

 **CAPLIN POINT**
LABORATORIES LIMITED

EIGHTH ANNUAL REPORT

BOARD OF DIRECTORS

MR. P.C. PARTHEEBAN
Managing Director

MR. S. KARUNAKARAN
Wholetime Director

MR. T. PALANISAMY
Wholetime Director

MR. P.T. BABY THOMAS

MR. R.BALAKRISHNAN

MR. P. MOHAMED KASIM

MR. PADAM C BANSAL

MR. M. SWAMINATHAN

MR. V. THIRUMALAI

MR. D.P. VENKATESAN

COMPANY SECRETARY

MR. S. RAMESH

AUDITORS

M/s. HARI AND ESWARAN
Chartered Accountants
17, Stonedge Towers, I Floor
I Avenue, Ashok Nagar
Chennai - 600 083.

BANKERS

BANK OF INDIA
Industrial Finance Branch
Chennai - 600 002.

KARNATAKA BANK LIMITED
171, Thambu Chetty Street
Chennai - 600 001.

REGISTERED AND CORPORATE OFFICE

86, Bazullah Road
T. Nagar, Chennai - 600 017.

FACTORY

85/3, Suthukeny Village
Mannadipet Commune Panchayat
Pondicherry.

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the Company will be held at the South Indian Artistes Association (Swamy Sankardas Kalai Arangam), 153, Habibullah Road, T.Nagar, Chennai 600 017 on Tuesday the 30th March, 1999 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 30th September, 1998 and the Balance Sheet as on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr.Padam C Bansal who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr.M.Swaminathan who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

M/s.Hari & Eswaran, Chartered Accountants, retire at the conclusion of this Annual General Meeting and are eligible for reappointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following as an ORDINARY RESOLUTION:

"RESOLVED that the consent of the Company be and is hereby accorded for the increase in the salary of Mr.S.Karunakaran, Wholetime Director of the Company from Rs.10,000/- per month to Rs.20,000/- per month with effect from 1st July, 1998 and is subject to the ceiling limits laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER that the consent of the Company be and is hereby accorded for the increase in the remuneration of Mr.T.Palanisamy, Wholetime Director of the Company from Rs.10,000/- per month to Rs.20,000/- per month with effect from 1st September, 1998 and is subject to the ceiling limits laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956."

6. To consider and if thought fit, to pass with or without modifications, the following as an ORDINARY RESOLUTION:

"RESOLVED that the consent of the Company be and is hereby accorded for the appointment of Shri.P.C.Partheeban as Managing Director of the Company for a period of three years with effect from 1st October, 1998 on the following remuneration, in accordance with and subject to the ceiling limits as laid down in Section 198, Section 309 and Schedule XIII of the Companies Act, 1956.

Remuneration Details :

SALARY - Rs.2.40 lakhs per annum or Rs.20,000/- per month including dearness and all other allowances.

PERQUISITES - Perquisites will be allowed to Mr.P.C.Partheeban, Managing Director in addition to salary, restricted to an amount equal to his annual salary viz., Rs.2.40 lakhs. For this purpose, perquisites are classified into three categories as follows:

CATEGORY "A"

- (i) Housing I : The expenditure by the Company for hiring furnished accommodation for Mr.P.C.Partheeban will be subject to the following ceiling :

Sixty percent of the salary, over and above ten percent payable by Mr.P.C.Partheeban.

Housing II : In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall,

Caplin Point Laboratories Limited

however, be subject to a ceiling of ten percent of the salary of the Managing Director.

- (ii) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- (iii) Leave Travel Concession: For self and his family once in a year incurred in accordance with rules specified by the Company.
- (iv) Club Fees: Fees of club subject to a maximum of two clubs. Admission and life membership fee will not be allowed.
- (v) Personal Accident Insurance: Premium not to exceed Rs.2000/- per month.

Explanation: For the purpose of Category "A" family means the spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY "B"

Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity payable in accordance with the rules of the Company, not exceeding half-month's salary for each completed year of service.

Encashment of Leave at the end of tenure payable in accordance with the rules of the Company. This will not be included in the computation of the ceiling on perquisites.

CATEGORY "C"

The Company shall provide a car with driver and telephone at the residence of the Managing Director. Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.

COMMISSION

Remuneration by way of commission in addition to salary or perquisites or both or in lieu thereof can be paid. The amount payable which is based on the net profits of the company in a particular year, shall be subject to the overall ceiling limits laid down in section 198 and section 309 of the Companies Act.

Where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may pay him remuneration within the ceiling provided in section II of Part II of Schedule XIII of the Companies Act, 1956.

7. To consider and if thought fit, to pass with or without modifications, the following as an ORDINARY RESOLUTION:

"RESOLVED that Mr.D.P.Venkatesan who was appointed as an Additional Director in the meeting of the Board of Directors held on 15th September, 1998 and who holds office as such upto the date of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr.D.P.Venkatesan as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

By order of the Board
for **CAPLIN POINT LABORATORIES LIMITED**

P.C.PARTHEEBAN
Managing Director

Place : Chennai
Date : 04.03.1999

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxies in order to be valid, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. All documents referred in the Notice are open for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 25.03.99 to 30.03.99 (both days inclusive).
4. Members are requested to intimate to the Company change of addresses, if any.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF
THE COMPANIES ACT, 1956**

ITEM NO.5

Mr.S.Karunakaran and Mr.T.Palanisamy, Wholtime Directors of the Company were drawing a salary of Rs.10,000/- per month which was duly approved by the shareholders in the last annual general meeting. Taking due consideration of their expertise in Pharmaceutical Industry and their valuable services to the Company, consent of the Board was sought for the increase in their salary. It is now placed for the approval of the shareholders for the increase in their salary from Rs. 10,000/- per month to Rs.20,000/- per month with effect from 1st July, 1998 and 1st September, 1998 respectively.

None of the Directors except Mr.S.Karunakaran and Mr.T.Palanisamy are interested in the resolution.

ITEM NO.6

The tenure of Mr.P.C.Partheeban as Managing Director of the Company expired on 30th September, 1998. Taking into consideration his rich expertise in the Pharmaceutical Industry and the services rendered by him in overseas marketing, the Board considers it desirable that the Company should re-appoint him for a further period of three years with effect from 1st October, 1998 and avail itself of his invaluable services as Managing Director of the Company. Hence the resolution.

None of the Directors except Mr.P.C.Partheeban is interested in the resolution.

ITEM NO.7

Mr.D.P.Venkatesan was appointed as Additional Director of the Company on 15th September, 1998 and he holds office till the conclusion of this Annual General Meeting. As required by section 257 of the Companies Act, 1956 a notice has been received from a member signifying his intention to propose his appointment as Director alongwith a deposit of Rupees five hundred. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the Directors except Mr.D.P.Venkatesan is interested in the resolution.

By order of the Board
for **CAPLIN POINT LABORATORIES LIMITED**

Place : Chennai
Date : 04.03.1999

P.C.PARTHEEBAN
Managing Director

Caplin Point Laboratories Limited

DIRECTORS' REPORT

To the Shareholders

The Directors have pleasure in presenting their Eighth Annual Report together with the Audited Accounts for the financial year 1997-98.

Financial Performance

	(Rupees in lacs)	
	1997-98 12 months	1996-97 18 months
Sales and Other Income	872.75	1,244.17
Profit before Tax (Net of Exchange Fluctuation)	23.19	16.71
Provision for Tax	—	—
Profit after Tax (Net of Exchange Fluctuation)	23.19	16.71
Retained Earnings	23.19	16.71

OPERATIONS

During the year, though the Company achieved a marginal increase in sales revenue as compared to earlier year, on an annualised basis, the Company increased its export turnover by 3.5 times. This is mainly due to the company's main thrust on exports especially in the South American and West/East African market. Despite exchange rate fluctuation on the longterm debts, the profitability has increased due to higher margin on Exports.

OUTLOOK

With the Registration of Company's products in South America and its market leadership in West Africa, the Company expects sizeable increase in its export performance. However due to the devaluation of some of the South American currencies during the year there has been deferment of offtake, which may however improve due to thrust on health care and government funding. The Company has also embarked on new untapped markets such as Mozambique, Angola etc. Your company has also tied up with distributors for CIS countries, Myanmar, Vietnam and Cambodia, who have extensive presence in these areas, and are willing to absorb credit/currency risks. This would result in the growth of exports in the coming years. Considering the increase in Exports and to ensure International Standards, the Company has also strengthened its technical and management skills by hiring experts in the said areas. The Domestic market has been focussed only towards supplies to Government, OEMs due to stiff competition in the Ethical/Brand marketing by Multinationals.

DIVIDEND

Keeping in view the need to conserve resources, your Directors after careful consideration, have decided not to recommend any dividend for the financial year ended 30th September, 1998.

FINANCE

Subsequent to the close of the year, the Company considering the increase in exports, have converted the Foreign Currency Loan to Post/Pre Shipment Rupee Credits, thereby avoiding exchange fluctuation costs and reduce interest burden as well.

DIRECTORS

Mr.D.P.Venkatesan was co-opted as Additional Director on 15.09.98. He will hold office upto the ensuing Annual General Meeting in accordance with section 260 of the Companies Act, 1956.

Eighth Annual Report

As required by section 257 of the Companies Act, 1956 the Company has received notice from a member signifying his intention to propose Mr.D.P.Venkatesan as candidate for the office of Director.

Mr.Padam C Bansal and Mr.M.Swaminathan, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors, M/s.Hari & Eswaran, Chartered Accountants, Chennai, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

INDUSTRIAL RELATIONS

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

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

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

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

The information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is furnished along with this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation of the valuable assistance and support extended by its buyers, suppliers, bankers, corporates and other statutory authorities. Your Directors also wish to place on record their appreciation for the services rendered by the employees at all levels, which gives confidence to plan for greater achievements in the current financial year.

For and on behalf of the Board of Directors

Place : Chennai
Date : 04.03.1999

P.C.PARTHEEBAN
Managing Director