



CAPLIN POINT LABORATORIES LIMITED

TWENTY SECOND ANNUAL REPORT

2012-2013

CORPORATE INFORMATION

Board of Directors	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)
Company Secretary and Vice president Finance	Mr.S.Mohanraj
Statutory Auditors	M/s. M RAGHUNATH & CO. Chartered Accountants New No. 22 (Old No. 83/2), Millers Road, Kilpauk, Chennai 600 010.
Cost Auditor	Mr.G.THANGARAJ 12B, Block 3, F2, Behind Venkatesha Nilayam, Jayalakshmipuram Main Road,Nungambakkam, Chennai 600 034.
Bankers	THE CATHOLIC SYRIAN BANK LTD Mount Road Branch, Tarapore Towers, Chennai 600 002.
Registered & Corporate Office	'NARBAVI', No.3, Lakshmanan Street, T Nagar, Chennai 600 017
Factory	<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.
Subsidiary Firm	Argus Salud Pharma LLP Factory Unit: Khasra No.380, Village Suraj Majra, N.H.21, Baddi, Tehsil Nalagarh Dist. Solan, Himachal Pradesh 173205
Registrar & Transfer Agents	M/s Karvy Computershare Private Limited Plot No 17 – 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081
Website	www.caplinpoint.net

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 27th 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 30th 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, 21st December, 2013 to Friday, 27th 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 26th January 2014 to those members, whose names appear in the Register of Members on 20th 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 27th 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 9th 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 28th 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 30th June 2013.

FINANCIAL RESULTS

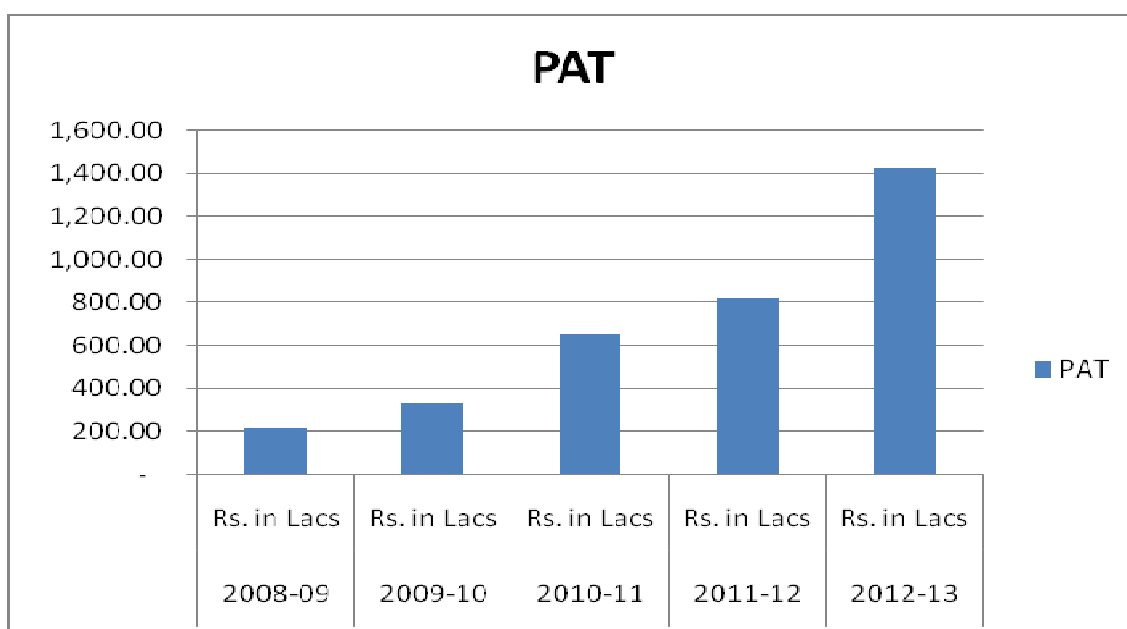
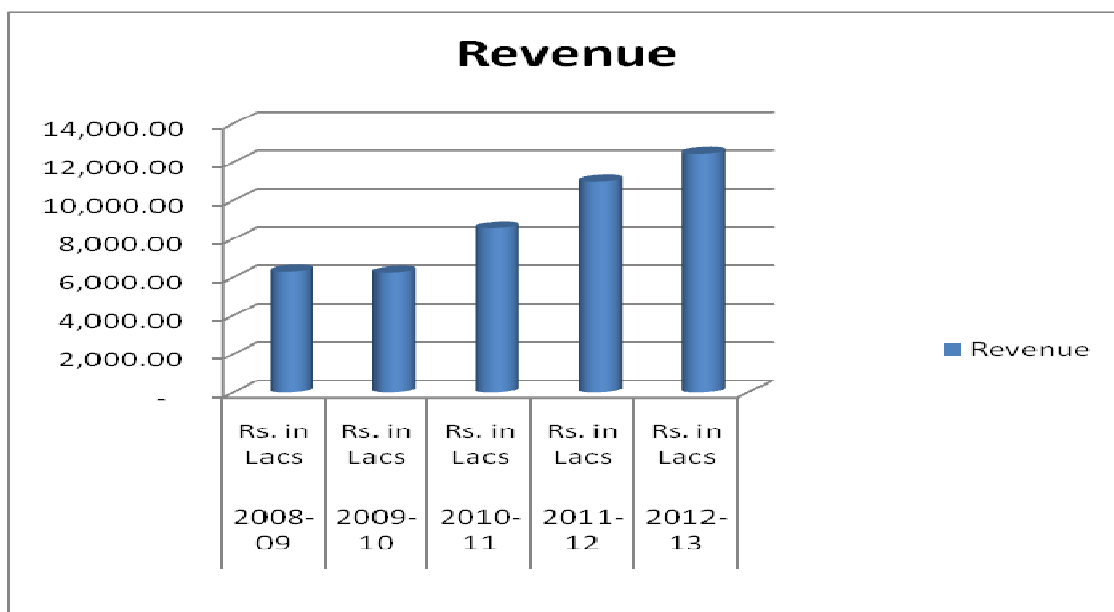
Rs. In Lakhs except per share data

	Standalone for the year ended 30th June		Consolidated for the year ended 30th June	
	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
Profit after Tax	1,430.65	818.51	1,402.14	802.99
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
Profit available for Appropriation	2,647.54	1,653.11	2,572.05	1,609.87
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 4th November, 2003 and continue to enjoy Central Excise and Income Tax benefits.

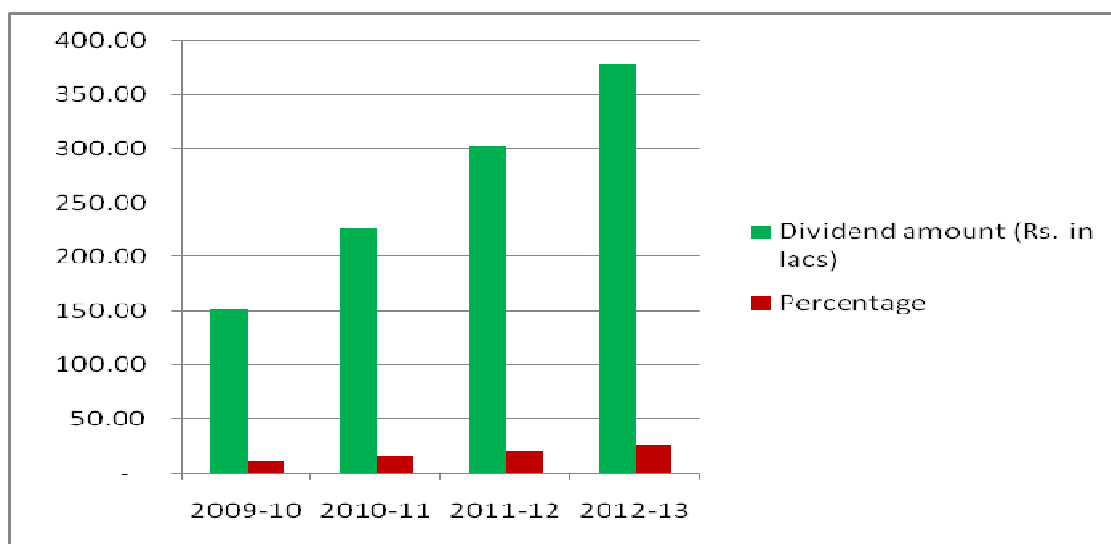
SHARE CAPITAL

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.