

## 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.N.R.ACHAN, Director (Resigned w.e.f 4.10.2012)
	Mr.R.VIJAY VENKATRAMAN, Director (Appointed w.e.f 4.10.2012)
<b>Statutory Auditors</b>	M/s. M RAGHUNATH & CO. Chartered Accountants 4, Stringer Street, III Floor, Broadway, Chennai 600 001
<b>Cost Auditors</b>	Mr.G.THANGARAJ 8 G1, Parthasarathy Street, Arcot Road, Saligramam, Chennai 600093
<b>Bankers</b>	THE CATHOLIC SYRIAN BANK LTD Mount Road Branch, Tarapore Towers, Chennai 600 002
<b>Registered Office &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, Pondichery
	<u>Unit II</u> No.19, Chinnapuliyur Village, Sirupuzhalpet, Gummidipoondi, Tamilnadu
	<u>Unit III</u> Khasra No.435, Village Suraj Majra, N.H.21, Baddi, Tehsil Nalagarh Dist. Solan, Himachal Pradesh 173205
<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

**CONTENTS****PageNo.**

1. Notice of the Annual General Meeting .....	1
2. Directors' Report and Management Discussion and Analysis .....	5
3. Annexure to the Directors' Report .....	10
4. Report on Corporate Governance.....	12
5. Secretarial Audit Report .....	22

**Standalone financial statements**

6. Auditors' Report .....	23
7. Balance Sheet .....	26
8. Statement of Profit and Loss .....	27
9. Cash Flow Statement .....	28
10. Notes .....	29

**Consolidated financial statements**

11. Auditors' Report .....	49
12. Balance Sheet .....	50
13. Statement of Profit and Loss .....	51
14. Cash Flow Statement .....	52
15. Notes .....	53
16. Statement Pursuant to Section 212 .....	73
17. ECS mandate .....	75
18. Proxy Form and Attendance Slip .....	79

## CAPLIN POINT LABORATORIES LIMITED

### NOTICE

**NOTICE** is hereby given that the Twenty First Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 19<sup>th</sup> day of December, 2012 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 30<sup>th</sup> June 2012 and Balance Sheet as at that date and the Auditors' Report thereon.

2.To declare a Dividend

A dividend of Rs. 2/- per equity share of Rs.10/- each has been recommended by the Board

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

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

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

**RESOLVED THAT** Messrs. M. Raghunath and Company, Chartered Accountants, bearing Registration No. 003347S, be and are hereby re-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 on a remuneration to be fixed by the Board of Directors.

#### 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 Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and other approvals as may be required, approval be and is hereby accorded for appointment and payment of Remuneration to Mr.D.P.Mishra as Whole Time Director of the Company for a period of two (2) years from 1<sup>st</sup> May 2012 on the following terms and conditions.

a.Salary

Rs. 52,000/- per month with effect from 1<sup>st</sup> May 2012.

Allowances including Contribution to the Provident Fund, Superannuation Fund, Gratuity, Encashment of Leave, club fees / reimbursement of club bills and any other allowances as per the rules of the Company from time to time, not exceeding one month's salary.

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. D P Mishra, would be subject to all other service conditions as applicable to any other employee of the Company.

## Notice

**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, incentives and retirement benefits to Mr.D.P.Mishra, 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** the Board of Directors / Remuneration Committee be and is hereby authorised to alter or vary the remuneration within the provisions of Schedule XIII of the Companies Act, 1956, to the extent the Board of Directors or Committee thereof may consider appropriate, as may be permitted or authorised in accordance with any provisions under the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and / or any rules or regulations there under.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors / Remuneration Committee be and are hereby authorised severally to take all such acts and give all such directions or do all such acts, deeds, matters and things as may be necessary in this regard or otherwise considered to be in the best interest of the Company.

**On behalf of Board of Directors**

**Place: Chennai**  
**Date: November 9, 2012**

**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 under 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 remain closed from Thursday, 13<sup>th</sup> December 2012 to Wednesday, 19<sup>th</sup> December, 2012 (both days inclusive).
5. The Dividend when declared will be paid to those members, whose names appear in the Register of Members on 19<sup>th</sup> December, 2012 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 18<sup>th</sup> January, 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 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.

## Notice

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.
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/ re-appointment in the Annual General Meeting pursuant to Clause 49 of the Listing Agreement****Item No.3**

Name : C C Paarthipan  
 Age : 60 years  
 Qualification : Graduate  
 Experience : More than 30 years  
 No. of shares held in the company : 8,14,812

The details of his directorship / Committee membership in other Companies as on 30.06.2012 are as follows:

Directorship	Committee memberships / Chairmanship
NIL	NIL

**Item No.5**

Name : D.P. Mishra  
 Age : 57 years  
 Qualification : Post Graduate  
 Experience : More than 30 years  
 No. of shares held in the company : 1,92,000

The details of his directorship / Committee membership in other Companies as on 30.06.2012 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 Board of Directors had redesignated and appointed Mr.D.P.Mishra as the Whole Time Director of the Company upon recommendation of the Remuneration Committee for a period of two years with effect from 1<sup>st</sup> May 2012.

An abstract of the terms and conditions of the appointment and payment of remuneration to Mr.D.P.Mishra, pursuant to provisions of Section 302 of the Companies Act, 1956 was circulated to all the members.

Notice

In accordance with the provisions of the Companies Act, 1956, approval of the members is required to be sought at the ensuing Annual General Meeting for the aforesaid appointment and payment of remuneration to Mr. D.P.Mishra as a Whole Time Director.

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

**Interest of Directors:**

None of the Directors of the Company except Mr. D P Mishra, is concerned or interested in the resolution.

**On behalf of the Board of Directors**

**Place: Chennai**  
**Date: November 9, 2012**

**C C Paarthipan**  
**Chairman**

## DIRECTORS' REPORT

### To the Shareholders

The Directors have pleasure in presenting the Twenty First Annual Report together with the Audited Accounts for the year ended 30<sup>th</sup> June 2012.

### Financial Performance

Particulars	Rupees in Lacs	
	2011-2012	2010-2011
Sales (net of excise duty) and other Income	11001.01	8557.52
Profit before Finance Costs, Tax, Depreciation & Amortisation Expenses	1286.86	1163.04
Less: Finance Costs	87.69	100.22
Depreciation & Amortisation Expense	115.50	227.72
Profit Before Tax	1083.67	835.10
Less: Tax Expenses	265.16	181.49
Profit after Tax	818.51	653.61
Add: Surplus at the beginning of the year	834.60	509.77
Profit available for Appropriation	1653.11	1163.38
Less: Transfer to General Reserves	85.00	65.36
Final Dividend proposed	302.20	226.65
Dividend Tax – Current Year	49.02	36.77
Balance carried to Balance Sheet	1216.89	834.60
Return on Net worth – Earnings Per Share		
Basic / Diluted	5.42	4.33

### OPERATIONS & OUTLOOK

We are glad to inform the Members that the Company has crossed the milestone of 100 CRORE Revenue Mark in the year under review. This has been achieved mainly on account of our deep inroads in Southern and Central America, Company's growing market presence, innovative marketing strategies and introduction of new product. It is hoped that with the continued efforts in exploring new markets/products in the established markets, the growth will be sustained during the coming years.

In addition, the Company has added substantial machinery/equipment at the unit of the Company at Pondicherry. Considering the status of the plant and the productivity, subsequent to the close of the year our facility at Gummidipoondi is being revamped and during the interregnum period due to investment in balancing machinery at Pondicherry there shall not be any effect on the overall production target during the current year.

Our expansion plan into the manufacture of injectibles intended for export to regulated markets is nearing completion and expected to commence trial run during the Third/fourth quarter of the current year. Senior technical personnel have already been recruited and plans are under way for preparation for approval of the plant and registration of product lines with the regulatory authorities.

#### **DIVIDEND**

The Board of Directors is pleased to recommend a dividend of Rs.2/- per Equity Share of Rs.10 each [20%] for the year ended June 30, 2012 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. 351.22 Lacs including dividend distribution tax of Rs. 49.02 Lacs.

#### **TRANSFER TO RESERVES**

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

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

##### **Industry Structure and Development / Opportunity – Threat, Risk & Concerns**

In order for the company to derisk its dependence on the South/North America and West African Markets the company has now embarked upon an ambitious Project to set up an injectible plant with UK/MHR standards/ approvals which will pave way for newer markets as well as additional revenue in the existing market where the company is strongly placed. However the threat of unpredictable fluctuations in foreign currencies did impact the bottom-line of the Company

##### **Internal Control Systems and their Adequacy**

The company maintains a system of internal control, including suitable monitoring procedures and the same needs to be strengthened. The ERP implementation covering all the processes in all locations are in the final stages and it is hoped that this will go live from January 2013 which will enable to have better control and monitoring to strengthen the process and improve efficiency. The management duly considers and takes appropriate action on recommendations made by the Statutory Auditors, Internal Auditors and independent Audit Committee of the Board of Directors. Significant issues are also brought to the attention of the Audit Committee.

##### Outlook for the year 2012-13

The Company's sustained focus on quality of products by investing in manufacturing capabilities and recruiting experienced technical people who have exposure in a large environment and with more aggressive marketing strategies coupled with the expansion plans will enable company to continue its growth path and will very soon join the select league of niche manufacturers of pharmaceutical formulations catering to the needs of the regulated markets. The resulting outcomes in terms of quality improvement, greater production efficiencies and better recognition in the markets for the Company's products auger well for the future growth of your company.

##### Consolidated Financial Statements of Subsidiary

The Consolidated Financial Statements of the Company and its Subsidiary, viz., Argus Salud Pharma LLP, prepared in accordance with the Accounting Standards (AS-21) prescribed by the Institute of Chartered Accountants of India are attached and form part of the Annual Report and Accounts.



### Subsidiary

During the year the Company has made an additional investment in its Subsidiary Limited Liability Partnership, Argus Salud Pharma LLP and the total investment was Rs. 9,90,000/- which constitutes 99 per cent of the Capital thereof.

The Ministry of Corporate Affairs has, vide General Circular No. 2/2011 dated 8<sup>th</sup> February 2011, pursuant to Section 212(8) of the Companies Act, 1956 granted a general exemption from attaching a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the subsidiary along with that of the Holding Company and hence the same have not been attached herewith.

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 Annual Accounts of the Subsidiary will be made available to any shareholder requiring a copy of the same at any point of time. The Annual Accounts of the Subsidiary will also be kept for inspection by shareholders at its Registered Office.

### Cautionary Note

As stated before, the information and opinion expressed in the "Management Discussion and Analysis" section may contain certain forward looking statements which the management believes are true to the best of its knowledge at the time of its preparation. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

## **DIRECTORS**

### Re-Appointment

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr.C.C.Paarthipan, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible have offer himself for re-appointment. The Board recommends his re-appointment.

### Appointments

As per the resolution passed by the Board of Directors on 30<sup>th</sup> April 2012, Mr. D.P. Mishra was re-designated and appointed as Whole Time Director of the Company effective from 1<sup>st</sup> May 2012 for a period of two years subject to approval of the shareholders at the ensuing Annual General Meeting.

Subsequent to the close of the year, Mr. N.R. Achan resigned as a Director with effect from 4<sup>th</sup> October 2012 and Mr. R. Vijay Venkatraman was appointed as a Director of the Company in his place with effect from 4<sup>th</sup> October 2012. The Board of Directors wish to place on record its deep appreciation for the valuable services rendered by Mr.N.R.Achan.

As required under Clause 49 of the Listing Agreement relating to Corporate Governance, a brief resume, expertise and details of other directorships of Messrs.C.C.Paarthipan and D.P.Mishra are provided in the Notice of the ensuing Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors, in accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, confirm that:

- 1) Applicable accounting standards have been followed in the preparation of the Annual Accounts;
- 2) The Directors have adopted such accounting policies and have applied them consistently and have made judgments and estimates in a reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit of the Company for the year ended 30.06.2012.
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function.
- 4) The annual accounts have been prepared on a going concern basis.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposits from the public.

**AUDITORS**

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

The Board on recommendation of the Audit Committee, proposes that Messrs.M.Raghunath and Company, Chartered Accountants, Chennai, be appointed as Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting of the Company. Messrs. M. Raghunath and Company, Chartered Accountants, Chennai have forwarded their certificate to the company stating that their appointment, if made, will be within the limit specified in that behalf in sub-section (1B) of Section 224 of the Companies Act, 1956.

**COST AUDITORS**

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 30.06.2012. The Cost Audit Reports relating to the financial year 2011-2012 will be filed within the stipulated time period.

**CORPORATE GOVERNANCE**

Your Company is committed to maintain high standards of Corporate Governance. A separate section on Corporate Governance is included in the Annual Report and the Certificate from M/s. R Sridharan & Associates, Company Secretaries confirming the compliance of conditions on Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchange is annexed thereto.

**INDUSTRIAL RELATIONS**

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