

Eleventh Annual Report
2001 - 2002

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CAPLIN POINT LABORATORIES LIMITED



CAPLIN POINT

LABORATORIES LIMITED

ELEVENTH ANNUAL REPORT

BOARD OF DIRECTORS

MR. C.C. PAARTHIPAN
Managing Director

MR. S. KARUNAKARAN
Wholetime Director

MR. T. PALANISAMY
Wholetime Director

MR. D.P. VENKATESAN
Wholetime Director

MR. R. BALAKRISHNAN

MR. P. MOHAMED KASIM

MR. PADAM C BANSAL

MR. V. THIRUMALAI

MR. P.T. BABY THOMAS

MR. J. NIRMAL KUMAR
(Alternate Director)
MR. P.T. BABY THOMAS

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

New No. 4 (Old No. 86), Bazullah Road,
T. Nagar, Chennai - 600 017.

FACTORY

85/3, Suthukeny Village
Mannadipet Commune Panchayat
Pondicherry.

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Company will be held at the South Indian Artistes Association (Swamy Sankaradoss Kalai Arangam), 16, Habibullah Road, T. Nagar, Chennai - 600 017 on Friday the 27th September, 2002 at 2.30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2002 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. V. Thirumalai 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 re-appointment.

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, consent of the Members be and is hereby accorded to the re-appointment of Shri. C.C. Paarthipan as Managing Director of the Company for a period of 5 (five) years with effect from 1st October, 2001 on the following remuneration by way of salary and perquisite as set out below.

Remuneration Details :

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

PERQUISITES - In addition to salary, accomodation (furnished or unfurnished) or house rent allowance in lieu thereof, not exceeding 60% of the salary.

RESOLVED FURTHER THAT notwithstanding anything contained herein above, where, in any financial year during the currency of this appointment, the Company has no profits or its profits are inadequate, the remuneration payable to the Managing Director as salary and perquisite shall be governed and be subject to the ceilings provided under Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration.

By order of the Board
for CAPLIN POINT LABORATORIES LIMITED

Place : Chennai
Date : 30.08.2002

C.C. PAARTHIPAN
Managing Director

Caplin Point Laboratories Limited

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. to 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 21.09.2002 to 27.09.2002 (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

The tenure of Mr. C.C. Paarthipan as Managing Director of the Company expired on 30th September, 2001. 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 five years with effect from 1st October, 2001 and avail itself of his invaluable services as Managing Director of the Company. Hence the resolution.

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

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

Place : Chennai
Date : 30.08.2002

C.C. PAARTHIPAN
Managing Director

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*Caplin Point Laboratories Limited***DIRECTORS' REPORT****To the Shareholders**

The Directors present the Eleventh Annual Report together with the Audited Accounts for the year ended 31st March 2002.

Financial Performance

	2001-2002 (Rupees in lacs)	2000-2001
Sales and Other Income	254.74	444.01
Profit / (Loss) before tax	(192.44)	(262.51)
Profit / (Loss) after tax	(192.44)	(262.51)

OPERATIONS

Owing to non-finalisation of the restructuring scheme with the Bankers, the Company in order to ensure that the factory continues to run and also meet its day to day obligations focused mainly on contract manufacturing and this constituted major Revenue segment during the year. Of course the Company made some marginal sales, which were committed earlier. The cost reduction exercise, which was initiated during last year continued to be implemented. Considering the shelf life of its inventories and as per the policy of the Company, the company provided for inventory and receivables, which in the opinion of the Management is not realisable. One of the Bankers of the Company has initiated Debt Recovery proceedings against the Company for recovery of its dues and the matter is still pending with the Debt Recovery Tribunal.

OUTLOOK

Considering the infrastructure and the manufacturing facility available and the excellent output generated by a leading Pharma Company while utilising the facilities during the year under review, which contract has since expired subsequent to the close of the year, there has been good response from the Overseas customers / Strategic Partners to offer financial and marketing support to revive the operations of the Company. This can be achieved only when a scheme of restructuring is agreed to with our Bankers. Towards this objective subsequent to the close of the year, the company has now approached the Bankers for a one time settlement spread over a period of two/three years with an interest waiver which is under consideration and if approved the company with the support of the Overseas customers/Strategic Partners will be able to recommence its export operations in the short term and will be able to turn the corner in the next 12/24 months.

In order to meet these objectives the Company has also plans to strengthen its manufacturing/technical skills.

DIRECTORS

Mr. Padam C Bansal and Mr. V. Thirumalai, 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.

ADDENDUM TO AUDITOR'S REPORT

With reference to Auditors' Comments :-

- a. The company is in the process of formulating plans to implement gratuity scheme. Meanwhile the Board has taken adequate care for payment of gratuity as and when it arises. No eligible employee retired/ resigned during the year.

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- b. Pending approval of the restructuring scheme by the bankers no interest was charged by the bankers and hence no provision for interest has been made for the year under consideration.
- c. The delay in remittance of Provident Fund and Employee State Insurance during the year under consideration, were due to the cash flow constraints. However, the company has since remitted these dues to the Government.

INDUSTRIAL RELATIONS

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

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.

RESPONSIBILITY STATEMENT U/S 217 (2AA)

Your Directors hereby confirm that :

- (1) Applicable Accounting Standards have been followed in the preparation of the Annual Accounts.
- (2) The necessary accounting policies have been adhered to and necessary adjustments and estimates that are reasonable and prudent have been taken into consideration so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year, and that of the loss of the Company for that period.
- (3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for the prevention and detection of fraud and other irregularities.
- (4) That the appended annual accounts for the year ended 31st March 2002 are on a going concern basis.

AUDIT COMMITTEE

The Company has an Audit Committee whose composition, role, functions and powers are in accordance with the requirements of law/SEBI. The Committee consists of Mr. S. Karunakaran, Mr. J. Nirmal Kumar and Mr V. Thirumalai. The Audit Committee reviews Internal Control Systems, Quarterly results and Annual Financial Statements.

CORPORATE GOVERNANCE

The provisions contained in the Listing Agreement with Stock Exchanges regarding Corporate Governance is due for implementation for your Company latest by 31st March, 2003. Your Directors have initiated necessary steps to ensure that required compliance will be in place before the stipulated time.

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.

For and on behalf of the Board of Directors

Place : Chennai
Date : 30.08.2002

C.C. PAARTHIPAN
Managing Director