



MEDI-CAPS LIMITED

27th Annual Report 2009-10

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

AUDITORS

- ❖ C. P. RAWKA & CO.
Chartered Accountants,
403, Arcade Silver 56,
1, New Palasia, Indore - 452 001

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 India | ❖ 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-1,
Pithampur-454 775, Distt.-Dhar (M.P.)
E-mail : investors@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 27th 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 27th Day of September, 2010 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 31st March, 2010 and the Profit and Loss Account of the Company for the year ended 31st March, 2010 together with the report of the Directors' & Auditors' thereon on that date.
2. To declare dividend on the equity share capital of the Company.
3. To appoint a director in place of Mrs. Trapti Gupta, who is liable to retire by rotation and being eligible, offers her-self for re-appointment.
4. To appoint a director in place of Shri Alok K. Garg, 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. Keshav Singh Verma who is liable to retire by rotation and being eligible, offers him-self for re-appointment
6. To appoint M/s C. P. Rawka & 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 authorize the Board to fix their remuneration.

II. SPECIAL BUSINESS BY SPECIAL RESOLUTION :

7. To consider and if though fit, pass with or without modification(s) if any, the following SPECIAL RESOLUTION :
RESOLVED THAT pursuant to the provisions of Section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) and on the approval of the remuneration committee of the Board and subject to the approvals of members by way of special resolution the approval of the Board of directors of the Company be and is hereby granted for re-appointment of Shri Alok K. Garg as the Whole-time Director and be designated as the Executive Director of the Company for a further period of three years w.e.f. 1st April, 2010 on the following terms and conditions :
 - (a) Salary & other allowances : Rs.2,50,000/- p.m. (upto Rs.30,00,000 p.a.); and
 - (b) Contributions: to the Provident Fund, Family Benefit Fund Superannuation Fund as may be admissible under the PF/Income Tax Rules.
 - (c) Gratuity: not exceeding half a month salary for each completed year of service, subject to the provisions of the Gratuity Act as may be amended from time to time.
 - (d) Earned Privilege Leave: As per the Rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year completed services at the end of the tenure.

FACILITIES :

- (i) Car: The Company shall provide a car with driver for the Company's business and if no car is provided, reimbursement of the conveyance shall be as per actual on the basis of claims made by him.
- (ii) Telephone: Free use of mobile and a telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Whole-time Director.

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Alok K. Garg shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Alok K. Garg the Executive Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may

arise in relation thereto and the Board shall have absolute powers to decide break up of the remuneration within the above said maximum permissible limit.

8. To consider and if though fit, pass with or without modification(s) if any, the following SPECIAL RESOLUTION :
- RESOLVED THAT pursuant to the provisions of Section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) and on the approval of the remuneration committee of the Board and subject to the approvals of members by way of special resolution the approval of the Board of directors of the Company be and is hereby granted for re-appointment of Shri R. C. Mittal as Chairman & Managing Director of the Company for a further period of three years w.e.f. 1st July, 2010 on the following terms and conditions:
- (a) Salary & other allowances : Rs.2,50,000/- p.m. (upto Rs.30,00,000 p.a.); and
 - (b) Contributions: to the Provident Fund, Family Benefit Fund Superannuation Fund as may be admissible under the PF/Income Tax Rules.
 - (c) Gratuity: not exceeding half a month salary for each completed year of service, subject to the provisions of the Gratuity Act as may be amended from time to time.
 - (d) Earned Privilege Leave: As per the Rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year completed services at the end of the tenure.

FACILITIES :

- (i) Car : The Company shall provide a car with driver for the Company's business and if no car is provided, reimbursement of the conveyance shall be as per actual on the basis of claims made by him.
- (ii) Telephone: Free use of mobile and a telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Managing Director.

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri R. C. Mittal shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri R. C. Mittal, Chairman & Managing Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to decide break up of the remuneration within the above said maximum permissible limit.

BY ORDERS OF THE BOARD

Place: Pithampur
Date : 26th August, 2010

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 24th September, 2010 to 27th September, 2010 (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 desires 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 Demat 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 down load 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 2008-09 may approach to the Company for revalidation thereof.
11. The dividend, if any, declared by the Members for the year 2009-10, will be paid to those members whose names appears in the Register of Members as on 24.09.2010 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 24.09.2010.
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. Shri R.C. Mittal, Chairman & Managing Director, aged about 63 years is the core promoter director of the Company since 6th August, 1983. Shri Mittal is a qualified as B. Pharma, having wide experience of 33 years in the field of pharma industry and real estates. He is also Director of Medi-Caps Finance Limited, Medicaps IT Park Pvt. Ltd., Medgel Pvt. Ltd., Medpak India Pvt. Ltd. Trapti Investments Pvt. Ltd. Medi-Caps Education Society, International Institute of Foreign Trade & Research a prominent educational institute of technology & management- an engineering college with high level degree courses and following achievements: Udyog excellence awards 1992, glory of India International award 1993. Shri R.C.Mittal is holding 7,44,460 equity shares in the Company, consisting 23.88% of the total shareholding of the Company.
2. Shri Alok K. Garg, Executive Director of the Company aged about 40 years B.A. (Honors), M.B.A (Marketing), Diploma in Export Documentation & Implementation from IIFT, Delhi is having wide experience in the field of marketing and he has contributed significantly to improve turnover of the company. He is Member of Governing Body of Medi-Caps Charitable Trust and Medi-caps Education Society, Secretary of International Institute of Foreign Trade and Research. He is also director of Medgel Pvt. Ltd., Medpak India Limited, Arcadia Devcon Pvt. Ltd., Medicaps Finance Ltd., Shivalika Realities Pvt. Ltd., Medicaps IT Park Pvt. Ltd. and Crystal Devcon Pvt. Ltd. He is holding 16,928 equity shares consisting of 0.54% of the paid up capital of the Company.

3. Mrs. Trapti Gupta, Director of the Company aged about 33 years. She is commerce graduate having wide experience in the field of export. She is also director of Janani Industries Pvt. Ltd. She is not holding any equity shares in the company.
4. Dr. Keshav Singh Varma, the Non- Executive Director of the Company aged about 63 years, M. Tech., PHD (Mechanical Engineering) having over 38 years experience in the field of engineering and he is also Fellow member of Institute of Engineering (India), Kolkata and Life Member of India Society for Technical Education, New Delhi.

STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS :

ITEM NO. : 7

Shri Alok K. Garg, is a graduate & MBA, was appointed by the Board w.e.f. 1st October, 1998 to 31st March, 1999 as a Manager Marketing of the Company. Looking into his dynamic marketing skill and effective management he was appointed as the Executive Director of the Company w.e.f. 1st April, 1999.

The tenure of Shri Alok K.Garg, being the whole-time Director expired on 31st March, 2010. The Remuneration Committee of the Board of has approved his re-appointment on the remuneration as contained in the resolution for a further period of three years w.e.f. 1st April, 2010.

The proposed remuneration is matching with the pharmaceutical industry for a person of his caliber however; there is no comparable proper company in the manufacturing line of the Company.

Garg is a young and dynamic professional and having proper exposure to deal with the marketing of the Company's products. Shri Garg is the overall in charge of all the marketing and general administration of the Plant at Pithampur and also supporting to the Chairman and Managing Director in the business activities of the Company.

The Company is carrying commercial activities since more than 23 years and as per the financial statements upto 31st March, 2010 it has also earned adequate net profits and having sound business track records and it is having potentials to increase productivity and profitability.

Therefore his appointment shall be in the interest of the Company. The Board recommends to pass necessary resolution as set out in item No. 7 of the Notice as Special Resolution.

This may also be considered as abstracts for the terms and conditions for appointment of the whole-time director as required u/s 302 of the Companies Act, 1956. Necessary relevant documents are available at the Registered Office of the Company for inspection during the normal business hours till the conclusion of the Annual General Meeting.

Except, Shri R.C.Mittal, Mrs. Kusum Mittal, and Mrs.Trapti Gupta being relatives and Shri Alok K.Garg being appointed none other directors are interested or concerned in the resolution.

ITEM NO. 8 :

The tenure of Shri R.C. Mittal, (B.Pharma) Chairman and Managing Director expired on 30th June, 2010 on completion of three years. Therefore on the approval of the remuneration committee the Board has re-appointed him w.e.f. 1st July, 2010 for a period of 3 years as the Chairman and Managing Director of the Company on the remuneration as contained in the resolution.

Shri R.C.Mittal is a founder of the Company and has full technical knowledge and expertise of more than 33 years. Shri Mittal is overall in charge of all the business activities of the Company and directly looking into the investment activities of surplus funds. The proposed remuneration is matching with the remuneration payable in the pharmaceutical industry for a person of his caliber, however, there is no proper comparable company in the manufacturing line of the Company.

The Company is carrying commercial activities since more than 23 years and as per the financial statements upto 31st March, 2010 it has also earned adequate net profits and having sound business track records and it is having potentials to increase productivity and profitability.

Therefore his re-appointment shall be an assets for the Company. The Board recommends passing necessary resolution as set out in item No. 8 of the Notice as a Special Resolution.

This may also be considered as abstracts for the terms and conditions for appointment of the whole-time director as required u/s 302 of the Companies Act, 1956. Necessary relevant documents are available at the Registered Office of the Company for inspection during the normal business hours till the conclusion of the Annual General Meeting.

Except, Mrs. Kusum Mittal, Shri Alok K.Garg and Mrs.Trapti Gupta being relatives and Shri R. C. Mittal being appointed none other directors are interested or concerned in the resolution.

BY ORDERS OF THE BOARD

Place: Pithampur

Date : 26th August, 2010

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 27th Annual Report on the business and operations of the company together with the Audited Balance Sheet & Profit and Loss Accounts for the year ended 31st March 2010.

1. FINANCIAL RESULTS :

	Year ended 31.03.2010	Year ended 31.03.2009
	(Rupees in Lacs)	
Net Sales/Income from operations	2176.98	2274.81
Other Income	182.97	114.34
Total Income	2359.95	2389.15
Operating Profit (PBIDT)	545.57	554.32
Less : Depreciation	83.30	81.88
Interest and Financial Charges	0.00	0.00
Profit before Tax	462.27	472.44
Less : Provision for current year income tax	113.50	123.00
Fringe Benefit Tax	0.00	2.00
Add : Deferred Tax	13.70	10.87
Net Profit after tax & adjustments	362.47	358.31
Add : balance carried from Profit & Loss A/c	3842.28	3556.68
Total profit available for appropriation	4204.75	3914.99
Less : Transfer to General Reserves	18.50	18.00
Less : Proposed Dividend	46.76	46.76
Less : Corporate Tax on Dividend	7.95	7.95
Surplus Carried to the balance Sheet	4131.54	3842.28
EPS in Rs. (Shares on Rs.10/- each)	11.63	11.49

2. DIVIDEND :

Your directors are pleased to inform that Board of directors have recommend a dividend @Rs.1.50 (15%) 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 due to sound fundamental and well planning of the Management of the company, it could earn the income of Rs. 182.97 Lacs from investment activities as compared to Rs. 114.34 Lacs in the previous year.

However, Company's manufacturing turnover has been marginally decreased from Rs. 2274.81 lacs to Rs.2176.98 Lacs. However, the profits from the manufacturing activities has also been substantially decreased to Rs.279.30 Lacs as compared to previous year Rs.358.10 lacs, this is due to increase in the cost of inputs, and low realization of the Company's product due to stiff competition.

Your company is in continuous process of modernization of the existing manufacturing facilities 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 judgments 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, 2010 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. 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 Mrs. Trapti Gupta, Shri Alok K. Garg and Shri Keshav Singh Verma are liable to retire by rotation at the forthcoming Annual General Meeting, they being eligible, offers themselves for re-appointment.

The tenure of Shri Ramesh Chand Mittal, as the Chairman Cum Managing Director was expired of 30th June, 2010 and the tenure of Shri Alok K. Garg, Whole-time Director was also expired on 31st March, 2010 upon the recommendation of the Remuneration Committee, the Board of Directors have re-appointed them for a further period of three years.

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

6. 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 the Company's shares in dematerialized form. Company's equity shares are listed at the Bombay Stock Exchange Ltd., Mumbai, and being regularly traded.

The Company has complied with the 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 BSE.

7. FINANCE & ACCOUNTS :

7.1 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'.

7.2. 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 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.

7.3 Adequate coverage of risk :

The Company's assets are adequately insured against various risks, 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.

7.4 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.

7.5 Subsidiary Company :

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

7.6 Joint Venture Company :

The Company is also Joint Venture company with Mission Vivacare Ltd. in M/s Medgel Pvt. Ltd. in which the Company hold 50% share capital. The Medgel is in process to start the manufacturing unit of soft geletin at SEZ, Pithampur, District Dhar with the total investments of Rs. 3000 Lacs. The Project is in the advance stage of its implementation and it proposes to commence productions soon.

7.7 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, 2010.

8. 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.

9. 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 C.P.Rawka & Co., Chartered Accountants, the Statutory Auditors has expressed their willingness for re-appointment at the forthcoming annual general meeting. A certificate to that effect that their appointment, if made, would be in accordance with the provisions of section 224(1) of the Companies Act, 1956 has been received by the Company.

10. COMPLIANCE CERTIFICATE:

Compliance Certificate has been obtained from M/s D. K. Jain & Co. in terms of the provisions of section 383A(1) of the Companies Act, 1956 which is being annexed to the Directors' Report, which is self-explanatory and needs no comments. Annexure B

11. 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 as annexure A.

12. 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 repayment.

13. INVESTMENTS:

As a matter of long term policy the Company utilizes its surplus funds in the long term investment in the various mutual funds and other securities from time to time to maximize the worth of the stakeholders of the Company and has earned very handsome profits from the investment activities. Further that the Company needs to provide financial support to the Joint Venture Company, M/s Medgel Pvt. Ltd. by way of providing financial guarantee to the Bank and financial institutions.

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. 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 as Annexure C.

16. MANAGEMENT DISCUSSION AND ANALYSIS:

16.1 Industry structure and developments:

The Indian Pharmaceuticals market valued at around USD 9 billion continues to be a highly fragmented market with more than 5000 players, the vast majority of which are in the unorganized sector. It is predominantly a "branded generics" market with over 25000 brands and is growing @ 10% p.a.

Introduction of a product patent regime was widely welcomed but an environment of world class intellectual property rights including data protection continues to be elusive. There is a need to foster an ecosystem that recognizes, respects and rewards innovation.

The Pharmaceutical Policy 2002 which proposed to increase the scope of price control to all 354 drugs needs

serious review. Industry hopes that its recommendation to government of price monitoring as opposed to price control of drugs will form the basis of the progressive new Pharmaceutical Policy.

The Indian over-the-counter (OTC) medicines market, valued at over USD 1.8 billion, is the 11th largest in the world. It is the second fastest growing market globally with a growth rate of around 9% per annum. The market has been performing well, partly due to switch of popular brands from prescription to OTC.

Despite strong growth, the OTC market development is still held back by several factors. OTC per capita spend remains low for several reasons, including reliance on herbal home remedies, regulatory restrictions, counterfeit medicines and price control. Pharmacies are mainly concentrated in urban areas and while they are increasingly being found in rural areas, doctor- dispensing is still the norm. 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.

According to IMS Health Inc., the global pharmaceutical market grew by 7% in 2009 compared with 4.8% growth in 2008. In 2010 market is expected to grow by 4% to 6%. This growth will be largely driven by strong overall growth in the emerging countries as well as the rising influence of Health Care access and funding on market demand.

The Indian pharmaceutical market has seen a CAGR of about 14% in the last five years. It continues to be highly fragmented and dominated by Indian Companies. The domestic pharmaceutical Industry grew by 18% in March 2010 compared to 10% in March 2009. The Government of India's vision 2015 indicates an 18% plus CAGR for the pharmaceutical sector, translating to a doubling of revenues over the next five years. According to this report, growth will be driven by all verticals: domestic formulations, generic exports and outsourcing.

16.2 SWOT ANALYSIS FOR THE COMPANY :

16.2.1 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.

16.2.2 Weaknesses :

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

16.2.3 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.
- As your Company has made huge investment in the Mutual Funds and other securities, the financial results for the coming year may improve the profitability in view of improved financial conditions of the Country and globally.

16.2.4 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 change in Govt. policy 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.

16.3 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 empty 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. However, return from the investment activities may largely effect the profitability of the Company.

16.4 Marketing and Export :

In domestic market your company had some more well reputed companies. In the export front the Company has done well, the export turnover of the company is increased to Rs.143.34 Lacs as compared to previous year Rs.99.68 Lacs and your company is making all the efforts to increase its export turnover in the coming years.

17. 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.

BY ORDERS OF THE BOARD

Place: Pithampur

Date : 26th August, 2010

R. C. MITTAL

CHAIRMAN & MANAGING DIRECTOR

Annexure A 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
POWER & FUEL CONSUMPTION		
1. Electricity (Purchased) Units	5095584	5094216
Total Amount (Rs.)	2,04,41,208	2,02,44,490
Rate per Unit (Rs.)	4.01	3.97
2. Electricity (Generated) units	81750	49980
Diesel/LDO/SKO consumed in Liters	24926	15530
Total Amount (Rs.)	8,88,612	5,62,341
Rate per Unit (Rs.)	10.87	11.25
3. Total Units consumed	5177334	5144196
Units consumed in lac per capsule	142.05	137.54

B. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT :

Research and Development is in process for followings:

- To increase production capacity of capsule manufacturing machine.
- To increase automization 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 :	Rs 135.06 Lacs	Rs. 90.75 Lacs
Outgoing :	Rs 5.06 Lacs	Rs. 30.41 Lacs

Foreign Exchange earning has increased from Rs.90.75 lacs in the previous year as compared to Rs.135.06 Lacs in Current year.

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)	30,00,000/-	3,60,000/-	33,60,000/-

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 re-appointed for a period of 3 years w.e.f. 1st July, 2010 and his appointment is on contractual basis.

BY ORDERS OF THE BOARD

Place: Pithampur

Date : 26th August, 2010

R. C. MITTAL

CHAIRMAN & MANAGING DIRECTOR

D. K. JAIN & CO.
COMPANY SECRETARIES

4th Floor, Silver Ark Plaza,
20/1, New Palasia,
INDORE-452001
Phone 0731-2532813

COMPLIANCE CERTIFICATE

CIN: L24232MP1983PLC002231

Nominal Capital : Rs.4, 00,00,000

To,
The Members
MEDI-CAPS LIMITED
Mhow-Neemuch Road,
Sector 1, Pithampur
Dhar (M.P.)

We have examined the registers, records, books and papers of Medi-Caps Ltd. (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2010 (from 01.04.2009 to 31.03.2010). In our opinion and to the best of our information and according to the examinations carried out and explanations furnished to us by the Company and its management, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the Rules made there under, except Form 20B for the year 2008 which was filed after some delay with the adequate late filing fee.
3. The company, being a public limited company, comments are not required.
4. The Board of directors met Five (05) times on 30th April, 2009; 30th July, 2009; 25th August, 2009; 30th October 2009 and 29th January, 2010 and in respect of which meetings, notices were given and the proceedings were recorded in the Minutes book maintained for the purpose.
5. The Company has closed its Register of Member from 28/09/2009 to 30/09/2009 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th Sept., 2009 and after given due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes book maintained for the purpose.
7. No Extra ordinary General Meeting was held during the financial year.
8. The Company has provided corporate guarantee to the 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.
9. The Company has complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the preview of section 314 of the Companies Act, 1956 the company was not required to obtain any approval of the Board, members or Central Government.
12. The Board of directors or duly constituted committee of directors has approved the issue of duplicate share certificates.
13. The Company:
 - I. Delivered all certificates for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - II. Deposited the amount of dividend declared in a separate Bank Account on 5th Oct., 2009 which is with in 5 days from the date of declaration of such dividend.

- III. Has Paid/posted warrants for dividend to all the members within a period 30 days from the date of declaration and all unclaimed/unpaid dividend has been transferred to Unpaid dividend account of the company within the stipulated time by way of change of name of the said dividend account.
- IV. Was not required to transfer any amount in unpaid dividend account, application money due for refund, matured deposit, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to Investors Education and Protection Fund.
- V. Has complied with the requirements of section 217 of the Act.
14. The Board of directors of the Company is duly constituted. The appointment of directors, were duly made. However there was no appointment of additional director, alternate director or directors to fill casual vacancy during the financial year.
15. The Board of directors of the company at their meeting held on 29th January, 2010 has re-appointed Shri Alok K. Garg, as the Whole-time Director w.e.f. 1st April, 2010 in compliance with the provisions of section 269 of the Act read with Schedule XIII to the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has obtained necessary approval of Central Government as prescribed under the provisions of section 295 of the Act vide letter No. 6/01/2010-CL-VI dated 22nd March, 2010.
18. The directors have disclosed their interest in other firms/companies to the Board of directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares and other securities during the year under the review.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has not made any borrowings under section 293 of the Act during the financial year ended 31st March 2010.
25. The company has made loans and investments and given guarantee or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during financial year,
31. There was no prosecution initiated or show cause notice received by the Company and no fines or penalty or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not established any separate trust for its employees u/s 418 of the Act.

For D. K. JAIN & CO.
COMPANY SECRETARIES

Dr. DILIPKUMAR JAIN
PROPRIETOR
CP NO. 2382

Date : 26th August, 2010
Place : Indore

Annexure-A
Registers as maintained by the Company

S. No.	PARTICULARS	SECTIONS/RULES
1	Register of Deposits	Section 58A
2	Register of Charges	Section 143
3	Copies of instruments creating charge	Section 136
4	Register of Members	Section 150
5	Registers and returns kept at the Registered Office, viz Annual Returns together with copies of certificate, etc.	Section 163
6	Minute Book containing minutes of - Board Meeting - General Meeting - Audit Committee - Remuneration Committee	Section 193
7	Register of particulars of contracts in which Directors are interested and Register for disclosure of interest by the directors	Section 301
8	Register of Directors, MD/M/Secretary	Section 303
9	Register of Director's shareholdings	Section 307
10	Register of Investments	Section 372A
11	Register for Transfer/Transmission of Shares	
12	Register for issuance of duplicate share certificates	
13	Register for Demat/remat of Shares	

For D. K. JAIN & CO.
COMPANY SECRETARIES

Dr. DILIPKUMARJAIN
PROPRIETOR
CP NO. 2382

Date : 26th August, 2010
Place : Indore

Annexure-B
Forms and Returns as filed by the Company with Registrar of Companies, during the financial year ending 31st March, 2010.

S.No.	Form No.	Section/ Rules	For dated	Filed on dated	Whether Within Time	Whether late filing fee Paid	Remarks/ RoC Receipt No./ Dated
1.	23AC, 23ACA	220	31/03/2009	08/10/2009	Yes	No	P35569805
2.	20B	159/161	25/09/2009	06/11/2009	Yes	No	P39981493
3.	66	383(1A)	31/03/2009	08/10/2009	Yes	No	P35568583
4.	32	303	12/07/2009	18/07/2009	Yes	No	A65517757
5.	24AB	295	25/08/2009	10/09/2009	Yes	No	A68932532
6.	DIN-3	Rule 6	06/07/2009	06/07/2009	Yes	No	A64780067
7.	Form 20B	159/161	29/09/2008	16/07/2009	No	Yes	P33311820

For D. K. JAIN & CO.
COMPANY SECRETARIES

Dr. DILIPKUMARJAIN
PROPRIETOR
CP NO. 2382

Date : 26th August, 2010
Place : Indore

Annexure C
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 2009-10 the Board of directors met 5 (Five) times on 30th April 2009; 30th July, 2009, 25th August 2009; 30th October, 2009 and 29th January 2010.

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

Directors	Executive/ Non Independent	No. of Meeting Attended	No of directorship in other public companies	No. of outside Committee positions held	
				Member	Chairman
Shri Ramesh C. Mittal	Promoter/ Managing director	5	2	Nil	Nil
Shri Alok K. Garg	Promoter/ Executive Director	5	2	Nil	Nil
Mrs. Kusum Mittal	Promoter/NED	3	1	Nil	Nil
Mrs. Trapti Gupta	Promoter/NED	2	-	Nil	Nil
Dr. S. K. Sharma	Independent	5	-	Nil	Nil
Dr. Shamsher Singh	Independent	5	-	Nil	Nil
Dr. K. S. Verma	Independent	4	-	Nil	Nil
Dr. Vishwanath B. Malher	Independent	0	-	Nil	Nil
Dr. Vinay G. Nayak*	Independent	0	-	Nil	Nil

* Shri Vinay Gopal Nayak has resigned w.e.f 12th July, 2009

3. INFORMATION AVAILABLE TO THE BOARD

The Board has unfettered and complete access to any information within the Company and from any of our employees. At meetings of the Board, it welcomes the presence of concerned employees who can provide additional insights into the items being discussed.

The information regularly supplied to the Board includes:

- Annual operating plans and updates.
- Periodical Financial Statements.
- Minutes of meetings of audit, compensation and investor grievance committee of the Company along with board minutes of the subsidiary companies.
- General notices of interest.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important litigations show cause, demand, and prosecution and penalty notices, if any.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems, if any.
- Any materially relevant default in financial obligations to and by us.
- Significant development on the human resources front.

- Sale of material, which are not in the normal course of business.
- Details of foreign exchange exposure and the steps taken by the management to limit risks of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board also periodically reviews compliance reports of all laws applicable to the Company, prepared by the designated employees as well as steps taken to rectify instances of non-compliance.

4. CODE OF CONDUCT

The Board of directors of the Company has laid down a Code of Conduct for all Board members and members of senior management of the company. The Board Members and Senior Management have affirmed compliance with the "Code of Conduct" for the year ended March 31, 2010.

5. AUDIT COMMITTEE:

As a measure of good Corporate Governance and to provide assistance to the Board of directors and to meet the requirement of section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and in fulfilling the Board's overall responsibilities, an Audit Committee is functioning consisting of only independent directors. The Audit Committee inter-alia has the following mandate in terms of the Clause 49 of the Listing Agreement:

1. Overview of company's financial reporting process and the disclosure of the financial information in the annual accounts.
2. To review and discuss with management, internal audit team and external auditors regarding any significant finding of material nature.
3. To consider and review the adequacy of management control system and internal audit function and frequency of internal audit process.
4. To review with Management the quarterly and annual financial statements before submission to the Board focusing primarily on any change in accounting policies and compliance with accounting standards, requirements of stock exchanges and other legal compliance.
5. To review Balance Sheet & Profit and Loss Accounts to be placed before the Board.
6. To consider and review the financial and risk management policy of the Company.
7. To consider and review the defaults, if any in payment to the creditors, financial institutions and reasons thereof.
8. To consider the directors responsibility statement to be given by the Board in the Directors Report.
9. To consider the matter relating to the recommendation for appointment of the external auditors and fixation of their audit fee and also approval for payment of any other services.

(A) Composition of the Audit Committee:

S.No.	Name of the members of the Committee	Designation	Position in Committee	No. of meetings attended
1.	Dr. S. K. Sharma	Director	Chairman	4
2.	Dr. Shamsheer Singh	Director	Member	4
3.	Dr. K. S. Verma	Director	Member	4

(B) Meetings of the Audit Committee:

During the financial year 2009-10 the Audit Committee met 4 (Four) times on the 30th April, 2009, 30th July, 2009, 30th Oct., 2009 and 29th January, 2010 under the Chairmanship of Shri S. K. Sharma, in which proper quorum was present. The Committee considered the draft Annual Accounts for the year 2009-10. The Committee also reviewed financial and risk management policy of the Company and defaults, if any in payment to the creditors, financial institutions and reasons thereof.

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.

6. 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 by 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 (Finance)	Member

As no reference were made to the committee during the year under review, no meetings were held during the year under review.

7. 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

(C) Meeting and recommendation of the remuneration committee during the year:

During the financial year 2009-2010 the Remuneration Committee met 2(Two) times as on 29th January 2010 and on 29th April 2010 respectively under the Chairmanship of Dr. S. K. Sharma, in which the proper quorum was present. The Committee considered and approved the re-appointment of Shri Alok K. Garg as the Whole time- director and designated as the Executive Director of the Company w.e.f. 1st April 2010 for a period of three years (3 years).

(D) Payment of non-executive directors and composition of the Committee:

The Company is not paying any remuneration and sitting fees to the non-executive/independent Directors for attending of the Board or the committee meetings.

(E) Remuneration paid to directors during the year:

S. No.	Name of Directors	Status	Sitting fee (Rs.)	Salary/remuneration (Rs.) p.a.
1	Shri Ramesh C. Mittal	Promoter/Managing Director	Nil	33,60,000/-
2	Shri Alok K. Garg	Promoter/Executive	Nil	19,37,846/-
3	Mrs. Kusum Mittal	Promoter/Non-Executive	Nil	Nil
4	Mrs. Trapti Gupta	Promoter/Non-Executive	Nil	Nil
5	Dr. S. K. Sharma	Independent	Nil	Nil
6	Dr. Shamsher Singh	Independent	Nil	Nil
7	Dr. K. S. Verma	Independent	Nil	Nil
8	Dr. Vishwanath B. Malker	Independent	Nil	Nil
9	Dr. Vinay G.Nayak*	Independent	Nil	Nil

* Resigned w.e.f. 12th July, 2009.

8. WHISTLE BLOWER POLICY:

Though there is no formal Whistle Blower Policy, the Company takes cognizance of the complaints made and suggestions given by the employees and others. Complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

9. VENUE AND TIME OF THE LAST THREE ANNUAL GENERAL MEETINGS :

Date of AGM	Venue	Time	No. of Resolutions passed other than ordinary Businesses	No. of resolution passed by Postal Ballot.
28.09.2007	Pithampur, Dhar	12.30 p.m	Three	Nil
29.09.2008	---do---	11.00 a.m.	Nil	Nil
30.09.2009	---do---	---do---	Nil	Nil

The Resolutions were passed by show of hands with requisite majority. The venue of the AGM of the company has been chosen for its central location, prominence and capacity. Chairman of the Audit Committee and Remuneration Committee, Dr. S. K. Sharma has also attended the Annual General Meetings. No extra ordinary general meetings were held during the previous three years.

10. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS :

Full disclosure of related party transactions as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India are given under Note No. 6 of Notes on Annual Accounts.

There has not been any non-compliance by the company and no penalties or strictures 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.

11. MEANS OF COMMUNICATION :

The company has a web site viz. 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 SHAREHOLDERS' INFORMATION

- | | | |
|---|---|---|
| (i) Date, Time and Venue of Annual General Meeting | : | 27 th Sept., 2010
at 11.00 A.M. at the Registered office of the Company at Mhow-Neemuch Road Sector-I, Pithampur, Dist. Dhar (M.P.) |
| (ii) Financial Calendar | : | April to March |
| First Quarter Results | | On or Before 31 st July 2010 |
| Second Quarter Results | | On or before 15 th Nov., 2010 |
| Third Quarter Results | | On or before 15 th Feb., 2011 |
| Last Quarter Results | | On or before 15 th July, 2011 |
| (iii) Dates of Book Closure | : | From 24.09.2010 to 27.09.2010 |
| (iv) Board meeting for consideration of Annual Accounts | : | 26 th August, 2010 |
| (v) Posting of Annual Report | : | before 3 rd Sept., 2010 |
| (vi) Last date for receipt of Proxy | : | 25 th Sept., 2010 |
| (vii) No. of Shares holders as on 31.03.2010 | : | 4130 |
| (viii) Listing on Stock Exchanges | : | M.P. Stock Exchange,
The Bombay Stock Exchange Ltd |
| (ix) Scrip Code | | |
| The Stock Exchange, Madhya Pradesh | : | N.A. |
| The Stock Exchange, Mumbai | : | 523144 |
| (x) Demat ISIN No. for CDSL & NSDL | : | INE442D01010 |
| (xi) Stock Market Data | : | Stock Exchange, Mumbai |

High and low during each month in the financial year 2009-10

Month	Highest (Rs.)	Lowest (Rs.)	No. of Trades	No of shares traded	Total volume (Rs.)
April, 2009	33.00	23.75	200	22,077	6,36,435
May, 2009	48.00	27.20	643	75,016	28,33,442
June, 2009	49.00	39.10	564	51,624	22,43,174
July, 2009	48.00	32.20	342	32,221	13,20,029
August, 2009	53.70	38.35	506	74,952	34,57,480
September, 2009	62.10	46.60	1,385	1,92,984	1,05,91,941
October 2009	61.00	49.00	437	43,951	23,83,583
November, 2009	54.00	46.20	286	33,615	17,27,669
December, 2009	64.00	49.55	441	43,507	23,45,123
January, 2010	64.00	52.85	1,015	94,231	55,88,189
February, 2010	73.80	54.00	6,419	6,76,530	4,51,26,171
March, 2010	79.40	55.50	2,096	1,90,678	1,30,67,242

(xii) 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.

(xiii) Status of the investors/shareholders complaints:

(i) Number of complaints received during the year	:	48
(ii) Number of complaints solved during the year	:	48
(iii) Number of complaints pending at the end of the year	:	NIL

(xiv) Dematerialisation/Rematerialisation:

The shares of the company are traded in dematerialised form. As on 31st March, 2010, the Company's 1654445 shares are held by shareowners in dematerialised form, aggregating 53.07% of the Equity Share Capital.

No. of shares in physical, NSDL and CDSL as on 31st March, 2010:

(a) In physical Form	: 14,63,044
(b) In CDSL	: 4,00,531
(c) in NSDL	: 12,53,914

 (xv) Distribution of Share owning as on 31st March, 2010

Shareholding of Nominal Value of Rs	No. of Owners	% of Share holders	Share Amount (Rs.)	% to Total
Upto 1000	2,268	54.92	16,85,380	5.41
1001 -2000	760	18.40	13,84,570	4.44
2001 -3000	297	7.19	8,40,310	2.70
3001 -4000	112	2.71	4,33,410	1.39
4001 -5000	234	5.67	11,56,380	3.71
5001 -10000	262	6.34	21,18,010	6.79
10001-20000	101	2.45	14,69,830	4.71
20001-30000	31	0.75	7,96,000	2.55
30001-40000	20	0.48	7,27,110	2.33
40001-50000	13	0.31	5,65,310	1.81
50001-100000	11	0.27	7,16,920	2.30
100001- Above	21	0.51	1,92,81,660	61.85
Total	4130	100.00	3,11,74,890	100.00

(xvi) Shareholders pattern as on 31st March, 2010

S.No	Category	No. of Shares Held	Holding % of share
A	Promoter Holding		
	1. Promoters		
	Indian Promoters	15,50,648	49.74
	Foreign Promoters	-	-
	2. Persons Acting in Concert	-	-
	Sub Total	15,50,648	49.74
B	Non Promoters Holding		
	3. Institutional investors		
	(a) Mutual Funds and UTI	1,200	0.04
	(b) Bank, financial Institutions, companies (Central/State Govt./Non- Govt. Institutions)	7,300	0.23
	(c) FIs	-	-
	Sub Total	8,500	0.27
	4 Others		
	(a) Private corporate Bodies	1,26,692	4.06
	(b) Indian Public	13,63,647	43.74
	(c) NRI/OCBs	66,438	2.13
	(d) Clearing Members	1,564	0.05
	Sub Total	15,58,341	49.99
	GRAND TOTAL	31,17,489	100.000

- (xvii) Details of the promoter's shares Under pledge. : No Equity Shares of the promoters and group of promoters are under Pledge or otherwise encumbered.
- (xviii) Details of shares credited in the suspense account : There were no instance for returning the undelivered shares therefore, no shares were credited in the escrow account as per Clause 5(a) of the Listing Agreement.
- (xix) 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.
- (xx) Name and Designation of the Compliance Officer : Shri Ashok R. Pitliya
General Manager (Finance)
- (xxi) Plant Location, Head Office & Address for correspondence : Mhow-Neemuch Road, Sector -1
Dist. Dhar (M.P.), Pithampur- 454775
Email: investors@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 : 26th August, 2010

 R. C. MITTAL
 CHAIRMAN & 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 judgments 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 C. P. Rawka & Co., Chartered Accountants, the Statutory Auditors of the Company.

Place: PITHAMPUR
Dated: 26th August, 2010

R. C. Mittal
CHAIRMAN & MANAGING DIRECTOR

ASHOK R. PITALIYA
GENERAL MANAGER (FINANCE)

DECLARATION

This is to confirm that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31st 2010.

Place : Pithampur
Dated : 26th August, 2010

For Medi-caps Limited
R. C. MITTAL
CHAIRMAN & MANAGING DIRECTOR

**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, 2009 and ending on 31st March, 2010.

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 2009-10 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 C. P. RAWKA & Co.
Chartered Accountants

Place: INDORE
Dated: 26th August, 2010

C. P. RAWKA
PROPRIETOR
M.No. 070060
Registration No. of the Firm 000518C

AUDITORS' REPORT

To,
THE MEMBERS
MEDI-CAPSLIMITED

We have audited the attached Balance Sheet of 'MEDI-CAPS LIMITED' as at 31st March, 2010 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 (Auditors' 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 31st March 2010, 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 31st March, 2010 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 2010, 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

Place: Indore
Date: 26th August, 2010

C. P. RAWKA
Proprietor

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 31st March, 2010 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 Proceeding 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, 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 he 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 C. P. RAWKA & CO.
Chartered Accountants,

Place: Indore
Date : 26th August, 2010

C. P. RAWKA
Proprietor

BALANCE SHEET AS AT 31st March 2010

	SCHEDULE	Rupees	31st March 10 Rupees	31st March 09 Rupees
SOURCES OF FUNDS :				
SHARE HOLDERS' FUNDS :				
Share Capital	1	3,39,30,345		3,39,30,345
Reserves and Surplus	2	53,89,70,525		50,87,10,896
			57,29,00,870	54,26,41,241
LOAN FUNDS :				
DEFERRED TAX LIABILITIES			54,82,222	68,52,333
			57,83,83,092	54,94,93,574
APPLICATION OF FUNDS :				
FIXED ASSETS				
Gross Block	3	18,20,52,846		18,20,47,417
Less : Depreciation		13,61,53,396		12,73,07,847
Net Block			4,58,99,450	5,47,39,570
INVESTMENTS	4		48,77,69,095	44,67,29,312
CURRENT ASSETS, LOANS & ADVANCES :				
Inventories	5	1,92,74,831		1,76,15,148
Sundry debtors	6	4,86,99,680		5,01,80,441
Cash and Bank Balances	7	51,93,834		41,04,031
Loans and Advances	8	1,88,86,433		2,18,25,584
		9,20,54,778		9,37,25,204
Less :				
CURRENT LIABILITIES AND PROVISIONS :				
Current Liabilities	9	3,05,19,271		2,77,29,552
Provisions	10	1,68,20,960		1,79,70,960
		4,73,40,231		4,57,00,512
NET CURRENT ASSETS			4,47,14,547	4,80,24,692
		TOTAL	57,83,83,092	54,94,93,574
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
Indore, 26th August, 2010

 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 2010

	SCHEDULE	Rupees	31st March 10 Rupees	31st March 09 Rupees
INCOME :				
Sales			21,76,98,091	22,74,81,389
Other Income	11		1,82,96,649	1,14,34,443
Increase (Decrease) in Stock	12		(4,89,960)	(29,13,793)
			<u>23,55,04,780</u>	<u>23,60,02,039</u>
EXPENDITURE :				
Cost of Goods Consumed	13		6,15,76,650	5,81,23,878
Operating Expenses	14		5,15,63,715	4,44,46,654
Employee Cost	15		3,12,16,465	3,04,58,002
Excise Duty & Education Cess Paid			1,23,86,481	2,12,45,454
Other Expenses	16		2,42,05,442	2,62,95,845
Depreciation	3	88,45,549		87,04,039
Less: Transfer from Revaluation Reserve		5,16,256		5,16,256
			<u>83,29,293</u>	<u>81,87,783</u>
			<u>18,92,78,046</u>	<u>18,87,57,617</u>
PROFIT FOR THE YEAR			<u>4,62,26,734</u>	<u>4,72,44,422</u>
Expenses of Previous Year			0	0
PROFIT BEFORE TAX			<u>4,62,26,734</u>	<u>4,72,44,422</u>
Less : Income Tax			1,13,50,000	1,23,00,000
Less : Fringe Benefit Tax			0	2,00,000
Add : Deferred Tax			13,70,111	10,87,469
PROFIT FOR THE YEAR AFTER TAXATION			<u>3,62,46,845</u>	<u>3,58,31,891</u>
Balance of Profit brought forward			38,42,28,847	35,56,67,916
			42,04,75,692	39,14,99,807
Transfer to General Reserve		18,50,000		18,00,000
Proposed dividend		46,76,234		46,76,234
Tax on proposed dividend		7,94,726	73,20,960	7,94,726
BALANCE OF PROFIT CARRIED TO BALANCE SHEET			<u>41,31,54,732</u>	<u>38,42,28,847</u>
Basic and Diluted Earning per Equity Shares			11.63	11.49
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
Indore, 26th August, 2010

 Anurag Dutt
Company Secretary

 Alok K. Garg
Executive Director

 R. C. Mittal
Chairman &
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

	2009-10 Rupees	2008-09 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & extraordinary items	4,62,26,734	4,72,44,422
Adjustment for:		
Depreciation	83,29,293	81,87,783
Preliminary expenses written off	0	0
Operating profit before w/c change	5,45,56,027	5,54,32,205
ADJUSTMENT FOR WORKING CAPITAL		
Current assets	21,92,729	2,38,00,217
Current liabilities & provisions	16,39,719	(66,68,434)
Cash generated from working capital	38,32,448	1,71,31,783
Cash generated from operations	5,83,88,475	7,25,63,988
Income tax for the year	1,07,82,500	1,21,39,500
Cash flow before extra ordinary items	4,76,05,975	6,04,24,488
Proposed dividend & tax	46,76,234	46,76,234
Dividend tax on proposed dividend	7,94,726	7,94,726
Cash flow after extra ordinary items	4,21,35,015	5,49,53,528
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to investments	(4,10,39,783)	(6,93,71,783)
Purchase of fixed assets	(5,429)	(1,61,10,348)
Capital work in progress	0	0
Adjustment for dep.on sale of fixed assets	0	0
Net cash used in investing activities	(4,10,45,212)	(8,54,82,131)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Loans borrowed		
Loan repaid	0	0
Net cash used in financial activities	0	0
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	10,89,803	(3,05,28,603)
Cash & cash equivalents at the Beginning of the year	41,04,031	3,46,32,634
Closing of the year	51,93,834	41,04,031
INCREASE IN CASH AND CASH EQUIVALENTS	10,89,803	(3,05,28,603)

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
Indore, 26th August, 2010

 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 10 Rupees	31st March 09 Rupees
<u>SCHEDULE 1 : SHARE CAPITAL</u>			
AUTHORISED			
40,00,000 Equity Shares of Rs. 10/- each (Previous Year 40,00,000 Equity Shares of Rs.10/- each)		4,00,00,000	4,00,00,000
ISSUED CAPITAL			
36,68,580 Equity Shares of Rs. 10/- each (Previous Year 36,68,580 Equity Shares of Rs.10/- each)		3,66,85,800	3,66,85,800
SUBSCRIBED CAPITAL			
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 : Forfeited Shares amount originally Paid up		27,55,455	27,55,455
		3,39,30,345	3,39,30,345
<u>SCHEDULE 2 : RESERVES & SURPLUS</u>			
1. CAPITAL RESERVE As per last Balance Sheet		44,21,000	44,21,000
2. SHARE PREMIUM As per last Balance Sheet		3,89,81,502	3,89,81,502
3. REVALUATION RESERVE As per last Balance Sheet Less : Transfer to Profit and Loss Account	7,38,737 5,16,256	2,22,481	7,38,737
4. GENERAL RESERVE As per last Balance Sheet Add : Transfer from P & L A/c	8,03,40,810 18,50,000	8,21,90,810	8,03,40,810
5. PROFIT AND LOSS ACCOUNT As per Annexed Account		41,31,54,732	38,42,28,847
		53,89,70,525	50,87,10,896

SCHEDULE 3: FIXED ASSETS

S. NO.	FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		ASAT 01.04.2009	ADDITION DURING THE YEAR	SALES DURING THE YEAR	TOTAL ASAT 31.03.2010	UPTO 01.04.2009	FOR THE YEAR	TOTAL ADJ./ DEDUCT.	ASAT 31.03.2010	ASAT 31.03.2010	ASAT 31.03.2009
1	Free Hold Land	11,78,000	0	0	11,78,000	0	0	0	0	11,78,000	11,78,000
2	Factory Building	2,39,04,874	0	0	2,39,04,874	1,17,06,391	7,98,423	0	1,25,04,814	1,14,00,060	1,21,98,483
3	Office Building	1,49,14,639	0	0	1,49,14,639	1,24,621	2,43,109	0	3,67,730	1,45,46,909	1,47,90,018
4	Plant & Machinery	12,68,93,993	0	0	12,68,93,993	10,63,17,438	67,00,003	0	11,30,17,441	1,38,76,552	2,05,76,555
5	Furniture & Fixtures	49,84,279	0	0	49,84,279	33,81,249	3,15,505	0	36,96,754	12,87,525	16,03,030
6	Vehicles	80,47,292	0	0	80,47,292	37,87,352	7,64,493	0	45,51,845	34,95,447	42,59,940
7	Computers	21,24,340	5,429	0	21,29,769	19,90,796	24,016	0	20,14,812	1,14,957	1,33,544
	GRAND TOTAL	18,20,47,417	5,429	0	18,20,52,846	12,73,07,847	88,45,549	0	13,61,53,396	4,58,99,450	5,47,39,570
	PREVIOUS YEAR	16,59,37,069	1,61,10,348	0	18,20,47,417	11,86,03,808	87,04,039	0	12,73,07,847	5,47,39,570	4,73,33,261

Notes:

- 1 Factory Building includes staff quarters for which separate 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.5,16,256/- (Previous Year Rs.5,16,256/-) charged from Revaluation Reserve Account.

	31st March 10 Rupees	31st March 09 Rupees
SCHEDULE 4 : INVESTMENTS (Non Trade-At Cost)		
Quoted		
100 (100) Equity Shares of Natural Capsules	1,000	1,000
43600 (43600) Equity Shares of Jord Engineers India Ltd.	21,41,139	21,41,139
107000 (107000) Equity Shares of Endolabs Limited	10,70,000	10,70,000
100 (100) Shares of Bharti Healthcare Ltd	2,012	2,012
NIL (400) Equity Shares of Pfizer Ltd	0	3,34,423
NIL (2000) Equity Shares of J.P.Associates Ltd	0	5,07,524
NIL (2250) Equity Shares of Unitech Ltd	0	5,61,915
NIL (5000) Equity Shares of Dish TV India Ltd	0	2,21,768
NIL (333) Eq.shares of State Bank of India (Market Value Rs.32,17,111/- Previous Year Rs. 44,88,543/-)	0	5,29,470
Total (A)	32,14,151	53,69,251
Unquoted		
NIL (10000) Equity Shares of Ives L.& F. Ltd.	0	1,00,000
782000 (NIL) Equity Share of Medgel Private Limited	2,72,45,000	0
21800 (21800) Equity Shares of Medi caps Fin.Ltd.	2,18,000	2,18,000
Total (B)	2,74,63,000	3,18,000
INVESTMENT IN MUTUAL FUNDS		
8225222.778(4823165.742) units of Principal Floating Rate Fund	8,23,00,427	4,82,77,340
200172.148 (1200172.148) units of HDFC Mutual Fund	1,00,00,000	2,00,00,000
2255802.663 (2255802.663) units of Birla Sunlife Mutual Fund	4,50,00,000	4,50,00,000
527304.967 (527304.967) units of SBI Magnum Mutual Fund	2,00,00,000	2,00,00,000
859132.794 (1719233.62) units of Reliance Mutual Fund	4,50,00,000	6,00,00,000
442955.699 (442955.70) units of Frankline India Mutual Fund	2,00,00,000	2,00,00,000
542351.588 (733911.460) units of DSP Merrill Mutual Fund	2,00,00,000	3,00,00,000
247302.547 (247302.547) units of HSBC Mutual Fund	1,00,00,000	1,00,00,000
NIL (672458.778) units of Sundaram BNP Mutual Fund	0	1,00,00,000
1102948.018 (1102948.018) units of TATA Mutual Fund	3,50,00,000	3,50,00,000
897353.958 (2897353.958) units of JM Mutual Fund	2,00,00,000	4,00,00,000
516262.261 (516262.261) units of ICICI Prudential Mutual Fund	1,00,00,000	1,00,00,000
591200.864 (591200.864) units of Kotak Mutual Fund	2,00,00,000	2,00,00,000
723118.085 (723118.085) units of JP Morgan India Mutual Fund (Market value Rs.27,82,19435/- Previous year Rs.19,23,44,745/-)	1,00,00,000	1,00,00,000
Total (C)	34,73,00,427	37,82,77,340
OTHER INVESTMENTS		
LIC Group Gratuity Fund Scheme	29,34,035	29,02,755
Investment in Immovable Property	6,44,02,482	3,26,61,966
Investment in Joint Venture (Medgel Private Ltd)	4,24,55,000	2,72,00,000
Total (D)	1,09,791,517	6,27,64,721
TOTAL INVESTMENT (A+B+C+D)	48,77,69,095	44,67,29,312

	31st March 10 Rupees	31st March 09 Rupees
<u>SCHEDULE 5 : INVENTORIES</u>		
(As valued and certified by the management)		
Raw Materials (At cost)	62,51,628	46,70,695
Finished Goods (At Cost or market price whichever is less)	1,00,27,701	1,06,74,521
Stock in process and waste (At cost or market price whichever is less and in case of waste at realisable value)	8,02,615	6,45,755
Stores and Spares (At cost)	6,95,700	6,72,029
Colour & Chemical (At Cost)	3,62,273	3,71,371
Packing Material (At Cost)	4,05,525	2,15,914
Printing Material (At Cost)	1,23,972	33,135
Lab Chemical & Equipments (At Cost)	33,641	11,416
Fuel (At Cost)	5,71,776	3,20,312
	1,92,74,831	1,76,15,148
<u>SCHEDULE 6 : SUNDRY DEBTORS</u>		
Debts outstanding for a period exceeding six months	2,49,808	21,056
Other Debts	4,84,49,872	5,01,59,385
	4,86,99,680	5,01,80,441
<u>SCHEDULE 7 : CASH AND BANK BALANCES</u>		
Cash in Hand	74,052	66,034
Balances with Scheduled Banks : In current account & fixed deposits	51,19,782	40,37,998
	51,93,834	41,04,031
<u>SCHEDULE 8 : LOANS AND ADVANCES</u>		
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	61,98,295	76,60,754
Income Tax	1,26,88,138	1,41,64,830
	1,88,86,433	2,18,25,584
<u>SCHEDULE 9 : CURRENT LIABILITIES</u>		
Sundry Creditors for goods and expenses	98,95,639	68,85,188
Other Liabilities	2,06,23,632	2,08,44,364
	3,05,19,271	2,77,29,552
<u>SCHEDULE 10 : PROVISIONS</u>		
Provision for Income Tax	1,13,50,000	1,23,00,000
Provision for Fringe Benefit Tax	0	2,00,000
Proposed Dividend	46,76,234	46,76,234
Tax on Proposed Dividend	7,94,726	7,94,726
	1,68,20,960	1,79,70,960

Rupees	31st March 10 Rupees	31st March 09 Rupees
<u>SCHEDULE 11 : OTHER INCOME</u>		
Interest Received	6,69,843	8,75,688
Miscellaneous Income	26,474	16,410
Dividend Income	2,18,74,405	97,17,806
Claim Account	1,98,857	1,14,123
Profit on sale of Mutual fund	(48,44,098)	(35,974)
Profit on sale of securities	(2,23,870)	1,87,818
Bad Debts Recovered	2,28,419	1,943
Profit on sale of Property	0	25,800
Prior Period Adjustment	31,980	1,56,654
Depb Received	3,34,640	3,74,175
	1,82,96,649	1,14,34,443
<u>SCHEDULE 12 : INCREASE(DECREASE) IN STOCKS</u>		
Stock As on 31/03/2010		
Finished Goods	1,00,27,701	1,06,74,521
Stock in Process	7,14,832	5,60,830
Waste	87,783	84,925
	1,08,30,316	1,13,20,276
Less : Stock As on 01/04/2009		
Finished Goods	1,06,74,521	1,23,06,774
Stock In Process	5,60,830	17,15,688
Waste	84,925	2,11,607
	1,13,20,276	1,42,34,069
	(4,89,960)	(29,13,793)
<u>SCHEDULE 13 : RAW MATERIAL CONSUMED</u>		
Opening Stock	46,70,695	74,07,910
Add : Purchases (Net)	6,31,57,583	5,53,86,663
Less : Closing Stock	62,51,628	46,70,695
	6,15,76,650	5,81,23,878
<u>SCHEDULE 14 : OPERATING EXPENSES</u>		
Colour & Chemical Consumed	31,69,253	27,72,748
Packing Material Consumed	51,10,397	44,54,564
Printing Material Consumed	15,09,393	11,99,979
Lab Chemical & Equipment Consumed	11,00,347	2,61,048
Stores and Spares Consumed	42,93,914	59,08,202
Power and Fuel	2,22,37,538	2,16,71,562
Repairs to Machinery	1,19,13,525	64,34,355
Repair to Electricals	19,51,529	14,35,287
Water Expenses	2,77,819	3,08,909
	5,15,63,715	4,44,46,654

	31st March 10 Rupees	31st March 09 Rupees
<u>SCHEDULE 15 : EMPLOYEE COST</u>		
Salaries, Wages and Bonus	2,37,19,817	2,20,59,469
Contribution to Provident Fund	21,81,278	19,42,969
Keyman Policy Premium	0	6,77,768
Staff Incentives	43,38,092	46,63,465
Staff Welfare Expenses	9,77,278	11,14,331
	3,12,16,465	3,04,58,002
<u>SCHEDULE 16 : OTHER EXPENSES</u>		
Rent	0	86,400
Repairs to Building	2,80,885	11,62,689
Insurance Expenses	3,20,038	3,47,987
Rates and Taxes	2,01,642	2,18,042
Telephone & Telex Expenses	4,33,855	3,96,572
Donation	15,500	36,200
Sales Commission	1,00,63,859	1,00,07,983
Freight Expenses	45,71,303	52,24,742
Miscellaneous Expenses	83,18,360	88,15,231
	2,42,05,442	2,62,95,845

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 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 amended) and on prorata basis.

e) Investments :-

The Company has policy to make investments on strategic and long term basis and the investment 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 Transaction :-

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) Taxation :-

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 Deprecation 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.174.76 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	33,60,000
2	Shri Alok K. Garg Executive Director	Remuneration	19,37,846

- 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.1,28,66,070/- has been adjusted against the general reserve. Further, the deferred tax assets for the year is Rs.13,70,111/- 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.30.00 crores and out of which Company have already contributed Rs 697.00 lacs upto current financial year.
- 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 Rs.2539.30/- (U.S.\$ 54.88)

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

	<u>2009-2010</u>	<u>2008-2009</u>
i) Profit after tax used as the numerator	3,62,46,845	3,58,31,891
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	11.63	11.49

- 11 The Company does not have outstanding for more than 30 days as on 31st March, 2010 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	10000
Other	30000	10000

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

	<u>2009-2010</u>	<u>2008-2009</u>
	NIL	NIL

- 14 Contingent Liabilities:-

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

Salary	4500000	4500000
Contribution to Provident Fund	504000	504000
Other Perquisites and Benefits	293846	268846
	<u>5297846</u>	<u>5272846</u>

- 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:

	<u>2009-2010</u>	<u>2008-2009</u>
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	36000	36000
iii) Actual Production*	34592	35972

(Rounded off to nearest Lacs)

* after deducting 452 lacs (143 lacs Previous Year.) reprocessing.

	<u>2009-2010</u>		<u>2008-2009</u>	
	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	4225.57	106.75	4436.40	123.07
ii) Closing Stock	3474.86	100.28	4225.57	106.75
C. Turnover				
Hard Geletin Capsules Shell I.P.	34791.40	2176.98	35997.44	2274.81
D. Raw Material Consumed Geletin	271525 Kgs	615.77	266250 Kgs	581.24

	<u>2009-2010</u>		<u>2008-2009</u>	
	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	Nil	Nil	NIL	NIL
ii) Indigenous	615.77	100.00	581.24	100.00
b) Stores and Spares Parts				
i) Imported	0.17	0.40%	Nil	Nil
ii) Indigenous	42.77	99.60%	59.08	100%
F. Value of Import on C.I.F. Basis	6.92		30.18	
G. Value of Export on FOB Basis	134.45		89.48	
- Inclusive of amounts contracted for the payments in Rupees (including Exchange Difference)				
H. Expenditure in Foreign Currency				
- Foreign Travel & others	4.89		0.23	

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	31.03.2010		

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	578383	Total Assets	578383
SOURCE OF FUNDS			
Paid-up Capital	33930	Reserves & Surplus	538971
Secured Loans	0	Unsecured Loan & Deferred Tax Liabilities	5482

APPLICATIONS OF FUNDS

Net Fixed Assets	45899	Investment	487769
Net Current Assets	44715	Misc. Expenditure	0
Accumulated Losses	0		

IV. PERFORMANCE OF COMPANY

(Amount in Rs. Thousand)

Turnover including other income	235995	Total Expenditure	189768
Profit before Tax	46227	Profit after Tax*	36247
Earning per Share in Rs.	11.63	Dividend Rate %	15%

* 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 Capsule Shell I.P.
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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
Indore, 26th August, 2010

 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 27th Annual General Meeting of the members of the Company held on 27th September 2010 at 11 AM 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 27th Annual Meeting of the Company to be held on 27th September 2010 at
 11 AM or at any adjournment thereof.

Signed this day of 2010.

Signed by the said

Affix Rs. 1/- Revenue Stamp

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.

If Undelivered please return to :
Medi-Caps Limited
Mhow-Neemuch Road, Sector-1,
PITHAMPUR-454 775, Distt.-Dhar (M.P.)
E-mail : investors@medicaps.com
Website : www.medicaps.com

BOOK-POST