



CAPLIN POINT LABORATORIES LIMITED

/Certified True Copy/

For CAPLIN POINT LABORATORIES LTD.

M. Singh
[Redacted Signature]

**Nineteenth Annual Report
2009 - 2010**

CAPLIN POINT LABORATORIES LIMITED

NINETEENTH ANNUAL REPORT

BOARD OF DIRECTORS

Mr.C.C.PAARTHIPAN
Chairman

Mr.M.JAYAPAL
Managing Director

Mr.P.T.BABY THOMAS
(Director)

Mr.V.THIRUMALAI
(Director)

Mr. D.P. MISHRA
(Director)

AUDITORS

M/s. M. RAGHUNATH & CO
Chartered Accountants
4, Stringer Street, III Floor,
Broadway
Chennai 600 001

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. Sofan,
Himachalpradesh – 173 205.

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Tuesday the 28th day of December, 2010 at 11.00 a.m. at "TAG CENTRE" No. 69, T.T.K. Road, Alwarpet, Chennai - 600 018 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 30th June 2010 and Balance Sheet as at that date and the Auditors' Report thereon.

2. To declare a dividend.

A dividend of Re.1/- (per equity share of Rs.10/- each) has been recommended by the Board.

3. To appoint a Director in the place of Mr. P.T. Baby Thomas, who retires by rotation and being eligible offers himself for re-appointment.

4. 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, bearing Registration No. 003347S, be and are hereby reappointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration fixed by the Board of Directors in consultation with the auditor on mutually agreed terms and conditions."

Special Business:

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

"RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions if any, of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Mr. Vivek Siddharth, son of Mr. C C Paarthipan, Chairman of the Company, and his holding and continuing to hold office of profit, as an employee with effect from December 1, 2010, on a remuneration not exceeding Rs.50,000/- per month."

"RESOLVED FURTHER THAT the appointment shall be subject to all other terms and conditions of employment as may be applicable to the regular employees of the Company."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions if any, of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Mrs. Krishnapriya Mishra, relative of Mr. D P Mishra, Director of the Company, and her holding and continuing to hold office of profit, as a Consultant for a period of 1 year with effect from December 1, 2010, on a remuneration of Rs.20,000/- per month."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to Section 163 and other applicable provisions of the Companies Act, 1956, the register of members, share transfer books and other related documents/registers of the Company be shifted from M/s .Knack Corporate Services Private Limited having its office at New No.2 (Old No.102) First Floor, Karpagam Avenue, 12th Cross Street, Mandaveli, Chennai - 600 028 to M/s Karvy Computershare Private Ltd. having office at G-1, Swati Court,22. Vijaya Raghava Road,T Nagar,Chennai 600 017, with effect from 1st March 2011"

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things that are necessary to give effect to this resolution."

On behalf of the Board

Place: Chennai
Date : 22nd November 2010

M Jayapal
Managing Director

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. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business at Items 5, 6 & 7 of the above Notice is annexed hereto.**
- 3. Members are requested to bring their copies of Annual Report to the Meeting.**
- 4. The Securities and Exchange Board of India (SEBI) vide its Circular No MRU/Dop/COR-05/2007 dated April 27, 2007 made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transaction. In continuation of the aforesaid circular, it is hereby clarified that for securities market transactions and off market / private transactions involving transfer of shares of the listed companies in physical form, it shall be mandatory for the transferee to furnish copy of PAN Card with the Company/RTA for registration for such transfer of shares.**
- 5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 22nd December, 2010 to Tuesday, 28th December, 2010 (both days inclusive).**
- 6. The Dividend when declared will be paid to those members, whose names appear in the Register of Members on 28th December, 2010 and in case of shares held in dematerialized form as per the details furnished by NSDL and CDSL. The dividend warrants will be posted on or before 28th January, 2011.**
- 7. 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.**
- 8. Members holding shares in electronic form should update their details with their respective Depository Participants.**
- 9. 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.**

10. Members are requested to fill up the ECS mandate form provided with this report and submit to M/s Karvy Computershare Private Ltd. having office at G-1, Swati Court, 22, Vijaya Raghava Road, T Nagar, Chennai 600 017, at the earliest for the purpose of Dividend credit.
11. 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, 12th Cross Street, Mandaveli, Chennai - 600 028, Phone # 91-44-42100092; Fax # 91-44-42100092.
12. 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.

ANNEXURE TO THE NOTICE

A. Information of Directors seeking appointment/ reappointment in the Annual General Meeting pursuant to Clause 49 of the Listing Agreement

Item No.3

Name	:	P T Baby Thomas
Age	:	57 years
Qualification	:	B.A.
Experience/ Expertise	:	More than 10 years in Administration
No. of shares held in the Company	:	15000

The details of his directorship / Committee membership in other companies as on 30.06.2010 are as follows:

Directorship	Committee memberships / Chairmanship
NIL	NIL

B. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM No.5

Mr. Vivek Siddharth is a Graduate in Bio Technology and was found competent to be appointed as an employee of the Company. Mr. Vivek Siddharth is the son of Mr C C Paarthipan, Chairman of the Company.

The Board of Directors of the Company at their meeting held on 22nd November, 2010 approved the appointment of Mr. Vivek Siddharth as an employee effective from December 1, 2010 and fixed his remuneration of not exceeding Rs.50,000/- per month, which under Section 314(1) of the Companies Act, 1956, can be approved by the Board, to a relative of a director, subject to the approval of the members by means of a special resolution at the Annual General Meeting held for the first time after such appointment.

Accordingly, the Special Resolution as set out under Item No. 5 is recommended by the Board for approval of the members.

Interest of Directors

Mr. C C Paarthipan, Chairman being relative of Mr. Vivek Siddharth is deemed to be directly interested in this item. None of the other Directors are interested or concerned in this resolution.

ITEM No.6

Mrs. Krishnapriya, Mishra, who happens to be relative of Mr., D.P. Mishra, Director, is a Graduate having more than 10 years of experience in the area of Customer Relations and she was found competent to hold the position of a consultant to the Company.

The Board of Directors of the Company at their meeting held on 22nd November, 2010 approved the appointment of Mrs. Krishnapriya Mishra as a consultant for a period of one year effective from December 1, 2010 and fixed her remuneration at Rs.20,000/- per month, which under Section 314(1) of the Companies Act, 1956, can be approved by the Board, to a relative of a director, subject to the approval of the members by means of a special resolution at the Annual General Meeting held for the first time after such appointment.

Accordingly, the Special Resolution as set out under Item No.6 is recommended by the Board for approval of the members.

Interest of Directors

Mr. D P Mishra, Director being relative of Mrs. Krishnapriya Mishra is deemed to be directly interested in this item. None of the other Directors are interested or concerned in this resolution.

ITEM No.7

In terms of Section 163 of the Companies Act, 1956, the Company is required to maintain the register of members, index of members, returns and copies of certificates at the registered office of the Company. However Section 163 provides that these documents can be kept in any other place within the city, town or village in which the registered office of the Company is situated, provided that the same is approved by the members at the general meeting by way of Special Resolution.

The Board of Directors at their Meeting held on 22nd November, 2010 recommended that the Company's Registrar and Share Transfer Agent be shifted from M/s. Knack Corporate Services Pvt Ltd to M/s Karvy Computershare Private Limited having its Head Office at Plot No.17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081, with effect from 1st March 2011.

For administrative convenience and to meet the day to day requirements for shareholders queries and other activities relating to transfers etc, it is imperative that these documents are shifted to Company's new Registrar and Share Transfer Agents, Chennai Office address at -

M/s Karvy Computershare Private Limited,
G-1, Swati Court,
22, Vijaya Raghava Road,
T Nagar,
Chennai 600 017

Accordingly, the Special Resolution as set out under Item No.7 is submitted to the members for approval.

Interest of Directors

None of the Directors are interested or concerned in this resolution.

On behalf of the Board

Place: Chennai
Date: 22nd November 2010

M Jayapal
Managing Director

DIRECTORS' REPORT**To the Shareholders**

The Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts for the year ended 30th June 2010.

Financial Performance

	(Rupees in lacs)	
	2009-2010	2008-2009
Sales and Other Income	6246.00	6294.75
Profit before Tax	384.83	320.76
Profit after Tax	333.18	222.57

Key Financial Ratios

Net worth	2543.55	2386.57
Current Ratio	1.64	1.52
Debt Equity	0.41	0.36

Return on Net worth

Earnings per Share		
Basic & Diluted	2.21	1.47

OPERATIONS & OUTLOOK

While the growth in Exports was marginal, the Profit before Tax is higher by about 10% for the year ended 30th June 2010. To fuel growth in sales in the coming years, several new areas of export and new product line are being explored. Taking advantage of the market presence in more than Seven South American countries, this company has taken several new market initiatives, strengthening of Brand Marketing, besides expanding market reach to about Eight more South American countries, which will not only ensure additional revenue for the company but will also shore up the bottom line as the fixed cost will be amortized to a larger share of revenue. The current level of registration of our products work out to almost 100 in each of the country as on the date of report and several applications are in the pipeline awaiting clearance at various stages. We are glad to inform you that subsequent to the close of the year, the company has commenced its operations in the Unit at Pondicherry, and hope to ramp up in the next twelve months.

In order for the company to move into more regulated market, the company has also embarked on an expansion plan by setting up a formulation unit compliance with the U.S.FDA/ U.K MHRA standards. Towards this the company has already acquired the land and hired senior technical professionals. The funding for the project will be from internal generation and term loans. The project is expected to be on stream in the next twenty four months.

The Company has also set up an Ointment and tablet facility at Baddi through a Limited Liability Partnership Firm and is expected to commence production before this calendar year.

DIVIDEND

The Board of Directors are pleased to recommend a dividend of Re 1/- per Equity Share of Rs' 10 each [10%] for the year ended June 30, 2010 subject to approval of the shareholders in the ensuing Annual General Meeting. The dividend if approved, at the Annual General Meeting will be tax free in the hands of the shareholders. The payment of dividend will entail a cash outflow of Rs'176.20 Lacs including dividend distribution tax of Rs' 25.10 Lacs .

TRANSFER OF RESERVES

In terms of Companies (Transfer of Profits to Reserves) Rules, 1975, a sum of Rs. 33,31,776/- was transferred to General Reserves during the financial year.

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 and due to its unique marketing strategy, difficult terrain, is able to sustain its operations and with better efficiency and commercial terms are able to manage it more effectively. There has been significant fluctuations in the US Dollar-Indian Rupee Conversion of Export pricing from USD to Euro during the period under review has resulted in some positive contribution to the revenue realisation as against the erosion in the previous year.

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 2010-11

With the new market strategies and expansion plans, your company is poised for a higher revenue growth and contribution. With the proposed unit at Baddi for new 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 to continuous rewarding 2011.

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

Mr. P.T.Baby Thomas, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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 judgements 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, Messrs. M.Raghunath and Company, Chartered Accountants, Chennai, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board on recommendation of the Audit Committee, proposes that Messrs.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. Messrs.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.

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.

It is to be informed that our application for Dematerialization of the shares with NSDL has been accepted.

INDUSTRIAL RELATIONS

Generally the Industrial relations with the employees of the Company continued to be stable, cordial and satisfactory during the financial 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 at all levels, which gives confidence to plan for greater achievements in the current financial year.

On behalf of the Board

Place : Chennai
Date : 22nd November 2010

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 ARE GIVEN BELOW.

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 manufacturing to result in cost reduction of the final product.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rupees in lacs)	
	Current Year	Previous Year
Foreign Exchange Earnings	5106.69	4879.08
Foreign Exchange Outgo	2591.54	3016.88

D. POWER AND FUEL CONSUMPTION

	Current Year		Previous Year	
	Office	Factory	Office	Factory
1) Electricity				
a) Purchased Units	50510	606398	42180	397305
b) Total Amount (Rs.)	315477	4522318	268348	3148948
c) Rate Per Unit (Rs.)	6.25	7.01	6.36	7.93

Consumption of Electricity
Per unit of Production

	Current Year	Previous Year
a) Tablets	13,041 Nos.	13,041 Nos
b) Capsules	9,447 Nos.	9,447 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

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 five members as on 30th June 2010. The Board of Directors of the Company consists of five Directors among which three 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.Paarthipan	Non-Executive Chairman	-----
Shri.M.Jayapal	Executive Director	-----
Shri.V.Thrumalai	Non-Executive - Independent Director	-----
Shri.P.T.Baby Thomas	Non-Executive - Independent Director	-----
Shri.D.P.Mishra	Non-Executive - Independent Director	-----
Shri Kanmani Portko [#]	Whole Time Director	-----

Resigned as Whole time Director w.e.f 06.08.2009.

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

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

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.

Details of Directors seeking appointment / re-appointment

Mr.P.T.Baby Thomas, 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 28th December 2010 along with the Annual Report.

Board Meetings held during the year 2009-10

The Board of Directors met 7 (Seven) times during the financial year 2009-10 i.e., 31.07.2009, 06.08.2009, 31.10.2009, 25.11.2009, 30.01.2010, 02.4.2010 and 30.4.2010. 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 23.12.2009
Shri.C.C.Paarthipan	6	YES
Shri.M.Jayapal	7	YES
Shri.V.Thirumalai	3	YES
Shri.P.T.Baby Thomas	7	YES
Shri.D.P.Mishra	7	--
Shri. Kanmani Portko*	1	--

* Resigned as Whole time Director w.e.f 06.08.2009.

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 Three Non – Executive Independent Directors including the Chairman of the Committee and one Executive Director. 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 5 (five) times on 31.07.2009, 31.10.2009, 25.11.2009, 30.01.2010, and 30.04.2010 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:-

Sl No.	Name	Chairman/ Member	No. of meetings Attended
1	Shri.D.P.Mishra	Chairman	5
2	Shri.M.Jayapal	Member	5
3	Shri V Thirumalai	Member	2
4	Shri P T Baby Thomas	Member	5

(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 did not meet any time. The committee consists of Three Non-Executive Independent Directors including the Chairman of the Committee and one Executive Director. The Composition of the Committee is as follows:-

Sl. No	Name of the Member	Chairman/Member
1	Shri D P Mishra	Chairman
2	Shri M Jayapal	Member
3	Shri V Thirumalai	Member
4	Shri P T Baby Thomas	Member

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 shareholders approval.

Details of the remuneration of Non – Executive Directors and Executive Directors for the year ended 30th June 2010 are as follows:-

Non – Executive Directors

Name	Sitting Fees paid for Board and Committee Meetings (Rupees)
Shri C C Paarthipan	NIL
Shri D P Mishra	NIL
Shri P T Baby Thomas	NIL
Shri V Thirumalai	NIL

Executive Directors

Name	Salary/Allowance (Rupees)	Contribution to funds (Rupees)	Value of Perquisites (Rupees)	Incentive Paid (Rupees)
Mr. M. Jayapal	4,38,360	9360	NIL	NIL
Mr. K. Kanmani Portko (upto 06-08-09)	20,000	780	NIL	NIL

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

The Shareholders / Investors Grievance Committee oversees the 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 one Executive Director. Shri.D.P.Mishra is the Chairman of the Committee. Shri V. Harikumar is the Compliance Officer of the Company.

During the year ended 30th June 2010, the Committee met four times on 31.07.2009, 31.10.2009, 31.01.2010 and 30.04.2010 to review the shareholders correspondence including the complaints received from the shareholders and their redressal.

The details of the members of the Committee and their attendance at the meetings are given below:-

Sl No.	Name	Chairman/ Member	Number of Meetings attended
1	Shri D P Mishra	Chairman	4
2	Shri M.Jayapal	Member	4
3	Shri V Thirumalai	Member	2
4	Shri P T Baby Thomas	Member	4

The Company has received 5 (Five) complaints and the same were redressed during the year ended 30th June, 2010.

Code of Conduct

All the members of the Board and senior management personnel have affirmed the compliance with the Company's code of conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report. The Company has also 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 to 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
2009	23.12.2009	3.00 pm	Pasumpon Trust (Pasumpon Thevar Mandapam) No.158,Habibullah Road,T.Nagar, Chennai – 600 017.
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.

Details of Special Resolutions passed during the last 3 Annual General Meetings

Date of AGM	Whether special resolution was passed	Particulars
23.12.2009	NO	NIL
27.12.2008	YES	Delisting of Equity Shares from Ahmedabad Stock Exchange and Calcutta Stock Exchange
27.09.2007	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.

Periodical disclosures from Senior Management relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.

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

The Company has followed the Guidelines of Accounting Standards 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 the 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 during the last three years.

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 30th September 2009, 31st December 2009, 31st March 2010 and 30th June 2010.

CS 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 are yet to be implemented by the Company.

Means of Communication

The Quarterly Unaudited financial results and the Annual audited results are normally published in Trinity Mirror (English) and 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 i.e., www.caplinpoint.net.

Management Discussion and Analysis.

The Management Discussion and Analysis report has been included in the Annual Report.

GENERAL SHAREHOLDER INFORMATION**I. Annual General Meeting**

Day & Date	:	Tuesday, 28 th December, 2010
Time	:	11.00 a.m.
Financial Calendar	:	1 st July 2009 to 30 th June 2010
Date of Book Closure	:	22.12.2010 to 28.12.2010
Listing on Stock Exchanges	:	Madras Stock Exchange Limited Bombay Stock Exchange Limited

<u>Name of the Stock Exchange / Depository</u>	<u>Code /ISIN</u>
Madras Stock Exchange	CAPLNPTLAB
Bombay Stock Exchange Limited	524742
NSDL & CDSL	INE475E01018

Market Price Data

No transactions took place in the Madras 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
2009-2010	July	8.40	7.99
	August	8.79	7.23
	September	7.65	6.32
	October	7.17	6.18
	November	9.12	7.15
	December	9.03	7.70
	January	9.04	7.62
	February	9.24	7.51
	March	8.46	7.41
	April	8.90	7.71
	May	12.28	7.96
	June	16.59	11.67

Registrar and Share Transfer/Demat Agents

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

Share Transfer System

The transfer of Shares and other requests are approved by the Shareholders / Investors 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), First Floor, Karpagam Avenue, 12th Cross Street, Mandaveli, Chennai - 600 028.

Categories of Shareholding as on 30th June, 2010

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	146108	0.97
NRIs/OCBs	277000	1.83
Public	5055659	33.46
TOTAL	15110000	100.00

Distribution of Shareholding as on 30th June, 2010

No. of Shares	No. of Shareholders	No. of shares	Percentage
Upto 500	14054	1922445	12.73
501 to 1000	438	369911	2.45
1001 to 2000	162	254100	1.68
2001 to 3000	75	193899	1.28
3001 to 4000	27	95459	0.63
4001 to 5000	35	164764	1.09
5001 to 10000	42	316927	2.10
10001 and above	62	11792495	78.04
TOTAL	14895	15110000	100.00

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

Unit II

No. 19, Chinnapuliur Village,
Sirupzhalpet,
Gummidipoondi,
Tamilnadu
email : mayindlab@vsnl.net

Unit III

Khasra No. 435,
Village Suraj Majra, N.H. 21,
Baddi, Tehsil Nalagarh, Dist. Solan
Himachal Pradesh – 173205.
Email : 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
Phone: 28156653, 28156905

On behalf of the Board

Place : Chennai
Date : 22nd November 2010

M JAYAPAL
MANAGING DIRECTOR

DECLARATION ON 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 Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at 30th June 2010, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Place : Chennai
Date : 22nd November 2010

M JAYAPAL
MANAGING DIRECTOR

CERTIFICATE ON CORPORATE GOVERNANCE

**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 the Bombay Stock Exchange Limited and the Madras Stock Exchange Limited for the financial year ended June 30, 2010. 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 the 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 efficiency 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 Clause 49 of the listing Agreement.

**For R Sridharan & Associates
Company Secretaries**

**Place : Chennai
Date : 22nd November 2010**

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

Auditors' Report

To,
The Members,
Caplin Point Laboratories Limited

We have audited the attached Balance Sheet of **Caplin Point Laboratories Limited** as at 30th June 2010 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 comply with the all 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 30th June 2010 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. 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 30th June 2010 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 Cash Flow Statement, of the Cash flows for the year ended on that date

Place: Chennai
Date: 22-11-2010

For M Raghunath & Co
Firm Registration No. 003347S
Chartered Accountants

M Raghunath
Partner
ICAI Membership No. 15501

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 2010)

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
c) In our opinion and according to the information and explanations given to us, the fixed assets disposed off during the year were not substantial and therefore do not affect the going concern concept 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 inventory. The discrepancies noticed on physical verification of inventories, as compared to book records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of accounts.
3. 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 ('the Act').
4. In our opinion, and according to the information and explanations given to us 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.
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.
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

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.

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	Rs.57,08,773/-	Assessment Year 1995-96	Income Tax Appellate Tribunal, Chennai
	b) Income Tax	Loss of Rs. 190,93,008/-	Assessment Year 2002-03	Commissioner of Income Tax (Appeals)
	c) Income Tax	Rs.11,01,337/-	Assessment Year 2001-02	Commissioner of Income Tax (Appeals)
	d) Income Tax	Rs.25,96,458/-	Assessment Year 2002-03	Commissioner of Income Tax (Appeals)
	e) Income Tax	Rs.7,60,479/-	Assessment Year 2004-05	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, as at the end of the year and it has not incurred cash losses in the current and in the immediately preceding financial 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(xli) of the order is not applicable.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xlii) 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. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they have been obtained.
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 been informed of such case by the management.

For M Raghunath & Co
Firm Registration No. 003347S
Chartered Accountants

Place: Chennai
Date: 22-11-2010

M Raghunath
Partner
ICAI Membership No. 15501

CAPLIN POINT LABORATORIES LIMITED**Balance Sheet as at 30th June 2010**

	SCH No.	As at 30-06-2010 Rs.	As at 30-06-2009 Rs.
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	151,100,000	151,100,000
Reserves & Surplus	2	<u>103,255,278</u>	<u>87,557,097</u>
		254,355,278	238,657,097
LOAN FUNDS			
Secured Loans	3	103,704,243	85,664,229
Deferred Tax Liability		10,874,433	10,843,672
TOTAL		<u>368,933,954</u>	<u>335,164,998</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	328,863,292	291,305,312
Less: Accumulated Depreciation		<u>122,570,418</u>	<u>102,445,209</u>
Net Block		206,292,874	188,860,103
INVESTMENTS	5	10,563,100	2,068,100
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	41,539,158	76,189,757
Sundry Debtors	7	90,313,537	88,582,807
Cash & Bank balances	8	146,416,865	169,072,837
Loans, Advances & Deposits	9	<u>109,913,018</u>	<u>88,474,598</u>
		<u>388,182,578</u>	<u>422,319,999</u>
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	10	190,574,916	253,728,218
Provisions	11	<u>45,529,682</u>	<u>24,354,986</u>
		<u>236,104,598</u>	<u>278,083,204</u>
NET CURRENT ASSETS		152,077,980	144,236,795
TOTAL		<u>368,933,954</u>	<u>335,164,998</u>

Notes Forming Part of the Accounts and Significant Accounting Policies 19

As per our report of even dated attached

for M Raghunath & Co

On behalf of the Board

Firm Registration No. 003347S

Chartered Accountants

M Raghunath

Partner

ICAI Membership No: 15501

M Jayapal
Managing Director**D P Mishra**
Director**R Sriranjani**
Company Secretary

Place : Chennai

Date : 22-11-2010

Schedules forming part of Accounts for the year ended 30th June 2010	As at 30th June 2010 Rs.	As at 30th June 2009 Rs.
SCHEDULE 1 -- SHARE CAPITAL		
Authorized		
17,000,000 (Previous Year - 17,000,000) equity shares of Rs.10/- each	<u>170,000,000</u>	<u>170,000,000</u>
Issued, Subscribed & Paid-up Share Capital		
15,110,000 (Previous Year - 15,110,000) 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.) (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).	<u>151,100,000</u>	<u>151,100,000</u>
SCHEDULE 2 -- RESERVES & SURPLUS		
Reserves		
General Reserve	4,573,829	4,573,829
Add: Additions during the year	<u>3,331,776</u>	<u>—</u>
Capital Reserve	6,842,591	6,842,591
Revaluation Reserve (Refer note no B (6) of Schedule 19)	37,337,799	37,337,799
Investment Reserve	121,160	121,160
Subsidy	<u>70,770</u>	<u>70,770</u>
	<u>52,277,925</u>	<u>48,946,149</u>
Profit & Loss A/c	<u>50,977,353</u>	<u>38,610,948</u>
	<u>103,255,278</u>	<u>87,557,097</u>
SCHEDULE 3 -- SECURED LOAN		
A. Loans and Advances from Banks:		
From The Catholic Syrian Bank Limited		
As Pawning Credit	44,804,274	35,739,175
For Bills Discounted (Refer Note No (B) 3 of Schedule 19)	<u>54,993,114</u>	<u>45,190,352</u>
B. From Finance Companies		
Hire Purchase Finance (The assets purchased under Hire Purchase is secured against specific assets)	<u>3,906,855</u>	<u>4,734,702</u>
	<u>103,704,243</u>	<u>85,664,229</u>

Schedule 4- FIXED ASSETS

(Figures in Rs.)

Particulars	Gross block					Depreciation/Amortisation			Net Block	
	As at 1/Jul/09	Additions During the year	Deletions During the year	As at 30/June/10	As at 1/Jul/09	for the year	on deletions	As at 30/June/10	As at 30/Jul/09	
Land	48,224,411	32,157,445	-	80,381,856	-	-	-	80,381,856	48,224,411	
Buildings	59,209,141	1,559,918	-	60,769,059	13,030,727	1,548,338	-	46,288,396	45,179,414	
Plant & Machinery	73,783,478	1,771,419	-	75,554,897	28,590,686	3,544,189	-	43,420,022	45,192,792	
A/c Plant	1,551,711	22,000	-	1,573,711	570,108	73,880	-	929,723	881,603	
Furniture & Fixtures	9,211,339	413,220	-	9,624,559	5,445,426	553,852	-	3,628,181	3,765,973	
Office Equipments	8,940,416	799,557	-	9,740,073	5,661,348	1,349,819	-	2,729,106	3,279,068	
Electrical Installations	2,630,472	-	-	2,630,472	6,710,816	112,855	-	1,699,982	2,113,927	
Motor Vehicles	14,082,284	1,128,672	1,298,866	13,913,090	4,336,881	1,295,488	802,050	9,022,771	9,685,403	
Tools & Spares	2,776,559	-	-	2,776,559	1,117,895	131,887	-	1,526,807	1,658,694	
Lab Equipments	6,284,359	873,755	-	7,158,114	1,854,441	288,653	-	4,985,020	4,419,918	
Cycle	11,081	-	-	11,081	11,081	-	-	-	-	
Goodwill	58,400,000	-	-	58,400,000	35,040,000	11,680,000	-	11,680,000	23,360,000	
TOTAL	291,305,312	38,656,846	1,298,866	328,863,292	102,445,209	20,927,259	802,050	122,579,418	188,660,103	
Previous Year's figures	256,305,282	35,102,068	602,038	281,305,312	82,617,283	20,076,901	248,965	192,445,209	174,186,019	

Schedules forming part of Accounts for the year ended 30th June 2010

	As at 30th June 2010 Rs.	As at 30th June 2009 Rs.
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SCHEDULE 5 - INVESTMENTS (At Cost)**Equity Shares - Quoted**

2000 Shares of Karnataka Bank Ltd. - face value of Rs. 10/- each fully paid up (Previous year-2000 shares at face value of Rs. 10/- each)	240,000	240,000
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4800 Shares of Indian Overseas Bank - face value of Rs. 10/- each fully paid up (Previous year-4800 shares at face value of Rs. 10/- each)	115,200	115,200
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700 Shares of Bank of India - face value of Rs. 10/- each fully paid up (Previous year-700 shares at face value of Rs. 10/- each)	31,500	31,500
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2000 Shares of Sirpur Paper Mills Ltd - face value of Rs. 10/- each fully paid up (Previous year-2000 shares at face value of Rs. 10/- each)	220,000	220,000
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Bonds - Unquoted

(Previous year-Catholic Syrian Bank Ltd -1 Bond @ Rs. 1,000,000/- per Bond, fully paid-up)	-	1,000,000
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Equity Shares - Unquoted

20 Shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd. of Rs. 500/- each fully paid (Previous year-20 shares at face value of Rs. 500/- each)	10,000	10,000
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1000 Shares of May (India) Property Private Ltd @ Rs. 10/- per share fully paid up (Previous year-1000 shares at face value of Rs. 10/- each)	10,000	10,000
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100 Shares of Catholic Syrian Bank - face value of Rs. 10/- each fully paid up (Previous year-100 shares at face value of Rs. 10/- each)	13,500	13,500
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Catholic Syrian Bank Rights Issue 2008 - 20000 shares - face value of Rs 10/- each (at a premium of Rs. 110 per share), Rs 50/- per share paid up (Previous year-20000 shares at face value of Rs. 10/- each (at a premium of Rs. 110 per share), Rs 25/- per share paid up)	1,000,000	500,000
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Other Investments - Quoted

5000 Units of Franklin India Flex Cap @ Rs. 10/- per unit (Previous year-5000 Units at Rs. 10/- per unit)	50,000	50,000
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Other Investments - Unquoted

Axis bank Equity Fund (Previous year-Nil)	1,000,000	-
Argus Salud Pharma LLP (Previous year-Nil)	495,000	-

Optionally Convertible Redeemable Preference Shares 750000 Shares of May (India) Property Private Ltd @ Rs. 10/- per share fully paid up (Previous year-Nil)	7,500,000	-
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Less: Provision for diminution in value of investments	(122,100)	(122,100)
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10,563,100**2,068,100**

Schedules forming part of Accounts for the year ended 30th June 2010

	As at 30th June 2010 Rs.	As at 30th June 2009 Rs.
<u>SCHEDULE 6 -- INVENTORIES</u>		
(As certified by the Management)		
Raw Materials and Packing Materials	31,254,746	53,031,569
Work-in-Progress	4,975,609	7,523,183
Finished Goods	<u>5,308,803</u>	<u>15,635,005</u>
	<u>41,539,158</u>	<u>76,189,757</u>
<u>SCHEDULE 7 -- SUNDRY DEBTORS</u>		
(i) Debts outstanding for a period exceeding six months		
Unsecured and Considered Good	9,523,942	20,903,410
Unsecured and Considered Doubtful	-	-
(ii) Other Debts		
Unsecured and Considered Good	80,789,595	67,679,397
Unsecured and Considered Doubtful	-	-
	<u>90,313,537</u>	<u>88,582,807</u>
<u>SCHEDULE 8 -- CASH & BANK BALANCES</u>		
(i) Cash on Hand		
	135,063	108,741
(ii) Balance with scheduled banks		
in Current Accounts	5,790,543	11,252,907
in Deposit Accounts	140,491,259	157,711,189
	<u>146,416,865</u>	<u>169,072,837</u>
<u>SCHEDULE 9 -- LOANS, ADVANCES & DEPOSITS</u>		
(Unsecured, considered good unless otherwise stated)		
<u>Advances Recoverable in cash or in kind or for value to be received</u>		
Advances - Statutory	34,234,174	25,327,605
Advances - Others	57,875,787	50,111,162
Deposits **	557,485	635,185
Deposits / Credits with Excise Authorities	14,794,463	8,408,904
Excise rebate receivable	<u>2,451,109</u>	<u>3,991,742</u>
	<u>109,913,018</u>	<u>88,474,598</u>

** includes Rs. 18,594/- under lien to Commercial Tax Officer, Puducherry

Schedules forming part of Accounts for the year ended 30th June 2010

As at
30th June 2010
Rs.As at
30th June 2009
Rs.**SCHEDULE 10 -- CURRENT LIABILITIES**

Sundry Creditors - Goods	109,200,934	112,814,855
- Expenses	10,696,558	7,711,761
- Capital goods	145,728	461,039
Advance received from Customers	70,196,205	132,469,203
Sundry Creditors - Others	335,491	271,360
	<u>190,574,916</u>	<u>253,728,218</u>

SCHEDULE 11 -- PROVISIONS

Provision for Tax	25,236,000	22,101,402
Provision for Leave encashment	119,979	245,624
Provision for Gratuity	1,508,751	962,590
Proposed Dividend	15,110,000	-
Tax on Dividend	2,509,582	-
Provision for Fringe Benefit Tax	1,045,370	1,045,370
	<u>45,529,682</u>	<u>24,354,986</u>

Schedules forming part of Accounts for the year ended 30th June 2010

	For the year ended 30th June 2010 Rs.	For the year ended 30th June 2009 Rs.
<u>SCHEDULE 12 – INDIRECT INCOME</u>		
Dividend Received	25,250	7,000
Interest Income (TDS- Rs. 1,505,307/-), (Prev Year - Rs. 1,978,522/-)	12,113,784	13,136,846
Export Incentives received	18,727,972	17,021,783
Exchange Fluctuation Income (nett)	3,189,356	-
Commission Income	4,471,150	991,357
Scrap Sales	-	7,750
Miscellaneous Income	124,500	43,085
No longer Payable	4,697,707	6,749,512
Rental income	720,000	330,000
	<u>44,069,719</u>	<u>38,267,333</u>
<u>SCHEDULE 13-- COST OF GOODS SOLD</u>		
Opening Stock:		
Raw Materials and Packing Materials	53,031,569	51,306,869
Work-in-Progress	7,523,183	3,965,454
Finished Goods	<u>15,635,005</u>	<u>6,874,389</u>
	76,189,757	62,146,712
Add: Purchases:		
Raw Materials and Packing Materials (Less Returns)	183,657,098	187,729,688
Finished Goods	<u>264,719,247</u>	<u>310,810,627</u>
	448,376,345	498,540,315
Less: Closing Stock:		
Raw Materials and Packing Materials	31,254,746	53,031,569
Work-in-Progress	4,975,609	7,523,183
Finished Goods	<u>5,308,803</u>	<u>15,635,005</u>
	41,539,158	76,189,757
	<u>483,026,944</u>	<u>484,497,270</u>
<u>SCHEDULE 14 – DIRECT EXPENSES</u>		
Manufacturing Expenses	5,935,095	3,622,579
Power and Fuel	<u>4,288,548</u>	<u>3,732,647</u>
	<u>10,223,643</u>	<u>7,355,226</u>

Schedules forming part of Accounts for the year ended 30th June 2010	For the year ended 30th June 2010 Rs.	For the year ended 30th June 2009 Rs.
SCHEDULE 15--PAYMENTS TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages & Bonus	21,194,205	22,272,716
Contribution to Provident Fund and other funds	1,340,007	1,491,870
Staff Welfare	4,399,677	3,438,137
	<u>26,933,889</u>	<u>27,202,723</u>
SCHEDULE 16 – ADMINISTRATIVE OVERHEADS		
Telephone Expenses	1,126,580	1,181,947
Donations	458,701	352,200
Professional and Consultancy	3,073,380	3,354,607
Rates & Taxes	801,566	1,159,823
Subscriptions	104,846	64,272
Travelling & Conveyance	9,455,153	7,255,311
Audit fees		
For Audit	441,200	441,200
For Tax matters	82,725	82,725
Bad Debts written off/No longer receivable	153,728	7,271,071
Loss on sale of assets	366,816	286,083
Diminution in value of assets	-	32,200
Insurance	611,207	517,174
Foreign Exchange Fluctuation	-	7,611,584
Repairs and Maintenance		
- Plant and Machinery	2,663,553	939,714
- Building	325,671	1,056,207
- Others	2,197,835	2,111,274
Rent & Amenities	3,722,054	3,789,090
Sundry Expenses	4,306,861	4,653,897
	<u>29,891,876</u>	<u>42,160,379</u>
SCHEDULE 17 – INTEREST AND FINANCE CHARGES		
Interest - on Term Loans	192,769	320,389
- Others	8,143,499	9,230,310
Bank Charges	1,810,384	2,196,091
	<u>10,146,652</u>	<u>11,746,790</u>
SCHEDULE 18 - SELLING OVERHEADS		
Advertisement	245,237	274,310
Sales Promotion Expenses	558,286	1,022,180
Service Charges	143,681	506,220
Freight outwards	603,737	370,949
Product Registration Expenses	1,436,168	307,240
Commission	58,000	100,000
Other Selling Expenses	3,921,890	1,761,841
	<u>6,966,999</u>	<u>4,342,740</u>

SCHEDULE 19**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2010****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.
- 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. Gains 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.

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 30th June 2010 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 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. Borrowing Costs

Interest and other borrowings costs on specific borrowings relatable to qualifying assets are capitalized up to the date the asset is ready for use/put to use and other interest and borrowing costs are charged to revenue.

17. Deferred Revenue Expenditure

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

18. 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.191.27 lakhs- (Previous Year - Rs.161.97 lakhs)

2. Contingent Liabilities

(a) Outstanding Bank Guarantee given to the Customs department and others Rs.919,000 /- (Previous Year - Rs.3,784,865/-)

(b) Outstanding Letters of Credit Rs. 3,975,697/- (Previous Year - Nil)

(c) There is an income tax demand to the extent of Rs.5,708,773/- towards tax 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) For the Assessment Year 2002-03 the loss was assessed by Assistant Commissioner of Income Tax as 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) For the Assessment Year 2001-02, of erstwhile May India Laboratories Pvt Ltd (since merged with this Company), orders were received from Assistant Commissioner of Income Tax with demands amounting to Rs.11.01 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

- (f) For the Assessment Year 2002-03, of erstwhile May India Laboratories Pvt Ltd (since merged with this Company), orders were received from Assistant Commissioner of Income Tax with demands amounting to Rs.25.96 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.
- (g) For the Assessment Year 2004-05, of erstwhile May India Laboratories Pvt Ltd (since merged with this Company), orders were received from Assistant Commissioner of Income Tax with demands amounting to Rs.7.61 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.
- (h) In the Order from the Joint Commissioner of Central Excise, Puducherry in the 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.
- (i) 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 1st April 2006. The Company has filed all the evidences to the Department of Central Excise.
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.344,527/- (Previous Year - Rs. 991,065/-)
 - (b) Margin on Letters of Credits outstanding Rs.6,125,741/- (Previous Year Rs.8,036,457/-)
 - (c) Retention deposit under lien towards pre shipment credit - Rs.91,136,230/- (Previous year - Rs. 74,640,855/-).
6. The Company had revalued the land, where the factory/office building is situated, during the 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 30th June 2010	As at 30th June 2009
	Rs.Lakhs	Rs.Lakhs
Change in Obligation:		
Obligations at period beginning	9.63	11.68
Service Cost	5.57	2.32
Interest Cost	0.91	0.58
Benefits paid	(0.33)	(10.88)
Actuarial (Gain)/Loss	(0.69)	5.93
Obligations at period end	15.09	9.63

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

Particulars	As at 30th June 2010	As at 30th June 2009
	Rs.Lakhs	Rs.Lakhs
Change in Plan Assets:		
Plan Assets at period beginning at Fair value	3.01	10.75
Contribution made during the year	3.85	2.00
Expected return on plan assets	0.38	0.51
Benefits paid	(0.33)	(10.88)
Actuarial Gain/(Loss)	0.04	0.63
Plan Assets at end of period	6.95	3.01
Expenses recognized in Profit and Loss Account		
Current Service Cost	5.57	2.32
Interest Cost	0.91	0.58
Expected return on plan assets	(0.38)	(0.51)
Net Actuarial (gain)/loss recognized in the year	(0.74)	5.30
Expenses to be recognized in the profit and loss account	5.36	7.69
Reconciliation of present value of obligation and the Fair value of the plan assets		
Fair value of plan assets at the end of the period	6.95	3.01
Present value of the defined benefit obligations at the end of the period	15.09	9.63
Liability recognized in the balance sheet	8.14	6.62

	For the year ended 30th June 2010	For the year ended 30th June 2009
Assumptions:		
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 Managing Director/Director

In Rs.

	For the year ended 30th June 2010	For the year ended 30th June 2009
Salaries	458,360	402,180
Contribution to Provident and other funds	10,140	14,040
Total	468,500	416,220

(*) 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.

	For the year ended 30th June 2010	For the year ended 30th June 2009
For Statutory Audit	441,200	441,200
For Tax Audit	82,725	82,725
Total	523,925	523,925

11. CIF Value of Imports

In Rs.

	For the year ended 30th June 2010	For the year ended 30th June 2009
Raw materials and Trading Goods	250,072,616	294,620,645
Capital Goods	1,727,402	886,150

12. Earnings In Foreign Exchange (On Accrual basis)

FOB Value of Exports - Rs. 510,6(9,116/- (Previous Year - Rs. 487,908,353/-)

13. Expenditure in Foreign Currency (On Accrual basis)

In Rs.

	For the year ended 30th June 2010	For the year ended 30th June 2009
Travelling Expenses	1,429,164	742,739
Salaries	2,856,966	3,535,582
Rent	893,984	667,235
Other Expenses	2,174,423	1,235,877
Total	7,354,537	6,181,433

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

In Rs.

	For the year ended 30th June 2010		For the year ended 30th June 2009	
	Rs.	%	Rs.	%
Imported	413,836	0.01	2,250,036	1.21
Indigenous	205,020,085	99.99	183,754,952	98.79
	205,433,921		186,004,988	

15. Licensed and Installed Capacity and actual production

Qty in units in lakhs	Annual Licensed / Installed Capacity		Actual Production	
	2010	2009	2010	2009
Tablets	N/A	N/A	2346.55	1847.72
Capsules	N/A	N/A	563.25	836.73
Ointments/Cream	N/A	N/A	29.26	12.56
Liquids/Dry Syrup	N/A	N/A	7.80	7.27
Injections	N/A	N/A	—	4.53
			2946.86	2708.81

16. Quantitative Particulars in respect of goods manufactured and traded

For the year ended 30th June 2010	Opening Balance		Purchases	Sales		Closing Balance	
	Qty. in Units in lakhs	Rs. in lakhs	Qty. in Units in lakhs	Rs. in lakhs in lakhs	Rs. in lakhs	Qty. in Units in lakhs	Rs. in lakhs
Pharmaceutical Formulations							
Traded Items	1.14	113.27	155.89	155.33	3199.06	1.70	13.21
Manufactured Items	81.15	43.08	2946.86	2944.14	2606.24	83.87	39.87
Total	82.29	156.35	3102.75	3099.47	5805.30	85.57	53.08

17. Quantitative details of raw materials consumed

Sl. No.	Name of the product	Opening Balance as of 01-07-09		Receipts for the Year from July 2009 to June 2010		Issues for the Year from July 2009 to June 2010		Closing Balance as of 30.06.10	
		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	377.00	5.23	225.10	3.05	436.20	5.93	165.90	2.35
2	Erythromycin Stearate	63.54	1.58	3,990.71	102.21	4,013.81	102.59	40.44	1.20
3	Nalidixic Acid	16.55	0.50	851.00	23.48	820.14	22.67	47.41	1.31
4	Paracetamol Powder	2,156.38	5.05	29,576.28	62.70	26,205.77	56.11	5,526.89	11.64
5	Tinidazole	405.48	1.98	436.83	2.16	834.15	4.09	8.16	0.05
6	Trimethoprim	43.60	0.59	1,000.00	10.23	955.98	9.95	87.62	0.87
7	Ibuprofen Powder	2,623.69	10.92	4,012.42	18.23	6,406.26	26.16	229.85	0.99
8	Amoxycillin Trihydrate (Compacted)	3,570.84	56.26	104.83	20.74	3,560.30	66.35	115.37	10.65
9	Ampicillin Trihydrate (Compacted)	3,838.30	64.75	-	-	2,491.04	42.73	1,347.26	22.02
10	Serratio Peptidase EC Granules	67.31	12.63	845.00	150.05	843.23	150.36	69.08	12.32
11	Others		370.83		1,445.72		1,567.40		249.15
	Total		530.32		1,836.57		2,054.34		312.55

18. Deferred Taxation

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

In Rs.

	As at 30th June,2010	As at 30th June,2009
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax Act	(-)1,254,146	(-)1,546,311
Tax impact of difference between carrying amount of fixed assets in the financial statements and income tax return	12,128,579	12,389,983
	10,874,433	10,843,672

19. Earnings per share

In Rs.

Particulars	For the year ended 30th June 2010	For the year ended 30th June 2009
Net Profit after tax as per profit and loss account	33,317,763	22,257,342
Weighted average number of equity shares of Rs. 10/- each outstanding during the year	15,110,000	15,110,000
Earnings per share - Basic & Diluted	2.21	1.47

20. 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. 3,722,054/- (Previous Year - Rs.3,789,090/-). The Company has not entered into any non cancelable operating leases and finance leases.

21. Amount Due to Investor Education and Protection fund

There are no amounts due and outstanding to be credited to investor education and protection fund.

22. Proposed Dividend

Dividend Proposed by the Board of Directors is provided in the books of accounts pending approval at the Annual General Meeting.

23. 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. C C Paarthipan, Chairman
 Mr. Vivek Siddharth, relative of Chairman
 Mrs. Krishnapriya Mishra , relative of a Director
 Argus Salud Pharma LLP - Related Entity

(b) Key management personnel

Mr. M Jayapal - Managing Director
 Mr. K Kanmani Portko - Whole Time Director **

** From 1st Jan 09 to 6th Aug 2009

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

In Rs.

	For the year ended 30th June 2010	For the year ended 30th June 2009
Consultancy charges paid to Mr. C C Paarthipan (in erstwhile Malind Laboratories Pvt. Ltd, the amalgamating company)	Nil	180,000
Salary paid to Mr. M Jayapal, Managing Director	447,720	291,540
Salary paid to Mr. Kanmani Portko, Director	20,780	124,680
Salary paid to Mr. Vivek Siddharth	578,958	584,300
Consultancy charges paid to Mrs. Krishnapriya Mishra	240,000	240,000
Rent received from Mr C C Paarthipan	720,000	330,000

(d) Outstanding Receivables

In Rs.

	For the year ended 30th June 2010	For the year ended 30th June 2009
Argus Salud Pharma LLP	793,975	Nil

24. 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 has recommenced its operations, subsequent to the closure of the financial year in a phased manner.
25. The Company's factory unit at Baddi in Himachal Pradesh is availing exemption under section 80IC of the Income Tax Act and also from Central Excise and Salt Act from the date of commencement of production (24-09-2005).
26. The Company operates in one segment only viz., pharmaceutical formulations.
27. Previous year 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*

On behalf of the Board

for M Raghunath & Co

Firm Registration No. 003347S

Chartered Accountants**M Raghunath****Partner**

ICAI Membership No: 15501

M Jayapal**Managing Director****D P Mishra****Director****R Sriranjani****Company Secretary**

Place : Chennai

Date : 22nd November 2010

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No.	018-18053	State Code	18
Balance Sheet Date	30-06-2010		

**II. Position of Mobilisation and Deployment of Funds
(Amount in Rs. Lacs)**

Sources of Funds	Total Liabilities 3,689.33	Total Assets 3,689.33
	Paid-up Capital 1,511.00	Reserves & Surplus 1,032.55
	Secured Loans 1,037.04	Unsecured Loans -
	Deferred Tax Liability 108.74	
Application of Funds	Net Fixed Assets 2,062.93	Investments 105.62
	Net Current Assets 1,520.78	Misc. Expenditure -

III. Performance of the Company

	Turnover 6,246.00	Total Expenditure 5,881.17
	+ - Profit/ Loss before Tax 364.83	+ - Profit/ Loss after Tax 333.18
	Earnings per share in Rs.	Dividend Rate %
Basic	2.21	10%
Diluted	2.21	

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

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2010

	30.06.2010 (Rs. in Lacs)	30.06.2009 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	364.83	320.76
Adjustments for:		
Depreciation	209.27	200.77
Loss on sale of assets/loss in fire	3.67	2.86
Diminution in value of assets	-	0.32
Transitional provision adjustment	-	-
On Account of no longer payable and Other non operating expenses	(45.44)	5.22
Interest Income	(121.14)	(131.37)
Interest Expenses	83.36	95.51
Exchange Fluctuation (Nett)	31.89	(76.12)
Dividend income	(0.25)	(0.07)
	<u>526.19</u>	<u>417.88</u>
Tax Paid (net of refund)	(50.96)	(22.61)
Operating profit before Working Capital Change	<u>475.23</u>	<u>395.27</u>
Changes in Working Capital		
(Increase) / Decrease in Inventories	346.51	(140.43)
(Increase) / Decrease in Trade receivables	(50.02)	357.14
(Increase) / Decrease in Loans & Advances	(163.42)	69.55
Increase / (Decrease) in Current liabilities & Provisions	(581.07)	535.12
Cash from Operating activities	<u>27.23</u>	<u>1,216.65</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Inflow / (Outflow)		
(Purchase) of fixed assets	(388.57)	(351.02)
Sale of Fixed assets	1.30	0.67
Deferred revenue expenditure	-	0.17
Dividend income	0.25	0.07
(Purchase) / Sale of Investments	(84.95)	(5.13)
Net Cash used in investing activities.	<u>(471.97)</u>	<u>(355.24)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Inflow / (Outflow)		
Repayment of Long term Borrowings	-	-
Interest Income	121.14	131.37
Interest Expense	(83.36)	(95.51)
Increase / (Decrease) in Cash / Bank due to merger	-	-
Increase / (Decrease) in Bank Borrowings	180.40	(239.55)
Increase / (Decrease) in Unsecured loan.	-	-
Net Cash from financing activities.	<u>218.18</u>	<u>(203.69)</u>

Net Cash Flow during the year (A+B+C)	(226.56)	657.72
Cash and Cash Equivalent as at the beginning of the year	1,690.73	1,033.01
Cash and Cash Equivalent as at the close of the year	1,464.17	1,690.73

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 M Raghunath & Co**On behalf of the Board**

Registration No. 003347S

Chartered Accountants

M Raghunath

Partner

ICAI Membership No: 15501

M Jayapal

Managing Director

D P Mishra

Director

R Sriranjani

Company Secretary

Place : Chennai

Date : 22-11-2010