



CAPLIN POINT LABORATORIES LIMITED

**Twentieth Annual Report
2010 - 2011**

CAPLIN POINT LABORATORIES LIMITED

TWENTIETH ANNUAL REPORT

BOARD OF DIRECTORS

Mr.C.C.PAARTHIPAN
Chairman

Mr.M.JAYAPAL
Managing Director

Mr.P.T.BABY THOMAS
Director

Mr.V.THIRUMALAI
Director

Mr. D.P. MISHRA
Director

Mr. VENKAT RADHAKRISHNAN
Director – From 28-06-2011

Mr. N. R. ACHAN
Director – From 31-10-2011

AUDITORS

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

COST AUDITOR

Mr. G. THANGARAJ
8 G1, Parthasarathy Street,
Arcot Road, Salligramam
Chennai 600 093

BANKERS

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

REGISTERED AND CORPORATE OFFICE

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

FACTORY

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

Unit II
No. 19, Chinnapullyur Village
Sirupuzhalpet,
Gummidipoondi, Tamilnadu

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

Unit of the Subsidiary (Argus Salud Pharma LLP)

Khasra No. 380, Village Suraj Majra,
N.H. 21, Baddi
Tehsil Nalagarh, Dist. Solan,
Himachalpradesh – 173 205.

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the shareholders of the Company will be held on Thursday the 29th day of December, 2011 at 11.00 a.m. at "TAG CENTRE" No. 69, T. T. K. Road, Alwarpet, Chennai - 600 018 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the financial year ended 30th June 2011 and Balance Sheet as at that date and the Auditors' Report thereon.

2. To declare a Dividend

A dividend of Rs. 1.50 per equity share of Rs 10/- each has been recommended by the Board

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

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

4. To appoint a Director in the place of Mr. D. P. Mishra, who retires by rotation and being eligible offers himself for re-appointment.

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

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

RESOLVED THAT Messrs. M. Raghunath and Company, Chartered Accountants, bearing Registration No. 003347S, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors in consultation with the auditor on mutually agreed terms and conditions.

Special Business:

6. 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 Section 293(1)(d) of the Companies Act, 1956 and in supersession of the resolution passed at the Annual General Meeting held on 27th September 2007, the Company accords its consent to the Board of Directors of the Company borrowing on behalf of the Company, moneys from time to time by way of loans, advances, credits or otherwise, with or without security as the Board of Directors may consider proper, notwithstanding that the moneys so borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), from one or more banks / financial institutions in India or abroad or from any bodies corporate or persons in India or abroad may exceed the aggregate of the Paid-up Capital and free reserves, that is to say, reserves not set apart for any specific purposes, provided that the total amount which may be so borrowed by the Board of Directors and outstanding at any time (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed Rs. 50.00 Crores (Rupees Fifty crores only) over and above the paid-up capital and free reserves of the Company.

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

RESOLVED THAT Mr. Venkat Radhakrishnan who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director and who has consented to such appointment, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation.

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

RESOLVED THAT Mr. N. R. Achan who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and whose term of office as Director expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director and who has consented to such appointment, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation.

9. 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 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or reenactment 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 two years effective from 28th March 2011 on the following terms and conditions of remuneration:

a. Salary, Allowances & Perquisites

Not exceeding Rs.50,500/- per month with effect from 28th March 2011.

b. General

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

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

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board 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.

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

RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Mr. Vivek Siddharth, son of Mr. C. C. Paarthipan, Chairman of the Company, as the Chief Operating Officer of the Company and his holding and continuing to hold the said office of profit, as an employee with effect from August 1, 2011 on a remuneration not exceeding Rs.1,50,000/- per month.

By order of the Board
For Caplin Point Laboratories Limited

Place: Chennai

Date: 21st November 2011

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.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business in Items 6 to 10 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 remain closed from Saturday, 24th December, 2011 to Thursday, 29th December, 2011 (both days inclusive).
5. The Dividend when declared will be paid to those members, whose names appear in the Register of Members on 29th December, 2011 and in case of shares held in dematerialized form as per the details furnished by NSDL and CDSL. The dividend warrants will be posted on or before 28th January, 2012.
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 form should update their details with their respective Depository Participants.
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: cinward.ris@karvy.com. URL: www.karvycomputershare.com.

10. All communications relating to shares may be addressed to the Company's Share Transfer Agents (Physical and Electronic) at their communication address mentioned herein.
11. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

ANNEXURE TO THE NOTICE

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

Item No.3

Name : V. Thirumalai.
 Age : 70 years
 Qualification : Graduate
 Experience : More than 30 years
 No. of shares held in the Company : 49963

The details of his directorship / Committee membership in other Companies as on 30.06.2011 are as follows:

Directorship	Committee memberships / Chairmanship
NIL	NIL

Item No.4

Name : D.P. Mishra
 Age : 56 years
 Qualification : Post Graduate in Pharma Marketing
 Experience : More than 30 years
 No. of shares held in the Company : 192000

The details of his directorship / Committee membership in other Companies as on 30.06.2011 are as follows:

Directorship	Committee memberships / Chairmanship
NIL	NIL

Item No.7

Name : Venkat Radhakrishnan
 Age : 51 years
 Qualification : Graduate
 Experience : More than 30 years
 No. of shares held in the Company : Nil

The details of his directorship / Committee membership in other Companies as on 30.06.2011 are as follows:

Directorship	Committee memberships / Chairmanship
NIL	NIL

Item No.8

Name : N.R. Achan
 Age : 69 years
 Qualification : B.com, CAIIB
 Experience : 46 years experience in Banking
 No. of shares held in the Company : Nil
 The details of his directorship / Committee membership in other Companies as on 30.06.2011 are as follows:

Directorship	Committee memberships / Chairmanship
NIL	NIL

B. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Item No.6**

In terms of Section 293(1)(d) of the Companies Act, 1956 the consent of the Company in general meeting is required for the Board of Directors to borrow moneys on behalf of the Company in excess of the amount of the paid up share capital and free reserves, with the limits up to which borrowing is permitted beyond the said amount to be specified in the resolution, thereof. Accordingly the borrowing limit for the Company was increased to Rs. 30 Crores over and above the paid up share capital and free reserves of the Company by means of the resolution to that effect approved as Item No. 5 at the Annual General Meeting held on 27th September 2007.

In view of projected growth in business volume and capital expenditure anticipated in connection with the planned new projects and capacity expansion, the Directors are of the view that an increase in the borrowing limits of the Company to Rs.50 Crores is desirable and essential. Accordingly, the Ordinary Resolution set out under Item No. 6 of the notice is recommended by the Board for the consideration and approval of the Members

Interest of Directors:

None of the Directors of the Company is concerned or Interested in the resolution.

Item No.7

Pursuant to Section 260 of the Companies Act, 1956, read with Article 88 of the Articles of Association of the Company, the Board of Directors of the Company appointed Mr. Venkat Radhakrishnan as an Additional Director of the Company with effect from 26th June 2011. In terms of the provisions of Section 260 of the Act, Mr. Venkat Radhakrishnan holds office upto the date of this Annual General Meeting.

Mr. Venkat Radhakrishnan is a Graduate with wide experience in international marketing and his varied experience will benefit the Company. The Company has received a notice in writing along with a deposit of Rs. 500/- from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Venkat Radhakrishnan as a Director of the Company. Hence the resolution is placed before the members for their approval.

The Board of Directors recommends his appointment as Director of the Company.

Interest of Directors:

None of the Directors of the Company except Mr. Venkat Radhakrishnan is concerned or interested in the resolution.

Item No.8

Pursuant to Section 260 of the Companies Act, 1956, read with Article 88 of the Articles of Association of the Company, the Board of Directors of the Company appointed Mr. N. R. Achan as an Additional Director of the Company with effect from 31st October 2011. In terms of the provisions of Section 260 of the Act, Mr. N. R. Achan holds office upto the date of this Annual General Meeting.

Mr. N. R. Achan is a former Chairman and CEO of Catholic Syrian Bank Ltd and career banking professional, having wide experience in the banking and financial domain and the Company would benefit from the rich experience and distinction that he would bring to the Board. The Company has received a notice in writing along with a deposit of Rs. 500/- from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. N. R. Achan as a Director of the Company. Hence the resolution is placed before the members for their approval.

The Board of Directors recommends his appointment as Director of the Company.

Interest of Directors:

None of the Directors of the Company except Mr. N. R. Achan is concerned or interested in the resolution.

Item No.9

The appointment of Mr. M Jayapal, as Managing Director of the Company at the Annual General Meeting held on 27.12.2008 was for a period of 3 years up to 27th March 2011 and his remuneration was revised by the Board on 27.12.2008 and approved by shareholders on 23.12.2009. 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 21st March, 2011 has, upon the recommendation of the Remuneration Committee, approved the re-appointment of Mr. M Jayapal as Managing Director for a further period of one year with effect from 28th March 2011 on a revised remuneration of Rs.50,500/- p.m.

An abstract of the terms of appointment of Mr. M Jayapal, Managing Director, pursuant to Section 302 of the Companies Act, 1956 was sent to all the members.

Subsequently, at the meeting of the Board of Directors held on 21st November 2011 in partial modification to the earlier resolution passed on 21st March 2011, decided and approved the revision in the terms of appointment of Mr. M Jayapal, as Managing Director for a period of one year w.e.f 28.03.2011 to two years w.e.f 28.03.2011 which would be in the best interests of the Company, subject to the approval of the shareholders.

Accordingly the Ordinary Resolution set out under Item No. 9 of the notice is recommended by the Board for the approval of the Members.

Interest of the directors

Mr. M Jayapal is interested in the resolution. None of the other directors is concerned or interested in the resolution.

Item No.10

Mr. Vivek Siddharth, son of Mr C C Paarthipan, Chairman of the Company, is a Graduate in Bio Technology and was appointed as an employee of the Company with effect from December 1, 2010. In view of his outstanding performance, the Board of Directors of the Company at their meeting held on 30th July, 2011 approved the appointment of Mr. Vivek Siddharth as Chief Operating Officer of the Company and fixed his remuneration at an amount not exceeding Rs.150,000/- per month. The Board of Directors of the Company has, in terms of the powers conferred under Section 314(1) of the Companies Act, 1956 approved the said appointment, subject to the approval of the members by means of a special resolution at the Annual General Meeting held for the first time after such appointment.

Accordingly, the Special Resolution as set out under Item No. 10 is recommended by the Board for approval of the members.

Interest of Directors

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

By order of the Board
For Caplin Point Laboratories Limited

Place: Chennai
Date: 21st November 2011

C.C. Paarthipan
Chairman

Green Initiative

The Ministry of Corporate Affairs (MCA), Government of India, has taken a "Green initiative in the Corporate Governance" by allowing paperless compliances by the companies after considering the relevant sections of the Information Technology Act, 2000, for legal validity of compliances under Companies Act, 1956 through electronic mode. The MCA has vide its Circular Nos.17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011, provided that a Company would have complied with Section 53 of the Companies Act, 1956, if the service of documents has been made through electronic mode, provided the Company has obtained the email addresses of its members for sending the notice / documents through email by giving an advance opportunity to every member to register his/her email address and changes therein from time to time with the Company. In cases where any member has not registered his/her e-mail address with the Company, the service of documents etc. will be effected by other modes of service as provided in Section 53 of the Companies Act, 1956.

In light of the above, those members, who desire to receive notice / documents including Annual Reports through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to the Depository Participant / Company's Registrar & Share Transfer Agents, M/s. Karvy Computershare Private Limited for receipt of notice/ documents including Annual Reports through e-mail.

DIRECTORS' REPORT**To the Shareholders**

The Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Accounts for the year ended 30th June 2011.

Financial Performance

	(Rupees in lacs)	
	2010-2011	2009-2010
Sales and Other Income	8557.50	6246.00
Profit before Tax	835.10	364.83
Profit after Tax	653.61	333.18

Key Financial Ratios

Net worth	2933.74	2543.55
Current Ratio	1.48	1.64
Debt Equity	0.33	0.41
Return on Net worth		
Earnings per Share		
Basic & Diluted	4.33	2.21

OPERATIONS & OUTLOOK

During the year under review there has been substantial improvement in the sales turnover and profits of the Company. As in the previous years the focus was principally on the established and new export geographies in Southern and Central America, where the Company's growing market presence, strong brand equity, innovative marketing strategies and new product pipe line are yielding rich returns. The efforts at reaching out to newer markets in other countries in South America and Africa where the Company hitherto did not have a significant presence has gained momentum. The outcome of these major marketing initiatives are already beginning to be felt in the form of higher turnover and profits.

The Company in order to sustain growth and competition has several initiatives in the territories where they are established, by offering healthcare and allied products which would result in additional revenue and retention of customers.

We are glad to inform you that, M/s Argus Salud Pharma LLP, the Limited Liability Partnership Firm set up by the Company as a subsidiary for the manufacture of pharmaceutical formulations at Baddi, Himachal Pradesh which has become fully operational in the course of this year and has started contributing handsomely to the profits of the Company. In addition, the other established units of the Company at Pondicherry and Gummidipoondi have also attained higher levels of production and profitability during the year.

In connection with the planned expansion into the manufacture of injectibles intended for export to regulated markets, the Company has put in focused efforts over the past year in building a world class injectible unit, which would be in compliance with the stringent standards of the regulated markets and it is expected that the project would get completed during the current financial year so as to begin the process of obtaining approvals for regulated markets and to commence commercial production thereafter.