



CAPLIN POINT LABORATORIES LIMITED

**Twentieth Annual Report
2010 - 2011**

CAPLIN POINT LABORATORIES LIMITED

TWENTIETH ANNUAL REPORT

BOARD OF DIRECTORS

Mr.C.C.PAARTHIPAN
Chairman

Mr.M.JAYAPAL
Managing Director

Mr.P.T.BABY THOMAS
Director

Mr.V.THIRUMALAI
Director

Mr. D.P. MISHRA
Director

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

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

AUDITORS

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

COST AUDITOR

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

BANKERS

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

REGISTERED AND CORPORATE OFFICE

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

FACTORY

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

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

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

Unit of the Subsidiary (Argus Salud Pharma LLP)

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

NOTICE

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

Ordinary Business:

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

2. To declare a Dividend

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

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

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

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

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

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

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

Special Business:

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

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

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

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

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

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

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) consent of the Company be and is hereby accorded for re-appointment of Mr. M Jayapal as Managing Director of the Company for a further period of two years effective from 28th March 2011 on the following terms and conditions of remuneration:

a. Salary, Allowances & Perquisites

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

b. General

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

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

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and are hereby authorised severally to take all such actions and give all such directions or do all such acts, matters and things as may be necessary in this regard.

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

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

By order of the Board
For Caplin Point Laboratories Limited

Place: Chennai

Date: 21st November 2011

C.C. Paarthipan
Chairman

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for holding the meeting.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business in Items 6 to 10 of the above Notice is annexed hereto. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days (except Saturdays, Sundays and Public holidays) between 11.00 a.m. to 01.00 p.m. up to the date of the Annual General Meeting.
3. Members are requested to bring their copies of Annual Report to the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th December, 2011 to Thursday, 29th December, 2011 (both days inclusive).
5. The Dividend when declared will be paid to those members, whose names appear in the Register of Members on 29th December, 2011 and in case of shares held in dematerialized form as per the details furnished by NSDL and CDSL. The dividend warrants will be posted on or before 28th January, 2012.
6. Members holding shares in physical forms are requested to notify, any change in their address to the Company / Share Transfer Agents quoting Register Folio number.
7. Members holding shares in electronic form should update their details with their respective Depository Participants.
8. Under Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request) to M/s. Karvy Computershare Private Ltd.
9. Members are requested to fill up the ECS mandate form provided with this report and submit to the Company's Share Transfer Agents (Physical and Electronic) M/s Karvy Computershare Private Ltd at the following address: M/s Karvy Computershare Private Ltd, UNIT: Caplin Point Laboratories Limited, Plot No 17 - 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India, Phone : 91-40-44655000; Fax : 91-40-23420814. E-mail: cinward.ris@karvy.com. URL: www.karvycomputershare.com.

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

ANNEXURE TO THE NOTICE

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

Item No.3

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

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

Directorship	Committee memberships / Chairmanship
NIL	NIL

Item No.4

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

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

Directorship	Committee memberships / Chairmanship
NIL	NIL

Item No.7

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

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

Directorship	Committee memberships / Chairmanship
NIL	NIL

Item No.8

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

Directorship	Committee memberships / Chairmanship
NIL	NIL

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

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

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

Interest of Directors:

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

Item No.7

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

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

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

Interest of Directors:

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

Item No.8

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

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

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

Interest of Directors:

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

Item No.9

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

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

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

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

Interest of the directors

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

Item No.10

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

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

Interest of Directors

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

By order of the Board
For Caplin Point Laboratories Limited

Place: Chennai
Date: 21st November 2011

C.C. Paarthipan
Chairman

Green Initiative

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

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

DIRECTORS' REPORT**To the Shareholders**

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

Financial Performance

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

Key Financial Ratios

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

OPERATIONS & OUTLOOK

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

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

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

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

RESEARCH AND DEVELOPMENT

In order for the Company to improve its processes, product enhancement and newer applications, a dedicated Research and Development team is being set up and towards this end, several senior technical professionals have been appointed and a separate R & D wing in the proposed expansion is under construction and will be in a position to commence its activities during the third quarter of this year.

DIVIDEND

The Board of Directors is pleased to recommend a dividend Rs. 1.50 per Equity Share of Rs. 10 each [15%] for the year ended June 30, 2011 subject to approval of the shareholders in the ensuing Annual General Meeting. The dividend if approved, at the Annual General Meeting will be tax free in the hands of the shareholders. The payment of dividend will entail a cash outflow of Rs. 263.42 Lacs including dividend distribution tax of Rs. 36.77 Lacs.

TRANSFER TO RESERVES

In terms of Companies (Transfer of Profits to Reserves) Rules, 1975, a sum of Rs. 65.36 Lacs was transferred to General Reserves during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry Structure and Development / Opportunity – Threat, Risk & Concerns**

The Company is engaged in the manufacture of Pharmaceutical Formulations and is specifically a manufacturer of generic dosages with significant exposure and direct presence in the overseas markets such as South / Central America and West Africa. Unlike other SME's in the Pharmaceutical sector, your Company has, by virtue of its presence in these underpenetrated markets and on account of being able to sustain its operations and extract higher profits through efficient resource management, managed to carve a niche for itself in the pharmaceutical manufacturing industry. This would, in turn, lead to greater market presence and better profitability in future. However the perils posed by the unpredictable fluctuations in foreign currencies during the present global economic problem present a material threat to the earnings of the Company.

Internal Control Systems and their Adequacy

The Company maintains a system of Internal control, including suitable monitoring procedures. The management duly considers and takes appropriate action on recommendations made by the Statutory Auditors, Internal Auditors and independent Audit Committee of the Board of Directors. Significant issues are also brought to the attention of the Audit Committee.

Outlook for the year 2011-12

The Company's sustained focus on quality of products and effective market strategies coupled with the expansion plans would, very shortly, propel the Company into the select league of niche manufacturers of pharmaceutical formulations catering to the needs of the regulated markets. The resulting outcomes in terms of quality improvement, greater production efficiencies and better recognition in the markets for the Company's products augur well for the future growth of your Company.

Consolidated Financial Statements of Subsidiary

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

Subsidiary

The Company had promoted a Subsidiary Limited Liability Partnership, Argus Salud Pharma LLP at an investment of Rs. 4,95,000 which constitutes 99 per cent of the capital thereof, to manufacture and market pharmaceutical formulations which is now fully operational and yielding profits.

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

However, the statement as required under Section 212 of the Companies Act, 1956 in respect of the Subsidiaries of the Company is annexed and forms part of this Report. The Annual Accounts of the Subsidiary will be made available to any shareholder requiring a copy of the same at any point of time. The Annual Accounts of the Subsidiary will also be kept for inspection by shareholders at its Registered Office.

Cautionary Note

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

DIRECTORS**Re-Appointment**

Shri. V. Thirumalai and Shri. D. P. Mishra, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Appointments

Mr. Venkat Radhakrishnan and Mr. N R Achan were appointed as Additional Directors of the Company effective from 28th June 2011 and 31st October 2011 respectively to hold office upto the date of the ensuing Annual General Meeting.

The Company has received notices in writing along with a deposit of Rs.500/- each from member(s) of the Company under Section 257 of the Companies Act, 1956, proposing the appointment(s) of Messrs. Venkat Radhakrishnan and N R Achan, as Directors of the Company. The Board recommends their appointment for approval of the members.

As required under Clause 49 of the Listing Agreement relating to Corporate Governance, a brief resume, expertise and details of other directorships of Messrs. V Thirumalai, D P Mishra, Venkat Radhakrishnan and N R Achan are provided in the Notice of the ensuing Annual General Meeting.

Re-Appointment of Mr. M. Jayapal as Managing Director

In view of the 3 year tenure of appointment of Mr. M. Jayapal as Managing Director of the Company coming to an end on 27th March 2011, the Board of Directors of the Company had at its meeting held on 21st March 2011 approved the re-appointment of Mr. M. Jayapal as Managing Director of the Company for a further period of 1 year with effect from 28th March 2011 on a remuneration of Rs. 50,500/- p.m.

Subsequently, in partial modification of the earlier resolution, the Board at its meeting held on 21st November 2011, approved the revision of the tenure of appointment of Mr. M. Jayapal as Managing Director of the Company for a period of two years effective from 28th March 2011 on the same terms of remuneration as approved earlier.

Accordingly the ordinary resolution is set out in Item No. 9 of the notice for the consideration and approval of the members.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

FIXED DEPOSITS

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

AUDITORS

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

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

CORPORATE GOVERNANCE

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

INDUSTRIAL RELATIONS

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

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

The information required in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable to this Company, since none of the employees were in receipt of remuneration higher than the limits fixed in the said section.

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

The information required under 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 is given in the Annexure forming part of this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation of the valuable assistance and support extended by its buyers, suppliers, bankers, and corporate and other statutory authorities. Your Directors also wish to place on record their appreciation for the services rendered by the employees at all levels, which gives confidence to plan for greater achievements in the current financial year.

On behalf of the Board

Place: Chennai
Date: 21st November 2011

C.C. Paarthipan
CHAIRMAN

M. Jayapal
MANAGING DIRECTOR

D.P. Mishra
DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

The information as required under Section 217(1) (e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

- Energy Conservation measures taken: NIL
- Additional investments and proposals, if any, being implemented for reduction of steam and energy: NIL
- Impact of the measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Not Applicable
- Total energy consumption and energy per unit of production are given below.

B. DETAILS ON EFFORTS MADE IN TECHNOLOGY ABSORPTION ARE GIVEN BELOW.

A) Research & Development (R & D)

Product Development activities are being implemented to ensure development of many generic and brand formulations.

B) Technology absorption, adaptation and innovation

The Company is continuously looking into best process methods relating to manufacturing to result cost reduction of the final product.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rupees in lacs)	
	Current Year	Previous Year
Foreign Exchange Earnings	6953.00	5106.69
Foreign Exchange Outgo	3625.05	2591.54

D. POWER AND FUEL CONSUMPTION

	Current Year		Previous Year	
	Office	Factory	Office	Factory
1) Electricity				
a) Purchased Units	41830	943620	50510	606398
b) Total Amount (Rs.)	270998	5429285	315477	4522318
c) Rate Per Unit (Rs.)	6.48	5.75	6.25	7.01

Consumption of Electricity
Per unit of Production

	Current Year	Previous Year
a) Tablets	13,041 Nos.	13,041 Nos
b) Capsules	9,447 Nos.	9,447 Nos
c) Ointments	825 Tubes	825 Tubes
d) Liquids	132 bottles	132 bottles
e) Injections	76 Vials / Ampoules	76 Vials / Ampoules

REPORT ON CORPORATE GOVERNANCE

Corporate Governance specifies the principle and manner in which affairs of the Company is directed. It also specifies the manner in which the Company operates under the prevailing law, customary practice, rules and regulations framed by the government and the Company itself. It ensures that the corporate affairs are carried out in the best interest of the Company and its stakeholders.

Company's Philosophy on Code of Corporate Governance

Your Company has implemented and continuously strives to improve the Corporate Governance practices which attempt to enhance shareholder's value, maintain transparency, gain credibility and trust, comply with statutory regulations and maintains steady growth.

1. Board of Directors

(A) Composition and Category of Directors

The Board of Directors of the Company comprised of six members as on 30th June 2011. Subsequently the strength of the Board has increased to seven, with the induction of one more additional Non-Executive Independent Director on 31.10.2011. The present composition of the Board consists of five Non-Executive Independent Directors who are seasoned professionals, with rich and varied experience in business, industry etc, one Executive Director and one Non-Executive promoter Chairman. The composition, category of the Board of Directors and outside Directorships for the year under review is furnished hereunder:

Name of Directors	Category	No. of other Directorships* No. of Membership on other Board Committees**
Shri.C.C.Paarthipan	Non-Executive Chairman	-----
Shri.M.Jayapal	Executive Director	-----
Shri.V.Thirumalai	Non-Executive-Independent Director	-----
Shri.P.T.Baby Thomas	Non-Executive-Independent Director	-----
Shri.D.P.Mishra	Non-Executive-Independent Director	-----
Shri.Venkat Radhakrishnan#	Non-Executive-Independent Director	-----
Shri. N. R. Achan@	Non-Executive-Independent Director	-----

#Appointed as Additional Director w.e.f 28.06.2011

@Appointed as Additional Director w.e.f 31.10.2011

* Excludes Private Companies, Foreign Companies and Section 25 Companies.

**Denotes memberships in Audit Committee and Shareholders/ Investors Grievance Committee

None of the Directors on the Board is a Member in more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director.

The Independent Directors have confirmed that they satisfy the 'criteria of independence' as stipulated in the amended Clause 49 of the Listing Agreement.

Details of Directors seeking appointment / re-appointment

Shri. Venkat Radhakrishnan and Shri. N. R. Achan who were appointed as Additional Directors with effect from 28th June 2011 and 31st October 2011 respectively and designated as Non-Executive Independent Directors will hold office up to the date of the ensuing Annual General Meeting. The Company has received notices pursuant to Section 257 of the Companies Act, 1956 from a member along with deposit of five hundred rupees for each, signifying the intention to move a resolution at the ensuing Annual General Meeting of the Company for the appointment of the above named as Directors of the Company.

Shri. V. Thirumalai and Shri. D. P. Mishra, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Details of each of the above mentioned Directors seeking appointment and re-appointment are separately furnished in the Notice convening Annual General Meeting to be held on 29th December 2011 along with the Annual Report.

Board Meetings held during the year 2010-11

The Board of Directors met 6 (Six) times during the financial year 2010-11 i.e., 31.07.2010, 30.10.2010, 22.11.2010, 31.01.2011, 21.03.2011 and 30.4.2011. The Attendance of Directors at the Board Meetings and last AGM is as follows:

Name of Directors	No. of Board Meetings Attended	Attendance in Last AGM held on 28.12.2010
Shri.C.C.Paarthipan	5	YES
Shri.M.Jayapal	6	YES
Shri.V.Thirumalai	6	YES
Shri.P.T.Baby Thomas	6	NO
Shri.D.P.Mishra	6	NO

Board Committees:**(a) Audit Committee**

The terms of reference of the Committee is in accordance with that specified in Clause 49 of the listing agreement with Stock Exchanges and also conforms to the requirements of Section 292A of the Companies Act, 1956 and the scope of the Audit Committee include matters which are set out in the Listing Agreement with the Stock Exchanges as amended from time to time read with Section 292A of the Companies Act, 1956.

Composition & Meetings

The Committee at present comprises of Three Non – Executive Independent Directors including the Chairman of the Committee and one Executive Director. All the members have good financial knowledge.

Audit Committee Meetings are attended by the Head of Finance and senior management members. The Statutory Auditors are invited to attend the meetings.

During the year under review the Committee met 5 (five) times on 31.07.2010, 30.10.2010, 22.11.2010, 31.01.2011 and 30.04.2011 and the gap between two meetings did not exceed four months. The Composition of the Audit Committee and the attendance of each member at these meetings are given below:-

Sl. No.	Name	Chairman/ Member	No. of meetings Attended
1	Shri.D.P.Mishra	Chairman	5
2	Shri.M.Jayapal	Member	5
3	Shri V Thirumalai	Member	5
4	Shri P T Baby Thomas	Member	5

(b) Remuneration Committee**Objective**

The Committee reviews and determines the Company's policy on managerial remuneration and recommends to the Board on the specific remuneration of Executive Directors, so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance and their remuneration is in line with industry standards.

Terms of Reference

The broad terms of reference to the Remuneration Committee are to recommend to the Board, salary (including annual increments), perquisites and commission/ incentives to be paid to the Company's Managing Director to finalise the perquisites package within the overall ceiling fixed by the Board, to recommend to the Board retirement and other benefits to Managing Director. The Committee also recommends to the Board on any new appointments including re-appointments and the tenure of office, whether of executive or of non – executive Directors.

Composition and Meetings

During the year under review the Committee met once on 21.03.2011. The committee consists of Three Non-Executive Independent Directors including the Chairman of the Committee and one Executive Director. The Composition of the Committee and the attendance of each member at these meetings are as follows:-

Sl. No.	Name	Chairman/ Member	No. of meetings Attended
1	Shri.D.P.Mishra	Chairman	1
2	Shri.M.Jayapal	Member	1
3	Shri V Thirumalai	Member	1
4	Shri P T Baby Thomas	Member	1

Remuneration Policy

The Company while deciding the remuneration package of the senior management takes into consideration the following items:-

- job profile and special skill requirements
- prevailing compensation structure in companies of similar size and in the industry
- remuneration package of comparable managerial talent in other industries.

Remuneration for the Year

All fees /compensation paid to the Executive Directors and Independent Directors are approved by Board of Directors and have shareholders approval.

Details of the remuneration of Non – Executive Directors and Executive Directors for the year ended 30th June 2011 are as follows:-

Non – Executive Directors

Name	Sitting Fees paid for Board and Committee Meetings (Rupees)
Shri C C Paandhipan	NIL
Shri D P Mishra	NIL
Shri P T Baby Thomas	NIL
Shri V Thirumalai	NIL

Executive Directors

Name	Salary/Allowance (Rupees)	Contribution to funds (Rupees)	Value of Perquisites (Rupees)	Incentive Paid (Rupees)
Mr. M. Jayapal	4,69,560	9360	NIL	NIL

Shareholders' / Investors' Grievance Committee

Terms of Reference

The Shareholders / Investors Grievance Committee oversees the Company's relationship with shareholders with regard to share transfer and related matters and also ensures that the shareholders grievances are redressed in time.

Composition & Meetings

The Committee at present consists of three Non Executive Independent Directors and one Executive Director. Shri.D.P.Mishra is the Chairman of the Committee. The Company Secretary is the Compliance Officer of the Company.

During the year ended 30th June 2011, the Committee met four times on 31.07.2010, 30.10.2010, 31.01.2011 and 30.04.2011 to review the shareholders correspondence including the complaints received from the shareholders and their redressal.

The details of the members of the Committee and their attendance at the meetings are given below:-

Sl No.	Name	Chairman/ Member	Number of Meetings attended
1	Shri D P Mishra	Chairman	4
2	Shri M. Jayapal	Member	4
3	Shri V Thirumalai	Member	4
4	Shri P T Baby Thomas	Member	4

The Company has received 43 (Forty three) complaints from shareholders and the same were redressed during the year ended 30th June, 2011.

Code of Conduct

All the members of the Board and senior management personnel have affirmed the compliance with the Company's code of conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report. The Company has also in place a Prevention of Insider Trading Code based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

General Body Meetings

The location and time where the last three Annual General Meetings were held are given below:-

Year	Date	Time	Venue
2010	28.12.2010	11.00 am	TAG Centre No. 89, T. T. K. Road, Alwarpet, Chennai - 600 018
2009	23.12.2009	3.00 pm	Pasumpon Trust (Pasumpon Thevar Mandapam) No.158, Habibullah Road, T.Nagar, Chennai - 600 017.
2008	27.12.2008	10.30 am	Sir P T Thiagarayar Hall (Near Kannadasan Statue), G N Chetty Road, T. Nagar, Chennai - 600 017.

Details of Special Resolutions passed during the last 3 Annual General Meetings

Date of AGM	Whether special resolution was passed	Particulars
28.12.2010	YES	1. Appointment of Mr. Vivek Siddhanta, son of the Chairman Mr. C. C. Paarthipan to office of profit u/s 314(1) of the Companies Act, 1956. 2. Appointment of Mrs. Krishnapriya Mishra, wife of Mr. D. P. Mishra, Director to office of profit u/s 314(1) of the Companies Act, 1956
23.12.2009	NO	NR
27.12.2008	YES	Delisting of Equity Shares from Ahmedabad Stock Exchange and Calcutta Stock Exchange

No resolutions were passed through postal ballot during the year.
As of now there is no proposal for passing any resolutions through postal ballot.

Disclosures

There were no materially significant related party transactions with the promoters, directors or the management, subsidiaries or relatives that have potential conflict with the interests of Company at large.

Periodical disclosures from Senior Management relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.

Transactions with the Related Parties are disclosed in the Annual Accounts in the Annual Report.

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.

During the year under review, the Company has not raised any funds from public issue, rights issue or preferential allotment.

During last three years, there were no strictures or penalties imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

Compliance

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company as well as the steps taken by the Company to rectify instance of non compliance, if any

Compliance with Corporate Governance Norms

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended 30th September 2010, 31st December 2010, 31st March 2011 and 30th June 2011.

CS R. Sridharan, Messrs. R. Sridharan & Associates, Company Secretaries, Chennai have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the exchanges and the Certificate forms part of the Annual Report.

The Company has also adopted the following non -- mandatory requirements:-

1. As detailed in the earlier paragraphs, a Remuneration Committee has been constituted by the Company.
2. All the quarterly financial results are published in the leading newspapers, uploaded in the website and any major developments are covered in the press releases issued by the Company and posted on the Company's website.

Other Non mandatory requirements are yet to be implemented by the Company.

Means of Communication

The Quarterly Unaudited financial results, Annual audited results and other major announcements like notices of board meetings, book closure, dividend declaration notices are normally published in Trinity Mirror (English) and Makkal Kural (Tamil). The financial results and press releases are placed on Company's website i.e., www.caplinpoint.net.

Management Discussion and Analysis.

The Management Discussion and Analysis report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

I. Annual General Meeting

Day & Date	:	Thursday, 29 th December 2011
Time	:	11.00 a.m.
Financial Calendar	:	1 st July 2010 to 30 th June 2011
Date of Book Closure	:	24.12.2011 to 29.12.2011
Listing on Stock Exchanges	:	Madras Stock Exchange Limited Bombay Stock Exchange Limited

<u>Name of the Stock Exchange / Depository</u>	<u>Code /ISIN</u>
Madras Stock Exchange	CAPLNPTLAB
Bombay Stock Exchange Limited	524742
NSDL & CDSL	INE475E01018

Market Price Data

No transactions took place in the Madras Stock Exchange during the financial year under review. Transactions at Bombay Stock Exchange during the year under review are detailed below:

Year	Month	Highest Rate	Lowest Rate
2010-2011	July	21.20	13.80
	August	17.50	12.55
	September	14.90	12.10
	October	12.90	11.60
	November	22.72	11.91
	December	25.70	19.45
	January	23.60	20.00
	February	22.75	17.75
	March	18.65	17.50
	April	20.15	17.75
	May	27.45	20.05
	June	25.95	20.35

Registrar and Share Transfer/Demat Agents

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#91-40-44555000; Fax # 91-40-23420814.
E-mail: einward.ris@karvy.com,
URL: www.karvycomputershare.com.

Share Transfer System

The transfers of Shares and other requests are approved by the Shareholders / Investors Grievance Committee. The Company's share transfer work, both physical and electronic form, is done by M/s Karvy Computershare Private Ltd, UNIT: Caplin Point Laboratories Limited, Plot No 17 - 24, Vital Rao Nagar, Madhapur, Hyderabad - 500 081.

Categories of Shareholding as on 30th June, 2011

Category	Number of Shares	Percentage
Indian Promoter	814812	5.39
Persons acting in Concert	8858621	58.53
Mutual Funds/Financial Institutions	12900	0.09
Private Corporate Bodies	185121	1.23
NRI/OCBs	171000	1.13
Public	5067546	33.53
TOTAL	15110000	100.00

Distribution of Shareholding as on 30th June, 2011

No. of Shares	No. of Shareholders	No. of shares	Percentage
Upto 500	13613	1862454	12.32
501 to 1000	434	365900	2.42
1001 to 2000	151	238600	1.58
2001 to 3000	71	188500	1.25
3001 to 4000	27	94850	0.63
4001 to 5000	26	125377	0.83
5001 to 10000	43	333948	2.21
10001 and above	53	1190562	78.75
TOTAL	14418	15110000	100.00

Plant Location

Unit I

R.S.No.85/3, Sathukeny Village
Katterikuppam (Post)
Mannadipet Commune Panchayat
Pondicherry 605 502
e-mail: cp1@caplinpoint.net
Phone : 0413-2674137, 2674402,
Fax : 0413-2674002

Unit III

Khasra No. 435,
Village Suraj Majra, N.H. 21,
Baddi, Tehsil Nalagarh, Dist. Solan
Himachal Pradesh - 173205.
Email : admin.cp3@caplinpoint.net

Unit II

No. 19, Chinnapuliur Village,
Sirupzhalpet,
Gummidiipoondi,
Tamilnadu
email : cp2@caplinpoint.net
Phone : 044- 2794 0274, 6531 1262
Tele fax : 044-27940274

Unit of Subsidiary (Argus Salud Pharma LLP)

Khasra No. 380,
Village Suraj Majra, N.H. 21,
Baddi, Tehsil Nalagarh, Dist. Solan
Himachal Pradesh - 173205.

Address for Correspondence

For shares held in Demat form, investors shall address their correspondence to their respective Depository Participants.

For shares held in physical form, investors shall contact the RTA for transfers / Demat / Remat etc.

All other queries and clarifications may be addressed to the Registered Office of the Company at:

CAPLIN POINT LABORATORIES LIMITED
"Narbavi", No. 3, Lakshmanan Street,
T. Nagar, Chennai - 600 017.
E-mail: info@caplinpoint.net
Phone: 28156653, 28156905

On behalf of the Board

Place : Chennai
Date : November 21, 2011

M. Jayapal
Managing Director

DECLARATION ON CODE OF CONDUCT

To

The Members of Caplin Point Laboratories Limited

This is to confirm that the Board has laid down a Code of Conduct for all Board members and senior management of the Company.

It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at 30th June 2011, as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Place : Chennai
Date : November 21, 2011

M. Jayapal
Managing Director

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

To

The Members

Caplin Point Laboratories Limited

We 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 Bombay Stock Exchange Limited and the Madras Stock Exchange Limited for the financial year ended June 30, 2011. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory conditions of the Clause 49 of the listing Agreement.

For R Sridharan & Associates
Company Secretaries

Place : Chennai
Date : November 17, 2011

CS R Sridharan
C P No. 3239
FCS No.4775

Auditors' Report

To,
The Members,
Caplin Point Laboratories Limited

We have audited the attached Balance Sheet of Caplin Point Laboratories Limited as at 30th June 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on matters specified in the said Order to the extent applicable thereon.

Further to our comments in the Annexure referred to in the above paragraph, we state 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 it appears from our examination of those books;
- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the all Accounting standards referred to in sub-section (3C) of Section 211;
- e. On the basis of written representations received from the directors of the company as at 30th June 2011 and taken on record by the board of directors we report that no director is disqualified from being appointed as director under clause (g) of sub-section (1) of Sec. 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2011 and
 - ii. In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.
 - iii. In the case of Cash Flow Statement, of the Cash flows for the year ended on that date

For M Raghunath & Co
Firm Registration No. 603347S
Chartered Accountants

Place: Chennai
Date: 21-11-2011

M Raghunath
Partner
ICAI Membership No. 15501

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report of even date to the members of Caplin Point Laboratories Limited for the year ended 30th June 2011)

1. 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, none of the fixed assets were disposed off during the year and therefore do not affect the going concern concept of the company.
2. 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.
3. 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.
4. 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.
5. 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) Transactions made in pursuance of such contracts, or arrangements, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. 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.
7. The company has an internal audit system commensurate with the size of the Company and the nature of the business.
8. 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 Act for the maintenance of cost records in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. 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 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.

Sl No	Name of the statute	Nature of dues	2010-11 (Rs. In lacs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	172.58	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	27.26	CEGAT Tribunal/ Department of Revenue, New Delhi

10. 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.
11. 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.
12. 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.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.
14. 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.
15. 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.
16. 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.
17. 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 no funds raised on short term basis have been used for long term investments.
18. 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.
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
20. The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.
21. 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 M Raghunath & Co
Firm Registration No. 0033478
Chartered Accountants

Place: Chennai
Date: 21-11-2011

M Raghunath
Partner
ICAI Membership No. 15501

CAPLIN POINT LABORATORIES LIMITED

Balance Sheet as at 30th June 2011

	SCH No.		As at 30-06-2011 Rs.		As at 30-06-2010 Rs.
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1	151,100,000		151,100,000	
Reserves & Surplus	2	142,274,374		103,255,278	
			293,374,374		254,355,278
LOAN FUNDS					
Secured Loans	3		97,371,666		103,704,243
Deferred Tax Liability			15,338,838		10,874,433
TOTAL			406,084,676		368,933,954
APPLICATION OF FUNDS					
FIXED ASSETS	4				
Gross Block		379,701,508		328,853,292	
Less: Accumulated Depreciation		145,342,494		122,570,418	
Net Block			234,359,014		206,282,874
INVESTMENTS	5		11,976,800		10,563,100
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6		51,606,913		41,539,158
Sundry Debtors	7		76,363,712		90,313,537
Cash & Bank balances	8		214,712,935		146,416,885
Loans, Advances & Deposits	9		151,320,034		109,913,018
			494,003,594		388,182,578
CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	10		272,675,970		190,574,916
Provisions	11		61,578,562		45,529,682
			334,254,532		236,104,598
NET CURRENT ASSETS			159,749,062		152,077,980
TOTAL			406,084,376		368,933,954

Notes Forming Part of the Accounts and
Significant Accounting Policies

19

As per our report of even dated attached
for M Raghunath & Co
Firm Registration No. 003347S
Chartered Accountants

On behalf of the Board

M Raghunath
Partner
ICAI Membership No: 15501

C C Paarthipan
Chairman

M Jayapal
Managing Director

D P Mishra
Director

Place : Chennai
Date : 21-11-2011

T V Thuisidass
Company Secretary

CAPLIN POINT LABORATORIES LIMITED
Profit and Loss Account for the year ended 30th June 2011

	Sl. No.	For the year ended 30th June 2011	For the year ended 30th June 2010
		Rs.	Rs.
INCOME			
Sales (Less Returns)		711,076,141	580,682,645
Less: Export Duty		(155,953)	(151,920)
Net Sales		712,890,189	580,830,665
Other Income	12	82,850,851	44,069,719
TOTAL		865,750,040	624,600,384
EXPENSES			
Cost of Goods Sold	13	616,274,059	483,026,944
Direct Expenses	14	14,117,920	10,223,643
Payments to and Provision for employees	15	40,929,428	26,933,889
Administrative Overheads	16	39,788,261	29,897,876
Interest and Finance Charges	17	12,093,386	10,146,653
Selling Overheads	18	6,375,020	6,966,999
TOTAL		749,468,074	567,190,803
PROFIT BEFORE DEPRECIATION AND TAX		106,281,966	57,409,581
Depreciation and Amortisation		21,772,076	20,927,259
PROFIT BEFORE TAX		83,509,890	36,482,322
Provision for Taxation - Current		(13,600,000)	(13,134,593)
- Earlier years		(34,561)	-
- Deferred Tax		(4,464,403)	(10,761)
PROFIT AFTER TAX		65,360,916	33,337,763
Balance brought forward		50,977,350	38,610,948
Profit available for appropriation		116,338,279	71,928,711
Appropriations			
Proposed Dividend		22,663,000	15,110,000
Tax on Dividend		3,676,830	2,509,580
General Reserve		6,516,093	3,331,776
Balance carried to Balance Sheet		83,460,356	50,977,353
		116,338,279	71,928,711
Earnings Per Share - Basic and Diluted (Rs.)		4.33	2.21

Notes Forming Part of the Accounts and Significant
Accounting Policies

19

As per our report of even dated attached
for M. Raghunath & Co
Firm Registration No. 0033478
Chartered Accountants

On behalf of the Board

M. Raghunath
Partner
ICAI Membership No: 15501

C. C. Parthiban
Chairman

M. Jayapal
Managing Director

D. P. Mithran
Director

Place : Chennai
Date : 21-12-2011

T. V. Thulsi Das
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedules forming part of Accounts for the year:
ended 30th June 2011

SCHEDULE 1 - SHARE CAPITAL**Authorized**

17,000,000 (Previous Year - 17,000,000) equity shares of Rs. 10/- each

Issued, Subscribed & Paid-up Share Capital

15,110,000 (Previous Year - 15,110,000) equity shares of Rs. 10 each fully paid up

(Paid up share capital includes an amount of Rs.3,162,000/- (Rupees Thirty One lakhs Ninety Two thousand only) for 316,200 equity shares of Rs.10 each allotted for consideration other than cash.) (Previous year - Rs 3,162,000/-)

(An amount of Rs.79,200,000/- (Rupees Seven crores Ninety Two lakhs only) for 7,920,000 equity shares of Rs.10 each allotted to the shareholders of erstwhile May (India) Laboratories Pvt Ltd, at the time of amalgamation.) (Previous year - Rs 79,200,000/-)

(An amount of Rs.21,000,000/- (Rupees Two crores Ten lakhs only) for 2,100,000 equity shares of Rs.10 each allotted to the shareholders of erstwhile Malind Laboratories Pvt Ltd, at the time of amalgamation.) (Previous year - Rs 21,000,000/-)

	As at 30th June 2011 Rs.		As at 30th June 2010 Rs.
	170,000,000		170,000,000
	151,100,000		151,100,000
	151,100,000		151,100,000

SCHEDULE 2 - RESERVES & SURPLUS**Reserves****General Reserve**

Add: Additions during the year

Capital Reserve

Revaluation Reserve (Refer Note no B (7) of Schedule 19)

Investment Reserve**Subsidy****Profit & Loss A/c**

7,905,605		4,573,829	
6,336,893	14,441,608	3,341,776	7,905,605
	6,842,591		6,842,591
	37,337,799		37,337,799
	121,160		121,160
	70,770		70,770
	58,814,918		52,277,925
	93,460,350		50,977,353
	142,274,374		103,255,278

SCHEDULE 3 - SECURED LOANS**A. Loans and Advances from Banks:**

From The Catholic Syrian Bank Limited

As Packing Credit

For Bills Discounted

(Refer Note No (B) 3 of Schedule 19)

B. From Finance Companies

Hire Purchase Finance

(The above is secured against specific assets)

	42,837,616	44,804,274
	51,716,342	54,993,114
	2,817,738	3,906,813
	97,371,696	103,704,201

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 4- FIXED ASSETS										
(Figures in Rs.)										
Particulars	Gross block			Depreciation Reserve			Net Block			
	As at 01/07/2010	Additions During the year	Deletions During the year	As at 30/06/2011	As at 01/07/2010	for the year	on deletions	As at 30/06/2011	As at 30/06/2011	As at 30/06/2010
Land	80,381,858	2,313,683	-	82,695,539	-	-	-	82,695,539	80,381,858	-
Buildings	60,888,858	11,523,615	-	72,392,574	14,580,563	1,936,750	-	16,487,313	55,505,261	46,288,359
Plant & Machinery	75,554,837	26,833,387	-	102,388,224	32,134,675	4,545,512	-	36,780,487	65,608,287	43,420,022
Lab Plant	1,573,714	345,530	-	1,919,244	643,939	86,401	-	730,389	1,188,862	929,729
Furniture & Fixtures	9,554,479	1,261,103	-	10,615,582	5,035,283	758,529	-	5,793,803	4,821,774	3,616,191
Office Equipments	9,740,973	2,319,487	-	12,059,460	7,010,967	1,182,388	-	8,193,353	3,966,127	2,729,109
Electrical Installations	6,830,473	882,812	-	7,713,285	7,130,451	338,936	-	7,469,427	2,243,858	1,699,982
Motor Vehicles	13,913,050	1,108,068	-	15,021,118	4,890,319	1,384,925	-	6,285,244	6,736,514	5,022,771
Tools & Spares	2,776,559	1,484,875	-	4,261,435	1,249,752	376,841	-	1,625,383	2,835,042	1,526,807
Lab Equipments	7,158,114	339,350	-	7,497,464	2,153,994	391,065	-	2,554,699	4,943,355	4,995,020
Cycle	11,081	10,909	-	21,991	11,081	10,909	-	21,991	-	-
Goodwill	58,400,000	-	-	58,400,000	45,726,990	11,890,000	-	58,400,000	-	11,580,000
	328,863,292	49,123,831	-	377,987,123	122,570,418	22,772,076	-	145,342,494	232,644,629	206,292,874
Capital Work in Progress	-	1,714,385	-	1,714,385	-	-	-	-	1,714,385	-
Total	328,863,292	50,838,216	-	379,701,508	122,570,418	22,772,076	-	145,342,494	234,359,014	206,292,874
Previous Years figures	291,305,312	38,856,847	1,298,865	328,863,292	102,445,209	20,927,259	802,059	122,570,418	206,292,874	188,850,103

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedules forming part of Accounts for the year ended 30th June 2011

SCHEDULE 5 -- INVESTMENTS (Long Term & Cash)**Equity Shares - Quoted**

2000 Shares of Karnataka Bank Ltd. - face value of Rs. 10/- each fully paid up (Previous year - 2000 shares at face value of Rs. 10/- each)

4800 Shares of Indian Overseas Bank - face value of Rs. 10/- each fully paid up (Previous year - 4800 shares at face value of Rs. 10/- each)

700 Shares of Bank of India - face value of Rs. 10/- each fully paid up (Previous year - 700 shares at face value of Rs. 10/- each)

2000 Shares of Super Paper Mills Limited - face value of Rs. 10/- each fully paid up (Previous year - 2000 shares at face value of Rs. 10/- each)

Equity Shares - Unquoted

20 Shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd. of Rs. 500/- each fully paid (Previous year - 20 shares at face value of Rs. 500/- each)

1000 Shares of May (India) Property Private Ltd @ Rs. 10/- per share fully paid up (Previous year - 1000 shares at face value of Rs. 10/- each)

100 Shares of Catholic Syrian Bank - face value of Rs. 10/- each fully paid up (Previous year - 100 shares at face value of Rs. 10/- each)

Catholic Syrian Bank Rights Issue 2008 - 20000 shares - face value of Rs. 10/- each (at a premium of Rs. 110 per share), Rs. 120/- per share paid up (Previous year - 20000 shares at face value of Rs. 10/- each, at a premium of Rs. 110 per share, Rs. 50/- per share paid up)

Other Investments - Quoted

5000 Units of Franklin India Flex Cap @ Rs. 10/- per unit (Previous year - 5000 units at Rs. 10/- per unit)

Other Investments - Unquoted

100000 units of Axis bank Equity Fund @ Rs. 10/- per unit (Previous year - 100000 units at Rs. 10/- per unit)

Argus Sahel Pharma LLP (Previous year - Rs. 495,000/-)

Optionally Convertible Redeemable Preference Shares

750000 Shares of May (India) Property Private Ltd @ Rs. 10/- per share fully paid up (Previous year - 7,500,000/-)

Less: Provision for diminution in value of investments

	As at 30th June 2011 Rs.		As at 30th June 2010 Rs.
	240,000		240,000
	115,200		115,200
	31,500		31,500
	220,000		220,000
	10,000		10,000
	10,000		10,000
	13,500		13,500
	2,400,000		2,000,000
	50,000		50,000
	1,000,000		1,000,000
	495,000		495,000
	7,500,000		7,500,000
	(108,400)		(122,100)
	11,976,800		10,563,100

SCHEDULE 6 -- INVENTORIES

(As certified by the Management)

Raw Materials

Work-in-Progress

Finished Goods

	16,484,365		31,254,746
	6,660,543		4,975,609
	3,456,005		5,408,803
	51,600,913		41,539,158

SCHEDULE 7 -- SUNDRY DEBTS

(i) Debts outstanding for a period exceeding six months

Unsecured and Considered Good

Unsecured and Considered Doubtful

(ii) Other Debts

Unsecured and Considered Good

Unsecured and Considered Doubtful

	4,095,596		9,523,942
	32,268,116		80,789,595
	76,363,712		90,313,537

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedules forming part of Accounts for the year
ended 30th June 2011

SCHEDULE 1 -- CASH & BANK BALANCES

(i) Cash on Hand

(ii) Balance with scheduled banks

in Current Accounts

in Deposit Accounts (Refer note B (5) of Schedule 19)

	As at 30th June 2011 Rs.		As at 30th June 2010 Rs.
	147,554		135,063
	6,360,709		5,790,543
	208,704,672		142,491,259
	214,712,935		146,416,865

SCHEDULE 2 -- LOANS, ADVANCES & DEPOSITS

(If secured, considered good unless otherwise stated)

Advances Recoverable, in cash or in kind or
for value to be received

Advances - Income Tax / MAT Credit entitlement

Advances - Others

Deposits **

Deposits / Credits with Excise Authorities

Excise rebate receivable

	31,363,176		31,391,762
	93,192,199		69,718,199
	364,234		557,485
	21,672,796		14,794,463
	2,861,529		2,551,109
	151,329,034		109,913,018

** includes Rs. 18,394/- under lien to Commercial Tax Officer, Puducherry

SCHEDULE 3 -- CURRENT LIABILITIES

Sundry Creditors - Goods

- Expenses

- Capital goods

- Others

Advance received from Customers

	156,542,553		109,200,934
	12,064,624		10,696,538
	202,611		145,728
	694,004		335,491
	192,472,178		70,196,205
	272,675,970		190,574,916

SCHEDULE 4 -- PROVISIONS

Provision for Tax

Provision for Leave encashment

Provision for Gratuity

Proposed Dividend

Tax on Dividend

Provision for Fringe Benefit Tax

	31,980,000		25,236,000
	242,349		119,979
	1,998,821		1,508,751
	22,665,000		15,119,000
	3,676,830		2,509,582
	1,015,562		1,015,370
	64,578,562		45,529,682

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedules forming part of Accounts for the year ended 30th June 2011

SCHEDULE 12 -- INDIRECT INCOME

Dividend Received
Interest Income (2010- Rs. 1,124,213/-), (Prev Year - Rs. 1,505,397)
Export Incentives received
Exchange Fluctuation Income (net)
Commission Income
Share of Profit in Argus Salsid Pharma LLP
Miscellaneous Income
No longer Payable
Rental Income

	For the year ended 30th June 2011 Rs.		For the year ended 30th June 2010 Rs.
	16,800		25,230
	12,634,099		12,113,784
	25,080,364		18,727,972
	11,239,592		3,189,356
	1,916,651		4,471,150
	28,807,752		-
	1,541,766		124,380
	1,373,836		4,697,707
	240,000		720,000
	82,859,851		44,069,719

SCHEDULE 13-- COST OF GOODS SOLD

Opening Stock:
Raw Materials
Work-in-Progress
Finished Goods

Add: Purchases:
Raw Materials (Less Returns)
Finished Goods

Less: Closing Stock:
Raw Materials
Work-in-Progress
Finished Goods

	For the year ended 30th June 2011 Rs.		For the year ended 30th June 2010 Rs.
	31,254,746		53,031,569
	4,975,609		7,523,183
	5,308,803		13,635,003
	41,539,158		76,189,757
	218,210,646		183,657,098
	408,131,168		264,719,247
	646,341,814		448,376,345
	36,484,365		31,254,746
	6,006,543		4,975,609
	8,456,005		5,308,803
	51,606,913		41,539,158
	636,274,059		483,026,944

SCHEDULE 14-- DIRECT EXPENSES

Manufacturing Expenses
Power and Fuel

	7,977,688		5,935,093
	6,140,332		4,288,548
	14,117,920		10,223,641

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedules forming part of Accounts for the year ended 30th June 2011

SCHEDULE 15 - PAYMENTS TO AND PROVISION FOR EMPLOYEES

Salaries, Wages & Bonus
Contribution to Provident Fund and other funds
Employee Welfare

	For the year ended 30th June 2011 Rs.	For the year ended 30th June 2010 Rs.
	33,916,489	21,194,205
	1,949,365	1,340,007
	5,072,574	4,199,577
	40,929,423	26,933,889
	2,385,638	2,104,481
	241,700	458,701
	1,342,166	3,071,380
	648,098	801,566
	220,476	164,846
	10,465,749	10,096,882
	440,581	441,200
	82,725	82,725
	19,555	-
	6,388,076	153,728
		366,816
	508,229	611,297
	2,763,029	2,663,553
	1,184,161	325,671
	2,758,645	2,124,108
	4,141,039	3,722,054
	4,276,893	2,760,458
	39,768,261	29,891,876

SCHEDULE 17 - INTEREST AND FINANCE CHARGES

Interest - on Term Loans
- Others
Bank Charges

	232,326	192,769
	9,789,591	8,143,499
	1,981,559	1,810,184
	12,003,386	10,146,452

SCHEDULE 18 - SELLING OVERHEADS

Advertisement
Sales Promotion Expenses
Service Charges
Freight outwards
Product Registration Expenses
Commission
Other Selling Expenses

	99,217	245,237
	410,245	495,816
	285,160	143,681
	759,707	603,737
	321,346	1,436,168
	-	58,000
	3,461,845	3,981,360
	6,175,010	6,966,991

SCHEDULE 19**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2011****A. 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 presentation of financial statements requires estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the reserves are known/ materialized.

3. Revenue Recognition

- a. 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.
- b. Commission/Service Income is recognized as per contractual terms.
- c. Export entitlement under Duty Entitlement Pass Book (DEPB) Scheme and Focused Marketing Scheme of Government of India are recognized in the Profit and Loss account in the year of export.
- d. Interest earned is recorded on time proportion accrual basis.
- e. Dividend Income is recognized when the right to receive the dividend is unconditional.

4. Fixed Assets

Fixed assets are valued at original cost of acquisition less depreciation. The actual cost capitalized includes freight, installation cost, duties and taxes and other incidental expenses attributable to bringing the asset to its working condition.

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 Profit and Loss account. 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

- a. 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.
- b. The cost and accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the Profit and Loss account.
- c. Depreciation has been calculated, on additions, in pro-rata to the number of months for which they have been in existence.

7. Foreign Currency Transactions

- a. Foreign currency transactions are translated at exchange rates prevailing on the date of transactions.
- b. 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 Profit and Loss Account.

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.

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 and all other overheads incurred in bringing such inventories to the present location and condition.
- Value of closing stock as on 30th June 2011 is as certified by the management.

10. Retirement benefits**a. Defined Contribution Plans**

Contributions paid/payable under defined contribution plans are recognized in the Profit and Loss Account. 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 Profit and loss account.

c. Short-term employment benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leaves and performance incentives.

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

- The Long-term investments are stated at the actual Rupee value of the investment made. Provision for diminution is made to recognize a decline other than temporary, in the value of such investments.
- Current investments are carried at lower of cost and market/net realizable value.

13. Leases

Lease of assets where the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

14. Contingent liabilities and Provisions

- A Present obligation, which could be reliably estimated, is provided for in the accounts, if it is probable that an outflow of resources embodying economic benefits will be required for its settlement.
- Contingent liabilities are disclosed by way of notes in the Balance Sheet.

15. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable for reversing in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is a reasonable certainty of realization in 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.

17. The Company is operating in one segment of "pharmaceutical formulations".

8. NOTES ON ACCOUNTS**1. Capital Commitment**

The estimated amount of unexecuted capital contracts (net of advances and deposits) – Rs.1282.84 lacs (Previous Year – Rs.132.27 lacs)

2. Contingent Liabilities

(a) Outstanding Bank Guarantee given to the Customs department and others Rs.835,000 /- (Previous Year – Rs.919,000/-)

(b) Outstanding Letters of Credit Rs. 6,362,000/- (Previous Year – 3,975,697/-)

(c) Disputed statutory dues:

Sl No	Name of the statute	Nature of dues	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	172.58	158.66	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. Secured Loans

The Working capital facility of Packing Credit and Bills Discounting is secured by hypothecation of stock in trade, receivables, and lien on deposits of the company with the Bank. The facility is also secured by first charge on the Corporate Office Building and Factory Buildings of the company and also personally guaranteed by the promoter, a Director and few shareholders of the Company.

4. 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.

5. Balances with Scheduled banks in deposit accounts includes:

- (a) Deposits under lien towards Bank Guarantee – Rs.348,586/- (Previous Year – Rs. 344,527/-)
- (b) Margin on Letters of Credits outstanding - Rs.12,167,034/- (Previous Year Rs. 6,125,741/-)
- (c) Retention deposit under lien towards pre shipment credit – Rs.105,656,397/- (Previous year – Rs. 91,136,230/-).

6. 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:

		In Rs.	
Balances as at		Maximum Balance during the year ended	
		June 30 th , 2011	June 30 th , 2010
June 30 th 2011	June 30 th 2010		
Current Accounts in Foreign Currency:			
China Citic Bank	5,11,930	2,39,047	95,058
			6,65,654

7. 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. 43,935,500/- and the gain on the revaluation of land to the extent of Rs. 37,337,799/- was credited to the Revaluation Reserve.

8. Balances of debtors, loans, advances and deposits, including items which are subject to confirmation, have, in the opinion of the management, a value on realization in the ordinary course of business at least equal to the amount at which they are stated and creditors are stated at the value which they are liable to be paid.

9. 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	2010-11 Rs.Lakhs	2009-10 Rs.Lakhs
Change in Obligation:		
Obligations at period beginning	15.09	9.63
Service Cost	7.62	5.57
Interest Cost	1.53	0.91
Benefits paid	(1.95)	(0.33)
Actuarial (Gain)/Loss	(2.30)	(0.69)
Obligations at period end	19.99	15.09

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

Particulars	2010-11 Rs.Lakhs	2009-10 Rs.Lakhs
Change in Plan Assets:		
Plan Assets at period beginning at Fair value	6.95	3.01
Contribution made during the year	10.05	3.85
Expected return on plan assets	0.88	0.38
Benefits paid	(1.95)	(0.33)
Actuarial Gain/(Loss)	(0.09)	0.04
Plan Assets at end of period	15.84	6.95
Expenses recognized in Profit and Loss Account		
Current Service Cost	7.62	5.57
Interest Cost	1.53	0.91
Expected return on plan assets	(0.88)	(0.38)
Net Actuarial (gain)/loss recognized in the year	(2.21)	(0.74)
Expenses to be recognized in the profit and loss account	6.06	5.36

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	15.84	0.95
Present value of the defined benefit obligations at the end of the period	19.99	15.09
Liability recognized in the balance sheet	4.15	9.14

Assumptions:	2010-11	2009-10
Discount Rate	8%	8%
Expected return on plan assets	8%	8%

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.

10. Salaries & Wages includes remuneration to Managing Director/Director

	<i>For the year ended 30th June 2011</i>	<i>For the year ended 30th June 2010</i>
Salaries	400,560	458,360
Contribution to Provident and other funds	9,360	10,140
Total	478,920	468,500

(*) Excludes contribution to Gratuity Fund as the related amount is not ascertainable in the absence of employees' wise break up.

11. Auditors' Remuneration comprises of fees:

	<i>For the year ended 30th June 2011</i>	<i>For the year ended 30th June 2010</i>
For Statutory Audit	440,581	441,200
For Tax Audit	82,725	82,725
For Others	19,855	-
Total	543,161	523,925

12. CIF Value of Imports

	<i>For the year ended 30th June 2011</i>	<i>For the year ended 30th June 2010</i>
Raw materials and Finished Goods	344,556,337	250,072,616
Capital Goods	8,290,052	1,727,402

13. Earnings in Foreign Exchange (On Accrual basis)

FOB Value of Exports - Rs. 695,299,954/- (Previous Year - Rs. 510,669,116/-)

14. Expenditure in Foreign Currency (On Accrual basis)

	<i>For the year ended 30th June 2011</i>	<i>For the year ended 30th June 2010</i>
Traveling Expenses	2,276,742	1,429,164
Salaries	3,454,213	2,850,966
Rent	553,552	893,984
Other Expenses	3,162,331	2,174,423
Total	9,446,838	7,354,537

15. Value of consumption of imported and indigenous materials and components

	For the year ended 30 th June 2011		For the year ended 30 th June 2010	
	Rs.	%	Rs.	%
Imported	211,802	0.09	413,836	0.01
Indigenous	232,769,225	99.91	205,020,085	99.99
	232,981,027	100.00	205,433,921	100.00

16. Licensed and Installed Capacity and actual production

Qty in units in lakhs

	Annual Licensed / Installed Capacity		Actual Production	
	2010-11	2009-10	2010-11	2009-10
Tablets	N/A	N/A	3304.08	2340.55
Capsules	N/A	N/A	594.09	583.25
Ointments/Cream	N/A	N/A	21.10	29.26
Liquids/Dry Syrup	N/A	N/A	11.31	7.80
Injections	N/A	N/A	-	-
			3930.58	2946.86

17. Quantitative Particulars in respect of goods manufactured and purchase of finished goods

For the year ended 30 th June 2011	Opening Balance		Purchases/ Manufactured	Sales		Closing Balance	
	Qty in Units in lakhs	Rs. in lakhs	Qty in Units in lakhs	Qty in Units in lakhs	Rs. in lakhs	Qty in Units in lakhs	Rs. in lakhs
Pharmaceutical Formulations							
Finished goods purchased	1.70	13.21	308.49	306.96	4653.95	3.21	47.64
Manufactured Items	83.87	39.87	3930.58	3905.00	3074.95	100.65	36.92
Total	85.57	53.08	4239.07	4212.78	7728.90	111.86	84.56

18. Quantitative details of raw materials consumed

Sl. No.	Name of the Product	Opening Balance as on 01-07-10		Receipts for the year from July 2010 to June 2011		Issues for the year from July 2010 to June 2011		Closing Balance as on 30-06-11	
		Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs
1	Ciprofloxacin HCl	165.90	2.35	1,028.89	15.43	816.02	12.17	378.77	5.61
2	Erythromycin Stearate	40.44	1.20	2,464.43	67.31	2,199.48	59.43	305.41	9.08
3	Nalidixic Acid	47.41	1.31	660.00	16.45	511.32	13.13	196.09	4.63
4	Paracetamol Powder	5,526.89	11.04	37,507.54	76.82	37,487.06	78.88	5,547.37	9.58
5	Tinidazole	8.15	0.05	1,612.00	7.60	1,619.73	7.64	0.43	0.01
6	Trimethoprim	87.62	0.07	2,600.93	26.45	2,352.76	23.50	335.79	3.82

7	Ibuprofen Powder	229.85	0.99	18,379.58	74.80	16,875.95	68.13	1,733.48	7.66
8	Amoxycillin Trihydrate (Compacted)	733.01	10.65	4,153.55	63.71	4,779.46	72.73	107.10	1.63
9	Ampicillin Trihydrate Compacted	1,347.26	22.02	3,025.00	44.03	4,371.21	66.03	1.05	0.02
10	Serratia Peptidase EC Granules	69.08	12.32	1,031.00	180.82	1,064.68	187.20	35.40	5.94
11	Others	-	249.15		1,808.69		1,740.98		316.86
	Total		312.55		2,382.11		2,329.82		364.84

19. Deferred Taxation

The components of deferred tax liability (Net) as at the balance sheet date are as follows:

	In Rs.	
	As at 30 th June, 2011	As at 30 th June, 2010
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax Act	(993,773)	(1,254,146)
Tax Impact of difference between carrying amount of fixed assets in the financial statements and income tax return	15,332,809	12,128,579
	15,338,936	10,874,433

20. Earnings per share

	In Rs.	
Particulars	For the year ended 30 th June 2011	For the year ended 30 th June 2010
Net Profit after tax as per profit and loss account	65,300,926	33,317,763
Weighted average number of equity shares of Rs. 10/- each outstanding during the year	15,110,000	15,110,000
Earnings per share – Basic & Diluted	4.33	2.21

21. Operating Leases

The company has entered into cancelable lease agreements for office facilities, office and residential premises of employees. Lease payments recognized in the Profit & Loss Account for the year – Rs. 4,141,039/- (Previous Year – Rs. 3,722,054/-). The Company has not entered into any non cancelable operating leases and finance leases.

22. Amount Due to Investor Education and Protection fund

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

23. Proposed Dividend

Dividend Proposed by the Board of Directors is provided in the books of accounts pending approval at the Annual General Meeting.

24. 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
- ✧ Mrs. Krishnapriya Mishra, relative of a Director
- ✧ Argus Salud Pharma LLP – Related Entity

(b) Key management personnel

- ✧ Mr. M Jayapal – Managing Director
- ✧ Mr. K Kannan Portko – Whole Time Director **

** From 1st Jan 09 to 6th Aug 2009

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

	In Rs.	
Particulars	For the year ended 30 th June 2011	For the year ended 30 th June 2010
Salary paid to Mr. M Jayapal, Managing Director	478,920	447,720
Salary paid to Mr. Kannan Portko, Director	--	20,780
Salary paid to Mr. Vivek Siddharth	326,772	578,958
Consultancy charges paid to Mrs. Krishnapriya Mishra	--	240,000
Rent received from Mr C C Paarthipan (part of the year)	240,000	720,000
Purchases of finished goods from Argus Salud Pharma LLP	47,314,808	--
Sales to Argus Salud Pharma LLP	408,172	--
Share of profit in Argus Salud Pharma LLP	28,807,752	--

(d) Outstanding Balances

	In Rs.	
Particulars	As at 30 th June 2011	As at 30 th June 2010
Argus Salud Pharma LLP	17,701,020 Dr	793,976 Dr

25. 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).

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

27. Previous year figures have been regrouped wherever necessary to conform to current year's classification

Signatories to Schedules 1 to 19

As per our report of even dated attached
For M Raghunath & Co
Firm Registration No. 003347S
Chartered Accountants

On behalf of the Board

M Raghunath
Partner
ICAI Membership No: 15501

C C Paarthipan
Chairman

M Jayapal
Managing Director

D P Mishra
Director

Place : Chennai
Date : 21-11-2011

T V Thulsidass
Company Secretary

Caplin Point Laboratories Ltd., CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2011		
	30.06.2011 (Rs. in Lacs)	30.06.2010 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	235.10	341.93
Adjustments for:		
Depreciation	127.72	295.27
Loss on sale of assets less in fit	-	1.67
Termination in value of assets	-	-
Transferred provision adjustment	-	-
Cr Account of no longer payable and Other non operating expenses	30.14	(95.44)
Deferred Income	(126.34)	(121.11)
Interest Expenses	169.72	83.76
Exchange Fluctuation (Net)	(112.40)	(31.59)
Dividend Income	(8.17)	(0.25)
	473.27	462.41
Tax Paid (net of refund)	(55.92)	(50.99)
Operating profit before Working Capital Change	422.35	411.42
Changes in Working Capital:		
Increase / Decrease in Inventories	(160.69)	546.41
Increase / Decrease in Trade receivables	193.92	11.76
Increase / Decrease in Loans & Advances	(379.66)	(161.42)
Increase / Decrease in Current liabilities & Provisions	594.97	(581.07)
Cash from Operating activities	7,241.90	47.23
B. CASH FLOW FROM INVESTING ACTIVITIES		
Outflow / Outflow		
(Purchase) of fixed assets	(508.38)	(418.57)
Sale of fixed assets	-	1.30
Deferred revenue expenditure	-	-
Dividend income	0.17	0.25
(Purchase) / Sale of investments	(13.11)	(24.95)
Net Cash used in investing activities	(521.32)	(441.97)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Outflow / Outflow		
Repayment of Long term Borrowings	-	-
Interest Income	125.34	141.14
Interest Expense	(460.22)	(83.35)
Increase / (Decrease) in Cash & Bank due to merger	-	-
Increase / (Decrease) in Bank Borrowings	(63.32)	(80.40)
Increase / (Decrease) in Current loan	-	-
Net Cash from Financing activities	(398.20)	218.39
Net Cash Flow during the year (A+B+C)	622.83	(226.56)
Cash and Cash Equivalent as at the beginning of the year	1,464.12	1,690.73
Cash and Cash Equivalent as at the close of the year	2,147.32	1,464.17
Notes:		
The above Cash Flow Statement has been prepared under the "Indirect Method" as referred in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India		
for M Raghunath & Co Registration No. 503347K Chartered Accountants		On behalf of the Board
M Raghunath Partner ICAI Membership No. 15404	C C Patil/MD/Chairman Chairman	M Jayaram Managing Director
		D P Mishra Director
Place : Chennai Date : 21-11-2011	T V Thulasidas Company Secretary	

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No.	018 -19053	State Code	18
Balance Sheet Date	30/06/2011		

II. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Lacs)

	Total Liabilities	Total Assets
	4,060.84	4,060.84
Sources of Funds		
	Paid-up Capital	Reserves & Surplus
	1,511.00	1,422.74
	Secured Loans	Unsecured Loans
	973.71	-
	Deferred Tax Liability	
	153.39	
Application of Funds		
	Net Fixed Assets	Investments
	2,343.59	119.77
	Net Current Assets	Misc. Expenditure
	1,597.48	-

III. Performance of the Company

	Turnover	Total Expenditure
	8,557.50	7,722.40
+ (-) Profit/ Loss before Tax		+ (-) Profit/ Loss before Tax
	835.10	653.61
Earnings per share in Rs.		Dividend Rate %
Basic	4.33	15.00
Diluted	4.33	

IV. Generic Names of Three Principal Products / Services of Company

Item Code No. (ITC Code)	293490
Product Description	CLOTRIMAZOLE
Item Code No. (ITC Code)	293799
Product Description	BETAMETHASONE
Item Code No. (ITC Code)	290722
Product Description	HYDROQUINONE

M RAGHUNATH & Co
Chartered Accountants

4, Stringer Street, III Floor,
Broadway, Chennai 600 001.

Auditors' Report

To,
The Members,
Caplin Point Laboratories Limited

We have audited the attached Consolidated Balance Sheet of Caplin Point Laboratories Limited ("the Company") and its controlled entity as at 30th June 2011 and Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Company for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Attention is drawn to the following :

In the case of controlled entity, the financial statements are audited upto 31st March 2011 and unaudited financial statement for the period from 1st April 2011 to 30th June 2011, as certified by the management are consolidated with the financial statements of the company.

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.

In our opinion and to the best of our information and according to the explanations given to us, the said consolidated financial statements read with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the Consolidated Balance Sheet, of the state of affairs of the group as at 30th June 2011 and
- ii. In the case of the Consolidated Profit and Loss Account, of the Profit of the group for the year ended on that date.
- iii. In the case of Consolidated Cash Flow Statement, of the Cash flows of the group for the year ended on that date

For M Raghunath & Co
Firm Registration No. 003347S
Chartered Accountants

Place: Chennai
21-11-2011 Date:

M Raghunath
Partner
ICAI Membership No. 15501

CAPLIN POINT LABORATORIES LIMITED
Consolidated Balance Sheet as at 30th June 2011

	SCH No.		As at 30-06-2011 Rs.
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	151,100,000	
Reserves & Surplus	2	139,736,240	290,836,240
Minority Interest			295,987
LOAN FUNDS			
Secured Loans	3		97,371,660
Deferred tax Liability			15,338,836
TOTAL			403,842,729
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	397,000,527	
Less: Accumulated Depreciation		145,810,827	
Net Block			251,189,699
INVESTMENTS	5		11,481,800
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6		54,991,190
Sundry Debtors	7		83,283,961
Cash & Bank balances	8		215,201,973
Loans, Advances & Deposits	9		124,900,787
			478,377,911
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	10		274,644,327
Provisions	11		62,562,358
			337,206,685
NET CURRENT ASSETS			141,171,234
TOTAL			403,842,729

Notes Forming Part of the Accounts and Significant
Accounting Policies

19

As per our report of even dated attached
for M Raghunath & Co
Firm Registration No. 003347S
Chartered Accountants

On behalf of the Board

M Raghunath
Partner
ICAI Membership No: 13501

C C Parthipan
Chairman

M Jayapal
Managing Director

D P Mishra
Director

Place : Chennai
Date : 21-11-2011

T V Thulasidas
Company Secretary

CAPLIN POINT LABORATORIES LIMITED
Consolidated Profit and Loss Account for the year ended 30th June 2011

	SCHEDULE NO.	For the year ended 30th June 2011 Rs.
INCOME		
Gross Sales (Less Returns)		119,157,466
Less: Excise Duty		(345,053)
Net Sales		118,812,413
Other Income	12	54,071,183
TOTAL		172,883,596
EXPENSES		
Cost of Goods Sold	13	608,343,574
Direct Expenses	14	15,363,000
Payments to and Provision for employees	15	41,869,760
Administrative Overheads	16	42,988,358
Interest and Finance Charges	17	12,030,650
Selling Overheads	18	6,730,797
TOTAL		727,297,946
PROFIT BEFORE DEPRECIATION AND TAX		105,486,945
Depreciation and Amortisation		23,240,409
PROFIT BEFORE TAX		82,246,536
Provision for Taxation - Current		(14,583,793)
- Earlier years		(34,361)
- Deferred Tax		44,464,403
PROFIT AFTER TAX BEFORE MINORITY INTEREST		63,413,779
Minority Interest		290,987
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		62,822,792
Opening balance of parent company brought forward		50,977,363
Profit available for appropriation		113,800,145
Appropriations		
Proposed Dividend		22,665,000
Tax on Dividend		3,676,810
General Reserve		6,536,093
Balance carried to Balance Sheet		80,922,222
Earnings Per Share - Basic and Diluted (Rs.)		113,800,145 4.16

Notes Forming Part of the Accounts and Significant Accounting Policies

19

As per our report of even dated attached
for M Raghunath & Co
Firm Registration No. 0033475
Chartered Accountants

On behalf of the Board

M Raghunath
Partner
ICAI Membership No: 15501

C C Paarthiban
Chairman

M Jayapal
Managing Director

D P Mishra
Director

Place : Chennai
Date : 21-11-2011

T V Thulsi
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

C consolidated Schedules Forming part of Accounts for the year ended 30th June 2011

SCHEDULE 1 -- SHARE CAPITAL**Authorised**

17,500,000 equity shares of Rs 10/- each

Issued, Subscribed & Paid-up Share Capital

15,110,000 equity shares of Rs 10 each fully paid up

(Paid up share capital includes an amount of Rs 11,52,000/- (Rupees Thirty One lakh Sixty Two thousand only) for 115,200 equity shares of Rs 10 each allotted for considerations other than cash.)

(An amount of Rs 79,200,000/- (Rupees Seven crores Ninety Two lakhs only) for 7,920,000 equity shares of Rs 10 each allotted to the shareholders of erstwhile May (India) Laboratories Pvt Ltd, at the time of amalgamation)

(An amount of Rs 12,000,000/- (Rupees Two crores Ten Lakhs only) for 2,000,000 equity shares of Rs 10 each allotted to the shareholders of erstwhile Medind Laboratories Pvt Ltd, at the time of amalgamation)

	As at 30th June 2011 Rs.
	175,00,000
	151,100,000
	151,100,000

SCHEDULE 2 -- RESERVES & SURPLUS**Reserves****General Reserve**

Add: Additions during the year

Capital Reserve

Revaluation Reserve (Refer note no 11 (i) of Schedule 13)

Investment Reserve**Provision****Profit & Loss A/c**

7,505,505	
6,576,092	14,441,598
	6,842,591
	32,117,799
	125,260
	79,770
	58,974,018
	80,920,222
	139,736,140

SCHEDULE 3 -- SCHEDULED LOANS**A. Loans and Advances from Banks:**

From The Catholic Syrian Bank Limited

As: Packing Credit

For: Bills Discounted

(Refer Note No (D1) of Schedule 19)

B. From Finance Companies

For: Purchase Finance

(The above is secured against specific assets)

	42,817,816
	51,736,311
	2,817,739
	97,371,666

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 4- FIXED ASSETS (Figures in Rs.)									
Particulars	Gross block			Depreciation Reserve				Net Block	
	As at 01/07/2010	Additions During the year	Deletions During the year	As at 30/06/2011	As at 01/07/2010	for the year	on deletions	As at 30/06/2011	As at 30/06/2011
Land	80,391,856	2,313,683	-	82,695,539	-	-	-	-	82,695,539
Buildings	50,868,959	45,225,940	-	75,094,899	14,580,563	1,967,248	-	16,547,811	58,547,088
Plant & Machinery	75,554,897	87,031,640	-	112,586,537	32,134,875	4,937,027	-	37,071,902	75,514,635
A/c Plant	1,573,741	634,112	-	2,227,823	643,968	90,770	-	734,758	1,493,065
Furniture & Fixtures	9,654,479	2,605,819	-	12,260,298	5,035,288	783,437	-	6,818,725	5,441,573
Office Equipments	9,740,073	2,770,513	-	12,510,586	7,010,957	1,202,468	-	8,213,436	4,297,161
Electrical Installations	8,630,473	2,814,341	-	11,644,614	7,130,491	404,741	-	7,535,232	4,109,582
Motor Vehicles	13,913,090	1,108,668	-	15,021,758	4,890,319	1,394,925	-	6,285,244	8,736,514
Tools & Spares	2,776,559	1,547,879	-	4,324,438	1,249,752	377,888	-	1,627,640	2,696,798
Lab Equipments	7,158,114	339,350	-	7,497,464	2,153,094	391,005	-	2,554,099	4,943,365
Cycle	11,081	10,900	-	21,981	11,081	10,900	-	21,981	-
Goodwill	58,400,000	-	-	58,400,000	46,720,000	31,680,000	-	58,400,000	-
TOTAL	328,863,292	66,422,845		395,286,137	122,570,418	23,240,409		145,810,827	249,475,310
Capital Work in Progress	-	1,714,385	-	1,714,385	-	-	-	-	1,714,385
Total	328,863,292	68,137,230		397,000,522	122,570,418	23,240,409		145,810,827	251,189,695

Opening balance pertains to only that of Caplin Point Laboratories Ltd on a stand alone basis

SCHEDULES FORMING PART OF THE ACCOUNTS

Consolidated Schedules forming part of Accounts for the year ended 30th June 2011

SCHEDULE 5 -- INVESTMENTS (Long Term At Cost)**Equity Shares - Quoted**

2000 Shares of Karnataka Bank Ltd - face value of Rs. 10/- each fully paid up

210,000

4800 Shares of Indian Overseas Bank - face value of Rs. 10/- each fully paid up

115,200

700 Shares of Bank of India - face value of Rs. 10/- each fully paid up

31,500

2000 Shares of Sugar Paper Mills Limited - face value of Rs. 10/- each fully paid up

200,000

Equity Shares - Unquoted

20 Shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd. of Rs. 500/- each fully paid

10,000

1000 Shares of May (India) Property Private Ltd. @ Rs. 10/- per share fully paid up

10,000

100 Shares of Catholic Syrian Bank - face value of Rs. 10/- each fully paid up

15,500

Catholic Syrian Bank Rights Issue 2008 - 20000 shares - face value of Rs. 10/- each (at a premium of Rs. 110 per share), Rs. 120/- per share paid up

2,400,000

Other Investments - Quoted

5000 Units of Franklin India Flex Cap. @ Rs. 10/- per unit

50,000

Other Investments - Unquoted

100000 units of Axis Bank Equity Fund @ Rs. 10/- per unit

1,000,000

Optionally Convertible Redeemable Preference Shares

750000 Shares of May (India) Property Private Ltd. @ Rs. 10/- per share fully paid up

7,500,000

Less: Provision for diminution in value of investments

(108,400)

11,481,800**SCHEDULE 6 -- INVENTORIES**

(As certified by the Management)

Raw Materials

30,777,921

Work-in-Progress

0,295,403

Finished Goods

5,917,875

36,991,199**SCHEDULE 7 -- SUNDRY DEBTORS**

(i) Debts outstanding for a period exceeding six months

Unsecured and Considered Good

4,093,196

Unsecured and Considered Doubtful

-

(ii) Other Debts

Unsecured and Considered Good

79,138,165

Unsecured and Considered Doubtful

-

83,231,361**SCHEDULE 8 -- CASH & BANK BALANCES**

(i) Cash on Hand

179,037

(ii) Balance with scheduled banks

in Current Accounts

6,491,264

in Deposit Accounts (Refer note B (5) of Schedule 19)

208,541,672

215,201,973

Consolidated Schedules forming part of Accounts for the year ended 30th June 2011

SCHEDULE 9 -- LOANS, ADVANCES & DEPOSITS

(Unsecured, considered good unless otherwise stated)

Advances Recoverable in cash or in kind or
for value to be received

Advances - Income Tax / MAT Credit entitlement
Advances - Others
Deposits **
Deposits / Credits with Excise Authorities
Excise rebate receivable

	As at 30th June 2011 Rs.
	33,363,376
	65,655,977
	364,224
	22,642,556
	2,874,654
	124,900,787

** Includes Rs. 18,594/- under lien to Commercial Tax Officer, Puducherry

SCHEDULE 10 -- CURRENT LIABILITIES

Sundry Creditors - Goods
- Expenses
- Capital goods
- Others
Advance received from Customers

	157,472,160
	12,834,925
	1,149,630
	715,434
	102,472,178
	274,644,327

SCHEDULE 11 -- PROVISIONS

Provision for Tax
Provision for Leave encashment
Provision for Gratuity
Proposed Dividend
Tax on Dividend
Provision for Fringe Benefit Tax

	32,963,793
	242,349
	1,998,821
	22,665,000
	3,676,830
	1,015,562
	62,562,355

Consolidated Schedules forming part of Accounts for the year ended 30th June 2011

SCHEDULE 12 -- INDIRECT INCOME

Dividend Received
Interest Income (TDS- Rs. 1,125,213/-)
Export Incentives received
Exchange Fluctuation Income (net)
Commission Income
Miscellaneous Income
No longer Payable
Rental Income

For the year ended 30th June 2011	
	Rs.
	16,800
	12,648,201
	25,089,364
	11,246,765
	1,916,651
	1,541,766
	1,373,836
	240,000
	54,073,383

SCHEDULE 13 -- COST OF GOODS SOLD

Opening Stock:
Raw Materials
Work-in-Progress
Finished Goods
Add: Purchases:
Raw Materials (Less Returns)
Finished Goods
Less: Closing Stock:
Raw Materials
Work-in-Progress
Finished Goods

For the year ended 30th June 2011	
	Rs.

31,254,746	
4,975,609	
5,308,803	
	41,539,158
261,449,251	
360,816,360	
	622,265,611
39,777,921	
9,295,403	
5,917,871	
	54,991,195
	608,813,574

SCHEDULE 14 -- DIRECT EXPENSES

Manufacturing Expenses
Power and Fuel

	8,562,586
	6,802,421
	15,365,007

SCHEDULES FORMING PART OF THE ACCOUNTS

Consolidated Schedules forming part of Accounts for the year
ended 30th June 2011

SCHEDULE 15 - PAYMENTS TO AND PROVISION FOR EMPLOYEES

Salaries, Wages & Bonus
Contribution to Provident Fund and other funds
Employee Welfare

For the year ended 30th June 2011	
	Rs.
	34,776,011
	1,970,893
	5,122,946
	41,869,760
	2,467,152
	247,700
	3,393,449
	329,490
	255,464
	10,783,203
	457,126
	93,755
	19,855
	6,388,076
	551,040
	2,761,029
	1,192,138
	3,112,605
	5,306,039
	5,122,037
	42,988,158

SCHEDULE 16 - ADMINISTRATIVE OVERHEADS

Communication Expenses
Donations
Professional and Consultancy charges
Rates & Taxes
Subscriptions
Travelling & Conveyance
Audit fees
For Audit
For Tax matters
For Others
Bad Debts written off/Advances written off
Insurance
Repairs and Maintenance
Plant and Machinery
Building
Others
Rent & Amenities
Sundry Expenses

SCHEDULE 17 - INTEREST AND FINANCE CHARGES

Interest - on Term Loans
- Others
Bank Charges

	232,326
	9,789,501
	2,008,823
	12,030,650

SCHEDULE 18 - SELLING OVERHEADS

Advertisement
Sales Promotion Expenses
Service Charges
Freight outwards
Product Registration Expenses
Other Selling Expenses

	102,317
	410,245
	288,460
	893,321
	323,546
	4,712,908
	6,730,797

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2011
(Consolidated)

A. 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. Principles of Consolidation

The consolidated financial statements relate to Caplin Point Laboratories Limited and its controlled entity Argus Salud Pharma LLP. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its Controlled entity are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses in accordance with the Accounting standards (AS) - 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India
- For the purpose of consolidation, the financial statements of the controlled entity are drawn from 1st July 2010 to 30th June 2011 as operations of the controlled entity commenced only during the period.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- Minority interest in the net assets of the controlled entity consists of the amount of share capital attributable to minority at the date on which the investment in the controlled entity is made. Minority interest in share of net result for the year is identified and adjusted against the profit after tax.

3. Use of Estimates

The presentation of financial statements requires estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the reserves are known/ materialized.

4. 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.
- Commission/Service Income is recognized as per contractual terms.
- Export entitlement under Duty Entitlement Pass Book (DEPB) Scheme and Focused Marketing Scheme of Government of India are recognized in the Profit and Loss account in the year of export.
- Interest earned is recorded on time proportion accrual basis.
- Dividend Income is recognized when the right to receive the dividend is unconditional.

5. Fixed Assets

Fixed assets are valued at original cost of acquisition less depreciation. The actual cost capitalized includes freight, installation cost, duties and taxes and other incidental expenses attributable to bringing the asset to its working condition.

6. 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 Profit and Loss account. 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.

7. Depreciation (To maintain conformity has been calculated for the Company and the controlled entity as follows):

- a. 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.
- b. The cost and accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the Profit and Loss account.
- c. Depreciation has been calculated, on additions, in pro-rata to the number of months for which they have been in existence.

8. Foreign Currency Transactions

- a. Foreign currency transactions are translated at exchange rates prevailing on the date of transactions.
- b. 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 Profit and Loss Account.

9. 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.

10. Inventories

- a. Inventories are valued at lower of cost or net realizable value.
- b. 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.
- c. In respect of finished goods and work in progress, cost includes raw materials, packing materials and all other overheads incurred in bringing such inventories to the present location and condition.
- d. Value of closing stock as on 30th June 2011 is as certified by the management.

11. Retirement benefits

a. Defined Contribution Plans

Contributions paid/payable under defined contribution plans are recognized in the Profit and Loss Account. 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 Profit and loss account.

c. Short-term employment benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leaves and performance incentives.

12. 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.

13. Investments other than in Controlled entity

- The Long-term investments are stated at the actual Rupee value of the investment made. Provision for diminution is made to recognize a decline other than temporary, in the value of such investments.
- Current investments are carried at lower of cost and market/net realizable value.

14. Leases

Lease of assets where the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

15. Contingent liabilities and Provisions

- A Present obligation, which could be reliably estimated, is provided for in the accounts, if it is probable that an outflow of resources embodying economic benefits will be required for its settlement.
- Contingent liabilities are disclosed by way of notes in the Balance Sheet.

16. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable for reversing in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is a reasonable certainty of realization in future.

17. 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.

16. The Company is operating in one segment of 'pharmaceutical formulations'.

B. NOTES ON ACCOUNTS

The notes forming part of Consolidated Financial Statements for the year ended 30th June 2011
The controlled entity company considered in the Consolidated Financial Statements is Argus Salud Pharma LLP. The value of investments in the controlled entity company has been accounted in Compliance with Accounting Standard (AS 21).

1. Capital Commitment

The estimated amount of unexecuted capital contracts (net of advances and deposits) -- Rs.1282.84 lacs

2. Contingent Liabilities

- Outstanding Bank Guarantee given to the Customs department and others Rs.835,000 /-
- Outstanding Letters of Credit Rs. 6,362,000/-
- Disputed statutory dues:

Sl No	Name of the statute	Nature of dues	2010-11 (Rs. in lacs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	172.58	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	27.26	CEGAT Tribunal/ Department of Revenue, New Delhi

3. Secured Loans

The Working capital facility of Packing Credit and Bills Discounting is secured by hypothecation of stock in trade, receivables, and lien on deposits of the company with the Bank. The facility is also secured by first charge on the Corporate Office Building and Factory Buildings of the company and also personally guaranteed by the promoter, a Director and few shareholders of the Company.

4. 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.

5. Balances with Scheduled banks in deposit accounts includes:

- (a) Deposits under lien towards Bank Guarantee – Rs.675,586/-
- (b) Margin on Letters of Credits outstanding – Rs. 12,167,034/-
- (c) Retention deposit under lien towards pre shipment credit – Rs. 105,656,397/-

5. 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:

In Rs.		
	Balance as at June 30 th 2011	Maximum balance during the year ended June 30 th , 2011
Current Accounts in Foreign Currency:		
China Citic Bank	5,11,939	7,95,858

7. The Parent Company had revalued the land, where the factory/office building is situated, during the period ended 30th June 2008 to the extent of Rs. 43,935,500/- and the gain on the revaluation of land to the extent of Rs. 37,337,790/- was credited to the Revaluation Reserve.
8. Balances of debtors, loans, advances and deposits, including items which are subject to confirmation, have, in the opinion of the management, a value on realization in the ordinary course of business at least equal to the amount at which they are stated and creditors are stated at the value which they are liable to be paid.
9. 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	2010-11 Rs.Lakhs
Change in Obligation:	
Obligations at period beginning	15.09
Service Cost	7.62
Interest Cost	1.53
Benefits paid	(1.95)
Actuarial (Gain)/Loss	(2.30)
Obligations at period end	19.99

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

Particulars	2010-11 Rs.Lakhs
Change in Plan Assets:	
Plan Assets at period beginning at Fair value	6.95
Contribution made during the year	10.05
Expected return on plan assets	0.88
Benefits paid	(1.95)
Actuarial Gain/(Loss)	(0.09)
Plan Assets at end of period	15.84
Expenses recognized in Profit and Loss Account	
Current Service Cost	7.62

Interest Cost	1.53
Expected return on plan assets	(0.88)
Net Actuarial (gain)/loss recognized in the year	(2.21)
Expenses to be recognized in the profit and loss account	6.08
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	15.84
Present value of the defined benefit obligations at the end of the period	19.99
Liability recognized in the balance sheet	4.15
Assumptions:	2010-11
Discount Rate	8%
Expected return on plan assets	8%

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.

10. Salaries & Wages includes remuneration to Managing Director

In Rs.

	<i>For the year ended 30th June 2011</i>
Salaries	469,560
Contribution to Provident and other funds	9,360
Total	478,920

(*) Excludes contribution to Gratuity Fund as the related amount is not ascertainable in the absence of employees' wise break up.

11. Auditors' Remuneration comprises of fees:

In Rs.

	<i>For the year ended 30th June 2011</i>
For Statutory Audit	457,126
For Tax Audit	93,755
For Others	19,855
Total	570,736

12. CIF Value of Imports

In Rs.

	<i>For the year ended 30th June 2011</i>
Raw materials and Finished Goods	344,838,837
Capital Goods	8,290,052

13. Earnings in Foreign Exchange (On Accrual basis)

FOB Value of Exports - Rs. 702,029,445/-

14. Expenditure in Foreign Currency (On Accrual basis)

	In Rs. For the year ended 30 th June 2011
Traveling Expenses	2,276,742
Salaries	3,454,213
Rent	553,552
Other Expenses	3,162,331
Total	9,446,838

15. Value of consumption of Imported and indigenous materials and components

	For the year ended 30 th June 2011	
	Rs.	%
Imported	427,982	0.17
Indigenous	252,498,094	99.83
	252,926,076	100.00

16. Licensed and Installed Capacity and actual production

	Annual Licensed / Installed Capacity	Qty in units in lakhs Actual Production
	2010-11	2010-11
Tablets	N/A	3321.01
Capsules	N/A	724.79
Ointments/Cream	N/A	44.56
Liquids/Dry Syrup	N/A	11.31
Injections	N/A	-
		4101.67

17. Quantitative Particulars in respect of goods manufactured and purchase of finished goods

For the year ended 30th June 2011	Opening Balance		Purchases/ Manufactured	Sales		Closing Balance	
	Qty in Units in lakhs	Rs. in lakhs	Qty in Units in lakhs	Qty in Units in lakhs	Rs. in lakhs	Qty in Units in lakhs	Rs. in lakhs
Pharmaceutical Formulations							
Finished goods purchased	1.70	13.21	149.83	149.81	4148.48	1.72	20.69
Manufactured Items	83.87	39.87	4101.67	4075.41	3643.63	110.13	38.49
Total	85.57	53.08	4251.50	4225.22	7792.11	111.85	59.18

18. Quantitative details of raw materials consumed

Sl. No.	Name of the Product	Opening Balance as on 01-07-10		Receipts for the year from July 2010 to June 2011		Issues for the year from July 2010 to June 2011		Closing Balance as on 30-06-11	
		Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs	Qty in Kgs	Rs. in Lakhs
1	Ciprofloxacin HCL	165.90	2.35	1,028.89	15.43	816.02	12.17	378.77	5.61
2	Erythromycin Stearate	40.44	1.20	2,464.43	67.31	2,199.46	59.43	305.41	9.08
3	Nalidixic Acid	47.41	1.31	660.00	16.45	511.32	13.13	196.09	4.63
4	Paracetamol Powder	5,526.89	11.64	37,507.54	76.82	37,487.06	78.88	5,547.37	9.58
5	Tinidazole	8.16	0.05	1,612.00	7.60	1,619.73	7.64	0.43	0.01
6	Trimethoprim	87.62	0.87	2,600.93	26.45	2,352.76	23.50	335.79	3.82
7	Ibuprofen Powder	229.85	0.90	18,379.58	74.80	16,875.95	68.13	1,733.48	7.66
8	Amoxycillin Trihydrate (Compacted)	733.01	10.65	4,153.55	63.71	4,779.46	72.73	107.10	1.63
9	Ampicillin Trihydrate Compacted	1,347.26	22.02	3,025.00	44.03	4,371.21	66.03	1.05	0.02
10	Serratia Peptidase EC Granules	69.03	12.32	1,031.00	180.82	1,064.68	187.20	35.40	5.94
11	Others	-	249.15	-	2,041.07	-	1,940.42	-	349.80
	Total		312.55		2,614.49		2,529.26		397.78

19. Deferred Taxation

The components of deferred tax liability (Net) as at the balance sheet date are as follows:

In Rs.

	As at 30 th June, 2011
Tax Impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax Act	(993,773)
Tax Impact of difference between carrying amount of fixed assets in the financial statements and income tax return	16,332,609
	15,338,836

20. Earnings per share

In Rs.

Particulars	For the year ended 30 th June 2011
Net Profit after tax as per profit and loss account	62,822,792
Weighted average number of equity shares of Rs. 10/- each outstanding during the year	15,110,000
Earnings per share - Basic & Diluted	4.16

21. Operating Leases

The company has entered into cancelable lease agreements for office facilities, office and residential premises of employees. Lease payments recognized in the Profit & Loss Account for the year – Rs. 5,306,039/-. The Company has not entered into any non cancelable operating leases and finance leases.

22. Amount Due to Investor Education and Protection fund

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

23. Proposed Dividend

Dividend Proposed by the Board of Directors is provided in the books of accounts pending approval at the Annual General Meeting.

24. 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

(b) Key management personnel

✖ Mr. M Jayapal - Managing Director

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

Particulars	In Rs.
	For the year ended 30 th June 2011
Salary paid to Mr. M Jayapal, Managing Director	478,920
Salary paid to Mr. Vivek Siddharth	326,772
Rent received from Mr C C Paarthipan (part of the year)	240,000

25. 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).

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

27. Since this is the first year of consolidation, previous year figures are not given.

Signatories to Schedules 1 to 19

As per our report of even dated attached
for M Raghunath & Co
Firm Registration No. 003347S
Chartered Accountants

On behalf of the Board

M Raghunath
Partner
ICAI Membership No: 15501

C C Paarthipan
Chairman

M Jayapal
Managing Director

D P Mishra
Director

Place : Chennai
Date : 21-11-2011

T V Thulsidass
Company Secretary

Caplin Point Laboratories Ltd., CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2011	
	30.06.2011 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before tax and extraordinary items	822.47
Adjustments for:	
Depreciation	232.40
Loss on sale of assets in fire	-
Diminution in value of assets	-
Transitional provision adjustment	-
On Account of no longer payable and Other non operating expenses	50.14
Interest Income	(125.48)
Interest Expenses	100.22
Exchange Fluctuation (Net)	(112.47)
Dividend income	(0.17)
Tax Paid (net of refund)	908.11
Operating profit before Working Capital Change	(51.92)
	914.19
Changes in Working Capital	
(Increase) / Decrease in Inventories	(134.52)
(Increase) / Decrease in Trade receivables	126.79
(Increase) / Decrease in Loans & Advances	(105.07)
Increase / (Decrease) in Current liabilities & Provisions	914.71
Cash from Operating activities	5,415.30
B. CASH FLOW FROM INVESTING ACTIVITIES	
Inflow / (Outflow)	
(Purchase) of fixed assets	(691.37)
Sale of Fixed assets	-
Deferred revenue expenditure	-
Dividend income	0.17
(Purchase) / Sale of investments	(9.19)
Net Cash used in investing activities	(690.39)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Inflow / (Outflow)	
Repayment of Long term Borrowings	-
Interest Income	120.48
Interest Expense	(100.22)
Increase / (Decrease) in Cash / Bank due to merger	-
Increase / (Decrease) in Bank Borrowings	(50.32)
Increase / (Decrease) in Unsecured loan	-
Net Cash from financing activities	(37.66)
Net Cash Flow during the year (A+B+C)	887.55
Cash and Cash Equivalent as at the beginning of the year *	1,464.17
Cash and Cash Equivalent as at the close of the year	2,152.02
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	
* Opening balance pertains to only that of Caplin Point Laboratories Limited on a standalone basis.	
For M Raghunath & Co Registration No. 0033475 Chartered Accountants	On behalf of the Board
M Raghunath Partner ICAI Membership No: 15501	C C Parthiban Chairman
	M Jayapal Managing Director
	D P Mishra Director
Place : Chennai Date : 21-11-2011	T V Thudalass Company Secretary

Statement under section 212 of 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	31-03-2011
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.)	
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	Rs. 24,327,710/-
2. for the previous financial years of the subsidiary since it became its subsidiary	---
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	Rs. 245,734/-
2. for the previous financial years of the subsidiary since it became its subsidiary	---

Financial details of Subsidiary Company

Particulars	Argus Salud Pharma LLP as at 31 st March 2011 (Rs.in lacs)
Current Assets, Loans & Advances	227.09
Net Fixed Assets	167.62
Investment	0.00
Profit & Loss Account	0.00
Miscellaneous Expenditure	0.00
Total Assets	394.71
Current Liabilities & Provisions	143.97
Capital A/c	5.00
Current A/c	245.74
Loans	0.00
Reserve & Surplus	0.00
Deferred Tax Liability	0.00
Total Liabilities	394.71
Turnover (including other income)	339.68
Provision for Tax	--
Profit /(Loss) after Tax	245.74
Proposed Dividend	NA

FORM FOR ECS MANDATE

To
 M/S. KARVY COMPUTERSHARE PVT LTD.
 Unit: CAPLIN POINT LABORATORIES LIMITED
 17 - 24 Vittal Rao Nagar,
 Madhapur, Hyderabad - 500 081

Dear Sirs,

Sub. : Payment of Dividend through ECS (ECS Mandate Form) - Caplin Point Laboratories Ltd

I/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:

1.	Name of 1 st Registered holder (In Block Letters)	
2.	Folio / DP ID / Client ID	
3.	Name of the Bank	
4.	Name of the Branch	
5.	Account No. (as appearing on the cheque book)	
6.	Account Type (Savings / Current / Cash / Credit)	
7.	9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank. <i>(Please attach a photocopy of a cheque for verifying the accuracy of the MICR code no.)</i>	

Date: _____

 Signature of shareholder
 [Sole / First]

ABSTRACT AND MEMORANDUM OF CONCERN OR INTEREST UNDER SECTION 302 OF THE COMPANIES ACT, 1956

To,
The Members of Caplin Point Laboratories Limited

The Board of Directors of Caplin Point Laboratories Limited ("the Company") at its meeting held on 21st November, 2011, upon the recommendation of the Remuneration Committee, has approved the variation in the terms of appointment of Mr. M Jayapal as the Managing Director of the Company by extending the tenure of re-appointment for a further period of 1 year from 28.03.2012 after the completion, on 27.03.2012, of the period of 1 year to which he was re-appointed by the Board of Directors on 21.03.2011 on the following terms and conditions subject to the approval of the members in General Meeting

In compliance with the requirements of Section 302 of the Companies Act, 1956, an abstract of the variation in terms of re-appointment of Mr. M Jayapal together with the Memorandum of Concern or Interest are set out herein below.

- | | |
|------------------------------------|--|
| 1. TENURE OF RE-APPOINTMENT | Extension of the term of appointment by a period of 1 year commencing from 28 th March 2012 to 27 th March 2013. |
|------------------------------------|--|

All other terms of appointment except the said extension of tenure of appointment remain the same as communicated to the members by means of abstract of the terms of re-appointment of Mr. M Jayapal together with the Memorandum of Concern or Interest on 31-03-2011

Memorandum of Interest:

None of the Directors are in any way concerned or interested in the above matter, except Mr. M Jayapal to the extent of his re-appointment and remuneration payable.

Information pursuant to Clause 49 IV (G) (I) of the Listing Agreement:

Mr. Jayapal does not hold any shares (as own or on behalf of other person on beneficial basis) in the Company.

Apart from being on the Board of Caplin Point Laboratories Limited, Mr. Jayapal holds directorship in following Companies.

- | | | |
|--|---|--------------------|
| 1. M/s. May India Property Private Limited | - | Alternate Director |
|--|---|--------------------|

On behalf of the Board

Place : Chennai
Date : 21.11.2011

D P Mishra
Director

CAPLIN POINT LABORATORIES LIMITED

"Norbavi", No. 3, Lakshmanan Street, T. Nagar, Chennai - 600 017.

PROXY FORM

Regd. Folio No. _____

DP ID *

Client ID *

No. of shares _____

I/ We _____ of _____ being a member/s of CAPLIN POINT LABORATORIES LIMITED, hereby appoint _____ of _____ or failing him / her of _____ is my / our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Thursday, the 29th December, 2011 at 11.00 a.m. "TAG CENTRE" No. 69, T.T.K. Road, Alwarpet, Chennai - 600 015 and at any adjournment thereof.

Signed this _____ day of _____ 2011

Affirm Re 1.00 Revenue Stamp
--

- * Gifts will not be issued
- * Applicable to investors holding shares in electronic form

Signature _____

Note : This form duly completed and signed must be deposited at the Registered Office, not less than 48 hours before the Meeting.

CAPLIN POINT LABORATORIES LIMITED

"Norbavi", No. 3, Lakshmanan Street, T. Nagar, Chennai - 600 017.

ATTENDANCE SLIP

(to be handed over at the entrance of the Meeting Hall)

Regd. Folio No. _____

DP ID *

Client ID *

No. of shares _____

20th Annual General Meeting on 29th December, 2011

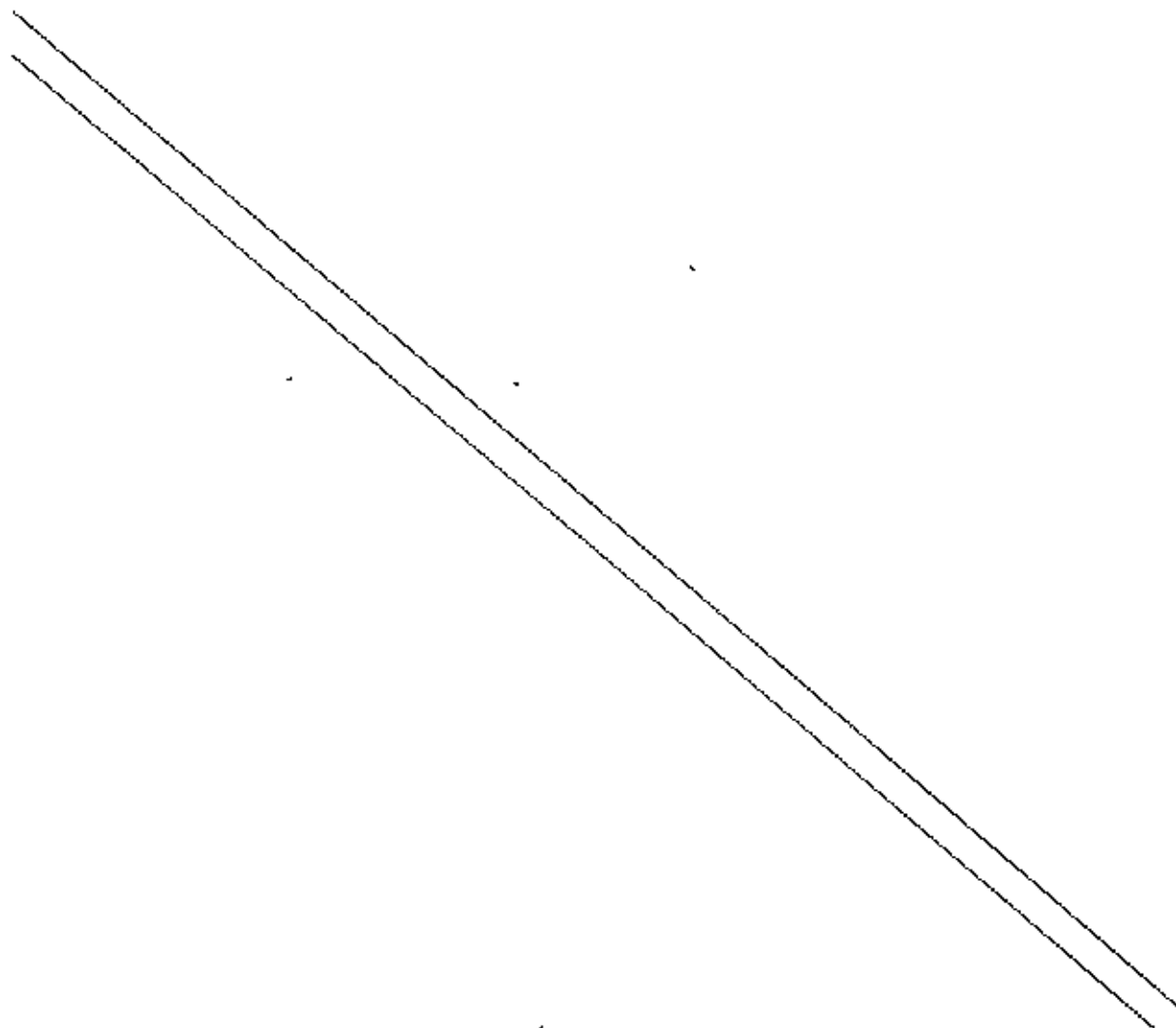
I hereby record my presence at the Twentieth Annual General Meeting of the Company being held at "TAG CENTRE" No. 69, T.T.K. Road, Alwarpet, Chennai - 600 015 on Thursday 29th December 2011 at 11.00 a.m.

Name and address of the Member _____

Name and address of the Proxy _____

Jointly with 1. _____
2. _____

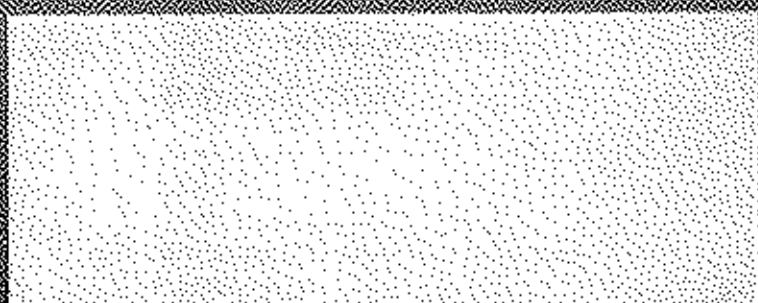
Member's/Proxy's Signature _____



This Page is intentionally left blank

BOOK POST

To



If undelivered please return to :

CAPLIN POINT LABORATORIES LIMITED

"Narbavi" , No.3, Lakshmanan Street,

T.Nagar, Chennai-600 017.

Phone : + 91-44-28156653, 28156905