to recognize a decline other than temporary, in the value of such investments.
- b. Current investments are carried at the lower of cost and market/net realizable value.

#### **13. Leases**

Lease of assets where the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

#### **14. Contingent liabilities and Provisions**

i. A Present obligation, which could be reliably estimated, is provided for in the accounts, if it is probable that an outflow of resources embodying economic benefits will be required for its settlement.

ii. Contingent liabilities are disclosed by way of notes in the Balance Sheet.

## 15. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable for reversing in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is a reasonable certainty of realization in future.

## 16. Mergers

### Malind Laboratories Private Limited

On 30<sup>th</sup> September 2008, the Company received the order of the High Court of Madras dated 25<sup>th</sup> September 2008 approving the Scheme of Amalgamation (the Scheme) of Malind Laboratories Private Limited (Malind) with the company. The Scheme is effective with retrospective date of 1<sup>st</sup> April 2007 (the Appointed Date). The Scheme was filed with the Registrar of Companies, Tamil Nadu on 01.10.2008. Malind is engaged in manufacture of Pharmaceutical formulations and the factory is located at Baddi, Himachal Pradesh.

Consequent to the Orders of the High Court of Judicature, Madras, under a Scheme of Amalgamation, Malind Laboratories Private Limited merged with this Company with effect from 1st April 2007, and the Shareholders of Malind Laboratories Private Limited were allotted 2,100,000 Equity Shares of Rs.10/- each at the Board Meeting held on 13<sup>th</sup> October, 2008, on the basis of 21 equity shares of Rs. 10/- each of Caplin Point Laboratories Limited for every one share of Malind Laboratories Private Limited, on the terms and conditions stipulated by the Orders of the High Court and the Stock Exchanges.

## 17. Borrowing Costs

Interest and other borrowings costs on specific borrowings relating to qualifying assets are capitalized and other interest and borrowing costs are charged to revenue.

## 18. Deferred Revenue Expenditure

Amounts reflected under this head represents unamortized portion of expenses, which are amortized over a period of 5 years

## 19. The Company is operating in one segment of "pharmaceutical formulations."

## B. NOTES ON ACCOUNTS

### 1. Capital Commitment

The estimated amount of unexecuted capital contracts (net of advances and deposits) – Rs.161.97 lakhs (Previous Year – Rs.109.95 lakhs)

### 2. Contingent Liabilities

- (a) Outstanding Bank Guarantee given to the Customs department and others Rs.3,784,865/-  
(Previous Year - Rs.4,259,300/-)
- (b) Outstanding Letters of Credit Rs.Nil (Previous Year Rs.8,250,771/-)
- (c) There is an income tax demand to the extent of Rs.5,708,773/- for the assessment year 1995-96. The Company has filed an appeal against the assessment order of Commissioner of Income Tax (Appeals) on the points of dispute with the Income Tax Appellate Tribunal which is pending.
- (d) In the Assessment Order of Assistant Commissioner of Income Tax for the Assessment Year 2002-03, the loss assessed is Rs Nil, while the company has incurred a loss of Rs.190.93 lakhs. The Company has filed an appeal with the Commissioner of Income Tax (Appeals) against the Assessment Order of the Assistant Commissioner of Income tax which is pending.
- (e) In the Assessment Order of Assistant Commissioner of Income Tax for the Assessment Year 2001-02 of erstwhile May (India) Laboratories Pvt Ltd (since merged with this Company), the income tax was ascertained at Rs 11.01 lakhs (net), The Company has filed an appeal with the Commissioner of Income Tax (Appeals) against the Assessment Order of the Assistant Commissioner of Income tax which is pending.

- (f) In the Order from the Joint Commissioner of Central Excise, Puducherry wide order dated 28-04-2009 for the period from 08-01-2005 to 31-07-2005, an amount of Rs. 4.54 lakhs has been ascertained as interest on the excise duty paid on physician samples. The Company has preferred an appeal before the Commissioner of Appeals, Central Excise, Chennai which is pending.
- (g) Excise Duty receivable includes Excise Duty Rebate claim of Rs. 2,272,402/- pending with the Department of Central Excise with regard to the operations of erstwhile May (India) Laboratories Private Limited, the Company amalgamated with this Company with effect from 1<sup>st</sup> April 2006. The Company has filed all the evidences to the Department of Central Excise.
- (h) Exchange rate fluctuations with reference to Debtors amounting to Rs.104.16 lakhs (Previous year - Rs. 127.67 lakhs) outstanding for period exceeding 5 years, in respect of which approval has been obtained from the relevant statutory authority extending time for the realization of the proceeds, has not been considered and no provision for the debtors has been made as the Company is confident of recovering the dues in full.

### 3. Secured Loans

The Working capital facility of Packing Credit and Bills Discounting is secured by hypothecation of stock in trade, receivables, and lien on deposits of the company with the Bank. The facility is also secured by first charge on the Corporate Office Building and Factory Buildings of the company and also personally guaranteed by the promoter, a Director and few shareholders of the Company.

### 4. Dues to Micro, Small and Medium Enterprises

The Company has not received information from Vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosure relating to amount unpaid as at the year end together with Interest Paid / Payable under this Act have not been given.

### 5. Balances with Scheduled banks in deposit accounts includes:

- (a) Deposits under lien towards Bank Guarantee – Rs.991,065/- (Previous Year – Rs. 1,052,899/-)
- (b) Margin on Letters of Credits outstanding Rs.8,036,457/- (Previous Year Rs.22,516,779/-)
- (c) Retention deposit under lien towards pre shipment credit – Rs. 74,640,855/- (Previous year – Rs. 56,492,114/-)
6. The Company had revalued the land, where the factory/office building is situated, during the previous period ended 30th June 2008 to the extent of Rs. 43,935,500/- and the gain on the revaluation of land to the extent of Rs. 37,337,799/- was credited to the Revaluation Reserve.
7. Balances of debtors, loans, advances and deposits, including items which are subject to confirmation, have, in the opinion of the management, a value on realization in the ordinary course of business at least equal to the amount at which they are stated and creditors are stated at the value which they are liable to be paid.

### 8. Employee Benefits

The following table sets out the status of the gratuity plan as required under AS15 and reconciliation of opening and closing balances of the present value of defined benefit obligation;

Particulars	As at 30 <sup>th</sup> June 2009 Rs.Lakhs	As at 30 <sup>th</sup> June 2008 Rs.Lakhs
Change in Obligation:		
<b>Obligations at period beginning</b>	<b>11.68</b>	<b>11.51</b>
Service Cost	2.32	2.41
Interest Cost	0.58	1.02
Benefits paid	(10.88)	(1.28)
Actuarial (Gain)/Loss	5.93	(1.98)
<b>Obligations at period end</b>	<b>9.63</b>	<b>11.68</b>

The above defined obligation liability as at the Balance Sheet date is wholly funded by the company

Particulars	As at 30 <sup>th</sup> June 2009 Rs.Lakhs	As at 30 <sup>th</sup> June 2008 Rs.Lakhs
Change in Plan Assets:		
<b>Plan Assets at period beginning at Fair value</b>	<b>10.75</b>	<b>3.01</b>
Contribution made during the year	2.00	8.49
Expected return on plan assets	0.51	0.62
Benefits paid	(10.88)	(1.28)
Actuarial Gain/(Loss)	0.63	(0.09)
<b>Plan Assets at end of period</b>	<b>3.01</b>	<b>10.75</b>
<b>Expenses recognized in Profit and Loss Account</b>		
Current Service Cost	2.32	2.41
Interest Cost	0.58	1.02
Expected return on plan assets	(0.51)	(0.62)
Net Actuarial (gain)/loss recognized in the year	5.30	(1.88)
<b>Expenses to be recognized in the profit and loss account</b>	<b>7.69</b>	<b>0.93</b>
<b>Reconciliation of present value of obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the period	3.01	10.75
Present value of the defined benefit obligations at the end of the period	9.63	11.68
Liability recognized in the balance sheet	6.62	0.93

<b>Assumptions:</b>	<i>For the year ended 30<sup>th</sup> June 2009</i>	<i>For the 15 months period ended 30<sup>th</sup> June 2008</i>
Discount Rate	8%	8%
Expected return on plan assets	8%	8%

The estimates of future salary increases are considered in actuarial valuation taking in to account inflation, seniority, promotion and other relevant facts such as supply and demand factors in the employment market.

#### 9. Salaries & Wages include remuneration to Directors

In Rs.

	<i>For the year ended 30<sup>th</sup> June 2009</i>	<i>For the 15 Months period ended 30<sup>th</sup> June 2008</i>
Salaries	402,180	225,000
Contribution to Provident and other funds	14,040	11,700
<b>Total</b>	<b>416,220</b>	<b>236,700</b>

(\*) Excludes contribution to Gratuity Fund as the related amount is not ascertainable in the absence of employees' wise break up.

#### 10. Auditors' Remuneration comprises of fees:

In Rs.

	<i>For the year ended 30<sup>th</sup> June 2009</i>	<i>For the 15 Months period ended 30<sup>th</sup> June 2008</i>
For Statutory Audit	441,200	554,778
For Tax Audit	82,725	112,360
For Others	Nil	Nil
<b>Total</b>	<b>523,925</b>	<b>667,138</b>

**11. CIF Value of Imports**

In Rs.

	<i>For the year ended 30<sup>th</sup> June 2009</i>	<i>For the 15 Months period ended 30<sup>th</sup> June 2008</i>
Raw materials and Trading Goods	294,620,645	255,574,628
Capital Goods	886,150	1,729,976

**12. Earnings in Foreign Exchange (On Accrual basis)**

FOB Value of Exports - Rs. 487,908,353/- (Previous Year – Rs. 413,504,712/-)

**13. Expenditure in Foreign Currency (On Accrual basis)**

In Rs.

	<i>For the year ended 30<sup>th</sup> June 2009</i>	<i>For the 15 Months period ended 30<sup>th</sup> June 2008</i>
Travelling Expenses	742,739	2,295,284
Salaries	3,535,582	2,531,632
Rent	667,235	791,538
Other Expenses	1,235,877	957,718
<b>Total</b>	<b>6,181,433</b>	<b>6,576,172</b>

**14. Value of consumption of imported and indigenous materials and components**

	<i>For the year ended 30<sup>th</sup> June 2009</i>		<i>For the 15 Months period ended 30<sup>th</sup> June 2008</i>	
	Rs.	%	Rs.	%
Imported	2,250,036	1.21	1,677,889	0.67
Indigenous	183,754,452	98.79	249,397,964	99.33
	<b>186,004,488</b>		<b>251,075,853</b>	

**15. Quantitative Particulars in respect of goods manufactured and traded**

<b>For the year ended 30th June 2009</b>	<b>Opening Balance</b>		<b>Purchases</b>	<b>Sales</b>		<b>Closing Balance</b>	
	Qty in Units in lakhs	Rs.in lakhs	Qty in Units in lakhs	Qty in Units in lakhs	Rs. in lakhs	Qty in Units in lakhs	Rs. in lakhs
<b>Pharmaceutical Formulations</b>							
Traded Items	0.42	47.84	933.30	932.58	3590.51	1.14	113.27
Manufactured Items	155.02	20.90	2708.81	2782.67	2321.36	81.15	43.08
<b>Total</b>	<b>155.44</b>	<b>68.74</b>	<b>3642.11</b>	<b>3715.25</b>	<b>5911.87</b>	<b>82.29</b>	<b>156.35</b>

**16. Quantitative details of raw materials consumed**

Sl.No	Name of the Product	Opening Balance as of 01-07-08		Receipts for the Period from July 2008 to June 2009		Issues for the Period from July 2008 to June 2009		Closing Balance as of 30-06-09	
		Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs
1.	Ciprofloxacin HCL	418.74	4.09	769.03	10.57	810.77	9.43	377.00	5.23
2.	Erythromycin Stearate	828.33	10.61	1,435.69	30.50	2,200.48	39.53	63.54	1.58
3.	Paracetamol Powder	11,021.34	16.45	20,275.79	41.39	29,140.75	52.79	2,156.38	5.05
4.	Ranitidine Hcl	401.61	2.20	5,655.07	39.82	5,928.54	41.13	128.14	0.89
5.	Tinidazole	445.15	1.79	791.24	4.09	830.91	3.90	405.48	1.98
6.	Ibuprofen Powder	792.11	3.13	7,824.63	34.15	5,993.05	26.36	2,623.69	10.92
7.	Aceclofenac	460.39	4.59	2,222.13	26.28	2,565.04	29.48	117.49	1.39
8.	Amoxycillin Trihydrate (Compacted)	5.73	0.08	21,250.00	354.41	17,684.89	298.23	3,570.84	56.26
9.	Ampicillin Trihydrate Compacted	42.64	0.80	9,325.00	163.81	5,529.34	99.86	3,838.30	64.75
10.	Serratia Peptidase EC Granules	26.78	4.81	559.35	104.98	518.82	97.16	67.31	12.63
11.	Others		464.52		1,067.30		1,162.18		369.64
	<b>Total</b>		<b>513.07</b>		<b>1,877.30</b>		<b>1,860.05</b>		<b>530.32</b>

**17. Deferred Taxation**

The components of deferred tax liability (Net) as at the balance sheet date are as follows:

	In Rs.	
	As at 30th June 2009	As at 30th June 2008
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax Act	(-) 1,546,311	(-) 684,714
Tax impact of difference between carrying amount of fixed assets in the financial statements and income tax return	12,389,983	12,589,913
	<b>10,843,672</b>	<b>11,905,199</b>

**18. Earnings per share**

In Rs.

Particulars	For the year ended 30 <sup>th</sup> June 2009	For the 15 Months period ended 30 <sup>th</sup> June 2008
Net Profit after tax as per profit and loss account	22,257,342	10,354,523
<b>Basic</b>		
Weighted average number of equity shares of Rs. 10/- each outstanding during the year	15,110,000	13,010,000
<b>Dilution</b>		
Dilution on account of "amount pending allotment" (effective 1 <sup>st</sup> April 2007)	Nil	2,100,000
Weighted average number of equity shares of Rs. 10/- each outstanding during the year	15,110,000	15,110,000
Earnings per share – Basic	1.47	0.80
Earnings per share – Diluted	1.47	0.69

**19. Operating Leases**

The company has entered into cancelable lease agreements for office facilities, office and residential premises of employees. Lease payments recognized in the Profit & Loss Account for the year – Rs. 3,789,090/- (Previous Year – Rs.5,286,148/-). The Company has not entered into any non cancelable operating leases and finance leases.

**20. Disclosure in accordance with the Accounting Standard 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India as identified by the company and relied upon by the auditors.**

## (a) Related parties and nature of relationship

- Mr.Vivek Siddarth, relative of Chairman
- Mrs.Krishnapriya Mishra, relative of a Director

## (b) Key management personnel

- Mr. M Jayapal - Managing Director
- Mr. K Kanmani Portko - Whole Time Director\*\*
- Mr. J Livingston - Vice President - Operations
- Mr. R Venkidesh - Vice President - Formulations

\*\* From 1st January 2009 to 6th August 2009

## (c) Transactions that have taken place during the year with related parties by the company:

	For the year ended 30 <sup>th</sup> June 2009	For the 15 Months period ended 30 <sup>th</sup> June 2008
Consultancy charges paid to Mr. C C Paarthipan (in erstwhile Malind Laboratories Laboratories Pvt. Ltd, the amalgamating company)	180,000	800,000
Salary paid to Mr.M.Jayapal, Managing Director	291,540	236,700
Salary paid to Mr.K Kanmani Portko, Director	124,680	Nil
Salary paid to Mr.Vivek Siddarth	564,300	Nil
Consultancy charges paid to Mrs.Krishnapriya Mishra	240,000	Nil
Rent received from Mr.C C Paarthipan	330,000	Nil



21. Due to Disturbances and damages by mob to plant and stock at our Puducherry Unit, it has not been functioning since January 2008. Arising out of the closure of the unit at Puducherry, all the workers and management staffs have been settled. However, a section of the management staff have raised dispute with the labour department and the conciliation proceedings are in progress.

The Company has since started restructuring its manufacturing operations at Puducherry and may recommence its operations during the current year. In view of the above, the going concern status of the Company does not get affected.

22. The company's factory unit at Baddi in Himachal Pradesh is having exemption from Income Tax and Central Excise for a period of 10 years from the date of commencement of production (24-09-2005).
23. The Company operates in one segment only viz., pharmaceutical formulations.
24. The Current accounting period is for a period of 12 months as against 15 months for the previous period and hence previous period's figures are not comparable.
25. Previous period figures have been regrouped wherever necessary to conform to current year's classification

#### Signatories to Schedules 1 to 19

*As per our report of even date annexed*

**For and on behalf of the Board**

**for T. Udaya Raj & Associates**

**Chartered Accountants**

**M Thiruvengadam**  
**Partner**

**M Jayapal**  
**Managing Director**

**D P Mishra**  
**Director**

**R Sriranjani**  
**Company Secretary**

**Membership No: 29667**

**Chennai**

**November 25, 2009**

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

## 1. Registration Details

Registration No.	0 1 8 - 1 9 0 5 3	State Code 18
Balance Sheet Date	3 0 0 6 2 0 0 9	
	D M Y	

## II. Position of Mobilisation and Deployment of Funds

(Amount in Rs.Lacs)

	Total Liabilities	Total Assets
	3 3 5 1 . 6 5	3 3 5 1 . 6 5
<b>Sources of Funds</b>		
	Paid-up Capital	Reserves & Surplus
	1 5 1 1 . 0 0	8 7 5 . 5 7
	Secured Loans	Unsecured Loans
	8 5 6 . 6 4	--
	Deferred Tax Liability	
	1 0 8 . 4 4	
<b>Application of Funds</b>		
	Net Fixed Assets	Investments
	1 8 8 8 . 6 0	2 0 . 6 8
	Net Current Assets	Misc. Expenditure
	1 4 4 2 . 3 7	--
<b>III. Performance of Company (Amount in Rs. lacs)</b>		
	Turnover	Total Expenditure
	6 2 9 4 . 7 5	5 9 7 3 . 9 9
	+ - Profit/Loss before Tax	+ - Profit/Loss after Tax
	+ 3 2 0 . 7 6	+ 2 2 2 . 5 7
	Earnings per Share in Rs.	Dividend Rate %
Basic	1 . 4 7	N I L
Diluted	1 . 4 7	

## IV. Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

Item Code No.(ITC Code)	293490
Product Description	CLOTRIMAZOLE
Item Code No.(ITC Code)	293799
Product Description	BETAMETHASONE
Item Code No.(ITC Code)	290722
Product Description	HYDROQUINONE

**Caplin Point Laboratories Ltd.,**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2009**

	<b>30.06.2009</b>	<b>30.06.2008</b>
	(Rs. in Lacs)	(Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES.</b>		
Net Profit before tax and extraordinary items	320.76	131.40
Adjustments for:		
Depreciation	200.77	246.45
Loss on sale of assets/loss in fire	2.86	16.54
Diminution in value of assets	0.32	0.90
Transitional provision adjustment		(3.89)
On Account of no longer payable and Other non operating expenses	5.22	(15.94)
Interest Income	(131.37)	(54.36)
Interest Expenses	95.51	83.49
Exchange Fluctuation (Nett)	(76.12)	7.08
Dividend income	(0.07)	(0.51)
	<u>417.88</u>	<u>411.16</u>
Tax Paid (net of refund)	<u>(22.61)</u>	<u>(18.81)</u>
Operating Profit before Working Capital Change	<u>395.27</u>	<u>392.35</u>
Changes in Working Capital		
(Increase) / Decrease in Inventories	(140.43)	(241.65)
(Increase) / Decrease in Trade receivables	357.14	420.47
(Increase) / Decrease in Loans & Advances	69.55	(369.84)
Increase / (Decrease) in Current liabilities & Provisions	535.12	(90.29)
<b>Cash from Operating activities</b>	<b>1,216.65</b>	<b>111.04</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / (Outflow)		
(Purchase) / Sale of Fixed assets	(351.02)	(92.42)
Sale of Fixed assets	0.67	29.63
Deferred revenue expenditure	0.17	4.35
Dividend income	0.07	0.52
(Purchase) / Sale of Investments	(5.13)	(0.30)
<b>Net Cash used in investing activities.</b>	<b><u>(355.24)</u></b>	<b><u>(58.22)</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES.</b>		
Inflow / (Outflow)		
Repayment of Long term Borrowings		
Interest Income	131.37	54.36
Interest Expense	(95.51)	(83.49)
Increase / (Decrease) in Cash / Bank due to merger		
Increase / (Decrease) in Bank Borrowings	(239.55)	423.69
Increase / (Decrease) in Unsecured loan.	-	(13.59)
<b>Net Cash from financing activities.</b>	<b><u>(203.69)</u></b>	<b><u>380.97</u></b>
<b>Net Cash Flow during the year (A+B+C)</b>	<b><u>657.72</u></b>	<b><u>433.79</u></b>
Cash and Cash Equivalent as at the beginning of the year	1,033.01	599.22
<b>Cash and Cash Equivalent as at the close of the year</b>	<b>1,690.73</b>	<b>1,033.01</b>

**Notes:**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on Cash flow Statements issued by the Institute of Chartered Accountants of India.

**for T Udaya Raj & Associates**  
Chartered Accountants

**For and on behalf of the Board**

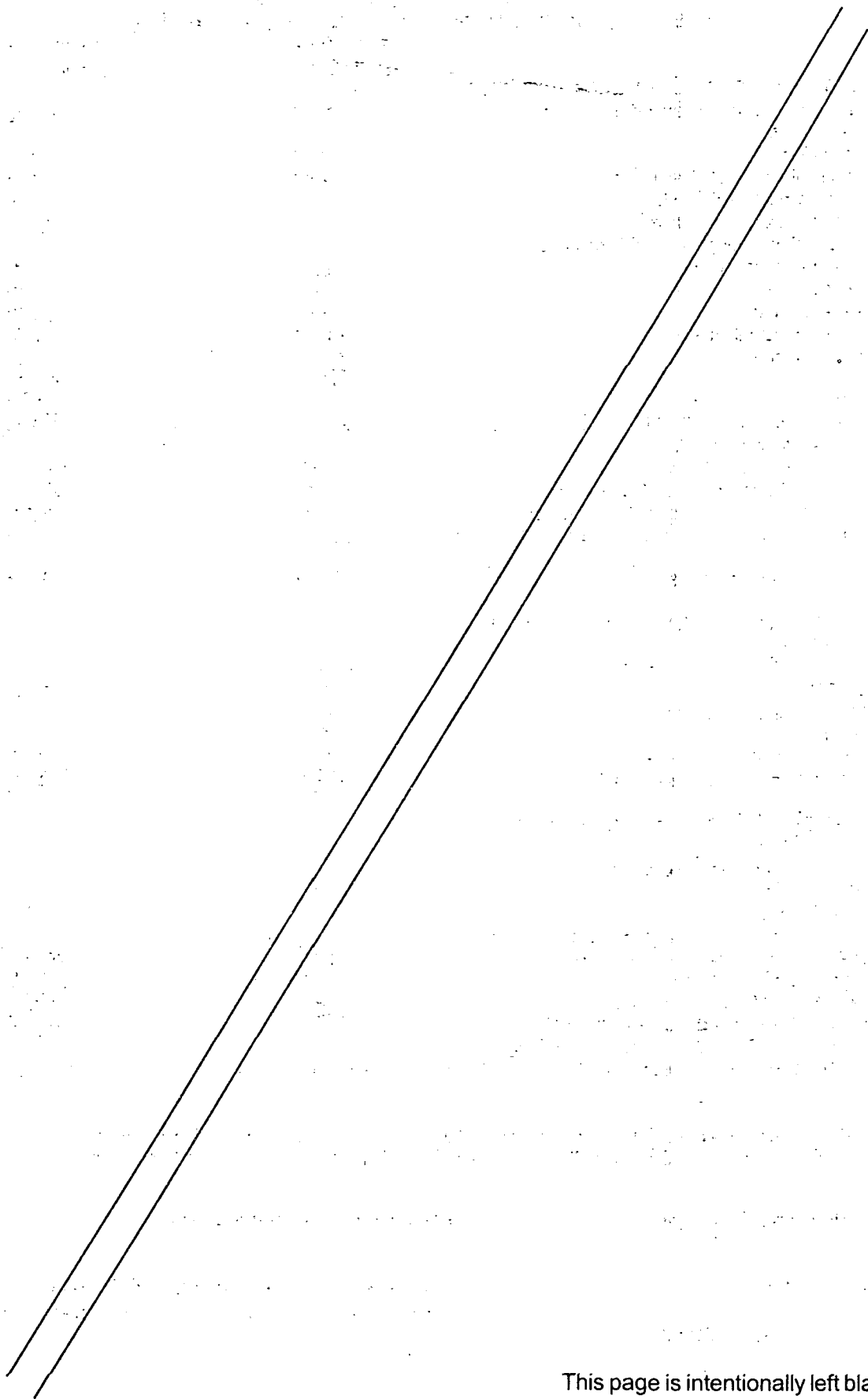
**M Thiruvengadam**  
Partner  
ICAI Membership No: 29667

**M Jayapal**  
Managing Director

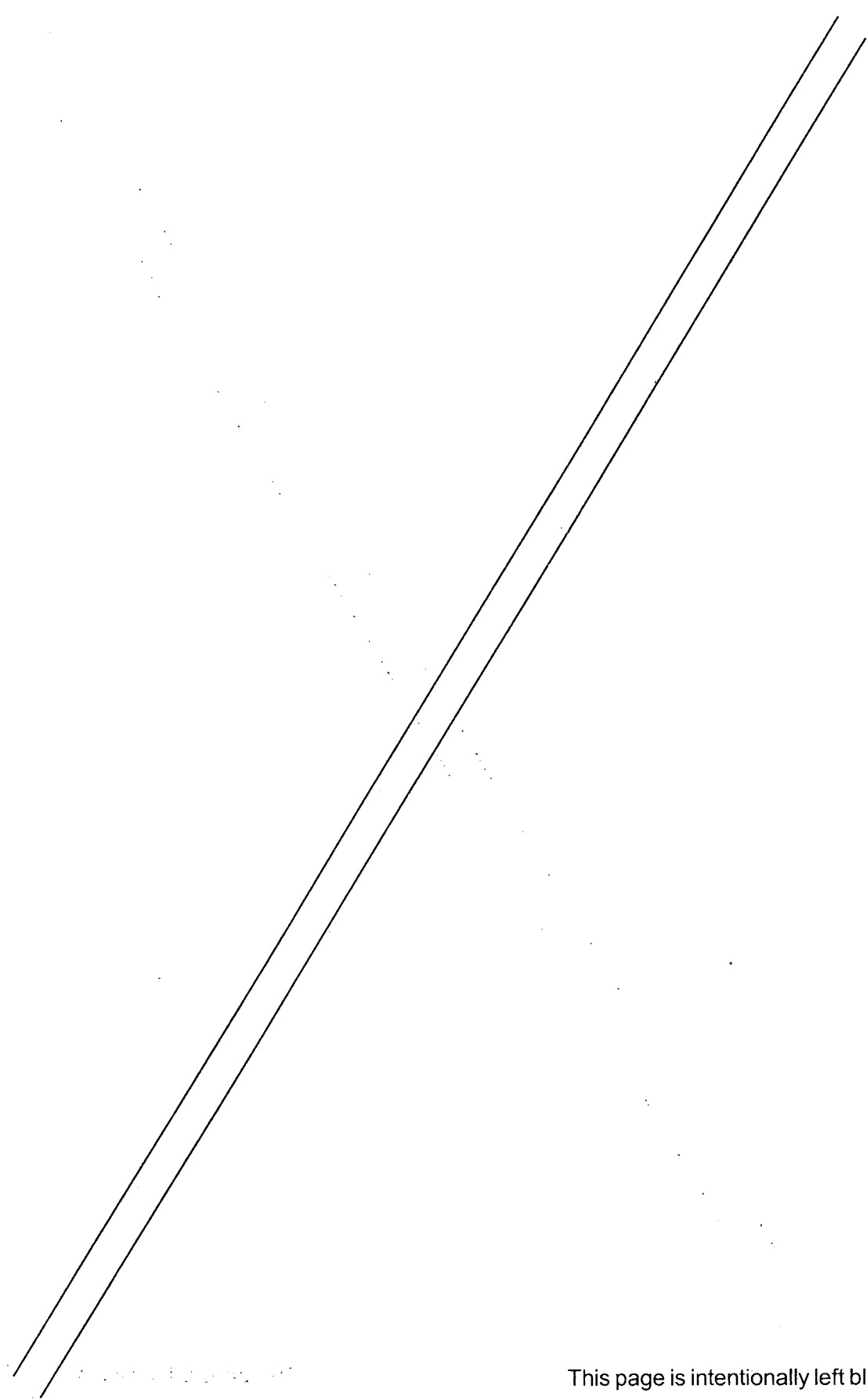
**D P Mishra**  
Director

**R Sriranjani**  
Company Secretary

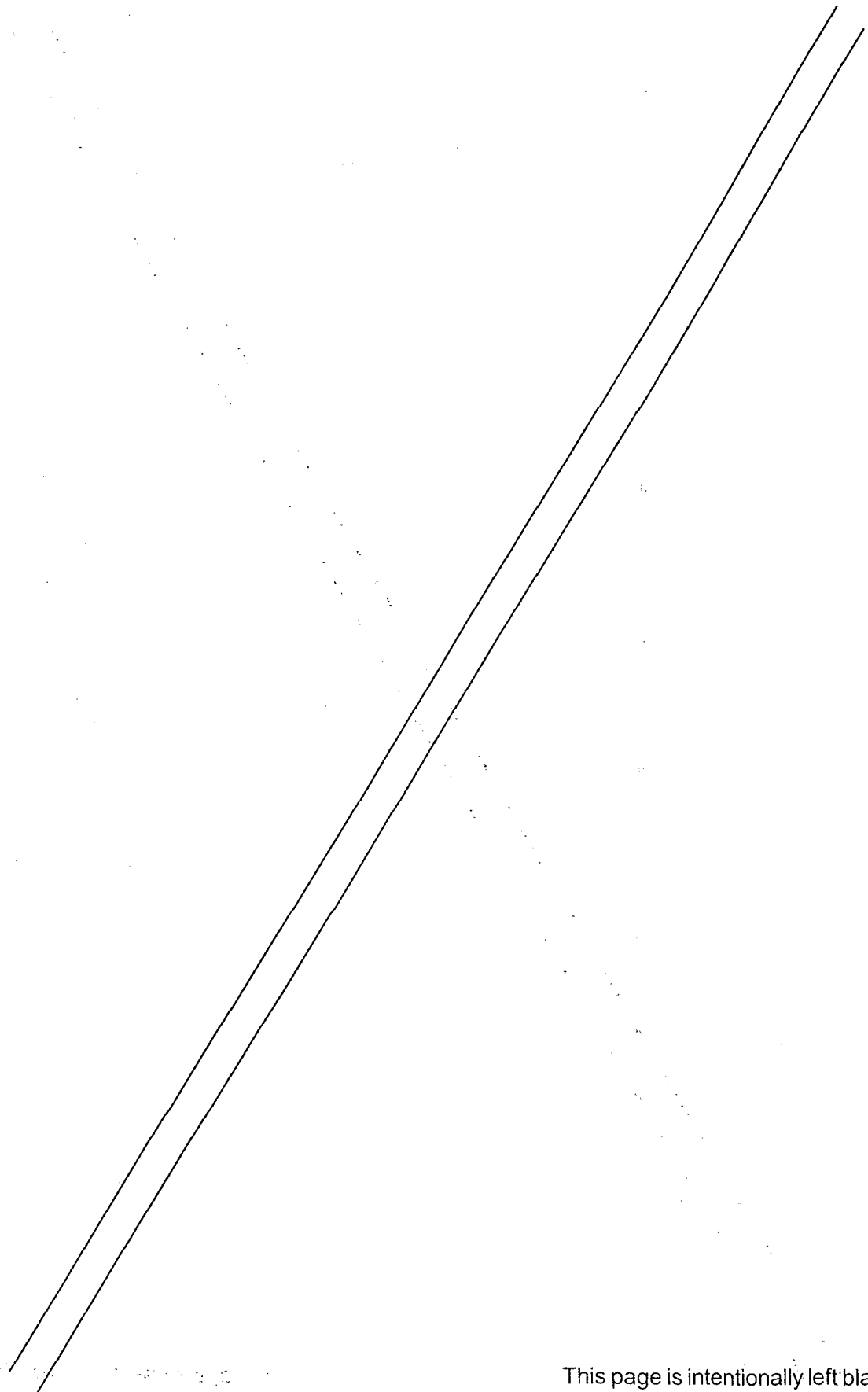
Place : Chennai  
Date : 25.11.2009



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**CAPLIN POINT LABORATORIES LIMITED**

"Narbavi", No. 3, Lakshmanan Street, T. Nagar, Chennai – 600 017.

**PROXY FORM**

Regd. Folio No. \_\_\_\_\_ No. of shares \_\_\_\_\_

DP ID «

Client ID«

I/ We \_\_\_\_\_ of \_\_\_\_\_ being a members

of CAPLIN POINT LABORATORIES LIMITED, hereby appoint \_\_\_\_\_

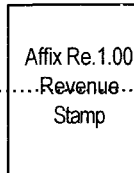
of \_\_\_\_\_ or failing him / her of \_\_\_\_\_ is my / our proxy to

vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Wednesday, the 23rd December, 2009 at 3.00 p.m. at Pasumpon Trust (Pasumpon Thevar Mandapam) No.158, Habibullah Road, T. Nagar, Chennai – 600 017 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

« Gifts will not be issued

Signature .....



« Applicable to investors holding shares in electronic form.

Note : This form duly completed and signed must be deposited at the Registered Office, not less than 48 hours before the Meeting.

**CAPLIN POINT LABORATORIES LIMITED**

"Narbavi", No. 3, Lakshmanan Street, T. Nagar, Chennai – 600 017.

**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Hall)

Regd. Folio No. \_\_\_\_\_ No. of shares \_\_\_\_\_

DP ID \*

Client ID\*

18th Annual General Meeting on 23rd December, 2009

I hereby record my presence at the Eighteenth Annual General Meeting of the Company being held at Pasumpon Trust (Pasumpon Thevar Mandapam) No.158, Habibullah Road, T. Nagar, Chennai – 600 017 on Wednesday, the 23rd December, 2009 at 3.00 p.m.

Name and address of the Member

Name and address of the Proxy

Jointly with 1.  
2.

Member's/Proxy's Signature

BOOK POST

To

[Empty rectangular box for recipient address]



If undelivered please return to :  
**CAPLIN POINT LABORATORIES  
LIMITED**  
"Narbavi", No. 3, Lakshmanan Street,  
T. Nagar, Chennai – 600 017.