

# **MEDI-CAPS LIMITED**

**28<sup>th</sup> Annual Report**

**2010-11**

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## AUDITORS' REPORT

To,  
**THE MEMBERS**  
**MEDI-CAPS LIMITED**

We have audited the attached Balance Sheet of 'MEDI-CAPS LIMITED' as at 31st March, 2011 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 2011, 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, 2011 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 2011, 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 C.P.RAWKA & Co.  
Chartered Accountants

C P RAWKA  
Proprietor  
M.No.070060  
FRN No.000518C

Place: Indore  
Date: 31<sup>st</sup> August, 2011

**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, IncomeTax, 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, 2011 outstanding for a of 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 is 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 given Corporate guarantee to IDBI Ltd. of Rs. 750 Lacs on behalf of Medgel Pvt. Ltd. (a joint venture of the company), referred in section 295 of the Act after complying with the provisions of the Act.

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, no funds raised by the Company on the short term basis.



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.

Place : Indore  
Date : 31<sup>st</sup> August, 2011



For C.P RAWKA & CO.  
Chartered Accountants,

C P RAWKA  
Proprietor  
M.No.070060  
FRN No.000518C

**MEDI-CAPS LIMITED**  
**BALANCE SHEET AS AT 31st March 2011**

	SCH.	₹	31st Mar 11 ₹	31st Mar 10 ₹
<b>SOURCES OF FUNDS :</b>				
<b>SHARE HOLDERS' FUNDS :</b>				
Share Capital	1	33930345		
Reserves and Surplus	2	560353433		
			594283778	572900870
<b>LOAN FUNDS :</b>				
DEFERRED TAX LIABILITIES			3996953	5482222
			598280731	578383092
<b>APPLICATION OF FUNDS :</b>				
<b>FIXED ASSETS</b>				
Gross Block	3	186439507		182052846
Less : Depreciation		144638391		136153396
Net Block			41801116	45899450
<b>INVESTMENTS</b>				
	4		500583151	487769095
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>				
Inventories	5	17090090		19274831
Sundry debtors	6	53726795		48699680
Cash and Bank Balances	7	8306729		5193834
Loans and Advances	8	41783588		18886433
		120907202		92054778
Less :				
<b>CURRENT LIABILITIES AND PROVISIONS :</b>				
Current Liabilities	9	43557841		30519271
Provisions	10	21452898		16820960
		65010739		47340231
<b>NET CURRENT ASSETS</b>				
			55896463	44714547
			598280731	578383092
Significant Accounting Policies and Notes to Accounts	17			

As per our report of even date annexed

For and on behalf of the Board

For C.P.Rawka & Co.

Chartered Accountants

C.P.Rawka

Proprietor

M.NO.070060

FRN NO.000518C

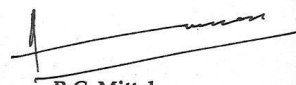
Indore, 31st August, 2011





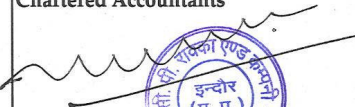


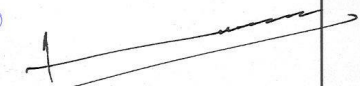
Alok K. Garg

Executive Director



R.C. Mittal

Chairman & Managing Director

MEDI-CAPS LIMITED				
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st Mar 2011				
	SCH	₹	31st Mar 11 ₹	31st Mar 10 ₹
<b>INCOME:</b>				
Sales			279188759	217698091
Other Income	11		(114694)	18296649
Increase (Decrease ) in Stock	12		(303345)	(489960)
			<b>278770720</b>	<b>235504780</b>
<b>EXPENDITURE :</b>				
Cost of Goods Consumed	13		75047153	61576650
Operating Expenses	14		63132377	51563715
Employee Cost	15		38933474	31216465
Excise Duty & Education Cess Paid			18364749	12386481
Other Expenses	16		32888668	24205442
Depreciation	3	9053762		8845549
Less: Transfer from Revaluation Reserve		222481		516256
			<b>8831281</b>	<b>8329293</b>
			<b>237197702</b>	<b>189278046</b>
<b>PROFIT FOR THE YEAR</b>			<b>41573018</b>	<b>46226734</b>
Expenses of Previous Year			0	0
<b>PROFIT BEFORE TAX</b>			<b>41573018</b>	<b>46226734</b>
Less: Income Tax for current Year			16000000	11350000
Add : Deferred Tax			1485269	1370111
<b>PROFIT FOR THE YEAR AFTER TAXATION</b>			<b>27058287</b>	<b>36246845</b>
Balance of Profit brought forward			413154732	384228847
			<b>440213019</b>	<b>420475692</b>
Transfer to General Reserve		1400000		1850000
Proposed dividend		4676234		4676234
Tax on proposed dividend		776664	6852898	794726
<b>BALANCE OF PROFIT CARRIED TO BALANCE SHEET</b>			<b>433360121</b>	<b>413154732</b>
<b>EARNING PER SHARE</b>				
(Refer Note No.10 of Schedule 17)				
Basic and Diluted Earning per Equity Shares			8.68	11.63
Significant Accounting Policies & Notes to Accounts	17			
As per our report of even date annexed			For and on behalf of the Board	
For C.P.Rawka & Co.				
Chartered Accountants				
  <b>C.P.Rawka</b> Proprietor M.NO.070060 FRN NO.000518C Indore, 31st August, 2011			 <b>Alok K. Garg</b> Executive Director	
			 <b>R.C. Mittal</b> Chairman & Managing Director	



**MEDI CAPS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

PARTICULARS	2010-11 ₹	2009-10 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	41573018	46226734
ADJUSTMENT FOR:		
DEPRECIATION	8831281	8329293
DIVIDEND INCOME	(11665576)	(21874405)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	38738723	32681622
ADJUSTMENT FOR WORKING CAPITAL		
(INCREASE)/ DECREASE IN SUNDRY DEBTORS	(5027115)	1480761
(INCREASE)/ DECREASE IN INVENTORIES	2184741	(1659683)
(INCREASE)/ DECREASE IN LOANS & ADVANCES	(22897155)	2371651
INCREASE IN CURRENT LIABILITIES & PROVISIONS	17670508	1639719
<b>CASH GENERATED FROM WORKING CAPITAL</b>	(8069021)	3832448
CASH GENERATED FROM OPERATIONS	30669702	36514070
INCOME TAX FOR THE YEAR	16000000	10782500
<b>NET CASH FLOW FROM OPERATING ACTIVITY</b>	14669702	25731570
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF INVESTMENTS	(12814056)	(41039783)
PURCHASE OF FIXED ASSETS	(4386661)	(5429)
DIVIDEND RECEIVED	11665576	21874405
ADJUSTMENT FOR DEP.ON SALE OF FIXED ASSETS	(568767)	0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(6103908)	(19170807)
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
PROPOSED DIVIDEND & TAX	(4676234)	(4676234)
DIVIDEND TAX ON PROPOSED DIVIDEND	(776664)	(794726)
<b>NET CASH USED IN FINANCIAL ACTIVITIES</b>	(5452898)	(5470960)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	3112895	1089803
CASH & CASH EQUIVALENTS AT THE		
BEGINNING OF THE YEAR	5193834	4104031
CLOSING OF THE YEAR	8306729	5193834
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	3112895	1089803

As per our report of even date annexed

For and on behalf of Board

For C.P.Rawka & Co.

Chartered Accountants



C.P. Rawka

Proprietor

M.No. 070060

FRN No. 000518C

Indore, 31st August, 2011

  
Alok K. Garg

Executive Director

  
R.C. Mittal

Chairman & Managing Director



MEDI-CAPS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	₹	31st Mar 11 ₹	31st Mar 10 ₹
<b>SCHEDULE 1 : SHARE CAPITAL</b>			
<b><u>AUTHORISED</u></b>			
40,00,000 Equity Shares of Rs.10/- each (Previous Year 40,00,000 Equity Shares of Rs.10/- each)		40000000	40000000
<b><u>ISSUED CAPITAL</u></b>			
36,68,580 Equity Shares of Rs. 10/- each (Previous Year 36,68,580 Equity Shares of Rs.10/- each)		36685800	36685800
<b><u>SUBSCRIBED CAPITAL</u></b>			
31,17,489 Equity Shares of Rs. 10/- each (Previous Year 31,17,150 Equity Shares of Rs.10/- each) fully paid up		31174890	31174890
Add: Forefeited Shares amount originally Paid up		2755455	2755455
		<u>33930345</u>	<u>33930345</u>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>			
<b><u>1. CAPITAL RESERVE</u></b>			
As per last Balance Sheet		4421000	4421000
<b><u>2. SHARE PREMIUM</u></b>			
As per last Balance Sheet		38981502	38981502
<b><u>3. REVALUATION RESERVE</u></b>			
As per last Balance Sheet	222481		
LESS : Transfer to Profit and Loss Account	<u>222481</u>	0	222481
<b><u>4. GENERAL RESERVE</u></b>			
As per last Balance Sheet	82190810		
add:- Transfer from P & L A/c	<u>1400000</u>	83590810	82190810
<b><u>5. PROFIT AND LOSS ACCOUNT</u></b>			
As per Annexed Account		433360121	413154732
		<u>560353433</u>	<u>538970525</u>



# MEDI-CAPS LIMITED

## SCHEDULE 3 : FIXED ASSETS

SCHEDULE 3 : FIXED ASSETS											
S. NO.	FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01.04.2010	ADDITION DURING THE YEAR	SALES DURING THE YEAR	TOTAL AS AT 31.03.2011	UP TO 01.04.2010	FOR THE YEAR	TOTAL ADD./ DEDUCT.	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
1	Free Hold Land	1178000	0	0	1178000	0	0	0	0	1178000	1178000
2	Factory Building	23904874	0	0	23904874	12504814	798423	0	13303237	10601637	11400060
3	Office Building	14914639	0	0	14914639	367730	243109	0	610839	14303800	14546909
3	Plant & Machinery	126893993	523377	0	127417370	113017441	6706267	0	119723708	7693662	13876552
4	Furniture & Fixtures	4984279	0	0	4984279	3696754	315505	0	4012259	972020	1287525
5	Vehicles	8047292	4448034	645000	11850326	4551845	920684	531666	4940863	6909463	3495447
6	Computers	2129769	60250	0	2190019	2014812	32673	0	2047485	142534	114957
	GRAND TOTAL	182052846	5031661	645000	186439507	136153396	9016661	531666	144638391	41801116	45899450
	PREVIOUS YEAR	182047417	5429	0	182052846	127307847	8845549	0	136153396	45899450	54739570

Notes :

- 1 Factory Building includes staff quarters for which separates cost is not ascertainable
- 2 The Company has revalued Land, Factory 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/-
- 3 Depreciation on Revalued Assets of Rs.2,22,481/- (Previous Year Rs.5,16,256/-) charged from Revaluation Reserve Account.



*[Handwritten signature]*

# MEDI-CAPS LIMITED

## SCHEDULE 4: INVESTMENTS (Non Trade-At Cost)

### Quoted

	₹	₹
100 (100) Equity Shares of Natural Capsules	1000	1000
43600 (43600) Equity Shares of Jord Engineers India Ltd.	2141139	2141139
107000 (107000) Equity Shares of Endolabs Limited	1070000	1070000
100 (100) Shares of Bharti Healthcare Ltd	2012	2012
(Market Value Rs.11,69,852/- Previous Year Rs. 32,17,111/-)		
<b>Total (A)</b>	<b>3214151</b>	<b>3214151</b>

### Unquoted

7,82,000 (7,82,000) Equity Share of Medgel Private Limited	27245000	27245000
21,800 (21800) Equity Shares of Medi caps Fin.Ltd.	218000	218000
<b>Total (B)</b>	<b>27463000</b>	<b>27463000</b>

### INVESTMENT IN MUTUAL FUNDS

334648.545 (8225222.778) units of Principal Floating Rate Fund	3890144.03	82300426.93
3467719.077 (NIL) HDFC Cash Management Fund (TAP)	34759052.00	0.00
NIL (200172.148) units of HDFC Mutual Fund	0.00	10000000.00
2130473.674 (2255802.663) units of Birla Sunlife Mutual Fund	35000000.00	45000000.00
216262.976 (527304.967) units of SBI Magnum Mutual Fund	10000000.00	20000000.00
526195.656 (859132.794) units of Reliance Mutual Fund	35000000.00	45000000.00
246773.437 (442955.699) units of Franklin India Mutual Fund	10000000.00	20000000.00
542351.588 (542351.588) units of DSP Merrill Mutual Fund	20000000.00	20000000.00
247302.547 (247302.547) units of HSBC Mutual Fund	10000000.00	10000000.00
250000 (NIL) IDBI Nifty Index Mutual Fund	25000000.00	0.00
851253.485 (1102948.018) units of TATA Mutual Fund	25000000.00	35000000.00
NIL (897353.958) units of JM Mutual Fund	0.00	20000000.00
516262.261 (516262.261) units of ICICI Prudential Mutual Fund	10000000.00	10000000.00
326594.598 (591200.864) units of Kotak Mutual Fund	10000000.00	20000000.00
723118.085 (723118.085) units of JP Morgan India Mutual Fund	10000000.00	10000000.00
(Market value Rs.16,64,46,315/- Previous year Rs.27,82,19,435/-)		
<b>Total (C)</b>	<b>216149196</b>	<b>347300427</b>

### OTHER INVESTMENTS

LIC Group Gratuity Fund Scheme	4658804.00	2934035
Investment in Immovable Property	66143000.00	64402482
Investment in Joint Venture (Medgel Private Ltd)	182955000.00	42455000
<b>Total (D)</b>	<b>253756804</b>	<b>109791517</b>

### TOTAL INVESTMENT

<b>(A+B+C+D)</b>	<b>500583151</b>	<b>487769095</b>
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**SCHEDULE 5 : INVENTORIES**

(As valued and certified by the management)

	31st Mar 11	31st Mar 10
Raw Materials (At cost)	4198626	6251628
Finished Goods (At Cost or market price whichever is less)	8934989	10027701
Stock in process and waste (At cost or market price whichever is less and in case of waste at realisable value)	1591982	802615
Stores and Spares (At cost)	707900	695700
Colour & Chemical (At Cost)	651059	362273
Packing Material (At Cost)	326195	405525
Printing Material ( At Cost)	95004	123972
Lab Chemical & Equipments ( At Cost)	38029	33641
Fuel (At Cost)	546306	571776
	<b>17090090</b>	<b>19274831</b>

**SCHEDULE 6 : SUNDRY DEBTORS**

(Unsecured considered good unless otherwise stated)

Over six months	2531771	249808
Other Debts	51195024	48449872
	<b>53726795</b>	<b>48699680</b>

**SCHEDULE 7 : CASH AND BANK BALANCES**

Cash on Hand	74286	74052
Balances with Scheduled Banks :		
In current account	2968560	2455782
In Fixed Deposit Accounts	5263883	2664000
	<b>8306729</b>	<b>5193834</b>

**SCHEDULE 8 : LOANS AND ADVANCES**

(Unsecured considered good unless otherwise stated)

Advances recoverable in cash or kind or for value to be received	23942007	6198295
Income Tax	17841581	12688138
	<b>41783588</b>	<b>18886433</b>

**SCHEDULE 9 : CURRENT LIABILITIES**

Sundry Creditors for goods and expenses	17472035	9895639
Other Liabilities	26085806	20623632
	<b>43557841</b>	<b>30519271</b>

**SCHEDULE 10 : PROVISIONS**

Provision for Income Tax	16000000	11350000
Proposed Dividend	4676234	4676234
Tax on Proposed Dividend	776664	794726
	<b>21452898</b>	<b>16820960</b>





**SCHEDULE 11 : OTHER INCOME**

	31st Mar 11	31st Mar 10
Bad Debts Recovered	0	228419
Claim Account	8245	198857
DEPB Received	299066	334640
Dividend Income	11665576	21874405
Interest Received	965893	669843
Income Tax Refund A.Y. 09-10	9220	0
Miscellaneous Income	34466	26474
Prior Period Adjustment	0	31980
Profit on sale of Mutual fund	(13647879)	(4844098)
Profit on sale of Property	(1233)	0
Profit on sale of securities	0	(223870)
Rent Received	551951	0
	<b>(114694)</b>	<b>18296649</b>

**SCHEDULE 12 : INCREASE(DECREASE) IN STOCKS**

Finished Goods	8934989	10027701
Stock in Process	1485205	714832
Waste	106777	87783
	<b>10526971</b>	<b>10830316</b>

Less : Stock As on 01.04.2010

Finished Goods

10027701

Stock In Process

714832

Waste

87783

**10830316****11320276****-303345****-489960****SCHEDULE 13 : RAW MATERIAL CONSUMED**

Opening Stock	6251628	4670695
Add : Purchases ( Net)	72994151	63157583
Less : Closing Stock	4198626	6251628
	<b>75047153</b>	<b>61576650</b>

**SCHEDULE 14 : OPERATING EXPENSES**

Colour & Chemical Consumed	3922193	3169253
Packing Material Consumed	5626524	5110397
Printing Material Consumed	558612	1509393
Lab Chemical & Equipment Consumed	1030865	1100347
Stores and Spares Consumed	6028514	4293914
Power and Fuel	27742424	22237538
Repairs to Machinery	14877422	11913525
Repair to Electricals	2951899	1951529
Water Expenses	393924	277819

**63132377****51563715****SCHEDULE 15 : EMPLOYEE COST**

Salaries, Wages and Bonus	29835910	23719817
Contribution to Provident Fund	2605711	2181278
Staff Incentives	5448812	4338092
Staff Welfare Expenses	1043041	977278
	<b>38933474</b>	<b>31216465</b>





**MEDI-CAPS LIMITED**

**SCHEDULE 16 : OTHER EXPENSES**

	31st Mar 11	31st Mar 10
Repairs to Building	319204	280885
Insurance Expenses	345399	320038
Rates and Taxes	109033	201642
Telephone & Telex Expenses	491399	433855
Donation	98600	15500
Sales Commission	11692512	10063859
Freight Expenses	7432265	4571303
Miscellaneous Expenses	12400257	8318360

32888668

24205442



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

**SCHEDULE 17 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS.**

**A. SIGNIFICANT ACCOUNTING POLICIES :-**

**a) Basis of preparation of financial statements :-**

The accompanying statements have been prepared under the historical cost convention, 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 depreciation or revalued figures less depreciation provided on straight line basis at the rates specified on Schedule XIV to the Companies Act, 1956 (as amended) 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 i.e. 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. 222481 /- (previous year Rs. 516256), 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 earnings include Rs.-10.16 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	3360000
2	Shri Alok K. Garg Executive Director	Remuneration	2936769
3	Mrs. Kusum Mittal Whole time Director	Remuneration	990000

- 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.1485269/- has been recognised in the Profit & Loss Account.

- 8 The company has entered into a Joint venture arrangement with M/s Mission Vivacare Ltd. for setting up a plant at SEZ, Pithampur ( Distt DHAR ) for manufacturing of softgel Capsules. Company have already contributed Rs 2102.00 lacs upto current financial year. The Project is in the advance stage of its implementation and it proposes to commence productions by Oct. 2011.

- 9 Other liabilities includes :

a) Rs. 763038/ (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.

b) Advance received for export supply from S.B. Company, Dubai 9923.3 (USD 163.60)

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

	2010-2011	2009-2010
i) Profit after tax used as the numerator	27058287	36246845
ii) Basic / Weighted Average number of Equity Shares used as the denominator	3117489	3117489
iii) Nominal Value of Equity shares	10/-	10/-
iv) Basic & Diluted Earning per Equity Share	8.68	11.63

- 11 The Company does not have outstanding for more than 30 days as on 31st March, 2011 of S.S.I. Units as per status available provided to the company by the respective parties.

- 12 Payments to Auditors:-

Audit Fees	100000	100000
In other Capacity		
Tax Audit Fee	20000	20000
Other	30000	30000

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

NIL NIL

- 14 Contingent Liabilities:-

NIL NIL

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

Salary	6300000	4500000
Contribution to Provident Fund	666000	504000
Other Perquisites and Benefits	320769	293846
	7286769	5297846



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:

	2010-2011	2009-2010
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	42000	36000
iii) Actual Production*	41579	34592
(Rounded off to nearest Lacs)		

\* after deducting 60 lacs (452 lacs Previous Year.) reprocessing.

	2010-2011		2009-2010	
	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	3474.86	100.28	4225.57	106.75
ii) Closing Stock	2708.19	105.90	3474.86	100.28
C. Turnover Hard Geletin Capsules Shell I.P.	41620.21	2791.89	34791.40	2176.98
D. Raw Material Consumed Geletin	293125 Kgs	750.47	271525 Kgs	615.77
E. Value of Raw material, Stores and Spare consumed	2010-2011		2009-2010	
	Value (Rs.in Lacs)	% of total consumption	Value (Rs.in Lacs)	% of total consumption
a) Raw Material				
i) Imported	69.20	9.22	NIL	NIL
ii) Indigenous	681.27	90.78	615.77	100.00
b) Stores and Spares Parts				
i) Imported	NIL	NIL	0.17	0.40
ii) Indigenous	60.29	100	42.77	99.60
F. Value of Import on C.I.F.Basis	99.01		6.92	
G. Value of Export on FOB Basis	236.34		134.45	
- Inclusive of amounts contracted for the payments in Rupees (including Exchange Difference)				
H. Expenditure in Foreign Currency - Foreign Travel & others	2.84		4.89	

18 Previous Year figures have been regrouped and rearranged wherever necessary.

19 Schedules 1 to 17 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	31.03.2011		

## **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	598281	Total Assets	598281
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### **SOURCE OF FUNDS**

Paid-up Capital	33930	Reserves & Surplus	560353
Secured Loans	0	Unsecured Loan & Deferred Tax Liabilities	3997

### **APPLICATIONS OF FUNDS**

Net Fixed Assets	41801	Investment	500583
Net Current Assets	55896	Misc. Expenditure	0
Accumulated Losses	0		

## **IV. PERFORMANCE OF COMPANY** (Amount in Rs. Thousand)

Turnover including other income	279074	Total Expenditure	237198
Profit before Tax	41573	Profit after Tax	27058
Earning per Share in Rs.	8.68	Dividend Rate %	15%

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

Item Code No.	96020030	Product Description: Hard Gelatin Capsule Shell IP
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As per our report of even date annn behalf of the Board

For and on behalf of the Board

**For C.P.Rawka & Co.**

**Chartered Accountants**

**C.P.Rawka**

Proprietor

M.NO.070060

FRN NO.000518C

Indore, 31st August, 2011



*(Signature)*

**Alok K. Garg**

Executive Director

*(Signature)*

**R.C. Mittal**

Chairman & Managing Director