



**MEDI-CAPS LIMITED**

**29<sup>th</sup>**

**Annual Report 2011-12**

**NOTICE** is hereby given that 29<sup>th</sup> Annual General Meeting of the members of **MEDI-CAPS LIMITED** will be held at the Registered Office of the Company at Mhow -Neemuch Road, Sector-1, Pithampur, District Dhar (M.P.) on Saturday the 29<sup>th</sup> day of **September, 2012 at 11:00 A.M.** to transact the following businesses:

**I. ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012, the Profit and Loss Account and cash flow statement of the Company for the year ended 31<sup>st</sup> March, 2012 together with the report of the Directors' & Auditor's thereon on that date.
2. To declare dividend on the equity share capital of the Company.
3. To appoint a Director in place of Smt Kusum Mittal, who is liable to retire by rotation and being eligible, offers her-self for re-appointment.
4. To appoint a Director in place of Dr. Shashi Kant Sharma, who is liable to retire by rotation and being eligible, offers him-self for re-appointment.
5. To appoint M/s C.P.Rawka & Co., Chartered Accountants, (M.No.070060) 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:**

6. 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, 289, 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. 1<sup>st</sup> April, 2013 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.

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 R.C.Mittal as Chairman & Managing Director of the Company for a further period of three years w.e.f. 1<sup>st</sup> July, 2013 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

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 314(1)(b) and other applicable provisions if any of the Companies Act, 1956, the approval of members of the Company be and is hereby accorded for increase in the salary and allowances payable to Mrs. Manisha Garg as the General Manager (Corporate Affairs) of the Company w.e.f. 1<sup>st</sup> April, 2012 subject to the maximum of Rs.1,50,000 P.M. as may be decided by the Company from time to time and that she will also be entitled for the reimbursement of traveling, conveyance and other actual out of pocket expenses as per the rules of the Company as applicable to other executives of the same grade for attending the works/assignments of the Company.

**BY ORDERS OF THE BOARD**

  
**RAMESH CHANDRA MITTAL**  
**CHAIRMAN CUM MANAGING DIRECTOR**

**PLACE: PITHAMPUR**  
**DATE: 28<sup>th</sup> August, 2012**  
**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 COMMENCEMENT OF THE MEETING.
2. The Company has already notified closure of Register of Members and Share Transfer Books from 24<sup>th</sup> Sept., 2012 to 29<sup>th</sup> Sept., 2012 (both days inclusive) for the determining the names of members eligible for dividend on equity shares, if declared at the meeting.
3. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, the Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates, such changes are to be advised only to the depository participant of the members.
4. (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 Company to its 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.  
(c) Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
  - i) Change in the residential status on return to India for permanent settlement.
  - ii) The particulars of NRE Account with 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 01.00 P.M.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the 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 submit their requests 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 has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/ investors having their depository account. The ISIN 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., 60, Electronic Complex, Pardeshipura, Indore (M.P.) 452010.
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 prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Ministry of Company affairs.
10. Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company is having unpaid/unclaimed dividend for the year 2004-05 to 2010-11, any member who have not encashed their dividend warrants may approach to the Company for obtaining duplicate warrants or validation of the same. The Company shall transfer the unpaid dividend to the Central Government's IEPF as per provisions of the Act and rules made there under.
11. The SEBI has mandated the submission of PAN by every participant in securities market, members holding shares in electronic form are therefore, requested to submit the PAN to their depository participant with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company's Share Transfer Agent, M/s Ankit Consultancy Pvt. Ltd.
12. Pursuant to the Clause No.49 of the Listing Agreement, profile of the Directors proposed for appointment/re-appointment being given in a statement containing details of the concerned Directors is attached hereto.
13. The Ministry of Corporate Affairs ("MCA") Govt. of India by its Circular Nos. 17/2011 dt. 21.04.2011 & 18/2011 dt. 29.04.2011, has allowed companies to send annual report and other communication through electronic mode at the Registered email address of the members/beneficiaries. Keeping in view of the underline them and the circulars issued by MCA, we propose to send future communications in electronic mode. Members who hold shares in physical form and desired to receive the documents in electronic mode are requested to please promptly provide their details (name, LF No., email ID to the Registrar and Share Transfer agent of the Company).

Accordingly, your Company proposes to henceforth effect electronic delivery of communication/documents including the Annual Reports and such other necessary communication/documents from time to time to the Members, who have provided their e-mail address to their Depository Participant (DP).

E-mail addresses as registered in your respective DP accounts in the records of the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) which will be periodically downloaded, will be deemed to be your registered e-mail address for serving the necessary communication/documents. Thus, the necessary communication would be sent in electronic form to the registered email address. Members who wish to inform any updations/changes of their e-mail address, are requested to promptly update the same with their DP.

The annual report and other communications/documents sent electronically would also be displayed on the Company's website: [www.medicaps.com](http://www.medicaps.com) As a Member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you.

We request you to support this initiative and opt for the electronic mode of communication by submitting your e-mail address to your DP or to the Company's Registrar, as the case may be, in the interest of the environment.

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

- 1. Shri R.C. Mittal, Chairman & Managing Director**, aged about 66 years is the core promoter director of the Company since 6<sup>th</sup> August, 1983. Shri Mittal is a qualified as B. Pharma, having wide experience of 36 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, Cristal Devcon Pvt. Ltd., 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 7,91,480 equity shares in the Company, consisting 25.39% of the total shareholding of the Company.
- 2. Shri Alok K.Garg, Executive Director** of the Company aged about 43 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 Institute of Technology and Management, 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., Arrow Buildtech Pvt. Ltd and Crystal Devcon Pvt. Ltd. He is holding 17,425 equity shares consisting of 0.56% of the paid up capital of the Company.
- 3. Dr. Shashi Kant Sharma**, Aged about 63 years as an Independent Director of the Company since 29<sup>th</sup> June, 1993 MBBS, MD (Medicine) having experience in the medical field. He has not hold any Directorship in any other Company. Dr. Sharma is holding 550 Equity Shares consisting 0.0176% of the total paid up share capital of the Company.
- 4. Smt Kusum Mittal**, Aged about 62 years a Director of the Company since 04<sup>th</sup> May, 1991 and having experience in the Investment and Finance business activities. She has also holds Directorship in other Companies viz. Trapti Investments Pvt. Ltd., Medi-Caps Finance Limited, Medicaps IT Park Pvt. Ltd., Arcadia Devcon Pvt. Ltd., MGT Developers Pvt. Ltd., Saffron Realities Pvt. Ltd. She is also acts as Member of Trustee/Executive Committee of 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. Mrs. Kusum Mittal is holding 6,68,319 Equity Shares consisting 21.44% of the total paid up share capital of the Company.

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

##### **ITEM NO: 6**

The tenure of Shri Alok K.Garg, being the whole-time Director expired on 31st March, 2013. 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. 1<sup>st</sup> April, 2013.

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.

Therefore his appointment shall be in the interest of the Company. The Board recommends to pass necessary resolution as set out in item No. 6 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.

**Information as required in terms of Schedule XIII of the Companies Act, 1956**

<b>(I) GENERAL INFORMATION</b>		
1.	Nature of Industry:	Pharmaceutical Industry/ Nutraceutical Industry
2.	Date or expected date of commencement of commercial production:	Not applicable-the Company is an existing Company
3.	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:	Not applicable
4.	Financial performance of the Company:	Financial Performance of the Company for the year ended 31 <sup>st</sup> March, 2012 Total Income- Rs.2590.58 Lakhs Total Expenditure- Rs.2171.56 Lakhs Net Profit Before Tax- Rs 419.02 Lakhs Profit after Tax- Rs 272.69 Lakhs
5.	Export performance and net foreign exchanges collaborations, if any	Foreign Exchange earnings on FOB basis amounted to Rs. 93.97 Lakhs as against foreign Exchange outgo for Rs.578.43 Lakhs for the financial year ending 31 <sup>st</sup> March, 2012.
6.	Foreign Investments or collaborators, if any	Not Applicable
<b>(II) INFORMATION ABOUT APPOINTEE</b>		
1.	Background details	Shri Alok K. Garg , aged about 43 years is the Whole Time Director and belongs from promoter group of the Company. 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. Mr. Garg has played a lead role in formulating the Company's strategy and has been actively involved in marketing and sales and overall management of the Company since 1999..
2.	Past Remuneration	Upto Rs 30,00,000 p.a.
3.	Recognitions or awards	N.A.
4.	Job Profile and his suitability	As above, he is the key asset for the company and his contributions and directions are compulsorily required for the growth and success of the Company.
5.	Remuneration Proposed	Upto Rs 30,00,000 p.a.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration payable is as per general industry norms and commensurate with the operation of the Company and job responsibilities.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial person. If any	Shri Alok K Garg is a Promoter Director and has been instrumental in bringing significant growth in the volume of business since inception. He is having pecuniary relationship with the Company in his capacity as the Whole Time Director and Promoter. Shri Alok K. Garg is related to Shri R.C.Mittal, Smt Kusum Mittal and Smt. Trapti Vikas Gupta, the Directors of the Company.
<b>(III) OTHER INFORMATION</b>		
1.	Reasons for loss or inadequate profits	The turnover and profits are lower due to over all market conditions.
2.	Steps taken for improvement	The Company is taking efforts on implementing other marketing strategies to help increase the sales and thereby increasing profits of the Company.
3.	Expected increase in	The productivity and profits are expected to increase by 15-

	productivity and profits in measurable terms	20%
<b>(IV) DISCLOSURES</b>		
1.	The Shareholders of the Company shall be informed of the remuneration package of the managerial person.	The remuneration paid to Shri Alok k Garg and Shri R.C. Mittal was as stated in the Corporate Governance Report for the year 2011-12.

Except, Shri Alok K.Garg, Mrs. Kusum Mittal, Shri R.C.Mittal and Mrs. Trapti Vikas Gupta none of the other Directors are concerned or interested in this Resolution.

**ITEM NO. 7:**

The tenure of Shri R.C. Mittal, (B.Pharma) Chairman and Managing Director being expired on 30th June, 2013 on completion of three years. Therefore on the approval of the remuneration committee the Board has re-appointed him w.e.f. 1st July, 2013 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 36 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 clever, however, there is no proper comparable company in the manufacturing line of the Company.

Therefore his re-appointment shall be assets for the Company. The Board recommends passing necessary resolution as set out in item No. 7 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.

**Information as required in terms of Schedule XIII of the Companies Act, 1956**

<b>(I) GENERAL INFORMATION</b>		
1.	Nature of Industry:	Pharmaceutical Industry/ Nutraceutical Industry
2.	Date or expected date of commencement of commercial production:	Not applicable-the Company is an existing Company
3.	In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:	Not applicable
4.	Financial performance of the Company:	Financial Performance of the Company for the year ended 31 <sup>st</sup> March, 2012 Total Income- Rs.2590.58 Lakhs Total Expenditure- Rs.2171.56 Lakhs Net Profit Before Tax- Rs 419.02 Lakhs Profit after Tax- Rs 272.69 Lakhs
5.	Export performance and net foreign exchanges collaborations, if any	Foreign Exchange earnings on FOB basis amounted to Rs. 93.97 Lakhs as against foreign Exchange outgo for Rs.578.43 Lakhs for the financial year ending 31 <sup>st</sup> March, 2012.
6.	Foreign Investments or collaborators, if any	Not Applicable

**(II) INFORMATION ABOUT APPOINTEE**

1.	Background details	Shri R.C. Mittal, (B.Pharma) aged about 66 years is the Chairman and Managing Director and a core promoter of the Company since its incorporation. As a Chairman he provides strategic direction to the Company. He has vast experience in international business. He has been the driving force behind the company's growth. He is ably assisted by the Whole-time Directors. The company has consistently made profits which clearly
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		establishes the values nourished under leadership
2.	Past Remuneration	Upto Rs. 30,00,000 p.a.
3.	Recognitions or awards	Udyog Excellence Award-1992, Glory of India International Award-1993.
4.	Job Profile and his suitability	As above, He is the key asset for the company and his contributions and directions are compulsorily required for the growth and success of the Company.
5.	Remuneration Proposed	Upto Rs. 30,00,000 p.a.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration payable is as per general industry norms and commensurate with the operation of the Company and job responsibilities.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial person. If any	Shri R.C. Mittal is a Promoter Directors and has been instrumental in bringing significant growth in the volume of business since inception. He is having pecuniary relationship with the Company in his capacity as the Chairman & Managing Director and Promoters. Shri R.C. Mittal is related to Shri Alok K.Garg, Mrs. Kusum Mittal, and Mrs. Trapti Vikas Gupta the Directors of the Company.
<b>(III) OTHER INFORMATION</b>		
1.	Reasons for loss or inadequate profits	The turnover and profits are lower due to over all market conditions.
2.	Steps taken for improvement	The Company is taking efforts on implementing other marketing strategies to help increase the sales and thereby increasing profits of the Company.
3.	Expected increase in productivity and profits in measurable terms	The productivity and profits are expected to increase by 10%.
<b>(IV) DISCLOSURES</b>		
1.	The Shareholders of the Company shall be informed of the remuneration package of the managerial person.	The remuneration paid to Shri R.C. Mittal and Shri Alok K Garg was as stated in the Corporate Governance Report for the year 2011-12.

**ITEM NO.8:**

Mrs. Manisha Garg, is a Graduate in Commerce was considered for appointment as the General Manager (Corporate Affairs) of the Company on a monthly remuneration not exceeding Rs.1,50,000/- p.m. w.e.f. 01.04.2012. Mrs. Garg is a young and dynamic and having adequate knowledge to deal with the responsibilities.

Since Mrs. Garg, is relative of Shri Alok K.Garg, Mrs. Kusum Mittal, Shri R.C.Mittal and Mrs. Trapti Vikas Gupta Directors of the Company, therefore any payment by way of salary/remuneration in excess of Rs.10,000/- p.m. requires approval of the Members in General Meeting by way of Special Resolution in terms of the provisions of section 314(1)(b) of the Companies Act, 1956. Looking into her qualification and experience, your Directors recommend to pass the special resolution as set out in Item No.8 of the notice.

Except, Shri Alok K.Garg, Mrs. Kusum Mittal, Shri R.C.Mittal and Mrs. Trapti Vikas Gupta no other Directors of the Company are concerned or interested in the Resolution.

**BY ORDERS OF THE BOARD**

**RAMESH CHANDRA MITTAL**  
**CHAIRMAN CUM MANAGING DIRECTOR**

**PLACE: PITHAMPUR**  
**DATE: 28<sup>th</sup> August, 2012**

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

To  
The Members,  
MEDICAPS LIMITED

Your Directors are pleased to present their 29<sup>th</sup> Annual Report on the business and operations of the company together with the Audited Balance Sheet & Profit and Loss Accounts for the year ended 31<sup>st</sup> March 2012.

### 1. FINANCIAL RESULTS:

	(Rupees in Lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011
Net Sales/income from operations	2582.11	2608.24
Other Income	8.47	1.67
<b>Total Income</b>	<b>2590.58</b>	<b>2609.91</b>
<b>Operating Profit (PBIDT)</b>	<b>514.99</b>	<b>504.04</b>
Less : Depreciation	95.97	88.31
Interest and Financial Charges	0.00	0.00
<b>Profit before Tax</b>	<b>419.02</b>	<b>415.73</b>
Less : Provision for current year income tax	161.00	160.00
Add : Deferred Tax	14.67	14.85
<b>Net Profit after tax &amp; adjustments</b>	<b>272.69</b>	<b>270.58</b>
Add : balance carried from Profit & Loss A/c	4333.60	4131.55
<b>Total profit available for appropriation</b>	<b>4606.29</b>	<b>4402.27</b>
Less : Transfer to General Reserves	14.09	14.00
Less : Proposed Dividend	46.76	46.76
Less : Corporate Tax Dividend	7.59	7.77
<b>Surplus Carried to the balance Sheet</b>	<b>4537.85</b>	<b>4333.60</b>
<b>EPS in Rs. (Shares on Rs.10/- each)</b>	<b>8.75</b>	<b>8.68</b>

### 2. DIVIDEND:

In order to strengthen the capital base and looking to the future prospects of the company, your directors recommend Rs.1.50 (15%) for the year 2011-12 and propose to utilize the remaining surplus funds for the business activities of the company. (Previous Year Rs.1.50 (15%) per share of Rs.10/- each).

### 3. REVIEW OF OPERATIONS:

During the year under review, it could earn the gross income of Rs.2590.58 Lacs as compared to Rs. 2609.91 Lacs in previous year.

In spite of decrease in the manufacturing turnover the profits of the Company has been slightly increased from Rs.415.73 Lacs to Rs. 419.02 Lacs due to non adequate returns on the investment activities and increase in the cost of the raw material, power and administrative expenses. 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

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgment 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, 2012 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 and varied experience in different disciplines of corporate functioning.

In view of impending retirement from the directorship of Smt Kusum Mittal and Dr. Shashi Kant Sharma are to retire by rotation at the forthcoming Annual General Meeting, they being eligible, offers themselves for re-appointment.

The tenure of the Shri R.C. Mittal, the Chairman cum Managing Director, and Shri Alok K Garg, the Whole-time Director is ending respectively on 30<sup>th</sup> June, 2013 and 31<sup>st</sup> March, 2013, therefore, your directors propose their re-appointment for a further period of three years respectively w.e.f. 01<sup>st</sup> July, 2013 and 01<sup>st</sup> April, 2013. Your Directors proposes for approval of the members at the forthcoming Annual General meeting and recommends to pass necessary resolutions to that effect 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 has optimized the return on investment by deployment of cash surplus in a balanced portfolio of sale and purchase of 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 for the management from time to time.

Your company is a foreign exchange earner and the transactions are suitably covered for exchange rate risk, therefore 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 Annual Segment-Wise reporting is not applicable to the Company.

##### **7.5 Subsidiary Company:**

Your Directors are pleased to inform that the Company is also Joint Venture company with Viva Mission Company in M/s Medgel Pvt. Ltd. in which the Company hold 66.34% share capital. The Medgel has already commenced its commercial production from the manufacturing unit of soft gelatin at SEZ, Pithampur, District Dhar.

**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, 2012.

**8. ISO: 9001:2000 CERTIFICATION:**

As you are aware that your Company is ISO: 9001:2000 complied company which is the latest version of the 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, (M.No. 079060) the Statutory Auditors have 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 304 of the Companies Act, 1956 which is being annexed to the Directors' Report, which is self-explanatory and needs no comments. Annexure C

**11. COST RECORDS COMPLIANCE CERTIFICATE**

M/s M.P. Turakhia & Associates, Cost Accountant (Membership No. M/19811) in whole-time practice has been appointed for the purpose of issuance of the Cost Records Compliance Certificate of the Company for the years 2011-12 and 2012-13. The Company is required to file the Cost Account Record Compliance Certificate for the year 2011-12 before 31<sup>st</sup> Dec., 2012, which will be filed in due course.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, PARTICULAR OF EMPLOYEE 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 D.

**13. DEPOSITS:**

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

**14. INVESTMENTS:**

As a matter of long term policy the Company utilizes its surplus funds in the long term investment in the 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 seek financial support to the subsidiary Company, M/s Medgel Pvt. Ltd.

**15. PERSONNEL:**

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

**16. 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 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 is annexed herewith as Annexure B.

## **17. MANAGEMENT DISCUSSION AND ANALYSIS:**

### **17.1 Industry structure and developments:**

The growing pharmaceutical industry was originally dominated by smaller companies, but this trend has changed. Today, pharmaceutical firms are typically extremely large to more easily enable big expenditures for research and development.

The Pharmaceutical industry in India is the world's third-largest in terms of volume and stands 14th in terms of value. According to Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, the total turnover of India's pharmaceuticals industry between 2008 and September 2009 was US\$21.04 billion. While the domestic market was worth US\$12.26 billion. Sale of all types of medicines in the country is expected to reach around US\$19.22 billion by 2012. Exports of pharmaceuticals products from India increased from US\$6.23 billion in 2006-07 to US\$8.7 billion in 2008-09 a combined annual growth rate of 21.25%. India joined among the ranks of top 10 global pharmaceuticals markets in terms of sales by 2020 with value reaching US\$50 billion. The performance of pharmaceutical companies in the past 15 years has been generally outstanding. Up until 2009, pharmaceutical companies were thought to be recession-proof, often growing despite losses in other industries (such as the dot.com bubble and the dot.com bubble during the late 1990s and early 2000s). The revenue CAGR (compound annual growth rate) over the past three years had been 12.4%, but it is expected to be up at 15.3% from FY12 to FY15. The pricing environment in the Indian market has been a favorable one, and past growth has in part been driven by price increases of 2-4% annually.

Pharmaceutical Industry is very much dependent upon the developments and discoveries that are made. One can also see differences within the industry regarding the same drug or report and different companies within the Pharmaceutical Industry follow different paths for the same thing.

While the net revenue CAGR from Indian coverage group has been 20% over FY2005-12, the US revenue CAGR for the group has been 24.5%, accounting for a large portion of the growth. After the "big bang" expansion of Indian pharma into the global markets that started in 2003-04 turned challenging to handle, companies have scaled down their expansion plans. Instead, most companies focused on the profitable and easier US market.

However, we believe, the time is right for Indian firms to focus on the other markets the Company is expected to have very good future also.

### **17.2 SWOT ANALYSIS FOR THE COMPANY:**

#### **17.2.1 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.

#### **17.2.2 Weaknesses:**

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

**17.2.3 Opportunities:**

- There is very good demand of gelatin capsules in overseas and Indian market having good quality 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 in the Country and globally.

**17.2.4 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.

**17.3 Outlook:**

While we cannot predict a further performance, we believe considerable opportunities will exist for sustained 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 of 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.

**17.4 Marketing and Export:**

In domestic market your company had some more well reputed companies. In the export front the turnover of the company is decreased to Rs 93.98 lacs as compared to previous year Rs. 236.30 lacs due to difficult situation in international front, however your company is making all the efforts to increase its export turnover in the coming years.

**18. 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 express their appreciation in this regard including valued investors and shareholders of the Company.

Place: PITHAMPUR  
Dated: 28<sup>th</sup> August, 2012

FOR & ON BEHALF OF THE BOARD

  
RAMESH CHANDRA MITTAL  
CHAIRMAN CUM MANAGING DIRECTOR

LS

**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 FOREIGN EXCHANGE:**

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

**A. CONSERVATION OF ENERGY:**

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

	Current Year	Previous Year
<b>POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity (Purchased) Units	5592312	5872752
Total Amount (Rs.)	27978603	2,57,24,445
Rate per Unit (Rs.)	5.00	4.38
2. Electricity (Generated) units	60480	56500
Diesel/LDO/SKO consumed in Liters	18484	17392
Total Amount (Rs.)	827399	713101
Rate per Unit (Rs.)	13.68	12.62
3. Total Units consumed	5652792	5929252
Units consumed in lac per capsule	138.39	137.63

**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 products.
- Information in respect of Foreign Exchange Earning & Outgo are as under:

	Current Year	Previous Year
Earning	93.98 Lacs	Rs.236.30 Lacs
Outgoing	578.43 Lacs	Rs.221.19 Lacs

**D. PARTICULARS OF THE EMPLOYEES:**

Particulars of the employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975, are not applicable since, none of the employees of the company is drawing more than Rs. 60,00,000/- P.A. or Rs.5,00,000/- P.M. for the part of the year, during the year under review.

FOR & ON BEHALF OF THE BOARD

**RAMESH CHANDRA MITTAL**  
CHAIRMAN CUM MANAGING DIRECTOR

Place: PITHAMPUR  
Dated: 28<sup>th</sup> August, 2012

**Annexure B**  
**REPORT ON CORPORATE GOVERNANCE**  
Under Clause 49 of the Listing Agreement

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

We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the law coupled with total adherence to highest norms of business ethics. Therefore, 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 Executive Directors, meet regularly to discharge their objectives.

**2. BOARD COMMITTEES**

Currently, the Board has three Committees, viz.

- a. Audit Committee;
- b. Shareholders'/Investors' Grievances Committee
- c. Remuneration Committee and

The Audit and the Shareholders'/Investors' Grievances Committee consists of a majority of Independent Directors. The quorum for the Meetings is either two Directors or one third of the Members of the Committee whichever is higher.

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

The Board consists of executive and non-executive directors including 04 (four) independent directors with wide and varied experience in different disciplines of corporate functioning. Shri R.C.Mittal, Chairman & Managing Director, supported by Shri Alok K. Garg, Executive Director and Mrs. Kusum Mittal, Whole-time Director, are 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 of optimum composition, represented by five independent directors in the Board.

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

During the financial year 2011-12 the Board of Directors met **05 (Five)** times respectively on **10<sup>th</sup> May, 2011; 31<sup>st</sup> August, 2011; 14<sup>th</sup> November, 2011 and 13<sup>th</sup> February, 2012.**

The composition of the Board of Directors and their attendance at the meetings during the year were as follows:

Directors	Executive/ Non Executive/ Independent	No. of Meeting Attended	No of 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/ Executive Director	5	1	Nil	Nil
Mrs. Trapti Gupta	Promoter/NED	0	-	Nil	Nil
Dr. S.K.Sharma	Independent	5	-	Nil	Nil
Dr. Shamsher Singh	Independent	5	-	Nil	Nil
Dr. K.S Verma	Independent	5	-	Nil	Nil
Dr. Vishwanath B. Malher	Independent	0	-	Nil	Nil



#### **4. INFORMATION AVAILABLE TO THE BOARD**

The Board has unfettered and complete access to any information within the Company and from any 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.
- Appointment of the Cost Accountants for the Compliance Report of Cost records.
- 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 designated employees as well as steps taken to rectify instances of non-compliance.

#### **5. 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, 2012.

#### **6. 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, 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 the 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 banks and 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, the 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	5
2.	Dr.Shamsher Singh	Director	Member	5
3.	Dr. K.S Verma	Director	Member	5

**b) Meetings of the Audit Committee:**

During the financial year 2011-12 the Audit Committee met **05 (Five)** times respectively on **10<sup>th</sup> May, 10<sup>th</sup> August, 2011; 31<sup>st</sup> August, 2011; 14<sup>th</sup> November, 2011 and 13<sup>th</sup> February, 2012** under the Chairmanship of Shri S.K. Sharma, in which proper quorum was present.

The Committee considered the draft Annual Accounts for the year 2011-12. The Committee also reviewed the financial and risk management policy of the Company and defaults, if any in payment to the creditors and 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.

**7. 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 and redress the grievances 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 (Fin)	Member

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

**8. 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 2011-2012 the Remuneration Committee met 01(One) time as on 13<sup>th</sup> February 2012 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 Ramesh Chand Mittal as the Chairman cum Managing Director and Shri Alok K Garg as the Whole time Director of the Company respectively w.e.f. 01<sup>st</sup> July 2011 to 01<sup>st</sup> April, 2013 for a period of three years (3 years); and considered and approved salary and all other benefits payable to Mrs. Manisha Garg as the General Manager (Corporate Affairs) of the Company w.e.f. 01<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.

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

The Company is not paying any remuneration and sitting fee to the non-executive/independent Directors 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/CMD	Nil	30,00,000/-
2	Shri Alok K. Garg	Promoter/Executive	Nil	24,00,000/-
3	Mrs. Kusum Mittal	Promoter/ Executive	Nil	18,00,000/-
4	Mrs. Trapti Gupta	Promoter/NED	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. Malher	Independent	Nil	Nil

**9. WHISTLE BLOWER POLICY:**

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

**10. 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.
30.09.2009	Pithampur, Dhar	11.00 A.M.	Nil	Nil
27-09-2010	—do—	—do—	Two	Nil
28-09-2011	—do—	—do—	One	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, Remuneration Committee, Dr. S. K. Sharma has also attended the Annual General Meetings. No extra ordinary general meetings were held during the year 2011-12.

**11. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:**

The Company has complied with all the mandatory requirements. The Company's status of compliance with non-mandatory requirements is given below:

**11.1 The Board**

As our Chairman is Promoter and Executive Director, the Company maintains an office for him at the Company Office and provides a car for his official duties.

**11.2 Remuneration Committee**

The Company has a Remuneration Committee.

**11.3 Shareholder Rights**

The quarterly, half yearly and annual declarations of the financial performance are posted on the website of the Company and are also sent to the Stock Exchanges, where the shares of the Company are listed.

**11.4 Whistle Blower Policy**

The Company has laid down a Whistle Blower Policy

**11.5 Disclosure of Related Part Transaction**

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.06 of Notes on Annual Accounts.

**11.6 Penalty or strictures imposed**

There has not been any non-compliance by the company and no penalties or strictures imposed on the company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets.

## 12. MEANS OF COMMUNICATION:

The company has a web site viz. www.medicaps.com. The quarterly and annual financial statements are 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 Journal, Choutha Sansar, etc. The results are promptly submitted to the Stock Exchanges, where the shares of the company are listed.

## 13. GENERAL SHAREHOLDERS' INFORMATION:

- (i) **Date, Time and Venue of Annual General Meeting** : 29<sup>th</sup>, September, 2012  
at 11.00 A.M. at  
the Registered office of the  
Company at Mhow-Neemuch Road  
Sector-I, Rithampur, Dist. Dhar (M.P.)
- (ii) **Financial Calendar** : 01<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013.  
**First Quarter Results** : 10<sup>th</sup> August, 2012  
**Second Quarter Results** : On or before 14<sup>th</sup> Nov., 2012  
**Third Quarter Results** : On or before 13<sup>th</sup> Feb., 2013  
**Last Quarter Results** : On or before 14<sup>th</sup> May, 2013
- (iii) **Dates of Book Closure** : From 24.09.2012 to 29.09.2012.
- (iv) **Board meeting for consideration of Annual Accounts** : 28<sup>th</sup> August, 2012
- (v) **Posting of Annual Report** : before 4<sup>th</sup> Sept., 2012
- (vi) **Last date for receipt of Proxy** : 27<sup>th</sup> Sept., 2012
- (vii) **No. of Shares holders as on 31.03.2012** : 3867
- (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 2011-12

Month	Highest (Rs.)	Lowest (Rs.)	No. of Trades	No of shares traded	Total volume (Rs.)
April, 2011	64.95	53.50	238	29,254	17,23,083
May, 2011	60.60	54.45	235	33,862	19,58,898
June, 2011	60.00	52.40	157	17,253	9,80,530
July, 2011	67.00	56.15	225	21,321	12,82,874
August, 2011	65.00	51.25	251	25,855	15,49,630
Sept., 2011	59.80	49.30	267	14,784	8,29,914
October 2011	66.30	51.00	140	8,348	4,60,373
Nov., 2011	61.90	46.00	265	21,264	11,15,534
Dec., 2011	57.90	45.00	246	16,391	8,37,658
January 2012	58.30	39.00	148	13,356	6,81,468

(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 and correct. In cases where, shares are transferred after sending notice to the transferors, in compliance with 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 : 19
- (ii) Number of complaints solved during the year : 19
- (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 31<sup>st</sup> March, 2012, the Company has 29,48,995 shares are held by shareowners in dematerialised form, aggregating 94.60 % of the Share Capital.

No. of shares in physical, NSDL and CDSL as on 31<sup>st</sup> March, 2012:

- (a) In physical Form : 1,68,494
- (b) In CDSL : 5,14,600
- (c) in NSDL : 24,34,392

(xv) **Distribution of Share owning as on 31<sup>st</sup> March, 2012**

Shareholding of Nominal Value of Rs	No. of Owners	% of Share holders	Share Amount (Rs)	% to Total
Upto 1000	2,165	55.97	1546900	4.97
1001 -2000	707	18.28	1283850	4.12
2001 -3000	274	7.09	770700	2.47
3001 -4000	105	2.72	405900	1.30
4001 -5000	218	5.64	1073700	3.44
5001 -10000	207	5.35	1654500	5.31
10001-20000	100	2.59	1481670	4.75
20001-30000	25	0.65	643040	2.06
30001-40000	14	0.36	500530	1.61
40001-50000	13	0.34	593300	1.90
50001-100000	15	0.39	1122860	3.60
100001- Above	24	0.62	20097940	64.47
<b>Total</b>	<b>3,867</b>	<b>100.00</b>	<b>31174890</b>	<b>100.00</b>

(xvi) **Shareholders pattern as on 31<sup>st</sup> March, 2012**

S.No	Category	No. of Shares Held	Holding % of share
A	<b>Promoter Holding</b>		
1	<b>Promoters</b>		
	Indian Promoters	15,55,316	49.60
	Foreign Promoters	---	---
2	Persons Acting in Concert	---	---
	<b>Sub Total</b>	<b>15,55,316</b>	<b>49.60</b>
B	<b>Non Promoters Holding</b>		
3.	<b>Institutional investors</b>		
(a)	Mutual Funds and UTI	1,200	0.00
(b)	Bank, financial Institutions, companies (Central/State Govt./Non- Govt. Institutions)	7,300	0.02
(c)	FIs	---	---

4	Others		
(a)	Private corporate Bodies	1,40,472	4.9
(b)	Indian Public	13,20,719	42.3
(c)n	NRI/OCBs	91,869	2.9
(d)	Clearing Members	613	0.0
	<b>Sub Total</b>	<b>15,62,173</b>	<b>50.1</b>
	<b>GRAND TOTAL</b>	<b>31,17,489</b>	<b>100.0</b>

- (xvii) Details of the promoter's shares Under pledge : No Equity Shares of the promoters and group of promoters are 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 Share Transfer Agent, Ankit Consultancy Pvt. Ltd, Plot No. 10, Electronic Complex Pardeshipura Indore (M.P.) and make 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

  
RAMESH CHANDRA MITTAL  
CHAIRMAN CUM MANAGING DIRECTOR

PLACE : PITAMPUR  
DATE : 28<sup>th</sup> August, 2012

#### 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 results of operations. To ensure this, the company has in place a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Internal audits are conducted periodic audits to provide reasonable assurance those company's established policies and procedures have been followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls.

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

PLACE: PITHAMPUR  
DATE : 28<sup>th</sup> August, 2012

  
RAMESH CHANDRA MITTAL  
CHAIRMAN CUM 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 affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31<sup>st</sup> 2012.

**PLACE : PITHAMPUR**  
**Dated : 28<sup>th</sup> August, 2012**

**For Medi-caps Limited**

  
**RAMESH CHANDRA MITTAL**  
**CHAIRMAN CUM MANAGING DIRECTOR**

Annexure C

**D.K.JAIN&CO.**  
COMPANY SECRETARIES

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

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**COMPLIANCE CERTIFICATE**

**CIN: L24232MP1983PLC002231**  
Nominal Capital: Rs.4,00,00,000

To,  
The Members  
**MEDICAPS 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 on **March 2012** (from 01.04.2011 to 31.03.2012). 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, and in compliance with 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.
3. The company, being a public limited company, comments are not required.
4. The Board of directors met **05 (Five) times** respectively on **10<sup>th</sup> May, 2011; 10<sup>th</sup> August, 2011; 14<sup>th</sup> November, 2011 and 13<sup>th</sup> February, 2012** and in respect of which meetings, resolutions 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 24.09.2011 to 28.09.2011 and in compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on **31<sup>st</sup> March, 2011** was held on **September, 2011** and after given due notice to the members of the Company and the resolutions 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 not advanced any loan or guarantee to the directors as covered u/s 295 of the Act during the year under scrutiny.
9. The Company has complied with the provisions of section 297 of the Act in respect of contracts entered into during the year.



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. has delivered all the certificates on lodgement thereof for transfer/transmission of shares during the financial year under scrutiny in accordance with the provisions of the Act. However, there were no allotment of securities during the financial year.
  - II. has deposited the amount of dividend declared in a separate Bank Account within 05 (five) days from the date of declaration of such dividend.
  - III. has Paid/posted warrants for dividend to all the members within a period 30 (Thirty) 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. has transferred the amount in unpaid dividend account, application money due for refund, matured deposit, matured debentures and the interest accrued thereon which have remained unclaimed for a period of 07 (Seven) 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 and appointment of directors, were duly made. However, there were no appointment of additional directors, alternate directors and directors to fill the vacancies during the year under scrutiny.
15. The Company has not made any appointment of Managing Director or Whole-time Director or Manager during the year under scrutiny.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
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 on 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 amount borrowed by the Company during the financial year ended 31<sup>st</sup> March, 2012 is within the borrowing limit of the Company and that necessary resolution as per section 293(1)(d) of the Act has been passed earlier in the AGM/EGM.
25. The company has made loans and investments and given guarantee or provided securities for

26. The Company has not altered the provisions of the Memorandum with respect to situation of 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 fine or penalty or any other punishment was imposed on the Company during the financial year for offence 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 &  
COMPANY SECRETARIES**

**Date: 28<sup>th</sup> August, 2012  
Place: Indore**

**Dr. DILIP KUMAR JAIN  
PROPRIETOR  
CP No.**

**Annexure-A  
Registers as maintained by the Company**

<b>S.NO.</b>	<b>PARTICULARS</b>	<b>SECTIONS/RULES</b>
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**

**Annexure-B**  
**Forms and Returns as filed by the Company with Registrar of Companies, during the financial year ending 31<sup>st</sup> March, 2012**

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	31.03.2011	29.12.2011	Yes	N.A.	P84091800
2.	20B	159/161	28.09.2011	16.11.2011	Yes	N.A.	P79338109
3.	66	383(1A)	31.03.2011	04.10.2011	Yes	N.A.	P71626618
4.	23	192	28.09.2011	04.10.2011	Yes	N.A.	B22149041
5.	1 INV	Rule 3 IEPF Rule, 2001	24.09.2004	13.12.2011	Yes	N.A.	B27068964

For, D.K.JAIN & CO.  
COMPANY SECRETARIES

Date: 28<sup>th</sup> Aug. 2012  
Place: Indore

Dr. DILIP KUMAR JAIN  
PROPRIETOR  
CP No. 2382

**C.P. RAWKA** B.Com, F.C.A.

**C.P. RAWKA & Co.**

CHARTERED ACCOUNTANTS

403, Arcade Silver, 56,1, New Palasia,

☎: Off.: 2541132 Resi.: 2431244 Fax :

E-mail-cp\_rawka@yahoo.co.in

**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 on 1st April, 2011 and ending on 31<sup>st</sup> March, 2012.

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 compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

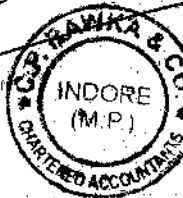
We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company. Based on our review, in our opinion, the Corporate Governance Report of the company, referred to above, reflects on the 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 2011-12 and that no investors grievances are pending for a period exceeding one months against the Company as per the records mentioned by the Company's 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 a guarantee of efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, C. P. RAWKA & Co.  
Chartered Accountants  
Registration No. of the Firm 0000000000

PLACE: INDORE  
DATE : 28th August, 2012

C.P. RAWKA  
PROPRIETOR  
M.No. 070060



**C.P. RAWKA** B.Com, F.C.A.

**C.P. RAWKA & CO**

CHARTERED ACCOUNTANTS

403, Arcade Silver, 66,1, New Palasla, Ind

☎: Off.: 2541132 Resi.: 2431244 Fax : 42

E-mail-cp\_rawka@yahoo.co.in

## AUDITORS' REPORT

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

We have audited the attached Balance Sheet of 'MEDI-CAPS LIMITED' as at 31st March 2012 and also the Profit and Loss Account for the period ended on that date annexed there to 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 statement preparation. We believe that our audit procedure provide a reasonable basis for our opinion.

As required by Company (Auditor's Report) Order, 2003, issued by the Departments of Company affairs. In term sub-section (4A) of section 227 of Companies Act, 1956, we enclose 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 conform with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956.

(v) On the basis of written representation received from the directors, as on 31<sup>st</sup> March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director as on 31<sup>st</sup> March, 2012 from being appointed as a 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 prescribed therein 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 2012, 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

Place: Indore  
Date: 28<sup>th</sup> August, 2012



For C.P.RAWKA & C  
Chartered Accountant  
FRN No.000518C

C P RAWKA  
M.No.070060  
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 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. As informed to us, the Company has not granted or taken any loan, secured or unsecured or from companies, firms or other party covered in the Register maintained U/s 301 of Companies Act, 1956. Consequently, the requirement of clause (iii) of paragraph 4 of the order are not applicable to the company.

4. In our opinion and according to the information and explanations given to us there is an 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 to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register 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 prices which are not reasonable having regard 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 undistributed statutory dues including Dividend

(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 capital losses during the financial year covered by our audit and the immediately Preceding financial year.

11. According to the information & explanations given to us, the company has not defaulted in repayment of dues to a financial Institution, bank or debenture holders.

12. According to the information & explanations given to us, the company has not granted loans & advances on the basis on security by way of pledge of shares, debenture and other securities.

13. The Company is not a chit fund, nidhi or mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the order are not applicable to the company.

14. In our opinion, the company has maintained proper records of the transactions and contracts of the Investments/ Proceeding of the shares dealt is by the company and timely entries have been made there in. The Investment made by the company is in its own name.

15. According to the information and explanations given to us, the company has given Corporate guarantee to IDBI Ltd. of Rs. 750 Lacs on behalf of Medgel Pvt. Ltd. (a joint venture of the company), referred in section 295 of the Act after complying with the provisions of the Act.

16. According to the information and explanations given to us, the company has not raised any term loans during the year.

17. According to the information and explanations given to us, no funds raised by the Company on the short term basis.

18. The company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. The company has not issued any debenture during the year and hence clause (xix) of the Order is not applicable to the company.

20. The company has not made any public issue during the year.

21. According to the information & explanations given to us, any frauds on or by the Company has not been noticed or reported during the year.

Place: Indore  
Date: 28<sup>th</sup> August, 2012



For C.P. RAWKA & CO.  
Chartered Accountants  
FRN No.000518C

C.P. RAWKA



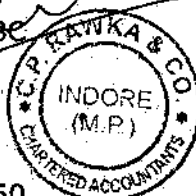
**MEDI-CAPS LTD.**  
**Balance Sheet as at 31st March, 2012**

Particulars	Note	As at 31st Mar 2012	31st
<b>I. EQUITY AND LIABILITIES</b>			
<b>-1 Shareholder's Funds</b>			
(a) Share Capital	2	31174890	
(b) Reserves and Surplus	3	584942891	
<b>-2 Share application money pending allotment</b>			
0			
<b>-3 Non-Current Liabilities</b>			
(a) Long Term Borrowings		0	
(b) Deferred tax liabilities (Net)	4	2530362	
(c) Other Long term liabilities	5	763038	
(d) Long term provisions	6	4833719	
<b>-4 Current Liabilities</b>			
(a) Trade payables	7	6083156	
(b) Other current liabilities	8	18827000	
(c) Short-term provisions	9	21534836	
<b>Total</b>		<b>670689892</b>	<b>6</b>
<b>II. Assets</b>			
<b>-1 Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		40807052	
(ii) Intangible assets		0	
(iii) Capital work-in-progress		0	
(b) Non-current investments	11	364362922	
(c) Deferred tax assets (net)			
(d) Long term loans and advances	12	3778864	
(e) Other non-current assets			
<b>-2 Current assets</b>			
(a) Current investments	13	59030135	
(b) Inventories	14	26751958	
(c) Trade receivables	15	51182559	
(d) Cash and cash equivalents	16	14768417	
(e) Short-term loans and advances	17	110007984	
(f) Other current assets		0	
<b>Total</b>		<b>670689892</b>	<b>6</b>

The Notes referred to above are an integral part of Balance Sheet.  
Note on Accounts as Note '1 to 33'

As per our report of even date,  
**C.P.Rawka & Co.**  
Chartered Accountants  
Firm Reg. No.:-000518e

**C.P. Rawka**  
Proprietor  
Membership No. 070060



For and on behalf of  
**For MEDI-**

*[Signature]*

*[Signature]*  
**P.C. Mittal**

**MEDI-CAPS LTD.  
STATEMENT OF PROFIT AND LOSS**

**Profit and Loss statement for the year ended 31st March, 2012**

Particulars	Note	As at 31st Mar 2012	31st
I. Revenue from operations	18	258210923	
II. Other Income	19	847450	
III. <b>Total Revenue (I + II)</b>		<b>259058373</b>	<b>2</b>
IV. Expenses:			
Cost of materials consumed	20	84368330	
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(4289326)	
Employee benefit expense	22	41426683	
Depreciation and amortization expense	10	9597234	
Other expenses	23	86053204	
<b>Total Expenses</b>		<b>217156125</b>	<b>2</b>
<b>V. Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>41902248</b>	
VI. Exceptional Items		0	
VII. Profit before extraordinary items and tax (V - VI)		41902248	
VIII. Extraordinary Items		0	
<b>IX. Profit before tax (VII - VIII)</b>		<b>41902248</b>	
X. Tax expense:			
(1) Current tax		16100000	
(2) Deferred tax		(1466591)	
XI. Profit(Loss) from the period from continuing operations	(IX-X)	27268839	
XII. Profit/(Loss) from discontinuing operations		0	
XIII. Tax expense of discounting operations		0	
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		0	
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>27268839</b>	
XVI. Earning per equity share:	31		
(1) Basic		8.75	
(2) Diluted		8.75	

The Notes referred to above are an integral part of Balance Sheet.  
Note on Accounts as Note '1 to 33'

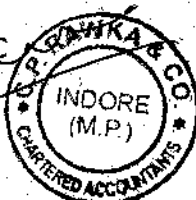
As per our report of even date,

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

Chartered Accountants

Firm Reg. No.:-000518C

**C.P. Rawka**  
Proprietor



For and on behalf of  
**For MEDI-CAPS LTD.**

**MEDI CAPS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

PARTICULARS	2011-12 ₹	2010-11 ₹
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax & Extraordinary Items	41902248	4157
Adjustment For:		
Depreciation	9597234	883
Dividend Income	(3997362)	(1166)
Operating Profit before Working Capital Change	47502120	3873
Ajustment for Working Capital		
(Increase)/ Decrease in Sundry Debtors	2544236	(502)
(Increase)/ Decrease in Inventories	(9661868)	218
(Increase)/ Decrease in Loans & Advances	14111741	(2289)
Increase in Current Liabilities & Provisions	(12968991)	1767
<b>Cash Generated from Working Capital</b>	<b>(5974882)</b>	<b>(8069)</b>
Cash generated from Operation	41527239	3066
Income Tax for the year	16100000	1600
<b>Net cash Flow from Operating Activity</b>	<b>25427239</b>	<b>1466</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchse of Investments	(8924906)	(1281)
Purachse of Fixed Assets	(8603170)	(438)
Dividend Received	3997362	1166
Adjustment for Dep on sale of Fixed Assets	0	(56)
<b>Net Cash used in Investing Activities</b>	<b>(13530714)</b>	<b>(6103)</b>
<b>C. Cash Flow from Financial Activities</b>		
Proposed Dividend	(4676234)	(467)
Dividend Tax on Proposed Dividend	(758602)	(77)
<b>Net Cash Used in Financial Activities</b>	<b>(5434836)</b>	<b>(5452)</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>6461688</b>	<b>311</b>
Cash & Cash Equivalents at the		
Beginning of the year	8306729	519
Closing of the year	14768417	830
<b>Increase in Cash and Cash Equivalents</b>	<b>6461688</b>	<b>311</b>

As per our report of even date annexed  
**For C.P.Rawka & Co.**  
**Chartered Accountants**

**C.P.Rawka**  
 Proprietor  
**M.No. 070060**  
**FRN No. 000518C**  
 Indore, 28th August, 2012



  
**Alok K. Garg**  
 Executive Director

For and on behalf of  
**Medi-Caps**

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

## **NOTE 1 –NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **A. SIGNIFICANT ACCOUNTING POLICIES :-**

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

The accompanying statements have been prepared under the historical cost conventions, in accordance with Indian Generally Accepted Accounting Principles and as per the provisions of the Companies Act, 1956. For the financial year ended 31st March 2012 the revised Schedule VI notified under the Companies Act, 1956 is applicable to the Company, for preparation and presentation of its financial statements. The Company has classified the previous year figures in accordance with the requirements applicable in the current year.

#### **b) Fixed Assets and Depreciation :-**

Fixed assets are stated at cost net of cost 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 pro rata basis.

#### **c) Investments:**

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

#### **d) Valuation of Inventories :-**

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

#### **e) Foreign Exchange Transactions :-**

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

#### **f) Sundry Debtors and Advances :-**

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

#### **g) Research & Developments :-**

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

#### **h) Terminal Benefits :-**

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

#### **i) Taxations:-**

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

#### **j) Earning Per Share:-**

Basic and Diluted earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.



**k) Revenue Recognition**

Revenue from sale of goods is recognized includes excise duty.

Revenue (including in respect of insurance or other claims etc.) is recognized when it is reasonable ultimate collection will be made

Interest income is accounted on accrual basis. Dividend from investment is recognized as revenue when the payments is established.

**i) Employee Benefits:**

**Defined Benefit Plan**

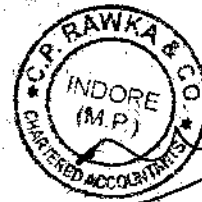
The Employee Gratuity Fund Scheme managed by Life Insurance Corporation of India is a Defined Benefit Plan.

**Defined Contribution Plans**

The company's contribution paid/ payable for Provident Fund, ESIC and Pension Fund for the year is disclosed in the statement of Profit and Loss.

**Short Term Employee benefits**

Short term benefits are recognized as an expenses in the statement of profit & loss of the year in which the services are rendered.



**MEDI-CAPS LTD.**

**Notes on Financial Statement for the year ended 31st March, 2012**

<b>Note : 2 Share Capital</b>	<b>As at 31st Mar 2012</b>	<b>31st</b>
<b>Authorised Share Capital :</b> 40,00,000 Equity Shares of Rs. 10/- each (Previous Year 40,00,000 Equity Shares of Rs. 10/- each)	<b>40000000</b>	
<b>Issued Capital</b> 36,68,580 Equity Shares of Rs. 10 each fully paid up (Previous Year 36,68,580 Equity Shares of Rs. 10/- each)	<b>36685800</b>	
<b>Subscribed &amp; Paidup Capital-</b> 31,17,489 Equity Shares of Rs. 10 each fully paid up (Previous Year 31,17,489 Equity Shares of Rs. 10/- each)	31174890	
	<b>31174890</b>	

There is no change in the shares outstanding at the beginning and at the end of the reporting date and immediately preceding reporting date.

**Details of Shareholders holding more than 5 percent shares in the company**

<b>Name of Shareholders</b>	<b>No. of Shares as at</b>			
	<b>31.03.12</b>	<b>% of Holding</b>	<b>31.03.11</b>	<b>%</b>
R.C.Mittal	791480	25.39%	744460	
Kusum Mittal	668319	21.44%	609139	

<b>Note : 3 Reserve &amp; Surplus</b>		<b>2012</b>
<b>Capital Reserve</b> As per last balance sheet		4421000
<b>Share Forfeiture A/c</b> As per last balance sheet		2755455
<b>Securities Premium Account</b> As per last balance sheet		38981502
<b>General Reserve</b> As at Commencement of the Year	83590810	
Add : Transferred from Profit & Loss Account	1409190	
Closing Balance		85000000
<b>Surplus</b> Opening balance	433360121	
Add: Net profit for the current year	27268839	
Less: Proposed Dividend	4676234	
Tax on Proposed Dividend	758602	
Transfer to General Reserve	1409190	

	2012	Amo
<b>Note : 4 Deferred Tax Liability</b>		
On Depreciation (Difference of as per Books & as Per Income Tax Act)	2530362	
	<b>2530362</b>	

	2012	
<b>Note : 5 Other Long Term Liabilities</b>		
Trade Payable	0	
Others		
Security Deposit	763038	
	<b>763038</b>	

	2012	
<b>Note : 6 Long Term Provisions</b>		
For Gratuity	4833719	
	<b>4833719</b>	

	2012	
<b>Note : 7 Trade Payable</b>		
Sundry Creditors	6083156	
	<b>6083156</b>	

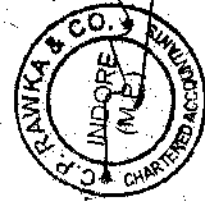
	2012	
<b>Note : 8 Other Current Liabilites</b>		
Advance Recd from Customers	2150564	
Bonus Payable	4325221	
Commission Payable	3732448	
CST Payble	148515	
CWWC Tax	0	
Entry Tax Payable	75488	
ESI Payable	22951	
Excise Duty Payable	0	
Outstanding Liabilities	7047448	
Professional Tax	4702	
Provident Fund	227211	
TDS on Consultancy	25235	
TDS on Contractor Payment	5696	
TDS on Rent	5000	
TDS on Salary	199710	
TDS on Sales Commission	804612	
Unpaid Salary & Wages	52198	
	<b>18827000</b>	

	2012	
<b>Note :9 Short-Term Provisions</b>		
For Taxation	16100000	
For Dividend & Tax on proposed dividend	5434836	
	<b>21534836</b>	



FIXED ASSETS	GROSS BLOCK			DEPRECIATION/AMORTIZATION				NET BLOCK		
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Up to 31.03.2011	For the Year 2011-12	Deletions 31.03.2012	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Free Hold Land	1178000	0	0	1178000	0	0	0	0	1178000	1178000
Factory Building	23904874	0	0	23904874	13303237	798423	0	14101660	9803214	10601637
Office Building	14914639	4206711	0	19121350	610839	269247	0	880086	18241264	14303800
Plant & Machinery	127417370	2582220	0	129999590	119723708	6842745	0	126566453	3433137	7693662
Furniture & Fixtures	4984279	1749899	0	6734178	4012259	354165	0	4366424	2367754	972020
Vehicles	11850326	0	0	11850326	4940863	1125781	0	6066644	5783682	6909463
Computers	2190019	64340	0	2254359	2047485	206873	0	2254358	1	142534
<b>GRAND TOTAL</b>	<b>186439507</b>	<b>8603170</b>	<b>0</b>	<b>195042677</b>	<b>144638391</b>	<b>9597234</b>	<b>0</b>	<b>154235625</b>	<b>40807052</b>	<b>41801116</b>
PREVIOUS YEAR	182052846	5031661	645000	186439507	136153396	9053762	568767	144638391	41801116	45899450

Factory Building includes staff quarters for which separates cost is not ascertainable  
 Computers fully depreciated during the year after charging current year depreciation but nominal value of Rs.1/- kept in books because  
 computers are exist in physical form at the year end.





<b>Note : 11 Non-Current Investments</b>		<b>2012</b>	
<b>a)</b>	Trade Investments <b>Investment properties</b>	<b>10793000</b>	
<b>b)</b>	<b>Investment in Equity Instruments</b>		
<b>i)</b>	<b>Trade Investment (Unquoted)</b>		
	53,53,000 (7,82,000) Equity Share of Rs. 10/- each of Medgel Private Limited	187230000	
	21800 (21800) Equity Shares of Rs.10/- each of Medicaps Fin.Ltd.	218000	
	107000 (107000) Equity Shares of Rs. 10/- each of Endolabs Ltd.	1070000	
		<b>188518000</b>	
<b>ii)</b>	<b>Other Investment (Quoted)</b>		
	100 (100) Equity Shares of Natural Capsules	1000	
	43600 (43600) Equity Shares of Jord Engineers India Ltd.	2141139	
	100 (100) Shares of Bharati Healthcare Ltd (Market value Rs.1,05,715/- previous year Rs.105.615/-)	2012	
<b>c)</b>	<b>Investment in Mutual Funds</b>		
	2130473.674 (2130473.674) units of Birla Sunlife Mutual Fund	35000000	
	216262.976 (216262.976) units of SBI Magnum Mutual Fund	10000000	
	354933.454 (526195.656) units of Reliance Mutual Fund	25000000	
	246773.437 (246773.437) units of Franklin India Mutual Fund	10000000	
	542351.588 (542351.588) units of DSP Merrill Mutual Fund	20000000	
	NIL (247302.547) units of HSBC Mutual Fund	0	
	250000 (250000) IDBI Nifty Index Mutual Fund	2500000	
	851253.485 (851253.485) units of TATA Mutual Fund	25000000	
	516262.261 (516262.261) units of ICICI Prudential Mutual Fund	10000000	
	326594.598 (326594.598) units of Kotak Mutual Fund	10000000	
	723118.085 (723118.085) units of JP Morgan India Mutual Fund	10000000	
		<b>157500000</b>	<b>1</b>
<b>d)</b>	<b>Other Investment</b>		
	LIC Group Gratuity Fund Scheme	5407771	
		<b>364362922</b>	<b>2</b>

<b>Note : 12 Long-Term Loans &amp; Advances</b>		<b>2012</b>	
	(Unsecured, considered good unless otherwise stated)		
	Security Deposits	3778864	
		<b>3778864</b>	

<b>Note : 13 Current Investment</b>		<b>2012</b>	
	<b>Investment in Mutual Funds</b>		
	750.48 (334648.545) units of Principal Conservative Growth Plan	1262747	
	1589144.128 (3467719.077)HDFC Cash Management Fund-Growth	36422707	
	18790.504 (NIL) IDBI Ultra Short Term Fund- Growth	21344681	
		<b>59030135</b>	

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<b>Note : 14 Inventories</b>	<b>2012</b>	
Raw Materials	8709659	
Finished Goods	14427598	
Stock in process and waste	491913	
Stores and Spares	941916	
Colour & Chemical	674396	
Packing Material	559846	
Printing Material	55788	
Lab Chemical & Equipments	40211	
Fuel	850631	
	<b>26751958</b>	

<b>Note : 15 Trade Receivables</b>	<b>2012</b>	
Unsecured , Considered Good as certified by the Management		
Outstanding over six months	2829335	
Others	48353225	
	<b>51182559</b>	

<b>Note : 16 Cash &amp; Bank balances</b>	<b>2012</b>	
Cash in Hand	1017053	
Balance with Noted Banks :		
In Current Accounts	9533282	
In Fixed Deposit Accounts	4218082	
	<b>14768417</b>	

<b>Note : 17 Short-term Loans &amp; Advances</b>	<b>2012</b>	
(Unsecured & Considered Good - Advance recoverable in Cash or in kind or for value to be received)		
Advance to Suppliers & Others	2294045	
Balances with Government Authorities	2565642	
Advance Tax & TDS (Net of Provisions)	18007827	
Share application money - Pending Allotment	86347000	
Prepaid Expenses	577104	
Other Loans & Advances	216366	
	<b>110007984</b>	<b>2</b>



**MEDI-CAPS LTD.**

**NOTES TO PROFIT & LOSS STATEMENT**

	As at 31st Mar 2012	31st
<b>Note : 18 Sales</b>		
Sale of product	275651300	2
Less : Excise Duty	17440377	
	<b>258210923</b>	<b>2</b>

<b>Note :18a Earnings in Foreign Exchange</b>	<b>2012</b>	
F.O.B. value of exports	9397761	

<b>Note :19 Other Incomes</b>	<b>2012</b>	
Claims Received	361427	
Capital gain/ (Loss) on Mutual Fund	(7172484)	
DEPB Received	569918	
Dividend income	3997360	
Interest Income on FDR	921662	
Income Tax Refund	0	
Misc. Income	1036797	
Net gain on foreign currency transaction and translation	569273	
Rent received for vehicle	563498	
	<b>847450</b>	

<b>Note : 20 Cost of Materials Consumed</b>	<b>2012</b>	
<b>A) Raw Material Consumed</b>		
Opening Stock	80000211	
Purchases	8172478	
	88172689	
Less : Closing Stock	9424266	
Raw Material Consumed	<b>78748423</b>	
<b>B) Packing Material Consumed</b>		
Opening Stock	5626524	
Purchases	553229	
	6179753	
Less : Closing Stock	559846	
Consumption	<b>5619907</b>	
<b>Grand total of Materials Consumed (A) + (B)</b>	<b>84368330</b>	

<b>Note : 21 Increase/(Decrease) in Stocks</b>	<b>2012</b>	
Closing Stock of :		
Finished Goods	14324384	
Stock in Process	446910	
Waste	45003	
Total (A)	14816297	
Opening Stock of :		
Finished Goods	8934989	
Stock in Process	1485205	
Waste	106777	

<b>Note : 22 Employees Remuneration &amp; benefits</b>	<b>2012</b>	
Salary, Wages, Allowances & other Benefits	29937612	
Directors Remuneration	7200000	
Gratuity	1065139	
P. F. Contribution	2937153	
Staff Welfare Expenses	286779	
	<b>41426683</b>	

<b>Note : 23 Other Expenses</b>	<b>2012</b>	
Advertisement & Publicity	109319	
Audit Fee	100000	
Annual Listing Fees	15000	
Bank Charges	300896	
Charity & Donations	111200	
Consultancy Charges	977399	
Conveyance Exp.	318920	
Entry Tax	1236964	
Electricity & Water	493777	
Freight Expenses	5534980	
Factory Power & Fuel	31881254	
Factory Expenses	873004	
Insurance Charges	401713	
Import / Export Expenses	1282899	
ISO Certification Charges	10000	
Legal Expenses	5034	
Loss on Sale of Fixed Assets	0	
Membership Fee & Subscription	65892	
Misc. Expenses	909518	
Net gain on foreign currency transaction	104994	
Office & General Exp.	185594	
Postage, telegram	82950	
Printing Material consumed	372142	
Printing & Stationary	487457	
Rent, Rates & Taxes	832998	
<b>Repairs &amp; Maintenance</b>		
Buildings	255053	
Machinery	10460480	
Electricals	2650053	
A.C.Plant	1204366	
Computer	57677	
Other	131610	
Sales Commission	12476309	
Sales promotion Expenses	1560616	
Stores & Spares Consumed	7876626	
Telephone & Telex Charges	508481	
Tour & Travelling Exp.	1276810	
Vehicle Running & Maintenance	901221	
	<b>86053204</b>	



**Note 24 Segment Information**

Information on segment reporting as per Accounting standard-17, the entire operation of the related to one segment as such there is no separate reporting required. Company's earnings are Rs. Lacs from interest, Dividend from Interest, Dividend and Investments, However as per exp given in AS-17, Segment revenue does not include Dividend income, Interest & Income from hence there is no separate reporting required.

**Note 25 Deferred Tax**

Information on deferred tax has been provided in accordance with AS-22 Accounting for tax Income, issued by the Institute of Chartered Accountants of India with effect from 1st April The accumulated net deferred tax liability amounting to Rs.12866070/- has been adjusted against the general reserve. Further, the deferred tax assets for the year is Rs.1466591/- has been recorded in the Profit & Loss Account.

<b>Note 26 Payment to Auditors</b>	<b>2011-12</b>	<b>2010-11</b>
Audit Fees	100000	
In other Capacity		
Tax Audit Fee	20000	
Other	30000	
	<b>150000</b>	

**Note 27 Additional Information**

Companies Act, 1956 are as follows:

<b>a) Capacity and Production</b>	<b>2011-2012</b>	<b>2010-11</b>
Class of Goods Produced	Hard Geletin Capsules	Hard Geletin Capsules
(Qty. - Nos in Lacs)		
i) Licenced Capacity	NA	
ii) Installed Capacity	42000	
iii) Actual Production	39087	
(Rounded off to nearest Lacs)		
Sorting waste	8629.065 Kgs	144.000 Kgs
Mix Cutting	9539.533 kgs	24.000 kgs

	<b>2011-2012</b>		<b>2010-11</b>
	<b>Qty. (In Lacs)</b>	<b>Value (Rs. In Lacs)</b>	<b>Qty. (in Lacs)</b>
<b>b) Finished Goods</b>			
(Hard Geletin Capsule Shell I.P.)			
i) Opening Stock	2708.19	105.90	3474.86
ii) Closing Stock	3261.47	142.10	2708.19
<b>c) Turnover</b>			
Hard Geletin Capsules Shell I.P.	38454.855	2756.51	41620.21
<b>d) Raw Material Consumed</b>			
Geletin	270950 Kgs	850.09	293125 Kgs
<b>e) Value of Imports on C.I.F. Basis</b>			
Raw Material		540.42	
Capital Goods		29.39	

Note 28 Employee Benefits	2011-2012	2
<b>Defined benefits plan</b>		
I Change in obligation during the year		
1 Present value of Defined benefit obligation at beginning of year	4084752	
2 Current Service Cost	648497	
3 Past Service Cost		
4 Interest Cost	416642	
5 Actuarial (Gains) / Losses		
6 Benefits Paid	316172	
7 Present value of Defined benefit obligation at the end of the year	4833719	
II Change in assets during the year ended March 31, 2012		
1 Plan assets at the beginning of the year	4658804	
2 Settlements		
3 Expected return on plan assets	416642	
4 Contribution by Employer	648497	
5 Actual benefits paid	316172	
6 Actuarial Gains / (Losses)		
7 Plan assets at the end of the year	5407771	
III Net Assets / (Liability) recognized in the Balance Sheet at March 31, 2012.		
1 Present value of Defined enefits Obligation as at March 31.	4833719	
2 Fair value of plan assets as at March 31, 2012	5407771	
3 Fund Status (Surplus / (Deficit))	574052	
4 Net Assets / (Liabilty) as at end of the year	<b>574052</b>	
IV Expenses recognised in the Statement of profit & Loss for the year ended March 31, 2012		
1 Current Service Cost	648497	
2 Interest Cost	416642	
3 Expected return on plan assests		
4 Past service cost		
5 Net Actuarial (Gains) / Losses		
6 Total Expenses	<b>1065139</b>	
V The major categories of plan assets as a percentage of total plan	N.A.	
b. Contribution to provident fund and other funds stated under defined contribution plans is Rs Lacs (previous year Rs. 26.05 Lacs).		

**Note 29** The company does not have outstanding for more than 30 days as on 31st March 2012 Units the respectives parties.



**Note 30 Related Party Disclosure**

Information on Related party transactions as per Accounting Standard 18 on related party di

S.No	Related Party	Transaction nature	2011-12	20
1	Mr. R.C.Mittal Chairman & Managing Director	Remuneration	3000000	
2	Mr. Alok K. Garg Executive Director	Remuneration	2400000	
3	Mrs. Kusum Mittal Whole time Director	Remuneration	1800000	

**Note 31 Earning Per Share**

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

	2011-2012	20
i) Profit after tax used as the numerator	27268839	
ii) Basic / Weighted Average number of Equity Shares used as the denominator	3117489	
iii) Nominal Value of Equity shares		
iv) Basic & Diluted Earning per Equity Share	10/- 8.75	

**Note 32** The previous years figures have been regrouped/ restated wherever necessary to confirm the current years classification.

**INFORMATION ON SUBSIDIARY**

		Rs in Lacs									
Name of the subsidiary Company	Reporting Currency	Exchange Rate as on 31.03.12	Capital	Reserves	Total Assets	Total Liabilities	Turnover	Profit before Tax	Profit after Tax	Proposed Dividend	Country
Agel Pvt. Ltd.	INR	1.00	806.90	2014.75	3625.78	123.91	19.06	(181.08)	(181.08)	0	India





**C.P. RAWKA** B.Com, F.C.A.

**C.P. RAWKA & CO**

CHARTERED ACCOUNTANTS

403, Arcade Silver, 58.1, New Palasia, Indore

☎: Off.: 2541132 Resi.: 2431244 Fax : 4031132

E-mail-cp\_rawka@yahoo.co.in

## AUDITORS' REPORT

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

We have audited the attached Consolidated Balance Sheet of 'MEDI-CAPS LIMITED' and subsidiary as at **31st March, 2012** and also the Consolidated Profit and Loss Account for the period ended on that date annexed thereto and consolidated 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 Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 and significant estimates made by management, as well as evaluating the overall financial statement preparation. We believe that our audit procedure provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 23 on Consolidated Financial Statements as notified by the companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of the separate audit reports on the individual financial statements of the company and its subsidiary, and to the best of our information and according to the explanation given to us, in our opinion, the consolidated Financial Statements gives a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012, and
- (b) In the case of the Consolidated Profit and Loss Account for the period ended on that date; and
- (c) In the case of the Consolidated Cash Flow statements, of the cash flows of the Group for the year ended on that date

Place: Indore

Date: 28th August 2012



For C.P. RAWKA &  
Chartered Accountants  
FRN No.000518C

**MEDI-CAPS LTD.**  
**Consolidated Balance Sheet as at 31st March, 2012**

Particulars	Note	As at 31st Mar 2012	31st
<b>I. EQUITY AND LIABILITIES</b>			
₹			
<b>-1 Shareholder's Funds</b>			
(a) Share Capital	2	31174890	
(b) Reserves and Surplus	3	768309436	
<b>-2 Share application money pending allotment</b>		86130000	
<b>-3 Minority Interest</b>		27160000	
<b>-4 Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	3129991	
(b) Deferred tax liabilities (Net)	5	2530362	
(c) Other Long term liabilities	6	763038	
(d) Long term provisions	7	4833719	
<b>-5 Current Liabilities</b>			
(a) Trade payables	8	14138418	
(b) Other current liabilities	9	20032903	
(c) Short-term provisions	10	21534836	
<b>Total</b>		<b>979737592</b>	<b>9</b>
<b>II. Assets</b>			
<b>-1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		394027667	
(ii) Intangible assets		0	
(iii) Capital work-in-progress		0	
(b) Non-current investments	12	310832922	
(c) Deferred tax assets (net)		0	
(d) Long term loans and advances	13	6440228	
<b>-2 Current assets</b>			
(a) Current investments	14	59030135	
(b) Inventories	15	30027986	
(c) Trade receivables	16	52731414	
(d) Cash and cash equivalents	17	15348578	
(e) Short-term loans and advances	18	111298661	
(f) Other current assets	19	0	
<b>Total</b>		<b>979737592</b>	<b>9</b>

The Notes referred to above are an integral part of Balance Sheet.

Note on Accounts as Note '1 to 35'

As per our report of even date,

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

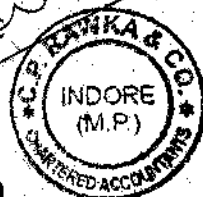
Chartered Accountants

Firm Reg. No. :-000518C

**C.P. Rawka**

Proprietor

Membership No. 070060



\_\_\_\_\_  
R.C.Mittal

For and on behalf of

**For MEDI-**

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Alo

**MEDI-CAPS LTD.  
STATEMENT OF PROFIT AND LOSS**

**Consolidated Profit and Loss statement for the year ended 31st March, 2012**

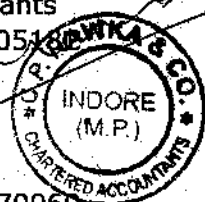
Particulars	Note	As at 31st Mar 2012	31st
I. Revenue from operations	20	259759778	
II. Other Income	21	1204614	
<b>III. Total Revenue (I + II)</b>		<b>260964392</b>	<b>2</b>
IV. Expenses:			
Cost of materials consumed	22	86099504	
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(5975536)	
Employee benefits expense	24	45475369	
Finance Cost	25	86929	
Depreciation and amortization expense	11	17499505	
Other expenses	26	93984828	
<b>Total Expenses</b>		<b>237170600</b>	<b>2</b>
<b>V. Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>23793792</b>	
VI. Exceptional Items		0	
VII. Profit before extraordinary items and tax (V - VI)		23793792	
VIII. Extraordinary Items		0	
<b>IX. Profit before tax (VII - VIII)</b>		<b>23793792</b>	
X. Tax expense:			
(1) Current tax		16100000	
(2) Deferred tax		(1466591)	
XI. Profit after Tax before Minority Interest	(IX-X)	9160383	
XII. Less: Minority Interest		(6095306)	
<b>XIII Profit for the year (XI - XII)</b>		<b>15255690</b>	
XVI. Earning per share of face value of Rs.10 each	31		
(1) Basic		4.89	
(2) Diluted		4.89	

The Notes referred to above are an integral part of Balance Sheet.  
Note on Accounts as Note '1 to 35'

As per our report of even date,  
**C.P.Rawka & Co.**

Chartered Accountants

Firm Reg. No.: -0005188



**C.P. Rawka**

Proprietor

Membership No. 070060

Place: Indore

Date: 28th August, 2012

For and on behalf of

**For MEDI-**

\_\_\_\_\_

**R.C.Mittal**

Chairman & Managing Director

\_\_\_\_\_

**Alok**

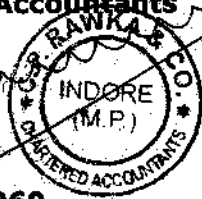
Executive

**MEDI CAPS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

PARTICULARS	2011-12 ₹	2010-11 ₹
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax & Extraordinary Items	23793792	415730
Adjustment For:		
Depreciation	17499505	88312
Dividend Income	(3997362)	(1166557)
Operating Profit before Working Capital Change	37295935	387387
Adjustment for Working Capital		
(Increase)/ Decrease in Sundry Debtors	995381	(502711)
(Increase)/ Decrease in Inventories	(12937896)	21847
(Increase)/ Decrease in Loans & Advances	61660233	(92961)
Increase in Current Liabilities & Provisions	4061823	378898
<b>Cash Generated from Working Capital</b>	53779541	3411786
Cash generated from Operation	91075477	7285658
Income Tax for the year	16100000	160000
<b>Net cash Flow from Operating Activity</b>	74975477	568565
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Investments	(8924906)	(128140)
Purchase of Fixed Assets	(65965254)	(2094852)
Dividend Received	3997362	116655
Adjustment for Dep on sale of Fixed Assets	0	(5687)
<b>Net Cash used in Investing Activities</b>	(70892799)	(21120250)
<b>C. Cash Flow from Financial Activities</b>		
Security premium received	6314500	1607000
Proposed Dividend	(4676234)	(46762)
Dividend Tax on Proposed Dividend	(758602)	(7766)
<b>Net Cash Used in Financial Activities</b>	879664	15524710
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	4962342	9011
Cash & Cash Equivalents at the Beginning of the year	10386236	9485
Closing of the year	15348578	10386
<b>Increase in Cash and Cash Equivalents</b>	4962342	9011

As per our report of even date annexed  
**For C.P.Rawka & Co.**  
**Chartered Accountants**

**C.P.Rawka**  
 Proprietor  
**M.No. 070060**  
**FRN No. 000518C**  
 Indore, 28th August, 2012



**Alok K. Garg**  
 Executive Director

For and on behalf of  
**Medi-Caps L**

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

**Note 1- NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**SIGNIFICANT ACCOUNTING POLICIES :-**

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

The accompanying statements have been prepared under the historical cost conventions, in accordance with Indian Generally Accepted Accounting Principles and as per the provisions of the Companies Act, 1956. From financial year ended 31st March 2012 the revised Schedule VI notified under the Companies Act, 1956 has been applicable to the Company, for preparation and presentation of its financial statements. The Company has classified the previous year figures in accordance with the requirements applicable in the current year.

**Principles of Consolidation:-**

- i) The financial statements of the Company and its subsidiary have been consolidated in accordance with the Accounting Standard 21 (AS-21) "Consolidated Financial Statements", on line by line basis together the book value of like items of assets, liabilities, income and expenses, after full elimination of intra group balances, intra group transactions and the unrealized profit /Losses.
- ii) The financial statements of the company and its subsidiary have been consolidated under uniform accounting policies for like transaction and other events in similar circumstances.
- iii) Minority Interest in the net assets of the consolidated subsidiary consist of
  - a) The amount of equity attributable to minorities as at the date on which the investment in subsidiary is made and,
  - b) The minority share of movements in equity since the date the parent subsidiary relations commenced their existence. The Losses applicable to the minority in excess of the minority interest in the net assets of the subsidiary and further losses applicable to minority, are adjusted against the majority interest to the extent that the minority has a binding obligation to and is able to make good the loss.
  - c) Minority interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated Balance Sheet. Minority Interest in the income of the company is separately presented.

**) 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.

**) 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 date of the balance sheet being made, as it has temporary in the nature.

**) Valuation of Inventories :-**

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

**) Foreign Exchange Transactions :-**

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

**) 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 out standings are good, bad or doubtful and accordingly same are written off or provided for.

**Research & Developments :-**

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

**Terminal Benefits :-**

Gratuity Liability is accounted for an accrual basis & the company has constituted trust with Life Insurance Corporation of India, Separate accounts for fund deposited with LIC and Provision for Gratuity Payable maintained by Company

Leave Encashment is accounted on Cash basis i.e. It is accounted for as and when paid.

**Taxations:-**

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

**Earning Per Share:-**

Basic and Diluted earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**Revenue Recognition**

Revenue from sale of goods is recognized includes excise duty.

Revenue (including in respect of insurance or other claims etc.) is recognized when it is reasonable to expect that ultimate collection will be made

Interest income is accounted on accrual basis. Dividend from investment is recognized as revenue when the receipt of the payments is established.

**Employee Benefits:****Defined Benefit Plan**

The Employee Gratuity Fund Scheme managed by Life Insurance Corporation of India is a Defined Benefit Plan.

**Defined Contribution Plans**

The company's contribution paid/ payable for Provident Fund, ESIC and Pension Fund for the year is recorded in the Statement of Profit and Loss.

**Short Term Employee benefits**

Short term benefits are recognized as an expenses in the statement of profit & loss of the year in which the services are rendered.

These include Dividend income, Interest & Income from Investment, hence there is no separate reporting requirement.



**MEDI-CAPS LTD.**

**Notes forming part of the Consolidated Financial Statements**

<b>Note : 2 Share Capital</b>	<b>As at 31st Mar 2012</b>	<b>31st</b>
<b>Authorised Share Capital :</b> 40,00,000 Equity Shares of Rs. 10/- each (Previous Year 40,00,000 Equity Shares of Rs. 10/- each)	<b>40000000</b>	
<b>Issued Capital</b> 36,68,580 Equity Shares of Rs. 10 each fully paid up (Previous Year 36,68,580 Equity Shares of Rs. 10/- each)	<b>36685800</b>	
<b>Subscribed &amp; Paidup Capital</b> 31,17,489 Equity Shares of Rs. 10 each fully paid up (Previous Year 31,17,489 Equity Shares of Rs. 10/- each)	31174890	
	<b>31174890</b>	

There is no change in the shares outstanding at the beginning and at the end of the reporting date and immediately preceding reporting date.

**Details of Shareholders holding more than 5 percent shares in the company**

<b>Name of Shareholders</b>	<b>No. of Shares as at</b>			
	<b>31.03.12</b>	<b>% of Holding</b>	<b>31.03.11</b>	<b>% of Holding</b>
R.C.Mittal	791480	25.39%	744460	
Kusum Mittal	668319	21.44%	609139	

<b>Note : 3 Reserve &amp; Surplus</b>		<b>2012</b>
<b>Capital Reserve</b> As per last balance sheet		4421000
<b>Share Forfeiture A/c</b> As per last balance sheet		2755455
<b>Securities Premium Account</b> As per last balance sheet		240456502
<b>General Reserve</b> As at Commencement of the Year	83590810	
Add : Transferred from Profit & Loss Account	1409190	
Closing Balance		85000000
<b>Surplus</b> Opening balance	433360121	
Add: Net profit for the current year	9160383	
Less: Proposed Dividend	4676234	
Tax on Proposed Dividend	758602	
Transfer to General Reseve	1409190	

	2012	Amo
<b>Note : 4 Long Term Borrowings</b>		
IDBI Bank C.C. A/c 0382655100000125	3129991	
	<b>3129991</b>	

	2012	
<b>Note : 5 Deferred Tax Liability</b>		
On Depreciation (Difference of as per Books & as Per Income Tax Act)	2530362	
	<b>2530362</b>	

	2012	
<b>Note : 6 Other Long Term Liabilities</b>		
Trade Payable	0	
Others		
Security Deposit	763038	
	<b>763038</b>	

	2012	
<b>Note : 7 Long Term Provisions</b>		
For Gratuity	4833719	
	<b>4833719</b>	

	2012	
<b>Note : 8 Trade Payable</b>		
Sundry Creditors	14138418	
	<b>14138418</b>	

	2012	
<b>Note : 9 Other Current Liabilites</b>		
Advance Recd from Customers	2150564	
Bonus Payable	4325221	
Commission Payable	3732448	
CST Payble	148515	
CWWC Tax Payable	0	
Entry Tax Payable	75488	
ESI Payable	39471	
Excise Duty Payable	0	
Leave Expenses Payable	14670	
Outstanding Liabilities	8144347	
Professional Tax	6805	
Provident Fund	235224	
Security Deposit from Civil Contractor	0	
TDS on Consultancy	53235	
TDS on Contractor Payment	20169	
TDS on Rent	27066	
TDS on Salary	202870	
TDS on Sales Commission	804612	
Unpaid Salary & Wages	52198	
	<b>20032903</b>	

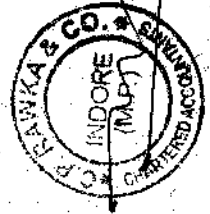
	2012	
<b>Note :10 Short-Term Provisions</b>		



**1- Fixed Assets- Tangible Assets**

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Up to 31.03.2011	For the Year 2011-12	Deletions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Free Hold Land	1178000	0	0	1178000	0	0	0	0	1178000	1178000
Storey Building	23904874	143863938	0	167768812	13303237	3096167	0	16399404	151369408	10601637
Office Building	14914639	4206711	0	19121350	610839	269247	0	880086	18241264	14303800
Plant & Machinery	127417370	170098315	0	297515685	119723708	11138998	0	130862706	166652979	7693662
Furniture & Fixtures	4984279	49073547	0	54057826	4012259	1425098	0	5437357	48620469	972020
Motor Vehicles	12242282	104721	0	12347003	5014556	1161058	0	6175614	6171388	7227726
Computers	2659639	1082507	0	3742146	2087956	398374	0	2486330	1255816	571683
Office Equipment	0	548905		548905	0	10562	0	10562	538342	0
<b>GRAND TOTAL</b>	<b>187301083</b>	<b>368978644</b>	<b>0</b>	<b>556279727</b>	<b>144752555</b>	<b>17499505</b>	<b>0</b>	<b>162252060</b>	<b>394027667</b>	<b>42548528</b>
PREVIOUS YEAR	182499422	5446661	645000	187301083	136203408	9117914	568767	144752555	42548528	45899450

Storey Building includes staff quarters for which separates cost is not ascertainable  
 Computer fully depreciated during the year after charging current year depreciation but nominal value of Rs.1/- kept in books because  
 computers are exist in physical form at the year end.



<b>Note : 12 Non-Current Investments</b>		<b>2012</b>	
<b>a)</b>	Trade Investments <b>Investment properties</b>	10793000	
<b>b)</b>	<b>Investment in Equity instruments</b>		
<b>i)</b>	<b>Trade Investment (Unquoted)</b>		
	53,53,000 (7,82,000) Equity Share of Medgel Private Limited	133700000	
	21,800 (21800) Equity Shares of Medi caps Fin.Ltd.	218000	
	107000 (107000) Equity Shares of Endolabs Limited	1070000	
		<b>134988000</b>	
<b>ii)</b>	<b>Other Investment (Quoted)</b>		
	100 (100) Equity Shares of Natural Capsules	1000	
	43600 (43600) Equity Shares of Jord Engineers India Ltd.	2141139	
	100 (100) Shares of Bharti Healthcare Ltd (Market value Rs.1,05,715/- previous year Rs.105.615/-)	2012	
		<b>2144151</b>	
<b>c)</b>	<b>Investment in Mutual Funds</b>		
	2130473.674 (2130473.674) units of Birla Sunlife Mutual Fund	35000000	
	216262.976 (216262.976) units of SBI Magnum Mutual Fund	10000000	
	354933.454 (526195.656) units of Reliance Mutual Fund	25000000	
	246773.437 (246773.437) units of Franklin India Mutual Fund	10000000	
	542351.588 (542351.588) units of DSP Merrill Mutual Fund	20000000	
	NIL (247302.547) units of HSBC Mutual Fund	0	
	250000 (250000) IDBI Nifty Index Mutual Fund	2500000	
	851253.485 (851253.485) units of TATA Mutual Fund	25000000	
	516262.261 (516262.261) units of ICICI Prudential Mutual Fund	10000000	
	326594.598 (326594.598) units of Kotak Mutual Fund	10000000	
	723118.085 (723118.085) units of JP Morgan India Mutual Fund	10000000	
		<b>157500000</b>	<b>1</b>
<b>d)</b>	<b>Other Investment</b>		
	LIC Group Gratuity Fund Scheme	5407771	
		<b>310832922</b>	<b>2</b>

<b>Note : 13 Long-Term Loans &amp; Advances</b>		<b>2012</b>	
(Unsecured, considered good unless otherwise stated)			
	Security Deposits	6440228	
		<b>6440228</b>	

<b>Note : 14 Current Investment</b>		<b>2012</b>	
<b>Investment in Mutual Funds</b>			
	750.48 (334648.545) units of Principal Conservative Growth Plan	1262747	
	1589144.128 (3467719.077)HDFC Cash Management Fund-Growth	36422707	
	18790.504 (NIL) IDBI Ultra Short Term Fund- Growth	21344681	
		<b>59030135</b>	

<b>Note : 15 Inventories</b>	<b>2012</b>	<b>Amo</b>
Raw Materials	10267430	
Finished Goods	16113808	
Stock in process and waste	491913	
Stores and Spares	941916	
Colour & Chemical	674396	
Packing Material	591894	
Printing Material	55788	
Lab Chemical & Equipments	40211	
Fuel	850631	
	<b>30027986</b>	<b>1</b>

<b>Note : 16 Trade Receivables</b>	<b>2012</b>	<b>2</b>
Unsecured , Considered Good as certified by Management		
Outstanding over six months	2870510	
Others	49860905	
	<b>52731414</b>	<b>5</b>

<b>Note : 17 Cash &amp; Bank balances</b>	<b>2012</b>	<b>2</b>
Cash in Hand	1017306	
Balance with Noted Banks :		
In Current Accounts	9663190	
In Fixed Deposit Accounts	4668082	
	<b>15348578</b>	<b>1</b>

<b>Note : 18 Short-term Loans &amp; Advances</b>	<b>2012</b>	<b>2</b>
(Unsecured & Considered Good - Advance recoverable in Cash or in kind or for value to be received)		
Advance to Suppliers & Others	2950178	
Balances with Government Authorities	2565642	
Advance Tax & TDS (Net of Provisions)	18007827	
TDS Receivable	10976	
Service Tax	258529	
Share application money - Pending Allotment	86347000	1
Prepaid Expenses	941193	
Other Loans & Advances	217316	
	<b>111298661</b>	<b>22</b>

<b>Note : 19 Other Current Assets</b>	<b>2012</b>	<b>2</b>
Preliminary expenses	0	
Preoperative Expenses	0	
	<b>0</b>	<b>2</b>



**MEDT-CAPS LTD.**  
**NOTES TO PROFIT & LOSS STATEMENT**

	As at 31st Mar 2012	Amo 31st
<b>Note : 20 Sales</b>		
Sale of product	277200155	2
Less : Excise Duty	17440377	
	<b>259759778</b>	<b>26</b>

<b>Note :20a Earnings in Foreign Exchange</b>	<b>2012</b>	
F.O.B. value of exports	9438936	

<b>Note :21 Other Incomes</b>	<b>2012</b>	
Claims Received	361427	
Capital gain/ (Loss) on Mutual Fund	(7172484)	(1
DEPB Received	569918	
Dividend income	3997361.89	11
Interest Income on FDR	929626.80	9
Income Tax Refund	0	
Misc. Income	1087822	
Net gain on foreign currency transaction and translation	569273	
Rent received for vehicle	563498	
Sundry Cr. Balances no longer required, written back	298172	
	<b>1204614</b>	

<b>Note : 22 Cost of Materials Consumed</b>	<b>2012</b>	
<b>A) Raw Material Consumed</b>		
Opening Stock	80000211	
Purchases	11493471	
	91493682	
Less : Closing Stock	11014084	
Raw Material Consumed	<b>80479597</b>	<b>8</b>
<b>B) Packing Material Consumed</b>		
Opening Stock	5626524	
Purchases	553229	
	6179753	
Less : Closing Stock	559846	
Consumption	<b>5619907</b>	
<b>Grand total of Materials Consumed (A) + (B)</b>	<b>86099504</b>	<b>8</b>

<b>Note : 23 Increase/(Decrease) in Stocks</b>	<b>2012</b>	
Closing Stock of :		
Finished Goods	16010594	
Stock in Process	446910	
Waste	45003	
Total (A)	16502507	
Opening Stock of :		
Finished Goods	8934989	
Stock in Process	1485205	
Waste	106777	

<b>Note : 24 Employees Remuneration &amp; benefits</b>	<b>2012</b>	<b>Amo</b>
Salary, Wages, Allowances & other Benefits	33940796	
Directors Remuneration	7200000	
Gratuity	1065139	
P. F. Contribution	2937153	
Staff Welfare Expenses	332281	
	<b>45475369</b>	<b>3</b>

<b>Note : 25 Finance Cost</b>	<b>2012</b>	
Interest on C.C. Limit	86929	
	<b>86929</b>	

<b>Note : 26 Other Expenses</b>	<b>2012</b>	
Advertisement & Publicity	109319	
Audit Fee	100000	
Annual Listing Fees	15000	
Bank Charges	1426678	
Charity & Donations	111200	
Consultancy Charges	1025849	
Conveyance Exp.	335840	
Certificate & License Fees	395781	
Development Charges to AKVN	66198	
Entry Tax	1236964	
Electricity & Water	596577	
Export / Import Expenses	1282899	
Freight Expenses	5649017	
Factory Power & Fuel	35651501	
Factory Expenses	1100312	
Insurance Charges	406900	
ISO Certification Charges	10000	
Legal Expenses & R.O.C. Exp.	403704	
Loss on Sale of Fixed Assets	0	
Membership Fee & Subscription	65892	
Misc. Expenses	1551123	
Net gain on foreign currency transaction	104993.8	
Office & General Exp.	197142	
Postage, telegram	82950	
Printing Material consumed	372142	
Printing & Stationary	558916	
Preliminary Expenses W/off	21490	
Rent, Rates & Taxes	832998	
<b>Repairs &amp; Maintenance</b>		
Buildings	255053	
Machinery	10495823	
Electricals	2705331	
A.C.Plant	1204366	
Computer	58327	
Other	131610	
Sales Commission	12476309	
Sales promotion Expenses	1560616	
Security Expenses	200504	
Stores & Spares Consumed	7876626	
Telephone & Telex Charges	575556	
Tour & Travelling Exp.	1345693	
Utility Expenses	126570	

**Note 27 Segment Information**

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

**Note 28 Deferred Tax**

Information on deferred tax has been provided in accordance with AS-22 Accounting for tax on Income, issued by the Institute of Chartered Accountants of India with effect from 1st April 2012. The accumulated net deferred tax liability amounting to Rs.12866070/- has been adjusted against the general reserve. Further, the deferred tax assets for the year is Rs.1466591/- has been recorded in the Profit & Loss Account.

<b>Note 29 Payment to Auditors</b>	<b>2011-12</b>	<b>2010-11</b>
Audit Fees	100000	
In other Capacity		
Tax Audit Fee	20000	
Other	30000	
	<b>150000</b>	

**Note 30 Related Party Disclosure**

Information on Related party transactions as per Accounting Standard 18 on related party disclosures

<b>S.No</b>	<b>Related Party</b>	<b>Transaction nature</b>	<b>2011-12</b>	<b>2010-11</b>
1	Mr. R.C.Mittal Chairman & Managing Director	Remuneration	3000000	
2	Mr. Alok K. Garg Executive Director	Remuneration	2400000	
3	Mrs. Kusum Mittal Whole time Director	Remuneration	1800000	

**Note 31 Earning Per Share**

Earning per share, the numerator and denominator used to calculate Basic and Diluted Earnings per share:

	<b>2011-2012</b>	<b>2010-2011</b>
i) Profit after tax used as the numerator	15255690	
ii) Basic / Weighted Average number of Equity Shares used as the denominator	3117489	
iii) Nominal Value of Equity shares		
iv) Basic & Diluted Earning per Equity Share	10/-	4.89



**Note 32 Additional Information**

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

a) <b>Capacity and Production</b>	2011-2012	2010-2011
Class of Goods Produced	Hard Geletin Capsules	Hard Geletin Capsules
(Qty. - Nos in Lacs)		
i) Licenced Capacity	NA	
ii) Installed Capacity	42000	
iii) Actual Production*	39137	
*(Including 50 lacs capsules of Misavit E 400 & 100 of Medgel Pvt. Ltd. in the F.Y. 2011-12)		
Sorting waste	8629.065 Kgs	1447.000 Kgs
Mix Cutting	9539.533 kgs	2437.000 kgs

	2011-2012		2010-2011
	Qty. (in Lacs)	Value (Rs. In Lacs)	Qty. (in Lacs)
b) <b>Finished Goods</b>			
(Hard Geletin Capsule)			
i) Opening Stock	2708.19	105.90	3474.86
ii) Closing Stock	3261.47	142.10	2708.19
(Misavit E 400, 100 & Vit E)			
i) Opening Stock	----	----	----
ii) Closing Stock	24.70	16.86	----
c) <b>Turnover</b>			
Hard Geletin Capsules	38454.855	2756.51	41620.21
Misavit E 400	8.83	8.48	----
Misavit E 100	15.00	6.60	----
Other	1.00	0.41	----
d) <b>Raw Material Consumed</b>			
Geletin	270950 Kgs	856.45	293125 Kgs
Vitamin E	170 kgs	2.93	----
Sorbitol Special	260 Kgs	1.60	----
Others		4.69	----
e) <b>Value of Imports on C.I.F. Basis</b>			
Raw Material		542.08	
Capital Goods		29.39	
f) <b>Expenditure in Foreign Currency</b>			
Foreign Travel & Others		10.10	

**Note 33** The company does not have outstanding for more than 30 days as on 31st March 2012 Units the respective parties.



<b>Note 34 Employee Benefits</b>		<b>2011-2012</b>	<b>2010-2011</b>
<b>Defined benefits plan</b>			
<b>I</b>	<b>Change in obligation during the year</b>		
	1 Present value of Defined benefit obligation at beginning of year	4084752	
	2 Current Service Cost	648497	
	3 Past Service Cost		
	4 Interest Cost	416642	
	5 Actuarial (Gains) / Losses		
	6 Benefits Paid	316172	
	7 Present value of Defined benefit obligation at the end of the year	4833719	
<b>II</b>	<b>Change in assets during the year ended March 31, 2012</b>		
	1 Plan assets at the beginning of the year	4658804	
	2 Settlements		
	3 Expected return on plan assets	416642	
	4 Contribution by Employer	648497	
	5 Actual benefits paid	316172	
	6 Actuarial Gains / (Losses)		
	7 Plan assets at the end of the year	5407771	
<b>III</b>	<b>Net Assets / (Liability) recognized in the Balance Sheet at March 31, 2012.</b>		
	1 Present value of Defined enefits Obligation as at March 31.	4833719	
	2 Fair value of plan assets as at March 31, 2012	5407771	
	3 Fund Status (Surplus / (Deficit))	574052	
	4 Net Assets / (Liabilty) as at end of the year	<b>574052</b>	
<b>IV</b>	<b>Expenses recognised in the Statement of profit &amp; Loss for the year ended March 31, 2012</b>		
	1 Current Service Cost	648497	
	2 Interest Cost	416642	
	3 Expected return on plan assests		
	4 Past service cost		
	5 Net Actuarial (Gains) / Losses		
	6 Total Expenses	<b>1065139</b>	
<b>V</b>	<b>The major categories of plan assets as a percentage of total plan</b>	N.A.	

b. Contribution to provident fund and other funds stated under defined contribution plans is Rs. 26.05 Lacs (previous year Rs. 26.05 Lacs).

**Note 35** The previous years figures have been regrouped/ restated wherever necessary to conform with the current years classification.