



**MEDI-CAPS LIMITED**

**25th Annual Report 2007-08**

**BOARD OF DIRECTORS**

- |                           |                              |
|---------------------------|------------------------------|
| ● MR. R.C.MITTAL          | CHAIRMAN & MANAGING DIRECTOR |
| ● MR. ALOK K.GARG         | EXECUTIVE DIRECTOR           |
| ● MRS. TRAPTI GUPTA       | DIRECTOR                     |
| ● MRS. KUSUM MITTAL       | DIRECTOR                     |
| ● DR. S.K.SHARMA          | DIRECTOR                     |
| ● DR. K.S.VERMA           | DIRECTOR                     |
| ● DR. SHAMSHER SINGH      | DIRECTOR                     |
| ● DR. VISHWANATH B.MALKAR | DIRECTOR                     |
| ● DR. VINAY G.NAYAK       | DIRECTOR                     |

**AUDITORS**

- RAWKA AGRAWAL & CO.  
Chartered Accountants,  
403, Arcade Silver 56,  
1, New Palasia, INDORE- 452 001 (M.P.)

**COMPANY SECRETARY**

- ANURAG DUTT

**COMPANY LAW ADVISOR**

- D.K.JAIN & CO.  
Company Secretaries  
4th Floor, Silver Ark Plaza, Narayan Kothi Square,  
20/1, New Palasia, Indore (M.P.)

**BANKERS**

- |                        |                      |
|------------------------|----------------------|
| ● IDBI Bank Ltd.       | ● Indusind Bank Ltd. |
| ● State Bank of Indore | ● Citibank N.A.      |

**REGISTRAR AND SHARE TRANSFER AGENT**

- Ankit Consultancy Pvt.Ltd.  
Alankar Point, Geeta Bhawan Chouraha,  
A.B.Road, Indore (M.P.)

**REGISTERED OFFICE & WORKS**

- Mhow-Neemuch Road, Sector-I,  
PITHAMPUR- 454 775, Distt.-Dhar (M.P.)  
E-mail: info@medicaps.com  
Website: www.medicaps.com

**OFFICE**

- 201, Pushpratna Paradise,  
9/5, New Palasia, Indore - 452 001
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**NOTICE**

**NOTICE** is hereby given that 25<sup>th</sup> Annual General Meeting of the members of **MEDI-CAPS LIMITED** will be held at the Registered Office of the Company at Mhow -Neemuch Road, Sector-1, Pithampur, District Dhar (M.P.) on Monday the **29<sup>th</sup> day of September, 2008** at 11.00 A.M. to transact the following businesses:

**I. ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 and the Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2008 together with the report of the Directors' & Auditor's thereon on that date.
2. To declare dividend on the equity share capital of the Company.
3. To appoint a director in place of Dr. Shamsheer Singh, who is liable to retire by rotation and being eligible, offers him-self for re-appointment.
4. To appoint a director in place of Dr. Vishwanath B. Malkar, who is liable to retire by rotation and being eligible, offers him-self for re-appointment.
5. To appoint a director in place of Dr. Vinay G. Nayak, who is liable to retire by rotation and being eligible, offers him-self for re-appointment.
6. To appoint M/s Rawka Agrawal & Co., Chartered Accountants, as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

Place: Pithampur  
Date: 12<sup>th</sup> August, 2008

**BY ORDERS OF THE BOARD**  
**R.C. MITTAL**  
**CHAIRMAN & MANAGING DIRECTOR**

**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. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Register of Members and Share Transfer Book shall remain closed from 26<sup>th</sup> September, 2008 to 29<sup>th</sup> September, 2008 (both days inclusive).
3. a) Members are requested to notify immediately any change of address;  
(i) to their Depository Participants (DPs) in respect of their electronic share accounts; and  
(ii) to the Share Transfer Agents in respect of their physical share folios, if any.
- b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
4. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:  
a) the change in the residential status on return to India for permanent settlement.  
b) the particulars of NRE Account with a Bank in India, if not furnished earlier.
5. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Share Transfer Agent of the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
7. Members desiring of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
8. The Company is having connectivity from the CDSL & NSDL and equity shares of the Company may be held in the Electronic form with any Depository Participant (DP) with whom the members/investors having their Dmat account. The ISIN No. for the Equity Shares of the Company is **INE442D01010**. In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha A.B. Road, Indore (M.P.).

9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B as prescribed by the Central Government may be obtained from the Share Transfer Agent or may be download from the website of the Ministry of Company Affairs.
10. The Members who have not encashed their dividend cheques/DD for the year 2002-03 to 2006-07 may approach to the Company for revalidation thereof.
11. The dividend, if any, declared by the Members for the year 2007-08, will be paid to those members whose names appears in the Register of Members as on 26.09.2008 and to the beneficiaries whose details as may be made available by the CDSL and NSDL in case of holding of shares in the D-mat form on 29.09.2008.
12. Pursuant to the recommendation of SEBI Committee on Corporate Governance for re-appointment of the retiring directors, a statement containing details of the concerned directors is attached hereto.

#### **STATEMENT REGARDING THE DIRECTORS PROPOSED FOR RE-APPOINTMENT**

1. **Dr. Shamsheer Singh**, aged about 66 years is an Independent Director of the company since 30.04.2002. Dr. Singh is having qualification of B.E, M.E and Ph.D (IIT, Mumbai). He was Professor and Head of Dept. of Computer Science and Engineering, Electronic Communication of J.N.Vyas University, Jodhpur (Raj.) and presently working as the Director of Medicaps Institute of Technology and Management. Dr. Singh is not holding any share in the Company.
2. **Dr. Vishwanath B Malaker**, aged about 51 years is an Independent Director of the company since 29.07.2005. Dr. Malaker is M.Sc. (physical chemistry) and Ph.D. (analytical chemistry),. He was Lecturer in Bombay University from 1979-1985 and worked as Deputy Corporate Q.A. Manager in Cipla Ltd. from 1985-1995 and G.M. Coporate Q.A. in Wockhardt Ltd. from 1998-2004 Dr. Malaker is not holding any share in the Company.
3. **Dr. Vinay G. Nayak**, aged about 51 years is an Independent Director of the company since 31.10.2005. Dr. Vinay G. Nayak is Phd. (analytical chemistry). He is also Chairman of Techical and Regulatory Committee of IDMA. Dr. Nayak is not holding any share in the Company.

**BY ORDERS OF THE BOARD**

Place: Pithampur  
Date: 12<sup>th</sup> August, 2008

**R.C.MITTAL**  
**CHAIRMAN & MANAGING DIRECTOR**

**DIRECTORS' REPORT  
AND  
MANAGEMENT DISCUSSION AND ANALYSIS**

**To  
The Members,  
Medi-Caps Limited**

Your Directors are pleased to present their 25<sup>th</sup> Annual Report on the business and operations of the company together with the Audited Balance Sheet & Profit and Loss Accounts for the year ended 31<sup>st</sup> March 2008.

**1. FINANCIAL RESULTS:**

	(Rupees in Lakhs)	
	Year ended 31.03.2008	Year ended 31.03.2007
Net Sales/income from operations	2030.42	2076.27
Other Income	1303.90	609.69
Total Income	3334.32	2685.96
Operating Profit (PBIDT)	1676.61	1015.45
Less : Depreciation	82.73	81.27
Interest and Financial Charges	0.01	4.11
Profit before Tax	1593.87	930.07
Less: Previous Year Adjustments	1.20	6.18
Provision for current year income tax	195.00	110.00
Fringe Benefit Tax	1.75	1.83
Income Tax for earlier Years	4.56	0.00
Add : Deferred Tax	13.92	9.74
Net Profit after tax & adjustments	1405.28	821.80
Add : balance carried from Profit & Loss A/c	2278.11	1542.52
Total profit available for appropriation	3683.39	2364.32
Less : Transfer to General Reserves	72.00	31.50
Less : Proposed Dividend	46.76	46.76
Less : Corporate Tax on Dividend	7.95	7.95
Surplus Carried to the balance Sheet	3556.68	2278.11
EPS in Rs.(Shares on Rs.10/- each)	45.08	26.36

**2. DIVIDEND:**

Your directors are pleased to inform on continuous excellent success enjoyed by the company and looking into the healthy cash position and the management's confidence in the future growth your Directors have recommend a dividend @ 15%, i.e. Rs.1.50 per equity share of Rs.10/- each (Previous Year Rs.1.50 per share), which will be paid to the shareholders subject to the approval of the members at the forthcoming Annual General Meeting.

**3. REVIEW OF OPERATIONS:**

During the year under review the Company has generated record profit of Rs.1405.28 Lacs as compared to previous year Rs.821.80 Lacs. Due to increase in the sound fundamental and well planning of the Management of the Company it could earn profit of Rs.1290.22 Lacs from the investment activities as compared to Rs. 582.23 Lacs in the previous year. However, the profit from the manufacturing activities was reduced due to increase in the cost of inputs, and low realization of the Company's product due to stiff competition. However, due to strong financial planning your company was able to maximized its value of investments and also foresee the positive trends in the coming year.

Your company is in continuous process of modernization of the existing manufacturing facility to get better output and quality.

**4. DIRECTORS RESPONSIBILITY STATEMENT:**

- In accordance with the provisions of section of 217(2AA) of the Companies Act, 1956, your directors state that:
- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the company as at the end of March 31, 2008 and the profit of the company for the year ended on that date.

- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the company have been prepared on a going concern basis.

**5. CORPORATE GOVERNANCE:**

Your Company is committed to good Corporate Governance Practices. Being a value driven organisation, the company's good corporate governance practices and the disclosures are need based, duly complied with the statutory and the regulatory requirements of the Companies Act, 1956, together with all the relevant Clauses of the Listing Agreement and all the others applicable laws. The Company's Corporate Governance Policies and the Practices are also in accordance with the Clause 49 of the Listing Agreement. A report of the Board of directors on the Corporate Governance along with the Auditors Certificate forming part of the Director's Report, being annexed herewith.

**6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:****6.1 Industry structure and developments:**

Indian pharmaceuticals market is valued at 32096 Crore (MAT Basis) and is growing at the rate of 14.1% p.a. The Government continued focus on economic reforms, its commitment to increase its investment in health care a robust service sector and India's demographic profiles are expected to sustain the growth momentum in the pharmaceuticals market.

**6.2 SWOT ANALYSIS FOR THE COMPANY:****6.2.1 Strengths:**

- Strong in-house Research & Development.
- Integrated supply chain.
- Ability to deliver cost saving.
- High quality manpower resources.
- Centralized manufacturing activities at Pithampur Plant.
- Zero Debt Company.
- Strong financial planning.

**6.2.2 Weaknesses:**

- Scarcity of Technical Expertise.
- Controlling of process parameters is very critical.
- Dependency on drug formulation companies.
- Frequent fluctuation in market demand.
- Very sensitive process of manufacturing.

**6.2.3 Opportunities:**

- There is very good demand of gelatin capsules in overseas and Indian market having good quantum in that and quality of Indian capsule recognized in world.
- The new Special Economic Zone is in process to set up at Pithampur for Pharmaceuticals industries and many Multinational and National companies, like Lupin, CIPLA, Unichem, Nicholas are coming with their formulation plants, hence we would be the nearest suppliers of the capsules to their plants.

However, for quite some time, the capital market is very volatile due to price hike in crude oil, and highest inflation rate over the previous 16 years, world wide recession, resulting and most of the good scripts has touched the 12 months bottom, NAV of the mutual funds has also reduced substantially. As your Company has made huge investment in the Mutual Funds and other securities, the financial results for the coming year may affect the profitability of the Company to the large extent.

**6.2.4 Threats:**

- India has one of the lower per capita health care expenditure in the world.
- Aggressive price competition from local and multinational players.
- Fast technology change in the manufacturing line of the Company.
- Frequent changes in Regulatory requirement for pharmaceutical industries.
- Registration of patent by the users of the products of the company.
- Developed countries are very rigid in procuring capsules from out of countries.
- Higher inflation rate.
- Uncertainty in the capital market.

**6.3 Outlook:**

While we cannot predict a further performance, we believe considerable opportunities will exist for sustained and profitable growth, not only in the developing countries but also in the developed western countries. The Company is in continuous process to launch new variety of capsules and variants to meet out the demands in the coming year and also to expand its marketing reach in other country for growth in the export as well as domestic turnover. The company with its continued focus on exports stands to gain a lot from the emerging scenario.

**6.4 Marketing and Export:**

In domestic market your company had added some multinational companies in its client list with improved quality of products as well as services.

**7. DIRECTORS:**

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning.

In view of impending retirement from the directorship of Dr. Shamsheer Singh Dr. Vishwanath B. Malkar and Dr. Vinay G. Nayak are liable to retire by rotation at the forthcoming Annual General Meeting, they being eligible, offers themselves for re-appointment.

Your directors recommend passing appropriate resolutions for the above said purposes as set out in the notice of the Annual General Meeting.

**8. DEPOSITORY SYSTEMS AND LISTING:**

The equity shares of the Company may also be kept in electronic form with the Central Depository Services Ltd. (CDSL) and National Depository Services Ltd. (NSDL) therefore all members and investors may hold their shares in dematerialized form. Company's equity shares are listed at the Bombay Stock Exchange Ltd., Mumbai, the equity shares of the Company being regularly traded in the Bombay Stock Exchange.

The Company has complied with the entire requirement for delisting of share from the M.P. Stock Exchange. However, a necessary order to that effect is still awaited from the M.P. Stock Exchange. The Company is regular in payment of annual listing fee to the stock exchanges.

**9. FINANCE & ACCOUNTS:****9.1 Cash generation:**

Your company continued its strong cash generation driven by overall business performance. Your company optimized the return on investment by deployment of cash surplus in a balanced portfolio of sale and liquid securities and may be considered as 'Zero Debts Company'.

**9.2. Internal Control Systems and its adequacy:**

The Company's internal control procedures are tailored to match the organization pace of growth and increasing complexity of operations, these ensure compliance with various policies, practices and statutes. The Company's internal audit team carries out extensive audit through out the year, across all functional area and submits its report to the Audit Committee of the Board of directors.

**9.3 Adequate coverage of risk:**

The Company's assets are adequately insured against the loss of fire and other risk, which were considered necessary by the management from time to time.

Your company is a foreign exchange earner and the transactions are suitably covered for exchange risk and there is no materially significant exchange rate risk associated with the company.

**9.4 Segment-wise results:**

Your company is dealing only in a single segment, i.e. manufacturing of the gelatin capsules; therefore AS-17 for Segment-Wise reporting is not applicable to the Company.

**9.5 Subsidiary Company:**

Your Company is not having any subsidiary company and is also not a subsidiary of any other company.

**9.6 Disclosures:**

The Company has made adequate disclosures regarding related party transactions, contingent liabilities, remuneration of directors, and significant accounting policy in the notes to the accounts as an integral part of the Balance Sheet and Profit & Loss Accounts for the year ended 31st March, 2008.

**10. ISO:9001:2000 CERTIFICATION:**

As you are aware that your Company is ISO: 9001:2000 complied company which is the latest version of ISO series and this will give further strength to the quality as well as international recognition.

**11. AUDITORS AND THEIR REPORT:**

Comments of the Auditors in their report and the notes forming part of the Accounts are self-explanatory and need no comments. M/s Rawka Agrawal & Co., Chartered Accountants, the Statutory Auditors has to vacate their office at the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from the Auditors, to the effect that their re-appointment, if made, would be in accordance with the provisions of section 224(1) of the Companies Act, 1956.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, PARTICULAR OF EMPLOYEES AND FOREIGN EXCHANGE:**

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 have been annexed herewith.

**13. DEPOSITS:**

Your Company has not accepted any public deposit within the meaning of provisions of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and there is no outstanding deposit due for re-payment.

**14. PERSONNEL:**

The Company continued to have cordial and harmonious, rooted in the philosophy of bilaterism. In totality our employees have shown a high degree of maturity and responsibility in responding to the changing environment, economic and the market conditions.

**15. ACKNOWLEDGEMENTS:**

Your directors acknowledge the vital role played by conscientious and hardworking employees of the company at all levels towards its overall success. Your directors also acknowledge the support provided by suppliers, vendors and valued customers in its efforts to provide high quality products. Your Board takes this opportunity to record their appreciation in this regard including valued investors and shareholders of the Company.

**FOR AND ON BEHALF OF THE BOARD**

Place : Pithampur  
Dated : 12<sup>th</sup> August, 2008

**R.C.MITTAL**  
**CHAIRMAN CUM MANAGING DIRECTOR**

**Annexure to the Directors' Report:**

[Information as per the Companies (Disclosure of particular in Report of Board of Directors) Rules, 1988]

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND PARTICULAR OF EMPLOYEES AND FOREIGN EXCHANGE:**

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of directors) Rules, 1988 is given hereunder.

**A. CONSERVATION OF ENERGY:**

The Company has taken many steps for the Conservation of Energy.

	Current Year	Previous Year
<b>POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity (Purchased) Units	<b>49,24,056</b>	55,52,321
Total Amount (Rs.)	<b>1,96,74,199</b>	2,15,66,107
Rate per Unit (Rs.)	<b>4.00</b>	3.91
2. Electricity (Generated) units	<b>48,970</b>	35,140
Diesal /LDO/SKO consumed in Liters	<b>15,081</b>	11,142
Total Amount (Rs.)	<b>4,77,499</b>	3,06,401
Rate per Unit (Rs.)	<b>9.75</b>	8.72
3. Total Units consumed	<b>49,73,026</b>	55,87,461
Units consumed in lac per capsule	<b>132.75</b>	141.65

**B. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:**

Research and Development is in process for followings:

- To increase production capacity of capsule manufacturing machine.
- To increase automisation of manufacturing process.
- To reduce critical defects.

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

- Activities relating to exports initiatives taken to increase exports, development of new export markets for products.
- Information in respect of Foreign Exchange Earning & Outgo are as under:

	Current Year	Previous Year
Earning :	202.21 Lacs	Rs.285.83 Lacs
Outgoing :	55.25 Lacs	Rs. 25.71 Lacs

**D. PARTICULARS OF THE EMPLOYEES:**

Detail of Remuneration paid/ payable to employees/ Directors in excess of Rs.2,00,000/- Per Month or Rs.24,00,000/- Per Annum during the year are as under:

Name	Position Held	Remuneration	Provident Fund	Total Remuneration
Shri R.C. Mittal	Chairman (Managing Director)	28,50,000/-	3,30,000/-	31,80,000/-

Shri R.C. Mittal is holding 7,44,460 Equity Shares consisting of 23.88% of the total share capital of the company. Shri Mittal was appointed for a period of 3 years w.e.f. 1<sup>st</sup> July, 2007 and his appointment is on contractual basis.

**FOR AND ON BEHALF OF THE BOARD**

Place : Pithampur  
Dated : 12<sup>th</sup> August, 2008

**R.C.MITTAL  
CHAIRMAN CUM MANAGING DIRECTOR**

**REPORT ON CORPORATE GOVERNANCE**

Under Clause 49 of the Listing Agreement

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

We have taken various steps including the setting up of sub-committees of the Board to oversee the functions of Executive Management. These sub-committees of the Board, which mainly consists of Non-Executive Directors, meet regularly to discharge their objectives.

**2. BOARD OF DIRECTORS AND THEIR MEETINGS:**

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning. Shri R.C.Mittal, the Chairman & Managing Director, supported by Shri Alok K. Garg, Executive Director is overall in charge for the affairs of the Company who exercise his powers and discharge duties under the superintendence and control of the Board of directors of the Company from time to time. The Board is having optimum composition, represented by five independent directors in the Board.

**Details of Directors and meetings of the Board attended:**

During the financial year 2007-08 the Board of directors met 7 (Seven) times on 30<sup>th</sup> April 2007; 30<sup>th</sup> July, 2007; 31<sup>st</sup> October, 2007; 10<sup>th</sup> August 2007; 3<sup>rd</sup> September 2007; 29<sup>th</sup> November 2007 and 30<sup>th</sup> January 2008

The composition of the Board of directors and their attendance at the meetings during the year were as follows;

Directors	Executive/ Non Executive/ Independent	No. of Meeting Attended	No. of outside Directorship held		No. of outside Committee positions held	
			Public	Private	Member	Chairman
Shri Ramesh C.Mittal	Promoter/Executive	7	2	2	-	-
Shri Alok K. Garg	Promoter/Executive	7	2	3	-	-
Mrs. Kusum Mittal	Promoter/Non-Executive	3	1	2	-	-
Mrs.Trapti Gupta	Promoter/Non-Executive	1	-	1	-	-
Dr. S.K.Sharma	Independent	5	-	-	-	-
Dr. Shamsheer Singh	Independent	5	-	-	-	-
Dr. K .S Verma	Independent	5	-	-	-	-
Dr. Vishwanath B. Malker	Independent	2	-	-	-	-
Dr. Vinay G. Nayak	Independent	1	-	-	-	-

**3. AUDIT COMMITTEE:**
**(A) Brief description of terms of reference:**

- (i) Review with the management the annual/half-yearly/quarterly financial statements before placing before the Board.
- (ii) Hold separate discussion with Head-Internal Audit, Statutory Auditors and among members of the Audit Committee to find out whether the company's financial statements are fairly presented in conformity with the Accounting Standards issued by ICAI.
- (iii) Review the Company's financial and risk management policies and the adequacy of internal control systems.
- (iv) Review the adequacy of accounting records maintained in accordance with the provisions of the Companies Act, 1956.
- (v) Review the performance of Auditors and recommend their appointment and remuneration to the Board, considering their independence and effectiveness.
- (vi) Perform other activities consistent with the Company's Memorandum and Articles, the Companies Act, 1956 and other Governing Laws.
- (vii) Review the accounting policy and notes to the accounts.
- (ix) Review disclosure of related party transactions.

**(B) Composition of Committee and number of meetings held:**

During the year under review, the Audit Committee of the Board met 5 (Five) times on 30<sup>th</sup> April 2007, 30<sup>th</sup> July 2007, 10<sup>th</sup> August, 2007, 31<sup>st</sup> Oct., 2007 and 31<sup>st</sup> Jan., 2008 and deliberates on various matters.

The detail of the members of Committee and No. of Meetings attended by them during the financial year 2007 -08 are as under:

S.No.	Name of the members of the Committee	Designation	Position in Committee	No. of meetings attended
1.	Dr. S.K.Sharma	Director	Chairman	5
2	Dr. Shamsheer Singh	Director	Member	5
3.	Dr. K. S. Verma	Director	Member	3

The Whole-time Director Shri Alok.K.Garg, in charge of the Finance and Accounts and the statutory auditors of the Company were the permanent invitee for the meetings of the Audit Committee. Shri Anurag Dutt, the Company Secretary acts as the secretary of the Audit Committee.

#### 4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

##### (A) Brief description of terms of reference:

The Company has a 'Shareholders Grievance & Transfer Committee' at the Board level to look into the redressing of shareholders and investor's complaints like:

- (i) Transfer of Shares, transmissions and delay in confirmation in D-mat of shares;
- (ii) Non-receipt of Annual Report, etc;
- (iii) Non-receipt of dividend; and
- (iv) Any other complaints as may be received from the shareholders of the Company.

##### (B) Composition of Committee:

S.No.	Name	Designation	Position in Committee
1.	Dr. S.K. Sharma	Director	Chairman
2.	Dr. Shamsher Singh	Director	Member
3.	Shri Ashok Pitliya	General Manager (Fin)	Member

#### 5. REMUNERATION COMMITTEE:

##### (A) Brief description of terms of reference:

The Company has constituted a remuneration committee of independent directors at the Board level to look into the matters relating to the re-appointment and determination of terms, conditions and remuneration of the Managing and Whole-time Director of the Company.

##### (B) Composition of Committee:

S.No.	Name	Designation	Position in Committee
1.	Dr. S.K. Sharma	Director	Chairman
2.	Dr. Shamsher Singh	Director	Member
3.	Dr. K.S. Verma	Director	Member

During the year under review, One meeting of the remuneration committee was held on 30<sup>th</sup> April, 2007.

#### 6. INVESTORS GRIEVANCES:

Status of the investors/shareholders complaints

- (i) Number of complaints received during the year : 45
- (ii) Number of complaints solved during the year : 45
- (iii) Number of complaints pending at the end of the year : NIL

The Company has authorised to implement transfer, transmission and D-mat of Shares to the Share Transfer Agent and to resolve the relating problems as professional agency. The Committee meets only on specific nature of complaints not resolved within a period of 21 days from the date of its receipts.

#### 7. GENERAL MEETINGS:

Location and time, where last three AGMs were held:

Financial Year	2004-05	2005-06	2006-07
-Date	27.09.2005	29.09.2006	28.09.2007
-Time	11.00 A.M.	11.00 A.M.	12.30 P.M
-Venue	Pithampur, Dhar	Pithampur, Dhar	Pithampur, Dhar
-No. of special businesses transacted	1	2	3

No resolution was passed by way of postal ballot during the year under review.

#### 8. DISCLOSURES:

There are no materially significant related party transactions i.e. transactions, material in nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. having potential conflict with the interest of the company at large, except as disclosed else where in the notes of accounts forming part of the annual accounts.

There has not been any non-compliance by the company and no penalties or structures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

**9. WHISTLE-BLOWER POLICY:**

We have an established a mechanism for employee to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguard against victimization of employee who avails of the mechanism and also provides for direct access to the chairperson of the audit committee in exceptional cases. We further affirm that during the financial year 2007-08, no employee has denied access to the audit committee.

**10. CODE OF CONDUCT:**

1. The Company is having code of conduct for prevention of insider trading.
2. The Board shall lay down a code of conduct for all Board members and senior management of the company. The code of conduct has been posted on the notice Board/website of the company and all Board members and senior management personnel have affirmed compliance with the code on an annual basis.

**11. MEANS OF COMMUNICATION:**

The company has a web site viz. [www.medicaps.com](http://www.medicaps.com). The quarterly and annual financial statements are posted on the website of the stock exchange for information of its shareholders.

Quarterly results of the company are published in leading newspapers such as The Economic Times, Free Press Journal, Choutha Sansar, etc. The results are promptly submitted to the Stock Exchanges, where the equity shares of the company are listed.

**12. GENERAL INFORMATION TO SHAREHOLDERS & INVESTORS:**

- |        |   |   |
|--------|---|---|
| (i)    | Date, Time and Venue of Annual General Meeting  | : 29 <sup>th</sup> September, 2008<br>at 11.00 A.M. at<br>the Registered office of the<br>Company at Mhow-Neemuch Road<br>Sector-1,<br>Pithampur, Dist. Dhar (M.P.)                     |
| (ii)   | Financial Calendar for 2008-09<br>First Quarter Results<br>Second Quarter Results<br>Third Quarter Results<br>Last Quarter Results  | : April to March<br>On 30 <sup>th</sup> July, 2008<br>On or before 31 <sup>st</sup> Oct., 2008<br>On or before 31 <sup>st</sup> Jan., 2009<br>On or before 30 <sup>th</sup> April, 2009 |
| (iii)  | Dates of Book Closure   | : From 26.09.2008 to 29.09.2008   |
| (iv)   | Date of dispatch of Dividend Warrants   | : On 1 <sup>st</sup> Oct., 2008 onwards   |
| (v)    | Board meeting for consideration<br>of Annual Accounts   | : 12 <sup>th</sup> August, 2008   |
| (vi)   | Posting of Annual Report  | : On or before 30 <sup>th</sup> August, 2008  |
| (vii)  | Last date for receipt of Proxy  | : 27 <sup>th</sup> Sept., 2008  |
| (viii) | No. of Shares holders as on 31 <sup>st</sup> March, 2008  | : 4405  |
| (ix)   | Listing on Stock Exchanges  | : M.P. Stock Exchange,<br>The Bombay Stock Exchange Ltd.  |
| (x)    | Stock Code:<br>The Stock Exchange, Madhya Pradesh<br>The Stock Exchange, Mumbai   | : N.A.<br>: 523144  |
| (xi)   | Demat ISIN No. for CDSL and NSDL  | : INE442D01010  |
| (xii)  | Performance in comparison to broad based indices  | : BSE Sensex  |
| (xiii) | Stock Market Data: The shares of the company were traded only at the Bombay Stock Exchange Ltd. Month wise high and low price of the Equity Shares of Rs. 10/- each of the Company during the financial year 2007-08 were as under<br>(Source website of BSE) |   |

Month	Highest (Rs.)	Lowest (Rs.)	No. of Trades	No of shares traded	Total volume (Rs.)
April, 2007	61.50	54.10	500	47171	2736529
May, 2007	86.20	61.50	4526	470591	36339977
June, 2007	75.00	63.00	1088	92265	6294200
July, 2007	70.40	64.50	787	90336	6096277
August, 2007	73.20	63.15	896	98048	6709551
Sept., 2007	83.00	68.05	2889	298381	22864206
October, 2007	77.80	64.15	1217	112579	7956131
Nov., 2007	85.00	67.00	1914	199752	15212780
Dec., 2007	95.00	70.00	3867	303891	26403903
January, 2008	109.00	58.00	3424	335366	32369326
Feb., 2008	82.85	61.35	1038	106893	7515266
March, 2008	74.85	58.00	620	94919	6037015

(xiv) Share Transfer System:

Shareholders/Investors' Grievance Committee also approves share transfers and meets at frequent intervals. The Company's Share Transfers Agent, Ankit Consultancy Pvt. Ltd. process these transfers. Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. In cases where, shares are transferred after sending notice to the transferors, in compliance of applicable provisions, the period of transfer is reckoned from the date of expiry of the notice.

(xv) Dematerialization / Rematerialisation:

Based on a SEBI directive, Company's Equity Shares are traded in electronic (demat) form. The details of Shares held by the members as on 31st March, 2008 are as under;

(a) In physical Form	:14,73,544
(b) In CDSL	: 3,93,572
(c) in NSDL	:12,50,373

(xvi) Distribution of Share owning as on 31st March, 2008:

Shareholding of Nominal Value of Rs	No. of Owners	% of Share holders	Share Amount (Rs.)	Share Amount (Rs) % to Total
Upto 1000	2417	54.9	18,24,560	5.85
1001 -2000	805	18.3	14,74,260	4.73
2001 -3000	338	7.67	9,54,750	3.06
3001 -4000	130	2.95	5,00,020	1.60
4001 -5000	259	5.88	12,79,470	4.10
5001 -10000	273	6.20	22,19,670	7.12
10001-20000	93	2.11	13,81,720	4.43
20001-30000	30	0.68	7,90,580	2.54
30001-40000	12	0.27	4,36,950	1.40
40001-50000	14	0.32	6,53,950	2.10
50001-100000	13	0.30	9,60,880	3.08
100001- Above	21	0.48	1,86,98,080	60.0
<b>TOTAL</b>	<b>4405</b>	<b>100.00</b>	<b>3,11,74,890</b>	<b>100.00</b>

(xvii) Shareholders pattern as on 31st March, 2008:

S.No	Category	No. of Shares Held	holding % of share
A	<b>Promoter Holding</b>		
1	<b>Promoters</b>		
	Indian Promoters	1515103	48.60
	Foreign Promoters		
2	Persons Acting in Concert		
	<b>Sub Total</b>	<b>1515103</b>	<b>48.60</b>
B	<b>Non Promoters Holding</b>		
3.	Institutional investors		
(a)	Mutual Funds and UTI	1200	0.04
(b)	Bank, financial Institutions, companies (Central/State Govt./ Non- Govt. Institutions)	7300	0.23
(c)	FII's		
	<b>Sub Total</b>	<b>8500</b>	<b>0.27</b>
4	Others		
(a)	Private corporate Bodies	145311	4.66
(b)	Indian Public	1353246	43.41
(c)	NRI/OCBs	95329	3.06
(d)	Any other	0	0
	<b>Sub Total</b>	<b>1593886</b>	<b>51.13</b>
	<b>GRAND TOTAL</b>	<b>3117489</b>	<b>100.000</b>

- (xviii) Address for Communication : Shareholders should address their correspondence to the Company's Share Transfer Agent, Ankit Consultancy Pvt. Ltd. Alankar Point, Gita Bhawan Chouraha, A.B. Road, Indore (M.P.) and may also contact at the registered office of the Company.
- (xix) Name and Designation of the Compliance Officer : Shri Ashok R.Pitliya  
General Manager (Finance)
- (xx) Plant Location, Address for correspondence : Mhow Neemuch Road, Sector -1  
Dist. Dhar (M.P.)Pithampur- 454775  
Email:info@ medicaps.com  
Website:www.medicaps.com  
Phone:0091 7292 407445,407446  
Fax :0091 7292 407387

**FOR AND ON BEHALF OF THE BOARD**

Place : Pithampur  
Dated : 12<sup>th</sup> August, 2008

**R.C.MITTAL**  
**CHAIRMAN CUM MANAGING DIRECTOR**

**MANAGEMENT RESPONSIBILITY STATEMENT**

The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgements relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure this, the company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Internal auditors have conducted periodic audits to provide reasonable assurance those company's established policies and procedures have been followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls.

These financial statements have been audited by M/s Rawka Agrawal & Co., Chartered Accountants, the Statutory Auditors of the Company.

Place: PITHAMPUR  
Dated: 12<sup>th</sup> August, 2008

**R.C.Mittal**  
**CHAIRMAN & MANAGING DIRECTOR**

**ASHOK R.PITALIYA**  
**GENERAL MANAGER (FINANCE)**

**CERTIFICATE OF STATUTORY AUDITORS  
ON CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

**To**  
**The Members**  
**Medi-caps Limited**

We have examined the compliance of conditions of Corporate Governance procedures as stipulated in Clause 49 of Listing Agreement entered into by the company with the Stock Exchanges, for the financial year beginning 1st April, 2007 and ending on 31<sup>st</sup> March, 2008.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company. Based on such review, in our opinion, the Corporate Governance Report of the company, referred to above, reflects on a fair basis the status of compliance by the company with the Clause 49 of the Listing Agreement of the Stock Exchanges, relating to Corporate Governance, for the Financial Year 2007-08 and that no investors grievances is pending for a period exceeding one months against the Company as per the records mentioned by the Share Department/Share Transfer Agent of the Company.

We further state that such compliance is neither an assurance or as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **RAWKA AGRAWAL & CO.**  
Chartered Accountants

INDORE  
Dated : 12<sup>th</sup> August, 2008

**C.P.RAWKA**  
PARTNER

**AUDITORS' REPORT**

To,  
THE MEMBERS  
MEDI-CAPS LIMITED

We have audited the attached Balance Sheet of 'MEDI-CAPS LIMITED' as at 31st March, 2008 and also the Profit and Loss Account for the period ended on that date annexed thereto and cash flow statements for the period ended on that date. 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 requires that we plan and perform the audit plan to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 significant estimates made by managements, as well as evaluating the overall financial statements preparation. We believe that our audit procedure provide a reasonable basis for our opinion.

As required by Company (Auditor's Report) Order, 2003, issued by the Departments of Company affairs. In term sub-section (4A) of section 227 of Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representation received from the directors, as on 31<sup>st</sup> March 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director as on 31<sup>st</sup> March, 2008 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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.
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008, and
  - (b) In the case of the Profit and Loss Account for the period ended on that date; and
  - (c) In the case of the Cash Flow statements, of the cash flows of the company for the year ended on that date

For **RAWKA AGRAWAL & CO.**  
Chartered Accountants

INDORE  
Dated : 12<sup>th</sup> August, 2008

**C.P. RAWKA**  
PARTNER

**ANNEXURE REFERRED TO IN THE AUDITORS' REPORT ON THE ACCOUNTS OF MEDI-CAPS LIMITED.**

- 1.(a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at the year-end. We are informed that no material discrepancies have been noticed by the management on such verification as compared with the record of fixed assets maintained by the company
- (c) The Company has not disposed off substantial part of fixed assets during the year.
- 2(a) The inventory has been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion, the procedures of the physical verification of inventory followed by the managements were reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book of records were not material and have been properly dealt with in the books of accounts.
- 3(a) The Company has not taken any loan from any party covered in the Register maintained U/s 301 of the Companies Act, 1956 to whom company has granted inter corporate deposits.
- (b) In respect of the inter-corporate deposits granted to party covered in the register maintained under section 301 of Companies Act,
  - (i) In our opinion, the terms and condition on which loans have been granted to companies, firm or other parties listed in the register maintained under section 301, of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company except interest free granted.
  - (ii) The parties have repaid the principle amounts as stipulated.
- 4 In our opinion and according to the information and explanations given to us there are adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, in our opinion, there is no continuing failure to correct major weaknesses in internal control.
- 5(a) To the best of our knowledge and belief and according the information and explanation given to us, we are of the opinion that the transactions that need to be entered into the maintained under Section 301 of Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contract or arrangements and exceeding the value of Rupees five lakhs in respect of any party during the year, which have been made at price, which are not reasonable having regards to the prevailing market price at the relevant time.
- 6 In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year.
- 7 The company has an Internal audit system commensurate with the size and nature of its business.
- 8 The Central Government has not prescribed the maintenance of cost records by the company under section 209(1)(d) of the Companies Act, 1956.
- 9(a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employee's State Insurance, Income Tax, Sales Tax, Custom duty and Excise duty, Cess and any other statutory dues with the appropriate authorities and there are no outstanding liabilities as on 31<sup>st</sup> March, 2008 outstanding for more than six months from the date they became payable.
- (b) According to the information & explanations given to us, there are no dues of Sales Tax, Income Tax, Wealth Tax, Excise duty, or Cess outstanding on account of any dispute.
- 10 The company does not have any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and the immediately Preceding financial year.
- 11 According to the information & explanations given to us, the company has not defaulted in repayment of dues to a financial Institution, bank or debenture holders.

- 12 According to the information & explanations given to us, the company has not granted loans & advances on the basis on security by way of pledge of shares, debenture and other securities.
- 13 The Company is not a chit fund, nidhi or mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the order are not applicable to the company.
- 14 In our opinion, the company has maintained proper records of the transactions and contracts of the Investments/ Proceeding of the shares dealt by the company and timely entries have been made there in. The Investment made by the company is in its own name.
- 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.
- 16 According to the information and explanations given to us, the company has not raised any term loans during the year
- 17 According to the information and explanations given to us, the funds raised by the Company on the short term basis have, prima facie, not been used during the period for long term Investments and vice-versa.
- 18 The company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956
- 19 The company has not issued any debenture during the year and hence clause (xix) of the Order is not applicable to the company.
- 20 The company has not made any public issue during the year.
- 21 According to the information & explanations given to us, any frauds on or by the Company has not been noticed or reported during the year.

For **RAWKA AGRAWAL & CO.**  
Chartered Accountants

INDORE  
Dated : 12<sup>th</sup> August, 2008

**C.P.RAWKA**  
PARTNER

**BALANCE SHEET AS AT 31st March 2008**

	SCHEDULE	Rupees	31st March 08 Rupees	31st March 07 Rupees
<b>SOURCES OF FUNDS :</b>				
<b>SHARE HOLDERS' FUNDS :</b>				
Share Capital	1	3,39,30,345		3,39,30,345
Reserves and Surplus	2	<u>47,88,66,222</u>		<u>34,43,25,297</u>
			<b>51,27,96,567</b>	<b>37,82,55,642</b>
<b>LOAN FUNDS :</b>				
Secured Loans	3		<b>0</b>	1,09,052
<b>DEFERRED TAX LIABILITIES</b>				
			<b>79,39,802</b>	93,32,117
			<b><u>52,07,36,369</u></b>	<b><u>38,76,96,811</u></b>
<b>APPLICATION OF FUNDS :</b>				
<b>FIXED ASSETS</b>				
Gross Block	4	16,59,37,069		16,50,40,597
Less : Depreciation		<u>11,86,03,808</u>		<u>11,11,78,233</u>
Net Block		<u>4,73,33,261</u>		<u>5,38,62,364</u>
			<b>4,73,33,261</b>	5,38,62,364
<b>INVESTMENTS</b>				
	5		<b>37,73,57,529</b>	27,37,15,732
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>				
Inventories	6	2,36,25,417		2,29,65,528
Sundry debtors	7	5,49,78,740		5,26,09,515
Cash and Bank Balances	8	3,46,32,634		1,17,60,675
Loans and Advances	9	<u>3,51,77,734</u>		<u>1,97,44,643</u>
		<u>14,84,14,525</u>		<u>10,70,80,361</u>
Less :				
<b>CURRENT LIABILITIES AND PROVISIONS :</b>				
Current Liabilities	10	2,72,22,986		3,03,07,793
Provisions	11	<u>2,51,45,960</u>		<u>1,66,53,853</u>
		<u>5,23,68,946</u>		<u>4,69,61,646</u>
<b>NET CURRENT ASSETS</b>				
			<b>9,60,45,579</b>	6,01,18,715
<b>MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written off or adjusted)	12		<b>0</b>	0
	TOTAL		<b><u>52,07,36,369</u></b>	<b><u>38,76,96,811</u></b>
Significant Accounting Policies and Notes to Accounts	20			

As per our report of even date annexed

FOR AND ON BEHALF OF THE BOARD

For **RAWKA AGRAWAL & CO.**  
Chartered Accountants

**C.P. RAWKA**  
Partner  
Indore, 12th August, 2008

**Anurag Dutt**  
Company Secretary

**Alok K. Garg**  
Executive Director

**R.C. Mittal**  
Chairman & Managing Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008**

	SCHEDULE	Rupees	31st March 08 Rupees	31st March 07 Rupees
<b>INCOME:</b>				
Sales			20,30,41,863	20,76,27,324
Other Income	13		13,03,89,620	6,09,68,907
Increase (Decrease ) in Stock	14		(38,06,671)	2,05,718
			<b><u>32,96,24,812</u></b>	<b><u>26,88,01,949</u></b>
<b>EXPENDITURE :</b>				
Cost of Goods Consumed	15		5,32,47,093	5,77,35,818
Operating Expenses	16		3,69,35,938	3,80,91,157
Employee Cost	17		2,73,49,098	2,51,14,924
Excise Duty & Education Cess Paid			2,23,76,892	2,37,13,747
Other Expenses	18		2,19,99,900	2,19,02,998
Loss on Sales of Fixed Assets			55,015	1,31,664
Interest	19		848	4,10,656
Depreciation	4	87,89,468		86,43,784
Less:Transfer from Revaluation Reserve		<u>5,16,256</u>		<u>5,16,256</u>
			82,73,212	81,27,528
Preliminary & Right Issue Exp.Written Off			0	5,66,175
			<b><u>17,02,37,996</u></b>	<b><u>17,57,94,667</u></b>
<b>PROFIT FOR THE YEAR</b>			<b><u>15,93,86,816</u></b>	<b><u>9,30,07,282</u></b>
Expenses of previous year			1,19,614	617752
<b>PROFIT BEFORE TAX</b>			<b><u>15,92,67,202</u></b>	<b><u>9,23,89,530</u></b>
Less : Income Tax for Earlier Year			4,56,376	0
Income Tax for Current Year			1,95,00,000	1,10,00,000
Less : Fringe Benefit Tax			1,75,000	1,82,893
Add : Deferred Tax			13,92,315	9,73,589
<b>PROFIT FOR THE YEAR AFTER TAXATION</b>			<b><u>14,05,28,141</u></b>	<b><u>8,21,80,226</u></b>
Balance of Profit brought forward			22,78,10,736	15,42,51,470
			<b><u>36,83,38,877</u></b>	<b><u>23,64,31,696</u></b>
Transfer to General Reserve		72,00,000		31,50,000
Proposed dividend		46,76,234		46,76,234
Tax on proposed dividend		<u>7,94,726</u>		<u>7,94,726</u>
			1,26,70,960	<b><u>86,20,960</u></b>
<b>BALANCE OF PROFIT CARRIED TO BALANCE SHEET</b>			<b><u>35,56,67,917</u></b>	<b><u>22,78,10,736</u></b>
Basic and Diluted Earning per Equity Shares ( In Rupees)			45.08	26.36
Significant Accounting Policies and Notes to Accounts	20			

As per our report of even date annexed

FOR AND ON BEHALF OF THE BOARD

For **RAWKA AGRAWAL & CO.**  
Chartered Accountants

**C.P. RAWKA**  
Partner  
Indore, 12th August, 2008

**Anurag Dutt**  
Company Secretary

**Alok K. Garg**  
Executive Director

**R.C. Mittal**  
Chairman & Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008**

	2007-08 (RUPEES)	2006-07 (RUPEES)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extraordinary Items	15,92,67,202	9,23,89,530
Adjustment For:		
Depreciation	82,73,212	81,27,528
Preliminary Expenses Written off	0	5,66,175
Operating Profit Before W/c Change	<u>16,75,40,414</u>	<u>10,10,83,233</u>
<b>ADJUSTMENT FOR WORKING CAPITAL</b>		
Current Assets	(1,92,49,356)	23,35,024
Current Liabilities & Provisions	54,07,300	17,28,293
Cash Generated from Working Capital	<u>(1,38,42,056)</u>	<u>40,63,317</u>
Cash Generated from Operations	15,36,98,358	10,51,46,550
Income Tax & FBT for the Year	1,88,87,849	1,04,61,300
Cash Flow Before Extra Ord.items	<u>13,48,10,509</u>	<u>9,46,85,250</u>
Income Tax for the Earlier Year	4,56,376	0
Proposed Dividend	46,76,234	46,76,234
Dividend Tax on Proposed Dividend	7,94,726	7,94,726
Cash Flow After Extra Ordinary Items	<u>12,88,83,173</u>	<u>8,92,14,290</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Investments	(10,36,41,797)	(7,74,01,608)
Addition of Fixed Assets (Net)	(8,96,472)	(54,38,527)
Capital Work in Progress	0	0
Adjustment for Dep.on Sale of Fixed Assets	(13,63,893)	(14,04,064)
Net Cash Used in Investing Activities	<u>(10,59,02,162)</u>	<u>(8,42,44,199)</u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Loan Repaid	(1,09,052)	(14,42,780)
Net Cash Used in Financial Activities	<u>(1,09,052)</u>	<u>(14,42,780)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>2,28,71,959</b>	<b>35,27,311</b>
Cash & Cash Equivalents at the		
Beginning of the Year	1,17,60,675	82,33,364
Closing of the Year	3,46,32,634	1,17,60,675
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,28,71,959</b>	<b>35,27,311</b>

As per our report of even date annexed

FOR AND ON BEHALF OF THE BOARD

For **RAWKA AGRAWAL & CO.**  
Chartered Accountants

**C.P. RAWKA**  
Partner  
Indore, 12th August, 2008

**Anurag Dutt**  
Company Secretary

**Alok K. Garg**  
Executive Director

**R.C. Mittal**  
Chairman & Managing Director

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

	Rupees	31st March 08 Rupees	31st March 07 Rupees
<b>SCHEDULE 1 : SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
40,00,000 Equity Shares of Rs.10/- each (Previous Year 40,00,000 Equity Shares of Rs.10/- each)		<u>4,00,00,000</u>	<u>4,00,00,000</u>
<b>ISSUED CAPITAL</b>			
36,68,580 Equity Shares of Rs. 10/- each (Previous Year 36,68,580 Equity Shares of Rs.10/- each)		<u>3,66,85,800</u>	<u>3,66,85,800</u>
<b>SUBSCRIBED CAPITAL</b>			
31,17,489 Equity Shares of Rs. 10/- each (Previous Year 31,17,489 Equity Shares of Rs.10/- each) fully paid up		3,11,74,890	3,11,74,890
Add: Forefeited Shares amount originally Paid up		27,55,455	27,55,455
		<u><u>3,39,30,345</u></u>	<u><u>3,39,30,345</u></u>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>			
<b>CAPITAL RESERVE</b>			
As per last Balance Sheet		44,21,000	44,21,000
<b>SHARE PREMIUM</b>			
As per last Balance Sheet		3,89,81,502	3,89,81,502
<b>REVALUATION RESERVE</b>			
As per last Balance Sheet	17,71,249		
LESS : Transfer to Profit and Loss Account	<u>5,16,256</u>		
		12,54,993	17,71,249
<b>GENERAL RESERVE</b>			
As per last Balance Sheet	7,13,40,810		
ADD:- Transfer from P & L A/c	<u>72,00,000</u>		
		7,85,40,810	7,13,40,810
<b>PROFIT AND LOSS ACCOUNT</b>			
As per Annexed Account		35,56,67,917	22,78,10,736
		<u><u>47,88,66,222</u></u>	<u><u>34,43,25,297</u></u>
<b>SCHEDULE 3 : SECURED LOANS :</b>			
ICICI BANK		<u>0</u>	<u>1,09,052</u>
		<u><u>0</u></u>	<u><u>1,09,052</u></u>

**SCHEDULE 4 : FIXED ASSETS**

S. NO.	FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01.04.2007	ADDITION DURING THE YEAR	SALES DURING THE YEAR	TOTAL AS AT 31.03.2008	UP TO 01.04.2007	FOR THE YEAR	TOTAL ADJ./ DEDUCT.	AS AT 31.03.2008	AS AT 31.03.2008	AS AT 31.03.2007
1	Free Hold Land	11,78,000	0	0	11,78,000	0	0	0	0	11,78,000	11,78,000
2	Building	2,39,04,874	0	0	2,39,04,874	1,01,09,545	7,98,423	0	1,09,07,968	1,29,96,906	1,37,95,329
3	Plant & Machinery	12,50,63,494	17,06,371	5,32,578	12,62,37,287	9,33,31,325	66,26,042	3,27,392	9,96,29,975	2,66,07,312	3,17,32,169
4	Furniture & Fixtures	44,47,532	1,45,184	0	45,92,716	27,89,697	2,87,364	0	30,77,061	15,15,655	16,57,835
5	Vehicles	84,69,797	7,42,000	11,64,505	80,47,292	33,02,176	7,57,184	10,36,501	30,22,859	50,24,433	51,67,621
6	Computers	19,76,900	0	0	19,76,900	16,45,490	3,20,455	0	19,65,945	10,955	3,31,410
	<b>GRAND TOTAL</b>	<b>16,50,40,597</b>	<b>25,93,555</b>	<b>16,97,083</b>	<b>16,59,37,069</b>	<b>11,11,78,233</b>	<b>87,89,468</b>	<b>13,63,893</b>	<b>11,86,03,808</b>	<b>4,73,33,261</b>	<b>5,38,62,364</b>
	PREVIOUS YEAR	15,96,02,070	71,86,130	17,47,603	16,50,40,597	10,39,38,513	86,43,784	14,04,064	11,11,78,233	5,38,62,364	5,56,63,557

**Notes :**

- Building includes staff quarters for which separates cost is not ascertainable
- The Company has revalued Land, Building and Plant & Machinery as on 31st March, 1991 and the difference between Net Block and estimated market price was transferred to Revaluation Reserve Amounting to Rs.1,15,53,236/-
- Depreciation on Revalued Assets of Rs.5,16,256/- (Previous Year Rs.5,16,256/-) charged from Revaluation Reserve Account.

	31st March 08 Rupees	31st March 07 Rupees
<b>SCHEDULE 5: INVESTMENTS (Non Trade-At Cost)</b>		
<b>INVESTMENT IN SHARES</b>		
<b>Quoted</b>		
- 100(100) Equity Shares of Natural Capsules	1,000	1,000
- 43,600 (43600) Equity Shares of Jord Engineers India Ltd	21,41,139	21,41,139
- 1,07,000(107000) Equity Shares of Endo Labs Ltd.	10,70,000	10,70,000
- 100(100) Equity Shares of Bharti Health Care Ltd.	2,012	2,012
- NIL (2000) Equity Share of Cummins India Ltd	0	5,08,832
- NIL (3000) Equity Share of Arvind Mills Ltd	0	1,60,601
- NIL (500) Equity Shares of Deepak Fertilizers Ltd	0	50,584
- 400 (NIL) Equity shares of Pfizer Ltd	3,34,422	0
- 7000 (NIL) Equity shares of J.P.Associates	19,19,068	0
- 3500 (NIL) Equity shares of Unitech Ltd	11,56,535	0
- 4000 (NIL) Equity shares of J.P.Hydro	2,51,801	0
- 10000 (NIL) Equity shares of Dish TV	5,12,901	0
- 1000 (NIL) Equity shares of Dr.Reddy's Laboratories Ltd	6,11,533	0
- 4000 (NIL) Equity shares of Praj Industries Ltd	2,65,459	0
- 3000 (NIL) Equity shares of Bank of India	9,93,693	0
- 1000 (NIL) Equity shares of Reliance Comm.Ventures Ltd	4,97,950	0
(Market Value Rs.91,56,501/- Previous Year Rs. 39,18,431/-)		
<b>Total (A)</b>	<b>97,57,513</b>	<b>39,34,168</b>
<b>Unquoted</b>		
- 10,000 (10000) Equity Shares of Ives L.& F. Ltd.	1,00,000	1,00,000
- 21,800 ( 21800) Equity Shares of Medi caps Fin.Ltd.	2,18,000	2,18,000
<b>Total (B)</b>	<b>3,18,000</b>	<b>3,18,000</b>
<b>INVESTMENT IN MUTUAL FUNDS</b>		
- 1971192.444 Units (1343202) in PNB Principal Income Mutual Fund	2,13,51,650	1,34,39,785
- 1200172.148 Units (1461161) in HDFC Mutual Fund	2,00,00,000	3,00,00,000
- 2255802.663 Units (1259557) in Birla Mutual Fund	4,50,00,000	3,00,00,000
- 527304.967 Units (828358) in SBI Magnum Mutual Fund	2,00,00,000	2,50,00,000
- 1719233.62 Units (2428345) in Reliance Mutual Fund	6,00,00,000	4,70,54,010
- 442955.7 Units (2266751) in Franklin India Mutual Fund	2,00,00,000	2,75,00,000
- 733911.460 Units (281020) in DSP Merrill Lynch Mutual Fund	3,00,00,000	75,00,000
- NIL Units (977995) in UTI Leadership Mutual Fund	0	1,00,00,000
- 247302.547 Units (1222494) in HSBC Mutual Fund	1,00,00,000	1,25,00,000
- 672458.778 Units (2615588) in Sunderam India Mutual Fund	1,00,00,000	2,95,00,000
- 1102948.018 Units (1502128) in TATA Mutual Fund	3,50,00,000	3,00,00,000
- 2897353.958 Units (NIL) in JM Mutual fund	4,00,00,000	0
- 516262.261 Units (NIL) in ICICI Prudential Mutual Fund	1,00,00,000	0
- 591200.864 Units (NIL) in Kotak Mutual fund	2,00,00,000	0
- 723118.085 Units (NIL) in JP Morgan India Mutual Fund	1,00,00,000	0
(Market Value Rs. 27,32,16,142/- Previous Year Rs. 25,03,66,238/-)		
<b>Total (C)</b>	<b>35,13,51,650</b>	<b>26,24,93,795</b>
<b>OTHER INVESTMENT</b>		
LIC GRATUITY FUND	30,89,436	30,62,769
INVESTMENT IN IMMOVABLE PROPERTY	70,90,930	39,07,000
INVESTMENT IN JOINT VENTURE (Medgel Pharmaceuticals Pvt. Ltd.)	57,50,000	0
<b>Total (D)</b>	<b>1,59,30,366</b>	<b>69,69,769</b>
<b>TOTAL INVESTMENT</b>	<b>(A+B+C+D)</b>	<b>37,73,57,529</b>
	<b>37,73,57,529</b>	<b>27,37,15,732</b>

	<b>31st March 08 Rupees</b>	<b>31st March 07 Rupees</b>
<b>SCHEDULE 6 : INVENTORIES</b>		
(As valued and certified by the management)		
Raw Materials (At cost)	74,07,910	27,52,081
Finished Goods (At Cost or market price whichever is less)	1,23,06,774	1,56,49,036
Stock in process and waste (At cost or market price whichever is less and in case of waste at realisable value)	19,27,295	23,91,704
Stores and Spares (At cost)	7,01,173	8,52,025
Colour & Chemical (At Cost)	4,48,234	4,61,013
Packing Material (At Cost)	3,07,984	2,64,554
Printing Material ( At Cost)	33,135	43,068
Lab Chemical & Equipments ( At Cost)	40,614	45,222
Fuel (At Cost)	4,52,298	5,06,825
	<b><u>2,36,25,417</u></b>	<b><u>2,29,65,528</u></b>
<b>SCHEDULE 7 : SUNDRY DEBTORS</b>		
Debts outstanding for a period exceeding six months	1,70,196	18,71,614
Other Debts	5,48,08,544	5,07,37,901
	<b><u>5,49,78,740</u></b>	<b><u>5,26,09,515</u></b>
<b>SCHEDULE 8 : CASH AND BANK BALANCES</b>		
Cash in Hand	57,488	82,705
Balances with Scheduled Banks :		
In current account & fixed deposits	3,45,75,146	1,16,77,970
	<b><u>3,46,32,634</u></b>	<b><u>1,17,60,675</u></b>
<b>SCHEDULE 9 : LOANS AND ADVANCES</b>		
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	83,14,060	70,63,914
Advances for Capital Goods	4,14,641	4,14,641
Advances for Immovable Property	57,22,110	0
Income Tax	2,07,26,923	1,22,66,088
	<b><u>3,51,77,734</u></b>	<b><u>1,97,44,643</u></b>
<b>SCHEDULE 10 : CURRENT LIABILITIES</b>		
Sundry Creditors for goods and expenses	75,08,501	1,61,81,037
Other Liabilities	1,97,14,485	1,41,26,756
	<b><u>2,72,22,986</u></b>	<b><u>3,03,07,793</u></b>
<b>SCHEDULE 11 : PROVISIONS</b>		
Provision for Income Tax	1,95,00,000	1,10,00,000
Provision for Fringe Benefit Tax	1,75,000	1,82,893
Proposed Dividend	46,76,234	46,76,234
Tax on Proposed Dividend	7,94,726	7,94,726
	<b><u>2,51,45,960</u></b>	<b><u>1,66,53,853</u></b>
<b>SCHEDULE 12 : MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted Right Issue Expenses	0	5,66,175
<b>TOTAL</b>	0	<b>5,66,175</b>
Less : Written off during the year	0	5,66,175
	<b><u>0</u></b>	<b><u>0</u></b>
<b>SCHEDULE 13 : OTHER INCOME</b>		
Interest Received	6,81,971	5,79,735
Miscellaneous Income	3,116	15,704
Dividend Income	3,88,19,447	2,57,25,001
Claim Account	1,79,442	8,71,211
Rent Received	0	70,830
Profit on sale of Mutual fund	8,90,52,390	3,21,11,004
Profit on sale of securities	11,50,500	3,86,709
Profit on sale of Property	0	2,52,724
DEPB Received	5,02,754	9,55,989
	<b><u>13,03,89,620</u></b>	<b><u>6,09,68,907</u></b>

	<b>31st March 08</b>	<b>31st March 07</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>SCHEDULE 14 : INCREASE(DECREASE) IN STOCKS</b>		
Stock as on 31.03.2008		
Finished Goods	1,23,06,774	1,56,49,036
Stock in Process	17,15,688	20,46,932
Waste	2,11,607	3,44,772
	<b>1,42,34,069</b>	<b>1,80,40,740</b>
Less : Stock As on 01.04.2007		
Finished Goods	1,56,49,036	1,52,19,981
Stock In Process	20,46,932	22,67,796
Waste	3,44,772	3,47,245
	<b>1,80,40,740</b>	<b>1,78,35,022</b>
	<b>(38,06,671)</b>	<b>2,05,718</b>
<b>SCHEDULE 15 : RAW MATERIAL CONSUMED</b>		
Opening Stock	27,52,081	54,02,169
Add : Purchases ( Net)	5,79,02,922	5,50,85,730
Less : Closing Stock	74,07,910	27,52,081
	<b>5,32,47,093</b>	<b>5,77,35,818</b>
<b>SCHEDULE 16 : OPERATING EXPENSES</b>		
Colour & Chemical Consumed	29,24,755	27,96,654
Packing Material Consumed	44,01,657	41,97,461
Printing Material Consumed	10,83,416	10,79,850
Lab Chemical & Equipment Consumed	1,47,947	1,78,331
Stores and Spares Consumed	27,40,988	26,08,537
Power and Fuel	2,09,25,443	2,26,58,416
Repairs to Machinery	36,86,357	34,73,008
Repair to Electricals	7,74,035	8,93,027
Water Expenses	2,51,340	2,05,873
	<b>3,69,35,938</b>	<b>3,80,91,157</b>
<b>SCHEDULE 17 : EMPLOYEE COST</b>		
Salaries, Wages and Bonus	2,02,12,044	1,87,53,005
Contribution to Provident Fund	17,02,814	15,96,837
Keyman Policy Premium	6,77,768	6,77,768
Staff Incentives	37,84,862	32,74,651
Staff Welfare Expenses	9,71,610	8,12,663
	<b>2,73,49,098</b>	<b>2,51,14,924</b>
<b>SCHEDULE 18 : OTHER EXPENSES</b>		
Rent	1,90,080	1,72,800
Repairs to Building	1,19,804	18,70,444
Insurance Expenses	3,68,132	7,27,926
Rates and Taxes	1,03,906	1,28,182
Telephone & Telex Expenses	4,01,092	4,25,538
Donation	28,200	28,556
Bad & Doubtful Debts	3,01,582	2,04,008
Sales Commission	61,58,901	52,22,859
Freight Expenses	55,08,866	56,24,179
Miscellaneous Expenses	88,19,337	74,98,506
	<b>2,19,99,900</b>	<b>2,19,02,998</b>
<b>SCHEDULE 19 : INTEREST</b>		
To Bank	848	4,10,656
	<b>848</b>	<b>4,10,656</b>

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

**SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNT****A. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of preparation of financial statements:-**

The accompanying statements have been prepared under the historicals cost inventions, in accordance with Indian Generally Accepted Accounting Principles and as per the provisions of the Companies Act, 1956.

**b) Sales:-**

Sales include excise duty.

**c) Export Benefits :-**

Export benefits under Exim policy are accounted for on realisation basis.

**d) Fixed Assets and Depreciation :-**

Fixed assets are stated at cost net of cenvat or revalued figures less depreciation provided on straight line basis at the rates specified on Schedule XIV to the Companies Act, 1956 (as ammended) and on prorata basis.

**e) Investments:**

The Company has policy to make investments on strategic and long term basis and the investments have been shown as the cost of investments of acquisition, no adjustments for change in the valuation as on the date of the balance sheet being made, as it has temporary in the nature.

**f) Valuation of Inventories :-**

Inventories are valued at lower of cost or net realisable value.

**g) Foreign Exchange Transactions :-**

Transaction in foreign currency are recorded by applying rate applicable on the date of transaction. The difference if any on actual payments / realisation is charged off to revenue.

**h) Sundry Debtors and Advances :-**

Company's management periodically verify the outstanding balance of sundry debtors, advances etc and on the basis of such verification management determines whether the said outstandings are good, bad, or doubtful and accordingly same are written off or provided for.

**i) Research & Developments :-**

Capital Expenditure is treated in same line as any other Capital expenditure and Revenue expenditure is charged to the respective heads of Profit & Loss Accounts.

**j) Terminal Benefits :-**

Gratuity Liability is accounted for an accrual basis & the company has constituted trust with Life Insurance Corporation of India, Separate accounts for fund deposited with LIC and Provision for Gratuity Payable maintained by Company. Leave Encashment is accounted on Cash basis ie. It is accounted for as and when paid.

**k) Taxations:-**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax recognised, subject to the consideration of prudence in respect of deferred tax assets as timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

**B. NOTES TO THE ACCOUNTS**

1 Depreciation has been charged on Straight Line Method at the SLM rates specified in schedule XIV to the Companies Act, 1956 on prorata basis. Based on the technical opinion obtained by the Company, the Company has provided depreciation on Plant & Machinery at the rates specified for continuous process plant.

2 Depreciation Charged for the year in Profit & Loss Account is after deducting amount of Rs. 5,16,256 /- (previous year Rs. 5,16,256), representing the extra depreciation arising on revaluation of fixed assets, which has been withdrawn from Revaluation reserve.

3 In consonance with Accounting Standard on 'Inventory valuation' and note on 'Accounting Treatment for Excise duty' issued by the Institute of Chartered Accountants of India, the excise duty on finished goods not cleared have been considered for valuation. However, such change has no impact on profit for the year.

4 Company has identified old finished goods stock & the same has been valued at reasonable value.

5 Information on segment reporting as per Accounting standard-17, the entire operation of the company related to one segment as such there is no separate reporting required. Company's earning include Rs.1297.04 lacs of income from Interest, Dividend and Investments, However as per explanation given in AS-17, Segment revenue does not include Dividend income, Interest & Income from Investment, hence there is no separate reporting required.

6 Information on Related party transactions as per Accounting Standard 18 on related party disclosure:

Sr. No.	Related Party	Nature of transactions	Amount
1	Shri R.C.Mittal Chairman & Managing Director	Remuneration	31,80,000
2	Shri Alok K. Garg Executive Director	Remuneration	18,62,846
3	Mrs. Kusum Mittal, Director	Rent	1,90,080

7 Information on deferred tax has been provided in accordance with Accounting Standard 22 - Accounting for taxation on Income, issued by the Institute of Chartered Accountants of India with effect from 1st April 2001. The accumulated net deferred tax liability amounting to Rs.12866070/- has been adjusted against the general reserve. Further, the deferred tax assets for the year is Rs. 13,92,315/- has been recognised in the Profit & Loss Account.

8 The company has entered into a Joint venture arrangement with M/s Mission Pharmaceuticals for setting up a plant at SEZ, Pithampur ( Distt DHAR ) for manufacturing of softgel Capsules with the total proposed investment of Rs.25.00 crores and out of which Company have already contributed Rs 57.50 lacs in the current financial year.

9 **Other liabilities includes:**

- Rs.7,63,038/ (US \$ 15477) which is received from Star Overseas, Russia as security deposit for special size capsule (size "1" elongated) development and to be adjusted against supply.
- Advance received for export supply from S.B.Company, Dubai Rs.10,410/- (U.S.\$ 261.13)

10 Earning per share, the numerator and denominator used to calculate Basic and Diluted Earning per share's:

	2007-2008	2006-2007
i) Profit after tax used as the numerator	14,05,28,141	8,21,80,226
ii) Basic / Weighted Average number of Equity Shares used as the denominator	31,17,489	31,17,489
iii) Nominal Value of Equity shares	10/-	10/-
iv) Basic & Diluted Earning per Equity Share	45.08	26.36

11 The Company does not have outstanding for more than 30 days as on 31st March, 2008 of S.S.I. Units as per status available provided to the company by the respective parties.

12 Payments to Auditors:-

Audit Fees	77,000	70,000
In other Capacity		
Tax Audit Fee	7,000	7,000
Other	23,000	23,000

13 Estimated amount of contracts remaining to be executed on Capital Account and not provided for ( Net of Advances)

**2007-2008**                      **2006-2007**

14 Contingent Liabilities:-                      NIL                      NIL

15 Managerial Remuneration under section 198 of the Companies Act, 1956

Salary	43,50,000	36,00,000
Contribution to Provident Fund	4,59,000	3,96,000
Other Perquisites and Benefits	2,33,846	2,20,385
	<b>50,42,846</b>	<b>42,16,385</b>

16 As per the industrial policy of the Government of India, the activity of the Company does not require licensing.

17 Additional information pursuant to the provisions of para 3 & 4 of part II of Scheduled VI to the Company Act, 1956 are as follows:

	2007-2008	2006-2007
A. Capacity and Production	Hard Geletin	Hard Geletin
Class of Goods Produced	Capsule	Capsule
(Qty. - Nos in Lacs)	Shell I. P.	Shell I. P.
i) Licenced Capacity	NA	NA
ii) Installed Capacity	35750	32500
iii) Actual Production*	35099	35354
(Rounded off to nearest Lacs)		

\* after deducting 386 lacs (204 lacs Previous Year) reprocessing.

	2007-08		2006-2007	
	Qty. (Nos. in Lacs)	Value (Rs. In Lacs)	Qty. (Nos.in Lacs)	Value (Rs. In Lacs)
B. Opening & Closing stock of goods produced (Hard Geletin Capsule Shell I.P.)				
i) Opening Stock	4570.14	156.49	4315.04	152.20
ii) Closing Stock	4436.40	129.82	4570.14	156.49
C. Turnover				
Hard Geletin Capsules Shell I.P.	34973.756	2030.42	34898.76	2076.27
D. Raw Material Consumed				
Geletin	257175 Kgs	532.47	279200 Kgs	577.36

	2007-08		2006-2007	
	Value (Rs.in Lacs)	% of total consumption	Value (Rs.in Lacs)	% of total consumption
E. Value of Raw material, Stores and Spare consumed				
a) Raw Material				
i) Imported	34.63	6.50	11.95	2.07
ii) Indigenous	497.84	93.50	565.41	97.93
b) Stores and Spares Parts				
i) Imported	Nil	Nil	Nil	Nil
ii) Indigenous	27.41	100%	26.08	100%
F. Value of Import on C.I.F.Basis	53.68		24.34	
G. Value of Export on FOB Basis	204.03		269.20	
-Inclusive of amounts contracted for the payments in Rupees (including Exchange Difference)				
H. Expenditure in Foreign Currency				
- Foreign Travel & others	1.57		1.37	
18	Previous Year figures have been regrouped and rearranged wherever necessary.			
19	Schedules 1 to 20 form an integral part of the accounts.			

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**I. REGISTRATION DETAILS**

Registration No.	2231	State Code	10
Balance Sheet Date	31.03.2008		

**II. CAPITAL RAISED DURING THE YEAR**

(Amount in Rs.Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS**

(Amount in Rs.Thousand)

Total Liabilities	520736	Total Assets	520736
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**SOURCE OF FUNDS**

Paid-up Capital	33930	Reserves & Surplus	478866
Secured Loans	0	Unsecured Loan & Deferred Tax Liabilities	7940

**APPLICATIONS OF FUNDS**

Net Fixed Assets	47333	Investment	377357
Net Current Assets	96046	Misc. Expenditure	0
Accumulated Losses	0		

**IV. PERFORMANCE OF COMPANY**

(Amount in Rs.Thousand)

Turnover including other income	333431	Total Expenditure*	174164
Profit before Tax	159267	Profit after Tax**	140528
Earning per Share in Rs.	45.08	Dividend Rate %	15%

\* Excluding Earlier year Tax

\*\* After addition of Deferred Tax

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICE OF THE COMPANY  
(as per monetary terms)**

Item Code no.	96020030	Product Description	Hard Gelatin Capsules Shell I.P.
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As per our report of even date annexed

FOR AND ON BEHALF OF THE BOARD

 For **RAWKA AGRAWAL & CO.**  
Chartered Accountants

**C.P. RAWKA**  
Partner  
Indore, 12th August, 2008

**Anurag Dutt**  
Company Secretary

**Alok K. Garg**  
Executive Director

**R.C. Mittal**  
Chairman & Managing Director



**MEDI-CAPS LIMITED**

Registered Office : Mhow-Neemuch Road, Sector-1, Pithampur - 454 775

**ATTENDANCE SLIP**

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL  
Joint shareholders may obtain additional attendance slip on request.

Name and addresses of the Shareholders

No. of Shares held

.....

Client & DP ID / Folio No.

.....

I hereby record my presence at the 25th Annual General Meeting of the members of the Company held on 29th September 2008 at 11.A.M. at the above mentioned Registered Office of the Company.

.....  
Signature of the Shareholders or Proxy.

**MEDI-CAPS LIMITED**

Registered Office : Mhow-Neemuch Road, Sector-1, Pithampur - 454 775

**PROXY FORM**

Client & DP ID / Folio No.

I/We ..... of

.....being

a Member / Member(s) of Medi-Caps Limited hereby appoint.....

..... of .....or failing him/

her ..... of ..... as my/

our proxy in my/us and on my/our behalf at the 25th Annual Meeting of the Company to be held on 29th September 2008 at 11 A.M. or at any adjournment thereof.

Signed this ..... day of ..... 2008.

Signed by the said .....

Affix Re. 1/- Revenue Stamp
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Signature

Note :

The proxy must be returned so as to reach Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

**BOOK-POST**

If Undelivered please return to :  
**Medi-Caps Limited**  
Mhow-Neemuch Road, Sector-I,  
PITHAMPUR- 454 775, Distt.-Dhar (M.P.)  
E-mail : [info@medicaps.com](mailto:info@medicaps.com)  
Website : [www.medicaps.com](http://www.medicaps.com)