



**CAPLIN POINT LABORATORIES LIMITED**

**TWENTY SECOND ANNUAL REPORT  
2012-2013**

## CORPORATE INFORMATION

<b>Board of Directors</b>	Mr.C.C.PAARTHIPAN, Chairman
	Mr.M.JAYAPAL, Managing Director
	Mr.D.P.MISHRA, Whole Time Director
	Mr.P.T.BABY THOMAS, Director
	Mr.V.THIRUMALAI, Director
	Mr.VENKAT RADHAKRISHNAN, Director
	Mr.R.VIJAY VENKATRAMAN, Director (Appointed w.e.f 4.10.2012)
<b>Company Secretary and Vice president Finance</b>	Mr.S.Mohanraj
<b>Statutory Auditors</b>	M/s. M RAGHUNATH & CO. Chartered Accountants New No. 22 (Old No. 83/2), Millers Road, Kilpauk, Chennai 600 010.
<b>Cost Auditor</b>	Mr.G.THANGARAJ 12B, Block 3, F2, Behind Venkatesha Nilayam, Jayalakshmipuram Main Road,Nungambakkam, Chennai 600 034.
<b>Bankers</b>	THE CATHOLIC SYRIAN BANK LTD Mount Road Branch, Tarapore Towers, Chennai 600 002.
<b>Registered &amp; Corporate Office</b>	'NARBAVI', No.3, Lakshmanan Street, T Nagar, Chennai 600 017
<b>Factory</b>	<u>Unit I</u> 85/3, Suthukeny Village, Mannadipet Commune Panchayat, Puducherry – 605 502
	<u>Unit II</u> No.19, Chinnapuliyur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201.
	<u>Unit III</u> Khasra No.435, Village Suraj Majra, N.H.21, Baddi, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh -173 205
	<u>Unit IV</u> <u>Guruvarajakandigai</u> Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201.
<b>Subsidiary Firm</b>	Argus Salud Pharma LLP Factory Unit: Khasra No.380, Village Suraj Majra, N.H.21, Baddi, Tehsil Nalagarh Dist. Solan, Himachal Pradesh 173205
<b>Registrar &amp; Transfer Agents</b>	M/s Karvy Computershare Private Limited Plot No 17 – 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081
<b>Website</b>	<a href="http://www.caplinpoint.net">www.caplinpoint.net</a>

## **CAPLIN POINT LABORATORIES LIMITED**

### **NOTICE**

**NOTICE** is hereby given that the Twenty Second Annual General Meeting of the members of Caplin Point Laboratories Limited will be held on Friday the 27<sup>th</sup> day of December, 2013 at 10.00 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 Audited Profit and Loss Account for the financial year ended 30<sup>th</sup> June 2013 and the Balance Sheet as at that date together with the Notes attached thereto, along with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare Final Dividend of Rs. 2.50 per equity share of face value Rs.10/- each for the year 2012-13.
3. To appoint a Director in place of Mr. P.T. Baby Thomas, who retires by rotation and being eligible offers himself for re-appointment.

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

4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

**"RESOLVED THAT**, CNGSN & Associates, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in the place of retiring Auditors, M. Raghunath & Co., Chartered Accountants, Chennai who are not seeking re-election and that the Board of Directors of the Company be and is hereby authorised to fix their remuneration.

#### **Special Business:**

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, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) consent of the Company be and is hereby accorded for re-appointment of Mr. M Jayapal as Managing Director of the Company for a further period of One year effective from 28th March 2013 on the following terms and conditions of remuneration:

- a. Salary, Allowances & Perquisites

Not exceeding Rs. 59,400/- per month with effect from 28th March 2013.

- 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 of Directors be and are hereby authorised severally to take all such actions and give all such directions or do all such acts, matters and things as may be necessary in this regard.

**By Order of the Board of Directors  
For Caplin Point Laboratories Limited**

**Place: Chennai  
Date: November 7, 2013**

**C C Paarthipan  
Chairman**

**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. Members / proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting**
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business at Item No. 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. Members are requested to bring their copies of Annual Report to the Meeting.
4. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 21<sup>st</sup> December, 2013 to Friday, 27<sup>th</sup> December, 2013 (both days inclusive) for the purpose of Annual General Meeting and Dividend.
5. The Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before 26<sup>th</sup> January 2014 to those members, whose names appear in the Register of Members on 20<sup>th</sup> December, 2013.

6. 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.
7. Members holding shares in electronic mode are requested to direct change of address notifications and update of savings bank account details to their respective Depository Participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends
8. 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. Karvy Computershare Private Ltd.
9. Members are requested to fill up the ECS mandate form provided with this report and submit to the Company's Share Transfer Agents (Physical and Electronic) M/s Karvy Computershare Private Ltd at the following address: M/s Karvy Computershare Private Ltd, UNIT: Caplin Point Laboratories Limited, Plot No 17 – 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India. Phone # 91-40-44655000; Fax # 91-40-23420814. E-mail: einward.ris@karvy.com. URL: www.karvycomputershare.com.
11. All communications relating to shares may be addressed to the Company's Share Transfer Agents (Physical and Electronic) at their communication address mentioned herein.
12. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
13. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchanges, of person seeking re-appointment as Director under Item no.3 of the Notice is provided in the annexure.
14. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Company Secretary at the Company's Registered Office or the Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer of to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.

## **ANNEXURE TO THE NOTICE**

### **A. Information of Directors seeking appointment/ re-appointment in the Annual General Meeting pursuant to Clause 49 of the Listing Agreement**

#### **Item No.3**

Name	: P T Baby Thomas
Age	: 60 years
Qualification	: B.A.
Experience	: More than 15 years in Administration
No. of shares held in the company	: NIL

The details of his directorship / Committee membership in other Companies as on 30.06.2013 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**

The appointment of Mr. M Jayapal, as Managing Director of the Company at the Annual General Meeting held on 29.12.2011 was for a period of 2 years up to 27<sup>th</sup> March 2013. In view of his able stewardship of the Company and the need to ensure continuity in managerial decision making, the Board of Directors of the Company at its meeting held on 9<sup>th</sup> May, 2013 has, upon the recommendation of the Remuneration Committee and subject to approval of the Shareholders in the General Meeting, approved the re-appointment of Mr. M Jayapal as Managing Director for a further period of one year with effect from 28<sup>th</sup> March 2013 on a revised remuneration of Rs.59,400/- p.m.

The terms of appointment of Mr. M.Jayapal as stated in the notice may be treated as abstract under Section 302 of the Companies Act, 1956. The copy of relevant resolutions of the Board in respect of the re-appointment is available for inspection by the members at the registered office of the company 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.

Accordingly the Ordinary Resolution set out under Item No. 5 of the notice is recommended by the Board for the approval of the Members.

**Interest of Directors:**

None of the Directors of the Company other than Mr. M. Jayapal, is concerned or interested in the resolution.

**Note on appointment of Statutory Auditors**

The retiring Auditors, M/s. M. Raghunath & Co, Chartered Accountants, Chennai have, due to their pre occupation, expressed their desire not to seek re-election.

The Company has received a Special Notice from a Member of the Company, in terms of the applicable provisions of the Act, signifying his intention to propose the appointment of CNGSN & Associates as Statutory Auditors from the conclusion of this AGM till the conclusion of the next AGM of the Company

**By Order of the Board of Directors  
For Caplin Point Laboratories Limited**

**Place: Chennai  
Date: November 7, 2013**

**C C Paarthipan  
Chairman**

## DIRECTORS' REPORT

### To the Shareholders

The Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Accounts for the year ended 30<sup>th</sup> June 2013.

### FINANCIAL RESULTS

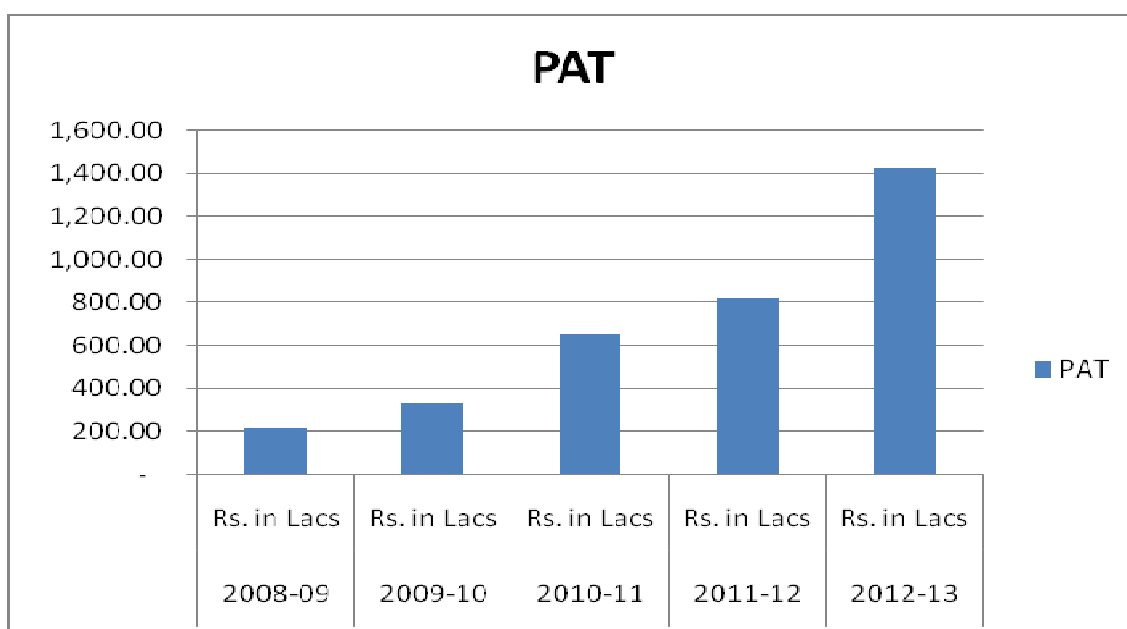
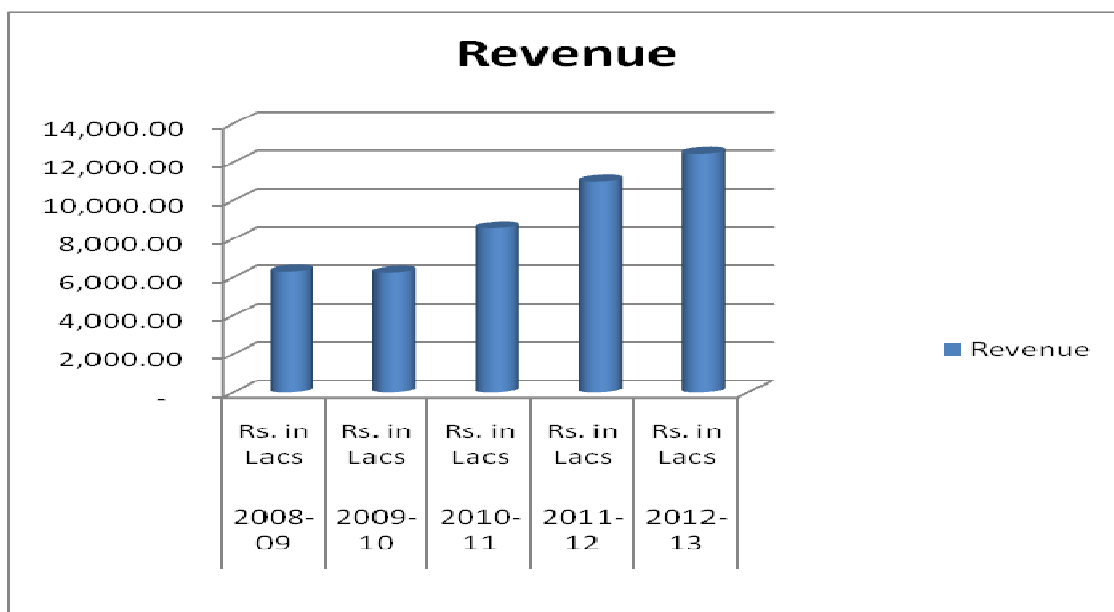
Rs. In Lakhs except per share data

	<b>Standalone for the year ended 30<sup>th</sup> June</b>		<b>Consolidated for the year ended 30<sup>th</sup> June</b>	
	2013	2012	2013	2012
Sales (net of excise duty) and other Income	12,440.52	11,001.01	12,912.86	10,972.34
Profit before Finance Costs, Depreciation, Amortisation Expenses & Taxes	2,327.18	1,286.86	2,398.29	1,330.34
Less: Finance Costs	30.06	87.69	30.24	89.44
Depreciation & Amortisation Expense	145.32	115.50	154.02	123.66
Profit Before Tax	2,151.80	1,083.67	2,214.03	1,117.24
Less: Tax Expenses	721.15	265.16	811.89	314.25
<b>Profit after Tax</b>	<b>1,430.65</b>	<b>818.51</b>	<b>1,402.14</b>	<b>802.99</b>
Less : Minority Interest	-----	-----	3.76	2.34
Add: Surplus at the beginning of the year	1,216.89	834.60	1,173.65	809.22
<b>Profit available for Appropriation</b>	<b>2,647.54</b>	<b>1,653.11</b>	<b>2,572.05</b>	<b>1,609.87</b>
Less: Transfer to General Reserves	150.00	85.00	150.00	85.00
Final Dividend proposed	377.75	302.20	377.75	302.20
Dividend Tax – Current Year	64.20	49.02	64.20	49.02
Transfer from other Reserves	(1.92)		(1.92)	
Balance carried to Balance Sheet	2,057.51	1,216.89	1,982.02	1,173.65
Paid up Capital	1,511.00	1,511.00	1,511.00	1,511.00
Reserves & Surplus	2,878.73	1,890.03	2,803.24	1,846.79
Networth	4,389.73	3,401.03	4,314.24	3,357.79
Earnings per Share	9.47	5.42	9.28	5.30

### OPERATIONS & OUTLOOK

During the Financial year under report , the company posted an excellent financial performance.

The Statistical highlights are:



At standalone level, our profit after tax amounted to Rs 1,430.65 lakhs (11.49% of revenue) as against Rs 818.51 lakhs (PY - 7.44% of revenue), thus representing an increase of 54% over the previous year. On consolidated basis, our profit after tax amounted to Rs 1,398.40 lakhs (10.82% of revenue) as against Rs 800.65 lakhs (PY - 7.29% of revenue). The net worth of the company has increased to Rs 4,389.73 lakhs from Rs. 3,401.03 lakhs. The EPS has improved to Rs 9.47 (Rs 5.42 PY) for standalone and Rs 9.28 (Rs 5.30 PY) for the group.

## OUTLOOK

With India becoming a hub for manufacturing and research operations, your company is poised for growth. In 2012, your Company commenced a project for setting up of a state of the art injectable plant which will cater to highly regulated markets like **USA , EU, Brazil,**



**South Africa etc.** The facility is designed with a high level of sophistication and automated process control and will be in compliance with norms stated by USFDA , UK MHRA, ANVISA BRAZIL, EU GMP and other regulatory bodies. Upon commencement of commercial production in this facility, your Company would also be in a position to offer Contract manufacturing services in the areas of general category injectable dosage forms in Vials, Ampoules, Lyophilized Vials, Pre-filled syringes and Ophthalmic preparations. Your Company expects to commence trail production by December 2013 and pilot production batches by January 2014. With facilities available to cater to all segments of domestic and export markets, your Company has recently entered into an agreement to cater to the Brazilian Pharmaceutical Market for these products. Your Company can provide them supplies at competitive prices which is expected to significantly contribute to the future business.

Your Company as part of the current expansion plans at the manufacturing unit at Puducherry, is in the process of setting up dedicated lines in the areas of Suppositories, Soft gelatin capsule and Penems which will commence production during the Fourth quarter of this year.

Your Company's manufacturing unit at Baddi in the state of Himachal Pradesh is situated in the notified area under notification number S.O. 1269(E) dated 4<sup>th</sup> November, 2003 and continue to enjoy Central Excise and Income Tax benefits.

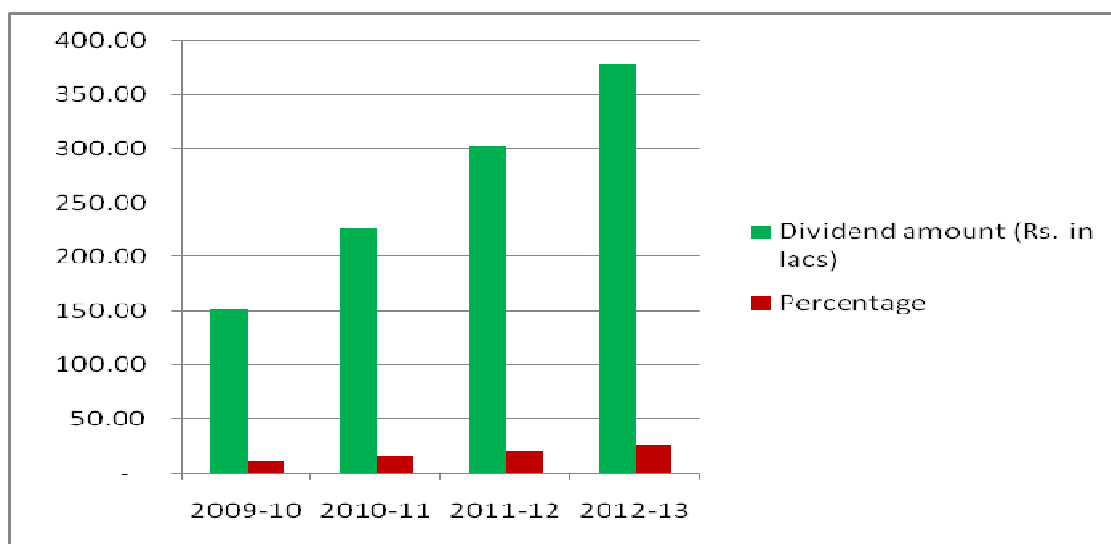
## SHARE CAPITAL

At the end of the financial year the Company's Equity Share Capital stands at Rs. 1511.00 Lakhs consisting of 15,110,000 Equity Shares of Rs 10/- each.

## DIVIDEND

The Board of Directors are pleased to recommend a dividend of Rs. 2.50 per Equity Share of Rs.10/- each [25%] for the year ended June 30, 2013 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 would entail a cash outflow of Rs. 441.95 Lacs including dividend distribution tax of Rs. 64.20 Lacs.

## DIVIDEND HISTORY



*\*Dividend proposed for the year 2012-13 shown in the chart is subject to the approval of the share holders at the ensuing Annual General Meeting*

## **TRANSFER TO RESERVES**

In terms of Companies (Transfer of Profits to Reserves) Rules, 1975, a sum of Rs.150.00 lakhs (Rs. 85.00 Lakhs – previous year) was transferred to General Reserves during the financial year.

## **SUBSIDIARY COMPANIES**

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of our subsidiary to our annual report.

The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the annual report. Accordingly, the annual report 2012-13 does not contain the financial statements of our subsidiary. However, the statement as required under Section 212 of the Companies Act, 1956 in respect of the Subsidiaries of the Company is annexed and forms part of this Report. The audited annual accounts and related information of our subsidiary, where applicable, will be made available for inspection 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.

The consolidated financial statements, in terms of Clause 32 of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in Companies (Accounting Standards) Rules, 2006 also forms part of this annual report.

## **CORPORATE GOVERNANCE**

Your Company is committed to maintain high standards of Corporate Governance. A separate section on Corporate Governance forming part of the Directors Report and the certificate from Practicing Company Secretaries confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with Madras Stock Exchange Limited (MSE) and Bombay Stock Exchange Limited (BSE) is included in the Annual Report

## **CORPORATE SOCIAL RESPONSIBILITY**

Today, society expects corporate to go beyond the statutory compliances and putting something back into society. Caplin Point as a Company is aware of the expectation from the society with respect to social commitment.

Your Company is committed to developing its business towards ecological, social and economic sustainability. Your Company rather sees Corporate Social Responsibility as a new business strategy to reduce investment risks and maximise profits by taking all the key stakeholders into confidence. All activities and initiatives are planned specific to the needs of the target stakeholders. The ultimate objective is to see that each business decision takes into account its social impact and accordingly plans an intervention to mitigate the impacts arising out of that decision. As a part of initiative, we have installed at Caplin Point's manufacturing facilities the most advanced anti-pollution devices to keep the environment in and around the manufacturing facilities clean and green.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, we annex herewith a Statement on Management Discussion and Analysis which forms part of the Directors' report.

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

The informations 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 are given in the Annexure forming part of this report.

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

During the year 2012-13, none of the employees were in receipt of remuneration above the limits fixed in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 in the said section.

## **QUALITY INITIATIVES**

Quality and best practices define the foundation of a company. Caplin point has a comprehensive quality policy which ensures that the quality consciousness and culture is spread across the company. The following initiatives have helped the company to leverage its pursuit towards implementation of quality systems and manufacturing of high quality products.

A **"Corporate Quality Assurance"** unit has been set up by Caplin point to function independently and report to the board on matters related to quality.

The **Quality assurance teams** in our manufacturing sites are also being strengthened and expanded.

A standard procedure for **"Vendor evaluation"** implemented to ensure that all the materials are supplied by approved vendors and with right quality consistently.

**"Contract manufacturing sites"** are being audited for the GMP implementation before entering into any commercial agreement.

**"Quality Management system"** has been implemented across all manufacturing units. All the incidents, deviations, failures are recorded and investigated. The corrective and preventive actions are properly implemented.

**"Training programs"** on GMP, QMS and process related SOPs are being conducted in all units **"Finished Goods release inspections"** are being conducted meticulously by all units.

**"Product Development"** ( R&D) has been given lot of importance and a dedicated facility has been created in Gummidipoondi in Chennai.

**"Product Stability studies"** are being conducted as per the international requirements ( ICH guidelines) and the data is evaluated periodically.

Studies for **"Process improvements"** are being done in the new R & D lab.

**"Quality control laboratories"** are being equipped with sophisticated equipments like HPLCs, stability chambers etc.,

## **FIXED DEPOSITS**

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

## **DIRECTORS**

### Retirement by rotation

In accordance with the requirements of the Companies Act, 1956 and Article 99 of Articles of Association of the Company, Mr. P. T. Baby Thomas, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

### Re-Appointment of Mr. M. Jayapal as Managing Director

In view of the 2 year tenure of Mr. M. Jayapal as Managing Director of the Company coming to an end on 27th March 2013, the Board of Directors of the Company had at its meeting held on 9<sup>th</sup> May, 2013 approved the re-appointment of Mr. M. Jayapal as Managing Director of the Company for a further period of 1 year with effect from 28th March 2013 on a remuneration of Rs. 59,400/- p.m.

## **DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (i) they accept responsibility for the integrity and objectivity of these accounting statements;
- (ii) the financial statements are prepared in accordance with the guidelines and standards of the ICAI and Companies Act 1956, to the extent applicable. There are no material departures from the above-mentioned standards;
- (iii) such standard accounting policies have been applied consistently, except as otherwise stated;
- (iv) the judgments and estimates have been made on a reasonable and prudent basis so that the financial statements provide a true and fair view of the state of affairs of the Company at the end of the financial year;
- (v) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (vi) the Annual Accounts are prepared on a going concern basis and on an accrual basis.

## **AUDITORS**

The Auditors, M/s. M. Raghunath & Co, Chartered Accountants, Chennai, retire at the conclusion of the ensuing Annual General Meeting and have expressed their desire not to seek re-appointment. Notice has been received from a Member proposing the appointment of M/s CNGSN & Associates, Chartered Accountants as Auditors of the Company to hold office till the conclusion of the next Annual General Meeting. M/s CNGSN & Associates have given their consent to be the Auditors of the company and have also confirmed that their appointment will be in accordance with the limits specified in Section 224(1-B) of the Companies Act 1956.

CNGSN & Associates is a firm of Chartered Accountants providing comprehensive audit, taxation and consulting services, established in 1990 in Chennai, India.

Accordingly the notice for appointment of CNGSN & Associates have been proposed along with the letter received from a Member proposing their appointment as Statutory Auditors.

## **COST AUDITOR**

Mr. G.Thangaraj, Cost Accountant, has been appointed as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ended June 30, 2013. The Cost Audit Reports relating to the financial year 2012-2013 shall be filed within the stipulated time period.

## **INDUSTRIAL RELATIONS**

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

## **ENVIRONMENTAL AWARENESS**

"Go Green" initiatives to conserve resources has been initiated in the Company. Steps required for conserving power across all Factories are being undertaken. The Company has also taken initiatives within its office buildings to reduce electrical power, water and paper consumption. These initiatives shall be taken forward at a sustained pace.

## **ACKNOWLEDGEMENT**

Your Directors place on record their sincere thanks to the Central Government and State Governments of Tamilnadu, Puducherry and Himachal Pradesh for their continued support to the Company.

Your Directors wish to thank the Company's Customers, Manufacturers, Dealers, Banks and Shareholders for their continued support to your Company's performance and growth. Your Directors also wish to place on record their appreciation of the contribution made by all the employees of the Company resulting in good performance during the year under review.

## **On behalf of the Board of Directors**

Place : Chennai  
Date : 7<sup>th</sup> November, 2013

C.C. Paarthipan  
Chairman

M. Jayapal  
Managing Director

<b>PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988</b>	
<b>A. Details of Conservation of Energy</b>	<p>The Company is aware of the need to conserve resources, reduce its carbon emissions and create sustainable alternatives wherever feasible.</p> <p>The Company continuously takes measures to optimize energy usage, for example, replacement of flat monitors in the place of CRT monitors, switching over to CFL lightings, switching off the air conditioners on a budgeted hours basis. Electricity consumption as per detailed statement given below</p>
<b>B. Technology Absorption</b>	
<b>1. Special Areas in which R &amp; D carried out by the Company.</b>	<p>Research and Development is carried out in Pharmaceutical Formulation Development.</p>
<b>2. Benefits derived as a result of above R&amp;D</b>	<p>a. Product improvement, process development, import substitution, standardization of quality control of formulations.</p> <p>b. New applications for better dosage recommendations and improvements</p>
<b>3. Future plan of action</b>	<p>The company plans to add new product lines like Soft gel, Penems, Suppositories to its existing unit at Pondicherry.</p> <p>The strategies for growth have been identifying right products, development of products, regulatory approvals, expanding markets, launching of new products in the existing markets, augmenting manufacturing facilities, supplementing team strength, tightening our belts on finances.</p>
<b>4. Expenditure on R&amp;D</b>	<p>On Capital Goods - Rs. 307.53 Lacs On Revenue items - Rs. 36.71 Lacs</p>
<b>C. Foreign Exchange Earnings and outgo</b>	<p>During the year foreign exchange earnings were Rs. <b>10846.68 Lacs</b> as against the outgo of Rs. <b>4856.41 Lacs</b></p>

### POWER AND FUEL CONSUMPTION

No.	Particulars	CURRENT YEAR (2012-13)		PREVIOUS YEAR (2011-12)	
		Office	Factory	Office	Factory
	<b>ELECTRICITY</b>				
1	Purchased Units	99,174	1,093,732	52,040	1,253,327
2	Total Amount	715,326	6,747,391	416,258	7,571,373
3	Rate per Unit	<b>7.21</b>	<b>6.17</b>	<b>8.00</b>	<b>6.04</b>

### CONSUMPTION OF ELECTRICITY PER UNIT OF PRODUCTION

No.	Particulars	CURRENT YEAR (2012-13)		PREVIOUS YEAR (2011-12)	
1	Tablets	391	Nos	373	Nos
2	Capsules	55	Nos	26	Nos
3	Liquids	2	Bottles	2	Bottles

### Management Discussion & Analysis

#### Industry Overview

The Indian pharmaceutical industry currently tops the chart amongst India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian pharmaceutical industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually. It ranks very high amongst all the third world countries, in terms of technology, quality and the vast range of medicines that are manufactured. It ranges from simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made in the Indian pharmaceutical industry.

The Indian pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded drastically in the last two decades. The export market for generic products in the past has shown an increasing trend and is expected to grow substantially.

**Competent workforce:** India has a pool of personnel with high managerial and technical competence as also skilled workforce. It has an educated work force and English is commonly used. Professional services are easily available.

**Consolidation:** For the first time in many years, the international pharmaceutical industry is finding great opportunities in India. The process of consolidation, which has become a generalized phenomenon in the world pharmaceutical industry, has started taking place in India.

#### Challenges

Over the past decade, pharmaceutical companies have entered a difficult period where shareholders, the market, and regulators have created significant pressures for change within the industry. The core issues for most of drug companies are patent expiration of number of block buster drugs, increasing legal and regulatory concern, and pricing issue. As a result

larger pharmaceutical companies are shifting to new business model with greater outsourcing of discovery services, clinical research and manufacturing.

Transformations in the business model of larger pharmaceutical industry spell more opportunities for Indian pharmaceutical companies. Pharmaceutical production costs are almost 50 percent lower in India than in western nations, while overall R&D costs are about one-eighth and clinical trial expenses around one-tenth of western levels.

The Indian stock market may be dreading a possible recession but Indian pharma companies seem unfazed by slowdown fears. Riding on better sales in the domestic and export markets, Indian pharmaceutical industry is expected to continue with its good performance.

Many countries across the globe witnessed economic slowdown if not turbulence. But the Indian Pharmaceutical industry, especially the generic manufacturers by and large have not been affected much by the global slowdown, largely due to cost advantages in production of medicine and tie-up of long term contracts with confirmed orders.

Today Indian pharmaceutical Industry can look forward to the years to come, with great expectations. There are opportunities in expanding the range of generic products as more molecule come off patent, outsourcing, and above all, in focusing into drug discovery as more profits come from traditional plays. At the same time, the Indian Pharma Industry would have to contend with several challenges particularly the

1. Effects of new product patent
2. Drug price control
3. Regulatory reforms
4. Infrastructure development
5. Quality management and
6. Conformance to global standards.

*Source : A brief report on Pharmaceutical Industry in India by Corporate Catalyst India*

### **Company Overview**

Caplin Point aims to create new niches in our existing markets to ensure the current foothold remains strong and innovative. Caplin Point envisages implementing our unique business model in various countries to ensure every human being has access to quality medicines at affordable prices.

Caplin Point's main areas of focus are in the export of high quality generic medicines to regions such as Latin America, West Africa, South East Asia among others. As on date, Caplin Point holds over 1300 product registrations in these markets.

Caplin Point is focused on expanding deeper into South America, increase its presence in brand marketing in West Africa and also exploring the possibility of starting up operations in CIS and Eastern European markets. Upon completion of the new state of art injectable plant by end 2013, Caplin Point will be starting up operations in the years to come, in fully regulated markets of USA, Europe, Mexico and Brazil.

As part of the current expansion plans at Unit-1, we are adding the following dedicated lines which will commence operations by Fourth quarter of 2013- 2014

- Suppositories
- Soft gelatin capsules
- Penems

### **Company's Global presence**

Caplin Point has tied up with Exclusive Import and Distribution companies in 25 countries across Latin America, Africa and S.E Asia. As on date Caplin Point holds over 1300 product registrations in these 25 countries, with another 400 registrations in the pipeline for new products and new countries.



### **Analysis of Financial Performance**

During the financial year 2012-13, your Company has achieved a total turnover of Rs 12,440.52 Lacs on Standalone basis as against Rs. 11,001.01 Lacs achieved during the previous year 2011-12, thus registering a growth of 13.08%

Similarly in the financial year 2012-13, your Company has achieved a total turnover of Rs 12,912.86 Lacs on Consolidated basis as against Rs. 10,972.34 Lacs achieved during the previous year 2011-12, thus registering a growth of 17.69%

During the financial year 2012-13, your Company has earned a net profit after tax of Rs. 1430.65 Lacs on Standalone basis as against Rs. 818.51 Lacs achieved during the previous year 2011-12.

Similarly, in the financial year 2012-13, your Company has earned a net profit after tax of Rs. 1402.14 Lacs on Consolidated basis as against Rs. 802.99 Lacs achieved during the previous year 2011-12.

On Standalone basis ,there is a reduction in the Financial cost from Rs. 87.69 Lacs in the previous year to Rs. 30.06 Lacs in the current financial year due to effective funds management by utilising internal accruals and by reducing external borrowings.

Your Company has incurred Rs. 796.54 Lacs on Employee benefits in the current year as against Rs. 614.14 lacs on standalone basis because your company had engaged the services of highly skilled technical persons having knowledge matching with international standards keeping in view of the future business plans in the regulated markets.

There is also an increase in the inventories as at the date of Balance Sheet for the current year 2012-13 by Rs. 106.97 Lacs as against a decrease of Rs. 38.58 Lacs for the previous year. This is due to the effective cost control over the inventory management by placing the orders on certain raw materials anticipating a price increase based on market information and also the orders on hand from export markets.

With this increase in turnover, the net profit after tax of the Company during 2012-13 has increased substantially by Rs. 612.14 Lacs as against the increase in the net profit of Rs. 164.90 Lacs achieved in the previous year, 2011-12.

### **Segment:**

Caplin Point operates in only one segment viz. Pharmaceuticals Formulations.

### **Human Resource Management**

We believe that people perform to the best of their abilities in organisations to which they feel truly connected. We today provide employment to 300 employees across businesses and functions within the Company. Our vision is to be an employer of choice and one of the most admired companies to work for. Our focus is to develop organisational capabilities and improve organisation effectiveness so as to have a capable and engaged workforce.

### **Internal Control Systems:**

Risk-taking is an inherent trait of any enterprise. There can be no growth or creation of value in a company without risk-taking. However, if risks are not properly managed and controlled, they can affect the company's ability to attain its objectives. Risk management and internal control systems play a key role in directing and guiding the company's various activities within the desired parameters.

The Company believes in formulating adequate and effective internal control systems and implementing the same to ensure orderly and efficient conduct of its business including adherence to company policies, safeguarding assets and interests of the Company, prevention and detection of frauds and errors, ensuring accuracy of accounting records with proper checks and balances and timely preparation of reliable financial information.

The Company has a strong internal audit which covers its operations to examine and evaluate the adequacy and effectiveness of Internal Control Systems. The internal audit ensures that the system designed and implemented provides adequate internal control, commensurate with the size and operations of the Company. The Management Information System (MIS) forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled. An effective budgetary control on all capital expenditure ensures that actual spending is in line with Capital Budget. An ERP system has been implemented in some locations and is in the process of implementation across other locations of the Company, which will serve as its information backbone.

The Audit Committee of the Board, Statutory Auditors and the top management are regularly appraising of internal audit finding. The Audit Committee of the Company consisting of nonexecutive independent directors periodically reviews and commends the quarterly, half yearly and annual financial statements of the Company. A detailed note on the functioning of the audit committee forms part of the section on Corporate Governance in this Annual Report

### **Risk Management Structure**

Our risk management structure comprises the Board of Directors and Audit Committee at the Apex Level, supported by Executive Directors, Heads of Businesses, Functional Heads, Unit Heads, Divisional Heads of Accounts and Finance and Head of Assurance function. As risk owners, the Heads are entrusted with the responsibility of identification and monitoring of risks. These are then discussed and deliberated at various review forums chaired by the Executive Directors and actions are drawn upon.

The Audit Committee, Executive Directors and Head of Assurance act as a governing body to monitor the effectiveness of the internal controls framework. There is a perpetual internal audit activity carried out by M/s TBL Associates, who make an independent assessment of our risk mitigating measures and provide suggestions for improvement.

The Audit Committee, on a periodic basis, reviews the adequacy and effectiveness of the internal controls being exercised by various businesses and support functions and advises the Board on matters of core concern for appropriate redressal.

### **Foreign Exchange Fluctuation Risk**

The Company's performance and future could be affected by fluctuations in exchange rates. Foreign currency exposures on account of exports and imports impact the financial results of the company. Depreciating rupee poses a risk of imports becoming dearer and cost of material more expensive. Further, volatility and uncertainty in forex rates create complexity and challenge in determining the price attractive to customers. To mitigate foreign currency related risks, the company has a strategy to take measured risks through hedging. It has a team of dedicated experts to advice on matters relating to foreign currency risk management. The team formulates policies and guidelines which are periodically reviewed, and implemented in order to align with external environment and business exigency.

In addition appropriate Price Adjustment clauses have been woven into the contracts with the buyers wherever possible to offset the impact of currency fluctuations. Besides most customers pay advance against orders which are placed in deposits and attract reasonable returns which to a large extent meets with the depreciation in rupee at the time of export. Since the arrangements with customers are on long term basis, such advance is construed as long term / continuous in nature.

### **SWOT Analysis**

#### **Strengths**

Having its own marketing set-up in countries such as South America and West Africa which are not the mainstay for big companies.

Brand marketing in West African countries such as Ivory Coast, Senegal, Mali, Burkina Faso, Togo and Benin.

Company is also having reasonable export growth for the last 7 years with consistency in advance payments towards exports.

No major debts towards CAPEX.

Currently doing the business of 150 crores without any working capital loan.

Has the expertise to manufacture speciality injections.

Identified and appointed the right talents from companies which are already into regulated markets for injectables.

Managing the risk of sustaining in the smaller countries of LATAM and created the milestone as a major player in Central America (Dominican Republic, Guatemala, Nicaragua, El Salvador, Honduras) among Indian Pharma Companies

Shortly we will be one of the very few players from India to have our own marketing in 12 to 13 markets of LATAM for which dossiers have been filed.

#### **b) Weaknesses**

Attracting and retaining the talents.

#### **c) Opportunities**

Shortage of speciality injectables in the Regulated markets such as U.S and others is also a hidden opportunity in sight.

70% of Pharmaceutical's Regulated markets requirement are supplied from India and once we get into these markets Caplin will be one among the top 100 Pharma Companies.

Expanding in LATAM to 7 more countries in addition to the 6 countries which we are at present.

Plans are afoot into the bigger markets of LATAM such as Mexico and Brazil through strong tie-ups in these local markets.

Getting into niche manufacturing areas for the existing markets such as Suppositories, Pharma softgel and Penem Injections

### **Threats**

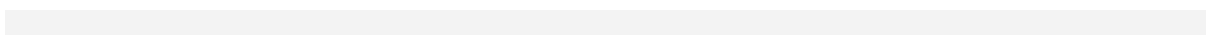
Entry barrier to regulated markets are high.

Risks of sustaining in these markets are a big challenge

Other low-cost countries such as China and Israel affecting outsourcing demand for Indian pharmaceutical products

### **Cautionary Statement**

*Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be considered to be forward looking statements and actual results could differ materially from those expressed or implied. Important factors which could make a significant difference to the Company's operations include downtrend in the pharmaceutical sector, demand supply conditions, market prices, input component costs and availability, changes in government regulations and tax laws besides other factors such as litigation, over which the Company may not have control.*



## 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. Timely and accurate disclosure of information regarding the financial position of the Company, its performance and ownership forms part of the Corporate Governance. 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 is committed to the highest standards of Corporate Governance in all its activities and processes. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders.

Your Company also believes that good corporate governance practices help to enhance performance and valuation of the Company.

### I. Board of Directors

The Corporate Governance of the Company ensures that the Board remains informed, independent and involved in the Company. The Board comprises of persons of eminence with excellent professional achievements in their respective fields. The Independent Directors provide their independent judgement and objectivity on the issues placed before them.

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

The Board of Directors of the Company comprised of Seven (7) members as on 30<sup>th</sup> June 2013. The composition of the Board consists of Four Non-Executive Independent Directors who are seasoned professionals, with rich and varied experience in business, industry etc, Two Executive Directors and one Non-Executive Promoter Chairman. 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	1 (one)
Shri.M.Jayapal	Executive Director	-----
Shri.V.Thirumalai	Non-Executive-Independent Director	-----
Shri.P.T.Baby Thomas	Non-Executive-Independent Director	-----
Shri.D.P.Mishra	Executive Director	-----
Shri.Venkat Radhakrishnan	Non-Executive-Independent Director	-----
Shri.R.Vijay Venkatraman #1	Non-Executive-Independent Director	-----
Shri. N.R. Achan #2	Non-Executive-Independent Director	-----

#1Appointed as a Director in place Mr. N.R. Achan w.e.f. 04-10-2012

#2Resigned w.e.f. 04-10-2012

- a. Excludes Directorship of Caplin Point Laboratories Limited
- b. Excludes Private Companies, Foreign Companies, Section 25 Companies and alternate Directorship
- c. 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 Directors of the Company are not inter se related.

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**

Shri. P.T Baby Thomas, Director retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Shri. M. Jayapal, Managing Director was re-appointed as Managing Director for period of one year from 28<sup>th</sup> March 2013.

Details of each of the above mentioned Directors seeking re-appointment are separately furnished in the Notice convening Annual General Meeting to be held on 27<sup>th</sup> December, 2013 along with the Annual Report.

#### **Board Meetings held during the year 2012-2013**

The Board of Directors met 4 (Four) times during the financial year 2012-13 i.e., 14.08.2012, 09.11.2012, 13.02.2013 and 09.05.2013. 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 19.12.2012
Shri.C.C.Paarthipan	4	Yes
Shri.M.Jayapal	4	Yes
Shri.V.Thirumalai	4	Yes
Shri.P.T.Baby Thomas	1	Yes
Shri.D.P.Mishra	2	NO
Shri.Venkat Radhakrishnan	NIL	Yes
Shri R. Vijay Venkatraman*	3	Yes
Shri. N.R. Achan**	1	NO

*\*Appointed as a Director in place Mr. N.R. Achan w.e.f. 04-10-2012*

*\*\*Resigned w.e.f. 04-10-2012*

#### **Board Committees:**

The Board has constituted various committees to support the Board in discharging its responsibilities. The requirement that a Director shall not be a member of more than ten committees and Chairman of more than five committees has been complied with while constituting the Committee of Directors. There are three committees constituted by the Board – Audit Committee, Remuneration Committee and Shareholders' / Investors' Grievance Committee.

#### **(a) Audit Committee**

##### **Terms of Reference**

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 confirms 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**

Consequent to the resignation of Mr. N.R. Achan with effect from 04.10.2012, the Committee was reconstituted by the Board of Directors on 04.10.2012, with the following members comprising of Three Non Executive Independent Directors including Chairman and Two Executive Directors.

- |                            |                            |
|----------------------------|----------------------------|
| 1. Mr. V Thirumalai        | - Chairman (Non Executive) |
| 2. Mr. D P Mishra          | - Member (Executive)       |
| 3. Mr. R Vijay Venkatraman | - Member (Non Executive)   |
| 4. Mr. P T Baby Thomas     | - Member (Non Executive)   |
| 5. Mr. M Jayapal           | - Member (Executive)       |

The Company Secretary acts as the Secretary of the Committee. The Chairman, Vice President - Finance, Legal Advisors, Statutory Auditors and the Internal Auditors, are invitees to the meeting.

The Committee met 4 (Four) times during the financial year ended June 30, 2013. The meetings were held on 14.08.2012, 09.11.2012, 13.02.2013 and 09.05.2013 and the gap between two meetings did not exceed four months. The attendance of each member at these meetings are given below:-

Sl No.	Name	Chairman/ Member	No. of meetings Attended
1	Shri V Thirumalai	Chairman	4
2	Shri.D.P.Mishra	Member	2
3	Shri.M.Jayapal	Member	4
4	Shri P T Baby Thomas	Member	1
5	Shri R. Vijay Venkatraman*	Member	3
6	Shri N. R. Achan**	Member	1

*\*Appointed as a Director in place Mr. N.R. Achan w.e.f. 04-10-2012*

*\*\*Resigned w.e.f. 04-10-2012*

The Chairman of the Audit Committee, Mr. V. Thirumalai, attended the Annual General Meeting held on 19<sup>th</sup> December, 2012 and he ensured that necessary clarifications and explanations were provided to the members of the Company on issues regarding accounts and finance.

### **(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**

The Committee was reconstituted by the Board of Directors with the following members comprising of Three Non Executive Independent Directors including Chairman.

1. Mr. V Thirumalai - Chairman (Non Executive)
2. Mr. P. T. Baby Thomas - Member (Non Executive)
3. Mr. R Vijay Venkatraman - Member (Non Executive)

During the year under review the Committee met once on 09.05.2013 .

The attendance of each member at the meeting are as follows:-

Sl No.	Name	Chairman/ Member	No. of meetings Attended
1	Shri.V.Thirumalai	Chairman	1
2	Shri P T Baby Thomas	Member	NIL
3	Shri.R. Vijay Venkatraman	Member	1

### **Remuneration Policy**

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

- a. job profile and special skill requirements
- b. prevailing compensation structure in companies of similar size and in the industry
- c. 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 30<sup>th</sup> June 2013 are as follows:-

#### **Non – Executive Directors**

Name	Sitting Fees paid for Board and Committee Meetings (Rupees)
Shri C C Paarthipan	NIL
Shri V Thirumalai	60,000
Shri P T Baby Thomas	20,000
Shri Venkat Radhakrishnan	NIL
Shri R. Vijay Venkatraman	40,000

## Executive Directors

Name	Salary/Allowance (Rupees)	Contribution to funds (Rupees)	Value of Perquisites (Rupees)	Incentive Paid (Rupees)
Shri. M. Jayapal	5,63,160/-	9,360/-	-	-
Shri. D.P.Mishra	6,24,000/-	9,360/-	-	-

The Company does not have any Stock Option Plan or performance linked incentive for the Executive Directors.

Shares held by the Non-Executive Directors

Name of the Non-Executive Director	Number of Shares held
Mr. V. Thirumalai	49963

## (c) 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. The Committee also approves Share Transfers, Transmissions, issue of duplicate share certificates, share certificates submitted for dematerialization and request for rematerialisation.

### Composition & Meetings

The Committee was reconstituted by the Board of Directors, with the following members comprising of Three Non Executive Independent Directors including Chairman and Two Executive Directors.

- |                            |                            |
|----------------------------|----------------------------|
| 1. Mr. V Thirumalai        | - Chairman (Non Executive) |
| 2. Mr. D P Mishra          | - Member (Executive)       |
| 3. Mr. R Vijay Venkatraman | - Member (Non Executive)   |
| 4. Mr. P T Baby Thomas     | - Member (Non Executive)   |
| 5. Mr. M Jayapal           | - Member (Executive)       |

The Committee as on 30.06.2013 consist of Three Non Executive Independent Directors including the chairman of the Committee and two Executive Directors.

During the year ended 30<sup>th</sup> June 2013, the Committee met Twentynine (29) times on 16.07.12, 31.07.12, 16.08.12, 31.08.12, 15.09.12, 29.09.12, 15.10.12, 31.10.12, 15.11.12, 30.11.12, 12.12.12, 31.12.12, 10.01.13, 16.01.13, 31.01.13, 11.02.13, 20.02.13, 26.02.13, 01.03.13, 05.03.13, 15.03.13, 22.03.13, 05.04.13, 15.04.13, 30.04.13, 20.05.13, 31.05.13, 10.06.13 and 17.06.13, to review the shareholders correspondence including the complaints received from the shareholders and their redressal.

The details of attendance at the meetings are given below:-

Sl No.	Name	Chairman/ Member	Number of Meetings attended
1	Shri V Thirumalai	Chairman	20
2	Shri M.Jayapal	Member	24
3	Shri P T Baby Thomas	Member	22
4	Shri D P Mishra	Member	18
5	Shri R. Vijay Venkatraman	Member	18



The Company has received 54 (Fifty Four) complaints from shareholders and 52 (Fifty Two) were redressed during the year ended 30<sup>th</sup> June, 2013 and the balance 2 (Two) were redressed in July, 2013.

The Company's Registrars & Transfer Agents (R&T Agents) M/s Karvy Computershare Private Limited, were adequately equipped to carry out activities connected with transfer of shares both in physical and demat form and redressal of shareholders'/ investors' complaints. The company maintains continuous interaction with the said R&T Agents and takes steps for resolving complaints/ queries of the shareholders/ investors and also takes initiatives and actions for resolving critical issues.

The committee has been authorized to approve proposals for transfer of shares in order to expedite the transfer process as also for deletion/ splitting/consolidation of share certificates. Valid transfer proposals are approved frequently and the transfer process is completed within the stipulated time period.

#### **Name of the Compliance Officer :**

The Company Secretary is the Compliance Officer of the Company.

Mr. S. Mohan Raj, Company Secretary

E-Mail ID for investor grievance : investor@caplinpoint.net

#### **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. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

#### **CEO / CFO Certification**

Mr. M. Jayapal, Managing Director and Mr. S. Mohan Raj, Vice President – Finance and Company Secretary, have given a Certificate to the Board as contemplated under Clause 49 of the Listing Agreement.

#### **General Body Meetings**

The particulars of venue, date, time of the last three Annual General Meetings are given below:-

<b>Year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2012	19.12.2012	11.00 am	TAG Centre No. 69, T. T. K. Road, Alwarpet, Chennai – 600 018
2011	29.12.2011	11.00 am	TAG Centre No. 69, T. T. K. Road, Alwarpet, Chennai – 600 018
2010	28.12.2010	11.00 am	TAG Centre No. 69, T. T. K. Road, Alwarpet, Chennai – 600 018

**Details of Special Resolutions passed during the previous three Annual General Meetings**

Date of AGM	Whether special resolution was passed	Particulars
21 <sup>st</sup> AGM 19.12.2012	NO	NIL
20 <sup>th</sup> AGM 29.12.2011	YES	1. Appointment of Mr.Vivek Siddharth, son of the Chairman Mr.C.C.Paarthipan as Chief Operating Officer of the Company to hold office of profit u/s 314(1) of the Companies Act, 1956
19 <sup>th</sup> AGM 28.12.2010	YES	2. Appointment of Mr. Vivek Siddharth, son of the Chairman Mr. C. C. Paarthipan to office of profit u/s 314(1) of the Companies Act, 1956. 3. Appointment of Mrs. Krishnapriya Mishra, wife of Mr. D. P. Mishra, Director to office of profit u/s 314(1) of the Companies Act, 1956

No resolutions were passed through Postal Ballot during the year under review.

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

**Disclosures**

- a) Related Party Transactions : Transactions with related parties are disclosed in detail in the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

Transactions with the Related Parties are disclosed in detail in Note no. 48 in the financial statements 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.

- b) During the year under review, the Company has not raised any funds from public issue, rights issue or preferential allotment.
- c) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to the Capital markets during the last three years:

*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 with Corporate Governance Norms

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges. As detailed in the earlier paragraphs, a Remuneration Committee has been constituted by the Company which is non-mandatory under Listing Agreement.

## Means of Communication to Shareholders

During the year, Quarterly Unaudited financial results, Annual audited results and other major announcements like notices of Board Meetings, Book Closure, Dividend Declaration Notices were published in Financial Express (English) and Maalai Sudar (Tamil). These were also promptly put in the Company's website [www.caplinpoint.net](http://www.caplinpoint.net). Further the code of conduct of the Company applicable to the board and senior management, shareholding pattern and financials are also displayed on the website of the Company.

## GENERAL SHAREHOLDER INFORMATION

### a) 22<sup>nd</sup> Annual General Meeting

Date and time : 27<sup>th</sup> December, 2013 at 10.00 a.m.  
Venue : TAG Centre  
No. 69, T. T. K. Road, Alwarpet,  
Chennai – 600 018

### b) Financial Calendar

Financial Year	01st July to 30 <sup>th</sup> June
First Quarter Results	On or before November 15, 2013
Half Yearly Results	On or before February 15, 2014
Third Quarter Results	On or before May 15, 2014
Fourth Quarter Results and Annual	On or before August 31, 2014

### c) Date of Book Closure:

Saturday, 21<sup>st</sup> December, 2013 to Friday, 27<sup>th</sup> December, 2013 (Both days inclusive)

### d) Dividend Payment Date:

The dividend proposed to be declared for the year 2012-13 will be paid on or before January 26, 2014

### e) Listing of Stock Exchanges and Stock Code:

Name of Stock Exchange	Stock Code
Madras Stock Exchange Limited	CAPLNPTLAB
Bombay Stock Exchange Limited	524742

Listing on Stock Exchanges : Madras Stock Exchange Limited and  
Bombay Stock Exchange Limited

The Company has paid the annual listing fees for the year 2012-13 to both of the above Stock Exchanges.

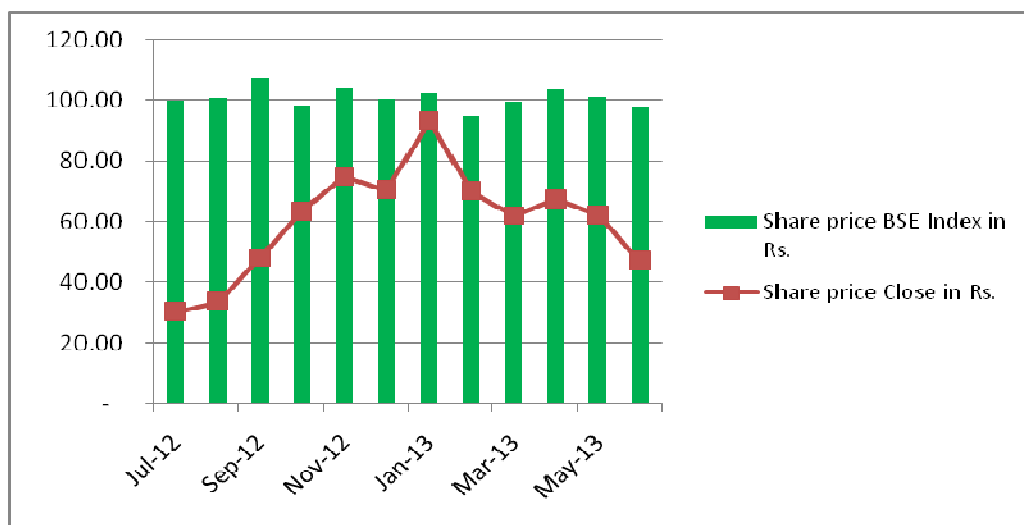
**f) Market Price Data**

The closing market price of equity shares on 30th June 2013 (last trading day of the year) was Rs. 57.50 on BSE

No transactions took place in the Madras Stock Exchange during the financial year under review. The monthly movement of equity share prices during the year at BSE is summarized herein below:

Year	Month	All prices in Rs.		No. of Shares (Volume)
		Highest Rate	Lowest Rate	
2012-2013	July	35.95	24.00	1,27,021
	August	34.50	27.70	57,391
	September	52.95	33.50	2,99,234
	October	63.45	46.60	1,84,558
	November	83.70	63.00	2,06,144
	December	77.95	67.25	77,467
	January	97.90	66.90	3,28,704
	February	95.75	70.00	53,596
	March	73.10	58.00	92,890
	April	72.10	58.00	85,575
	May	72.00	56.20	1,42,805
	June	65.25	43.15	68,846

- g) The performance of the equity share price of the Company vis-à-vis the SENSEX at BSE is as under:



**Distribution of Shareholding as at 30<sup>th</sup> June, 2013**

<b>No. of Shares</b>	<b>No. of Shareholders</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
1 to 500	13196	17,89,660	11.84
501 to 1000	399	3,36,503	2.23
1001 to 2000	159	2,42,606	1.61
2001 to 3000	77	1,98,038	1.31
3001 to 4000	26	91,129	0.60
4001 to 5000	24	1,14,173	0.76
5001 to 10000	47	3,41,130	2.26
10001 and above	59	1,19,96,761	79.40
<b>TOTAL</b>	<b>13987</b>	<b>1,51,10,000</b>	<b>100.00</b>

**Distribution of Shareholding by category of shareholders as on 30<sup>th</sup> June, 2013**

<b>Category</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
Promoters	86,39,353	57.18
Non Promoters		
Mutual Funds / UTI	12,200	0.08
Banks / Financial Institutions	700	0.01
Private Corporate Bodies	5,36,509	3.55
Foreign Corporate Bodies	45,500	0.30
Non Resident Indians	92,857	0.61
Indian Public	57,82,881	38.27
<b>TOTAL</b>	<b>1,51,10,000</b>	<b>100.00</b>

**h) Dematerialisation of Securities**

As on June 30, 2013, 84.83% shares of the company were held in de-materialised form.

**i) Share Transfer System**

For speedy processing of share transfers, the board has delegated powers to approve share transfers to the Shareholders' / Investors' Grievance Committee. Depending on the number of requests received share transfers are processed periodically.

The Company's share transfer work, both physical and electronic form, is done by M/s. Karvy Computershare Private Ltd, UNIT: Caplin Point Laboratories Limited, Plot No 17 - 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.

**j) Dividend**

The Board of Directors have recommended the payment of final dividend of Rs.2.50 per equity share of face value Rs. 10/- each. The dividend on equity shares will be paid to those members, whose names appear in the Register members as on 20.12.2013. In respect of shares held in electronic form, dividend will be paid on the basis of beneficial ownership as per the details furnished by the depositories for the purpose.

## Unclaimed Dividend

The details of dividend paid by the Company and the respective due dates of transfer of the unclaimed / unencashed dividend to the Investor Education and Protection Fund (IEPF) of the Central Government.

Financial year to which dividend relates	Dividend unpaid as on 30 <sup>th</sup> June 2013 in Rs.	Due date of transfer to IEPF
2005-06	N / A	N / A
2006-07	N / A	N / A
2007-08	N / A	N / A
2008-09	N / A	N / A
2009-10	9,32,178	27.01.2018
2010-11	14,35,754	28.01.2019
2011-12	18,88,356	21.01.2020

As provided under the Companies Act, 1956, dividends remaining unclaimed for a period of seven years shall be transferred by the Company to the IEPF

## Unclaimed Suspense Account

In terms of Clause 5A of the amended Listing Agreement all the shares issued in physical form pursuant to a public issue or any other issue, which remain unclaimed needs to be transferred into one folio in the name of Unclaimed Suspense Account and such shares shall be dematerialised by the company after the registrar sends at least three reminders to such shareholders.

There are no unclaimed physical shares till date in the books of the Company and hence the requirements to provide the details as per Clause 5A are not applicable.

## k) Registrar and Share Transfer/Demat Agents

M/s Karvy Computershare Private Ltd,  
UNIT: Caplin Point Laboratories Limited,  
Plot No 17 – 24, Vittal Rao Nagar, Madhapur,  
Hyderabad - 500 081  
Andhra Pradesh, India.  
Phone#91-40-44655000; Fax # 91-40-23420814.  
E-mail: einward.ris@karvy.com.  
URL: www.karvycomputershare.com.

## l) Outstanding GDRs/ADRs etc .

The company has not issued any GDR / ADR or any convertible instruments that is likely to impact the Equity Share Capital of the Company.

## m) Plant Location

### Unit I

R.S.No.85/3, Suthukeny Village  
Katterikuppam (Post)  
Mannadipet Commune Panchayat  
Pondicherry 605 502  
e-mail: cp1@caplinpoint.net  
Phone : 0413-2674046, 2674047,  
Fax : 0413-2674044

### Unit II

No. 19, Chinnapuliyur Village,  
Sirupzhalpet,  
Gummidipoondi,  
Tamilnadu  
email : cp2@caplinpoint.net  
Phone : 044-9445391317

**Unit III**

Khasra No. 435,  
Village Suraj Majra, N.H. 21,  
Baddi, Tehsil Nalagarh, Dist. Solan  
Himachal Pradesh – 173205.  
Email : admin.cp3@caplinpoint.net  
Phone : 01795 - 245771

**Unit IV**

Guruvarajakandigai Village,  
Sirupzhalpet,  
Gummidipoondi,  
Tamilnadu  
email : cp4@caplinpoint.net  
Phone : 044-9788459333

Unit of the Subsidiary (Argus Salud Pharma LLP)

Khasra No. 380,  
Village Suraj Majra, N.H. 21,  
Baddi, Tehsil Nalagarh, Dist. Solan  
Himachal Pradesh – 173205.  
Email : argussalud@gmail.com  
Phone : 01795 – 244223

**n) 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: [investor@caplinpoint.net](mailto:investor@caplinpoint.net)  
Phone: 28156653, 28156905  
Website: [www.caplinpoint.net](http://www.caplinpoint.net)

**DECLARATION ON CODE OF CONDUCT**

**To**

**The Members of Caplin Point Laboratories Limited**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the financial year ended June 30, 2013.

For Caplin Point Laboratories Limited

**M JAYAPAL**  
MANAGING DIRECTOR

**Place: Chennai**  
**Date : 7<sup>th</sup> November, 2013**

**CEO/ CFO CERTIFICATION UNDER CLAUSE 49(v) OF THE LISTING AGREEMENT**

We, M. Jayapal, Managing Director and Mr. S. Mohan Raj, Vice-President - Finance and Company Secretary, responsible for the finance function certify that:

- a. We have reviewed financial statements and the cash flow statements for the year ended 30<sup>th</sup> June 2013 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d.
  - (i) There has not been significant changes in the internal control over financial reporting during the year;
  - (ii) There has not been significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) We are not aware of any instance, during the year, of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

M. Jayapal  
Managing Director

S.Mohan Raj  
Vice-President – Finance and  
Company Secretary

Place : Chennai  
Date : 16-08-2013  
,



CERTIFICATE OF COMPLIANCE FROM PRACTISING COMPANY SECRETARY UNDER CLAUSE 49  
OF LISTING AGREEMENT

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, 2013. 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 : 7<sup>th</sup> November, 2013

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

## **INDEPENDENT AUDITORS' REPORT**

**To**

**The Members,  
Caplin Point Laboratories Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Caplin Point Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 30<sup>th</sup> June 2013, and the Statement of Profit and Loss and Cash flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including Accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of Internal Control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

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

## Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the State of Affairs of the company as at June 30, 2013;
- (b) In the case of the Statement of Profit and Loss, of the Profit of the company for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date;

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
  - 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 appears from our examination of those books;
  - c. The Balance sheet, the Statement of Profit and Loss and Cash-flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance sheet, Statement of Profit and Loss and Cash-flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
  - e. On the basis of the written representations received from the directors, as on 30<sup>th</sup> June 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 30<sup>th</sup> June 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Place: Chennai  
Date : 16-08-2013

M Raghunath  
Partner  
ICAI Membership No. 15501

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

*(Referred to in Para 1 under the heading "Report on Other Legal and Regulatory Requirements of our report of even date)*

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.
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) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts, or arrangements, exceeding the value of Rs. Five lakhs, 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 its 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 Companies Act, 1956 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.

Sl No	Name of the statute	Nature of dues	Period to which it relates	Amount Outstanding Rs. In lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	AY 1995-96, AY 2002-03, AY 2009-10, AY 2010-11	142.81	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	January 2005 to July 2005, FY 2005-06	27.26	CEGAT Tribunal/ Department of Revenue, New Delhi
3	Foreign Trade (Development & Regulation) Act 1992	Customs Duty	March 2005	28.05	Joint Director General of Foreign Trade

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(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. 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 short term funds were used for long term investments. The short term funds were received by way of advance from customers.
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 : 16-08-2013

M Raghunath  
Partner  
ICAI Membership No. 15501

**CAPLIN POINT LABORATORIES LIMITED**  
**BALANCE SHEET AS AT 30TH JUNE 2013**

Standalone

Particulars	Note No.	AS AT 30-Jun-13 (Rs. In Lakhs)	AS AT 30-Jun-12 (Rs. In Lakhs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	1,511.00	1,511.00
(b) Reserves and surplus	3	2,878.73	1,890.03
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	345.14	155.19
(b) Deferred tax liabilities (Net)	5	479.46	247.15
(c) Long-term provisions	6	37.83	26.62
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	5.30	520.34
(b) Trade Payables	8	2,237.15	2,034.80
(c) Other current liabilities	9	4,714.19	3,610.60
(d) Short-term provisions	10	592.59	406.13
<b>TOTAL</b>		<b>12,801.39</b>	<b>10,401.86</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>	<b>11</b>		
(i) Tangible Assets		3,081.32	2,584.51
(ii) Intangible Assets		19.26	4.73
(iii) Capital work-in-progress		5,130.75	1,279.09
(iv) Intangible Assets under Development		9.01	-
(b) Non-current investments	12	128.81	123.78
(c) Long-term loans and advances	13	1,065.51	1,082.51
<b>2 Current assets</b>			
(a) Inventories	14	891.92	561.68
(b) Trade receivables	15	59.82	728.32
(c) Cash and cash equivalents	16	1,345.28	2,761.26
(d) Short-term loans and advances	17	1,010.25	1,158.04
(e) Other current assets	18	59.46	117.94
<b>TOTAL</b>		<b>12,801.39</b>	<b>10,401.86</b>

Significant Accounting Policies & Notes forming part of Financial statements

1 to 52

As per our report of even date attached

For M. Raghunath & Co.

Chartered Accountants

Firm Registration No.0033475

On behalf of the Board

M. Raghunath

Partner

ICAI Membership No. 15501

Place: Chennai

Date: 16.08.2013

C.C. Paarhipan

Chairman

M. Jayapal

Managing Director

S. Mohan Raj

Vice President - Finance and Company

Secretary

CAPLIN POINT LABORATORIES LIMITED  
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30th JUNE 2013

Standalone

	Note No.	For the Year Ended 30-6-13 (Rs. In Lakhs)	For the Year Ended 30-6-12 (Rs. In Lakhs)
<b><u>INCOME</u></b>			
(a) Revenue from operations	19	12,267,22	10,762,06
(b) Other income	20	173,30	238,95
Total Revenue		12,440,52	11,001,01
<b><u>EXPENSES</u></b>			
(a) Cost of materials consumed	21	3,084,41	3,113,07
(b) Purchases of Stock-in-Trade	-	5,273,34	4,762,90
(c) Changes in inventories of FG, WIP & Stock-in-Trade	22	(106,97)	38,58
(d) Employee benefits expense	23	796,54	614,14
(e) Finance costs	24	30,06	87,69
(f) Depreciation and Amortisation	25	145,32	115,50
(g) Other expenses	26	1,066,02	1,185,46
Total Expenses		10,288,72	9,917,34
Profit before tax		2,151,80	1,083,67
Tax Expense:			
- Current Year - Income Tax		475,00	190,19
- MAT Credit Entitlement		8,56	(18,79)
- Deferred tax		232,32	93,76
- Earlier Years		5,27	-
Profit After Tax		1,430,65	818,51
Earnings per equity share:			
Basic / Diluted		9,47	5,42
<p>Significant Accounting Policies &amp; Notes forming part of Financial statements 1 to 52</p> <p>As per our report of even date attached</p> <p>For M. Raghunath &amp; Co.</p> <p>Chartered Accountants</p> <p>Firm Registration No.003347S</p> <p style="text-align: right;">On behalf of the board</p> <p>M. Raghunath Partner ICAI Membership No. 15501 Place : Chennai Date : 16.08.2013</p> <p style="text-align: right;">C.C. Paarthipan Chairman</p> <p style="text-align: right;">M. Jayapal Managing Director</p> <p style="text-align: right;">S. Mohan Raj Vice President - Finance and Company Secretary</p>			



**Caplin Point Laboratories Ltd.,**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2013**

	<b>30.06.2013</b> (Rs. in Lakhs)	<b>30.06.2012</b> (Rs. in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	2,151.80	1,083.67
Adjustments for:		
Depreciation	145.32	115.50
Diminution in value of investments	0.00	0.94
Interest Income	(169.41)	(226.38)
Interest Expenses	30.06	87.69
Dividend income	(0.52)	(0.44)
	2,157.25	1,060.98
Tax Paid (net of refund )	(488.83)	(188.81)
Operating profit before Working Capital Change	<b>1,668.42</b>	<b>872.17</b>
Changes in Working Capital		
(Increase) / Decrease in Inventories	(330.24)	(45.61)
(Increase) / Decrease in Trade receivables	668.50	35.32
(Increase) / Decrease in Loans & Advances	223.27	(1,128.70)
Increase / (Decrease) in Current liabilities & Provisions	1,061.66	2,655.47
<b>Cash from Operating activities</b>	<b>3,291.61</b>	<b>2,388.65</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / (Outflow)		
(Purchase) / Sale of fixed assets	(4,517.34)	(1,640.24)
Dividend income	0.52	0.44
(Purchase) / Sale of Investments	(5.03)	(4.95)
Net Cash used in investing activities.	<b>(4,521.85)</b>	<b>(1,644.75)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow / (Outflow)		
Repayment of Short Term Borrowings	(515.04)	-
Interest Income	169.41	226.38
Interest Expense	(30.06)	(87.69)
Increase / (Decrease) in Long Term Bank Borrowings	189.95	(278.51)
Net Cash from financing activities.	<b>(185.74)</b>	<b>(139.82)</b>
Net Cash Flow during the year (A+B+C)	<b>(1,415.98)</b>	<b>604.08</b>
Cash and Cash Equivalent as at the beginning of the year	2,761.26	2,157.18
<b>Cash and Cash Equivalent as at the close of the year</b>	<b>1,345.28</b>	<b>2,761.26</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 M Raghunath & Co**  
 Registration No. 003347S  
 Chartered Accountants

**On behalf of the Board**

**M Raghunath**  
 Partner  
 ICAI Membership No: 15501

C.C. Paarthipan  
 Chairman

M. Jayapal  
 Managing Director

Place : Chennai  
 Date : 16.08.2013

S.Mohan Raj  
 Vice President - Finance and Company Secretary

## **CAPLIN POINT LABORATORIES LIMITED**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013**

#### **1. 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. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses for the year, reported balances of assets and liabilities, and disclosure relating to contingent liabilities as at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### **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 incentives are recognized in the Profit and Loss account in the year of export.
- d. Interest income are accounted on accrual basis.
- e. Dividend Income is recognized when the right to receive the dividend is unconditional.

##### **4. Fixed Assets**

Fixed assets are stated at original cost of acquisition less depreciation and impairment loss, if any. The actual cost capitalized includes purchase price, freight, installation cost, duties and taxes, and other incidental expenses attributable to bringing the asset to its working condition. In the case of fixed assets acquired for new projects / expansions, finance cost on borrowing and other related expenses upto the date of commercial production incurred towards acquiring fixed assets are capitalized.

##### **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. Depreciation on additions / deletions, is provided on pro-rata basis to the months of additions / deletions.

## **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. Inventories are valued at lower of cost or net realizable value.
- b. 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.
- c. In respect of finished goods and work in progress cost includes raw materials, packing materials, labour cost and other appropriate allocable overheads.
- d. Value of closing stock as on 30<sup>th</sup> June 2013 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. 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

Un-availed leave balances as per the policy of the Company are accounted based on the respective employees' earnings as at the Balance Sheet date.

## **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**

Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as Long Term Investments.

Current Investments are carried at lower of cost and fair value. The Comparison of cost and fair value is done separately in respect of each category of Investments.

Non current Investments are carried at cost less any other temporary diminution in value, determined separately, for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist. Any reduction in the carrying amount and any reversal in such reductions are charged or credited to the Statement of Profit and Loss .

## **13. Leases**

Lease of assets, where the lessor effectively, retains all the risks and rewards of ownership are classified as operating leases. The company's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements, which are cancellable range between 11 months and 5 years generally, or longer, and are usually renewable by mutual agreement between the lessee and lessor. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

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

The Company recognizes the Provisions when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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 estimated 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 of reversal in one or more subsequent periods. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in the 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. The Company is operating in one segment viz "pharmaceutical formulations".**

**CAPLIN POINT LABORATORIES LIMITED**

**Notes to the financial statements for the year ended 30th June 2013**

NOTE 2	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
17,000,000 (Previous Year - 17,000,000) equity shares of Rs.10/- each		<b>1,700.00</b>		<b>1,700.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
15,110,000 (Previous Year - 15,110,000) equity shares of Rs. 10/- each fully paid up		1,511.00		1,511.00
		<b>1,511.00</b>		<b>1,511.00</b>

a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year	As at 30-Jun-13 (in nos.)		As at 30-Jun-12 (in nos.)	
Number of shares outstanding at the beginning of the year		15,110,000		15,110,000
Add: Number of shares allotted as fully paid up during the year	-	-	-	-
Less : Number of shares bought back during the year	-	-	-	-
Number of shares outstanding at the end of the year	-	<b>15,110,000</b>	-	<b>15,110,000</b>

**b) Rights, preference & restrictions attached to shares**

**Equity Shares**

The Company has only one class of equity shares having a par value of 10/- per share. Each shareholder is eligible for one Vote per Share.

The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim Dividend

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding

**c) Details of shares in the company held by each shareholder holding more than 5% shares of the company**

Name of Shareholder	30-Jun-13		30-Jun-12	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	2,200,000	14.57%	2,200,000	14.57%
P. Ashok Gorkey	1,810,000	11.99%	1,810,000	11.99%
P. Vivek Siddarth	1,800,000	11.92%	1,800,000	11.92%
P.K. Chellappan	1,353,206	8.96%	1,353,206	8.96%
C.C. Paarthipan	814,812	5.40%	814,812	5.40%
S. Masilamani	802,000	5.31%	802,000	5.31%

**CAPLIN POINT LABORATORIES LIMITED**
**Notes to the financial statements for the year ended 30th June 2013**

<b>NOTE 3</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>RESERVES &amp; SURPLUS</b>				
a) Capital Reserve		68.42		68.42
b) General Reserve				
Opening Balance	229.42		144.42	
Transferred from Profit & Loss account during the year	150.00	379.42	85.00	229.42
c) Investment Allowance Reserve		-		1.21
d) Revaluation Reserve		373.38		373.38
e) Subsidy		-		0.71
		<b>821.22</b>		<b>673.14</b>
Profit at beginning of the year	1,216.89		834.60	
Add : Profit during the year	1,430.65		818.51	
<b>Less : Appropriations</b>				
Proposed Dividend	377.75		302.20	
Tax on Proposed Dividend	64.20		49.02	
Transfer from Investment Reserve	(1.21)		-	
Transfer from Subsidy	(0.71)		-	
Transfer to General Reserve	150.00		85.00	
Closing Balance		<b>2,057.51</b>		<b>1,216.89</b>
Total		<b>2,878.73</b>		<b>1,890.03</b>
<b>NOTE 4</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>LONG TERM BORROWINGS *</b>				
Term Loan from Bank	392.58		166.52	
From Others	66.52	459.10	1.36	167.88
Less : Current maturities of long term debt		113.96		12.69
Total		<b>345.14</b>		<b>155.19</b>

\*Obligations under Hire Purchase Finance are secured against relevant fixed assets obtained under Hire Purchase Finance.

**CAPLIN POINT LABORATORIES LIMITED**
**Notes to the financial statements for the year ended 30th June 2013**

<b>NOTE 5</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>DEFERRED TAX LIABILITIES (Net)</b>				
a) Deferred Tax Liabilities on account of timing differences		482.95		261.26
b) Deferred Tax Asset on account of timing differences		3.49		14.11
<b>Total</b>		<b>479.46</b>		<b>247.15</b>

<b>NOTE 6</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>LONG TERM PROVISIONS</b>				
<b>(a) Provision for employee benefits</b>				
Provision for Gratuity		37.83		26.62
<b>Total</b>		<b>37.83</b>		<b>26.62</b>

<b>NOTE 7</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>SHORT TERM BORROWINGS</b>				
<b>Loans repayable on demand - From Banks (Secured)</b>				
Packing Credit		5.30		161.07
Bills Discounted		-		359.27
<b>Total</b>		<b>5.30</b>		<b>520.34</b>

Packing Credit and Other short term borrowings are secured by first charge on Buildings of the Company and second charge on hypothecation of Stock in Trade , Receivables,lien on deposits of the Company with the Bank. In addition to the above, the loans are also secured by second charge on Plant and Machineries of the Company, present & future on pari passu basis in addition to the personal guarantee by the promoter and few shareholders of the Company.

<b>NOTE 8</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>TRADE PAYABLES</b>				
Trade Payables for Goods and Services		2,237.15		2,034.80
<b>Total</b>		<b>2,237.15</b>		<b>2,034.80</b>

<b>NOTE 9</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>OTHER CURRENT LIABILITIES</b>				
Current maturities of long term debt		113.96		12.69
Statutory Dues payable		14.85		10.95
Advance received from Customers		4,126.16		3,397.41
Sundry Creditors for Capital Goods		416.66		165.48
Unclaimed Dividend		42.56		24.07
<b>Total</b>		<b>4,714.19</b>		<b>3,610.60</b>

<b>NOTE 10</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>SHORT TERM PROVISIONS</b>				
Provision for Employee Benefits		10.84		3.73
Provision for Income Tax (Net of Advance Taxes and Tax Deducted at Source)		139.80		51.18
Proposed Dividend		377.75		302.20
Tax on Proposed Dividend		64.20		49.02
<b>Total</b>		<b>592.59</b>		<b>406.13</b>

## NOTE 11

## FIXED ASSETS

Rs. in Lakhs

	Particulars	Gross block				Depreciation Reserve				Net Block	
		As at 1/Jul/12	Additions during the period	Deletions during the period	As at 30/Jun/13	As at 1/Jul/12	for the period	deletions	As at 30/Jun/13	As at 30/Jun/13	As at 30/Jun/12
<b>[ A ]</b>	<b><u>Tangible Assets</u></b>										
	Land	826.96	6.41	-	833.37	-	-	-	-	833.37	826.96
	Buildings	971.43	39.85	-	1,011.28	187.00	29.03	-	216.03	795.25	784.43
	Plant & Machinery	1,091.95	244.30	-	1,336.25	415.71	54.65	-	470.36	865.89	676.24
	A/c Plant	28.12	3.21	-	31.33	11.92	1.42	-	13.34	17.99	16.22
	Furniture & Fixtures	116.54	30.21	-	146.75	74.90	11.57	-	86.47	60.28	41.63
	Office Equipments	56.25	134.15	-	190.40	25.28	4.32	-	29.60	160.80	30.97
	Computers	79.89	49.06	-	128.95	64.95	9.73	-	74.68	54.27	14.94
	Electrical Fittings	97.13	0.89	-	98.02	77.22	1.66	-	78.88	19.14	19.91
	Motor Vehicles	176.34	125.20	0.43	301.11	78.36	23.96	0.07	102.25	198.86	97.98
	Tools & Spares	45.95	1.49	-	47.44	18.24	2.12	-	20.36	27.08	27.71
	Lab Equipments	76.79	6.17	-	82.96	29.26	5.31	-	34.57	48.39	47.52
	Motor Cycle	0.22	-	-	0.22	0.22	-	-	0.22	-	-
	<b>Total Tangible Assets</b>	<b>3,567.55</b>	<b>640.95</b>	<b>0.43</b>	<b>4,208.07</b>	<b>983.06</b>	<b>143.77</b>	<b>0.07</b>	<b>1,126.78</b>	<b>3,081.32</b>	<b>2,584.51</b>
<b>[ B ]</b>	<b><u>Intangible Assets</u></b>										
	Goodwill	584.00	-	-	584.00	584.00	-	-	584.00	-	-
	Computer Softwares	6.61	16.08	-	22.69	1.88	1.55	-	3.43	19.26	4.73
	<b>Total Intangible Assets</b>	<b>590.61</b>	<b>16.08</b>	<b>-</b>	<b>606.69</b>	<b>585.88</b>	<b>1.55</b>	<b>-</b>	<b>587.43</b>	<b>19.26</b>	<b>4.73</b>
	Previous Year	-	-	-	-	-	-	-	-	-	-
	<b>TOTAL ( A + B )</b>	<b>4,158.16</b>	<b>657.02</b>	<b>0.43</b>	<b>4,814.76</b>	<b>1,568.94</b>	<b>145.32</b>	<b>0.07</b>	<b>1,714.21</b>	<b>3,100.58</b>	<b>2,589.23</b>
<b>Previous Year</b>		<b>3,779.87</b>	<b>378.30</b>	<b>-</b>	<b>4,158.17</b>	<b>1,453.42</b>	<b>115.50</b>	<b>-</b>	<b>1,568.92</b>	<b>2,589.24</b>	<b>2,326.45</b>
<b>[ C ]</b>	Capital Work in Progress									4,881.20	1,246.97
	Pre-operative Expenses									249.55	32.11
	<b>Total</b>									<b>5,130.75</b>	<b>1,279.09</b>
<b>[ D ]</b>	Intangible Assets under Development									9.01	-
	<b>Total</b>									<b>9.01</b>	<b>-</b>
<b>Total - WIP (C+D)</b>										<b>5,139.76</b>	<b>1,279.09</b>



**CAPLIN POINT LABORATORIES LIMITED**

**Notes to the financial statements for the year ended 30th June 2013**

<b>NOTE 12</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>NON CURRENT INVESTMENTS</b>				
<b>Equity Shares - Quoted</b>				
2000 (2000) shares of Karnataka Bank Ltd of Rs. 10/- each fully paid up		2.40		2.40
4800 (4800) shares of Indian Overseas Bank of Rs. 10/- each fully paid up		1.15		1.15
700 (700) shares of Bank of India of Rs. 10/- each fully paid up		0.32		0.32
2000 (2000) shares of Sirpur Paper Mills Limited of Rs. 10/- each fully paid up		2.20		2.20
<b>Equity Shares - Unquoted</b>				
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of Rs. 10/- each fully paid up		0.10		0.10
1000 (1000) shares of May India Property Private Limited of Rs. 10/- each fully paid up		0.10		0.10
100 (100) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		0.14		0.14
20000 (20000) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		24.00		24.00
6700 (Nil) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		5.03		-
<b>Other Investments - Quoted</b>				
5000 (5000) units of Franklin India Flex Cap of Rs. 10/- per unit		0.50		0.50
<b>Other Investments - Unquoted</b>				
100000 (100000) units of Axis Bank Equity Fund		10.00		10.00
Argus Salud Pharma LLP	Refer Note 37	9.90		9.90
<b>Optionally Convertible Redeemable Preference Shares</b>				
750000 (750000) shares of May India Property Private Limited of Rs. 10/- each fully paid up		75.00		75.00
		130.84		125.81
Less : Provision for diminution in value of investments		2.03		2.03
<b>Total</b>		<b>128.81</b>		<b>123.78</b>

**CAPLIN POINT LABORATORIES LIMITED**

**Notes to the financial statements for the year ended 30th June 2013**

<b>NOTE 13</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)</b>				
Security Deposits		101.61		72.60
Other Deposits		31.91		15.66
Advances recoverable in cash or kind for the value to be received		23.70		16.02
Advance for Capital expenditure		847.83		931.34
MAT Credit Entitlement		60.46		46.89
<b>Total</b>		<b>1,065.51</b>		<b>1,082.51</b>

<b>NOTE 14</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>INVENTORIES (As certified by the Management)</b>				
Raw Materials		437.50		286.42
Packing Materials		234.79		162.61
Work-in-progress		85.01		61.44
Finished goods		134.62		51.21
<b>Total</b>		<b>891.92</b>		<b>561.68</b>

<b>NOTE 15</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>TRADE RECEIVABLES (Unsecured and considered good)</b>				
- Over Six Months from the date they are due for payment		0.52		11.38
- Others		59.30		716.94
<b>Total</b>		<b>59.82</b>		<b>728.32</b>

**CAPLIN POINT LABORATORIES LIMITED**

**Notes to the financial statements for the year ended 30th June 2013**

<b>NOTE 16</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>CASH AND CASH EQUIVALENTS</b>				
Cash on Hand		16.25		2.19
<b>Balance with Banks</b>				
- Current accounts		106.53		414.52
- Bank Deposit accounts (Less than 3 months maturity)		47.28		1,973.71
<b>Other Bank Balances</b>				
- Unpaid Dividend account		42.56		24.07
- Bank Deposit accounts maturity more than 3 months but less than 12 months	Refer Note 30	1,132.20		338.95
- Bank Deposit accounts maturity more than 12 months		0.46		7.82
<b>Total</b>		<b>1,345.28</b>		<b>2,761.26</b>

<b>NOTE 17</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>SHORT TERM LOAN &amp; ADVANCES (unsecured and considered good)</b>				
Advances recoverable in cash or kind for the value to be received		286.19		625.00
Export Incentives receivable		389.18		238.74
Deposits with Statutory / Govt. Authorities				
Balance with Excise Authorities		313.40		282.45
Balance with Sales Tax Authorities		21.48		11.85
<b>Total</b>		<b>1,010.25</b>		<b>1,158.04</b>

<b>NOTE 18</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>OTHER CURRENT ASSETS</b>				
Interest Accrued on Deposits		59.46		117.94
<b>Total</b>		<b>59.46</b>		<b>117.94</b>

**CAPLIN POINT LABORATORIES LIMITED****Notes to the financial statements for the year ended 30th June 2013**

<b><u>NOTE 19</u></b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b><u>REVENUE FROM OPERATIONS</u></b>		
Sale of products	11,570.84	10,330.65
<b>Other operating revenues</b>		
Export Incentives	349.29	279.85
Other operating revenues	-	29.24
Share of Profit from Argus Salud Pharma LLP	389.05	232.13
	12,309.18	10,871.87
Less : Excise Duty	41.96	109.81
<b>Total</b>	<b>12,267.22</b>	<b>10,762.06</b>

<b><u>NOTE 20</u></b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b><u>OTHER INCOME</u></b>		
Dividend Income	0.52	0.44
Miscellaneous Income	3.37	12.13
Interest Income	169.41	226.38
<b>Total</b>	<b>173.30</b>	<b>238.95</b>

<b><u>NOTE 21</u></b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b><u>COST OF RAW MATERIAL AND PACKING MATERIALS CONSUMED</u></b>		
Opening Stock	449.03	364.84
Add : Purchases (Net)	3,307.66	3,197.26
Less Closing Stock	672.28	449.03
<b>Total</b>	<b>3,084.41</b>	<b>3,113.07</b>

**CAPLIN POINT LABORATORIES LIMITED**

Notes to the financial statements for the year ended 30th June 2013

<b><u>NOTE 22</u></b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b>Changes in inventories of finished goods work-in-progress and Stock-in-Trade</b>		
Inventories at the end of the year		
Work in Progress	85.01	61.44
Finished Goods	134.62	51.21
<b>( A )</b>	<b>219.63</b>	<b>112.65</b>
Inventories at the beginning of the year		
Work in Progress	61.44	66.67
Finished Goods	51.21	84.56
<b>( B )</b>	<b>112.65</b>	<b>151.23</b>
<b>Net (Increase) / Decrease in Inventories (B- A)</b>	<b>(106.97)</b>	<b>38.58</b>

<b><u>NOTE 23</u></b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b><u>EMPLOYEE BENEFITS EXPENSE</u></b>		
Salaries,wages, bonus and allowances	691.93	523.80
Contribution to Provident and Other funds	35.88	33.20
Staff Welfare Expenses	68.73	57.14
<b>Total</b>	<b>796.54</b>	<b>614.14</b>

<b><u>NOTE 24</u></b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b><u>FINANCE COSTS</u></b>		
Interest Expense	17.06	78.54
Interest on Income Tax	13.00	9.15
<b>Total</b>	<b>30.06</b>	<b>87.69</b>

<b><u>NOTE 25</u></b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b><u>DEPRECIATION AND AMORTISATION EXPENSE</u></b>		
Depreciation	143.77	114.43
Amortisation of Intangible Assets	1.55	1.07
	<b>145.32</b>	<b>115.50</b>

**CAPLIN POINT LABORATORIES LIMITED****Notes to the financial statements for the year ended 30th June 2013**

<b><u>NOTE 26</u></b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b><u>OTHER EXPENSES</u></b>		
Manufacturing Expenses	107.71	85.56
Power and Fuel	96.81	72.39
Communication Expenses	31.20	23.56
Donations	5.65	1.65
Professional and Consultancy charges	64.80	29.24
Rates & taxes	23.58	39.56
Subscriptions	3.51	2.70
Travelling Expenses	162.50	126.51
Audit Fees	5.00	4.94
Insurance	4.22	4.49
Bad Debts Written off	2.33	44.33
Exchange Fluctuation Loss (Net)	218.66	481.72
Repairs and Maintenance	-	
a) Plant and Machinery	32.74	26.57
b) Building	16.93	5.71
c) Others	41.88	22.74
Rent & Amenities	56.78	46.19
Advertisement	4.46	2.06
Freight outwards	10.99	34.34
Bank charges	43.19	36.08
Other Selling Expenses	67.37	44.80
Sundry Expenses	65.71	50.32
	<b>1,066.02</b>	<b>1,185.46</b>

**27 Capital Commitment**

The estimated amount of unexecuted capital contracts (net of advances and deposits) – Rs. 1964.85 Lakhs (Previous Year – Rs. 2818.62 Lakhs)

**28 Contingent Liabilities**

a) Outstanding Bank Guarantee given to the Customs department and others Rs. 21.05 Lakhs (Previous Year - Rs. 21.55 Lakhs)

b) Outstanding Letters of Credit: Nil (Previous Year – Rs. 189.91 Lakhs)

**c) Disputed statutory dues:**

SI No	Name of the statute	Nature of dues	2012-13 (Rs. In lakhs)	2011-12 (Rs. In lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	221,39	181,47	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	27,26	27,26	CEGAT Tribunal/ Department of Revenue, New Delhi
3	Foreign Trade (Development & Regulation ) Act 1992	Customs Duty	28,05	-	Joint Director General of Foreign Trade

**29 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.

**30 Balances with Scheduled banks in deposit accounts includes:**

(a) Other Bank balances for the current year include Rs. 100 lakhs earmarked as lien towards Margin for Letter of Credit and Bank Guarantee. (Previous Year Rs.92.70 lakhs)

(c) Retention deposit under lien towards pre shipment credit – Rs. 127.20 Lakhs (Previous year – Rs. 1122.95 Lakhs).

**31 Balance with Non Scheduled banks**

Details of balances kept with non-scheduled banks as on balance sheet dates and the maximum balances kept with non-scheduled banks during the year are as follows:

	Rs. In Lakhs			
	Balances as at		Maximum Balance during the year ended	
	June 30 <sup>th</sup> ,2013	June 30 <sup>th</sup> ,2012	June 30 <sup>th</sup> ,2013	June 30 <sup>th</sup> ,2012
<b>Current Accounts in Foreign Currency:</b>				
China Citic Bank	4,44	4,29	10,82	10,79

32 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. 439.36 Lakhs and the gain on the revaluation of land to the extent of Rs. 373.38 Lakhs was credited to the Revaluation Reserve.

### 33 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;

<i>Particulars</i>	<i>2012-13</i>	<i>2011-12</i>
	<i>Rs. in Lakhs</i>	<i>Rs. in Lakhs</i>
Change in Obligation:		
<b>Obligations at period beginning</b>	<b>26,62</b>	<b>19,99</b>
Service Cost	13,71	9,32
Interest Cost	2,21	1,96
Benefits paid	(9,34)	(0,55)
Actuarial (Gain)/Loss	4,63	(4,10)
<b>Obligations at period end</b>	<b>37,83</b>	<b>26,62</b>

<i>Particulars</i>	<i>2012-13</i>	<i>2011-12</i>
	<i>Rs. in Lakhs</i>	<i>Rs. in Lakhs</i>
Change in Plan Assets:		
<b>Plan Assets at period beginning at Fair value</b>	<b>16,02</b>	<b>15,84</b>
Adjustments made to the fund value	-	(0,40)
Contribution made during the year	8,00	6,62
Expected return on plan assets	1,22	1,47
Benefits paid	(9,34)	(0,55)
Actuarial Gain/(Loss)	7,80	(6,96)
<b>Plan Assets at end of period</b>	<b>23,70</b>	<b>16,02</b>
<b>Expenses recognized in Profit and Loss Account</b>		
Current Service Cost	13,71	9,32
Interest Cost	2,21	1,96
Expected return on plan assets	(1,23)	(1,47)
Net Actuarial (gain)/loss recognized in the year	(3,16)	2,85
<b>Expenses to be recognized in the profit and loss account</b>	<b>11,53</b>	<b>12,66</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	23,70	16,02
Present value of the defined benefit obligations at the end of the period	37,83	26,62
Liability recognized in the balance sheet	14,13	10,60

<b>Assumptions:</b>	<i>2012-13</i>	<i>2011-12</i>
Discount Rate	8,00%	8,00%
Expected return on plan assets	8,00%	8,00%

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.



**34 Salaries & Wages includes remuneration to Managing Director/Director**

	Rs. In Lakhs	
	<i>For the year ended</i>	<i>For the year ended</i>
	<i>30<sup>th</sup> June 2013</i>	<i>30<sup>th</sup> June 2012</i>
Salaries	11,87	6,67
Contribution to Provident and other funds	0,19	0,11
<b>Total</b>	<b>12,06</b>	<b>6,78</b>

Excludes contribution to Gratuity Fund as the related amount is not ascertainable in the absence of employee wise break up.

**35 Operating Leases**

The Company has entered into cancellable lease agreements for office facilities. Lease Payments recognised in the Profit and Loss Account for the year Rs. 56.78 Lakhs. (Previous Year Rs. 46.19 Lakhs). The Company has not entered into any non cancellable operating and finance leases.

**36 Research and Development Expenditure**

	(Rs. In Lakhs)	
	<i>As at</i>	<i>As at</i>
	<i>30-Jun-13</i>	<i>30-Jun-12</i>
Capital expenditure included in Fixed Assets	307,53	243,00
Revenue expenditures incurred during the year	36,71	58,49

37 Total Share Capital of Argus Salud Pharma LLP is Rs. 10.00 Lakhs out of which 99% of shares is held by the Company and 1% is held by May India Property Private Limited and their profit sharing ratio is 99% and 1% respectively.

**38 Particulars of unhedged foreign currency Exposure as at Balance Sheet date**

Particulars	2012-13		2011-12	
	USD in Lakhs	Rs. in Lakhs	USD in Lakhs	Rs. in Lakhs
Export Debtors	0,81	47,77	9,01	482,22
Creditors and Advance from Customers	83,21	5,023,85	77,78	4,374,72

Details of forward contract outstanding on account of hedging as at the end of the year: Nil

**Previous year:**

Currency	No. of contracts	Sell amount		Purpose
		USD in Lakhs	Rs. in Lakhs	
US Dollars	11	51	2,816,86	Export realisation

**39 Auditors' Remuneration comprises of fees: (Excluding Service tax)**

	Rs. In Lakhs	
	<i>For the year ended</i>	<i>For the year ended</i>
	<i>30<sup>th</sup> June 2013</i>	<i>30<sup>th</sup> June 2012</i>
For Statutory Audit	4,00	4,00
For Tax Audit	0,75	0,75
For Others	0,25	0,19
<b>Total</b>	<b>5,00</b>	<b>4,94</b>

**40 CIF Value of Imports**

	Rs. In Lakhs	
	<i>For the year ended</i>	<i>For the year ended</i>
	<i>30<sup>th</sup> June 2013</i>	<i>30<sup>th</sup> June 2012</i>
Raw materials , Stock in Trade and Finished Goods	4,282,55	3,805,52
Capital Goods	505,24	390,56

**41 Earnings in Foreign Exchange (On Accrual basis)**

FOB Value of Exports – Rs in Lakhs. 10846.68 (Previous Year – Rs. in Lakhs - 8973.82)

## 42 Expenditure in Foreign Currency (On Accrual basis)

(a)

Rs. In Lakhs

	<i>For the year ended 30<sup>th</sup> June 2013</i>	<i>For the year ended 30<sup>th</sup> June 2012</i>
Traveling Expenses	22,43	26,56
Salaries	46,25	41,50
Rent	7,62	6,63
Other Expenses	44,40	42,46
<b>Total</b>	<b>120,70</b>	<b>117,15</b>

(b) Dividend payment in foreign currency paid during the year Rs. 2.57 Lakhs – PY Rs. 2.06Lakhs

## 43 Value of consumption of imported and indigenous materials and components

	<i>For the year ended 30<sup>th</sup> June 2013</i>		<i>For the year ended 30<sup>th</sup> June 2012</i>	
	<i>Rs.in Lakhs</i>	<i>%</i>	<i>Rs.in Lakhs</i>	<i>%</i>
Imported	1,85	0,06%	5,88	0,19%
Indigenous	3,082,56	99,94%	3,107,18	99,81%
	<b>3,084,41</b>	<b>100,00%</b>	<b>3,113,06</b>	<b>100,00%</b>

## 44 Purchase of Traded Goods

(Rs.In Lakhs)

Category	30-Jun-13	30-Jun-12
Tablets	1,604,06	1,400,79
Capsules	1,439,42	1,624,42
Liquids	262,04	348,91
Injectibles	1,141,19	791,12
Ointments	308,02	257,27
Others	518,61	340,39
<b>Total</b>	<b>5,273,34</b>	<b>4,762,90</b>

## 45 Sale of Products comprises

(Rs. In Lakhs)

Category	Manufactured Goods		Traded Goods	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
Tablets	3,264,18	3,480,71	2,042,37	1,721,91
Capsules	1,126,18	403,56	1,839,05	1,884,18
Liquids	444,08	545,80	331,11	402,82
Injectibles	-	2,58	1,500,05	1,029,74
Ointments	-	6,17	378,91	327,87
Others	4,58	14,08	598,37	401,42
<b>Total</b>	<b>4,839,02</b>	<b>4,452,90</b>	<b>6,689,86</b>	<b>5,767,94</b>

## 46 Details of Closing Stock of Finished Goods as at

(Rs. In Lakhs)

Category	Manufactured Goods		Traded Goods	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
Tablets	60,17	27,55	26,13	-
Capsules	26,12	0,04	6,88	-
Liquids	6,46	10,82	-	-
Injectibles	-	-	0,25	12,78
Ointments	-	0,02	4,31	-
Others	-	-	4,30	-
<b>Total</b>	<b>92,75</b>	<b>38,43</b>	<b>41,87</b>	<b>12,78</b>

47 **Earnings per share**

	<i>For the year ended 30<sup>th</sup> June 2013</i>	<i>For the year ended 30<sup>th</sup> June 2012</i>
Net Profit after tax as per profit and loss account (Rs. in Lakhs)	1430,65	818,51
Weighted average number of equity shares of Rs. 10/- each outstanding during the year (in Nos.)	15,110,000	15,110,000
Earnings per share – Basic & Diluted (in Rs.)	9,47	5,42

48 **Amount Due to Investor Education and Protection fund**

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

49 **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 Siddharth, – Relative of Chairman  
Argus Salud Pharma LLP – Related Entity

(b) Key management personnel

Mr. M Jayapal – Managing Director  
Mr. D. P. Mishra – Whole Time Director  
Mr. Vivek Siddharth – Chief Operating Officer

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

Rs. in Lakhs		
<b>Particulars</b>	<i>For the year ended 30<sup>th</sup> June 2013</i>	<i>For the year ended 30<sup>th</sup> June 2012</i>
Salary paid to Managing Director	5,72	5,72
Salary paid to Whole Time Director	6,33	1,06
Salary paid to a Relative of Chairman	18,09	13,29
Purchases of finished goods from Argus Salud Pharma LLP	633,82	621,73
Sales to Argus Salud Pharma LLP	424,37	245,95
Share of profit in Argus Salud Pharma LLP	389,05	232,13

(d) Outstanding Balances

Rs. in Lakhs		
<b>Particulars</b>	<i>As at 30<sup>th</sup> June 2013</i>	<i>As at 30<sup>th</sup> June 2012</i>
Argus Salud Pharma LLP	Dr. 110.97	Dr. 503.04

50 The Company's factory unit at Baddi in Himachal Pradesh is entitled for 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).

51 The Company operates in one segment only viz., pharmaceutical formulations.

52 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**Signatories to Notes 1 to 52**

As per our report of even date attached

**On behalf of the Board**

Firm Registration No. 003347S  
Chartered Accountants

**M Raghunath**  
Partner  
ICAI Membership No: 15501  
Place : Chennai  
Date : 16.08.2013

**C.C. Paarthipan**  
Chairman

**M. Jayapal**  
Managing Director

**S. Mohan Raj**  
Vice President - Finance and Company Secretary

Statement under Section 212 of the Companies Act, 1956 relating to subsidiary Companies

Particulars	Argus Salud Pharma LLP
Date from which they became subsidiary	13/04/2010
Financial year of the subsidiary ended on	31/03/2013
Shares of the subsidiary held by the holding company on the above dates	
1. Number of shares	-
2. Face value	-
3. Extent of holding	99%
Net aggregate Profit/ (Loss) for the current year (in Rs.)	
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	34,337,298
2. for the previous financial years of the subsidiary since it became its subsidiary	42,923,299
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is not dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	346,841
2. for the previous financial years of the subsidiary since it became its subsidiary	428,568

Financial details of Subsidiary Companies

Particulars	Argus Salud Pharma LLP as at 31st March 2013 (Rs. in Lakhs)
Current Assets, Loans & Advances	1,006.59
Net Fixed Assets	179.64
Investment	-
Profit & Loss Account	-
Miscellaneous Expenditure	-
<b>Total Assets</b>	<b>1,186.23</b>
Current Liabilities & Provisions	851.79
Capital	10.00
Current A/c	324.44
Loans	-
Reserves & Surplus	-
Deferred Tax Liability	-
<b>Total Liabilities</b>	<b>1,186.23</b>
Turnover (Including other income)	1,467.29
Provision for Tax	29.60
Profit /(Loss) after Tax	346.84
Proposed Dividend	N/A

**INDEPENDENT AUDITORS' REPORT**

**To**

The Members,  
**Caplin Point Laboratories Limited**

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Caplin Point Laboratories Limited ("the Company"), and its controlled entity as at 30<sup>th</sup> June 2013, which comprise the Balance Sheet and the Statement of Profit and Loss and Cash flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including Accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of Internal Control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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

## Opinion

- a. We report that the Consolidated Financial statements have been prepared by the Company in accordance with the requirements of Accounting standard 21 (Consolidated Financial statements) as notified under the Companies (Accounting standards) Rules, 2006.
- b. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (d) In the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at June 30, 2013;
  - (e) In the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date and
  - (f) In the case of Consolidated Cash Flow Statement, of the Cash flows for the year ended on that date;

## Other Matter

In the case of controlled entity, the financial statements are audited upto 31<sup>st</sup> March 2013. The unaudited financial information of the Controlled entity for the period from 1<sup>st</sup> April 2013 to 30<sup>th</sup> June 2013 has been provided to us by the management, and our opinion on the Consolidated financial statements to the extent they relate to the above period of the controlled entity is based solely on such unaudited financial information furnished to us.

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

Place: Chennai  
Date: 16-08-2013

M Raghunath  
Partner  
ICAI Membership No. 15501

**CAPLIN POINT LABORATORIES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2013**

Particulars	NOTE No.	AS AT 30-Jun-13 (Rs in Lakhs)	AS AT 30-Jun-12 (Rs in Lakhs)
<b>EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	1,511.00	1,511.00
(b) Reserves and surplus	3	2,803.24	1,846.79
(c) Minority Interest		9.28	5.35
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	348.41	155.19
(b) Deferred tax liabilities (Net)	5	479.46	247.15
(c) Long-term provisions	6	37.83	26.62
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	5.30	520.34
(b) Trade Payables	8	2,563.65	2,125.62
(c) Other current liabilities	9	5,085.41	3,833.10
(d) Short-term provisions	10	646.62	440.60
<b>TOTAL</b>		<b>13,490.20</b>	<b>10,711.76</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
1 (a) Fixed assets	11		
(i) Tangible assets		3,251.28	2,749.05
(ii) Intangible assets		19.26	4.73
(iii) Capital work-in-progress		5,138.93	1,279.09
(iv) Intangible Assets under Development		9.01	-
(b) Non-current investments	12	118.91	113.88
(c) Long-term loans and advances	13	1,083.28	1,194.05
<b>2 Current assets</b>			
(a) Inventories	14	1,042.45	637.60
(b) Trade receivables	15	85.94	728.32
(c) Cash and cash equivalents	16	1,683.81	3,180.46
(d) Short-term loans and advances	17	991.28	696.44
(e) Other current assets	18	66.05	128.14
<b>TOTAL</b>		<b>13,490.20</b>	<b>10,711.76</b>
<p>Significant Accounting Policies &amp; Notes forming part of Financial statements <b>1 to 52</b></p> <p><b>As per our report of even date attached</b>  <b>For M. Raghunath &amp; Co.</b>  <b>Chartered Accountants</b>  <b>Firm Registration No.003347S</b></p> <p><b>M. Raghunath</b>  <b>Partner</b>  <b>ICAI Membership No. 15501</b>  <b>Place: Chennai</b>  <b>Date: 16/08/2013</b></p> <p><b>On behalf of the Board</b></p> <p><b>C.C. Paarthipan</b>  <b>Chairman</b></p> <p><b>M. Jayapal</b>  <b>Managing Director</b></p> <p><b>S. Mohan Raj</b>  <b>Vice President - Finance and Company Secretary</b></p>			

**CAPLIN POINT LABORATORIES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30TH JUNE 2013**

Particulars	NOTE No.	For the year ended 30-Jun-13 (Rs. in Lakhs)	For the year ended 30-Jun-12 (Rs. in Lakhs)
<b><u>INCOME</u></b>			
(a) Revenue from operations	19	12,702.83	10,721.66
(b) Other income	20	210.03	250.68
<b>Total Revenue</b>		<b>12,912.86</b>	<b>10,972.34</b>
<b><u>EXPENSES</u></b>			
(a) Cost of materials consumed	21	3,550.51	3,580.10
(b) Purchases of Stock-in-Trade	--	5,038.48	4,141.17
(c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(124.26)	15.47
(d) Employee benefits expense	23	826.98	634.82
(e) Finance costs	24	30.24	89.44
(f) Depreciation and Amortisation	25	154.02	123.66
(g) Other expenses	26	1,222.86	1,270.44
<b>Total Expenses</b>		<b>10,698.83</b>	<b>9,855.10</b>
<b>Profit before tax</b>		<b>2,214.03</b>	<b>1,117.24</b>
<b>Tax Expense:</b>			
- Current Year - Income Tax		565.74	239.28
- MAT Credit Entitlement		8.56	(18.79)
- Deferred tax		232.32	93.76
- Earlier Years		5.27	-
<b>Profit After Tax for the year before minority interest</b>		<b>1,402.14</b>	<b>802.99</b>
Less: Minority Interest		(3.76)	(2.34)
<b>Profit After Tax for the year</b>		<b>1,398.38</b>	<b>800.65</b>
Earnings per equity share:			
Basic / Diluted		9.25	5.30

Significant Accounting Policies & Notes forming part of Financial statements

1 to 52

As per our report of even date attached

For M. Raghunath & Co.

Chartered Accountants

Firm Registration No. 003347S

On behalf of the Board

M. Raghunath

Partner

ICAI Membership No. 15501

C.C. Paarthipan

Chairman

M. Jayapal

Managing Director

Place: Chennai

Date: 16/08/2013

S. Mohan Raj

Vice President - Finance and Company Secretary



**Caplin Point Laboratories Ltd.,**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2013**

	<b>30/06/2013</b> (Rs. in Lacs)	<b>30/06/2012</b> (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	2,214.03	1,117.24
Adjustments for:		
Depreciation	154.02	123.66
Diminution in value of investments	(0.00)	0.94
Interest Income	(204.29)	(238.11)
Interest Expenses	30.24	89.44
Dividend income	(0.52)	(0.44)
	2,193.48	1,092.73
Tax Paid (net of refund )	(579.57)	(188.81)
Operating profit before Working Capital Change	1,613.91	903.92
Changes in Working Capital		
(Increase) / Decrease in Inventories	(404.85)	(87.69)
(Increase) / Decrease in Trade receivable	642.38	104.52
(Increase) / Decrease in Loans & Advances	(121.98)	(1,053.04)
Increase / (Decrease) in Current liabilities & Provisions	1,465.78	2,924.72
<b>Cash from Operating activities</b>	<b>3,195.24</b>	<b>2,792.43</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / (Outflow)		
(Purchase) / Sale of fixed assets	(4,539.63)	(1,644.63)
Dividend income	0.52	0.44
(Purchase) / Sale of Investments	(5.03)	-
Net Cash used in investing activities.	<b>(4,544.14)</b>	<b>(1,644.19)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Short term Borrowings	(515.02)	-
Interest Income	204.29	238.11
Interest Expenses	(30.24)	(89.44)
Increase / (Decrease) in Bank Borrowings	193.22	(278.51)
Net Cash from financing activities.	<b>(147.75)</b>	<b>(129.84)</b>
Net Cash Flow during the year (A+B+C)	<b>(1,496.65)</b>	<b>1,018.40</b>
Cash and Cash Equivalent as at the beginning of the year	3,180.46	2,162.06
<b>Cash and Cash Equivalent as at the close of the year</b>	<b>1,683.81</b>	<b>3,180.46</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 M Raghunath & Co**  
Registration No. 003347S  
Chartered Accountants

**On behalf of the Board**

**M Raghunath**  
Partner  
ICAI Membership No: 15501

**C C Paarthipan**  
Chairman

**M Jayapal**  
Managing Director

Place : Chennai  
Date : 16-08-2013

**S. Mohan Raj**  
Vice President - Finance and Company  
Secretary

## CAPLIN POINT LABORATORIES LIMITED

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013

#### 1. 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. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses for the year, reported balances of assets and liabilities, and disclosure relating to contingent liabilities as at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### 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 incentives are recognized in the Profit and Loss account in the year of export.
- d. Interest income are accounted on accrual basis.
- e. Dividend Income is recognized when the right to receive the dividend is unconditional.

##### 4. Fixed Assets

Fixed assets are stated at original cost of acquisition less depreciation and impairment loss, if any. The actual cost capitalized includes purchase price, freight, installation cost, duties and taxes, and other incidental expenses attributable to bringing the asset to its working condition. In the case of fixed assets acquired for new projects / expansions, finance cost on borrowing and other related expenses upto the date of commercial production incurred towards acquiring fixed assets are capitalized.

##### 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. Depreciation on additions / deletions, is provided on pro-rata basis to the months of additions / deletions.

#### **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. Inventories are valued at lower of cost or net realizable value.
- b. 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.
- c. In respect of finished goods and work in progress cost includes raw materials, packing materials, labour cost and other appropriate allocable overheads.
- d. Value of closing stock as on 30<sup>th</sup> June 2013 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. 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**

Un-availed leave balances as per the policy of the Company are accounted based on the respective employees' earnings as at the Balance Sheet date.

#### **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**

Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as Long Term Investments.

Current Investments are carried at lower of cost and fair value. The Comparison of cost and fair value is done separately in respect of each category of Investments.

Non current Investments are carried at cost less any other temporary diminution in value, determined separately, for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist. Any reduction in the carrying amount and any reversal in such reductions are charged or credited to the Statement of Profit and Loss .

### **13. Leases**

Lease of assets, where the lessor effectively, retains all the risks and rewards of ownership are classified as operating leases. The company's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements, which are cancellable range between 11 months and 5 years generally, or longer, and are usually renewable by mutual agreement between the lessee and lessor. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

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

The Company recognizes the Provisions when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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 estimated 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 of reversal in one or more subsequent periods. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in the future.

### **16. Borrowing Costs**

Interest and other borrowing 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. The Company is operating in one segment viz "pharmaceutical formulations".**

**CAPLIN POINT LABORATORIES LIMITED**
**Notes to the financial statements for the year ended 30th June 2013**

NOTE 2	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
17,000,000 (Previous Year - 17,000,000) equity shares of Rs.10/- each		<b>1,700.00</b>		<b>1,700.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
15,110,000 (Previous Year - 15,110,000) equity shares of Rs. 10/- each fully paid up		1,511.00		1,511.00
		<b>1,511.00</b>		<b>1,511.00</b>

a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year	As at 30-Jun-13 (in nos.)		As at 30-Jun-12 (in nos.)	
Number of shares outstanding at the beginning of the year		15,110,000		15,110,000
Add: Number of shares allotted as fully paid up during the year	-	-	-	-
Less : Number of shares bought back during the year	-	-	-	-
Number of shares outstanding at the end of the year	-	<b>15,110,000</b>	-	<b>15,110,000</b>

**b) Rights, preference & restrictions attached to shares**
Equity Shares

The Company has only one class of equity shares having a par value of 10/- per share. Each shareholder is eligible for one Vote per Share.

The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim Dividend

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding

**c) Details of shares in the company held by each shareholder holding more than 5% shares of the company:**

Name of Shareholder	30-Jun-13		30-Jun-12	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	2200000	14.57%	2200000	14.57%
P. Ashok Gorkey	1810000	11.99%	1810000	11.99%
P. Vivek Siddarth	1800000	11.92%	1800000	11.92%
P.K. Chellappan	1353206	8.96%	1353206	8.96%
C.C. Paarthipan	814812	5.40%	814812	5.40%
S. Masilamani	802000	5.31%	802000	5.31%

## CAPLIN POINT LABORATORIES LIMITED

Notes to the financial statements for the year ended 30th June 2013

NOTE 3	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>RESERVES &amp; SURPLUS</b>				
a) Capital Reserve		68.42		68.42
b) General Reserve				
Opening Balance	229.42		144.42	
Transferred from Profit & Loss account during the year	150.00	379.42	85.00	229.42
c) Investment Allowance Reserve		-		1.21
d) Revaluation Reserve		373.38		373.38
e) Subsidy		-		0.71
		<b>821.22</b>		<b>673.14</b>
Profit at beginning of the year	1,173.65		809.22	
Add : Profit during the year	1,398.38		800.65	
<b>Less : Appropriations</b>				
Proposed Dividend	377.75		302.20	
Tax on Proposed Dividend	64.20		49.02	
Transfer from Investment Allowance Reserve	(1.21)		-	
Transfer from Subsidy	(0.71)		-	
Transfer to General Reserve	150.00		85.00	
Closing Balance		<b>1,982.01</b>		<b>1,173.65</b>
Total		<b>2,803.24</b>		<b>1,846.79</b>

NOTE 4	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>LONG TERM BORROWINGS *</b>				
Term Loan from Bank	392.58		166.52	
From Others	71.75	464.33	1.36	167.88
Less : Current maturities of long term debt		115.92		12.69
Total		<b>348.41</b>		<b>155.19</b>

\*Obligations under Hire Purchase Finance are secured against relevant fixed assets obtained under Hire Purchase Finance.

NOTE 5	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>DEFERRED TAX LIABILITIES (Net)</b>				
a) Deferred Tax Liabilities on account of timing differences		482.95		261.26
b) Deferred Tax Asset on account of timing differences		3.49		14.11
Total		<b>479.46</b>		<b>247.15</b>

## CAPLIN POINT LABORATORIES LIMITED

Notes to the financial statements for the year ended 30th June 2013

NOTE 6	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>LONG TERM PROVISIONS</b>				
<b>(a) Provision for employee benefits</b>				
Provision for Gratuity		37.83		26.62
Total		37.83		26.62

NOTE 7	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>SHORT TERM BORROWINGS</b>				
<b>Loans repayable on demand - From Banks (Secured)</b>				
Packing Credit		5.30		161.07
Bills Discounted		-		359.27
Total		5.30		520.34

Packing Credit and Other short term borrowings are secured by first charge on Buildings of the Company and second charge on hypothecation of Stock in Trade , Receivables,lien on deposits of the Company with the Bank. In addition to the above, the loans are also secured by second charge on Plant and Machineries of the Company, present & future on pari passu basis in addition to the personal guarantee by the promoter and few shareholders of the Company.

NOTE 8	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>TRADE PAYABLES</b>				
Trade Payables for Goods and Services		2,563.65		2,125.62
Total		2,563.65		2,125.62

NOTE 9	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>OTHER CURRENT LIABILITIES</b>				
Current maturities of long term debt		115.92		12.69
Statutory Dues payable		15.84		11.76
Advance received from Customers		4,493.24		3,618.81
Sundry Creditors for Capital Goods		417.85		165.77
Unclaimed Dividend		42.56		24.07
Total		5,085.41		3,833.10

NOTE 10	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>SHORT TERM PROVISIONS</b>				
Provision for Employee Benefits		10.84		3.73
Provision for Income Tax (Net of Advance Taxes and Tax Deducted at Source)		193.83		85.65
Tax on Proposed Dividend		64.20		49.02
Total		646.62		440.60

## NOTE 11

## FIXED ASSETS

Rs. in Lakhs

	Particulars	Gross block				Depreciation Reserve				Net Block	
		As at 1/Jul/12	Additions during the period	Deletions during the period	As at 30/Jun/13	As at 1/Jul/12	for the period	deletions	As at 30/Jun/13	As at 30/Jun/13	As at 30/Jun/12
<b>[ A ]</b>	<b><u>Tangible Assets</u></b>										
	Land	826.96	6.41	-	833.37	-	-	-	-	833.37	826.96
	Buildings	1,008.45	39.85	-	1,048.30	188.84	30.27	-	219.11	829.19	819.61
	Plant & Machinery	1,196.66	246.97	-	1,443.63	423.52	59.73	-	483.25	960.38	773.14
	A/c Plant	31.21	3.95	-	35.16	12.11	1.52	-	13.62	21.53	19.10
	Furniture & Fixtures	123.31	33.54	-	156.85	75.57	12.03	-	87.60	69.25	47.74
	Office Equipments	141.30	183.29	-	324.59	90.88	14.47	-	105.34	219.25	50.42
	Electrical Fittings	116.45	1.27	-	117.72	78.80	2.59	-	81.39	36.33	37.65
	Motor Vehicles	176.34	132.16	0.43	308.07	78.36	24.18	0.07	102.47	205.60	97.98
	Tools & Spares	47.24	1.49	-	48.73	18.31	2.23	-	20.54	28.19	28.93
	Lab Equipments	76.79	6.12	-	82.90	29.26	5.45	-	34.71	48.19	47.53
	Motor Cycle	0.22	-	-	0.22	0.22	-	-	0.22	-	-
	<b>Total Tangible Assets</b>	<b>3,744.93</b>	<b>655.04</b>	<b>0.43</b>	<b>4,399.53</b>	<b>995.88</b>	<b>152.47</b>	<b>0.07</b>	<b>1,148.26</b>	<b>3,251.28</b>	<b>2,749.05</b>
<b>[ B ]</b>	<b><u>Intangible Assets</u></b>										
	Goodwill	584.00	-	-	584.00	584.00	-	-	584.00	-	-
	Computer Softwares	6.61	16.08	-	22.69	1.88	1.55	-	3.43	19.26	4.73
	<b>Total Intangible Assets</b>	<b>590.61</b>	<b>16.08</b>	<b>-</b>	<b>606.69</b>	<b>585.88</b>	<b>1.55</b>	<b>-</b>	<b>587.43</b>	<b>19.26</b>	<b>4.73</b>
	<b>TOTAL ( A + B )</b>	<b>4,335.54</b>	<b>671.12</b>	<b>0.43</b>	<b>5,006.23</b>	<b>1,581.76</b>	<b>154.02</b>	<b>0.07</b>	<b>1,735.69</b>	<b>3,270.54</b>	<b>2,753.78</b>
	<b>Previous Year</b>	<b>3,952.86</b>	<b>382.68</b>	<b>-</b>	<b>4,335.54</b>	<b>1,458.10</b>	<b>123.66</b>	<b>-</b>	<b>1,581.76</b>	<b>2,753.78</b>	<b>2,494.76</b>
<b>[ C ]</b>	Capital Work in Progress									5,138.93	1,279.09
	<b>Total</b>									<b>5,138.93</b>	<b>1,279.09</b>
<b>[D]</b>	Intangible Assets under Development									9.01	-
	<b>Total</b>									<b>9.01</b>	<b>-</b>
	<b>TOTAL - WIP (C+D)</b>									<b>5,147.94</b>	<b>1,279.09</b>

consolidated



**CAPLIN POINT LABORATORIES LIMITED**
**Notes to the financial statements for the year ended 30th June 2013**

<b>NOTE 12</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>NON CURRENT INVESTMENTS</b>				
<b>Equity Shares - Quoted</b>				
2000 (2000) shares of Karnataka Bank Ltd of Rs. 10/- each fully paid up		2.40		2.40
4800 (4800) shares of Indian Overseas Bank of Rs. 10/- each fully paid up		1.15		1.15
700 (700) shares of Bank of India of Rs. 10/- each fully paid up		0.32		0.32
2000 (2000) shares of Sirpur Paper Mills Limited of Rs. 10/- each fully paid up		2.20		2.20
<b>Equity Shares - Unquoted</b>				
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of Rs. 10/- each fully paid up		0.10		0.10
1000 (1000) shares of May India Property Private Limited of Rs. 10/- each fully paid up		0.10		0.10
100 (100) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		0.14		0.14
20000 (20000) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		24.00		24.00
6700 (Nil) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		5.03		-
<b>Other Investments - Quoted</b>				
5000 (5000) units of Franklin India Flex Cap of Rs. 10/- per unit		0.50		0.50
<b>Other Investments - Unquoted</b>				
100000 (100000) unit of Axis Bank Equity Fund		10.00		10.00
<b>Optionally Convertible Redeemable Preference Shares</b>				
750000 (750000) shares of May India Property Private Limited of Rs. 10/- each fully paid up		75.00		75.00
		120.94		115.91
Less : Provision for diminution in value of investments		2.03		2.03
<b>Total</b>		<b>118.91</b>		<b>113.88</b>

<b>NOTE 13</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)</b>				
Security Deposits		112.01		79.02
Other Deposits		38.26		19.76
Advances recoverable in cash or kind for the value to be received		23.70		16.02
Advance for Capital expenditure		848.85		1,032.36
MAT Credit Entitlement		60.46		46.89
<b>Total</b>		<b>1,083.28</b>		<b>1,194.05</b>

<b>NOTE 14</b>	<b>As at 30-6-13 (Rs. In Lakhs)</b>		<b>As at 30-6-12 (Rs. In Lakhs)</b>	
<b>INVENTORIES (As certified by the Management)</b>				
Raw Materials		480.25		313.74
Packing Materials		301.28		187.20
Work-in-progress		104.96		72.63
Finished goods		155.96		64.03
<b>Total</b>		<b>1,042.45</b>		<b>637.60</b>

## CAPLIN POINT LABORATORIES LIMITED

Notes to the financial statements for the year ended 30th June 2013

NOTE 15	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>TRADE RECEIVABLES (Unsecured and considered good)</b>				
- Over Six Months from the date they are due for payment		0.52		11.38
- Others		85.42		716.94
Total		<b>85.94</b>		<b>728.32</b>

NOTE 16	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>CASH AND CASH EQUIVALENTS</b>				
Cash on Hand		22.65		2.56
<b>Balance with Banks</b>				
- Current accounts		137.91		453.67
- Bank Deposit accounts (Less than 3 months maturity)		47.28		2,350.71
<b>In Bank Deposit Accounts</b>				
- Bank Deposit accounts maturity more than 3 months but less than 12 months	Refer Note 30	1,427.01		338.95
- Bank Deposit accounts maturity more than 12 months		6.40		10.50
Total		<b>1,683.81</b>		<b>3,180.46</b>

NOTE 17	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>SHORT TERM LOAN &amp; ADVANCES (unsecured and considered good )</b>				
Advances recoverable in cash or kind for the value to be received		181.22		122.58
Export Incentives receivable		429.89		246.68
Deposits with Statutory / Govt. Authorities				
Balance with Excise Authorities		349.76		310.26
Balance with Sales Tax Authorities		30.41		16.92
Total		<b>991.28</b>		<b>696.44</b>

NOTE 18	As at 30-6-13 (Rs. In Lakhs)		As at 30-6-12 (Rs. In Lakhs)	
<b>OTHER CURRENT ASSETS</b>				
Interest Accrued on Deposits		66.05		128.14
Total		<b>66.05</b>		<b>128.14</b>

## Notes to the financial statements for the year ended 30th June 2013

	For the Year Ended 30-6-13 (Rs. In Lakhs)	For the Year Ended 30-6-12 (Rs. In Lakhs)
<b>NOTE 22</b>		
<b>Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</b>		
Inventories at the end of the year		
Work in Progress	104.96	72.63
Finished Goods	155.96	64.03
<b>( A )</b>	<b>260.92</b>	<b>136.66</b>
Inventories at the beginning of the year		
Work in Progress	72.63	92.95
Finished Goods	64.03	59.18
<b>( B )</b>	<b>136.66</b>	<b>152.13</b>
<b>Net (Increase) / Decrease in Inventories (B- A)</b>	<b>(124.26)</b>	<b>15.47</b>

**CAPLIN POINT LABORATORIES LIMITED**
**Notes to the financial statements for the year ended 30th June 2013**

<b>NOTE 23</b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries,wages, bonus and allowances	713.40	540.36
Contribution to Provident and Other funds	37.20	34.20
Staff Welfare Expenses	76.38	60.26
<b>Total</b>	<b>826.98</b>	<b>634.82</b>

<b>NOTE 24</b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b>FINANCE COSTS</b>		
Interest Expense	17.24	82.19
Interest on Income Tax	13.00	7.25
<b>Total</b>	<b>30.24</b>	<b>89.44</b>

<b>NOTE 25</b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
Depreciation	152.47	122.59
Amortisation of Intangible Assets	1.55	1.07
	<b>154.02</b>	<b>123.66</b>

<b>NOTE 26</b>	<b>For the Year Ended 30-6-13 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-6-12 (Rs. In Lakhs)</b>
<b>OTHER EXPENSES</b>		
Manufacturing Expenses	124.53	98.60
Power and Fuel	111.65	84.39
Communication Expenses	33.13	25.31
Donations	5.71	1.67
Professional and Consultancy charges	66.59	30.47
Rates & taxes	25.20	39.69
Subscriptions	3.79	2.95
Travelling Expenses	171.56	132.49
Audit Fees	5.28	5.21
Insurance	4.53	4.96
Bad Debts Written off	2.33	44.33
Exchange Fluctuation Loss (Net)	254.53	495.52
Repairs and Maintenance		
a) Plant and Machinery	32.74	26.57
b) Building	18.54	6.04
c) Others	65.29	31.93
Rent & Amenities	77.29	59.62
Advertisement	4.46	2.06
Freight outwards	22.10	17.78
Bank charges	46.83	36.39
Other Selling Expenses	75.74	70.81
Sundry Expenses	71.04	53.65
	<b>1,222.86</b>	<b>1,270.44</b>

**27 Capital Commitment**

The estimated amount of unexecuted capital contracts (net of advances and deposits) – Rs. 1964.85 Lakhs (Previous Year – Rs. 2818.62 Lakhs)

**28 Contingent Liabilities**

a) Outstanding Bank Guarantee given to the Customs department and others Rs. 27.71 Lakhs (Previous Year - Rs. 26.23 Lakhs)

b) Outstanding Letters of Credit: Nil (Previous Year – Rs. 189.91 Lakhs)

**c) Disputed statutory dues:**

Sl No	Name of the statute	Nature of dues	2012-13(Rs. In lakhs)	2011-12(Rs. In lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	221.39	181.47	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	27.26	27.26	CEGAT Tribunal/ Department of Revenue, New Delhi
3	Foreign Trade (Development & Regulation ) Act 1992	Customs Duty	28.05	-	Joint Director General of Foreign Trade

**29 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.

**30 Balances with Scheduled banks in deposit accounts includes:**

(a) Other Bank balances for the current year includes Rs. 106.66 Lakhs earmarked as lien towards Margin for Letter of credit and Bank Guarantee . (Previous Year Rs.97.38 lakhs)

(b) Retention deposit under lien towards pre shipment credit – Rs. 127.20 Lakhs (Previous year – Rs.1122.95 Lakhs).

**31 Balance with Non Scheduled banks**

Details of balances kept with non-scheduled banks as on balance sheet dates and the maximum balances kept with non-scheduled banks during the year are as follows:

	Rs. In Lakhs			
	Balances as at		Maximum Balance during the year ended	
	June 30 <sup>th</sup> ,2013	June 30 <sup>th</sup> ,2012	June 30 <sup>th</sup> ,2013	June 30 <sup>th</sup> ,2012
<b>Current Accounts in Foreign Currency:</b>				
China Citic Bank	4.44	4.29	10.82	10.79

32 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. 439.36 Lakhs and the gain on the revaluation of land to the extent of Rs. 373.38 Lakhs was credited to the Revaluation Reserve.

33 **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;

<i>Particulars</i>	<i>2012-13</i>	<i>2011-12</i>
	<i>Rs. in Lakhs</i>	<i>Rs. in Lakhs</i>
Change in Obligation:		
<b>Obligations at period beginning</b>	<b>26.62</b>	<b>19.99</b>
Service Cost	13.71	9.32
Interest Cost	2.21	1.96
Benefits paid	(9.34)	(0.55)
Actuarial (Gain)/Loss	4.63	(4.10)
<b>Obligations at period end</b>	<b>37.83</b>	<b>26.62</b>

<i>Particulars</i>	<i>2012-13</i>	<i>2011-12</i>
	<i>Rs.in Lakhs</i>	<i>Rs. in Lakhs</i>
Change in Plan Assets:		
<b>Plan Assets at period beginning at Fair value</b>	<b>16.02</b>	<b>15.84</b>
Adjustments made to the fund value	-	(0.40)
Contribution made during the year	8.00	6.62
Expected return on plan assets	1.22	1.47
Benefits paid	(9.34)	(0.55)
Actuarial Gain/(Loss)	7.80	(6.96)
<b>Plan Assets at end of period</b>	<b>23.70</b>	<b>16.02</b>
<b>Expenses recognized in Profit and Loss Account</b>		
Current Service Cost	13.71	9.32
Interest Cost	2.21	1.96
Expected return on plan assets	(1.23)	(1.47)
Net Actuarial (gain)/loss recognized in the year	(3.16)	2.85
<b>Expenses to be recognized in the profit and loss account</b>	<b>11.53</b>	<b>12.66</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	23.70	16.02
Present value of the defined benefit obligations at the end of the period	37.83	26.62
Liability recognized in the balance sheet	14.13	10.60

<b>Assumptions:</b>	<i>2012-13</i>	<i>2011-12</i>
Discount Rate	8.00%	8.00%
Expected return on plan assets	8.00%	8.00%

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.

34 **Salaries & Wages includes remuneration to Managing Director/Director**

	<i>Rs. In Lakhs</i>	
	<i>For the year ended</i>	<i>For the year ended</i>
	<i>30<sup>th</sup> June 2013</i>	<i>30<sup>th</sup> June 2012</i>
Salaries	11.87	6.67
Contribution to Provident and other funds	0.19	0.11
<b>Total</b>	<b>12.06</b>	<b>6.78</b>

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

35 **Operating Leases**

The Company has entered into cancellable lease agreements for office facilities. Lease Payments recognised in the Profit and Loss Account for the year Rs. 77.29 Lakhs. (Previous Year Rs. 59.62 Lakhs). The Company has not entered into any non cancellable operating and finance leases.

36 **Research and Development Expenditure**

	(Rs. In Lakhs)	
	As at 30-Jun-13	As at 30-Jun-12
Capital expenditure included in Fixed Assets	307.53	243.00
Revenue expenditures incurred during the year	36.71	58.49

37 Total Share Capital of Argus Salud Pharma LLP is Rs. 10.00 Lakhs out of which 99% of shares is held by the Company and 1% is held by May India Property Private Limited and their profit sharing ratio is 99% and 1% respectively.

38 **Particulars of unhedged foreign currency Exposure as at Balance Sheet date**

Particulars	2012-13		2011-12	
	USD in Lakhs	Rs. in Lakhs	USD in Lakhs	Rs. in Lakhs
Export Debtors	1.25	73.84	9.01	482.22
Creditors and Advance from Customers	91.25	5,503.62	77.78	4,374.72

Details of forward contract outstanding on account of hedging as at the end of the year: Nil

**Previous year:**

Currency	No. of contracts	Sell amount		Purpose
		USD in Lakhs	Rs. in Lakhs	
US Dollars	11	51	2,816.86	Export realisation

39 **Auditors' Remuneration comprises of fees: (Excluding Service tax)**

	Rs. In Lakhs	
	For the year ended 30 <sup>th</sup> June 2013	For the year ended 30 <sup>th</sup> June 2012
For Statutory Audit	4.28	4.27
For Tax Audit	0.75	0.75
For Others	0.25	0.19
<b>Total</b>	<b>5.28</b>	<b>5.21</b>

40 **CIF Value of Imports**

	Rs. In Lakhs	
	For the year ended 30 <sup>th</sup> June 2013	For the year ended 30 <sup>th</sup> June 2012
Raw materials , Stock in Trade and Finished Goods	4,683.60	3,810.47
Capital Goods	505.24	390.56

41 **Earnings in Foreign Exchange (On Accrual basis)**

FOB Value of Exports – Rs. 12018.28 Lakhs (Previous Year – Rs. 9400.13 Lakhs)

42 **Expenditure in Foreign Currency (On Accrual basis)**

(a)	Rs. In Lakhs	
	For the year ended 30 <sup>th</sup> June 2013	For the year ended 30 <sup>th</sup> June 2012
Traveling Expenses	22.43	26.56
Salaries	46.25	41.50
Rent	7.62	6.63
Other Expenses	44.40	42.46
<b>Total</b>	<b>120.70</b>	<b>117.15</b>

(b) **Dividend payment in foreign currency paid during the year** Rs. 2.57 Lakhs – PY Rs. 2.06Lakhs

**43 Value of consumption of imported and indigenous materials and components**

	<i>For the year ended 30<sup>th</sup> June 2013</i>		<i>For the year ended 30<sup>th</sup> June 2012</i>	
	<i>Rs.in Lakhs</i>	<i>%</i>	<i>Rs.in Lakhs</i>	<i>%</i>
Imported	35.14	0.99%	5.88	0.16%
Indigenous	3,515.37	99.01%	3,574.22	99.84%
	<b>3,550.51</b>	<b>100.00%</b>	<b>3,580.10</b>	<b>100.00%</b>

**44 Purchase of Traded Goods**

(Rs.In Lakhs)

Category	30-Jun-13	30-Jun-12
Tablets	1,689.90	1,396.73
Capsules	1,318.10	1,221.84
Liquids	301.89	348.91
Injectibles	1,181.58	791.12
Ointments	11.24	42.18
Others	535.77	340.39
<b>Total</b>	<b>5,038.48</b>	<b>4,141.17</b>

**45 Sale of Products comprises**

(Rs. In Lakhs)

Category	Manufactured Goods		Traded Goods	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
Tablets	3,279.51	3,431.60	2,423.92	1,875.40
Capsules	980.73	389.42	2,195.73	1,900.48
Liquids	318.02	449.01	529.19	515.32
Injectibles	-	0.44	1,494.97	1,032.22
Ointments	70.64	68.71	422.71	329.03
Others	3.00	9.81	589.49	401.42
<b>Total</b>	<b>4,651.90</b>	<b>4,348.99</b>	<b>7,656.01</b>	<b>6,053.87</b>

**46 Details of Closing Stock of Finished Goods as at**

Category	Manufactured Goods		Traded Goods	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
Tablets	71.05	27.55	5.65	-
Capsules	54.23	6.31	-	-
Liquids	16.50	10.82	-	-
Injectibles	-	-	0.25	12.78
Ointments	3.98	6.57	-	-
Others	-	-	4.30	-
<b>Total</b>	<b>145.76</b>	<b>51.25</b>	<b>10.20</b>	<b>12.78</b>

**47 Earnings per share**

	<i>For the year ended 30<sup>th</sup> June 2013</i>	<i>For the year ended 30<sup>th</sup> June 2012</i>
Net Profit after tax as per profit and loss account (Rs. in Lakhs)	1398.38	800.65
Weighted average number of equity shares of Rs. 10/- each outstanding during the year (in Nos.)	15,110,000	15,110,000
Earnings per share – Basic & Diluted (in Rs.)	9.25	5.30

**48 Amount Due to Investor Education and Protection fund**

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



**49 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 Siddharth, – Relative of Chairman  
Argus Salud Pharma LLP – Related Entity

(b) Key management personnel

Mr. M Jayapal – Managing Director  
Mr. D. P. Mishra – Whole Time Director  
Mr. Vivek Siddharth – Chief Operating Officer

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

Particulars	Rs. in Lakhs	
	For the year ended 30 <sup>th</sup> June 2013	For the year ended 30 <sup>th</sup> June 2012
Salary paid to Managing Director	5.72	5.72
Salary paid to Whole Time Director	6.33	1.06
Salary paid to a Relative of Chairman	18.09	13.29

- 50 The Company’s factory unit at Baddi in Himachal Pradesh is entitled for 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).
- 51 The Company operates in one segment only viz., pharmaceutical formulations.
- 52 Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

**Signatories to Notes 1 to 52**

As per our report of even date attached  
**for M Raghunath & Co**  
Firm Registration No. 003347S  
Chartered Accountants

**On behalf of the Board**

**M Raghunath**  
Partner  
ICAI Membership No: 15501

**C.C. Paarhipan**  
Chairman

**M. Jayapal**  
Managing Director

Place : Chennai  
Date : 16.08.2013

**S. Mohan Raj**  
Vice President - Finance and Company Secretary

## **FORM FOR ECS MANDATE**

To  
M/S. KARVY COMPUTERSHARE PVT LTD.  
Unit: CAPLIN POINT LABORATORIES LIMITED  
17 – 24 Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081

Dear Sirs,

**Sub : Payment of Dividend through ECS (ECS Mandate Form) – Caplin Point Laboratories Ltd**

I/We hereby give my/our mandate to credit my/our Dividend on the shares held by me/us under the undermentioned Folio number directly to my/our Bank Account through Electronic Clearing Service (ECS). The details of the Bank Account are given below:

1.	Name of 1 <sup>st</sup> Registered holder (in Block Letters)										
2.	Folio / DP ID / Client ID										
3.	Name of the Bank										
4.	Name of the Branch										
5.	Account No. (as appearing on the cheque book)										
6.	Account Type (Savings / Current / Cash / Credit)										
7.	9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank.	<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									
<i>[Please attach a photocopy of a cheque for verifying the accuracy of the MICR code no.]</i>											

**Date:** \_\_\_\_\_

\_\_\_\_\_  
**Signature of shareholder**  
**[Sole / First]**

# CAPLIN POINT LABORATORIES LIMITED

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

Tel: 91-44-28156653, 28156905. Fax: 91-44-28154952. Website:

[www.caplinpoint.net](http://www.caplinpoint.net)

**7<sup>th</sup> November 2013**

**Dear Shareholder,**

The Ministry of Corporate Affairs, Government of India (“MCA”) has, by its circular dated 21<sup>st</sup> April, 2011, announced a “Green Initiative in the Corporate Governance” by allowing paperless compliances by Companies. In terms of the said circular, service of notice/ documents by a Company to its Shareholders required to be made under the provisions of the Companies Act, 1956 can be made through the electronic mode.

In line with the above initiative of the MCA, the Company proposes to send documents such as the Notice of the Annual General Meeting, audited financial statements, Directors’ Report, postal ballots etc., henceforth to all its esteemed shareholders, including your good self, in electronic form, through e-mail. To facilitate the same, we request you to furnish your e-mail id, on or before **15<sup>th</sup> December, 2013** to the following e-mail id viz., [einward.ris@karvy.com](mailto:einward.ris@karvy.com) quoting your folio number. Alternatively, you may also write to our Registrar and Share Transfer Agent at the following address:

M/s. Karvy Computershare Private Limited

Unit: Caplin Point Laboratories Limited

Plot No. 17 – 24, Vittal Rao Nagar, Madhapur,

Hyderabad – 500 081,

Andhrapradesh, India

Phone No. 91-40-44655000 Fax No. 91-40-23420814

We are sure you would appreciate this welcome initiative taken by the MCA to reduce consumption of paper and thereby, protect the environment. We expect to receive your support and co-operation in helping the Company to contribute its share to the said initiative.

Thanking you,

Yours faithfully,

For **Caplin Point Laboratories Limited**

Company Secretary

**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 member/s 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 Twenty Second Annual General Meeting of the Company to be held on Friday, the 27th December, 2013 at 10.00 a.m. at "TAG CENTRE" No. 69, T.T.K. Road, Alwarpet, Chennai – 600 018 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Affix Re  
1.00  
Revenue  
Stamp

Signature

\*Applicable to investors holding shares in electronic form

Note : 1. This form duly completed and signed must be deposited at the Registered Office, not less than 48 hours before the Meeting.

2. Gifts will not be issued

**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

22<sup>nd</sup> Annual General Meeting on 27th December, 2013

I hereby record my presence at the Twenty Second Annual General Meeting of the Company being held at "TAG CENTRE" No. 69, T.T.K. Road, Alwarpet, Chennai – 600 018 on Friday, 27th December, 2013 at 10.00 a.m.

Name and address of the Member

Name and address of the Proxy

Jointly with 1.

2.

Member's/Proxy's Signature

Form A		
Format of covering letter of the annual audit report to be filed with the stock exchanges		
1.	Name of the Company:	CAPLIN POINT LABORATORIES LIMITED
2.	Annual financial statements for the year ended	30 <sup>th</sup> June 2013
3.	Type of Audit observation	Un-qualified / <del>Matter of Emphasis</del>
4.	Frequency of observation	<del>Whether appeared first time .... / repetitive .... / since how long period .....</del> — Not Applicable
5.	To be signed by-	
	<input type="radio"/> CEO/Managing Director  <input type="radio"/> CFO  <input type="radio"/> Auditor of the company  <input type="radio"/> Audit Committee Chairman	<p>For CAPLIN POINT LABORATORIES LTD.</p> <p><i>[Signature]</i> Managing Director</p> <p>For CAPLIN POINT LABORATORIES LTD.</p> <p><i>[Signature]</i> Company Secretary</p> <p>For M. RAGHUNATHAN AND COMPANY,</p> <p><i>[Signature]</i> CA M. RAGHUNATHAN Partner.</p> <p>For CAPLIN POINT LABORATORIES LIMITED</p> <p>AUDIT COMMITTEE CHAIRMAN For CAPLIN POINT LABORATORIES LTD.</p> <p><i>[Signature]</i> Authorised Signatory</p>

