



# CAPLIN POINT LABORATORIES LTD.

*Twenty Third Annual Report  
2013 - 2014*



*"A blue whale in the making".*



# CORPORATE INFORMATION

Board of Directors	Mr.C.C.PAARTHIPAN, Chairman
	Mr.M.JAYAPAL, Managing Director
	Mr.D.P.MISHRA, Whole Time Director
	Dr.SRIDHAR GANESAN, Whole Time Director
	Mr.P.T.BABY THOMAS, Independent Director
	Mr.V.THIRUMALAI, Independent Director
	Mr.VENKAT RADHAKRISHNAN, Independent Director
	Dr . R RAVICHANDRAN, Additional Director- Independent <i>(Appointed w.e.f 12.05.2014)</i>
	Dr. K C JOHN, Additional Director - Independent <i>(Appointed w.e.f 25.08.2014)</i>
	Late Mr. R Vijay Venkatraman, Independent Director <i>(Cessation w.e.f 19.08.2014)</i>
Chief Financial Officer and Company Secretary	Mr. S. MOHAN RAJ
Executive Directors	Mr. M.JAYAPAL, Managing Director Mr. D.P.MISHRA, Whole Time Director Dr. SRIDHAR GANESAN, Whole Time Director
Statutory Auditors	M/s, CNGSN & Associates Chartered Accountants Swathi Court, Flat C & D, No.22, Vijayaraghava Road, T. Nagar, Chennai-600 017.
Cost Auditor	Mr. G.THANGARAJ 12B, Block 3, F2, Behind Venkatesha Nilayam, Jayalakshmpuram Main Road, Nungambakkam, Chennai-600 034.
Bankers	THE CATHOLIC SYRIAN BANK LTD No. 826, Tarapore Towers, Mount Road, Chennai 600 002.
Registered & Corporate Office Phone/Fax No.	'NARBAVI', No.3, Lakshmanan Street, T Nagar, Chennai -600 017. Ph No: 044 -28156653, 28156905. Fax No: 044 -28154952
Factory	Unit I: 85/3, Suthukeny Village, Mannadipet Commune Panchayat, Puducherry -605 502
	Unit III Khasra No.435, Village Suraj Majra, N.H.21, Baddi, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh 173 205
	Unit IV Guruvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu 601 201.
Research & Development Unit	Unit II No.19, Chinnapuliur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu 601 201.
	Unit IV Guruvarajakandigai 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, Email ID	<a href="http://www.caplinpoint.net">www.caplinpoint.net</a> ; <a href="mailto:info@caplinpoint.net">info@caplinpoint.net</a> ; <a href="mailto:investor@caplinpoint.net">investor@caplinpoint.net</a>
E-Voting Service Provider Website	M/s, Karvy Computershare Private Limited <a href="https://evoting.karvy.com">https://evoting.karvy.com</a>
Corporate Identification Number (CIN)	L24231TN1990PLC019053

Caplin Point Laboratories Limited

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CIN:- L24231TN1990PLC019053

Registered Office:- "Narbavi", No.3, Lakshmanan Street, T.Nagar, Chennai – 600 017.

Ph:- 044-28156653, 28156905, Fax:- 044-28154952

E-Mail:- info@caplinpoint.net, Website:-www.caplinpoint.net

### NOTICE

**NOTICE** is hereby given that the Twenty Third Annual General Meeting of the members of Caplin Point Laboratories Limited will be held on Thursday, the 18<sup>th</sup> day of December, 2014 at 11.00 a.m. at "TAG CENTRE" No. 69, T. T. K. Road, Alwarpet, Chennai – 600 018 to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 30<sup>th</sup> June, 2014 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 Dividend of Rs. 4.00 per equity share of face value of Rs.10/- each for the year ended 30<sup>th</sup> June, 2014.
3. To appoint a Director in place of Mr. C C Paarthipan (DIN: 01218784), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

**"RESOLVED THAT** Mr. C C Paarthipan (DIN: 01218784), who retires by rotation be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

4. To re-appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting (aAGM) until the conclusion of the third consecutive Annual General Meeting and to fix their remuneration and in this regard 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 139 of the Companies Act, 2013 and the rules made thereunder, and pursuant to the recommendations made by the Audit Committee of the Board of Directors, M/S CNGSN & Associates, Chartered Accountants, Chennai (Registration No. 004915 S) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the third consecutive Annual General Meeting (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors of the Company be and are hereby authorised to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors."

#### SPECIAL BUSINESS:

5. To re-appoint Mr. M Jayapal (DIN: 01869677) as Managing Director and in this regard 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 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and all other applicable laws for the time being in force, approval of the Company be and is hereby accorded for the appointment of Mr. M Jayapal (DIN: 01869677) as Managing Director of the Company for a period of 1 year, with effect from 28<sup>th</sup> March, 2014 at a remuneration recommended by the Nomination & Remuneration Committee as set out below:-

Terms and Conditions of the Contract of Service of Mr. M Jayapal

#### a. Salary, Allowances & Perquisites

Not exceeding Rs. 65,000/- per month with effect from 28<sup>th</sup> March 2014.

#### 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** the total remuneration (i.e; salary, perquisites, allowances etc) of Mr. M Jayapal in any financial year shall not exceed the limits prescribed from time to time under Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as may for the time being be in force and any amendments thereto."

**"RESOLVED FURTHER THAT** pursuant to the applicable provisions of Companies Act, 2013, approval of the Company be and is hereby accorded to authorize the Board/Nomination & Remuneration Committee to increase the remuneration of Mr. M Jayapal, by proportionately increasing the value of the benefits relating to the salary and alter and vary the terms and conditions of appointment and agreement in such manner as may be agreed between the Board of Directors and Mr. M Jayapal."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to file necessary e-forms with the Registrar of Companies and intimate the Stock Exchanges of the above appointment and to take all such steps as may be necessary, proper and expedient to give effect to the above resolution."

6. To re-appoint Mr. D P Mishra (DIN: 02032818) as Whole Time Director and in this regard 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 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and all other applicable laws for the time being in force, approval of the Company be and is hereby accorded for the appointment of Mr. D P Mishra (DIN: 02032818) as a Whole Time Director of the Company for a period of One year, with effect from 1<sup>st</sup> May, 2014, at a remuneration recommended by the Nomination & Remuneration Committee as set out below:-

Terms and Conditions of the Contract of Service of Mr. D P Mishra

#### a. Salary, Allowances & Perquisites

Not exceeding Rs. 52,000/- per month with effect from 1<sup>st</sup> May, 2014.

#### 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.

**"RESOLVED FURTHER THAT** the total remuneration (i.e; salary, perquisites, allowances etc) of Mr. D P Mishra in any financial year shall not exceed the limits prescribed from time to time under Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as may for the time being be in force and any amendments thereto."

**"RESOLVED FURTHER THAT** pursuant to the applicable provisions of Companies Act, 2013, approval of the Company be and is hereby accorded to authorize the Board/Nomination & Remuneration Committee to increase the remuneration of Mr. D P Mishra, by proportionately increasing the value of the benefits relating to the salary and alter and vary the terms and conditions of appointment and agreement in such manner as may be agreed between the Board of Directors and Mr. D P Mishra."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to file necessary e-forms with the Registrar of Companies and intimate the Stock Exchanges of the above appointment and to take all such steps as may be necessary, proper and expedient to give effect to the above resolution."

7. To appoint Dr. Sridhar Ganesan (DIN: 06819026) as Whole Time Director and in this regard 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 149 of the Companies Act, 2013 and the rules made there under, Dr. Sridhar Ganesan (DIN: 06819026), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 25<sup>th</sup> August, 2014 and who holds office until the date of AGM, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Dr. Sridhar Ganesan as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and all other applicable laws for the time being in force, approval of the Company be and is hereby accorded for the appointment of Dr. Sridhar Ganesan (DIN: 06819026) as a Whole Time Director of the Company for a period of 3 years, with effect from 25<sup>th</sup> August, 2014, at a remuneration recommended by the Nomination & Remuneration Committee as set out below:-

Terms and Conditions of the Contract of Service of Dr. Sridhar Ganesan

a. Salary, Allowances & Perquisites

- i) Not exceeding Rs. 4,00,000/- per month with effect from 25<sup>th</sup> August, 2014.

ii) Annual compensation in terms of cost to company (CTC) inclusive of employer's contribution towards Provident Fund as and when applicable will be Indian Rupees Forty Eight Lakhs only (INR 48,00,000) subject to deduction of applicable taxes. Also entitled company provided car with driver and fuel for commuting to office and for official purposes.

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) Dr. Sridhar Ganesan would be subject to all other service conditions as applicable to any other employee of the Company.

**"RESOLVED FURTHER THAT** the total remuneration (i.e; salary, perquisites, allowances etc) of Dr. Sridhar Ganesan in any financial year shall not exceed the limits prescribed from time to time under Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as may for the time being be in force and any amendments thereto."

**"RESOLVED FURTHER THAT** subject to the approval of shareholders and pursuant to the applicable provisions of Companies Act, 2013, the Board/Nomination & Remuneration Committee shall increase the remuneration of Dr. Sridhar Ganesan, by proportionately increasing the value of the benefits relating to the salary and alter and vary the terms and conditions of appointment and agreement in such manner as may be agreed between the Board of Directors and Dr. Sridhar Ganesan."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized severally any one of the Directors to file necessary e-forms with the Registrar of Companies and intimate the Stock Exchanges of the above appointment and to take all such steps as may be necessary, proper and expedient to give effect to the above resolution."

8. To appoint Dr. R Ravichandran (DIN: 01920603) as an Independent Director and in this regard 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 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Dr. R Ravichandran (DIN: 01920603), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 12<sup>th</sup> May, 2014 and who holds office until the date of AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Dr. R Ravichandran as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of two years, not liable to retire by rotation."

9. To appoint Dr. K C John (DIN: 01067374) as an Independent Director and in this regard 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 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Dr. K C John (DIN: 01067374), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 25<sup>th</sup> August, 2014 and who holds office until the date of AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Dr. K C John as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of three years, not liable to retire by rotation."

10. To appoint Mr. V. Thirumalai (DIN: 03015619) as an Independent Director pursuant to the provisions of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** in supersession of the resolutions previously passed by the shareholders in this regard and pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. V. Thirumalai (DIN: 03015619), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. V. Thirumalai as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of three years, not liable to retire by rotation."

11. To appoint Mr. P.T. Baby Thomas (DIN: 03019018) as an Independent Director pursuant to the provisions of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** in supersession of the resolutions previously passed by the shareholders in this regard and pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. P.T. Baby Thomas (DIN: 03019018), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. P.T. Baby Thomas as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of three years, not liable to retire by rotation."

12. To appoint Mr. Venkat Radhakrishnan (DIN: 03451231) as an Independent Director pursuant to the provisions of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** in supersession of the resolution previously passed by the shareholders in this regard and pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. Venkat Radhakrishnan (DIN: 03451231), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Mr. Venkat Radhakrishnan as a candidate for the office of a Director of the Company,

be and is hereby appointed as an Independent Director of the Company for a period of three years, not liable to retire by rotation."

13. To approve the borrowing limits pursuant to the provisions of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**.

"**RESOLVED THAT** in supersession of the ordinary resolution passed at the Annual General Meeting of the Company held on 29<sup>th</sup> December, 2011 in this regard and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, the rules made thereunder and other applicable provisions if any, (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow from time to time, any sum or sums of monies from time to time whether in Indian rupees or foreign currency from any one or more Company's bankers and /or from any one or more persons, firms, Bodies Corporate, Financial Institutions, Banks or other acceptable source on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided such total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 100 Crores (Rupees One Hundred Crores only)."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid to execute all documents and writings as may be necessary".

"**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

14. To consider and if thought fit, to pass, with or without modification(s) the following resolution pursuant to the provisions of section 180(1)(a) of the Companies Act 2013, as a **Special Resolution**.

"**RESOLVED THAT** pursuant to the provisions of section 180(1)(a) of the Companies Act 2013, the Rules made thereunder and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the Board of Directors of the Company be and is hereby authorised to create such charges, mortgages and hypothecations by the Company, on such movable and immovable properties, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company and for such time and on such terms and in such manner as the Board may think fit, in favour of lenders, agents, trustees and other agencies to secure the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or Indian rupee ) and /or working capital facilities and/or Securities issued/ to be issued by the Company, from time to time, upto an aggregate of paid-up capital of the Company and its free reserves."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid to execute all documents and writings as may be necessary. "

"**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

15. To approve the alteration of Articles of Association pursuant to the provisions of the Companies Act, 2013 and in this regard 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 14 and all other applicable provisions of the Companies Act, 2013, read with rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), Consent of the Company be and is hereby accorded to amend the Articles of Association of the Company by inserting following new Article 2A after Article 2:

"2A Wherever in the Companies Act, 2013, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction(s) only if the Company is so authorized by its Articles, then and in that case by virtue of this Article, the Company is hereby specifically authorized, empowered and entitled to have such right, privilege or authority, to carry out such transaction(s) as have been permitted by the Companies Act, 2013 without there being any separate/specific article in that behalf herein provided."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be necessary, proper and expedient to give effect to the above resolution."

By Order of the Board of Directors

For Caplin Point Laboratories Limited

Registered Office:  
"Narbavi" No.3 Lakshmanan Street,  
T Nagar, Chennai – 600 017  
Date: November 12, 2014

S Mohan Raj  
Chief Financial Officer & Company Secretary



## 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 such 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.

***A person can act as Proxy on behalf of members not exceeding fifty and holding not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.***

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Businesses to be transacted at the meeting is annexed hereto. Relevant 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 between 11.00 a.m. to 01.00 p.m. up to the date of the Annual General Meeting.
3. Members/proxies are requested to bring duly-filled attendance slip along with their copy of Annual Report to the Meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. ***Brief resume of Directors including those proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.***
5. The Register of Members and Share Transfer Books of the Company will be closed from **Saturday, 13<sup>th</sup> December, 2014 to Thursday, 18<sup>th</sup> December, 2014 (both days inclusive)** for the purpose of Annual General Meeting and Dividend.
6. The Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before **17<sup>th</sup> January, 2015** to those members, whose names appear in the Register of Members on **12<sup>th</sup> December, 2014**; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
7. 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. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their respective Depository Participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
8. ***The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy Computershare Private Ltd***
9. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Companies Act, 2013 read with Rules made thereunder are requested to send the prescribed Form SH.13 to M/s. Karvy Computershare Private Ltd. The Form SH.13 for the purpose would be available for download on the Company's website [www.caplinpoint.net](http://www.caplinpoint.net) under the section 'Investor'.
10. Electronic copy of the Notice of the 23<sup>rd</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23<sup>rd</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

11. 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](mailto:einward.ris@karvy.com); URL: [www.karvycomputershare.com](http://www.karvycomputershare.com). 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. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
13. Corporate Members / FIs / Financial Institutions intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board resolution / such other documents authorizing their representatives to attend and vote at the Annual General Meeting well in advance.
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 to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956 (corresponding Section 124 of the Companies Act, 2013, if applicable), be transferred to the Investor Education and Protection Fund.
15. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in '**E-Communication Registration Form**', available on the website of the Company [www.caplinpoint.net](http://www.caplinpoint.net), to M/s. Karvy Computershare Private Limited. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
16. **Voting through Electronic means:**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, read with Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the Twenty Third Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s. Karvy Computershare Private Limited (KCPL).

**Procedure for E-voting**

In terms of Clause 35 B of the Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, November 14, 2014, i.e. the cut-off date taken by the Company for dispatch of the Annual Report and the Notice calling the Annual General Meeting. **The e-voting period will commence from Thursday, December 11, 2014 at 10.00 am and will end at 5.00 pm on Saturday, December 13, 2014. The e-voting module will be disabled on December 13, 2014 at 5.00 pm.** The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date, being November 14, 2014. The Company has entered into an arrangement with Karvy Computershare Private Limited (Karvy) for facilitating e-voting for AGM. The instructions for e-voting are as under:

1. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'
2. Enter the login credentials (i.e. user-id & password) mentioned on the Attendance Slip/ Email forwarded through the electronic notice.

<b>User -ID</b>	For Shareholder(S)/ Beneficial Owner(S) Holding Shares In Demat Form:- a) For NSDL> 8 Characters DP ID Followed By 8 Digits Client ID b) For CDSL> 16 Digits Beneficiary ID For Members holding shares in Physical Form:- • Folio Number registered with the company
<b>Password</b>	Your Unique password is printed on the AGM Attendance Slip / sent via email forwarded through the electronic notice.
<b>Captcha</b>	Enter the Verification code for Security reasons i.e., please enter the alphabets and numbers in the exact way as they are displayed.

3. After entering these details appropriately, click on "LOGIN".
4. Members holding shares in Demat/Physical form will now reach password change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like ", #, @ etc.). Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly ensure that you note down your password for future reference.
5. You need to login again with the new credentials.
6. On successful login, system will prompt to select the 'Event' i.e., '**CAPLIN POINT LABORATORIES LIMITED**'.
7. If you are holding shares in Demat form and had logged on to <https://evoting.karvy.com> and casted your vote earlier for any other company, then your existing login id and password are to be used.
8. On the voting page, you will see Resolution Description and against the same the option '**FOR/AGAINST/ABSTAIN**' for voting. Enter the number of shares under '**FOR/AGAINST/ABSTAIN**' or alternatively you may partially enter any number in '**FOR**' and partially in '**AGAINST**', but the total number in '**FOR/AGAINST**' taken together should not exceed your total shareholding. If you do not want to cast a vote, you may select 'ABSTAIN'.
9. After selecting the resolution if you have decided to cast vote on the same, click on "**SUBMIT**" and a confirmation box will be displayed. If you wish to confirm your vote, click on "**OK**", else to change your vote, click on "**CANCEL**" and accordingly modify your vote.
10. Once you '**CONFIRM**' your vote on the resolution, you will not be allowed to modify your vote.
11. Corporate/Institutional Members (corporate /FIs/FIIs/Trust/Mutual Funds/Banks, etc) are required to send scanned copy (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to [ramgcs@gmail.com](mailto:ramgcs@gmail.com) with a copy to [evoting@karvy.com](mailto:evoting@karvy.com). The file scanned image/pdf file of the Board Resolution should be in the naming format "**Corporate Name**".  
  
Contact for issues relating to e-voting: M/s.Karvy Computershare Private Limited, plot No.17-24, Vittal Rao Nagar, Madhapur, and Hyderabad 500 081. **Toll Free Number: 1-800-3454-001**

Kindly note that once you have cast your vote you cannot modify or vote on poll at the Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.

**By Order of the Board of Directors**

**For Caplin Point Laboratories Limited**

**Registered Office:**

"Narbavi" No.3, Lakshmanan Street,

T Nagar, Chennai – 600 017

Date: November 12, 2014

**S Mohan Raj**

**Chief Financial Officer & Company Secretary**

## **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

### **ITEM NO. 5**

The Board of Directors of the Company (the 'Board'), passed a Resolution dated March 27, 2014 has, subject to the approval of members, confirmed the re-appointment of Mr. M Jayapal as Managing Director, for a period of 1 (One) year with effect from March 28, 2014 as his present term expired on March 27, 2014, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for the re-appointment of Mr. M Jayapal as Managing Director, for a period of 1 (One) year commencing from March 28, 2014.

The terms and conditions of his appointment are as provided in the resolution. The terms and conditions of appointment of Mr. M Jayapal as stated may be treated as abstract under Section 302 of the Companies Act, 1956.

No Director, Key Managerial Personnel or their relatives, except Mr. M Jayapal, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 5 for the approval of the members.

### **ITEM NO. 6**

The Board of Directors of the Company (the 'Board'), passed a Resolution dated March 27, 2014 has, subject to the approval of members, confirmed the re-appointment of Mr. D P Mishra as Whole-time Director, for a period of 1 (One) year with effect from May 1, 2014 as his present term expired on April 30, 2014, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made there under for the re-appointment of Mr. D P Mishra as Whole-time Director, for a period of 1 (One) year commencing from May 1, 2014.

The terms and conditions of his appointment are as provided in the resolution. The terms and conditions of appointment of Mr. D P Mishra as stated may be treated as abstract under Section 302 of the Companies Act, 1956.

No Director, Key Managerial Personnel or their relatives, except Mr. D P Mishra, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 6 for the approval of the members.

### **ITEM NO. 7**

The Board at its meeting held on August 25, 2014 appointed Dr. Sridhar Ganesan as an Additional Director of the Company with effect from August 25, 2014, pursuant to section 161 of the Companies Act, 2013. Dr. Sridhar Ganesan will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Dr. Sridhar Ganesan for the office of Director.

The Company has received from Dr. Sridhar Ganesan (i) consent in writing to act as a Director in Form DIR – 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, and (ii) intimation in Form DIR – 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub – section (2) of Section 164 of the Companies Act, 2013.

Further, the Board at its meeting held on August 25, 2014, also appointed (subject to the approval of members in the general meeting), Dr. Sridhar Ganesan as a Whole Time Director of the Company for a period of 3 years commencing from August 25, 2014. The terms and conditions of his appointment are as provided in the resolution.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for the appointment of Dr. Sridhar Ganesan as Whole-time Director, for a period of 3 years commencing from August 25, 2014.

No Director, Key Managerial Personnel or their relatives, except Dr. Sridhar Ganesan, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 7 for the approval of the members.

#### **ITEM NO. 8**

The Board at its meeting held on May 12, 2014 appointed Dr. R Ravichandran as an Additional Director of the Company with effect from May 12, 2014 pursuant to section 161 of the Companies Act, 2013. Dr. R Ravichandran will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Dr. R Ravichandran for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Company has received from Dr. R Ravichandran (i) consent in writing to act as a Director in Form DIR – 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR – 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub – section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board of Directors, Dr. R Ravichandran, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under and he is Independent of the Management. A Copy of the letter for appointment of Dr. R Ravichandran setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The resolution seeks the approval of the members for the appointment of Dr. R Ravichandran as an Independent Director of the Company upto May 11, 2016 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation as according to the provisions of Section 149 (13) of Companies Act, 2013, Independent Director is not liable to retire by rotation.

No Director, Key Managerial Personnel or their relatives, except Dr. R Ravichandran, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 8 for the approval of the members.

#### **ITEM NO. 9**

The Board at its meeting held on August 25, 2014 appointed Dr. K C John as an Additional Director of the Company with effect from August 25, 2014 pursuant to section 161 of the Companies Act, 2013. Dr. K C John will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Dr. K C John for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement

The Company has received from Dr. K C John (i) consent in writing to act as a Director in Form DIR – 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR – 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub – section (2) of

Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of Independence as provided in sub - section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board of Directors, Dr. K C John, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is Independent of the Management. A Copy of the letter for appointment of Dr. K C John setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The resolution seeks the approval of the members for the appointment of Dr. K C John as an Independent Director of the Company upto August 24, 2017 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is not liable to retire by rotation as according to the provisions of Section 149 (13) of Companies Act, 2013, Independent Director is not liable to retire by rotation.

No Director, Key Managerial Personnel or their relatives, except Dr. K C John, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 9 for the approval of the members.

#### **Item No. 10 - 12**

Mr. V. Thirumalai and Mr. P.T. Baby Thomas are Independent Directors of the Company and have held the positions as such for more than 5 (five) years. Mr. R. Venkat Radhakrishnan is an Independent Director of the Company who has held the position for 3 (three) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement *inter alia* stipulating the conditions for the appointment of Independent Directors by a listed company.

Hence, it is proposed to appoint Mr. V. Thirumalai, Mr. P.T. Baby Thomas and Mr. Venkat Radhakrishnan as Independent Directors under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for three consecutive years for a term up to the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of each of Mr. V. Thirumalai, Mr. P.T. Baby Thomas and Mr. R. Venkat Radhakrishnan for the office of Independent Directors of the Company.

The Company has received declarations from Mr. V. Thirumalai, Mr. P.T. Baby Thomas and Mr. Venkat Radhakrishnan (i) consent in writing to act as a Director in Form DIR – 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR – 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub – section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of Independence as provided in sub - section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board of Directors, Mr. V. Thirumalai, Mr. P.T. Baby Thomas and Mr. Venkat Radhakrishnan, the Independent Directors proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and they are Independent of the Management. A Copy of the letter for appointment of Mr. V. Thirumalai, Mr. P.T. Baby Thomas and Mr. Venkat Radhakrishnan setting out the the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The resolution seeks the approval of the members for the appointment of Mr. V. Thirumalai, Mr. P.T. Baby Thomas and Mr. Venkat Radhakrishnan as Independent Directors of the Company for a period of three years pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. They are not liable to retire by rotation as according to the provisions of Section 149 (13) of Companies Act, 2013, Independent Directors are not liable to retire by rotation.



No Director, Key Managerial Personnel or their relatives, except Mr. V. Thirumalai, Mr. P.T. Baby Thomas and Mr. Venkat Radhakrishnan, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 10 - 12 for the approval of the members.

**ITEM NO. 13 & 14**

In order to meet the requirements of Section 293 (1) (d) of the Companies Act, 1956 the shareholders had, in the Annual General Meeting held on December 29, 2011, passed an Ordinary Resolution authorizing the Company to borrow sums (other than temporary borrowings), in excess of paid capital and free reserves of the Company subject to a ceiling of Rs. 50 Crores.

Section 180 of the Companies Act, 2013 (notified on September 12, 2013) mandates that the aforementioned powers of the Board shall be exercised only through Special Resolution passed in the meeting of shareholders as compared to the requirement of ordinary resolution under the previous Act.

Consequently, the Board recommends to the shareholders to pass a **Special Resolution** under Section 180(1) and Section 180(1)(a) of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

The Board recommends the **Special Resolution** set forth in Item No. 13 and 14, for the approval of the members.

**ITEM NO. 15**

The members may please note that the Ministry of Corporate Affairs (MCA) vide its notifications dated 12<sup>th</sup> September, 2013 and 26<sup>th</sup> March, 2014 has notified many substantive provisions of the Companies Act, 2013, which governs general working of the Companies. With the notifications of various sections of the Act, existing Articles of Association of the Company requires alterations and empowerment to the Company to carry out certain transactions in accordance with the provisions of the Companies Act, 2013.

It is proposed to amend the existing article by including an Article No. 2A to authorize and empower the Company to carry out certain transactions, as permitted under the Companies Act, 2013 without there being a separate/specific article in existing Articles of Association.

A copy of the Articles of Association of the Company together with the proposed alteration would be available for inspection free of cost by the members at the Registered Office during office hours.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

The Board recommends the Special Resolution set forth in Item No. 15 for the approval of the members.

By Order of the Board of Directors

For Caplin Point Laboratories Limited

Registered Office:

“Narbavi” No.3, Lakshmanan Street,  
T Nagar, Chennai – 600 017

Date: November 12, 2014

S Mohan Raj

Chief Financial Officer & Company Secretary

# DIRECTOR'S REPORT

## TO THE MEMBERS OF CAPLIN POINT LABORATORIES LIMITED

The Directors present their Twenty Third Annual Report and the Audited Financial Statement for FY 2013-14. As required under the Ministry of Corporate Affairs' General Circular 08/2014 No. 1/19/2013-CL-V dated April 4, 2014, the Financial Statements and other reports required to be attached to the Annual Report for FY 2013-14 are governed by the relevant provisions, schedules, rules of the Companies Act, 1956.

## ACHIEVEMENTS

The Company featured in the Forbes “Asia’s 200 Best under a Billion” in August, 2014 and was ranked among the 8 companies short listed from India. Your Company was one among the three Indian Pharmaceuticals companies to feature in Forbes Asia, 2014.

Recognition of the Company's R&D Units at Unit II & Unit IV located at Gummidipoondi Taluk, Tamilnadu, by the Department of Scientific & Industrial Research (DSIR).

CPLL

One of the top 10 Indian Pharma companies in Latin America holding over 1400 product registrations with another 400 in the pipeline, being the first Indian company to hold this many product registrations in the region.

Company's State of Art Injectable Plant located at Gummidipoondi, Tamil Nadu commenced its commercial production on March 27, 2014, to cater regulated markets such as USA, EU, Brazil, South Africa etc.

FINANCIAL RESULTS

The Company's financial performance, for the year ended June 30, 2014 is summarised below:

	Rs. in Lakhs except per share data			
	Standalone for the year ended 30 <sup>th</sup> June		Consolidated for the year ended 30 <sup>th</sup> June	
	2014	2013	2014	2013
Sales (net of excise duty) and other Income	16,973.52	12,440.52	17,682.37	12,912.86
Profit before Finance Costs, Tax, Depreciation & Amortisation Expenses	3,693.67	2,327.18	3,934.97	2,398.29
Less: Finance Costs	11.84	30.06	12.26	30.24
Depreciation & Amortisation Expense	343.89	145.32	353.63	154.02
Profit Before Tax	3,337.94	2,151.80	3,569.08	2,214.03
Less: Tax Expenses	774.40	721.15	975.80	811.89
Profit after Tax	2,563.54	1,430.65	2,593.28	1,402.14
Less : Minority Interest	-----	-----	8.42	3.76
Add: Surplus at the beginning of the year	2,057.51	1,216.89	1,982.02	1,173.65
Profit available for Appropriation	4,621.05	2,647.54	4,566.88	2,572.05
Less: Transfer to General Reserves	340.00	150.00	340.00	150.00
Final Dividend proposed	604.40	377.75	604.40	377.75
Dividend Tax – Current Year	120.84	64.20	120.84	64.20
Transfer from other Reserves	--	(1.92)	--	(1.92)
Balance carried to Balance Sheet	3,555.81	2,057.51	3,501.64	1,982.02
Paid up Capital	1,511.00	1,511.00	1,511.00	1,511.00
Reserves & Surplus	4,717.00	2,878.73	4,662.86	2,803.24
Networth	6,228.00	4,389.73	6,173.86	4,314.24
Earnings per Share	16.97	9.47	17.11	9.28

RESULTS OF OPERATIONS

India's economic growth rate rose to 4.7% in FY2014 from 4.5% in FY2013.The Global operating environment improved considerably in FY2013-14, as economic activity strengthened.

India tops the world in exporting generic medicines worth US\$ 11 billion. Currently, the Indian Pharmaceutical industry is one of the world's largest and most developed. Generics will continue to dominate the market while patent - protected products are likely to constitute 10 per cent of the pie till 2015, according to Mc.Kinsey report 'India Pharma 2015 – Unlocking the potential of Indian Pharmaceuticals market'.

On Standalone basis, the Company achieved a revenue of Rs.16,973.52 Lacs as compared to Rs.12,440.52 Lacs in previous year and the Standalone operating profit before finance costs, depreciation & tax was Rs.3,693.67 Lacs as compared to Rs. 2,327.18 Lacs in previous year. Your Company achieved a growth of 36.43% in revenue and 58.71% in operating profit as compared to the previous year.

On Consolidated basis, the Company achieved a revenue of Rs.17,682.37 Lacs as compared to Rs.12,912.86 Lacs in previous year and the Consolidated operating profit before finance costs, depreciation & tax was Rs.3,934.97 Lacs as compared to Rs.2,398.29 Lacs in the previous year. A growth of 36.93% in revenue and 64.07% in operating profit as compared to the previous year.

DIVIDEND

Considering the Company's financial performance, the Directors have recommended a dividend of Rs. 4/- per share (40%) (Previous Year - 25%) on the capital of 1,51,10,000 Equity Shares of Rs. 10/- each for FY 2013-14. The said dividend, if approved by the Members, would involve a cash outflow of Rs.725.24 Lacs (Previous Year - Rs. 441.95 Lacs) including Dividend Distribution Tax.

CAPITAL STRUCTURE

The Company's Equity Share Capital stands at Rs. 1511.00 Lakhs consisting of 1,51,10,000 Equity Shares of Rs 10/- each.

LISTING AT STOCK EXCHANGES

The Equity shares of your Company continue to be listed on Bombay Stock Exchange Ltd (BSE), The Madras Stock Exchange Ltd (MSE) and also, with effect from 23<sup>rd</sup> June, 2014 in National Stock Exchange Ltd (NSE).

The listing and custody fees for the year 2014-15 have been paid to the stock exchanges and Depository(ies), respectively.

Your Company is pleased to provide members facility to exercise their right to vote at the Twenty Third Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s. Karvy Computershare Private Limited (KCPL) though their website:- <https://evoting.karvy.com>

FIXED DEPOSITIITS

The Company has not accepted any public deposits during FY 2013-14.

SUBSIDIARY COMPANIES

A statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies, is attached to the Accounts. In terms of General Exemption, under Section 212(8) of the Companies Act, 1956, granted by Ministry of Corporate Affairs vide its circular no. 02/2011 dated 8th February, 2011, and in compliance with the exemption enlisted therein, the Audited Statement of Accounts, Auditors' Reports thereon and the Reports of the Board of Directors of the Company's subsidiaries for the financial year ended 31st March, 2014, have not been annexed.

The Annual Accounts and related documents of the Subsidiary Companies shall be kept open for inspection at the Registered Office of the Company. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. However, as directed by the said circular, the financial data of the subsidiaries have been furnished in this Annual Report. Further, pursuant to Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiaries.

Brief information regarding the Subsidiary is as below:-

Rs. in Lakhs

Name of Subsidiary	Profit after Tax (31 <sup>st</sup> March 2014)(12 months)	Profit after Tax 31 <sup>st</sup> March 2013)(12 months)
Argus LLP	Rs. 668.01	Rs. 346.84

**BOARD OF DIRECTORS****CESSATION**

Mr. R. Vijay Venkatraman, who was the Director of the Company since October 10, 2012, died on August 19, 2014, in an untimely and tragic manner. Mr. Vijay Venkatraman had made a considerable positive impact on the Company's culture by spearheading leadership. The Directors have placed on record their profound grief on the passing away of Mr. R. Vijay Venkatraman.

**APPOINTMENTS**

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Dr. R Ravichandran and Dr. K C John were appointed as Additional Directors designated as Independent Directors w.e.f. May 12, 2014 and August 25, 2014 respectively and they shall hold office up to the date of the ensuing Annual General Meeting.

Further, pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Dr. Sridhar Ganesan was appointed as an Additional Director designated as an Independent Director w.e.f. February 12, 2014. The Board of Directors requested Dr. Sridhar Ganesan to resign as an Independent Director and to involve in the affairs of the Company on a whole time basis. Hence, the Board appointed Dr. Sridhar Ganesan as an Additional Director designated as Whole Time Director w.e.f. August 25, 2014 and he shall hold office up to the date of the ensuing Annual General Meeting.

The Board of Directors has, pursuant to the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchanges, appointed Mr. P. T. Baby Thomas, Mr. V. Thirumalai, Mr. Venkat Radhakrishnan, Dr. R Ravichandran and Dr. K C John as Independent Directors of the Company. The Company has received declarations from the said Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under the said Clause 49. In accordance with the provisions of Section 149(4) and proviso to Section 152(5) of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company.

The Company has received requisite notices in writing from members proposing for appointment of the Directors mentioned above.

**RE-APPOINTMENTS**

The Board of Directors, subject to the approval of members, re-appointed Mr. M Jayapal as Managing Director and Mr. D P Mishra as Whole Time Director, for a period of 1 (One) year each with effect from March 28, 2014 and May 1, 2014 respectively as their present term expired on March 27, 2014 and April 30, 2014 respectively, according to the terms and conditions as mentioned in the Notice.

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr. C C Paarthipan, Chairman, retires by rotation and is eligible for re-appointment.

**TRANSFER TO RESERVES**

In terms of Companies (Transfer of Profits to Reserves) Rules, 1975, a sum of Rs.340.00 lakhs (Rs. 150.00 Lakhs – previous year) was transferred to General Reserves during the financial year.

**AUDITORS AND AUDITORS' REPORT**

M/s. CNGSN & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

**COST AUDITORS**

The Company has appointed Mr. G. Thangaraj, Cost Accountant, as the cost auditor of the Company for conducting the audit of cost records of the Company for the financial year ended June 30, 2014.

**CORPORATE GOVERNANCE**

A separate section on Corporate Governance and the certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Your directors have constituted the Corporate Social Responsibility Committee (CSR Committee) comprising Mr. V Thirumalai, as the Chairman and Mr. C C Paarthipan, Dr. Sridhar Ganesan as other members, according to the provisions of Section 135 of the Companies Act, 2013.

The said Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, to monitor the implementation of the framework of the CSR Policy and to recommend the amount to be spent on CSR activities as may be required.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 (the Act) the Directors, confirm that:-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care, to the best of their knowledge and ability, 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 preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

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

During the year 2013-14, none of the employees were in receipt of remuneration above the limits fixed in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report on the operations of the Company, as required under the Listing Agreement with the stock exchanges is provided in a separate section and forms a part of this Annual Report.

ENVIRONMENT, SAFETY AND HEALTH

Your Company's framework integrates Safety as a non-negotiable value. The Company provides a safe and healthy workplace for its employees by establishing the right safety culture across the organization. The Company has developed safer systems and procedures for work rolling out up-to-date engineering standards and investing in hardware and safety infrastructure across sites. The Company also ensures implementation of quality systems and manufacturing of high quality products.

The Company continues to conserve resources by taking initiatives for reducing consumption of electrical power, water and paper at the Factories and also at Office premises.

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

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of 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, are given as an Annexure to the Directors' Report.

HUMAN RESOURCES

At Caplin, we believe that our success is due to the commitment and passion of our most valuable asset – Our People. Our team is an amalgam of the brightest peoples in the field that complement each other's talents and work synergistically towards a unified goal of research excellence. The diverse cultures, backgrounds, skills and experience of our team bring great creative strength and energy to our business and have a critical role to play in achieving our strategic objectives.

Company's industrial relations continued to be harmonious during the year under review. The Company has generally enjoyed cordial relations with its employees and workers.

APPRECIATIONS AND ACKNOWLEDGEMENTS

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to progress at this level. The Board places on record its appreciation for the support and co-operation your Company has been receiving from its Company's Customers, Manufacturers, Dealers and others associated with the Company.

The Directors also take this opportunity to thank all Investors, Clients, Banks, Central and State Governments of Tamilnadu, Puducherry and Himachal Pradesh and Regulatory Authorities and Stock Exchanges, for their continued support.

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of Conservation of energy, Technology absorption and Foreign exchange earnings and outgo in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 forming part of the Directors' Report for the year ended June 30, 2014:

A. CONSERVATION OF ENERGY

The Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this initiative. Various energy conservation measures have been taken at the plants and offices of the Company.

The energy consumption at the plants and offices are monitored constantly and corrective steps are immediately taken to utilise the energy in the most optimal manner.

The Company continue to follow the measures to optimize energy usage, such as, switching off unwanted lights, switching off the air conditioners on a budgeted hours basis, replacement of flat monitors in the place of CRT monitors, switching over to CFL lightings etc.

Power and fuel consumption details are as given below:-

POWER AND FUEL CONSUMPTION

No.	PARTICULARS	CURRENT YEAR (2013 - 14)		PREVIOUS YEAR (2012-13)	
		Office	Factory	Office	Factory
	<b>ELECTRICITY</b>				
1	Purchased Units	1,87,468	10,30,696	99,174	10,93,732
2	Total Amount	13,36,731	75,42,756	715,326	67,47,391
3	Rate per Unit	7.13	7.32	7.21	6.17

CONSUMPTION OF ELECTRICITY PER UNIT OF PRODUCTION

No.	PARTICULARS	CURRENT YEAR (2013-14)		PREVIOUS YEAR (2012-13)	
1	Tablets	357	Nos	391	Nos
2	Capsules	19	Nos	55	Nos
3	Liquids	3	Bottles	2	Bottles

## B. TECHNOLOGY ABSORPTION

During the year under review, the Company's R&D Units at Unit II & Unit IV located at Gummidipoondi Taluk, Tamilnadu, has been certified by the Department of Scientific & Industrial Research (DSIR).

Specific areas in which R&D is carried out by the Company and the benefits derived out of the same and also the future plan of actions is as detailed below:-

### RESEARCH AND DEVELOPMENT (R&D)

#### 1. Specific areas in which R&D is carried out by the Company

- Formulation development and analytical development of injectables and ophthalmics for Rest of the World and Regulated market.
- Support to production in transferring the technology from R&D to shop floor.
- Support to QC in transferring the analytical methods.
- Support to regulatory department in compiling documents required for dossier submission.
- Giving technical support in implementation of QMS

#### 2. Benefits derived as a result of the R&D

Caplin has always made continuous investment in R&D. Because of these investments in R&D, the organization was able to increase product registrations across many countries. The following are the benefits derived as a result of R & D:-

##### Analytical R&D

- Established and deployed analytical method lifecycle management policies in line with the product development strategy defined by the Management.
- Providing analytical support during manufacturing process design, optimization, validation and transfer.
- Collaborate with Formulation Development, Regulatory Affairs and Quality to define drug product quality attributes, testing methods, stability profiles, product performance attributes and release and in-process specifications.

##### Formulation R&D

- Product Development Activities:
- Procurement of brand products, literature and patent search, evaluation of active and inactive ingredients, ordering raw materials,
- Deformulation of brand products, laboratory formulation to match brand, selection of packaging components, stability studies,
- Optimization of process parameters for scale-up, scale-up from lab prototypes to pilot and commercial scales,
- Evaluation and procurement of laboratory, pilot plant and manufacturing equipment as needed, process validation,
- Manufacture of R&D, Clinical and Exhibit batches, developing specifications, trouble-shooting for scale-up, technical transfer, etc.

#### 3. Future Plan of Action

Commercialisation of new products for which the products are under trials at development stage. R&D is working on various formulations identified after a thorough study of the market. These include Antifungals, Antibacterials, Antiasthmatics, Antidiabetic products, Antiaging, Antiinflammatory, Antihyperlipidemic, Antiosteoporosis and Antiemetic products, Antihypertensive molecules, Nutraceuticals.

## 4. Expenditure on R&D

(Rs. In Lacs)

Sl. No	Particulars	2013-14	2012-13
1	Capital Expenditure	24.91	307.53
2	Revenue Expenditure	208.00	36.71
	<b>Total</b>	<b>232.91</b>	<b>344.24</b>

## 5. Technology Absorption, Adoption and Innovation

Efforts in brief towards technology absorption, adoption and innovation:

Our efforts in the area of technology absorption, adoption and innovation are based on our own efforts in R&D. They include improvement in yield and quality, efficacy, improvement of processes and development of new processes with validation studies.

Benefits derived are introduction of new products, improvement in the yield and quality, safety & efficacy of products, cost reduction of products and processes without affecting the quality of the products and process efficacy. Our R&D Centre is recognised by D.S.I.R., Ministry of Science and Technology, Government of India.

Information regarding technology imported during the last five years – Nil.

## C. Foreign Exchange Earnings and outgo

During the year foreign exchange earnings were Rs. 15101.57 Lacs (Previous Year Rs. 10846.68 Lacs) as against the outgo of Rs. 5980.68 Lacs (Previous Year Rs. 4965.73 Lacs)

For and on behalf of the Board of Directors  
For Caplin Point Laboratories Limited

##### Registered Office:

“Narbavi” No.3, Lakshmanan Street,  
T Nagar, Chennai – 600 017

Date: November 12, 2014

M Jayapal  
Managing Director  
(DIN:-01869677)

Dr. Sridhar Ganesan  
Whole Time Director  
(DIN:- 06819026)

D P Mishra  
Whole Time Director  
(DIN:-02032818)

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL ENVIRONMENT

The world economy continued to experience subdued growth during the year under review. Global recession resulting in financial crisis creates a difficult environment to make remedial monetary and financial actions. The World Bank outlook for developing countries is 5% growth in 2014, which is the same as that of the previous two years, which makes it a challenging post-crisis global economic environment



### INDIA IN GLOBAL PHARMA SCENARIO

India has over 10,500 manufacturing units and over 3,000 pharmaceutical companies exporting all forms of pharmaceuticals from APIs to formulations, both in modern medicine and traditional Indian medicines. Globally, India ranks among the top exporters of formulations by volume. As per 'Pharma Vision 2020', the Government of India aims to make India a global leader in end-to-end drug manufacturing, leveraging on the fact that cost of production in India is approximately 35% to 40% lower than in the developed countries.

The world pharmaceutical market is estimated to have grown by around 2.5% in 2013. While average revenue growth in developed markets was only 0.36%; in emerging markets the growth was about 10.7%. As per Organization of Pharmaceutical Producers of India (OPPI), the Indian pharmaceutical sector is the third-largest producer in the world in terms of volume and fourteenth in terms of value. The sector accounts for around 1.5% share of the total global pharmaceutical production by value. India's pharmaceutical exports stood at US\$ 14.84 bn in FY 2013-14.



According to a report by India Ratings & Research Pharmaceutical, exports from India will be more than the size of the domestic sales by FY 2015. India provides generic medicines to almost 200 countries and the Indian generics market is expected to grow to US\$ 26.1 bn by 2016 from US\$ 11.3 bn in 2011. (Source: India Brand Equity Foundation, Ministry of Commerce & Industry, Government of India, June, 2014)

In terms of region-wise growth, the pharmaceutical market of sub-Saharan Africa (+11.4% CAGR) will expand the fastest, followed by Latin America (7.6% CAGR), Asia Pacific (7.0% CAGR), Middle East and North Africa (6.8% CAGR), Central and Eastern Europe (4.0% CAGR) and North America (0.6% CAGR). Western Europe's pharmaceutical market will meanwhile contract over the next five years (-2.0% CAGR)

The global pharmaceutical market is marked by greater cost pressures and regulatory compliance norms that reflects an increased demand for value from both regulators and consumers. From a global perspective, compared to other industries over the past two years, the pharmaceutical industry across the world remained less impacted by the global economic uncertainty in certain parts of the world; yet, it would be appropriate to say that the industry is facing pressure from increasing costs and overwhelmed health systems across the world. One of the important trends that are being witnessed is the change in regulatory environment in developed and developing countries. The developing countries are rapidly changing guidelines to bring them on par with the developed countries' regulatory framework, which in turn are also constantly upgrading their own framework. The increased scrutiny from regulators will enable enhanced commitment to quality from the industry.

In fact, the rising global demand for generic drugs is also playing an important role in development of India as a hub for generic drug manufacturing. India holds over 10% share in the global pharma production with over 60,000 generic brands across 60 therapeutic categories and manufacturing over 400 different active pharmaceutical ingredients (APIs). There is no doubt on the growth potential of the Indian pharma industry.

### COMPANY PERSPECTIVE

The strong presence that the Company has built in Latin American and African markets and its increasing focus on other markets makes it favorably positioned to capitalize on the above forecasted growth. Specifically, this will allow the Company to increase the awareness of current products and accelerate the launch of new products. The above facts also highlight the significant pharmaceutical expertise available in India, where the Company can continue to expand its research and development and manufacturing operations to adequately cater to growth opportunities.



Whether it was going for IPO as early as 1994, or setting up distribution networks in countries that are thousands of miles away, or setting up a successful outsourcing model of manufacturing internationally, the Company has always been about the road less traveled and that has made all the difference.

The Company has shown a CAGR of 20-25% consistently and will strive for the same to continue in the coming years. With the advent into the regulated space, the hope is to improve on that rate even more.

### UNIQUE FEATURES

- One of the top 10 Indian pharma companies in Latin America, a position that has been strengthened over the last decade.
- Holding over 1400 product registrations with another 400 in the pipeline. The first Indian company to hold this quantum of product registrations in the region.



- For a company dealing predominantly with generics, Caplin works only on a unique distribution model which keeps the cash flow very comfortable.
- Caplin supplies over 250 products across 15 dosage forms and also another 300 products from the medical disposables and devices segment. And all of this is under the Caplin banner. These are being supplied at affordable prices that make Caplin extremely competitive. The Company has placed the greatest emphasis on the quality of the products, which is an important reason why Caplin has sustained so many years.
- Caplin has 3 state of the art manufacturing units at India and another dedicated FR&D facility that contributes to around 55%-60% of the products exported.
- The Company has established a strong presence in countries such as Guatemala, Nicaragua, Honduras, El Salvador and Dominican Republic in Latin America and Caribbean and Angola in Africa. The Company has also started to reap the rewards from brand marketing that setup in francophone African countries in the late nineties. In the next couple of years, the Company will be expanding into Venezuela, Panama, Costa Rica, Ecuador and Paraguay from the semi-regulated markets. Caplin has already completed registration of a substantial number of products in some of the countries mentioned above.
- The Company has very little debt and the top and bottom line has shown consistent growth over the last decade. The Company's benchmark receivables and cash flow is unique among peers of the same size.
- The Company has created good shareholder wealth over the last 5 years with constant dividends and will always strive to create further wealth to all shareholders.

### ENTRY INTO REGULATED MARKETS

The Company's impending entry into the Regulated markets has been a source of excitement for all stakeholders.

- The Company has completed the construction and commercialization of a state of the art injectable unit at a cost of \$15 million
- The company is able to supply injectables in vials, ampoules and lyophilized vials and also ophthalmic formulations from this unit.
- The company is expecting EU-GMP inspection within early 2015 and Brazil's ANVISA inspection by May 2015. ANDA filings can be expected by end of 2015.



Caplin has assembled a large team with extensive experience in International and Indian MNCs who will be managing these units. The Company has also employed the services of the best-in-class consultants to be up to date on the design, compliance and efficiency areas. While the Company continues to focus on the performances, it also places special emphasis on strengthening the systems, processes and controls.



INTERNAL CONTROL SYSTEMS AND ADEQUACY



The Company has adopted strong and automated internal business controls and a process framework that is not only adequate for its current size of operations but can effectively support increases in growth and complexity across the business operations. Internal Auditors submit reports and updates to the Audit Committee of the Board, which conducts frequent reviews and provides direction and operational guidance on new processes to be implemented to further enhance efficiencies within the Company. The Company is in the process of implementing an ERP along with various business controls, which would have automated internal control systems to identify errors and also provide better MIS.

HUMAN RESOURCES

Capability Building, Talent Management and Employee Engagement remain the key focus of the company's Human Resource strategy. The Company has continued to build on its capabilities in getting the right talent to support the different areas in which it does business. These are backed by robust management training schemes, hiring of key management personnel, and on the job training. The human resource plays an important and vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relationships with all employees.



STRENGTH

- The Company has an active front-end presence, which includes marketing and distribution in Latin America.
- The Company has created a State of the Art Sterile facility by investing Rs. 90 Crores, with a borrowal of just Rs. 4 Crores.
- The Company has started Commercial production in the Sterile facility for South American markets.
- The Company is ready with exhibit batches for major regulated markets.
- The Company has increased the dividend over a period of 5 years from 10% to 40% as of now.
- The Company has no working capital borrowings.
- Brief reflection of the increase in cash generation during the year under review:-  
The Company has efficiently increased its deposits from Rs. 11.79 Crores (PY 2012-13) to Rs. 21.74 Crores (FY 2013-14), even after making an investment of Rs. 46.50 Crores in Capex. Hence, SANGUINE ON GROWTH MOMENTUM.



WEAKNESS

- Attracting and retaining talents

OPPORTUNITY

- Number of drugs going off-patent in the developed countries offers a big opportunity for the Indian companies to capture this market. Indian producers have the competitive advantage, as they are the lowest cost producers of drugs in the world.
- The opportunities in developed pharma markets are maturing on account of a series of patent expiries and a peak generic penetration reaching around 75%.

- The developing markets have emerged as key growth drivers with emerging economies (Brazil, Russia, China, India, Mexico and South Africa) expected to deliver robust growth on account of rising incomes, increased healthcare access, high out-of-pocket spending, growing government generics focus and a preference for branded generics.
- Being the low cost producer combined with FDA approved plants; Indian companies can become a global outsourcing hub for pharmaceutical products.
- Shortage of injectables in US market is one of the big opportunities for companies that are into sterile facilities. Caplin is one among the few with sterile facility for Regulated markets.

THREATS AND CHALLENGES

- The continuously evolving regulatory landscape represents the biggest challenge for all pharmaceutical companies. Attracting and retaining talent and data integrity is the order of the day for any US FDA Compliant facility, which is a big challenge for all emerging companies.
- Entry barrier to Regulated Markets such as US & EUROPE are high.



RISK MANAGEMENT

Risk management system plays a key role in directing the Company's activities within the desired parameters. Risk management is an integral part of the Company's plans, business strategies, monitoring systems and results.

The Audit Committee and Executive Directors monitor the effectiveness of the internal control framework. Internal Auditors of the Company, conducts an independent assessment of our risk mitigating measures and provides suggestions for improvement from time to time.

COMMITMENT TO QUALITY

The Company has always given importance to the quality of products. Some of the measures carried out by the Company in this regard are as follows:-

- Independent Corporate Quality Unit (CQA) reporting to the Board.
- Three levels of testing before market launch.
- The Quality Management system at CPLL Unit 4 is on the lines of ICH and international regulatory guidelines.
- Voluntary Quality Control laboratory at a Country of Operation (Central America – Guatemala).



FUTURE PROSPECTS

- Entry into US market is a dream destination for any Indian Company where Caplin is no exception.
- Manufacture to last mile being the order of the day, Caplin will focus on retail chain in Latin America where the Company has maximum registrations.
- The Company's R&D Units at Unit II & Unit IV located at Gummidipoondi Taluk, Tamilnadu, certified by the Department of Scientific & Industrial Research (DSIR), are working on various formulations identified after a thorough study of the market. These include various therapeutic categories.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be considered to be forward looking statements and actual results could differ materially from those expressed or implied. Important factors which could make a significant difference to the Company's operations include trend in the pharmaceutical sector, demand supply conditions, market prices, input component costs and availability, changes in government regulations and tax laws besides other factors such as litigation, over which the Company may not have control.

# CORPORATE GOVERNANCE REPORT

## Company's Philosophy on Corporate Governance

Corporate governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds value to the company and is also beneficial for all stakeholders in the long term.

Caplin Point Laboratories Limited adheres to the prescribed corporate governance practices as per Clause 49 of the Listing Agreement with the Stock Exchanges. Over the years, we have strengthened governance practices. These practices define the way business is conducted and value is generated.

Your Company has adopted a Code of Conduct for Members of the Board and senior management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. A Declaration to this effect, duly signed by the Managing Director & Chief Financial Officer & Company Secretary is annexed to this report.

The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement. In addition, the Company has also adopted certain non-mandatory requirements including constitution of the Nomination & Remuneration Committee. The Managing Director and the Chief Financial Officer & Company Secretary have also certified to the Board the Compliances in accordance with Clause 49 V of the Listing Agreement for the Financial Year ended June 30, 2014, which forms part of this report.

## Board of Directors

The Board currently comprises of nine Directors out of which five Directors are Non-Executive Independent Directors, three are Executive Directors and a Non-Executive Chairman (Promoter). All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under the Clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013.

During the year under review, none of the Directors of the Company was a member of more than 10 Committees and Chairman of more than 5 Committees in companies in which he was a Director. [Committees being, Audit Committee and Stakeholder Relationship Committee (Erstwhile Investors' Grievance Committee)]. Further, all the Directors have made necessary disclosures regarding Directorship in other companies and they do not hold the office of Director in more than twenty companies.

## Board Meetings

During the year under review, four Board Meetings were held on August 16, 2013, November 7, 2013, February 12, 2014 and May 12, 2014. The maximum time-gap between any two consecutive meetings did not exceed 120 days. The composition of the Board, attendance at Board Meetings held during the Financial Year under review and at the last Annual General Meeting, number of directorships, memberships/ chairmanships of the Board and Committees of public companies and their shareholding as on June 30, 2014 in the Company are as follows:-

Name of the Director	Director Identification Number	Category	No. of Board Meetings attended in the year	Attendance at the previous AGM	Directorship (s) <sup>1</sup>		Committee Position(s) <sup>2</sup>		Share Holding	Remuneration/ Sitting Fee Details (in Rs)	
					Chairman	Member	Chairman	Member		Remuneration	Sitting Fee
Mr. C.C. Paarthipan	01218784	Non-Executive, Chairman (Promoter)	4	Present	---	---	---	---	8,14,812	Nil	Nil
Mr. M. Jayapal	01869677	Managing Director	4	Present	---	---	---	2	---	5,88,420	NA
Mr. D.P. Misra	02032818	Whole time Director	3	Absent	---	---	---	2	1,92,000	6,33,360	NA
Dr. Sridhar Ganesan <sup>3</sup>	06819026	Non-Executive, Independent	1	NA	---	---	---	---	---	NA	10,000
Mr. P.T. Baby Thomas	03019018	Non-Executive, Independent	3	Present	---	---	---	---	---	NA	30,000
Mr. V. Thirumalai	03015619	Non-Executive, Independent	4	Present	---	---	2	---	49,963	NA	40,000
Mr. Venkat Radhakrishnan	03451231	Non-Executive, Independent	0	Present	---	---	---	---	---	NA	0
Late Mr. R.Vijay Venkatraman <sup>4</sup>	03584925	Non-Executive, Independent	3	Present	---	---	---	2	---	NA	30,000
Dr. R. Ravichandran <sup>5</sup>	01920603	Non-Executive, Independent	1	NA	---	---	---	---	---	NA	10,000

<sup>1</sup> The Directorships, held by Directors as mentioned above, do not include Directorship in Caplin Point Laboratories Limited, private limited companies, companies registered under Section 25 of the Companies Act, 1956 and foreign companies.

<sup>2</sup> Includes only Audit and Stakeholder Relationship Committees (previously Investor Grievance Committee)

<sup>3</sup> Dr. Sridhar Ganesan was appointed as Additional Director w.e.f 12<sup>th</sup> February, 2014. Two Meetings were held during his tenure for the year under review.

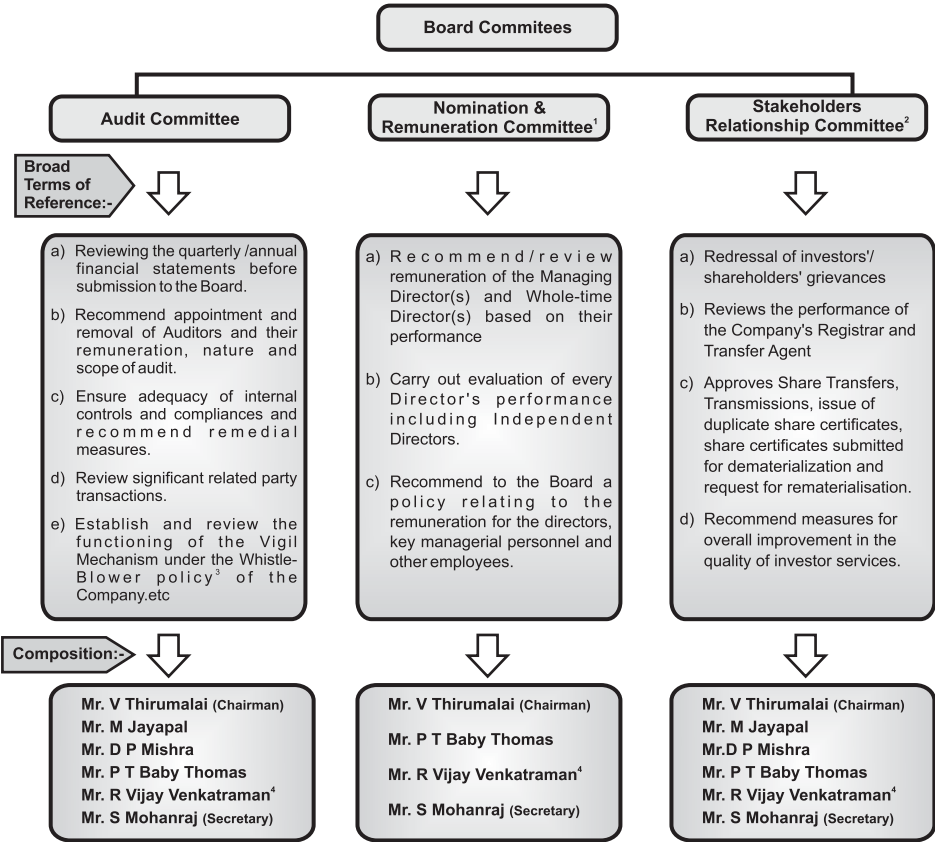
<sup>4</sup> Mr. R. Vijay Venkatraman expired on 19<sup>th</sup> August, 2014.

<sup>5</sup> Dr. R. Ravichandran was appointed as Additional Director w.e.f 12<sup>th</sup> May, 2014. One Meeting was held during his tenure for the year under review.

None of the Directors of the Company are related to each other. Appointments/Cessation effected after the period under review have been mentioned in the Directors Report.

## The Committees of the Board

The details of Committees constituted by the Board with a set of specific terms of reference and other related matters are provided hereunder:-



<sup>1,2</sup> The Nomenclature of the Shareholders'/Investors' Grievance Committee and Remuneration Committee was changed to 'Stakeholders Relationship Committee' and Nomination & Remuneration Committee respectively, in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement w.e.f 12<sup>th</sup> May, 2014.

<sup>3</sup> The Audit Committee recommended the Whistle Blower Policy and the Board approved the same at its meeting held on 25<sup>th</sup> August, 2014 and the said policy has been disclosed in the Company's Website.

<sup>4</sup> Mr. R Vijay Venkatraman expired on 19<sup>th</sup> August, 2014. Dr. R Ravichandran, Independent Director, has been appointed in all the three committees mentioned above, w.e.f 25<sup>th</sup> August, 2014.

Details of the Committee Meetings held & sitting fee paid during the year under review are as below:-

Particulars	Audit Committee*	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Sitting Fee paid
No. of Meetings held	4	1	4	
Dates of the Meetings	16.08.2013 07.11.2013 12.02.2014 12.05.2014	24.03.2014	30.09.2013 20.12.2013 28.03.2014 30.06.2014	
No. of Meetings attended by:-				
Mr. V Thirumalai	4	1	4	
Mr. M Jayapal	4	NA	3	NA
Mr.D P Mishra	3	NA	3	NA
Mr. P T Baby Thomas	3	1	4	30000
Mr. R Vijay Venkatesan	3	1	3	30000

\*The Chairman, Legal Advisors, Statutory Auditors and the Internal Auditors were invitees to the Audit Committee meeting. The Chairman of the Audit Committee, Mr. V. Thirumalai, attended the Annual General Meeting held on 27<sup>th</sup> December, 2013.

#### Remuneration policy

The Remuneration Policy of the Company is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

When determining the remuneration policy and arrangements for Executive Directors/ KMP's, the Nomination & Remuneration Committee considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.

The remuneration paid to Executive Directors as mentioned in this report has been approved by the Board and the details regarding the same are placed at the Annual General Meeting for approval of the shareholders.

No remuneration, other than sitting fees for attending the Board/ Committee meetings were paid to the non-executive Directors, during the year under review.

Total Remuneration/Sitting Fee paid to Directors during the year under review:-

Name of Director	Consolidated Salary	Perquisites and other benefits	Commission	Sitting Fees	Total
Mr.C.C.Paarthipan	-	-	-	-	-
Mr.M.Jayapal	5,88,428	-	-	-	5,88,428
Mr.D.P.Mishra	6,33,360	-	-	-	6,33,360
Dr.Sridhar Ganesan	-	-	-	10,000	10,000
Mr.P.T.Baby Thomas	-	-	-	80,000	80,000
Mr.V.Thirumalai	-	-	-	80,000	80,000
Mr.Venkat Radhakrishnan	-	-	-	-	-
Late Mr. R Vijay Venkatesan	-	-	-	80,000	80,000
Dr.R Ravichandran	-	-	-	10,000	10,000

#### Compliance Certificate from the Practicing Company Secretary

Compliance Certificate from the Practicing Company Secretary confirming the compliance with the conditions of the Corporate Governance as stipulated under Clause 49 of the Listing Agreements, is annexed herewith and forms part of the this Report.

#### General Body Meetings

During the preceding three years, the Company's Annual General Meetings were held at "TAG Centre", No. 69, T. T. K. Road, Alwarpet, Chennai – 600 018. The date and time of Annual General Meetings held during last three years, and the special resolution(s) passed thereat, are as follows:

Year	Date	Time	Special Resolution Passed
2013	27.12.2013 (22 <sup>nd</sup> AGM)	10.00 am	NIL
2012	19.12.2012 (21 <sup>st</sup> AGM)	11.00 am	NIL
2011	29.12.2011 (20 <sup>th</sup> AGM)	11.00 am	YES (One):- For Appointment of Mr.Vivek Siddarth, s/o Mr.C.C.Paarthipan, Chairman & Promoter, as Chief Operating Officer of the Company to hold office of profit u/s 314(1) of the Companies Act, 1956.

No resolutions were passed through Postal Ballot during the year under review and, the Company has not conducted any Extra Ordinary General Meeting during the year under review.

#### Disclosures

- Details of related party transactions entered into by the Company are included in the Notes to Accounts. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 50 of Financial Statements, forming part of the Annual Report.
- The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.
- The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities; their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.
- The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures required under the Regulations.
- The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.



**Investor Grievance Redressal**

All letters received from the investors are replied to, from time to time. The number of complaints received and resolved during the year under review and their break-up are as under:

Particulars	Total Received	Total Disposed	Pending (if any)
Non Receipt of Dividend Warrants	53	53	-
Non Receipt of Securities	13	13	-
Non Receipt of Annual Reports	1	1	-
Complaint From Stock Exchanges/ SEBI	2	2	-

**Investors Services**

- ▷ The Company has designated the following email-id exclusively for investor servicing:- investor@caplinpoint.net
- ▷ The Company's notices, financial results etc are published in 'Financial Express' & 'Maalai Sudar'.
- ▷ The Company has displayed financial results, shareholding pattern, unpaid dividend details, and other required documents from time to time, under the section "Investor" on its website\_ www.caplinpoint.net.
- ▷ All periodical compliance filings like shareholding pattern, corporate governance report, media releases etc are filed electronically on NSE Electronic Application Processing System (NEAPS) and BSE's Listing Centre
- ▷ The Company continues to redress the investor complaints registered in the SEBI Complaints Redress System (SCORES), through which we are uploading the Action Taken Reports (ATRs) and the investors can view online the actions taken on their complaint and its current status.
- ▷ The Company is pleased to provide members, facilitate to exercise their's right to vote at the Twenty Third Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by M/s. Karvy Computershare Private Limited (KCPL), through their website:- <https://evoting.karvy.com>

**Green Initiative**

The Ministry of Corporate Affairs (MCA), Government of India, had taken a "Green initiative in the Corporate Governance" by allowing paperless compliances by the companies. 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.

**Share Transfer System**

Complaints or queries relating to the shares can be forwarded to the Company's Registrar and Transfer Agent M/s. Karvy Computershare Private Limited, with whom the company maintains continuous interaction and takes steps for resolving complaints or queries of the shareholders. The board has delegated powers to approve share transfers to the Shareholders' / Investors' Grievance Committee or the Managing Director and also has authorized the Company Secretary for endorsement of related documents.

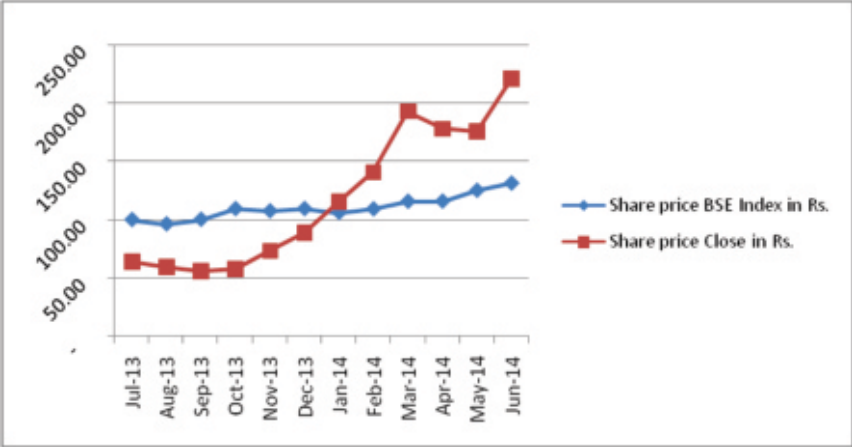
**General Shareholder Information**

The Company is registered in the State of Tamilnadu, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24231TN1990PLC019053.

Twenty Third Annual General Meeting:-			
Day, Date, Time & Venue		Thursday, December 18, 2014 at 11.00 am TAG Centre No. 69, T. T. K. Road, Alwarpet, Chennai – 600 018	
Date of Book Closure		Saturday, 13 <sup>th</sup> December, 2014 to Thursday, 18 <sup>th</sup> December, 2014 (both days inclusive)	
Dividend Payment Date		The Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before 17 <sup>th</sup> January, 2015.	
Financial Calendar:-			
Financial Year		ending June 30	
Results for the Quarter ending:-		(Tentative)	
September 30, 2014		On or before November 15, 2014	
December 31, 2014		On or before February 15, 2015	
March 31, 2015		On or before May 15, 2015	
June 30, 2015 (Annual)		On or before August 30, 2015	
*Listing of Equity Shares:-		Stock Exchange	Trading Symbol/ Stock Code
		National Stock Exchange of India Limited (NSE)	CAPLIPOINT
		Bombay Stock Exchange Limited (BSE)	CAPPL (524742)
		Madras Stock Exchange Limited (MSE)	CAPLNPTLAB
ISIN number in National Securities Depository Limited (NSDL) and the Central Depository Service (India) Limited (CDSL).		INE475E01018	
*The Listing Fee to all the Stock Exchanges and the Custodial Fee to both NSDL & CDSL have been paid upto date.			
Dematerialisation of shares:-		Nearly 85.97% of the Company's shares were held in dematerialised form as on June 30, 2014.	
Particulars	No. of Shareholders	No. of Shares	%
Physical	10670	2118611	14.03
Demat	3780	12991389	85.97
Outstanding GDRs/ADRs:-		The company has not issued any GDR / ADR or any convertible instruments.	

Stock Market Price Data – Bombay Stock Exchange Limited			
Month & Year	High Price (Rs.)	Low Price (Rs.)	Volume (No.)
July, 2013	77.15	48.05	1,47,589
August, 2013	68.60	54.70	61,262
September, 2013	68.00	55.00	74,181
October, 2013	61.05	53.00	31,855
November, 2013	80.90	58.10	1,69,520
December, 2013	95.80	70.50	2,03,615
January, 2014	150.30	82.75	6,22,272
February, 2014	147.95	111.15	3,31,420
March, 2014	193.45	140.25	3,62,961
April, 2014	197.00	185.60	1,96,012
May, 2014	187.05	167.25	1,85,257
June, 2014	221.40	161.20	1,86,824
The equity shares of the Company were listed with National Stock Exchange of India Limited w.e.f 23 <sup>rd</sup> June, 2014. Hence, the NSE stock market data has not been included. No transactions took place in the Madras Stock Exchange during the financial year under review.			

The Performance of the Company's Equity Share Price vis-à-vis Sensex at BSE



Share Holding Pattern as on 30<sup>th</sup> June, 2014.

S.No	Category	No. of Shareholders	No. of Shares	% to Capital
1	Promoters	9	88,70,753	58.71
2	Mutual Funds / UTI	4	11,700	0.08
3	Banks/Indian Financial Institutions	1	700	0.00
4	Private Corporate Bodies	197	2,61,867	1.67
5	Foreign Corporate Bodies	1	46,600	0.30
6	Non Resident Indians	96	1,30,726	0.86
7	Indian Public	14142	87,99,064	38.38
TOTAL		14458	1,51,40,000	100.00

Distribution Schedule as on 30<sup>th</sup> June, 2014

Category (Shares)		Share Holders		Number of Shares	
From	To	Number	%	Number	%
1	500	13603	94.14	1779775	11.78
500	1000	447	3.09	370332	2.45
1001	2000	160	1.11	245034	1.62
2001	3000	79	0.55	206344	1.37
3001	4000	29	0.20	101908	0.67
4001	5000	29	0.20	136255	0.90
5001	10000	51	0.35	374816	2.48
10001	& above	52	0.36	1189536	78.75
TOTAL		14458	100.00	15110000	100.00

Unclaimed Dividend as on 30<sup>th</sup> June, 2014

Financial year to which dividend relates	Dividend unpaid as on 30 <sup>th</sup> June 2014 (in Rs.)	Due date of transfer to IEPF (in Rs.)
2006-07	N/A	N/A
2007-08	N/A	N/A
2008-09	N/A	N/A
2009-10	9,30,346	05.02.2018
2010-11	14,07,403	04.02.2019
2011-12	18,48,422	28.01.2020
2012-13	28,73,860	02.02.2021

As per Section 205A of the Companies Act, 1956 (corresponding Section 124 of the Companies Act, 2013, if applicable), dividends remaining unclaimed for a period of seven years shall be transferred by the Company to the Investor Education and Protection Fund.

Unclaimed Suspense Account

There are no unclaimed physical shares till date in the books of the Company and hence the requirements to provide the details as per Clause 5A are not applicable.

**Plant Locations**

Factory Units		
Unit I	Unit III	Unit IV
85/3, Suthukeny Village, Mannadipet Commune Panchayat, Puducherry - 605 502 e-mail: cp1@caplinpoint.net Phone : 0413-2674046, 2674047, Fax : 0413-2674044	Khasra No.435, Village Suraj Majra, N.H.21, Baddi, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh -173 205 Email : admin.cp3@caplinpoint.net Phone : 01795 - 245771	Gururvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu - 601 201. email : cp4@caplinpoint.net Phone : 044-9788459333
Research & Development Units		
Unit IV	Unit II	
Gururvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp4@caplinpoint.net Phone : 044-9788459333	No.19, Chinnapuliyur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp2@caplinpoint.net Phone : 044-9445391317	
Subsidiary Unit - Argus Salud Pharma LLP		
Khasra No. 380, Village Suraj Majra, N.H. 21, Baddi, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh – 173205. Email : argussalud@gmail.com Phone : 01795 – 244223		
Address for Correspondence		
Particulars	Concerned	Contact Details
For shares held in physical form, investors shall contact the RTA for transfers / Demat / Remat etc	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. URL:www.karvycomputershare.com E-mail: einward.ris@karvy.com.
All other queries and clarifications may be addressed to the Compliance Officer at the Registered Office of the Company	Mr. S Mohan Raj, Chief Financial Officer & Company Secretary, {Compliance Officer}	M/s. Caplin Point Laboratories Limited "Narbavi", No. 3, Lakshmanan Street, T. Nagar, Chennai – 600 017. Phone: 28156653, 28156905 Website: www.caplinpoint.net E-mail: investor@caplinpoint.net
For shares held in Demat form, investors shall address their correspondence to their respective Depository Participants.		

**AFFIRMATION OF COMPLIANCE WITH CODE OF BUSINESS CONDUCT**

To  
**The Members of Caplin Point Laboratories Limited**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the financial year ended June 30, 2014.

**For Caplin Point Laboratories Limited**

Place: Chennai  
 Date: November 12, 2014

**M Jayapal**  
 Managing Director  
 (DIN:- 01869677)

**S Mohan Raj**  
 Chief Financial Officer and  
 Company Secretary

**CEO/CFO CERTIFICATION TO THE BOARD  
 (Under Clause 49(V) of Listing Agreement)**

We, M. Jayapal, Managing Director and S. Mohan Raj, Chief Financial Officer and Company Secretary, responsible for the finance function certify that:

- We have reviewed financial statements and the cash flow statements for the year ended 30<sup>th</sup> June 2014 and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- We accept responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- There has not been significant changes in the internal control over financial reporting during the year;
  - There has not been significant changes in accounting policies during the year; and
  - We are not aware of any instance, during the year, of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Chennai  
 Date : November 12, 2014

**M. Jayapal**  
 Managing Director  
 (DIN:- 01869677)

**S.Mohan Raj**  
 Chief Financial Officer and  
 Company Secretary



# CERTIFICATE OF COMPLIANCE FROM PRACTISING COMPANY SECRETARY UNDER CLAUSE 49 OF LISTING AGREEMENT

To  
The Members  
Caplin Point Laboratories Limited,  
Chennai.

I have examined all relevant records of M/s. Caplin Point Laboratories Limited, having its Registered Office at 'NARBAVI', No.3, Lakshmanan Street, T Nagar, Chennai – 600 017, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with the Madras Stock Exchange Limited, the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the financial year ended June 30, 2014. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with all the mandatory conditions of the Clause 49 of the listing Agreement.

Place : Chennai

Date : November 12, 2014

G Ramachandran  
Company Secretary in Practice  
ACS 9865 CoP 3056

## DIRECTOR'S PROFILE

Directors' Name	DIN	Category	Date of Appointment	Nationality	Age	Qualification	Experience
Mr.C.C.Paarthiban	01218784	Non- Executive Chairman (Promoter)	16/04/1990	Indian	62	Graduate	More than 30 years in the field of Pharmaceutical Industry.
Mr.M.Jayapal	01869877	Managing Director	28/03/2005	Indian	63	Graduate	More than 30 years in the field of Marketing and Human Relations.
Mr.D.P.Mishra	02032818	Whole Time Director	31/01/2008	Indian	59	Post Graduate	More than 30 years in the field of Pharmaceutical Industry.
Dr.Siddhar Ganesan	06819026	Whole Time Director	25/08/2014	Indian	59	Doctorate in Homeopathic Medicines M.S. in Pharmaceuticals	More than 35 years in the field of Pharmaceutical Industry.
Mr.P.T.Baby Thomas	03019018	Non-Executive, Independent	25/05/1994	Indian	61	Graduate	More than 30 years in the field of Administration.
Mr.V.Thirumalai	03015619	Non-Executive, Independent	25/05/1994	Indian	73	Graduate	More than 30 years in the field of Finance and Administration.
Mr.Venkat Radhakrishnan	03451231	Non-Executive, Independent	01/07/2011	Indian	54	Chartered Accountant	More than 30 years of experience in the field of Finance and Administration.
Dr.R.Ravichandran	01920603	Non-Executive, Independent	12/05/2014	Indian	57	Doctorate in Management	More than 35 years of Experience in various corporate sectors.

**CNGSN & Associates,  
Chartered Accountants,**

No. 43, (Old No.22) Swathi Court, Flat C & D  
Vijayaraghava Road, T. Nagar,  
Chennai – 600 017

## **INDEPENDENT AUDITORS' REPORT**

**To**  
**The Members of**  
**M/s. Caplin Point Laboratories Limited.,**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Caplin Point Laboratories Limited., ("the Company"), which comprise the Balance Sheet as at June 30, 2014, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
- c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956" read with circular number 15/2013 as issued on 13<sup>th</sup> September 2013 by Ministry of Corporate Affairs under section 133 of the companies act 2013.
  - e) On the basis of written representations received from the directors as on June 30, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For CNGSN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 4915S**

**B.RAMAKRISHNAN  
Partner  
ICAI Membership No: 201023**

**Place: CHENNAI  
Date: 25/08/2014**

# ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Para 1 under the heading "Report on Other Legal and Regulatory Requirements of our report of even date)

- a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.

b) Fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.

c) In our opinion and according to the information and explanations given to us, the fixed assets disposed off during the year were not substantial and therefore do not affect the going concern concept of the Company.
- a) The Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories, as compared to book records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of accounts.
- The Company has neither granted nor taken any loans secured or unsecured to/from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods.
- a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that Section.

b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts, or arrangements, exceeding the value of Rs. Five lakhs, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for the maintenance of cost records, which is applicable to the Company in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. In our opinion and to the best of our information, the said books and records have been maintained in this regard give the information required by the Companies Act, 1956, in the manner so required.
- a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Income-tax, Sales-tax, Customs duty and any other material statutory dues applicable to it in India.

- b) According to the information and explanations given to us, there were no disputes in respect of Sales Tax, Income Tax, Customs duty or cess other than the items mentioned below and accordingly, the question of deposit of dues in respect of the same does not arise.:

SINo	Name of the statute	Nature of dues	Period to which it relates	Amount Rs. Outstanding Rs. in lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	AY 1995-96, AY 2002-03, AY 2009-10, AY 2010-11 AY 2011-12	182.52	Madras High Court/ Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	Jan- 2005 to July 2005, FY 2005-06	27.26	C&EGAT Tribunal/ Department of Revenue, New Delhi

- The Company has no accumulated losses, as at the end of the year and it has not incurred cash losses in the current and in the immediately preceding financial year.
- According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank / finance Company.
- The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the order is not applicable.
- The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.
- According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.
- In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they have been obtained.
- According to information and explanations given to us and on an overall examination of the Balance Sheet and cash flow statement of the Company, we report that short term borrowed funds are not used for long term investments.
- The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
- The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.
- According to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the management.

For CNGSN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 49155

B.RAMAKRISHNAN  
Partner  
ICAI Membership No: 201023

Place: CHENNAI  
Date: 25/08/2014



Standalone

**CAPLIN POINT LABORATORIES LIMITED**  
**BALANCE SHEET AS AT 30TH JUNE 2014**

Particulars	Note No.	AS AT 30-06-14 (Rs.In Lakhs)	AS AT 30-06-13 (Rs.In Lakhs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	1,511.00	1,511.00
(b) Reserves and surplus	3	4,717.00	2,878.73
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	202.28	345.14
(b) Deferred tax liabilities (Net)	5	753.87	479.46
(c) Long-term provisions	6	80.74	37.83
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	5.00	5.30
(b) Trade Payables	8	2,744.97	2,237.15
(c) Other current liabilities	9	6,573.01	4,714.19
(d) Short-term provisions	10	833.02	592.59
<b>TOTAL</b>		<b>17,420.89</b>	<b>12,801.39</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible Assets		9,994.23	3,081.32
(ii) Intangible Assets		56.37	19.26
(iii) Capital work-in-progress		2,486.91	5,130.75
(iv) Intangible Assets under Development		9.01	9.01
(b) Non-current investments	12	53.94	128.81
(c) Long-term loans and advances	13	349.36	1,065.51
<b>2 Current assets</b>			
(a) Inventories	14	780.52	891.92
(b) Trade receivables	15	1.03	59.82
(c) Cash and cash equivalents	16	2,317.22	1,345.28
(d) Short-term loans and advances	17	1,268.76	1,010.25
(e) Other current assets	18	103.54	59.46
<b>TOTAL</b>		<b>17,420.89</b>	<b>12,801.39</b>

Significant Accounting Policies &amp; Notes forming part of Financial statements

1 to 53

**As per our report of even date attached  
for CNGSN & Associates**

On behalf of the Board

Chartered Accountants

Firm Registration No. 4915 S

**B.Ramakrishnan**  
Partner  
ICAI Membership No. 201023

**C.C. Paarthipan**  
Chairman

**M. Jayapal**  
Managing Director

Place: Chennai  
Date: 25.08.2014

**S. Mohanraj**  
Chief Financial Officer and Company Secretary

Standalone

**CAPLIN POINT LABORATORIES LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30TH JUNE 2014**

Particulars	NOTE No	For the year ended 30-06-14 (Rs. in Lakhs)	For the year ended 30-06-13 (Rs. in Lakhs)
<b>I. INCOME</b>			
(a) Revenue from operations	19	16,639.80	12,267.22
(b) Other income	20	333.72	173.30
<b>Total Revenue</b>		<b>16,973.52</b>	<b>12,440.52</b>
<b>II EXPENSES</b>			
(a) Cost of materials consumed	21	2,460.65	3,064.80
(b) Purchases of Stock-in-Trade		7,581.04	5,273.34
(c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(68.39)	(106.97)
(d) Employee benefits expenses	23	1,237.70	750.39
(e) Finance costs	24	11.84	30.06
(f) Depreciation and Amortisation	25	343.89	145.32
(g) Research and Development Expenses	26	208.00	65.76
(h) Other expenses	27	1,860.85	1,066.02
<b>Total Expenses</b>		<b>13,635.58</b>	<b>10,288.72</b>
<b>III Profit before tax</b>		<b>3,337.94</b>	<b>2,151.80</b>
<b>IV Tax Expense:</b>			
- Current Year - Income Tax		500.00	475.00
- MAT Credit Entitlement		-	8.56
- Deferred tax		274.40	232.32
- Earlier Years		-	5.27
<b>V Profit After Tax for the year</b>		<b>2,563.54</b>	<b>1,430.65</b>
Earnings per equity share:			
Basic / Diluted		16.97	9.47

Significant Accounting Policies &amp; Notes forming part of Financial statements

1 to 53

As per our report of even date attached

for CNGSN &amp; Associates

On behalf of the Board

Chartered Accountants

Firm Registration No. 4915 S

**B.Ramakrishnan**  
Partner

**C.C. Paarthipan**  
Chairman

**M. Jayapal**  
Managing Director

ICAI Membership No. 201023

Place: Chennai  
Date: 25.08.2014

**S. Mohanraj**  
Chief Financial Officer and Company Secretary

Standalone

CAPLIN POINT LABORATORIES LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2014		
Particulars	For the Year Ended 30-06-14 (Rs. in Lakhs)	For the Year Ended 30-06-13 (Rs. in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	3,337.94	2,151.80
Adjustments for:		
Depreciation and Amortisation	343.89	145.32
Diminution in value of investments	(0.23)	-
Interest Income	(210.19)	(169.41)
Interest Expenses	11.84	30.06
Dividend income	(0.53)	(0.52)
	3,482.72	2,157.25
Tax Paid (net of refund )	(500.00)	(488.83)
Operating profit before Working Capital Change	<b>2,982.72</b>	<b>1,668.42</b>
Changes in Working Capital		
(Increase) / Decrease in Inventories	111.40	(330.24)
(Increase) / Decrease in Trade receivables	58.79	668.50
(Increase) / Decrease in Loans & Advances	413.56	223.27
Increase / (Decrease) in Current liabilities & Provisions	1,924.72	1,061.66
<b>Cash from Operating activities</b>	<b>5,491.19</b>	<b>3,291.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / (Outflow)		
(Purchase) / Sale of fixed assets	(4,650.07)	(4,517.34)
Dividend income	0.53	0.52
(Purchase) / Sale of Investments	75.10	(5.03)
Net Cash used in investing activities.	<b>(4,574.44)</b>	<b>(4,521.85)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow / (Outflow)		
Repayment of Short term Borrowings	(0.30)	(515.04)
Interest Income	210.19	169.41
Interest Expense	(11.84)	(30.06)
Increase / (Decrease) in Long Term Bank Borrowings	(142.86)	189.95
Net Cash from financing activities.	<b>55.19</b>	<b>(185.74)</b>
<b>Net Cash Flow during the year (A+B+C)</b>	<b>971.94</b>	<b>(1,415.98)</b>
Cash and Cash Equivalent as at the beginning of the year	1,345.28	2,761.26
<b>Cash and Cash Equivalent as at the close of the year</b>	<b>2,317.22</b>	<b>(1,345.28)</b>
<b>Notes:</b> The above Cash Flow Statement has been prepared under the " Indirect Method" as set out in the Accounting Standard 3 on Cash flow Statements issued by the Institute of Chartered Accountants of India <b>for CNGSN &amp; Associates</b> Chartered Accountants Firm Registration No. 4915 S <b>B.Ramakrishnan</b> Partner ICAI Membership No. 201023 Place : Chennai Date : 25.08.2014 <b>C.C. Paarthipan</b> Chairman <b>M. Jayapal</b> Managing Director <b>S.Mohanraj</b> Chief Financial Officer and Company Secretary <b>On behalf of the Board</b>		

Standalone

## Notes

to the financial statements for the year ended 30th June 2014

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE  
ACCOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2014

## 1. SIGNIFICANT ACCOUNTING POLICIES

## 1.1. Basis of preparation of financial statements

The accounts are prepared on historical costs convention and in accordance with the accounting principles generally accepted in India comprising the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. The Financial Statements are drawn up on accrual basis.

## 2. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses for the year, reported balances of assets and liabilities, and disclosure relating to contingent liabilities as at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

## 3. Revenue Recognition

- Sale of goods is recognized when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods. Gross sales include excise duty but exclude value added tax/sales tax.
- Conversion/Service Income is recognized as per contractual terms.
- Export incentives are recognized in the Statement of Profit and Loss in the year of export.
- Interest incomes are accounted on accrual basis.
- Dividend Income is recognized when the right to receive the dividend is unconditional.

- Fixed assets are stated at original cost of acquisition less depreciation and impairment loss, if any. The actual cost capitalized includes purchase price, freight, installation cost, duties and taxes, and other incidental expenses attributable to bringing the asset to its working condition. In the case of fixed assets acquired for new projects / expansions, finance cost on borrowing and other related expenses upto the date of commercial production incurred towards acquiring fixed assets are capitalized.

## 5. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of an asset. If such recoverable amount of the asset, or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## 6. Depreciation

- Depreciation on Fixed Assets is calculated on Straight Line method at rates prescribed in Schedule XIV of the Companies Act, 1956, on original cost of the asset. Additions to fixed assets costing less than Rs. 5,000/- are fully charged off as depreciation in the year of addition.
- Depreciation on additions / deletions is provided on pro-rata basis to the months of additions / deletions.

## 7. Foreign Currency Transactions

- Foreign currency transactions are translated at exchange rates prevailing on the date of transactions.
- Foreign currency monetary assets and liabilities are reported at the closing rate. Gains and losses arising on account of difference in foreign exchange rates on settlement/translation of Monetary Assets and Liabilities on the closing date are recognized in the statement of Profit and Loss

## 8. Goodwill

Goodwill represents the difference between the purchase price and fair value of the assets and liabilities acquired after considering reserves transferred. Goodwill is being amortized on Straight Line Method over a period of 5 years.

## Notes

to the financial statements for the year ended 30th June 2014

## 9. Inventories

- Inventories are valued at lower of cost or net realizable value.
- Raw materials, Packing materials, stores and spares are valued at cost including duties and taxes, exclusive of modvat credit. The cost is arrived at FIFO basis.
- In respect of finished goods and work in progress cost includes raw materials, packing materials, labour cost and other appropriate allocable overheads.
- Value of closing stock as on 30<sup>th</sup> June 2014 is as certified by the management.

## 10. Retirement benefits

- a. **Defined Contribution Plans**  
Contributions paid/payable under defined contribution plans are recognized in the Statement of Profit and Loss. Contribution plan is for Provident Fund administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.
- b. **Defined Benefit Plans**  
In respect of Gratuity, which is administered through Life Insurance Corporation of India (LIC) contributions determined by LIC based on the actuarial valuation are charged to the Statement of Profit and loss.
- c. **Short-term employment benefits**  
Un-availed leave balances as per the policy of the Company are accounted based on the respective employees' earnings as at the Balance Sheet date.

## 11. Earnings per share

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

## 12. Investments

- a. Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as Long Term Investments.
- b. Current Investments are carried at lower of cost and fair value. The Comparison of cost and fair value is done separately in respect of each category of Investments.
- Non current Investments are carried at cost less any other temporary diminution in value, determined separately, for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist. Any reduction in the carrying amount and any reversal in such reductions are charged or credited to the Statement of Profit and Loss

### 13. Leases

Lease of assets, where the lessor effectively, retains all the risks and rewards of ownership are classified as operating leases. The Company's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements, which are cancellable range between 11 months and 5 years generally, or longer, and are usually renewable by mutual agreement between the lessee and lessor. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

#### 14. Contingent liabilities and Provisions

1. The Company recognizes the Provisions when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
2. Contingent liabilities are disclosed by way of notes in the Balance Sheet.

## 15. Taxes of Income

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in the future.

## 16. Borrowing Costs

Interest and other borrowings costs on specific borrowings relatable to qualifying assets are capitalized up to the date the asset is ready for use/put to use and other interest and borrowing costs are charged to revenue.

17. The Company is operating in one segment viz “pharmaceutical formulations”.

## Notes

## to the financial statements for the year ended 30th June 2014

NOTE 2	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
	SHARE CAPITAL			
	AUTHORISED			
	17,000,000 (Previous Year - 17,000,000) equity shares of Rs.10/- each			
		1,700.00		1,700.00
		1,511.00		1,511.00
		1,511.00		1,511.00

a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year	As at 30-06-14 (in nos.)		As at 30-06-13 (in nos.)	
Number of shares outstanding at the beginning of the year		15,110,000		15,110,000
Add: Number of shares allotted as fully paid up during the year	-	-	-	-
Less : Number of shares bought back during the year	-	-	-	-
Number of shares outstanding at the end of the year	-	15,110,000	-	15,110,000

b) Rights, preference & restrictions attached to shares	
Ordinary shares	100,000,000
Preference shares	100,000,000
Reserves	100,000,000
Liabilities	100,000,000
Total	400,000,000

### Equity Shares

The Company has only one class of equity shares having a par value of 10/- per share. Each shareholder is eligible for one Vote per Share. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim Dividend

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding

**c) Details of shares in the Company held by each shareholder holding more than 5% shares of the Company**

Name of Shareholder	30-06-14		30-06-13	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	2,200,000	14.57%	2,200,000	14.57%
P. Ashok Gorkey	1,810,000	11.99%	1,810,000	11.99%
P. Vivek Siddarth	1,800,000	11.92%	1,800,000	11.92%
P.K. Chellappan	1,353,206	8.96%	1,353,206	8.96%
C.C. Paarthipan	814,812	5.40%	814,812	5.40%
S. Masilamani	802,000	5.31%	802,000	5.31%



# Notes

to the financial statements for the year ended 30th June 2014

NOTE 3	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>RESERVES &amp; SURPLUS</b>				
a) Capital Reserve		68.42		68.42
b) General Reserve				
Opening Balance	379.39		229.39	
Transferred from Statement of Profit & Loss during the year	340.00	719.39	150.00	379.39
c) Investment Allowance Reserve		-		-
d) Revaluation Reserve		373.38		373.38
e) Subsidy		-		-
		<b>1,161.19</b>		<b>821.22</b>
Profit at beginning of the year	2,057.51		1,216.89	
Add : Profit during the year	2,563.54		1,430.65	
<b>Less : Appropriations</b>				
Proposed Dividend	604.40		377.75	
Tax on Proposed Dividend	120.84		64.20	
Transfer from Investment Reserve	-		(1.21)	
Transfer from Subsidy	-		(0.71)	
Transfer to General Reserve	340.00		150.00	
Closing Balance		<b>3,555.81</b>		<b>2,057.51</b>
Total		<b>4,717.00</b>		<b>2,878.73</b>

NOTE 4	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>LONG TERM BORROWINGS*</b>				
Term Loan from Bank	281.23		392.58	
From Others	38.65	319.88	66.52	459.10
Less : Current maturities of long term debt		117.60		113.96
Total		<b>202.28</b>		<b>345.14</b>

\* Obligations under Hire Purchase Finance are secured against relevant fixed assets obtained under Hire Purchase Finance

NOTE 5	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>DEFERRED TAX LIABILITIES (Net)</b>				
a) Deferred Tax Liabilities on account of timing differences		757.36		482.95
b) Deferred Tax Asset on account of timing differences		3.49		3.49
Total		<b>753.87</b>		<b>479.46</b>

# Notes

to the financial statements for the year ended 30th June 2014

NOTE 6	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>LONG TERM PROVISIONS</b>				
(a) Provision for employee benefits				
Provision for Gratuity		80.74		37.83
Total		<b>80.74</b>		<b>37.83</b>

NOTE 7	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>SHORT TERM BORROWINGS</b>				
<b>Loans repayable on demand - From Banks (Secured)</b>				
As Packing Credit		5.00		5.30
Total		<b>5.00</b>		<b>5.30</b>

I) Packing Credit and Other short term borrowings are secured by first charge on Buildings of the Company and hypothecation of Stock in Trade, Receivables, lien on deposits of the Company with the Bank. In addition to the above, the loans are also secured by second charge on Plant and Machineries of the Company, present & future in addition to the personal guarantee by the promoter and few shareholders of the Company.

NOTE 8	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>TRADE PAYABLES</b>				
Trade Payables for Goods and Services		2,744.97		2,237.15
Total		<b>2,744.97</b>		<b>2,237.15</b>

NOTE 9	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>OTHER CURRENT LIABILITIES</b>				
Current maturities of long term debt		117.60		113.96
Statutory Dues payable		17.84		14.85
Advance received from Customers		5,859.11		4,126.16
Sundry Creditors for Capital Goods		512.77		416.66
Unclaimed Dividend		65.69		42.56
Total		<b>6,573.01</b>		<b>4,714.19</b>

NOTE 10	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>SHORT TERM PROVISIONS</b>				
Provision for Employee Benefits		11.81		10.84
Provision for Income Tax (Net of Advance taxes and TDS)		95.97		139.80
Proposed Dividend		604.40		377.75
Tax on Proposed Dividend		120.84		64.20
Total		<b>833.02</b>		<b>592.59</b>

# Notes

to the financial statements for the year ended 30th June 2014

NOTE 12	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>NON CURRENT INVESTMENTS</b>				
<b>Equity Shares - Quoted</b>				
2000 (2000) shares of Karnataka Bank Ltd of Rs. 10/- each fully paid up		2.40		2.40
4800 (4800) shares of Indian Overseas Bank of Rs. 10/- each fully paid up		1.15		1.15
700 (700) shares of Bank of India of Rs. 10/- each fully paid up		0.32		0.32
2000 (2000) shares of Sirpur Paper Mills Limited of Rs. 10/- each fully paid up		2.20		2.20
<b>Equity Shares - Unquoted</b>				
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of Rs. 10/- each fully paid up		0.10		0.10
Nil (1000) shares of May India Property Private Limited of Rs. 10/- each fully paid up		-		0.10
100 (100) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		0.14		0.14
20000 (20000) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		24.00		24.00
6700 (6700) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		5.03		5.03
<b>Other Investments - Quoted</b>				
5000 (5000) units of Franklin India Flex Cap of Rs. 10/- per unit		0.50		0.50
<b>Other Investments - Unquoted</b>				
100000 (100000) units of Axis Bank Equity Fund		10.00		10.00
Argus Salud Pharma LLP	Refer Note 38	9.90		9.90
<b>Optionally Convertible Redeemable Preference Shares</b>				
Nil (750000) shares of May India Property Private Limited of Rs.10/- each fully paid up		-		75.00
		55.74		130.84
Less : Provision for diminution in value of investments		1.80		2.03
<b>Total</b>		<b>53.94</b>		<b>128.81</b>

NOTE 13	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)</b>				
Security Deposits		45.69		101.61
Other Deposits		40.42		31.91
Advances recoverable in cash or kind for the value to be received		57.49		23.70
Advance for Capital expenditure		145.30		847.83
MAT Credit Entitlement		60.46		60.46
<b>Total</b>		<b>349.36</b>		<b>1,065.51</b>

NOTE 14	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>INVENTORIES (As certified by the Management)</b>				
Raw Materials		256.27		437.50
Packing Materials		236.23		234.79
Work-in-progress		166.90		85.01
Finished goods		121.12		134.62
<b>Total</b>		<b>780.52</b>		<b>891.92</b>

Notes to the financial statements for the year ended 30th June 2014

NOTE 11	Particulars	Gross block				Depreciation Reserve				Net Block	
		As at 1/Jul/13	Additions during the Year	Deletions during the Year	As at 30/Jun/14	As at 1/Jul/13	for the Year	deletions	As at 30/Jun/14	As at 30/Jun/14	As at 30/Jun/13
[ A ]	<b>Tangible Assets</b>										
	Land	833.37	2.00	-	835.37	-	-	-	-	835.37	833.37
	Buildings	1,011.28	2,525.16	-	3,536.44	216.03	57.19	-	273.22	3,263.22	795.25
	Plant & Machinery	1,301.59	3,225.98	-	4,526.57	470.36	147.37	-	617.73	3,912.84	831.23
	A/C Plant	65.99	49.77	-	115.76	13.34	4.09	-	17.43	98.33	52.65
	Furniture & Fixtures	146.75	306.44	-	453.19	86.47	25.85	-	112.32	340.87	60.28
	Office Equipments	190.40	154.27	-	344.67	29.60	22.00	-	51.60	293.07	160.90
	Computers	128.95	59.88	-	188.83	74.68	20.52	-	95.20	93.63	54.27
	Electrical Fittings	98.02	489.76	-	587.78	78.88	13.02	-	91.90	495.88	19.14
	Motor Vehicles	301.11	63.92	10.19	354.84	102.25	30.30	7.25	125.30	229.54	198.86
	Tools & Spares	47.44	-	-	47.44	20.36	2.16	-	22.52	24.92	27.08
	Lab Equipments	82.96	370.21	-	453.17	34.57	13.39	-	47.96	405.21	48.39
	Motor Cycle	0.22	1.37	-	1.59	0.22	0.02	-	0.24	1.35	-
	<b>Total Tangible Assets</b>	<b>4,208.08</b>	<b>7,251.76</b>	<b>10.19</b>	<b>11,449.65</b>	<b>1,126.76</b>	<b>335.91</b>	<b>7.25</b>	<b>1,455.42</b>	<b>9,994.23</b>	<b>3,081.32</b>
[ B ]	<b>Intangible Assets</b>										
	Goodwill	584.00	-	-	584.00	584.00	-	-	584.00	-	-
	Computer Softwares	22.69	45.09	-	67.78	3.43	7.98	-	11.41	56.37	19.26
	<b>Total Intangible Assets</b>	<b>606.69</b>	<b>45.09</b>	<b>-</b>	<b>651.78</b>	<b>587.43</b>	<b>7.98</b>	<b>-</b>	<b>595.41</b>	<b>56.37</b>	<b>19.26</b>
	<b>TOTAL ( A + B )</b>	<b>4,814.77</b>	<b>7,296.85</b>	<b>10.19</b>	<b>12,101.43</b>	<b>1,714.19</b>	<b>343.89</b>	<b>7.25</b>	<b>2,050.83</b>	<b>10,050.60</b>	<b>3,100.58</b>
[ C ]	<b>Previous Year</b>	<b>4,156.16</b>	<b>657.02</b>	<b>0.43</b>	<b>4,814.77</b>	<b>1,568.94</b>	<b>145.32</b>	<b>0.07</b>	<b>1,714.19</b>	<b>3,100.58</b>	<b>2,589.22</b>
	<b>Capital Work in Progress</b>										
[ D ]	<b>Pre-operative Expenses</b>										
	<b>Total</b>										
[ E ]	<b>Intangible Assets under Development</b>										
	<b>Total</b>										
[ F ]	<b>TOTAL - WIP (C+D)</b>										
	<b>Total</b>										

# Notes

to the financial statements for the year ended 30th June 2014

NOTE 15	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>TRADE RECEIVABLES (Unsecured and considered good)</b>				
- Over Six Months from the date they are due for payment		-		0.52
- Others		1.03		59.30
<b>Total</b>		<b>1.03</b>		<b>59.82</b>

NOTE 16	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>i) CASH AND CASH EQUIVALENTS</b>				
Cash on Hand		5.80		16.25
<b>Balance with Banks</b>				
- Current accounts		71.58		106.53
- Unpaid Dividend account		65.69		42.56
<b>In Bank Deposit Accounts</b>				
- Bank Deposit accounts (Less than 3 months maturity)		624.72		47.28
- Bank Deposit accounts (maturity more than 3 months but less than 12 months)		1,515.99		1,132.20
- Bank Deposit accounts (maturity more than 12 months)		33.44		0.46
<b>Total</b>		<b>2,317.22</b>		<b>1,345.28</b>

NOTE 17	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>SHORT TERM LOAN &amp; ADVANCES (unsecured and considered good )</b>				
Advances recoverable in cash or kind for the value to be received		577.18		286.19
Export Incentives receivable		210.01		389.18
Deposits with Statutory / Govt. Authorities				
Balance with Excise Authorities		427.12		313.40
Balance with Sales Tax Authorities		54.45		21.48
<b>Total</b>		<b>1,268.76</b>		<b>1,010.25</b>

NOTE 18	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>OTHER CURRENT ASSETS</b>				
Interest Accrued on Deposits		103.54		59.46
<b>Total</b>		<b>103.54</b>		<b>59.46</b>

# Notes

to the financial statements for the year ended 30th June 2014

NOTE 19	For the Year Ended 30-06-14 (Rs. In Lakhs)		For the Year Ended 30-06-13 (Rs. In Lakhs)	
<b>REVENUE FROM OPERATIONS</b>				
Sale of products		15,450.77		11,570.84
<b>Other operating revenues</b>				
Export Incentives		359.81		349.29
Share of Profit from Argus Salud Pharma LLP		833.62		389.05
		16,644.20		12,309.18
Less : Excise Duty		4.40		41.96
<b>Total</b>		<b>16,639.80</b>		<b>12,267.22</b>

NOTE 20	For the Year Ended 30-06-14 (Rs. In Lakhs)		For the Year Ended 30-06-13 (Rs. In Lakhs)	
<b>OTHER INCOME</b>				
Dividend Income		0.53		0.52
Miscellaneous Income		123.00		3.37
Interest Income		210.19		169.41
<b>Total</b>		<b>333.72</b>		<b>173.30</b>

NOTE 21	For the Year Ended 30-06-14 (Rs. In Lakhs)		For the Year Ended 30-06-13 (Rs. In Lakhs)	
<b>COST OF RAW MATERIAL AND PACKING MATERIALS CONSUMED</b>				
Opening Stock		672.28		449.03
Add : Purchases (Net)		2,280.87		3,288.05
Less : Closing Stock		492.50		672.28
<b>Total</b>		<b>2,460.65</b>		<b>3,064.80</b>

NOTE 22	For the Year Ended 30-06-14 (Rs. In Lakhs)		For the Year Ended 30-06-13 (Rs. In Lakhs)	
<b>Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</b>				
Inventories at the end of the year				
Work in Progress		166.90		85.01
Finished Goods		121.12		134.62
	( A )	288.02		219.63
Inventories at the beginning of the year				
Work in Progress		85.01		61.44
Finished Goods		134.62		51.22
	( B )	219.63		112.66
<b>Net (Increase) / Decrease in Inventories (B- A)</b>		(68.39)		(106.97)

# Notes

to the financial statements for the year ended 30th June 2014

<b>NOTE 23</b>	<b>For the Year Ended 30-06-14 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-06-13 (Rs. In Lakhs)</b>
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries,wages, bonus and allowances	1,040.68	645.78
Contribution to Provident and Other funds	82.54	35.88
Staff Welfare Expenses	114.48	68.73
<b>Total</b>	<b>1,237.70</b>	<b>750.39</b>

<b>NOTE 24</b>	<b>For the Year Ended 30-06-14 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-06-13 (Rs. In Lakhs)</b>
<b>FINANCE COSTS</b>		
Interest Expense	11.81	17.06
Interest on Income Tax	0.03	13.00
<b>Total</b>	<b>11.84</b>	<b>30.06</b>

<b>NOTE 25</b>	<b>For the Year Ended 30-06-14 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-06-13 (Rs. In Lakhs)</b>
Depreciation	335.91	143.77
Amortisation of Intangible Assets	7.98	1.55
	<b>343.89</b>	<b>145.32</b>

<b>NOTE 26</b>	<b>For the Year Ended 30-06-14 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-06-13 (Rs. In Lakhs)</b>
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>		
R & D Expenditures	208.00	65.76
	<b>208.00</b>	<b>65.76</b>

<b>NOTE 27</b>	<b>For the Year Ended 30-06-14 (Rs. In Lakhs)</b>	<b>For the Year Ended 30-06-13 (Rs. In Lakhs)</b>
<b>OTHER EXPENSES</b>		
Manufacturing Expenses	359.22	107.71
Power and Fuel	282.95	96.81
Communication Expenses	41.58	31.20
Donations	6.87	5.65
Professional and Consultancy charges	70.75	64.80
Rates & taxes	32.68	23.58
Subscriptions	5.25	3.51
Travelling Expenses	196.83	162.50
Audit Fees	4.40	5.00
Insurance	7.53	4.22
Bad Debts Written off	12.41	2.33
Exchange Fluctuation Loss (Nett)	307.61	218.66
Repairs and Maintenance		
a) Plant and Machinery	38.19	32.74
b) Building	23.20	16.93
c) Others	81.18	41.88
Rent & Amenities	93.38	56.78
Advertisement	7.87	4.46
Freight outwards	19.14	10.99
Bank charges	49.27	43.19
Other Selling Expenses	104.35	67.37
Sundry Expenses	116.19	65.71
	<b>1,860.85</b>	<b>1,066.02</b>

# Notes

to the financial statements for the year ended 30th June 2014

## 28 Capital Commitment

The estimated amount of unexecuted capital contracts (net of advances and deposits) – Rs. 1239.93 Lakhs (Previous Year – Rs 1964.85 Lakhs)

## 29 Contingent Liabilities

a ) Outstanding Bank Guarantee given to the Customs department and others Rs. 36.56 Lakhs (Previous Year - Rs. 21.05 Lakhs)

b ) Outstanding Letters of Credit: Rs.438.29 lakhs (Previous Year – Nil)

## c ) Disputed statutory dues:

SI No	Name of the statute	Nature of dues	2013-14(Rs. In lakhs)	2012-13(Rs. In lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	261.10	221.39	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	27.26	27.26	CEGAT Tribunal/ Department of Revenue, New Delhi
3	Foreign Trade (Development & Regulation) Act 1992	Customs Duty	-	28.05	Joint Director General of Foreign Trade

## 30 Dues to Micro, Small and Medium Enterprises

The Company has not received information from Vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosure relating to amount unpaid as at the year end together with Interest Paid / Payable under this Act have not been given.

## 31 Balances with Scheduled banks in deposit accounts includes:

(a) Other Bank balances for the current year include Rs. 107.66 lakhs earmarked as lien towards Margin for letter of Credit and Bank Guarantee. ( Pr. Yr. Rs. 100 Lakhs)

(b) Retention deposit under lien towards pre shipment credit – Rs. 62.16 Lakhs (Previous year – Rs. 127.20 Lakhs)

## 32 Balance with Non Scheduled banks

Details of balances kept with non-scheduled banks as on balance sheet dates and the maximum balances kept with non-scheduled banks during the year are as follows:

Rs. In Lakhs				
Current Accounts in Foreign Currency	Balances as at		Maximum Balance during the year ended	
	June 30 <sup>th</sup> , 2014	June 30 <sup>th</sup> , 2013	June 30 <sup>th</sup> , 2014	June 30 <sup>th</sup> , 2013
China Citic Bank	5.57	4.44	14.37	10.82

33 The Company had revalued the land, where the factory/office building is situated, during the period ended 30th June 2008 to the extent of Rs 439.36 Lakhs and the gain on the revaluation of land to the extent of Rs 373.38 Lakhs was credited to the Revaluation Reserve.



## Notes

to the financial statements for the year ended 30th June 2014

### 34 Employee Benefits

The following table sets out the status of the gratuity plan as required under AS15 and reconciliation of opening and closing balances of the present value of defined benefit obligation;

Particulars	2013-14 Rs. In Lakhs	2012-13 Rs. In Lakhs
Change in Obligation:		
<b>Obligations at period beginning</b>	<b>37.83</b>	<b>26.62</b>
Service Cost	3.62	13.71
Interest Cost	33.22	2.21
Benefits paid	(3.86)	(9.34)
Actuarial (Gain)/Loss	9.93	4.63
<b>Obligations at period end</b>	<b>80.74</b>	<b>37.83</b>

The above defined obligation liability as at the Balance Sheet date is wholly funded by the company

Particulars	2013-14 Rs. In Lakhs	2012-13 Rs. In Lakhs
Change in Plan Assets:		
<b>Plan Assets at period beginning at Fair value</b>	<b>23.70</b>	<b>16.02</b>
Adjustments made to the fund value	-	-
Contribution made during the year	30.84	8.00
Expected return on plan assets	2.49	1.22
Benefits paid	(3.86)	(9.34)
Actuarial Gain/(Loss)	2.62	7.80
<b>Plan Assets at end of period</b>	<b>55.79</b>	<b>23.70</b>

#### Expenses recognized in Statement of Profit and Loss

Current Service Cost	3.62	13.71
Interest Cost	33.22	2.21
Expected return on plan assets	(2.49)	(1.23)
Net Actuarial (gain)/loss recognized in the year	7.31	(3.16)
<b>Expenses to be recognized in the Statement of Profit and Loss</b>	<b>41.66</b>	<b>11.53</b>

#### Reconciliation of present value of obligation and the fair value of the plan assets

Fair value of plan assets at the end of the period	55.79	23.70
Present value of the defined benefit obligations at the end of the period	80.74	37.83
Liability recognized in the balance sheet	24.95	14.13

Assumptions:	2013-14	2012-13
Discount Rate	8.50%	8.50%
Expected return on plan assets	8.50%	8.50%

The estimates of future salary increases are considered in actuarial valuation taking in to account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

## Notes

to the financial statements for the year ended 30th June 2014

### 35 Salaries & Wages includes remuneration to Managing Director/Director

Rs. In Lakhs

	For the year ended 30-06-14	For the year ended 30-06-13
Salaries	12.03	11.87
Contribution to Provident and other funds	0.19	0.19
<b>Total</b>	<b>12.22</b>	<b>12.06</b>

Excludes contribution to Gratuity Fund as the related amount is not ascertainable in the absence of employee wise break up.

### 36 Operating Leases

The Company has entered into cancellable lease agreements for office facilities. Lease Payments recognised in the Statement of Profit and Loss for the year Rs. 93.38 Lakhs. (Previous year Rs. 56.78 Lakhs). The company has not entered into any non cancellable operating and finance leases

### 37 Research and Development

(Rs. In Lakhs)

Expenditure	For the year ended	
	30-06-14	30-06-13
Capital expenditure included in Fixed Assets	24.91	307.53
Revenue expenditures incurred during the year	208.00	65.76

38 Total Share Capital of Argus Salud Pharma LLP is Rs. 10.00 Lakhs out of which 99% of shares is held by the Company and 1% is held by May India Property Private Limited and their profit sharing ratio is 99% and 1% respectively.

### 39 Particulars of unhedged foreign currency Exposure as at Balance Sheet date

Particulars	2013-14		2012-13	
	USD in Lakhs	Rs. in Lakhs	USD in Lakhs	Rs. in Lakhs
Export Debtors	-	-	0.81	47.77
Creditors and Advance from Customers	120.26	7261.64	83.21	5023.85

Details of forward contract outstanding on account of hedging as at the end of the year: Nil( P. Yr. Nil)

### 40 Auditors' Remuneration comprises of fees: (Excluding Service tax)

Rs. In Lakhs

	For the year ended 30-06-14	For the year ended 30-06-13
For Statutory Audit	4.00	4.00
For Tax Audit	0.34	0.75
For Others	0.06	0.25
<b>Total</b>	<b>4.40</b>	<b>5.00</b>

### 41 CIF Value of Imports

Rs. In Lakhs

	For the year ended 30-06-14	For the year ended 30-06-13
Raw materials , Stock in Trade and Finished Goods	5,667.33	4,282.55
Capital Goods	131.46	505.24

### 42 Earnings in Foreign Exchange (On Accrual basis)

FOB Value of Exports – Rs 15101.57 Lakhs. (Previous Year – Rs. 10846.68 Lakhs)

Notes

to the financial statements for the year ended 30th June 2014

43 Expenditure in Foreign Currency (On Accrual basis)

(a)		Rs. In Lakhs	
		For the year ended 30-06-14	For the year ended 30-06-13
	Traveling Expenses	66.42	77.10
	Salaries	54.37	46.25
	Rent	8.63	7.62
	Other Expenses	49.43	44.40
	<b>Total</b>	<b>178.85</b>	<b>175.37</b>

(b) Dividend payment in foreign currency paid during the year Rs 3.04 Lakhs – PY Rs.2.57 Lakhs

44 Value of consumption of imported and indigenous materials and components

	For the year ended 30-06-14		For the year ended 30-06-13	
	Rs.in Lakhs	%	Rs.in Lakhs	%
Imported	-	-	1.85	0.06%
Indigenous	2,460.65	100%	3062.95	99.94%
<b>Total</b>	<b>2,460.65</b>	<b>100%</b>	<b>3,064.80</b>	<b>100%</b>

45 Purchase of Traded Goods

Category	30-06-14		30-06-13	
Tablets	1,876.45		1,604.06	
Capsules	2,469.21		1,439.42	
Liquids	408.50		262.04	
Injectibles	1,676.68		1,141.19	
Ointments	549.74		308.02	
Others	600.46		518.61	
<b>Total</b>	<b>7,581.04</b>		<b>5,273.34</b>	

46 Sale of Products comprises

Category	Manufactured Goods		Traded Goods	
	30-06-14	30-06-13	30-06-14	30-06-13
Tablets	2,836.02	3,264.18	2,950.03	2,042.37
Capsules	456.83	1,126.18	3,657.78	1,839.05
Liquids	535.48	444.08	611.79	331.11
Injectibles	7.29	-	2,732.95	1,500.05
Ointments	-	-	689.05	378.91
Others	6.83	4.58	962.32	598.37
<b>Total</b>	<b>3,842.45</b>	<b>4,839.02</b>	<b>11,603.92</b>	<b>6,689.86</b>

47 Details of Closing Stock of Finished Goods as at

Category	Manufactured Goods		Traded Goods	
	30-06-14	30-06-13	30-06-14	30-06-13
Tablets	18.70	60.17	25.16	26.13
Capsules	6.26	26.12	6.39	6.88
Liquids	22.75	6.46	11.00	-
Injectibles	-	-	10.18	0.25
Ointments	-	-	-	4.31
Others	0.34	-	20.34	4.30
<b>Total</b>	<b>48.05</b>	<b>92.75</b>	<b>73.07</b>	<b>41.87</b>

Notes

to the financial statements for the year ended 30th June 2014

48 Earnings per share

	For the year ended 30-06-14	For the year ended 30-06-13
Net Profit after tax as per Statement of Profit and Loss (Rs. in Lakhs)	2563.54	1430.65
Weighted average number of equity shares of Rs. 10/- each outstanding during the year (in Nos.)	15,110,000	15,110,000
Earnings per share – Basic & Diluted (in Rs.)	16.97	9.47

49 Amount Due to Investor Education and Protection fund

There are no amounts due and outstanding to be credited to investor education and protection fund.

50 Disclosure in accordance with the Accounting Standard 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India as identified by the company and relied upon by the auditors.

(a) Related parties and nature of relationship

Mr. Vivek Siddharth, – Relative of Chairman  
Argus Salud Pharma LLP – Related Entity

(b) Key management personnel

Mr. M. Jayapal – Managing Director  
Mr. D. P. Mishra – Whole Time Director  
Mr. Vivek Siddharth, – Chief Operating Officer  
Mr. S. Mohanraj – Chief Financial Officer & Company Secretary

(c) Transactions that have taken place during the year with related parties:

Particulars	For the year ended 30 <sup>th</sup> June 2014	For the year ended 30 <sup>th</sup> June 2013
Salary paid to Mr. M.Jayapal, Managing Director	5.88	5.73
Salary paid to Mr. D.P.Mishra	6.33	6.33
Salary paid to Mr. Vivek Siddharth	18.09	18.09
Salary paid to Mr. S. Mohanraj	29.51	10.84
Purchases of finished goods from Argus Salud Pharma LLP	1,215.38	633.82
Sales to Argus Salud Pharma LLP	317.45	424.37
Share of profit in Argus Salud Pharma LLP	833.62	389.05

(d) Outstanding Balances

Particulars	As at 30 <sup>th</sup> June 2014	As at 30 <sup>th</sup> June 2013
Argus Salud Pharma LLP	345.81 Dr	110.97 Dr

51 The Company's factory unit at Baddi in Himachal Pradesh is entitled for exemption under section 80IC of the Income Tax Act and also from Central Excise and Salt Act from the date of commencement of production (24-09-2005).

52 The Company operates in one segment only viz., pharmaceutical formulations.

53 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatories to Notes 1 to 53

As per our report of even date attached

for CNGSN & Associates

Chartered Accountants  
Firm Registration No. 4915 S

B.Ramakrishnan  
Partner  
ICAI Membership No. 201023

C.C. Paarthipan  
Chairman

M. Jayapal  
Managing Director

S. Mohanraj  
Chief Financial Officer & Company Secretary

Place : Chennai  
Date : 25.08.2014

Statement under Section 212 of the Companies Act, 1956 relating to subsidiary Companies

Particulars	Argus Salud Pharma LLP
Date from which they became subsidiary	13-04-2010
Financial year of the subsidiary ended on	31-03-2014
Shares of the subsidiary held by the holding company on the above dates	
1. Number of shares	-
2. Face value	-
3. Extent of holding	99%
Net aggregate Profit/ (Loss) for the current year (in Rs.)	66,801,876
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	66,134,185
2. for the previous financial years of the subsidiary since it became its subsidiary	77,260,597
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is not dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	667,691
2. for the previous financial years of the subsidiary since it became its subsidiary	775,409

Financial details of Subsidiary Companies

Particulars	Argus Salud Pharma LLP as at 31st March 2014 (Rs. in Lakhs)
Current Assets, Loans & Advances	998.65
Net Fixed Assets	174.89
Investment	-
Profit & Loss Account	-
Miscellaneous Expenditure	-
<b>Total Assets</b>	<b>1,173.54</b>
Current Liabilities & Provisions	933.26
Capital	10.00
Current A/c	230.28
Loans	-
Reserve & Surplus	-
Deferred Tax Liability	-
<b>Total Liabilities</b>	<b>1,173.54</b>
Turnover (Including other income)	2,888.80
Provision for Tax	192.45
Profit /(Loss) after Tax	668.02
Proposed Dividend	N/A

Consolidated

CNGSN & Associates,  
Chartered Accountants,

No. 43, (Old No.22) Swathi Court, Flat C & D  
Vijayaraghava Road, T. Nagar,  
Chennai – 600 017

INDEPENDENT AUDITORS' REPORT

To

The Members

M/s. Caplin Point Laboratories Limited.,

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Caplin Point Laboratories Limited ("the Company"), and its controlled entity as at 30<sup>th</sup> June 2014, which comprise the Balance Sheet and the Statement of Profit and Loss and Cash flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including Accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") . This responsibility includes the design implementation and maintenance of Internal Control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's Professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit opinion.

**Opinion**

- a. We report that the Consolidated Financial statements have been prepared by the Company in accordance with the requirements of Accounting standard 21 (Consolidated Financial statements) as notified under the Companies (Accounting standards) Rules, 2006.
- b. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at June 30, 2014;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date;
- (c) In the case of Consolidated Cash Flow Statement, of the Cash flows for the year ended on that date;

**Other Matter**

In the case of controlled entity, the financial statements are audited upto 31<sup>st</sup> March 2014. The unaudited financial information of the Controlled entity for the period 1<sup>st</sup> April 2014 to 30<sup>th</sup> June 2014 has been provided by the management, and our opinion on the consolidated financial statements to the extent they relate to the above period of the controlled entity is based solely on such unaudited financial information furnished to us.

**For CNGSN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 4915S**

**Place: CHENNAI  
Date: 25/08/2014**

**B.RAMAKRISHNAN  
Partner  
ICAI Membership No: 201023**

**CAPLIN POINT LABORATORIES LIMITED  
CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2014**

Particulars	NOTE No.	AS AT 30-06-14 (Rs in Lakhs)	AS AT 30-06-13 (Rs in Lakhs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	1,511.00	1,511.00
(b) Reserves and surplus	3	4,662.86	2,803.24
(c) Minority Interest		17.70	9.28
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	207.19	348.41
(b) Deferred tax liabilities (Net)	5	753.87	479.46
(c) Long-term provisions	6	80.74	37.83
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	5.00	5.30
(b) Trade Payables	8	3,150.45	2,563.65
(c) Other current liabilities	9	6,641.67	5,085.41
(d) Short-term provisions	10	960.49	646.62
<b>TOTAL</b>		<b>17,990.97</b>	<b>13,490.20</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		10,167.35	3,251.28
(ii) Intangible assets		56.37	19.26
(iii) Capital work-in-progress		2,486.93	5,138.93
(iv) Intangible Assets under Development		9.01	9.01
(b) Non-current investments	12	44.04	118.91
(c) Long-term loans and advances	13	366.52	1,083.28
<b>2 Current assets</b>			
(a) Inventories	14	978.95	1,042.45
(b) Trade receivables	15	8.86	85.94
(c) Cash and cash equivalents	16	2,682.44	1,683.81
(d) Short-term loans and advances	17	1,074.98	991.28
(e) Other current assets	18	115.52	66.05
<b>TOTAL</b>		<b>17,990.97</b>	<b>13,490.20</b>

Significant Accounting Policies & Notes forming part of Financial statements **1 to 53**

**As per our report of even date attached  
for CNGSN & Associates  
Chartered Accountants  
Firm Registration No. 4915 S**

**On behalf of the Board**

**B.Ramakrishnan  
Partner  
ICAI Membership No. 201023  
Place: Chennai  
Date: 25.08.2014**

**C.C. Paarthipan  
Chairman**

**M. Jayapal  
Managing Director**

**S. Mohanraj  
Chief Financial Officer and Company Secretary**



Consolidated

**CAPLIN POINT LABORATORIES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30TH JUNE 2014**

Particulars	NOTE No.	For the year ended 30-06-14 (Rs. in Lakhs)	For the year ended 30-06-13 (Rs. in Lakhs)
<b>I. INCOME</b>			
(a) Revenue from operations	19	17,308.89	12,702.83
(b) Other income	20	373.48	210.03
<b>Total Revenue</b>		<b>17,682.37</b>	<b>12,912.86</b>
<b>II EXPENSES</b>			
(a) Cost of materials consumed	21	3,306.15	3,530.90
(b) Purchases of Stock-in-Trade		7,048.34	5,038.48
(c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(95.61)	(124.26)
(d) Employee benefits expenses	23	1,275.68	780.83
(e) Finance costs	24	12.26	30.24
(f) Depreciation and Amortisation	25	353.63	154.02
(g) Research and Development Expenses	26	208.00	65.76
(h) Other expenses	27	2,004.84	1,222.86
<b>Total Expenses</b>		<b>14,113.29</b>	<b>10,698.83</b>
<b>III Profit before tax</b>		3,569.08	2,214.03
<b>IV Tax Expense:</b>			
- Current Year - Income Tax		701.40	565.74
- MAT Credit Entitlement		-	8.56
- Deferred tax		274.40	232.32
- Earlier Years		-	5.27
<b>V Profit After Tax for the year Before Minority Interest</b>		<b>2,593.28</b>	<b>1,402.1</b>
Less: Minority Interest		(8.42)	(3.76)
<b>VI Profit After Tax for the year</b>		<b>2,584.86</b>	<b>1,398.38</b>
Earnings per equity share:			
Basic / Diluted		17.11	9.25

Significant Accounting Policies &amp; Notes forming part of Financial statements

1 to 53

As per our report of even date attached  
for CNGSN & Associates  
Chartered Accountants  
Firm Registration No. 4915 S

On behalf of the Board

**B.Ramakrishnan**  
Partner  
ICAI Membership No. 201023

**C.C. Paarthipan**  
Chairman

**M. Jayapal**  
Managing Director

Place: Chennai  
Date: 25.08.2014

**S. Mohanraj**  
Chief Financial Officer and Company Secretary

Consolidated

**CAPLIN POINT LABORATORIES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2014**

Particulars	For the Year Ended 30/6/2014 (Rs. in Lacs)	For the Year Ended 30/6/2013 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	3,569.08	2,214.03
Adjustments for:		
Depreciation and Amortisation	353.63	154.02
Diminution in value of investments	(0.23)	-
Interest Income	(240.03)	(204.29)
Interest Expenses	12.26	30.24
Dividend income	(0.53)	(0.52)
	3,694.18	2,193.48
Tax Paid (net of refund )	(701.40)	(579.57)
Operating profit before Working Capital Change	2,992.78	1,613.91
Changes in Working Capital		
(Increase) / Decrease in Inventories	63.50	(404.85)
(Increase) / Decrease in Trade receivable	77.08	642.38
(Increase) / Decrease in Loans & Advances	583.58	(121.98)
Increase / (Decrease) in Current liabilities & Provisions	1,774.62	1,465.78
<b>Cash from Operating activities</b>	<b>5,491.56</b>	<b>3,195.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / (Outflow)		
(Purchase) / Sale of fixed assets	(4,654.81)	(4,539.63)
Dividend income	0.53	0.52
(Purchase) / Sale of Investments	75.10	(5.03)
Net Cash used in investing activities.	<b>(4,579.18)</b>	<b>(4,544.14)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Short term Borrowings	(0.30)	(515.02)
Interest Income	240.03	204.29
Interest Expense	(12.26)	(30.24)
Increase / (Decrease) in Bank Borrowings	(141.22)	193.22
Net Cash from financing activities.	<b>86.25</b>	<b>(147.75)</b>
<b>Net Cash Flow during the year (A+B+C)</b>	<b>998.63</b>	<b>(1,496.65)</b>
Cash and Cash Equivalent as at the beginning of the year	1,683.81	3,180.46
<b>Cash and Cash Equivalent as at the close of the year</b>	<b>2,682.44</b>	<b>1,683.81</b>

## Notes:

The above Cash Flow Statement has been prepared under the " Indirect Method" as set out in the Accounting Standard 3 on Cash flow Statements issued by the Institute of Chartered Accountants of India

**for CNGSN & Associates**  
Chartered Accountants  
Firm Registration No. 4915 S

On behalf of the Board

**B.Ramakrishnan**  
Partner  
ICAI Membership No. 201023

**C C Paarthipan**  
Chairman

**M Jayapal**  
Managing Director

Place : Chennai  
Date : 25.08.2014

**S. Mohanraj**  
Chief Financial Officer and Company Secretary

## Notes

to the financial statements for the year ended 30th June 2014

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE  
ACCOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2014

## 1. SIGNIFICANT ACCOUNTING POLICIES

## 1. Basis of preparation of financial statements

The accounts are prepared on historical costs convention and in accordance with the accounting principles generally accepted in India comprising the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. The Financial Statements are drawn up on accrual basis.

## 2. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses for the year, reported balances of assets and liabilities, and disclosure relating to contingent liabilities as at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

## 3. Revenue Recognition

- Sale of goods is recognized when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods. Gross sales include excise duty but exclude value added tax/sales tax.
- Conversion/Service Income is recognized as per contractual terms.
- Export incentives are recognized in the Statement of Profit and Loss in the year of export.
- Interest incomes are accounted on accrual basis.
- Dividend Income is recognized when the right to receive the dividend is unconditional.

- Fixed assets are stated at original cost of acquisition less depreciation and impairment loss, if any. The actual cost capitalized includes purchase price, freight, installation cost, duties and taxes, and other incidental expenses attributable to bringing the asset to its working condition. In the case of fixed assets acquired for new projects / expansions, finance cost on borrowing and other related expenses upto the date of commercial production incurred towards acquiring fixed assets are capitalized.

## 5. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of an asset. If such recoverable amount of the asset, or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## 6. Depreciation

- Depreciation on Fixed Assets is calculated on Straight Line method at rates prescribed in Schedule XIV of the Companies Act, 1956, on original cost of the asset. Additions to fixed assets costing less than Rs. 5,000/- are fully charged off as depreciation in the year of addition.
- Depreciation on additions / deletions is provided on pro-rata basis to the months of additions / deletions.

## 7. Foreign Currency Transactions

- Foreign currency transactions are translated at exchange rates prevailing on the date of transactions.
- Foreign currency monetary assets and liabilities are reported at the closing rate. Gains and losses arising on account of difference in foreign exchange rates on settlement/translation of Monetary Assets and Liabilities on the closing date are recognized in the Statement of Profit and Loss

## 8. Goodwill

Goodwill represents the difference between the purchase price and fair value of the assets and liabilities acquired after considering reserves transferred. Goodwill is being amortized on Straight Line Method over a period of 5 years.

## Notes

to the financial statements for the year ended 30th June 2014

## 9. Inventories

- Inventories are valued at lower of cost or net realizable value.
- Raw materials, Packing materials, stores and spares are valued at cost including duties and taxes, exclusive of modvat credit. The cost is arrived at FIFO basis.
- In respect of finished goods and work in progress cost includes raw materials, packing materials, labour cost and other appropriate allocable overheads.
- Value of closing stock as on 30<sup>th</sup> June 2014 is as certified by the management.

## 10. Retirement benefits

- Defined Contribution Plans  
Contributions paid/payable under defined contribution plans are recognized in the Statement of Profit and Loss. Contribution plan is for Provident Fund administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.
- Defined Benefit Plans  
In respect of Gratuity, which is administered through Life Insurance Corporation of India (LIC) contributions determined by LIC based on the actuarial valuation are charged to the Statement of Profit and loss.
- Short-term employment benefits  
Un-availed leave balances as per the policy of the Company are accounted based on the respective employees' earnings as at the Balance Sheet date.

## 11. Earnings per share

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

## 12. Investments

- Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as Long Term Investments.
- Current Investments are carried at lower of cost and fair value. The Comparison of cost and fair value is done separately in respect of each category of Investments.  
Non current Investments are carried at cost less any other temporary diminution in value, determined separately, for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist. Any reduction in the carrying amount and any reversal in such reductions are charged or credited to the Statement of Profit and Loss

## 13. Leases

Lease of assets, where the lessor effectively, retains all the risks and rewards of ownership are classified as operating leases. The Company's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements, which are cancellable range between 11 months and 5 years generally, or longer, and are usually renewable by mutual agreement between the lessee and lessor. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

## 14. Contingent liabilities and Provisions

- The Company recognizes the Provisions when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- Contingent liabilities are disclosed by way of notes in the Balance Sheet.

## 15. Taxes of Income

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in the future.

## 16. Borrowing Costs

Interest and other borrowings costs on specific borrowings relating to qualifying assets are capitalized up to the date the asset is ready for use/put to use and other interest and borrowing costs are charged to revenue.

- The Company is operating in one segment viz "pharmaceutical formulations".

# Notes

to the financial statements for the year ended 30th June 2014

NOTE 2	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
	SHARE CAPITAL			
	AUTHORISED			
	17,000,000 (Previous Year - 17,000,000) equity shares of Rs.10/- each		1,700.00	
ISSUED, SUBSCRIBED AND PAID UP	15,110,000 (Previous Year - 15,110,000) equity shares of Rs. 10/- each fully paid up		1,511.00	
			1,511.00	
			1,511.00	

a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year	As at 30-06-14 (in nos.)		As at 30-06-13 (in nos.)	
	Number of shares outstanding at the beginning of the year		15,110,000	
	Add: Number of shares allotted as fully paid up during the year		-	
	Less : Number of shares bought back during the year		-	
Number of shares outstanding at the end of the year		-	15,110,000	-

b) Rights, preference & restrictions attached to shares				
Equity Shares				
The Company has only one class of equity shares having a par value of 10/- per share. Each shareholder is eligible for one Vote per Share. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim Dividend				
In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding				

c) Details of shares in the company held by each shareholder holding more than 5% shares of the Company.				
Name of Shareholder	30-06-14		30-06-13	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	2,200,000	14.57%	2,200,000	14.57%
P. Ashok Gorkey	1,810,000	11.99%	1,810,000	11.99%
P. Vivek Siddarth	1,800,000	11.92%	1,800,000	11.92%
P.K. Chellappan	1,353,206	8.96%	1,353,206	8.96%
C.C. Paarthipan	814,812	5.40%	814,812	5.40%
S. Masilamani	802,000	5.31%	802,000	5.31%

# Notes

to the financial statements for the year ended 30th June 2014

NOTE 3	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
	RESERVES & SURPLUS			
	a) Capital Reserve		68.42	
	b) General Reserve		229.42	
Opening Balance	379.42		150.00	
	Transferred from Statement of Profit & Loss during the year		379.42	
	340.00		719.42	
c) Revaluation Reserve			373.38	
			821.22	
Profit at beginning of the year	1982.02		1,173.65	
	Add : Profit during the year		1,398.38	
Less : Appropriations	604.40		377.75	
	Proposed Dividend		64.20	
Tax on Proposed Dividend	120.84		(1.21)	
	Transfer from Investment Allowance Reserve		(0.71)	
Transfer from Subsidy	-		150.00	
	Transfer to General Reserve		340.00	
Closing Balance	3,501.64		1,982.02	
Total	4,662.86		2,803.24	

NOTE 4	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
	LONG TERM BORROWINGS*			
	Term Loan from Bank		392.58	
	From Others		71.75	
Less : Current maturities of long term debt	47.11		121.15	
	121.15		115.92	
Total	207.19		348.41	

\* Obligations under Hire purchase Finance are secured against relevant fixed assets obtained under Hire Purchase Finance

NOTE 5	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
	DEFERRED TAX LIABILITIES (Net)			
	a) Deferred Tax Liabilities on account of timing differences		482.95	
	b) Deferred Tax Asset on account of timing differences		3.49	
Total	753.87		479.46	

Consolidated

# Notes

to the financial statements for the year ended 30th June 2014

NOTE 6	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>LONG TERM PROVISIONS</b>				
(a) Provision for employee benefits				
Provision for Gratuity		80.74		37.83
Total		<b>80.74</b>		<b>37.83</b>

NOTE 7	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>SHORT TERM BORROWINGS</b>				
Loans repayable on demand - From Banks (Secured)				
As Packing Credit		5.00		5.30
Total		<b>5.00</b>		<b>5.30</b>

i) Packing Credit and Other short term borrowings are secured by first charge on Buildings of the Company and hypothecation of Stock in Trade Receivables, lien on deposits of the Company with the Bank. In addition to the above, the loans are also secured by second charge on Plant and Machineries of the Company, present & future in addition to the personal guarantee by the promoter and few shareholders of the Company.

NOTE 8	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>TRADE PAYABLES</b>				
Trade Payables for Goods and Services		3,150.45		2,563.65
Total		<b>3,150.45</b>		<b>2,563.65</b>

NOTE 9	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>OTHER CURRENT LIABILITIES</b>				
Current maturities of long term debt		121.15		115.92
Statutory Dues payable		19.10		15.84
Advance received from Customers		5,928.18		4,493.24
Sundry Creditors for Capital Goods		507.55		417.85
Unclaimed Dividend		65.69		42.56
Total		<b>6641.67</b>		<b>5,085.41</b>

NOTE 10	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>SHORT TERM PROVISIONS</b>				
Provision for Employee Benefits		11.82		10.84
Provision for Income Tax (Net of Advance Taxes and Tax Deducted at Source)		223.43		193.83
Proposed Dividend		604.40		377.75
Tax on Proposed Dividend		120.84		64.20
Total		<b>960.49</b>		<b>646.62</b>

Consolidated

Notes to the financial statements for the year ended 30th June 2014

	Particulars	Gross block		Depreciation Reserve		Net Block	
		As at 1/Jul/13	As at 30/Jun/14	As at 30/Jun/14	As at 30/Jun/14	As at 30/Jun/14	As at 30/Jun/13
NOTE 11 FIXED ASSETS	<b>[ A ] Tangible Assets</b>						
	Land	833.37	833.37	-	-	833.37	833.37
	Buildings	1,048.30	3,581.58	58.56	277.67	3,303.91	828.19
	Plant & Machinery	1,408.98	4,641.27	152.62	635.67	4,005.40	925.73
	A/c Plant	69.81	120.15	4.28	17.91	102.24	55.18
	Furniture & Fixtures	156.85	463.37	26.43	114.03	349.34	68.25
	Office Equipments	183.42	347.68	22.14	52.08	295.60	163.48
	Computers	131.17	191.84	21.00	96.40	95.44	55.77
	Electrical Fittings	117.72	607.50	13.95	95.34	512.16	36.33
	Motor Vehicles	308.07	361.80	30.96	126.18	235.62	205.60
	Tools & Spares	48.73	48.73	2.28	22.82	25.91	28.19
	Lab Equipments	82.90	453.13	13.41	48.12	405.01	48.19
	Motor Cycle	0.22	1.59	0.02	0.24	1.35	-
	<b>Total Tangible Assets</b>	<b>4,399.54</b>	<b>11,654.01</b>	<b>345.65</b>	<b>1,456.66</b>	<b>10,167.35</b>	<b>3,251.28</b>
	<b>[ B ] Intangible Assets</b>						
	Goodwill	584.00	584.00	-	584.00	-	-
	Computer Softwares	22.69	67.78	7.98	11.41	56.37	19.26
	<b>Total Intangible Assets</b>	<b>606.69</b>	<b>651.78</b>	<b>7.98</b>	<b>595.41</b>	<b>56.37</b>	<b>19.26</b>
	<b>TOTAL ( A + B )</b>	<b>5,006.23</b>	<b>12,305.79</b>	<b>353.63</b>	<b>2,052.07</b>	<b>10,223.72</b>	<b>3,270.54</b>
	<b>Previous Year</b>	<b>4,335.54</b>	<b>5,006.23</b>	<b>154.02</b>	<b>1,735.69</b>	<b>3,270.54</b>	<b>2,753.78</b>
	<b>[ C ] Capital Work in Progress</b>						
	Pre-operative Expenses						
	<b>Total ( C )</b>						
	<b>[ D ] Intangible Assets under Development</b>						
	<b>Total ( D )</b>						
<b>Total CWP ( C + D )</b>							



## Notes

to the financial statements for the year ended 30th June 2014

Consolidated

NOTE 12	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>NON CURRENT INVESTMENTS</b>				
<b>Equity Shares - Quoted</b>				
2000 (2000) shares of Karnataka Bank Ltd of Rs. 10/- each fully paid up		2.40		2.40
4800 (4800) shares of Indian Overseas Bank of Rs. 10/- each fully paid up		1.15		1.15
700 (700) shares of Bank of India of Rs. 10/- each fully paid up		0.32		0.32
2000 (2000) shares of Sirpur Paper Mills Limited of Rs. 10/- each fully paid up		2.20		2.20
<b>Equity Shares - Unquoted</b>				
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of Rs. 10/- each fully paid up		0.10		0.10
Nil (1000) shares of May India Property Private Limited of Rs. 10/- each fully paid up		-		0.10
100 (100) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		0.14		0.14
20000 (20000) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up		24.00		24.00
6700 (6700) shares of The Catholic Syrian Bank Ltd of Rs. 75/- each fully paid up		5.03		5.03
<b>Other Investments - Quoted</b>				
5000 (5000) units of Franklin India Flex Cap of Rs. 10/- per unit		0.50		0.50
<b>Other Investments - Unquoted</b>				
100000 (100000) units of Axis Bank Equity Fund		10.00		10.00
<b>Optionally Convertible Redeemable Preference Shares</b>				
Nil (750000) shares of May India Property Private Limited of Rs. 10/- each fully paid up				75.00
		45.84		120.94
Less : Provision for diminution in value of investments		1.80		2.03
<b>Total</b>		<b>44.04</b>		<b>118.91</b>

NOTE 13	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)</b>				
Security Deposits		56.09		112.01
Other Deposits		46.78		38.26
Advances recoverable in cash or kind for the value to be received		57.49		23.70
Advance for Capital expenditure		145.70		848.85
MAT Credit Entitlement		60.46		60.46
<b>Total</b>		<b>366.52</b>		<b>1,083.28</b>

NOTE 14	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>INVENTORIES (As certified by the Management)</b>				
Raw Materials		312.32		480.25
Packing Materials		310.09		301.28
Work-in-progress		206.99		104.96
Finished goods		149.55		155.96
<b>Total</b>		<b>978.95</b>		<b>1,042.45</b>

## Notes

to the financial statements for the year ended 30th June 2014

Consolidated

NOTE 15	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>TRADE RECEIVABLES (Unsecured and considered good)</b>				
- Over Six Months from the date they are due for payment		-		0.52
- Others		8.86		85.42
<b>Total</b>		<b>8.86</b>		<b>85.94</b>

NOTE 16	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>i) CASH AND CASH EQUIVALENTS</b>				
Cash on Hand		11.58		22.65
<b>Balance with Banks</b>				
- Current accounts		143.56		137.91
- Unpaid Dividend account		65.69		42.56
<b>In Bank Deposit Accounts</b>				
- Bank Deposit accounts (Less than 3 months maturity)		624.72		47.28
- Bank Deposit accounts (maturity more than 3 months but less than 12 months)		1,797.40		1,427.01
- Bank Deposit accounts (maturity more than 12 months)		39.48		6.40
<b>Total</b>		<b>2,682.44</b>		<b>1,683.81</b>

NOTE 17	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>SHORT TERM LOAN &amp; ADVANCES (unsecured and considered good )</b>				
Advances recoverable in cash or kind for the value to be received		241.84		181.22
Export Incentives receivable		258.85		429.89
Deposits with Statutory / Govt. Authorities				
Balance with Excise Authorities		503.81		349.76
Balance with Sales Tax Authorities		70.48		30.41
<b>Total</b>		<b>1,074.98</b>		<b>991.28</b>

NOTE 18	As at 30-06-14 (Rs. In Lakhs)		As at 30-06-13 (Rs. In Lakhs)	
<b>OTHER CURRENT ASSETS</b>				
Interest Accrued on Deposits		115.52		66.05
<b>Total</b>		<b>115.52</b>		<b>66.05</b>

## Notes

to the financial statements for the year ended 30th June 2014

Consolidated

<b>NOTE 19</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
<b>REVENUE FROM OPERATIONS</b>		
Sale of products	16,902.45	12,349.87
<b>Other operating revenues</b>		
Export Incentives	410.85	394.92
	17,313.30	12,744.79
Less : Excise Duty	4.41	41.96
<b>Total</b>	<b>17,308.89</b>	<b>12,702.83</b>

<b>NOTE 20</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
<b>OTHER INCOME</b>		
Dividend Income	0.53	0.52
Miscellaneous Income	131.35	5.22
Exchange Fluctuation Income (Net)	1.57	-
Interest Income	240.03	204.29
<b>Total</b>	<b>373.48</b>	<b>210.03</b>

<b>NOTE 21</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
<b>COST OF RAW MATERIAL AND PACKING MATERIALS CONSUMED</b>		
Opening Stock	781.53	500.94
Add : Purchases (Net)	3,147.03	3,811.49
Less Closing Stock	622.41	781.53
<b>Total</b>	<b>3,306.15</b>	<b>3,530.90</b>

<b>NOTE 22</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
<b>Changes in inventories of finished goods work-in-progress and Stock-in- Trade</b>		
Inventories at the end of the year		
Work in Progress	206.99	104.96
Finished Goods	149.54	155.96
( A )	356.53	260.92
Inventories at the beginning of the year		
Work in Progress	104.96	72.63
Finished Goods	155.96	64.03
( B )	260.92	136.66
<b>Net (Increase) / Decrease in Inventories (B- A)</b>	<b>(95.61)</b>	<b>(124.26)</b>

<b>NOTE 23</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries,wages, bonus and allowances	1,068.65	667.25
Contribution to Provident and Other funds	85.62	37.20
Staff Welfare Expenses	121.41	76.38
<b>Total</b>	<b>1,275.68</b>	<b>780.83</b>

## Notes

to the financial statements for the year ended 30th June 2014

Consolidated

<b>NOTE 24</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
<b>FINANCE COSTS</b>		
Interest Expense	12.22	17.24
Interest on Income Tax	0.04	13.00
<b>Total</b>	<b>12.26</b>	<b>30.24</b>

<b>NOTE 25</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
Depreciation	345.65	152.47
Amortisation of Intangible Assets	7.98	1.55
	<b>353.63</b>	<b>154.02</b>

<b>NOTE 26</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>		
Reserch and Development Exps	208.00	65.76
	<b>208.00</b>	<b>65.76</b>

<b>NOTE 27</b>	For the Year Ended 30-06-14 (Rs. In Lakhs)	For the Year Ended 30-06-13 (Rs. In Lakhs)
<b>OTHER EXPENSES</b>		
Manufacturing Expenses	368.95	124.53
Power and Fuel	306.54	111.65
Communication Expenses	43.84	33.13
Donations	7.17	5.71
Professional and Consultancy charges	72.82	66.59
Rates & taxes	34.73	25.20
Subscriptions	5.47	3.79
Travelling Expenses	222.90	171.56
Audit Fees	5.00	5.28
Insurance	8.70	4.53
Bad Debts Written off	12.41	2.33
Exchange Fluctuation Loss (Nett)	307.61	254.53
Repairs and Maintenance		
a) Plant and Machinery	38.19	32.74
b) Building	23.46	18.54
c) Others	102.93	65.29
Rent & Amenities	119.28	77.29
Advertisment	7.87	4.46
Freight outwards	27.38	22.10
Bank charges	56.00	46.83
Other Selling Expenses	111.39	75.74
Sundry Expenses	122.20	71.04
	<b>2,004.84</b>	<b>1,222.86</b>

Notes

to the financial statements for the year ended 30th June 2014

28 Capital Commitment

The estimated amount of unexecuted capital contracts (net of advances and deposits) – Rs. 1239.93 Lakhs (Previous Year – Rs 1964.85 Lakhs)

29 Contingent Liabilities

a) Outstanding Bank Guarantee given to the Customs department and others Rs. 43.81 Lakhs (Previous Year - Rs. 27.71 Lakhs)

b) Outstanding Letters of Credit: Rs. 438.29 lakhs(Previous Year – Nil)

c) Disputed statutory dues:

Sl No	Name of the statute	Nature of dues	2013-14(Rs. In lakhs)	2012-13(Rs. In lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	261.10	221.39	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	27.26	27.26	CEGAT Tribunal/ Department of Revenue, New Delhi
3	Foreign Trade(Development & Regulation) Act 1992	Customs Duty	-	28.05	Joint Director General of Foreign Trade

30 Dues to Micro, Small and Medium Enterprises

The Company has not received information from Vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosure relating to amount unpaid as at the year end together with Interest Paid / Payable under this Act have not been given.

31 Balances with Scheduled banks in deposit accounts includes:

(a) Other Bank balances for the current year include Rs. 115.02 lakhs earmarked as lien towards Margin for letter of Credit and Bank Guarantee.( Pr. Yr. Rs. 106.66 Lakhs)

(b) Retention deposit under lien towards pre shipment credit – Rs.62.16 Lakhs (Previous year – Rs. 127.20 Lakhs).

32 Balance with Non Scheduled banks

Details of balances kept with non-scheduled banks as on balance sheet dates and the maximum balances kept with non-scheduled banks during the year are as follows:

Rs. In Lakhs				
Current Accounts in Foreign Currency:	Balances as at		Maximum Balance during the year ended	
	30-06-14	30-06-13	30-06-14	30-06-13
China Citic Bank	5.57	4.44	14.37	10.82

33 The Company had revalued the land, where the factory/office building is situated, during the period ended 30th June 2008 to the extent of Rs 439.36 Lakhs and the gain on the revaluation of land to the extent of Rs. 373.38 Lakhs was credited to the Revaluation Reserve.

Notes

to the financial statements for the year ended 30th June 2014

34 Employee Benefits

The following table sets out the status of the gratuity plan as required under AS15 and reconciliation of opening and closing balances of the present value of defined benefit obligation;

Particulars	2013-14	2012-13
	Rs.In Lakhs	Rs.In Lakhs
Change in Obligation:		
Obligations at period beginning	37.83	26.62
Service Cost	3.62	13.71
Interest Cost	33.22	2.21
Benefits paid	(3.86)	(9.34)
Actuarial (Gain)/Loss	9.93	4.63
Obligations at period end	80.74	37.83

The above defined obligation liability as at the Balance Sheet date is wholly funded by the company

Particulars	2013-14	2012-13
	Rs.In Lakhs	Rs.In Lakhs
Change in Plan Assets:		
Plan Assets at period beginning at Fair value	23.70	16.02
Adjustments made to the fund value	-	-
Contribution made during the year	30.84	8.00
Expected return on plan assets	2.49	1.22
Benefits paid	(3.86)	(9.34)
Actuarial Gain/(Loss)	2.62	7.80
Plan Assets at end of period	55.79	23.70
Expenses recognized in Statement of Profit and Loss		
Current Service Cost	3.62	13.71
Interest Cost	33.22	2.21
Expected return on plan assets	(2.49)	(1.23)
Net Actuarial (gain)/loss recognized in the year	7.31	(3.16)
Expenses to be recognized in the Statement of Profit and Loss	41.66	11.53
Reconciliation of present value of obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the period	55.79	23.70
Present value of the defined benefit obligations at the end of the period	80.74	37.83
Liability recognized in the balance sheet	24.95	14.13

Assumptions:	2013-14	2012-13
Discount Rate	8.50%	8.50%
Expected return on plan assets	8.50%	8.50%

The estimates of future salary increases are considered in actuarial valuation taking in to account inflation, seniority, promotion and other relevant facts such as supply and demand factors in the employment market.

## Notes

to the financial statements for the year ended 30th June 2014

### 35 Salaries & Wages includes remuneration to Managing Director/Director

Rs. In Lakhs

Particulars	For the year ended 30-06-14	For the year ended 30-06-13
Salaries	12.03	11.87
Contribution to Provident and other funds	0.19	0.19
<b>Total</b>	<b>12.22</b>	<b>12.06</b>

Excludes contribution to Gratuity Fund as the related amount is not ascertainable in the absence of employee wise break up.

### 36 Operating Leases

The Company has entered into cancellable lease agreements for office facilities. Lease Payments recognised in the Statement of Profit and Loss for the year Rs. 119.28 Lakhs. (Previous year Rs. 77.29 Lakhs). The company has not entered into any non cancellable operating and finance

### 37 Research and Development Expenditure

(Rs. In Lakhs)

	For the Year ended	
	30-06-14	30-06-13
Capital expenditure included in Fixed Assets	24.91	307.53
Revenue expenditures incurred during the year	208.00	65.76

38 Total Share Capital of Argus Salud Pharma LLP is Rs. 10.00 Lakhs out of which 99% of shares is held by the Company and 1% is held by May India Property Private Limited and their profit sharing ratio is 99% and 1% respectively.

### 39 Particulars of unhedged foreign currency Exposure as at Balance Sheet date

Particulars	2013-14		2012-13	
	USD in Lakhs	Rs. in Lakhs	USD in Lakhs	Rs. in Lakhs
Export Debtors	0.14	8.73	1.25	73.84
Creditors and Advance from Customers	124.01	7488.04	91.25	5503.62

Details of forward contract outstanding on account of hedging as at the end of the year: Nil( P Yr. Nil)

### 40 Auditors' Remuneration comprises of fees: (Excluding Service tax)

Rs. In Lakhs

	For the year ended 30-06-14	For the year ended 30-06-13
For Statutory Audit	4.50	4.28
For Tax Audit	0.38	0.75
For Others	0.12	0.25
<b>Total</b>	<b>5.00</b>	<b>5.28</b>

### 41 CIF Value of Imports

Rs. In Lakhs

	For the year ended 30-06-14	For the year ended 30-06-13
Raw materials , Stock in Trade and Finished Goods	6,317.31	4,683.60
Capital Goods	131.47	505.24

### 42 Earnings in Foreign Exchange (On Accrual basis)

FOB Value of Exports – Rs 16871.20 Lakhs. (Previous Year – Rs.12018.28 Lakhs)

## Notes

to the financial statements for the year ended 30th June 2014

### 43 Expenditure in Foreign Currency (On Accrual basis)

(Rs. In Lakhs)

Particulars	For the year ended 30-06-14	For the year ended 30-06-13
Traveling Expenses	66.42	77.10
Salaries	54.37	46.25
Rent	8.63	7.62
Other Expenses	49.43	44.40
<b>Total</b>	<b>178.85</b>	<b>175.37</b>

(b) Dividend payment in foreign currency paid during the year :- Rs 3.04 Lakhs ( PY Rs.2.57 Lakhs)

### 44 Value of consumption of imported and indigenous materials and components

Particulars	For the year ended 30-06-14		For the year ended 30-06-13	
	Rs.in Lakhs	%	Rs.in Lakhs	%
Imported	15.52	0.47%	35.14	0.99%
Indigenous	3,290.63	99.53%	3,495.76	99.01%
<b>Total</b>	<b>3,306.15</b>	<b>100%</b>	<b>3,530.90</b>	<b>100%</b>

### 45 Purchase of Traded Goods

(Rs.In Lakhs)

Category	30-06-14	30-06-13
Tablets	1,939.60	1,689.90
Capsules	2,130.39	1,318.10
Liquids	465.57	301.89
Injectibles	1,761.20	1,181.58
Ointments	94.88	11.24
Others	656.70	535.77
<b>Total</b>	<b>7,048.34</b>	<b>5,038.48</b>

### 46 Sale of Products comprises

(Rs. In Lakhs)

Category	Manufactured Goods		Traded Goods	
	30-06-14	30-06-13	30-06-14	30-06-13
Tablets	2,726.54	3,279.51	3,638.88	2,423.92
Capsules	461.75	980.73	4,080.32	2,195.73
Liquids	440.72	318.02	832.72	529.19
Injectibles	7.29	-	2,860.63	1,494.97
Ointments	83.18	70.64	689.05	422.71
Others	8.17	3.00	1,068.79	589.49
<b>Total</b>	<b>3,727.65</b>	<b>4,651.90</b>	<b>13,170.39</b>	<b>7,656.01</b>



# Notes

to the financial statements for the year ended 30th June 2014

## 47 Details of Closing Stock of Finished Goods as at

(Rs. in Lakhs)

Category	Manufactured Goods		Traded Goods	
	30-06-14	30-06-13	30-06-14	30-06-13
Tablets	19.92	71.05	31.07	5.65
Capsules	22.65	54.23	4.87	-
Liquids	22.75	16.50	11.00	-
Injectibles	-	-	10.18	0.25
Ointments	0.34	3.98	10.77	-
Others	16.00	-	-	4.30
<b>Total</b>	<b>81.66</b>	<b>145.76</b>	<b>67.89</b>	<b>10.20</b>

## 48 Earnings per share

	For the year ended 30-06-14	For the year ended 30-06-13
Net Profit after tax as per Statement of Profit and Loss (Rs. in Lakhs)	2584.86	1398.38
Weighted average number of equity shares of Rs. 10/- each outstanding during the year (in Nos.)	15,110,000	15,110,000
Earnings per share – Basic & Diluted (in Rs.)	17.11	9.25

## 49 Amount Due to Investor Education and Protection fund

There are no amounts due and outstanding to be credited to investor education and protection fund.

## 50 Disclosure in accordance with the Accounting Standard 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India as identified by the company and relied upon by the auditors.

### (a) Related parties and nature of relationship

Mr. Vivek Siddharth, – Relative of Chairman  
Argus Salud Pharma LLP – Related Entity

### (b) Key management personnel

Mr. M. Jayapal – Managing Director  
Mr. D. P. Mishra – Whole Time Director  
Mr. Vivek Siddharth, – Chief Operating Officer  
Mr. S. Mohanraj – Chief Financial Officer & Company Secretary

### (c) Transactions that have taken place during the year with related parties:

(Rs. in Lakhs)

Particulars	For the year ended 30-06-14	For the year ended 30-06-13
Salary paid to Mr. M Jayapal,	5.88	5.73
Salary paid to Mr. D.P.Mishra	6.33	6.33
Salary paid to Mr. Vivek Siddharth	18.09	18.09
Salary paid to Mr. S. Mohanraj	29.51	10.84

# Notes

to the financial statements for the year ended 30th June 2014

- The Company's factory unit at Baddi in Himachal Pradesh is entitled for exemption under section 80IC of the Income Tax Act and also from Central Excise and Salt Act from the date of commencement of production(24-09-2005)
- The Company operates in one segment only viz., pharmaceutical formulations.
- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

## Signatories to Notes 1 to 53

As per our report of even date attached

for CNGSN & Associates

Chartered Accountants

Firm Registration No. 4915 S

On behalf of the Board

**B.Ramakrishnan**

**Partner**

ICAI Membership No. 201023

**C.C. Paarthipan**

**Chairman**

**M. Jayapal**

**Managing Director**

**S. Mohanraj**

**Chief Financial Officer &  
Company Secretary**

Place : Chennai

Date : 25.08.2014

FORM FOR ECS MANDATE

To  
M/S. KARVY COMPUTERSHARE PVT LTD.  
Unit: CAPLIN POINT LABORATORIES LIMITED  
7 - 4 Vittal Rao Nagar,  
Madhapur, Hyderabad 500 081A  
Dear Sirs,  
Subject: Payment of Dividend through ECS (ECS Mandate Form) – Caplin Point Laboratories Ltd.  
We hereby give my/our mandate to credit my/our Dividend on the shares held by me/us under the undermentioned Folio number directly to my/our Bank Account through Electronic Clearing Service (ECS). The details of the Bank Account are given below:

Name of 1 <sup>st</sup> Registered holder (In Block Letters)										
Folio / DP ID / Client ID										
Name of the Bank										
Name of the Branch										
Account No. (as appearing on the cheque book)										
Account Type (Savings / Current / Cash / Credit)										
Digit Code Number of the Bank And Branch appearing on the MICR Cheque issued by the Bank										
Please attach a photocopy of a cheque for verifying the accuracy of the MICR code no.										

Date:                      Signature of shareholder



## Our Global Presence



- Registration Completed
- Registration work is in Progress
- ▲ Entry in Regulated Markets