

25  
inspired  
years  
1990-2015

Thank you !



Caplin Point Laboratories Limited | Annual Report 2015-16

IF CAPLIN POINT LABORATORIES LIMITED HAS EMERGED  
AS ONE OF THE FASTEST GROWING SMALL-CAP INDIAN  
PHARMACEUTICAL COMPANIES IN THE LAST FEW YEARS, IT IS  
BECAUSE WE HAVE STOOD ON THE SHOULDERS OF GIANTS.

**Forbes Asia's 200 Best Under A Billion**

Forbes Asia recognition for the third successive year –  
a rare distinction for Caplin Point Laboratories

Market capitalisation as of August 2016 : \$237 Million

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25  
inspired  
years  
1990-2015

THANK YOU NAPOLEON HILL. THANK YOU ROSAMUND STONE AND BENJAMIN ZANDER. THANK YOU BEN HOROWITZ. THANK YOU ROBERT KIYOSAKI. THANK YOU RHONDA BYRNE. THANK YOU RAM CHARAN AND LARRY BOSSIDY. THANK YOU PETER THEIL AND BLAKE MASTERS. THANK YOU JIM COLLINS. THANK YOU GARY KELLER AND JAYA PAPASAN. THANK YOU VIJAY GOVINDARAJAN. THANK YOU TOM PETERS AND RICHARD WATERMAN.

Think and Grow Rich By Napoleon Hill. The Art of Possibility: Transforming Professional and Personal Life by Rosamund Stone Zander (Author), Benjamin Zander (Author). The Hard Thing About Hard Things by Ben Horowitz. Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not! by Robert T. Kiyosaki. The Secret by Rhonda Byrne. Execution by Ram Charan and Larry Bossidy. Zero to One: Note on Start Ups, or How to Build the Future by Peter Thiel and Blake Masters. Good to Great by Jim Collins. The One Thing by Gary Keller and Jay Papasan. The Three Box Solution: A Strategy for Leading Innovation by Vijay Govindarajan. In Search of Excellence by Tom Peters and Richard Waterman

THESE ARE SOME OF  
THE THINGS WE LEARNT  
FROM THESE BEST  
SELLING BOOKS.



"In the measurement world, you set a goal and strive for it. In the universe of possibility, you set the context and let life unfold."

*Benjamin Zander, The Art of Possibility: Transforming Professional and Personal Life*



"More gold had been mined from the mind of men than the earth itself."

*Napoleon Hill, Think and Grow Rich*



"The only limitation is that which one sets up in one's own mind"

*Napoleon Hill, Think and Grow Rich*



"Remember that it is not the lawyer who knows the most law, but the one who best prepares his case, who wins."

*Napoleon Hill, Think and Grow Rich*







"Remember, too, that all who succeed in life get off to a bad start, and pass through many heartbreaking struggles before they 'arrive'. The turning point in the lives of those who succeed usually comes at some moment of crisis, through which they are introduced to their 'other selves'."

*Napoleon Hill, Think and Grow Rich*



"We don't think ourselves into a new way of acting, we act ourselves into a new way of thinking."

*Larry Bossidy, Execution: The Discipline of Getting Things Done*



"If a strategy does not address the hows, it is a candidate for failure."

*Larry Bossidy, Execution: The Discipline of Getting Things Done*



"Note to self:  
It's a good idea to ask,  
"What am I not doing?"

*Ben Horowitz, The Hard Thing About Hard Things: Building a Business When There Are No Easy Answers*



"Execution is a systematic process of rigorously discussing hows and whats, tenaciously following through, and ensuring accountability."

*Larry Bossidy and Ram Charan in Execution*



"I'd rather welcome change than cling to the past"

*Robert T. Kiyosaki, Rich Dad, Poor Dad*



"There are those who make things happen, there are those who watch things happen and there are those who say 'What happened?'"

*Robert T. Kiyosaki, Rich Dad, Poor Dad*

And this is how the wisdom  
of the masters has been  
distilled into our business  
model, vision and goal.



We intend to transform what  
is our topline of today into  
our bottomline six years  
from now.

We have done this once (2010 to 2016) and we have  
embarked on initiatives to do so again (2016 to 2022).

This strategy translated into attractive market  
outperformance and wealth creation;  
an investment in the Caplin stock five years ago  
would have yielded a 3700% return today.

## THE WAY WE DO BUSINESS

At Caplin Point, the priority is to run a quality business over a quantity approach.

### Purpose

At Caplin Point, we are in business to manufacture medicines that alleviate human suffering – quickest, fullest, cheapest and in the most convenient manner. We do not just meet consumer needs, we make healthcare affordable, accessible.

01

### Sustainable growth

At Caplin Point, we focus on 20-25 percent annual topline growth and a net margin of around 20 percent by leaving adequate value on the table for all our stakeholders – vendors, customers, employees, government and shareholders.

02

### Long-term

At Caplin Point, we are driven by the long-term, showcased in our decision to invest in an injectables manufacturing capacity (CPIV) that is approved by EU-GMP and ANVISA, and now awaiting the coveted USFDA approval.

03

### Geographies

Caplin Point focused on geographies in Latin America marked by an under-penetration of remedies, rising regulatory standards and growing disposable incomes. Besides, these geographies are too small for the large pharmaceutical players and too large for small companies. Going ahead, the company intends to market injectables in US.

04

### Complex spaces

Caplin Point has selected to focus on complex downstream spaces of niche products manufacture – soft gels, penems, dermo-cosmetics and suppositories for the emerging markets.

05



# We did what everybody cautioned us against.

**We** ventured into markets farthest from home.

**We** said we would study the markets and then decide what to sell.

**We** entered geographies where we couldn't speak the vernacular.

**We** created a business model that inspired the question 'Will it work?'

**We** said we would not be asset-heavy (outsource instead).

**We** questioned most of the established practices.

**We** did virtually everything people said would be challenging.







# At Caplin, differentiation goes a long way

**Most** pharmaceutical companies focused on manufacture and marketing B2B; we specialised in last mile quality achievements at reasonable cost.

**Most** pharmaceutical companies resisted entering marketing B2C in non-regulated markets; we thrived on it.

**The** few pharmaceutical companies that entered into marketing focused on the largest markets; we entered the smallest instead.

**Most** small/medium pharmaceutical marketing companies in non-regulated markets reported nominal revenues; we emerged among the largest in the markets of our presence.

**Most** pharmaceutical marketing companies would have preferred status quo; we are transforming our destiny by graduating to manufacturing for the regulated markets instead.







CORPORATE **IDENTITY**

A number of things make  
Caplin Point one of the  
most exciting emerging  
pharmaceutical stories of India.

## Corporate vision

Caplin Point aims to create new niches in our existing markets to ensure the current foothold remains strong and innovative. We envisage implementing our unique business model at all corners of the globe to ensure every human being has access to quality medicines at affordable prices.

## Corporate mission

Innovate to change the rules of the game and not to compete in the game. Innovation distinguishes between a leader and a follower.

## History

Caplin Point was established in 1990 to manufacture a range of ointments, creams and other external applications, making 2015-16 its 25th year.

Listed in 1994 with IPO proceeds for the setting up of a manufacturing facility at Pondicherry, the Company expanded its production capacity.

The Company penetrated Latin America with a focus on the semi-regulated pharmaceutical markets of Guatemala, Honduras, Nicaragua and El Salvador among others.

The Company is now one of the leading Indian pharmaceutical companies in the semi-regulated pharmaceutical markets of Latin America .

## Management

The Caplin Point management is headed by Mr.C.C.Paarthipan (Chairman), Dr.Sridhar Ganesan (Managing Director), Dr.Philip (Head – Technical) and supported by a professional management team.

## Credentials and approvals

- 1900 product registrations across the globe.
- 15 years of an operating presence in Latin America and Africa.
- Dominant market share in key focus markets
- ANVISA approval for the Brazilian pharmaceutical market
- EU-GMP approval for the European Union

## Geographical presence

The Company's products enjoy a strong presence in the Latin American nations of Guatemala, Honduras, Nicaragua, El Salvador, Ecuador, Honduras, Venezuela, Dominican Republic.

The Company is also building its presence in the African nations of Angola, Mali, Senegal, Togo, Benin, DR Congo, Burkina Faso, Guinea and Ivory Coast.

## Manufacturing facilities and capacities

### ■ CP I

Manufacturing: Tablets, capsules, liquid orals, dry powder, soft gels, Penems Injections and suppositories

Location: Suthukeny, Puducherry

### ■ CP II (R&D)

Function: A dedicated pharmaceutical R&D facility with capabilities to develop safe and effective formulations.

Location: Gummidipoondi, Tamil Nadu

### ■ CP III

Manufacturing: Dosage forms such as tablets, capsules, ointments and dry syrups. In view of the additional capacity being built in our Pondichery facility and outsourcing of some of the products, this facility will cease to manufacture products in the current year.

Location: Baddi, Himachal Pradesh

### ■ CP IV

Manufacturing: Pharmaceutical formulations in Specialised Injectable dosage forms and Ophthalmic drops.

Location: Gummidipoondi, Tamil Nadu



## Capacities

### TABLETS

600 million

### CAPSULES

400 million

### LIQUID INJECTIONS

35 million vials  
30 million ampoules  
12 million Ophthalmic units

### SOFT GELS

170 million

### SUPPOSITORIES

12 million

### LIQUIDS

6 million bottles

### PENEMS

12 million vials

## Product segments

ANTIBIOTICS

NSAIDS

OPHTHALMICS

PAIN  
MANAGEMENT

ANTI-  
ULCERS

### Major certifications

**EU-GMP certification:** Caplin Point received the EU-GMP approval in July 2015 for the sterile injectables factory in Gummidipoondi Tamilnadu. Provides opportunity to cater to the large EU market.

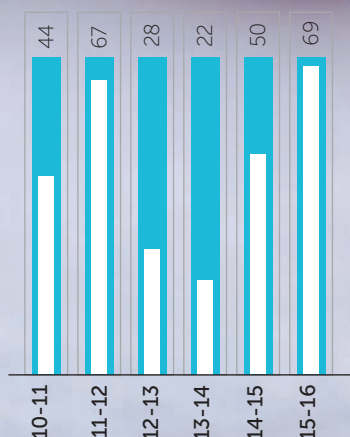
**ANVISA certification:** Allows Caplin Point to enter the Brazilian pharmaceutical market. The Company tied up with a niche pharma player in

Brazil; expects to enter the injectable and ophthalmic segments within 18-24 months.

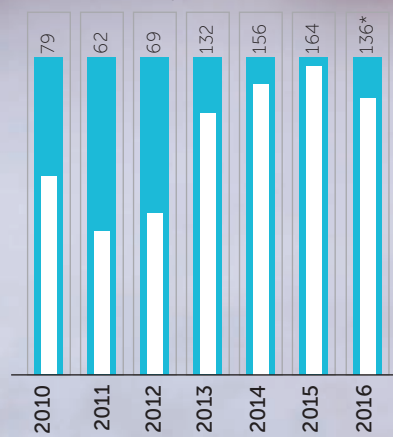
### Awards

- Listed on the Forbes Asia's '200 Best under a billion' in 2014
- Listed on the Forbes Asia's '200 Best under a billion' in 2015
- Listed on the Forbes Asia's '200 Best under a billion' in 2016

Product launches



Product registrations



Total product registrations: 1906

\* in the first 5 months

## Sales formats

SMALLER  
STOCKISTS

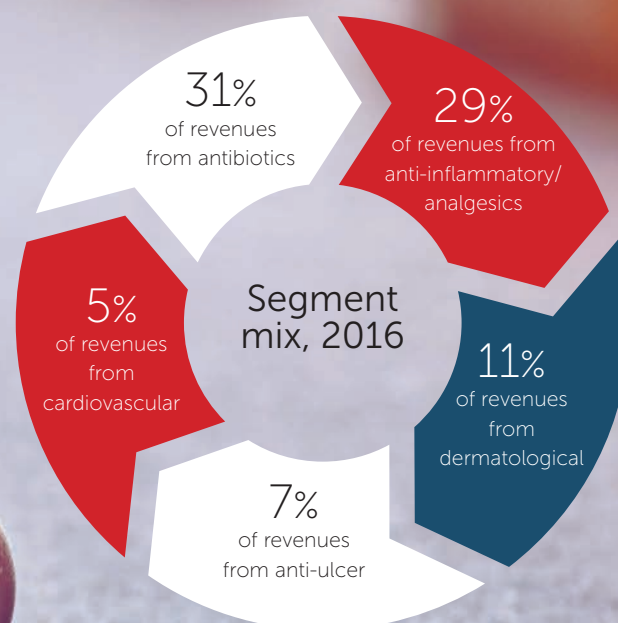
65%  
of offtake

PHARMACIES

25%  
of offtake

GOVERNMENT  
SALES/TENDERS

10%  
of offtake



Note: The product segment mix has remained the same in five years

Growing the quality  
of our business

0

The percentage of branded products in  
Caplin's product portfolio, 2010-11

20

The percentage of branded products in  
Caplin's product portfolio, 2015-16

Pharmacy penetration

10%

2010-11

90%

Pertaining to the markets of its presence

2015-16

10

Latin America retailer  
penetration (%),  
2010-11

90

Latin America retailer  
penetration (%),  
2015-16

25

Percentage of revenues  
backed by outsourced  
products, 2010-11

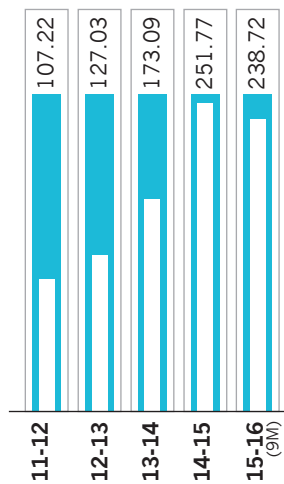
60

Percentage of revenues  
backed by outsourced  
products, 2015-16

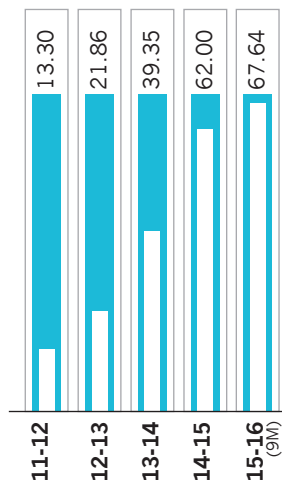
# Strategic differentiation and how this tra

## Sustained financial growth

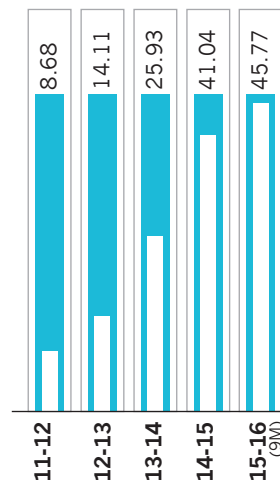
Net sales (₹ crore)



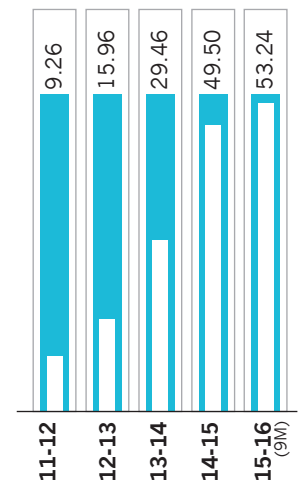
EBIDTA (₹ crore)



Profit after tax (₹ crore)



Cash profit (₹ crore)



## Numbers with graphs (annualised)

Revenue growth

26%	25%
Over 2014-15	CAGR, 5 years

EBIDTA growth

45%	47%
Over 2014-15	CAGR, 5 years

Net profit growth

49%	50%
Over 2014-15	CAGR, 5 years

Cash profit growth

44%	50%
Over 2014-15	CAGR, 5 years

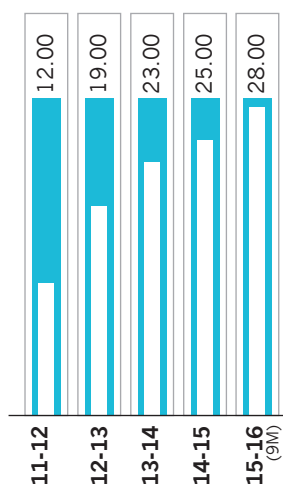
Strengthening profitability	333 bps Expansion in EBITDA margin over 2014-15	317 bps Expansion in net margin over 2014-15	1700 bps Expansion in ROCE over 2014-15	1300 bps Expansion in ROE over 2014-15
Strengthening Balance Sheet	50% Increase in shareholders' funds over June 30, 2015	28% Increase in tangible assets over June 30, 2015	51% Increase in capital employed over June 30, 2015	-21% Increase in total debt over June 30, 2015



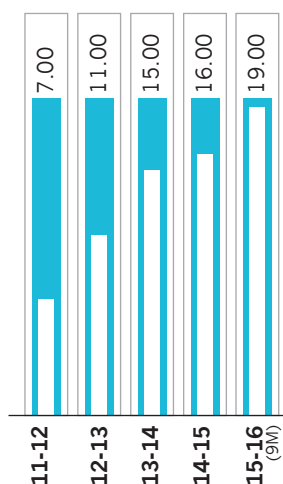
# Translated into sustainable growth.

## Health indicators

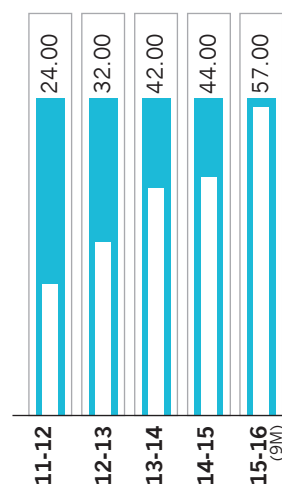
EBIDTA margin (%)



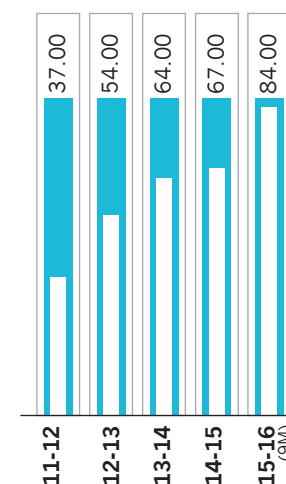
Net margin (%)



ROE (%)



ROCE (%)



## Health drivers

	2011-12	2012-13	2013-14	2014-15	2015-16
Raw material cost as % of revenues	74	65	59	54	51
Debt-equity ratio x)	Debt free on net basis	Debt free on net basis	Debt free on net basis	Debt free on net basis	Debt free on net basis
Receivables (days of turnover equivalent)	25	3	0	8	12

Capital allocation	4% Investment in R&D as a proportion of net sales (2015-16)	7.74% Investment in people as a proportion of net sales (2015-16)		
Market presence	355 Number of products in Latin America	241 Dossier filings in Latin America (2015-16)	1494 Cumulative Dossier filings in Latin America (March 31, 2016)	315 Product development pipeline (March 31, 2016)

146090

Enterprise value (₹ lakh)  
(March 31, 2016)

67.81

Promoter holding (%)  
(March 31, 2016)

692

Team size  
(March 31, 2016)

25  
inspired  
years  
1990-2015

"The more dangerous they told me it was going to be, the deeper one was willing to venture."

WHERE CAPLIN POINT HAS COME FROM AND  
WHERE IT IS HEADED



For all those shareholders who have been enriched by our performance across the last 25 years and need to know where we are headed, it would be pertinent to explain where we have come from.

When we entered the business of pharmaceuticals manufacture and marketing, we were unfazed by the challenge of small, remote and unprospected markets like Guinea, Mali, Somalia and Angola.

We set up a business in Guinea when it was considered foolish and dangerous to enter that country directly from India.

We lost money in Kenya due to unfavourable trading conditions for foreigners.

We ventured to Mogadishu in a cargo plane to operate virtually out of cattle sheds.

The objective was to venture where no Indian pharmaceutical marketing company or trader had been before. The more dangerous they said it was going to be, the deeper one was willing to venture.

Which is how Caplin Point ventured to Angola in the Nineties. There were two challenges in this African country; we did not know anyone who would be interested in marketing and distributing products on our behalf; the prevailing environment was so unsafe that it was usual for businessmen to be held at gunpoint in broad daylight and relieved of their possessions.



Even as this reality was forbidding, the business reality was that there was a large market for the simplest of pharmaceutical products; consumers were willing to pay a premium across the counter for immediate availability. We resolved our challenges through a lateral initiative – we managed a restaurant for Indian cuisine. The decision was deliberate; the launch of the restaurant was positioned as high-profile, translating into attractive media visibility; soon the walk-in patrons comprised the city's prominent and influential; we commuted every two months from Chennai to manage operations in that country. The labours paid off; we were able to forge profitable engagements with prospective distributors and our Angola operations, starting from the restaurant, emerged as the foundation on which the later success of Caplin Point would be built.

The fluid social-political reality of that country was borne out to me one day when a car veered in front of me on a deserted road and I was overpowered by gunmen, my bags were searched and some money appropriated. Later, through the restaurant network, the gunmen confessed that they were unable to return the loot because what they had expensed in conducting the raid was considerably larger than what they had been able to recoup.

These may have appeared as unconnected realities; fact is that there was a thread running through them. The more dangerous the country, the more attractive the prospects; the more unsafe its streets, the less competition we encountered. And it was this realisation that extended Caplin Point to its next biggest market – Latin America .

**2 Latin America.** Countries like Nicaragua, Honduras, Costa Rica, Panama, Guatemala, Ecuador, Dominican Republic and El Salvador. When we first

indicated that we would be venturing into some of these countries to market pharmaceuticals, most people felt that they might have heard wrong.

Latin America was beyond the radar for a number of reasons. The region was marked by a patchwork of small countries; the size of pharmaceutical market of each country was less than the size of modern global cities; the markets were considered physically unsafe; there was a fear that the existing conditions weren't trade-friendly and regulations were unclear.

At Caplin Point, we did several things people balked at.

It would have been tempting to commission assets in those geographies and manufacture here; we selected to invest in gathering knowledge about those markets instead.

It would have been usual to consider these markets to be low on the quality curve; we provided the highest product standards instead.

It would've been usual to seek an importer for our products and focus on the next shipment, we instead created last mile logistical solutions for our exclusive agents, assisting them with effectively reaching the stockists and pharmacies directly.

It would have been reasonable to assume that these markets would be limited by choice and paying capacity; we resolved to create markets through wider choice instead (397 product registrations in a country like Guatemala).

It would have been usual to manufacture and market from India; we entered into business-strengthening outsourcing relationships with two of the largest formulation manufacturers in China coupled with quality control laboratories in China that ensured the delivery of just the kind of products needed

in Latin America .

It would have been easy to dismiss the purchasing power in these small countries; the reality was that the purchasing power for health care products in Latin America was higher than the bottom of the pyramid-equivalent in India or Sub-Saharan Africa.

The result is that we are one of the largest Indian pharmaceutical companies in Latin America. Over the five years ending 2015-16, we grew our revenues 25 percent.

We generated an average net profit margin in excess of 12 percent over the last five years, among the highest percentile in India's pharmaceuticals sector. In the last five years, we generated a cumulative cash profit of ₹157 crore from our business.

We reported a profit after tax of ₹46 crore in 2015-16 (9 months) after expensing ₹24 crore that was spent on the operations of our showpiece CPIV plant and ₹8.64 crore that we put into research during the last financial year.

We had virtually no debt on our books at the end of the last financial year.

Going forward, we are taking this business ahead through a number of initiatives: the creation of a marketing interface touching the largest number of pharmacies across Latin America, the virtualisation of the conventional retail chain, closer engagements with medical practitioners who prescribe our products and the proposed transformation of generic medicines into trusted brands.

We believe that these initiatives will continue to evolve our marketing business, reinforce revenues, enhance margins and strengthen our competitive advantage as one of the fastest moving pharmaceutical companies in the regions of our presence.



## THE SPIRIT OF CAPLIN - ANGOLA

Caplin Point entered this war-torn country in the late Nineties. The Chairman was intercepted by road bandits. The spin-off of social-political fluidity was a high cost of medicines. To enhance local acceptance, the Chairman started managing an Indian cuisine restaurant; free food on the first day generated media visibility. Gradually, a distribution net work emerged; at one stage, the company was importing containers of pharmaceutical products. The profits from this engagement resulted in the company acquiring its Chennai corporate headquarters. The company continues to be present in Angola.



**3** At Caplin Point it would have been smug for us to conclude that being in the sweet spot as we are, a spirit of status quo would keep the engine sustainable.

Nothing would have been further from the truth.

The reality is that even as our marketing-driven business model is only getting stronger, there is a need to prudently invest the cash at our disposal, identify market gaps, invest proactively in capability and capacity and prepare the company for its second growth round that could be bigger and faster than the first.

Caplin Point 2.0 is about manufacturing injectables and ophthalmics in a showpiece Chennai facility and marketing these products in the largest pharmaceutical market in the world.

We believe that this is an idea whose time has come for a number of reasons.

The US injectable market is estimated at \$144bn.

The injectable space is high on technology with formidable entry barriers and a high risk-reward proposition.

The domain has until now been considered the preserve of large players, where Caplin Point is a 'Technology David'.

The product is addressing an unmet need, being generally in short supply.

The complex injectable molecules attract premium recalculations.

**4** There is a growing apprehension among analysts and shareholders about whether we possess the intellectual and managerial bandwidth to address this opportunity.

The answer is a confident yes based on a number of realities.

One, Caplin Point will select to specialise in the complex injectable space without diluting its managerial attention in other commodity spaces of the pharmaceuticals industry.

Two, the company has selected to enter into an alliance with Fresenius Kabi (Euro 28 bn revenues, 2015), a large company possessing complementary capabilities, for a few of the filings in US.

Three, the company has entered into a business-strengthening partnership to launch the products in US, a relative de-risking against the prospect of going completely alone for a large opportunity with a lot at stake.

Four, there are a little more than a dozen injectable units, catering to the Regulated Markets, among India's 6000-odd pharmaceutical units, which makes the company immediately distinctive.

Five, the company's showpiece CP IV injectable facility has already been certified by the demanding ANVISA and EU GMP certifications, awaiting the coveted USFDA, which can open the company to the world's largest pharmaceutical market.

Six, the company is actively securing its knowledge capital through an attractive ESOP.

**5** Caplin Point's injectable play is not a story of something that is expected to transpire in the future; it is something that has already covered much ground.

The company is already working on a pipeline of 9 ANDAs for US filing within a year, five on its own account and four with alliance partners.

In this pipeline, the company intends to file three ANDAs during the current financial year,

for which the USFDA inspection is likely to happen across the coming months.

Our injectable facility has already been certified by EUGMP and ANVISA as well as validated by Fresenius Kabi's demanding filters, enhancing the hope that the plant may clear screening by USFDA as well.

At our company, we have expensed the CP IV from our Profit and Loss Account, the investment funded through earnings generated from the company's core marketing business in Latin America. Besides, the prospective budget that we have created has expensed the cost of around eight ANDA filing each year for the next three years, blending sustainability into the estimation and financial model.

We recruited a team of R&D scientists, who possess the experience of understanding the challenges of the US markets and is building a team to prepare the company to independently launch ANDAs for the most demanding markets in the world.

We believe that even as we continue to report attractive surpluses in our marketing business based in Latin America, we have ploughed proceeds from this cash-rich business as seed capital for our cash-intensive business to manufacture injectables for the US market.

I need to assure shareholders that this investment has been largely completed from accruals and without equity dilution, which we believe will enhance value in the hands of who own shares in our company across the foreseeable future.

CC Paarthipan, Chairman

# "THE IMPROVEMENT IN PERFORMANCE WAS THE RESULT OF A CONTINUING CONVERGENCE OF DIVERSE POSITIVE REALITIES"



**Q Was the Caplin management happy with the performance of the company during the year under review?**

We were absolutely delighted for an evident reason: we replicated whatever we had achieved in the 12 months of the previous year in only nine months of 2015-16, indicating that the business momentum continues to be positive.

The company reported quarter-on-quarter revenue growth and, more importantly, we reported profitable growth for the 13th year in succession, finishing the year with a 19 percent net margin (16 percent in the previous year).

**Q The first evident question: what was the reason for this attractive growth?**

This improvement in performance was the result of a continuing convergence of diverse realities: the introduction of a wider number of products addressing a larger share of the consumer and dealer wallets; the ability to mine geographies deeper; leveraging our brand as a dependable provider of medicines, ensuring that a larger number of distributors and retailers stocked our products; optimising our product mix through timely accretion and selective rationalisation.

**Q That the company reported an improvement in the quantity of earnings is evident. What about the quality of revenues**

**and earnings?**

This is something that provided us with considerable satisfaction. The Company reported a superior quality of earnings in the following ways:

**One**, the proportion of sales made directly to the retail trade increased from 20 percent of revenues to 30 percent, strengthening our margins on the one hand and enhancing our direct market access on the other.

**Two**, the proportion of revenues that we were able to generate from products introduced in the previous two years increased from 7 percent in 2014-15 to 18 percent in 2015-16, which showcases the capacity of the company to plug unmet consumer needs with margin-enhancing products.

**Three**, the cost of raw materials (and hence cost of manufacture) declined following a decline in the price of crude oil and downstream products, which widened our spreads as we were able to hold on to the sticker prices of a number of our retail products.

**Four**, we continued to remain a debt free company, driven by advances from our dealers for products to be supplied at a later date and our ability to generate attractive terms of trade with our large Chinese manufacturers.

**Five**, we expensed ₹200 lakhs each month for the operations related to the showpiece CPIV facility off Chennai, the benefit of which we



expected to generate only across the foreseeable future.

**Q What were some of these business-strengthening initiatives implemented by the company during the year under review?**

Even as we continued to market more and report higher revenues for the moment, Caplin Point was engaged in the concurrent strengthening of its business with the objective to make our growth robust and sustainable.

We reinvested in our business across a number of fronts. We appointed more distributors that translated into a wider and deeper coverage of the Latin American markets of our presence. We strengthened volumes from our Indian units (CP1 and CP1V) with the objective to address the demand coming out of smaller countries. We increased our research spending from ₹7.75 crore in 2014-15 to ₹8.63 crore during the year under review. And most importantly, we continued to invest in our showpiece CP1V facility with the objective to move towards USFDA-preparedness.

**Q What are some of the decisive initiatives being planned by the company to prepare for graduation into the next growth orbit?**

Since Caplin is at this point largely a marketing company, we perceive a number of opportunities in growing our business. The world over there is a growing premium on the ability to create branded properties and reach consumers faster, wider and deeper.

The first step towards this deeper understanding is the proposed creation of a health care portal for Latin America, which will empower retailers to engage directly with the company, making it possible for them to strengthen their retail businesses and for companies like ours to get deeper insights into the marketplace (map

ailments, usage patterns and price sensitivities better, strengthening our responsiveness).

The second proposed initiative will be a more formal approach to brand creation. Over the last few years, the enhanced efficacy of our products helped strengthen our corporate brand to a point where if consumers see the Caplin logo on products, they are inclined to buy. However, there is a room to extend to the creation of specific product brands; some of the most successful global companies own robust brands that enhance consumer assurance. We believe that the focused creation of brands will widen the community of those who prescribe them and those who consume them. Some of these brands we intend to procure from within our distribution channel, some we expect to outsource from other brand manufacturers to be able to provide a strong basket for retailers. We believe that the higher the proportion of revenues that we are able to derive from our brand portfolio, the quicker will be our offtake, the deeper our presence and the higher our margins. We believe that as far as our marketing presence in Latin America is concerned, these initiatives promise to be game-changers that can potentially graduate us into the next orbit.

**Q What can shareholders look forward to across the medium-term?**

We expect to generate 20 to 25 percent compounded annual revenue growth for the next few years. For all those who have been fairly satisfied with our performance in the last three years, I must assure that next three years are possibly going to be more exciting as we evolve from being a retail product marketing cum outsourcing company present in semi-regulated Latin American markets into a formulations manufacturing company addressing the largest pharmaceutical market in the world (US).

**THE SPIRIT OF CAPLIN - GUINEA**

Caplin Point entered the Republic of Guinea in 1997. For long, the local traders in this country would access medicines from neighbouring countries like Liberia, Sierra Leone and Gambia. The challenges were considerable. The market was extensively cartelised; the language of the country (French) was a deterrent; there was no organised knowledge of the market size and scope; the market was considered too small for serious players.

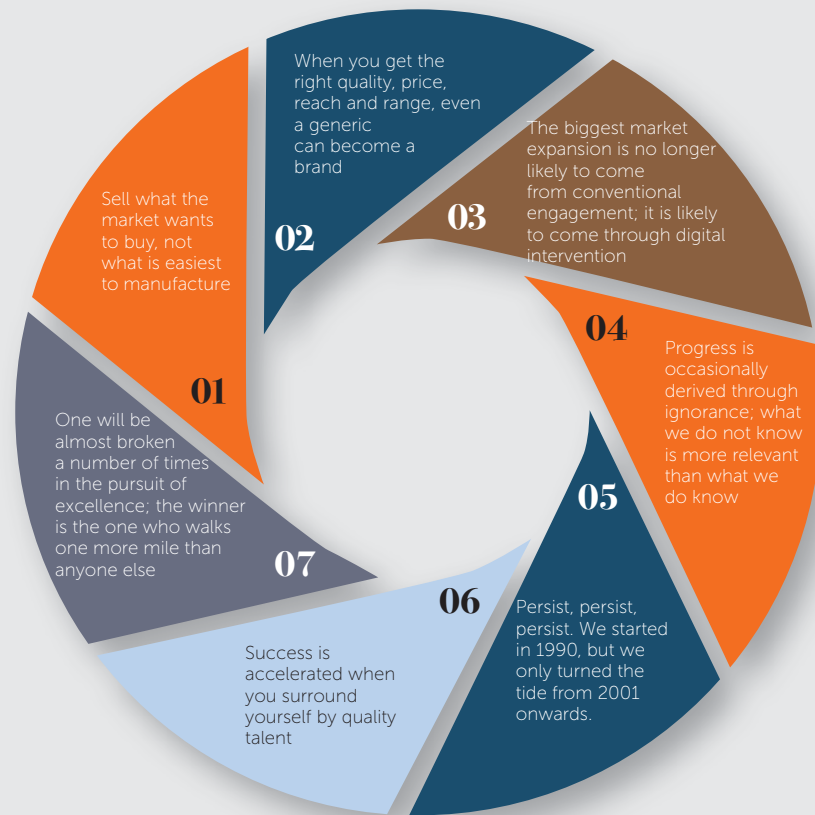
Caplin Point transformed its market ignorance into an advantage; it entered the country with direct supplies; the company graduated to marketing a number of products.

Just when it appeared that the company needed to scale its business, it recognised that its products were getting commoditised – and exited.



# 7

## learnings from marketing products in Latin America



## Our performance ambition

### Financial ambition

Transform what we generated by way of revenues in 2015-16 into our profit after tax by 2022, generating a sizable share of our revenues from regulated markets

### Knowledge ambition

Transform employees into shareholders; reinforce our research addressing unmet realities in the regulated and

non-regulated markets; file proprietary and collaborative ANDAs

### Market ambition

Enhance our exposure in large and fast growing markets like US, Brazil, Colombia, etc.

### Therapies ambition

Focus in the niche area of injectables in US, extending from simple to speciality

products, suspensions and PFS products

### Distribution ambition

Focus on extending our presence from a distribution-led market presence to a direct engagement with retailers across Central and South America

## This is how we transformed a challenging geography into an attractive one

We are shifting our attention from the distributor to the retailer through the virtualisation model

We provided generic products benchmarked around the quality of MNC brands at a fraction of that cost

We entered into transactions with exclusive agents and stakeholders we were sure would last forever

We registered products in countries in our own name; we worked with alliance partners across long leases that inspired trust and corporate stability

We focused on enhancing the sale influencer's income through timely product replenishment

We focused on product outsourcing and trading in business spaces where the cost of entry/exit was low, keeping us marketing-driven

### Probable goal contributors

- Emerge as a two-business company; one engaged in the marketing of pharmaceutical products in Central and South America and other engaged in the manufacture of injectables for the US market
- Strengthen ANDA-generating alliances with companies that

possess a deep understanding of the US market

- Virtualise the conventional retail chain in Central and South America; widen our interface with 3000 pharmacies, the majority addressing the bottom of the pyramid in the geographies of our presence; engage with doctors to prescribe our products;

transform our generic products into trusted brands

### Measuring our performance ambition

#### Profitable growth

**Total income:** Grew 26 percent in 2015-16

**Operating profit margin:** Grew 333 bps to 28.33 percent in 2015-16

**Free cash:** Grew 50 percent to ₹66.55 crore in 2015-16

### Consistent value creation

**Return on average invested capital:** Grew 1700 bps to 84 percent in 2015-16

**Market capitalisation:** Grew from ₹1405 crore as on 30 June 2015 to ₹1528 crore as on 31 March 2016

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global economic overview

The Global economy remained in its weak phase over 2015, with growth falling short of expectations at 2.4%. Low commodity prices and subdued global trade persisted, resulting in a slowdown of major developing economies. This in turn had a negating effect on the recovery made by large economies. Slowing growth in China coupled with the re-balancing of its economy from investments and manufacturing to consumption and services affected overall global growth. Russia, Brazil and several Middle Eastern countries faced severe challenges, domestic and external, which kept them struggling though the fiscal. The Euro area remained fragile as it made a shaky recovery and the global financial crisis continued to affect major high income countries, limiting their growth potential and aggregate demand. The United States reported healthy domestic demand and investments (besides the oil sector). Improving labour markets led the US to a consumption based recovery, while decline in net exports and industrial activity bogged it down in 2015. Looking forward, global markets should stabilise and achieve an increase in growth from 2.4% to 3.2% in 2016 and 3.4% in 2017. (Source: IMF, World Bank)

## Indian economic overview

India remained robust in the face of severe headwinds in the global economy.

The country grew by 7.6% in 2015-16, compared to 7.2% in 2014-15. Fiscal restraint, falling oil prices and control over food price inflation contributed to a sharp decline in inflation, which amounted to 5%, in line with the government's target. Manufacturing gained momentum, the sector growing by 9.5% led by government initiatives to boost the infrastructure sector. Poor rainfall for the second year in a row kept agriculture produce down, the sector gaining only 1.1% growth. The stock markets and currency remained resilient despite volatility in the global markets. Lower inflation helped central banks cut policy rates. India's account deficit was just 1% of GDP in Q2 2015 (on a four-quarter rolling basis), down from 5% of GDP in mid-2013, which was one of the worst phases. The fiscal deficit reduced to just 4% of GDP, down from the peak 7.6% of GDP in 2009. The government also eased norms on FDI across several sectors, which present a considerable investment opportunity. Rejuvenation efforts are also on for Public Private Partnerships (PPPs) which are expected to enhance investment. Urban spending increased in the fiscal, and is expected to sustain growth due to the increase in public sector wages. The country is poised for growth, projections indicating a growth of 7.7% in 2016-17 aided by strong monsoons. (Source: World Bank, IMF, NCAER)

## Latin American economic overview

The region's economic activity contracted by 0.1% overall in 2015, with the biggest contraction coming in the final months of the year. Global as well as domestic factors were responsible for the slump in the region's economy, as commodity prices dropped along with an almost 45% drop in crude oil prices from 2014, which affected the oil exporters of the region such as Brazil, Colombia, Ecuador, Mexico and Venezuela. Investments in Brazil have been dropping since 2013, and the problem was further aggravated by the Petrobras scandal in 2015. Regions in Central and North America witnessed modest growth, with Panama recording the highest growth of 5.8% in 2015. Despite a drop in copper prices and reduction in mining activity, Peru's GDP growth was at 3.3% in 2015, and Chile's was 2.1%, both regions posting positive growth from 2014.

Chances of recovery in 2016 look bleak due to weakening economies of Ecuador, Venezuela and Brazil and large scale political activity in Brazil, Peru, Venezuela and to a certain extent Colombia in the first two quarters of 2016. The fragile economy is also likely to be disrupted by the recent leak of documents dubbed the 'Panama Papers' which are already causing repercussions elsewhere in the world and which also name a few Latin American

leaders. These developments could cause overall growth to slump for the second consecutive year at -0.5% in 2016. Venezuela is the region most affected by the decline, with growth in 2016 being projected at -8%, as it faces the worst economic crisis in its history. Ecuador is estimated to report negative growth at -4.5% in 2016 and Brazil is expected to remain at -3.8%. However, some countries of the region's are expected to remain stable. Growth in Mexico is being projected at 2.4% in 2016, a mere 0.1% contraction from 2015, supported by healthy domestic demand and a spillover effect from a strong U.S. economy. Jamaica is expected to grow by 2.2% in 2016, while Panama is being projected to clock the maximum growth, at 6.1% in 2016 and 6.4 in 2017. (Sources: IMF, World Bank)

### Global Pharmaceutical overview

The global pharmaceutical market is worth more than \$1 trillion in 2015, and is expected to reach by \$1.3trillion by 2018. Post-2005, analysts had predicted that pharmaceutical market headed towards an era of scarcity, but contrary to that, growth is being driven by a number of reasons. The United States accounts for 46% of the global pharmaceutical sales and has been the largest market for years. Growth in developing markets is rising, and has quickly nudged past Europe, with developing markets accounting for 22% of the total pharmaceutical sales in the world and Europe accounting for 21% of the global share. Markets like South America and Africa are the key emerging markets; estimates suggest Brazil will soon be the fourth largest market for pharmaceuticals. There are two major kinds of products: patented pharmaceuticals and generics. Generics account for over 45% by volume and 20% by value. But generics are gaining popularity and are soon to account for 52% of the global sales by 2018. The major factors driving the popularity of generics are branded products losing

their patent protection, governmental support for generics, development of new complex generics and industry consolidation. From 2011 to 2020, drugs with annual sales of \$200 billion will lose their patent protection and generics could soon become the next big thing in the pharmaceutical industry. (Source: Thompson Reuters, McKinsey, Nasdaq, Live mint)

### Latin American pharmaceutical industry

The Latin American pharmaceutical market is estimated to be around USD100 billion. Latin America is one of the fastest growing pharmaceutical markets in the world. Between 2010 and 2015, Latin America saw an average annual growth of 10% in the pharmaceutical market, compared to the world average of 4%. It is estimated that the Latin American sales will grow 12% through 2017. Growth is being driven by rapid urbanisation, greater access to education and a growth in the middle-class. Between 2002 and 2009, the middle-class population grew by 60 million people. Increased spending power in the middle-class is driving sales, and it is estimated that Brazil will be the fourth largest pharmaceutical market in the world. The Latin American market is slowly being dominated by generics, which are giving domestic industries a boost. Generics are sold in branded and private varieties. Unbranded generics account for 9% of all generic sales. Pharmacy branded generics account for 11.9% and branded generics account for 79.1% of all generic sales in Latin America. Brazil continues to be the most important market in Latin America, but Brazilian exports fell by 17% in 2015, as the two major importers from Brazil, Argentina and Venezuela faced economic crises. Multinational pharmaceutical companies also reported slower revenue growth due to deteriorating local macroeconomic conditions and currency devaluation. (Source: Latin link, Latin trade, Vision gain)



#### THE SPIRIT OF CAPLIN - DOMINICAN REPUBLIC

Caplin Point entered Latin America through Dominican Republic, a Caribbean Island in 2003. The challenges: population of only 12 mn; risk of social and physical security; the incidence of pharmaceutical importers losing market share. The positive: low competition. Caplin persisted, grew the market and carved out its brand.

#### Guatemala

GDP: \$58.73 billion in 2014

Population: 15.86 million in 2014

Biggest economy in Latin America ; marked by income disparity, poverty and chronic malnutrition. Significant progress in achieving macroeconomic and democratic stability



## Indian pharmaceutical exports to Latin America

India is one of the largest suppliers of medicines to the Latin America; pharmaceutical exports accounted for 7.7% of the total exports to Latin America in 2015. The value of exports surpassed the billion dollar milestone, reaching \$1063 million. Brazil was the largest importer from India at \$374 million, followed by Venezuela at \$146 million, Colombia at \$67 million, Chile at \$56 million, Peru at \$49 million, Argentina at \$41 million, Dominican Republic at \$27.6 million, Guatemala at \$27.1 million and Haiti at \$26.9million. In 2014, exports were around \$949 million, and Indian exports have grown 12% in 2015. While India used to previously export more bulk drugs and less of finished formulations, but since 2013 the scenario reversed. Out of the total \$1063 million exports, \$680 million were formulations and \$350 million were bulk drugs. Some governments in Latin America had already started switching to generic medicines to reduce the cost of health care, and since

then have started to realise the value of affordable Indian generic medicines. Brazil and Chile even took initiatives to encourage Indian pharma players to put pressure on MNCs and local manufacturers to increase generics availability and reduce the cost of medication. Opportunities for growth are enormous, with the Latin American industry expected to grow 12% by 2017.

## Internal control systems and their adequacy

As part of maintaining checks and balances, a set of protocols have been deployed across the entire organisation, to monitor and protect all assets against loss or damage.

The Company periodically reviews these procedures and ensures the system is commensurate to the size and nature of operations and is functioning satisfactorily.

The system is further reviewed by the Chairman, Managing Director, COO, CFO and a few others periodically, which ensures any discrepancies are immediately noted and

suitable action can be taken in case of any lapses.

## Discussion of financial performance with respect to operational performance

The discussion has been covered in the Director's Report, under financial results and performance. The financial review of the year has been specifically covered in a separate section of the Annual Report.

## Human resources

The Company realises the potential of a skilled and motivated workforce to assist the company in its operations. The company strives to ensure that the performance is consistent, and has various retention procedures. Overall, the company has always maintained courteous relations with its employees and by extension, cordial ties with partners in the industry across all the operating locations. The employee count stood at 692 as on March 31, 2016.

### Venezuela

GDP: \$510 billion (2014)

Population: 30.8 million (2014)

The country is vulnerable to fluctuations in oil prices (96% of its exports and generates nearly half its fiscal income).

### Honduras

GDP: \$20 billion (2015 estimate)

Population: 8.26 million in 2014

Middle-low income country with significant challenges; more than two-thirds of population in poverty (2012). In the last five years experienced moderate recovery, public

investments, exports and higher remittances.

### Nicaragua

GDP: \$11.8 billion (2014)

Population: 6.1 million in 2014

Economy improved in five years with forecasted GDP growth of 4.2% in 2014.

Foreign direct investment and trade indicate improved outlook.

### El Salvador

GDP: \$25.2 billion (2014)

Population: 6.3 million (2014)

The economy grew at 2.1% in 2014. El Salvador's vulnerability to adverse natural

events, exacerbated by environmental degradation and extreme climate variability.

### Ecuador

GDP: \$100.5 billion (2014)

Population: 15.9 million (2014)

The economy recovered to report a GDP growth rate of 3.8% in 2014. Economic growth in Ecuador has been inclusive, which has reduced poverty and increased the middle-class. Between 2006 and 2014, poverty measured by income (using the national poverty line) decreased from 37.6% to 22.5%, whilst extreme poverty declined from 16.9% to 7.7%.

# OUR FINANCIAL MODEL

Caplin point's profitable growth model focuses on maximizing accruals and generating resources for business growth from within.

## Growing revenues

Caplin Point grew revenues by a CAGR of 25.61 % over the three years ending 2015-16 through the selection of products addressing unmet needs in Central and Latin American countries and strengthening its marketing/distribution within those geographies. During 2015-16, the Company registered an annualised a revenue growth of 26% over the previous year.

## Cost management

The raw material costs for the Company were at 18 % for 2015-16 increasing from 17% in 2014-15. Caplin increased the proportion of traded goods by outsourcing the manufacture of formulations from reputed manufacturers and hence, concentrated on the manufacture of higher value products. The proportion of traded goods in 2015-16 was 60% due to the Company's strategy of outsourcing non-core manufacturing activities and focusing on marketing instead.

## Employee costs

The employee costs for the Company was 7.74% of turnover for 2015-16 compared to 7.45% in the previous year.

## R&D-spending

The Company consistently invested in R&D with a cumulative investment of ₹18.71 crore across three years. The R&D spend for the year 2015-16 was ₹8.63 crore.

## Debt

The Company's asset-light model allowed it to generate substantial cash flow and grow its business without investing proportionate amounts of capital. Caplin Point remained debt-free (net debt basis) over five years.

## Margins

The Company's early-mover presence in the semi-regulated Latin American markets, combined with the strength of its distribution chain, product quality, brand recognition and asset-light model, resulted in EBITDA margins in excess of 20% in the last three years. The Company's EBITDA margin strengthened from 11% in 2010-11 to 25% in 2014-15 to 28% in 2015-16. The Company consistently enjoyed exceptional rates of return on capital employed – 84% for 2015-16. The return for the years 2014-15 and 2012-13 stood at 67% and 64% respectively.

## Liquidity

The combination of rising profitability and declining debt strengthened interest cover from 171x in 2012-13 to 614x in 2015-16, an index of excellent fiscal comfort. The Company focused on maximizing cash flows by ensuring high internal rate of return for capital expenditure, negative cash cycle and outsourcing non-core activities. The Company generated a cash profit of ₹53.25 crore in 2015-16. The Company had adequate liquidity to fund expansions on the strength of its own Balance Sheet and generate increasing cash flow. Liquid funds as at 31st March 2016 stood at ₹66.55 crore held across the Company's bank accounts and fixed deposits.

## Net worth

The net worth of Caplin Point rose from ₹25.35 crore in 2010 to ₹124.35 crore in 2015-16, strengthened by rising revenues and higher margins.

## Capital expenditure

Caplin Point cumulatively invested ₹132 crore in capital expenditure across three years.

## Working capital management

Caplin Point operated on a negative working capital cycle,

riding minimal inventory and receivables. This advantage allowed the Company to scale its business with a non-linear growth in capital requirements. The Company worked closely with suppliers to ensure payments as per contracted terms and generally paid in around 90 days with a payables turnover of 150. A significant portion of the Company's sales are on advance/immediate terms of payment enabling it to maintain minimal receivables. A revenue growth of 198% over the last five years from ₹107.22 crore in 2011-12 to ₹318.29 crore (annualised) in 2015-16 was accompanied by a marginal increase in receivables from ₹7.28 crore to ₹7.94 crore. The Company had receivables turnover of 30x and generally collected receivables within just 12 days, one of the lowest in India's pharmaceutical sector. The strength of Caplin Point's inventory management is demonstrated by the fact that while revenues grew by ₹211 crore (by 198%) over the last five years, inventory-at-hand grew by just ₹12 crore to ₹18.81 crore in 2015-16. The Company maintained an inventory turnover at 14x over the last two years with a corresponding inventory of just 25 days of consumption at any time.





# HOW WE MITIGATE RISKS

## 1 Geographical concentration risks

THE COMPANY'S FOCUS ON THE LATIN AMERICA MARKET MAY PROVE DETRIMENTAL

**Mitigation:** The Company has a strong entrenched positioning in the Latin America markets and is making in-roads into the regulated markets of the EU and the US. The Company aims to mitigate geographical concentration risks in the following manner:

- Caplin Point enjoys a strong positioning in the Latin American countries of Guatemala, Honduras, Nicaragua, El Salvador, among others.
- The Company is expanding its presence to other countries in Latin America such as Colombia and Brazil.
- The Company received registration approval with EUGMP and aims to have a presence in the EU pharmaceutical markets by 2019. The Company has also received approvals from ANVISA to enter the Brazilian pharmaceutical markets.
- The company aims to enter the US market by 2018/19 after filing 9 ANDAs between July 2016 - May 2017, followed by a similar number each year.

## 2 Foreign exchange risks

THE COMPANY'S INTERNATIONAL OPERATIONS EXPOSES IT TO FLUCTUATIONS IN FOREIGN EXCHANGE THAT CAN ADVERSELY AFFECT THE COMPANY'S FINANCIAL PERFORMANCE.

**Mitigation:** The Company has international operations in Latin America and Africa, and manages risks arising from foreign currency fluctuations in the following manner:

- Maintains low trade receivables that helps reduce impact of foreign currency fluctuations
- A significant portion of the Company's business is done on the basis of advance payments that eliminates risks of currency fluctuations
- The Company follows an inclusive pricing model where the impacts of foreign currency fluctuations are priced into the products as a part of their cost
- The company manufactures a large portfolio of its products overseas, thereby naturally hedging against any fluctuations in the currency

## 3 Marketing risks

POOR MARKETING INFRASTRUCTURE MAY IMPACT THE COMPANY'S PROSPECTS

**Mitigation:** Caplin Point Laboratories Ltd. has been operating in Latin America over the last 12 years and has strengthened its marketing infrastructure and brand goodwill over the years. Marketing risks are mitigated in the following manner:

- The company has engaged exclusive agencies with last mile logistical solutions in its focus through a team of 250 people to support marketing activities
- Caplin Point works closely with its distributors, stockists and retail pharmaceutical outlets to spur increased product offtake and distribution reach
- Over the last 12 years of operations in the Latin American markets, the Company has penetrated deeper into the markets, covering over 3500 retail pharmaceutical outlets.





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## Quality risks

A DECLINE IN PRODUCT QUALITY WILL IMPACT THE COMPANY'S BUSINESS

**Mitigation:** Caplin Point Laboratories Ltd. enjoys product approvals from global regulatory authorities and has instituted comprehensive quality control checks at its facilities. Quality risks are mitigated in the following manner:

- Caplin Point has quality approvals from global regulatory bodies such as the EUGMP (EU) and ANVISA (Brazil) that strengthen the product quality standards and benchmarks.
- The Company has constituted a Corporate Quality Assurance team comprising 25 technically-sound people to ensure product quality across the Company's manufacturing facilities.
- The Company regularly undergoes external and internal quality audits to ensure highest degree of quality standards compliance

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## Funding and liquidity risks

ANY PROLONGED SLOWDOWN MIGHT AFFECT THE COMPANY'S ABILITY TO FUND ITS BUSINESS GROWTH AND CONDUCT BUSINESS

**Mitigation:** Caplin Point has sufficient funds to conduct its business and is capable of funding business growth on the strength of its operational cash flows. Liquidity and funding risks are mitigated in the following manner:

- Caplin Point generates cashflow adequate for business operations
- The Company has adequate liquid funds that allow it to mitigate liquidity risk
- The Company operates on an asset-light model with minimal inventory requirements and low receivables thus allowing it to reduce its working capital requirements
- The company has already completed major capex spend in the last few years, from internal accruals.

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## Competition risks

INCREASED COMPETITION COULD AFFECT ITS BUSINESS

**Mitigation:** Caplin Point enjoys significant competitive advantages in its focus markets of Latin America in the form of brand recognition and goodwill, distribution and marketing chain, product penetration and efficient volumes, among others. Hence, competition risks are mitigated in the following manner:

- The Company has advantages over competitors through its marketing and distribution reach that allows it to cover over 3500 retail pharmaceutical outlets
- The Company's product volumes allow it to cover transportation and freight costs from its manufacturing facilities to markets in an efficient manner, allowing it to price its products competitively
- The Company has around 1700 product registrations in Latin America, enabling it to increase product range and penetration.

# DIRECTORS' REPORT

To the Members,

The Directors present their 25th Annual Report on the business and operations of the Company and the accounts for Nine Months/ Financial Year ended March 31, 2016.

## FINANCIAL HIGHLIGHTS

₹ In Lakhs except EPS

PARTICULARS	STANDALONE FOR THE PERIOD ENDED		CONSOLIDATED FOR THE PERIOD ENDED	
	Nine Months March, 31 2016	Twelve months June, 30 2015	Nine Months March, 31 2016	Twelve Months June, 30 2015
Sales (net of excise duty) and other Income	23,476.54	24,297.20	24,238.13	25,479.92
Profit before Finance Costs, Tax, Depreciation & Amortisation Expenses	6,578.70	5,930.49	6,764.00	6,199.84
Less: Finance Costs	10.82	22.79	11.02	23.04
Depreciation & Amortisation Expense	729.91	827.92	747.78	837.93
Profit Before Tax	5,837.97	5079.78	6005.20	5,338.87
Less: Tax Expenses	1,305.41	986.22	1428.28	1,226.22
Profit after Tax	4,532.56	4,093.56	4,576.92	4,112.65
Less : Minority Interest	–	–	0.43	8.96
Add: Surplus at the beginning of the year	6,281.81	3555.81	6237.80	3,501.64
Profit available for Appropriation	10,814.37	7,649.37	10814.29	7,605.33
Less: Transfer to General Reserves	–	409.39	–	409.36
Interim Dividend	377.75	–	377.75	–
Final Dividend proposed	528.85	755.50	528.85	755.50
Dividend Tax – Current Year	184.56	153.80	184.56	153.80
Adjustment on account of Depreciation, Net of taxes etc	–	48.87	–	48.87
Deferred employee compensation expenses	153.75	–	153.75	–
Balance carried to Balance Sheet	9,569.46	6281.81	9,569.38	6,237.80
Paid up Capital	1511.00	1511.00	1,511.00	1,511.00
Reserves & Surplus	11,302.85	7,852.40	11,302.77	7,808.39
Networth	12,440.47	8990.02	12,440.39	8946.01
Earnings per Share–In Rupees	29.99	27.09	30.28	27.16

## CHANGE IN FINANCIAL YEAR

The Companies Act 2013, requires every Company to have uniform period of April to March as its Financial Year . Accordingly, the Audited Financial Statements (Standalone & Consolidated) for the current financial year have been prepared for the period of nine months commencing from July 01, 2015 and ending on March 31, 2016. All the current financial year data provided in this Directors Report is for the period of Nine months only.





## PERFORMANCE/OPERATIONS REVIEW

The Company has on standalone basis registered total revenue from operations of ₹23129.22 Lakhs during the financial year (Nine Months) under review as against ₹24022.80 Lakhs in the previous financial year of twelve months. The Profit after tax was ₹4532.56 lakhs during the financial year (Nine months) under review as against ₹4093.56 Lakhs in the previous financial year of twelve months .

The Company has made a consolidated turnover of ₹23872.17 Lakhs during the current financial year(Nine Months) as against ₹25176.98 Lakhs in the previous financial year of 12 months.

As required under Section 134(3)(i) of the Companies Act,2013 the state of Affairs of the Company and outlook has been discussed in Management Discussions and Analysis with is appended in this annual report pursuant to Regulation 34(2) of SEBI ( Listing Obligations and Disclosure Requirements) Regulations,2015.

## DIVIDEND

The Board of Directors of the Company at their Board meeting held on February 05,2016, declared an Interim Dividend of ₹2.50 per share (25 %) involving cash outflow of ₹454.66 lakhs and the same was paid to the shareholders on February 25,2016.Now your Directors are pleased to recommend a Final Dividend of ₹3.50 per share (35%) . This together with the Interim Dividend aggregates to a sum of ₹6 per share (60%) for the FY 2015-16 , involving a total cash outflow (both Interim & Final) of ₹1091.16 lakhs including Dividend Distribution Tax.

The Board of Directors at their meeting held on August 05,2016 have proposed sub-division of equity shares into equity shares of lower face value.

## TRANSFER TO RESERVES

The Company has made no transfers to reserves during the Financial Year 2015-16

## SUBSIDIARIES

During the year, no company became or ceased to be a subsidiary of the Company. The Company

has one subsidiary LLP (i.e) Argus Salud Pharma LLP.

The consolidated financial results/ performance incorporating the financial statements of the above subsidiary LLP is attached to the annual report as required under the Accounting Standards and SEBI Regulations.

Further, a statement containing the salient features of the financial statements of our subsidiary pursuant to Section 129(3) of the Companies Act, 2013, in the prescribed Form AOC-1 is appended as Annexure I to the Board's report.

## DEPOSITS

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans, guarantees and investments as on March 31,2016 are given in the Note No.12 to the standalone financial statements.

## NUMBER OF MEETINGS OF THE BOARD

The Board met four times during the year ended March 31,2016 which were held on 20.08.2015, 05.11.2015, 05.02.2016 and 17.03.2016.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on February 05,2016 have re-appointed Dr. R Ravichandran (DIN: 01920603) as an Independent Director for a Second term of Five year commencing from May 12,2016 and he is not liable to retire by rotation and Mr. M Jayapal (DIN :0186977) was re-appointed as the Whole-time Director of the Company w.e.f. March 28,2016 for a period of one year.

Mr. D P Mishra (DIN : 02032818) term of office as a Whole-time Director expired on April 30,2016 and has not sought re-appointment as a

whole-time Director. However, he continues to be a Director on the Board w.e.f. May 01,2016 and necessary resolution was passed by the Board of Directors of the Company for the Change in Designation.

In terms of Section 152 of the Companies act, 2013, Mr. C C Paarthipan (DIN :01218784) retires by rotation and being eligible offers himself for re-appointment.

During the year under review, Mr. P T Baby Thomas, Director (DIN:03019018) resigned from the Board with effect from December 20,2015. The Board places on record the appreciation and gratitude for the guidance and contribution during his association with the Company.

Further to the resignation of Mr. Harihara Ponnambalam as the Chief Financial Officer of the Company w.e.f. February 18,2016, Mr. D Muralidharan was appointed as Chief Financial Officer of the Company effective February 19,2016 .

As on date, Dr. Sridhar Ganesan, Managing Director, Mr. M Jayapal, Whole-time Director, Mr. D Muralidharan, Chief Financial Officer and Mr. Vinod Kumar S, Company Secretary are the Key Managerial personnel's of the Company.

## DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of the Company have submitted their declaration as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013.

## EXTRACT OF ANNUAL RETURN

As required pursuant to Section 134 (3) (a) of the Companies Act, 2013, an extract of Annual Return in the prescribed Form MGT 9 is given as Annexure II to this Directors' Report.

## DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Directors confirms that:

a. In the preparation of the annual accounts,the

applicable Accounting Standards had been followed along with proper explanation relating to material departures;

- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the Profit of the Company for that period;
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the annual accounts on a going concern basis;
- e. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **NOMINATION AND REMUNERATION COMMITTEE (NRC) AND ITS POLICY**

The Nomination and Remuneration Committee is empowered to authorize and exercise the power as specified in section 178 of the Companies Act, 2013. The Company has a policy on Directors appointment and remuneration including the criteria for determining the qualification, positive attributes and independence of a Director and other matters as provided under section 178(3) of the Companies Act, 2013. The Nomination and Remuneration Committee policy is annexed in Annexure III of the Directors report.

#### **MATERIAL CHANGES AND COMMITMENTS**

There were no material changes and commitments, affecting the financial position

of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

Pursuant to Section 134 (3)(m) of the Companies Act, 2013 read with in Rule 8 (3) of the Companies (Accounts) Rules, 2014 particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo, as are given as Annexure IV to this Directors' Report.

#### **ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 and Schedule V of the Companies Act, 2013 the Board had carried out performance evaluation of its own, of the Board Committees and of the Independent Directors. Independent Directors at a separate meeting evaluated performance of the Non-Independent Directors, Board as a whole and of the Chairman of the Board. The outcome of the evaluation process were satisfactory, which resulted in the active engagement of the Board and committees in the Company.

Further the Directors are regularly informed and familiarised during the Board Meetings about the activities of the Company and its operations, products and its development and latest trends in the pharmaceutical industry and issues faced in the industry.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to the provisions of section 135 of the Act, read with CSR Rules, the Company has constituted Corporate Social Responsibility Committee based upon the recommendation of the CSR committee the Board of Directors have approved CSR Policy.

Disclosure under Companies (Corporate social responsibility policy) rules, 2014 is annexed as an Annexure V to this report.

#### **AUDIT COMMITTEE**

The Composition of the Audit Committee, meetings of the Audit Committee and their terms of reference of the Audit committee have been disclosed separately in the Corporate Governance Report which is annexed and forms a part of this annual report.

#### **INTERNAL FINANCIAL CONTROLS**

The Company has designed and implemented adequate financial control systems with respect to the financial statements. During the year under review, no serious / adverse observation have been received from the Internal Auditors of the Company with respect to ineffectiveness or inadequacy of such controls.

#### **VIGIL MECHANISM**

The Company has established a vigil mechanism, through a Whistle Blower Policy, where Directors and employees can voice their genuine concerns or grievances about any unethical or unacceptable business practice. A whistle-blowing mechanism not only helps the Company in detection of fraud, but is also used as a corporate governance tool leading to prevention and deterrence of misconduct. It provides direct access to the employees of the Company to approach the Compliance Officer or the Chairman of the Audit Committee, where necessary. The Company ensures that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment or victimization. The Vigil mechanism policy is disclosed on the website of the Company i.e ([www.caplinpoint.net](http://www.caplinpoint.net))

#### **AUDITORS**

##### **STATUTORY AUDITORS**

Pursuant to Section 139 of the Companies Act, 2013, M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai, were appointed as Auditors of the Company at the Twenty Third Annual General Meeting of the Company for a consecutive period of three years commencing from conclusion of 23rd Annual general Meeting. The Company has received a certificate from the statutory auditors to the effect that ratification of their appointment, if made, would



be in compliance with the requirements of the Companies Act, 2013 and the rules made there under. Accordingly, the Audit Committee and the Board of Directors have recommended to ratify their appointment as Statutory Auditors of the Company for the financial year 2016–17.

A resolution seeking ratification of their appointment forms a part of the Notice convening the 25th Annual General Meeting and the same is recommended for shareholders approval.

#### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of Directors of the Company appointed M/s. G Ramachandran & Associates, Company Secretaries, Chennai to conduct the secretarial audit of the Company. The Secretarial Audit Report (Form MR – 3) is given as Annexure VI to this Directors' Report.

#### **CORPORATE GOVERNANCE**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance is given separately which form a part of this Annual report.

#### **LISTING AGREEMENTS**

The Company has entered into new Listing Agreement with BSE Limited and National Stock Exchange of India Limited as per the regulation 109 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has paid the listing fees for the year 2016–17 to the Stock exchanges where the shares of the Company are listed.

#### **RISK MANAGEMENT**

The Board has designed and framed risk management approach through which it identifies and manages the risk parameters. The senior level management periodically reviews the risk parameters through which key business

risk are identified and addressed. A brief report on the Risk Management are referred in the Management Discussion and Analysis Report which forms a part of the Annual Report.

#### **EMPLOYEE STOCK OPTION PLAN**

Details as required under Rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014 and as required to be provided under the SEBI Guidelines as on March 31, 2016 are set out in Annexure VII to this Report

#### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Particulars pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed in the Annexure VIII to this Directors report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All the related party transactions which were entered during the Financial year under review were on arms length basis and in the normal course of Business. There were no Material significant related party transactions made by the Company with its promoters, Directors, Key Managerial Personnel which may have potential conflict with the interest of the Company at large. No Material Contract or arrangements with the related party were entered during the Financial year under review. All the related party transactions are reviewed by the Audit Committee . The required disclosures as per Accounting Standards 18 are made in the Notes to Accounts of the Financial Statements. Particulars of transactions with the related parties, in prescribed form AOC -2 is enclosed as an Annexure IX of this Directors Report.

The related party transaction policy has been uploaded on the website of the Company ([www.caplinpoint.net](http://www.caplinpoint.net))

#### **DISCLOSURES**

1. There has been no change in the nature of business of the Company during the year

under review.

2. During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
3. During the Financial year 2015–16, none of the employees were in receipt of the remuneration pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
4. There were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
5. Neither the Managing Director nor the Whole-time Directors of the Company receives any remuneration or commission from any of its subsidiaries
6. The Report of the Statutory Auditors (Which Forms a Part of this Annual Report) and the Report of the Secretarial Auditor (Which is Annexed to this Directors Report) are Self explanatory having no adverse remarks/ comments or disclaimer.

#### **ACKNOWLEDGEMENT**

The Board of Directors wishes to place on record their sincere appreciation to the customers, suppliers, business partners and group companies and shareholders for their support. The Directors would like to thank the Bankers and financial Institutions as well. The Directors would take this opportunity to express their appreciation for the dedicated efforts of the employees and their contribution which is deeply acknowledged

FOR AND ON BEHALF OF THE BOARD

Place : Chennai  
Date : August 05, 2016

C C PAARTHIPAN  
CHAIRMAN



**Annexure No & Details of Annexure**

**Annexure I** : Details of Subsidiary – Form AOC 1 | **Annexure II** : Extract of Annual Return – MGT –9 | **Annexure III** : Nomination and Remuneration Committee Policy | **Annexure IV** : Conservation of Energy, Technology absorption and foreign exchange outgo | **Annexure V** : Disclosure under CSR Activities | **Annexure VI** : Secretarial Audit Report – MR 3 | **Annexure VII** : Details of Employee Stock option Plan | **Annexure VIII** : Particulars of Employee Related Disclosures | **Annexure IX** : Disclosure of Contracts/Arrangements with Related Parties

**ANNEXURE I**

**DETAILS OF SUBSIDIARIES**

**FORM AOC I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES**

**PART “A”: SUBSIDIARIES**

Name of the Subsidiary	Argus Salud Pharma LLP
Reporting Period of the Subsidiary Concerned, if different from the Holding Company reporting period	Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
Share Capital	99,10,000
Partners share of Profit	8,13,72,258
Total Assets	22,45,74,555
Total Liabilities	22,45,74,555
Investments	NIL
Turnover	28,09,25,883
Profit before taxation	8,61,56,713
Provision for taxation	1,95,89,394
Profit after taxation	6,65,67,319
Proposed Dividend	Not Applicable
% of Share holding	99.9%

**Notes:**

- Names of subsidiaries which are yet to commence operations : Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year : Not Applicable

**PART “B”: ASSOCIATES AND JOINT VENTURES**

STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES  
NOT APPLICABLE

For and on Behalf of the Board of Directors

Place: Chennai  
Date : August 05,2016

C C Paarthipan  
Chairman



## ANNEXURE II

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

Sl.No	Particulars	Details
1.	CIN	L24231TN1990PLC019053
2.	Registration Date	16.04.1990
3.	Name of the Company	CAPLIN POINT LABORATORIES LIMITED
4.	Category / Sub-Category of the Company	Category – Company limited by shares Sub-Category – Indian Non Government Company
5.	Address of the Registered office and contact details	“Narbhavi”, No. 3, Lakshmanan Street, T. Nagar, Chennai – 600 017. Phone: 28156653, 28156905 E-mail: info@caplinpoint.net
6.	Whether listed company – Yes / No	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Karvy Computershare Private Ltd UNIT: Caplin Point Laboratories Limited, Karvy Selenium Tower B, Plot 31–32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Phone:91–40–44655000; Fax # 91–40–23420814. E-mail: einward.ris@karvy.com.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:–

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the company
1	Pharmaceutical Products	210 – Manufacture of pharmaceuticals, medicinal chemical and botanical products	100%

\*As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1.	Argus Salud Pharma LLP "Narbhavi" No. 3, Lakshmanan Street, T Nagar, Chennai - 600 017	AAA-1115	Subsidiary	99.9%	2(87)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

##### i) Category-wise Share Holding:-

Category of Shareholders	No. of Shares held at the beginning of the year (01.07.2015)				No. of Shares held at the end of the year (31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	10015353	–	10015353	66.28	10015353	–	10015353	66.28	
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt. (s)	–	–	–	–	–	–	–	–	–
d) Body Corporates	231400	–	231400	1.53	231400	–	231400	1.53	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1)	10246753	–	10246753	67.81	10246753	–	10246753	67.81	–
(2) Foreign									
a) NRIs– Individuals	–	–	–	–	–	–	–	–	–
b) Other –individuals	–	–	–	–	–	–	–	–	–
c) Body Corporate	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	10246753	–	10246753	67.81	10246753	–	10246753	67.81	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	11700	11700	0.08	4255	11500	15755	0.10	0.02
b) Banks / FI	6227	–	6227	0.04	4606	–	4606	0.03	(0.01)
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	256501	–	256501	1.70	657672	0	657672	4.35	2.65
h) Foreign Venture Capital	–	–	–	–	–	–	–	–	–
i) Funds Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	262728	11700	274428	1.82	666533	11500	678033	4.48	(0.01)
2. Non-Institutions									
a) Body Corporates –									
i) Indian	253752	29700	283452	1.88	167118	28900	196018	1.30	(0.58)
ii) Overseas	–	45500	45500	0.30	–	45500	45500	0.30	





Category of Shareholders	No. of Shares held at the beginning of the year (01.07.2015)				No. of Shares held at the end of the year (31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individual –									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	1303498	1452715	2756213	18.24	1358059	1230104	2588163	17.13	(1.11)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1190688	110050	1300738	8.61	1115981	95500	1211481	8.02	(0.59)
c) Others (specify) –									
Clearing Members	12139	–	12139	0.08	5881	–	5881	0.04	(0.17)
Non Resident Indians	148677	42100	190777	1.26	109490	27200	136690	0.90	(0.36)
NBFC	–	–	–	–	1461	–	1461	0.01	–
TRUST	–	–	–	–	20	–	20	0.00	0.00
Sub-total (B)(2)	2908754	1680065	4588819	30.37	2758010	1427204	4185214	27.70	(2.80)
Total Public Shareholding (B)=(B)(1)+(B)(2)	3171482	1691765	4863247	32.19	3424543	1438704	4863247	32.19	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	13418235	1691765	151100000	100	13671296	1438704	151100000	100	–

**(ii) Shareholding of Promoters:–**

SI No	Shareholder's Name	Shareholding at the beginning of the year (01.07.2015)			Share holding at the end of the year (31.03.2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	P Vijayalakshmi	3576000	23.66	–	3576000	23.66	–	–
2	Ashok Gorkey Partheeban	1810000	11.98	–	1810000	11.98	–	–
3	Partheeban Vivek Siddarth	1800000	11.91	–	1800000	11.91	–	–
4	Paarthipan C C	2829353	18.73	–	2829353	18.73	–	–
5	May India Property Private Limited	231400	1.53	–	231400	1.53	–	–
	<b>Total</b>	<b>10246753</b>	<b>67.81</b>	<b>–</b>	<b>10246753</b>	<b>67.81</b>	<b>–</b>	<b>–</b>

**(iii) Change in Promoters' Shareholding:–**

There is no Change in the Promoters Shareholding during the year Financial year 2015–16

**(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):–**

Sl. No	For Each top ten Share holders	Shareholding at the beginning of the year as on 01.07.2015		Increase/ decrease in the shareholding		Cumulative share holding during the year 31.03.2016	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
01	<b>MATTHEWS INDIA FUND</b>						
	At the beginning of the year	232140	1.53	–	–	232140	1.53
	Purchase	–	–	03.07.2015	5457	237597	1.57
	Purchase	–	–	10.07.2015	1852	239449	1.58
	Purchase	–	–	20.11.2015	3623	243072	1.60
	Purchase	–	–	20.11.2015	21800	264872	1.75
	Purchase	–	–	15.01.2016	23103	287975	1.90
	Purchase	–	–	22.01.2016	8097	296072	1.95
	Purchase	–	–	19.02.2016	1029	297101	1.96
	Purchase	–	–	26.02.2016	5666	302767	2.00
	Purchase	–	–	18.03.2016	4434	307201	2.03
	Purchase	–	–	25.03.2016	43820	351021	2.32
	Purchase	–	–	31.03.2016	7996	359017	2.38
	At the end of the year	–	–	–	–	359017	2.38
02	<b>VISALATCHI</b>						
	At the beginning of the Year	120000	0.79	–	–	–	–
	At the end of the year	–	–	–	–	120000	0.79
03	<b>GEETHA</b>						
	At the beginning of the year	120000	0.79	–	–	–	–
	At the end of the year	–	–	–	–	120000	0.79
04	<b>MAHESWARI</b>						
	At the beginning of the Year	120000	0.79	–	–	–	–
	At the end of the year	–	–	–	–	120000	0.79
05	<b>T B SIVAKUMAR</b>						
	At the beginning of the year	105000	0.69	–	–	–	–
	At the end of the year	–	–	–	–	105000	0.69
06	<b>WASATCH MICRO CAP FUND</b>						
	At the beginning of the year	–	–	–	–	–	–
	Purchase	–	–	20.11.2015	18300	18300	0.12
	Purchase	–	–	27.11.2015	8605	26905	0.17
	Purchase	–	–	04.12.2015	23202	50107	0.33



Sl. No	For Each top ten Share holders	Shareholding at the beginning of the year as on 01.07.2015		Increase/ decrease in the shareholding		Cumulative share holding during the year 31.03.2016	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
	Purchase	–	–	11.12.2015	9366	59473	0.39
	Purchase	–	–	18.12.2015	9198	68671	0.45
	Purchase	–	–	25.12.2015	25055	93726	0.62
	Purchase	–	–	31.12.2015	3607	97333	0.64
	Purchase	–	–	01.01.2016	2667	100000	0.66
	At the end of the year					100000	0.66
07	<b>WASATCH EMERGING INDIA FUND</b>						
	At the beginning of the year	–	–	–	–	–	–
	Purchase	–	–	14.08.2015	31400	31400	0.20
	Purchase	–	–	21.08.2016	19808	51208	0.33
	Purchase	–	–	28.08.2015	12720	63928	0.42
	Purchase	–	–	11.09.2015	1938	65866	0.43
	Purchase	–	–	18.09.2015	1029	66895	0.44
	At the end of the year	–	–	–	–	66895	0.44
08	<b>D RAGHU</b>						
	At the beginning of the year	60000	0.40	–	–	–	–
	At the end of the year	–	–	–	–	60000	0.40
09	<b>WASATCH GLOBAL OPPORTUNITIES FUND</b>						
	At the beginning of the year	–	–	–	–	–	–
	Purchase	–	–	21.08.2015	15685	15685	0.10
	Purchase	–	–	28.08.2015	11959	27644	0.18
	Purchase	–	–	04.09.2015	26208	53852	0.35
	Purchase	–	–	11.09.2015	17950	71802	0.47
	Sale	–	–	18.09.2015	(6872)	64930	0.42
	Purchase	–	–	25.09.2015	7988	72918	0.48
	Sale	–	–	02.10.2015	(9000)	63918	0.42
	Sale	–	–	09.10.2015	(8225)	55693	0.36
	Sale	–	–	01.01.2016	(3100)	52593	0.35
	At the end of the year					52593	0.35
10	<b>MATTHEWS ASIA FUNDS-INDIA FUND</b>						
	At the beginning of the year	–	–	–	–	–	–
	Purchase			29.03.2016	45912	45912	0.30
	At the end of the year	–	–	–	–	45912	0.30



(v) Shareholding of Directors and Key Managerial Personnel:-

Sl. No		Shareholding at the beginning of the year as on 01.07.2015		Increase/ decrease in the shareholding		Cumulative share holding during the year (01.07.2015 to 31.03.2016)	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
01	<b>C C PAARTHIPAN –CHAIRMAN</b>						
	At the beginning of the Year	2829353	18.73	–	–	–	–
	At the end of the year	–	–	–	–	2829353	18.73
02	<b>SRIDHAR GANESAN–MANAGING DIRECTOR</b>						
	At the beginning of the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
03	<b>M JAYAPAL– WHOLE TIME DIRECTOR</b>						
	At the beginning of the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
04	<b>D P MISHRA–WHOLE TIME DIRECTOR</b>						
	At the beginning of the year	192000	1.27	–	–	–	–
	At the end of the year	–	–	–	–	192000	1.27
05	<b>V THIRUMALAI–DIRECTOR</b>						
	At the beginning of the year	49963	0.33	–	–	–	–
	At the end of the year	–	–	–	–	49963	0.33
06	<b>R RAVICHANDRAN–DIRECTOR</b>						
	At the beginning of the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
07	<b>K C JOHN–DIRECTOR</b>						
	At the beginning of the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
08	<b>K NIRMALA PRASAD–DIRECTOR</b>						
	At the beginning of the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
09	<b>R VISWANATHAN –DIRECTOR</b>						
	At the beginning of the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
10	<b>D MURALIDHARAN – CFO</b>						
	At the beginning of the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
11	<b>VINOD KUMAR S – COMPANY SECRETARY</b>						
	At the beginning of the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–

**V. INDEBTEDNESS:****Indebtedness of the Company including interest outstanding/accrued but not due for payment:–**

Amount In Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	207.76	–	–	207.76
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	207.76	–	–	207.76
Change in Indebtedness during the financial year				
1) Addition	111.25	–	–	111.25
2) Reduction	118.65	–	–	118.65
Net Change	(7.40)	–	–	(7.40)
Indebtedness at the end of the financial year				
i) Principal Amount	200.36	–	–	200.36
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	200.36	–	–	200.36

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:–**

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Dr. Sridhar Ganesan Managing Director	Mr. M Jayapal Whole-time Director	Mr. D P Mishra Whole-time Director	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36,15,180	4,98,970	4,94,200	46,08,350
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission · as % of profit · others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	<b>Total (A)</b>	<b>36,15,180</b>	<b>4,98,970</b>	<b>4,94,200</b>	<b>46,08,350</b>
	Ceiling as per the Act				₹4,53,25,605

(Being 10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013)

## B. Remuneration to Other Directors:-

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount (Amt in ₹)
		Mr. V. Thirumalai	Dr. R Ravichandran	Dr. K C John	Dr. K Nirmala Prasad	Mr. R Viswanathan	
1.	Independent Directors						
	a) Fee for attending board / committee meetings	1,20,000	1,60,000	1,00,000	80,000	80,000	5,40,000
	b) Commission						
	c) Others, please specify						
	Total (1)	1,20,000	1,60,000	1,00,000	80,000	80,000	5,40,000
2.	Other Non-Executive Directors						
	a) Fee for attending board / committee meetings	NIL					
	b) Commission						
	c) Others, please specify						
	Total (2)	–	–	–	–	–	–
	Total (B)=(1+2)	1,20,000	1,60,000	1,00,000	80,000	80,000	5,40,000
	Total Managerial Remuneration (A+B)						51,48,350
	Overall Ceiling as per the Act						4,98,58,166

(11 % of the net profit Calculated as per Section 198 of the companies Act,2013)

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd:

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	CFO (Mr. Harihara Ponnambalam P) Resigned w.e.f February 18, 2016	Company Secretary (Mr. Vinod Kumar Srinivasan)	CFO (D Muralidharan) Appointed w.e.f February 19, 2016	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Not Applicable	9,29,826	3,31,200	1,35,488	13,96,514
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission – as % of profit – others, specify	–	–	–	–	–
5.	Others, please specify	–	–	–	–	–
	Total	–	9,29,826	3,31,200	1,35,488	13,96,514



**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the companies Act	Brief description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD / NCLT/Court]	Appeal made. If any (give details)
A. Company					
Penalty			NIL		
Punishment					
Compounding					
B. Directors					
Penalty			NIL		
Punishment					
Compounding					
C. Other Officers In Default					
Penalty			NIL		
Punishment					
Compounding					

**ANNEXURE III****NOMINATION AND REMUNERATION POLICY**

The Nomination & Remuneration Policy of the Company is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Nomination & Remuneration Policy applies to the Company's senior management, including its Key Managerial Person and Board of Directors.

The policy is pursuant to Section 178(4) of the Companies Act, 2013 and a brief summary of the policy in relation to the objective, appointment criteria, remuneration etc are reproduced herewith –

**GUIDING PRINCIPLES****SELECTION CRITERIA FOR DIRECTORS**

The Company shall consider the following aspects while appointing a person as a Director on the Board of the Company:

**SKILLS AND EXPERIENCE:**

The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration,

public administrative services, research, corporate governance, technical operations or any other discipline related to the Company's business.

**AGE LIMIT:**

The candidate should have completed the age of twenty-one (21) years and should not have attained the age of seventy five (75) years at the time of appointment. However, the Nomination and remuneration committee of the Board of Directors may relax the upper age limit on case to case basis depending on the merits of the candidate.

**DIRECTORSHIP:**

The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act and under the Listing Agreement requirements.

**SELECTION CRITERIA FOR SENIOR MANAGEMENT**

As per the policy, Senior Management for the purpose of this policy shall mean employees hired at the level of Divisional Heads and Corporate Functional Heads or equivalent positions.

The policy provides that the candidate should have appropriate qualifications, skills and experience for discharging the role. The qualifications, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR function.

#### **REMUNERATION FOR DIRECTORS, KMP AND OTHER EMPLOYEES**

The guiding principle is that the remuneration and the other terms of employment shall be competitive in order to ensure that the Company can attract and retain competent Executives.

- The remuneration policy for executives reflects the overriding remuneration philosophy and principles of the Company. When determining the remuneration policy and arrangements for Executive Directors/ KMP's, the Nomination & Remuneration Committee considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.
- The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.
- The Nomination & Remuneration Committee while considering a remuneration package must ensure a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.
- The Nomination and Remuneration Committee of the Company, constituted for the purpose of administering the Employee Stock Option Plan/ scheme, shall determine the stock options and other share based payments to be made to Directors (other than Independent and Promoter Directors), KMPs and Employees of the Company.

#### **The criteria for making payments to the Executive Directors are:**

1. Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites, ESOP/Scheme, retirement benefits and performance pay are also paid/provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.
2. Remuneration paid to the Executive Directors is determined keeping in view industry benchmarks and Caplin Policies.

#### **The criteria for making payments to Independent Directors are:**

1. The Independent Directors are paid sitting fees for attending the meetings of the Board and Committees.

2. The Independent Directors do not receive any commission on the net profits of the Company.
3. The remuneration paid to the Directors during the year is given in detail in the Corporate Governance Report.

#### **PERFORMANCE EVALUATION**

The process approved by the Nomination and Remuneration Committee requires the Chairman to initiate the performance evaluation process in the month of April every year. The performance evaluation is conducted based on approved criteria in the evaluation forms. The process highlights are as under:

##### **a) Board:**

Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

##### **b) Committees:**

Each Committee member completes the self-evaluation form and shares feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

##### **c) Chairman and Executive Directors:**

Each Board member completes the peer evaluation form. Independent Directors discuss the peer evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

##### **d) Independent Directors:**

Each Board member completes the peer evaluation and shares feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

#### **CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTOR**

##### **1. QUALIFICATIONS OF INDEPENDENT DIRECTOR**

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

##### **2. POSITIVE ATTRIBUTES OF INDEPENDENT DIRECTOR**

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity, act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company, devote sufficient time and attention to his professional obligations for



informed and balanced decision making and assist the company in implementing the best corporate governance practices.

### 3. INDEPENDENCE:

The candidate proposed to be appointed as an Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act and under the Listing Agreement requirements.

### POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and requirements of Clause 49 of the listing agreement with the stock exchanges.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when changes needs to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the Committee.

## ANNEXURE IV

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

(Pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

#### (A) CONSERVATION OF ENERGY-

Power & Fuel Consumption	Year Ended March 31,2016 (9 months)	Year Ended June 30,2015 (12 months)
Electricity		
Purchased units	43,40,375	45,71,598
Total Amount Paid	3,57,23,104	3,49,57,057
Rate per unit	8.23	7.65
Own Generation By		
Diesel Generator (Units)	11,78,780	9,02,188
Amount Paid	2,40,94,282	1,47,02,915
Rate per unit	20.44	16.30
Third Party (units)	20,93,996	20,06,548
Amount Paid	1,10,95,321	141,38,621
Rate per unit	5.30	7.05
Others		
Diesel Oil Consumed( in Ltrs)	1,63,760	273495
Total Amount Paid	77,29,350	155,35,849
Rate Per KG	47.20	56.80

#### Consumption of electricity per unit of production

No.	Particulars	CURRENT YEAR (2015-16)		PREVIOUS YEAR (2014-15)	
1	Tablets	311	Nos	305	Nos
2	Capsules	21	Nos	18	Nos
3	Liquids	3	Bottles	2	Bottles
4	Suppositories	3	–	2	–



**(B) TECHNOLOGY ABSORPTION-**

- i) Efforts made towards technology absorption
- New product developments Developments NSAID’s, Anti-Hypertensive, Anti-Depressants, Anti-emetic, Anti-Coagulants, etc.
  - Quality Improvements in Projects for around 10 products
  - FR & D efforts in conducting trails, Stabilisation of process and optimisation of process
  - Company's R& D Incentives lay emphasis on innovation and continues products improvements to widen the range of products/applications.
  - Formulation development and analytical development of injectable and ophthalmic
  - Support to QC in transferring the analytical methods
  - Support to regulatory department in compiling documents required for dossier submission
  - The Company also emphasis on technology and innovation in its method of functioning and operations
- ii) Benefits derived as a result of R& D
- Provides Company an opportunity to widen the range and application of products
- Continues process improvement resulting in optimization of products and cost reduction
- iii) Imported Technology (Imported during the Last three years reckoned from the beginning of the financial year)
- a. Details of technology imported : NIL
  - b. The year of import : NA
  - c. Whether the technology been fully absorbed : NA
  - d. If not fully absorbed , areas where absorption has not taken place and the reasons thereof : NA
- iv) EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT.
- The Company has incurred as expenditure of ₹863.54 Lakhs towards research and development (₹543.47 Lakhs Revenue expenditure and ₹320.07 Lakhs Capital Expenditure )

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earned (₹ Lakhs)	21794.78
Foreign exchange used (₹ Lakhs)	6123.37



## ANNEXURE V

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

**CSR Policy of the Company is available in our website under the following link:**

[www.caplinpoint.net/aboutus/Company policies/CSR](http://www.caplinpoint.net/aboutus/Company_policies/CSR)

2. The Composition of the CSR Committee

Mr. C C Paarthipan, Chairman

Dr. Sridhar Ganesan

Mr. V Thirumalai

3. Average net profit of the company for last three years: ₹3787.38 Lakhs
4. Prescribed CSR Expenditure (two % of the amount in item 3 above): ₹75.75 Lakhs
5. Details of CSR Spent during the financial year:
  - a. Total amount to be spent for the financial year: ₹75.75 Lakhs
  - b. Amount unspent, if any: ₹64.40 Lakhs
  - c. Manner in which the amount spent during the financial year is detailed below:

Amount in ₹

CSR project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or Other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount Spent on the projects or programs	Cumulative expenditure upto to the reporting period	Amount Spent: Direct or through implementing agency
To Cater health to the Poor	Health	Chennai, Tamil Nadu	20,00,000	1,47,045	1,47,045	All the contributions were made through implementing agencies except flood relief which is a Direct Spending
Contribution towards education	Education of children	Chennai, Tamil Nadu	15,00,000	2,26,500	3,73,545	
Contribution towards welfare and development of Children	Reducing Child Morality and improving health	Chennai, Tamil Nadu	20,00,000	1,29,500	5,03,045	
Contribution towards sanitation mission	Promoting Preventive health care and sanitation	PAN India	20,00,000	3,31,000	8,34,045	
Contributions of essential Items to flood relief operations	Natural disaster relief	Pondicherry	–	1,46,760	9,80,805	
Contributions towards special Olympics Bharat	Promoting rural sports, Nationally recognized sports	PAN India	–	1,55,000	11,35,805	

6. in case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report :

During the year, the Company was not able spend on CSR activities as budgeted due to the reason that the Company is planning to identify a sustainable model for the CSR activities to ensure maximum benefit to the public. The Company will enhance the contribution of CSR Spending in a short span and measures are taken to achieve the same at highest/optimal level.

**RESPONSIBILITY STATEMENT:**

We hereby declare that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and Policy of the Company.

FOR AND ON BEHALF OF THE CSR COMMITTEE

Place : Chennai  
Date : August 05,2016

C C PAARTHIPAN  
CHAIRMAN  
DIN : 01218784

DR SRIDHAR GANESAN  
MANAGING DIRECTOR  
DIN :06819026

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## **ANNEXURE VI**

**Form No. MR-3**

### **SECRETARIAL AUDIT REPORT**

**FOR NINE MONTHS/FINANCIAL YEAR ENDED 31ST MARCH,2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Caplin Point Laboratories Limited  
CIN# L24231TN1990PLC019053  
NARBHAVI, No. 3, Lakshmanan Street,  
T. Nagar, Chennai – 600017

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Caplin Point Laboratories Limited. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering Nine months/ Financial year ended 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

CAPLIN POINT LABORATORIES LTD.



We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Caplin Point Laboratories Limited ("the Company") for the Nine months/Financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Company has not delisted any of its shares during the period under review, so the provisions of The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not apply to the Company; and
  - (h) The Company has not bought back its shares during the period under review, therefore the provisions of The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 is not applicable to the Company;
- (vi) Customs Act, 1962;
- (vii) Central Excise Act, 1944;(viii) Central Sales Tax Act, 1956;
- (viii) Central Sales Tax Act, 1956;
- (ix) The Trade Marks Act, 1999;
- (x) Apprentices Act, 1961;
- (xi) Contract Labour (Regulation & Abolition) Act, 1970;
- (xii) Employer's Liability Act, 1938;
- (xiii) Employees Provident Fund Act, 1952;
- (xiv) The Employees State Insurance Act, 1948;
- (xv) Industrial Dispute Act, 1947;
- (xvi) Minimum Wages Act, 1948;
- (xvii) Payment of Bonus Act, 1965;
- (xviii) Payment of Wages Act, 1936;
- (xix) Payment of Gratuity Act, 1972;
- (xx) Workman's Compensation Act, 1923;



- (xxi) Maternity Benefits Act, 1961;
- (xxii) Local Shops & Establishment Acts of States;
- (xxiii) Factories Act, 1948;
- (xxiv) Trade Union Act, 1926;
- (xxv) Air (Prevention & Control of Pollution) Act, 1981;
- (xxvi) Water (Prevention & Control of Pollution) Act, 1974;
- (xxvii) Environment Protection Act, 1986 and
- (xxviii) Drugs and Cosmetics Act, 1940
- (xxix) Income Tax Act, 1961

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Notified with effect from 1st July 2015)
- (ii) The Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report** that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For G RAMACHANDRAN & ASSOCIATES

Company Secretaries

Place: Chennai  
Date : August 05,2016

G. RAMACHANDRAN  
Proprietor  
ACS No.9865 CoP. No.3056



## ANNEXURE VII

### DETAILS OF EMPLOYEE STOCK OPTION PLAN

On February 10, 2016 the Nomination and Remuneration committee has granted 16,050 options these options will be vested in three equal tranches over a period of three years.

Disclosures as required Rule 12(9) of the Companies ( Share Capital and Debenture) Rules, 2014 read with SEBI Regulations

Sl.No.	Particulars	ESOP 2015
01	Options Granted	16,050
02	Options Vested	NIL
03	Options Exercised	NIL
04	The Total number of shares arising as a Result of Exercise of options	NIL
05	Options lapsed	NIL
06	the Exercise Price or Pricing Formula	The Options granted to the Employees under the ESOP Plan shall carry an Exercise Price, which shall be at a discount to the Market Price as may be determined by the Board. However the Exercise Price shall not be less than the par value of the Equity Shares of the Company
07	Variation of terms of options	No variations
08	Money realized by exercise of options	NA
09	Total No. of options in force	75,000
10	Employee wise details of options granted to	
	A Key Managerial personnel's	16,050 options was granted to Dr. Sridhar Ganesan, Managing Director
	B Any other Employee who receives a Grant of Options in any one year of Option amounting to Five percent or More options granted during that year	NONE
	c Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital outstanding (excluding outstanding warrants & conversions) of the Company at the time of grant	NIL
11	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS 20)	NA

For and on Behalf of the Board of Directors

Place: Chennai  
Date : August 05, 2016

C C Paarthipan  
Chairman

## ANNEXURE VIII

### PARTICULARS OF EMPLOYEE RELATED DISCLOSURES

i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year (Nine months) and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year:

Sl. No.	Name of the Director/KMP & Designation	Ratio of remuneration of each Director to median remuneration of employees for FY 2015-16 (times)	% Of increase in Remuneration
01	Mr. C C Paarthipan*, Chairman		NIL
02	Dr. Sridhar Ganesan, Managing Director	45	There was no increase in Remuneration during the FY 2015-16
03	Mr. M Jayapal, Whole-time Director	6.2	
04	Mr. D P Mishra, Whole-time Director	6.2	
05	Mr. V Thirumalai, Non-Executive – Independent Director**	1.5	
06	Dr. K C John, Non-Executive – Independent Director**	1.25	There was an 100% increase in the sitting fees for Audit committee and NRC committee during the financial year 2015-16
07	Dr. R Ravichandran, Non-Executive – Independent Director**	2.01	
08	Dr. K Nirmala Prasad, Non-Executive – Independent Director**	1.00	
09	Mr. R Viswanathan, Non-Executive – Independent Director**	1.00	
10	Mr. Harihara Ponnambalam P, Chief Financial Officer ###		Not Applicable
11	Mr. D Muralidharan, Chief Financial Officer###		Not Applicable
12	Mr. Vinod Kumar S, Company Secretary	4.2	There was no increase in Remuneration during the FY 2015-16

\* Mr. C C Paarthipan is not receiving any remuneration from the Company

\*\* Sitting fees were paid to Independent Directors for attending Board / Committee Meetings

### Details are not provided for Mr. Harihara Ponnambalam, CFO as he was an employee only for the part of FY 2015-16 i.e upto February 18, 2016.

### Details are not provided for Mr. D Muralidharan P, CFO as he was employed only for a part of FY 2015-16 i.e from February 19,2016

### ii. COMPARISON OF THE REMUNERATION OF THE KEY MANAGERIAL PERSONNEL AGAINST THE PERFORMANCE OF THE COMPANY

₹In Lakhs

Name of the KMP	Remuneration of KMP In FY 2014-15	Remuneration of KMP in FY 2015-16	% Increase/ Decrease	PBT for the year ending June 30,2015	PBT for the year ending March 31,2016	% Increase
Dr. Sridhar Ganesan, Managing Director	There was no increase in Remuneration between the FY 2014-15 & 2015-16		NA	5079.78	5837.97	14.9%
Mr. M Jayapal, Whole-time Director	There was no increase in Remuneration between the FY 2014-15 & 2015-16		NA			
Mr. D P Mishra, Whole-time Director	There was no increase in Remuneration between the FY 2014-15 & 2015-16		NA			
Mr. Hari Hara Ponnambalam P CFO	Not Applicable*		–	–	–	–
Mr. D Muralidharan,CFO	Not Applicable*		–	–	–	–
Mr. Vinod Kumar S,CS	There was no increase in Remuneration between the FY 2014-15 & 2015-16		NA	–	–	–



\*Details are not provided for Mr. Harihara Ponnambalam as he was an employee only for the part of FY 2015-16 i.e upto February 18, 2016.

\* Details are not provided for Mr. D Muralidharan, CFO as he was employed only for a part of FY 2015-16 i.e from February 19, 2016

iv. In the Financial year 2015-16, there was an increase in 18.75% in the median remuneration to employees.

v. Number of Permanent employees in the rolls of the Company as on March 31,2016 is 692

vi. Relationship between average increase in remuneration and Company performance :

The profit before tax increased by 14.9 % whereas increase in median Remuneration was 18.75%. The average increase in the Median remuneration was in line with the performance with the Company.

vii. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.

Particulars	June 30,2015	March 31,2016	Change
<b>Stock Price in ₹ (Close Price)</b>			
BSE	929.75	1011.25	8.8%
NSE	930.85	1010.20	8.6%
<b>Market Capitalization (₹ in Crores)</b>			
BSE	1404.85	1527.99	8.8%
NSE	1406.51	1526.41	8.6%
EPS In ₹	27.09	29.99	10.70%

Market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

The Company has made the Initial Public offer in the Year 1995 at a Price of ₹10 per equity share

Market quotations of the shares of the Company as on March 31,2016

BSE	₹1011.25
NSE	₹1010.20

VI. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 18.75% . There were no decrease in the remuneration of employees.

VII Key parameters for any variable component of remuneration availed by the Managing Director

No Variable pay is availed by the Managing Directors of the Company.

VIII. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: NIL

IX. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.



## ANNEXURE IX

### Form AOC – 2

Pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contract / arrangements entered in to by the Company with the related parties referred to in sub-Section 188 (1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered in to by the Company during the Nine Months period ended March 31,2016 which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

The Details of Material contracts or arrangements or transactions at arm's length basis for Nine Months period ended March 31,2016 are as follows :

S.No	Name of the Related Party and Relation Ship	Duration	Salient terms	Nature of Transactions	Amount in Lakhs
01	Argus Salud Pharma LLP Subsidiary	Ongoing	On arm's length basis and in ordinary course of business	Purchase	690.50 Lakhs
				Sales	196.68 Lakhs

For and on Behalf of the Board of Directors

Place: Chennai  
Date : August 05,2016

C C Paarthipan  
Chairman



## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Caplin believes in best Corporate Governance practices which stresses the importance of transparency, excellence, accountability and protection of shareholder interests and this has been the foundation in which Caplin has been conducting business since inception and it is a continuous and ongoing process. The Company's Corporate Governance is produced below.

### BOARD OF DIRECTORS

#### Composition of Board

The Board currently comprises of Nine Directors out of which Five are Non-Executive - Independent Directors including one women Director and Three are Executive Directors. The Chairman of the Board is a Non-executive Chairman (Promoter). The Composition of the Board is in conformity with the requirement of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. All the Independent Directors have confirmed that they meet the "Independence Criteria" as mentioned under Section 149 of the Companies Act, 2013.

In order to align with provisions of Section 2(41) of the Companies Act, 2013 the Financial year of the Company (2015-16) is for the period of Nine months commencing from July 01, 2015 to March 31, 2016.

The entire report under reference made under SEBI ( Listing Obligations and disclosures Requirements), 2015. It may be read with similar provisions with erstwhile listing agreements entered into with the Stock Exchanges which were in force till November 30, 2015

During the financial year under review, the Board of Directors met Four times (i.e) 20.08.2015, 05.11.2015, 05.02.2016 and 17.03.2016. The maximum time gap between two meetings did not exceed 120 days.

The composition of the Board and category of Directors, attendance at Board Meetings and at the last Annual General Meeting, number of Directorships, memberships/chairmanships of the Board and Committees of public Companies as on March 31, 2016 in the Company are as under:

Name of the Director	Category	No. of Board Meeting attended in the year	Attendance at the previous AGM (05.11.2015)	Directorship(s) <sup>1</sup>	Committee Position(s) <sup>2</sup>	
					Chairman	Member
Mr. C C Paarthipan DIN : 01218784	Non-executive Chairman	4	Present	–	–	–
Dr. Sridhar Ganesan DIN :06819026	Managing Director	4	Present	–	–	1
Mr. M Jayapal DIN : 01869677	Whole-time Director	4	Present	–	–	1
Mr. D P Mishra <sup>3</sup> DIN : 02032818	Whole-time Director	3	Present	–	–	1
Mr. V Thirumalai DIN :03015619	Non-executive Independent	3	Present	–	2	2
Mr. R Viswanathan DIN : 07173713	Non-executive Independent	4	Present	–	–	–

Name of the Director	Category	No. of Board Meeting attended in the year	Attendance at the previous AGM (05.11.2015)	Directorship(s) <sup>1</sup>	Committee Position(s) <sup>2</sup>	
					Chairman	Member
Dr. R Ravichandran DIN :01920603	Non-executive Independent	4	Present	–	–	2
Dr. K C John DIN : 01067374	Non-executive Independent	3	Absent	–	–	–
Dr. K Nirmalaprasad DIN : 07088120	Non-executive Independent	4	Present	–	–	–
Mr. P T Baby Thomas <sup>4</sup> DIN :03015619	Non-executive, Independent	NIL	Absent	–	–	2

1 The Directorships, held by Directors as mentioned above, do not include Directorship in Caplin Point Laboratories Limited, Private Limited companies, companies registered under Section 8 of the Companies Act, 2013 and foreign companies.

2 Includes only Audit and Stake holders Relationship Committees.

3 Mr. D P Mishra whose term of office as a Whole-time Director expired on April 30,2016 has not sought re-appointment as Whole-time Director. However, he continues to be Non-Executive and Non-Independent Director of the Board of Director of the Company

4 Mr. P T Baby Thomas resigned from the Board of Director of the Company w.e. from December 20,2015. During the year under review Mr. PT Baby Thomas did not attend any Board/Committee meeting.

None of the Directors are related to each other.

All the Board Meetings are conducted as per the Board Agenda and these agenda papers are supported by adequate information, sufficient back papers and documents to enable the Board to take informed decisions. Agenda papers are circulated to the Directors seven days prior to the Board Meeting. The Board periodically reviews compliance report pertaining to all applicable laws of the Company.

## AUDIT COMMITTEE

### TERMS OF REFERENCE

The terms of reference of the Audit Committee covers the matters specified for audit committee under Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulation, 2015 as well as in section 177 of the Companies Act, 2013. In addition , the roles of Audit Committee and review of Information by Audit Committee is as prescribed under Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

### COMPOSITION, NAME OF MEMBERS & CHAIRPERSON, MEETINGS HELD DURING THE YEAR AND ATTENDANCE AT MEETINGS

The Audit Committee of the Board of Directors consist of the following members:

Name of the Directors	Category
Mr. V Thirumalai	Chairman, Independent
Dr. R Ravichandran	Member, Independent
Dr. Sridhar Ganesan	Member, Executive Director
Mr. P T Baby Thomas*	Member, Independent

\* Mr. P T Baby Thomas resigned from the Committee w.e.f. 20.12.2015



### MEETING OF THE AUDIT COMMITTEE AND ATTENDANCE OF THE COMMITTEE MEMBERS

The audit committee met three times in the financial year (Financial year is for the period of Nine months from 01.07.2015 to 31.03.2016) ended March 31,2016 (i.e) 20.08.2015, 04.11.2015 and 05.02.2016. The maximum time gap between two meetings did not exceed 120 days.

Name of the Directors	No. of meetings attended
Mr. V Thirumalai (Chairman)	3
Dr. R Ravichandran	3
Dr. Sridhar Ganesan	3

The Chairman of the Audit Committee is an Independent Director. The Chairman of the Audit Committee was present in the previous Annual general meeting of the Company to address the queries of the members.

The Internal Auditors, Statutory Auditors and Chief Financial Officer are invited to attend and participate the Meetings.

The Company Secretary of the Company is the Secretary to the Committee

### NOMINATION AND REMUNERATION COMMITTEE

#### Terms of Reference

Terms of reference and the role of the NRC are in accordance with Section 178 of the Companies Act,2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Role of Nomination and Remuneration Committee shall be as Specified as in part D of Schedule II.

The Terms of Reference of NRC are :

1. To formulate the criteria for determining the qualifications, positive attributes and independence of Directors and recommend to the Board their appointment
2. To recommend to the Board a policy, relating to the remuneration of Directors, Key Managerial Personnel's and other employees and compensation such as ESOP to the Executive Directors, Key Managerial personnel and other employees
3. To devise a policy on Board diversity
4. To formulate the criteria for evaluation of Independent Directors and the Board.

The Nomination and Remuneration Committee (NRC) consists of following Directors as its members

Name of the Director	Category
Mr. V Thirumalai	Chairman, Independent
Mr. P T Baby Thomas*	Member, Independent
Dr. R Ravichandran	Member, Independent
Dr. K C John**	Member, Independent

\* Mr. P T Baby Thomas resigned from the Committee w.e.from 20.12.2015

\*\* Dr. K C John was co-opted as the Committee member on 04.02.2016

### MEETING OF THE NOMINATION AND REMUNERATION COMMITTEE AND THE ATTENDANCE OF THE DIRECTORS

The Nomination and Remuneration Committee duly met five times for the financial year ended March 31, 2016 (i.e) 20.08.2015, 04.11.2015, 05.02.2016, 10.02.2016 and 17.03.2016

Name of the Directors	No. of Meetings attended
Mr. V Thirumalai	4
Dr. R Ravichandran	5
Dr. K C John	1



## PERFORMANCE EVALUATION

The process approved by the Nomination and Remuneration Committee requires the Chairman to initiate the performance evaluation process in the month of April every year. The performance evaluation is conducted based on approved criteria in the evaluation forms. The process highlights are as under:

### a) Board:

Each Board member completes the self-evaluation form. Independent Directors discuss the self-evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

### b) Committees:

Each Committee member completes the self-evaluation form and shares feedback with the Chairman. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

### c) Chairman and Executive Directors:

Each Board member completes the peer evaluation form. Independent Directors discuss the peer evaluation forms in a separate meeting and share their feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

### d) Independent Directors:

Each Board member completes the peer evaluation and shares feedback with the Chairman. The Chairman conveys feedback individually to the concerned Directors.

## REMUNERATION POLICY

The Remuneration Policy of the Company is designed and framed to attract, motivate and retain available talents. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

When determining the remuneration policy and arrangements for Executive Directors/ KMP's, the Nomination & Remuneration Committee considers pay, other employee retention benefits such as ESOP etc, and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.

The remuneration paid to Executive Directors as mentioned in this report has been approved by the Board and the details regarding the same are placed at the Annual General Meeting for approval of the shareholders.

No remuneration, other than sitting fees for attending the Board/ Committee meetings were paid to the non-executive Directors, during the year under review.

The remuneration policy has been uploaded on the website of the Company (i.e) [www.caplinpoint.net/investor /company policies & code of conduct/](http://www.caplinpoint.net/investor/company_policies_&_code_of_conduct/Nomination_and_Remuneration_policy) Nomination and Remuneration policy

Details of remuneration paid to non-executive directors for the nine months/financial year ended march 31,2016 are given below :

Name of Director	Remuneration	Commission and performance linked incentive	Sitting Fees	Total	No. of shares held
Mr.C.C.Paarthipan	—	—	—	—	28,29,353
Mr.P.T.Baby Thomas	—	—	—	—	—
Mr.V.Thirumalai	—	—	1,20,000	1,20,000	49,963
Dr.R Ravichandran	—	—	1,60,000	1,60,000	—
Dr. K C John	—	—	1,00,000	1,00,000	—
Dr.K Nirmala Prasad	—	—	80,000	80,000	—
Mr. R Viswanathan	—	—	80,000	80,000	—



Details of remuneration paid to executive directors for the nine months/financial year ended march 31,2016 are given below :

Name of Director	Shareholding	Fixed component	Variable component	Contribution to PF and bonus	Total
Dr. Sridhar Ganesan	—	35,92,980	—	22,200	36,15,180
Mr. M Jayapal	—	4,72,772	—	26,200	4,98,970
Mr. D P Mishra	1,92,000	4,68,000	—	26,200	4,94,200

There are no severance fees payable to the Executive Directors. The Notice period is bound by the employee contracts (i.e) three months from the date of service of notice.

### EMPLOYEE STOCK OPTION

The Company has instituted “Caplin Point Employee Stock option Plan 2015” for eligible employees/Executive Directors of the Company and its subsidiaries. The total number of options under the scheme is 75,000 options. During the year under review, 16,050 options have been granted which have not yet been vested.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stake holders’ Relationship Committee periodically reviews investors’ grievance redressal process and evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company.

The committee consists of the following Directors as its members:

Name of the Director	Category
Mr. V Thirumalai	Chairman, Independent
Mr. M Jayapal	Member, Executive Director
Mr. D P Mishra	Member, executive Director
Dr. R Ravichandran	Member, Independent
Mr. P T Baby Thomas*	Member, Independent

\* Mr. P T Baby Thomas resigned from the Committee w.e.from 20.12.2015

The committee meets regularly as and when required to approve share transfers, transmissions, and issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non–receipt of dividend warrants, non–receipt of share certificates, and issue of duplicate share certificates etc. The committee also reviews the performance of the Registrar and Share Transfer Agents.

Vinod Kumar S, Company Secretary is designated as Compliance officer.

### INVESTOR GRIEVANCE REDRESSAL

All letters received from the investors are replied to, from time to time. The number of complaints received and resolved during the year under review and their break–up are as under:

Particulars	Total Received	Total Disposed	Pending (if any)
Non Receipt of Dividend Warrants	216	216	–
Non Receipt of Securities	138	138	–
Non Receipt of Annual Reports	56	56	–
Complaint From Stock Exchanges/ SEBI	7	5	2

## INVESTOR SERVICES

- The Company has designated the following email-id exclusively for investor servicing:- investor@caplinpoint.net
- The Company's notices, financial results etc are published in 'Financial Express' & 'Maalai Sudar'.
- The Company has displayed financial results, shareholding pattern, unpaid dividend details, and other required documents from time to time, under the section "Investor" on its website www.caplinpoint.net.
- All periodical compliance filings like shareholding pattern, corporate governance report are filed electronically on NSE Electronic Application Processing System (NEAPS) and BSE's Listing Centre.
- The Company continues to redress the investor complaints registered in the SEBI Complaints Redress System (SCORES), through which we are uploading the Action Taken Reports (ATRs) and the investors can view online the actions taken on their complaint and its current status.
- The Company is pleased to provide members, facility to exercise their right to vote at the Twenty Fifth Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by M/s. Karvy Computershare Private Limited (KCPL) through their website:- <https://evoting.karvy.com>

## GREEN INITIATIVE

The Ministry of Corporate Affairs (MCA), Government of India, had taken a "Green initiative in the Corporate Governance" by allowing paperless compliances by the companies. In light of the above, those members, who desire to receive notice / documents including Annual Reports through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to the Depository Participant / Company's Registrar & Share Transfer Agents, M/s. Karvy Computershare Private Limited for receipt of notice/ documents including Annual Reports through e-mail.

## MEETING OF INDEPENDENT DIRECTORS

Pursuant to Schedule IV of the Companies Act, 2013 and as per Regulation 25 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on February 05, 2016 to review the performance of Non-independent Directors (including the Chairman of the Board) and the Board as a whole, taking into account the views of executive and non-executive directors. The Independent Directors also reviewed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees, which is necessary to effectively and reasonably perform and discharge their duties.

The Company follows a structured orientation and familiarization program through periodic representations made at the Board Meeting on business performance, long term strategies initiatives and risk involved. The details of the same are posted on the website of the company ([www.caplinpoint.net/investor /company policies & code of conduct/Familiarization program for Independent Directors](http://www.caplinpoint.net/investor/company_policies_&_code_of_conduct/Familiarization_program_for_Independent_Directors)).

## GENERAL BODY MEETINGS

Details of Annual General Meetings held during last three years and the special resolution(s) passed thereat, are as follows:

Year	Date	Time	Location	Special Resolution Passed
2015	05.11.2015 (24th AGM)	10.30 AM	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Road, T Nagar, Chennai –600 017	Special Resolution were passed seeking the approval of Members for Employee Stock option Plan 2015
2014	18.12.2014 (23rd AGM)	11.00 AM	TAG Center No.69, T T K Road, Alwarpet, Chennai– 600 018	Special Resolution were passed under Section 14, 180(1)(c) and section 180(1)(a) of the Companies Act, 2013.
2013	27.12.2013 (22nd AGM)	10.00 AM	TAG Center No.69, T T K Road, Alwarpet, Chennai– 600 018	NIL

No Resolution was passed through Postal Ballot last year.

During the year under review, no special resolution has been passed through postal ballot. None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.



## DISCLOSURES

- a) There were no materially significant related party transactions made by the Company with its Promoters, their Subsidiaries, Directors or Management or relatives etc. that may have potential conflict with the interests of the Company at large. All the related party transactions are at arm's length basis and in the normal course of business.
- b) The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.
- c) The Company has formulated a Vigil Mechanism / Whistle Blower Policy to enable Directors and employees to report their genuine concerns and grievances. The Policy provides for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and direct access to the Chairman of the Audit Committee of the Company, in exceptional cases.
- d) The Company has formulated a policy for determining "Material subsidiary" [www.caplinpoint.net/investors/Company Policies & Code of Conduct/Policy on Material Subsidiary](http://www.caplinpoint.net/investors/Company Policies & Code of Conduct/Policy on Material Subsidiary). However, the Company does not have any Material Subsidiary.
- e) The policy on Related party transaction has been disclosed on the website of the Company. <http://www.caplinpoint.net/investor/Company Policies & code of conduct/related party transaction policy>.
- f) The Company has complied with and adopted all the Mandatory requirements of SEBI ( Listing obligations and Disclosure Requirements) Regulations, 2015. In addition, the Company has adopted Point D & E of Part E of Schedule II of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 pertaining to separate posts of Chairperson & Chief Executive Officer and Reporting of Internal Audit Report by the Internal Auditor directly to the Audit Committee.
- g) The Company has complied with Corporate Governance requirement specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## MEANS OF COMMUNICATIONS

- a) The Quarterly results as well as annual results as required under Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are published in one daily English Newspaper and one regional Tamil newspaper.
- b) The Newspaper wherein results are normally published:
  - i. The Financial Express
  - ii. Maalai Sudar
- c) Website where displayed : The Annual Reports and quarterly reports are made available in the "investor" section of the company's website [www.http://www.caplinpoint.net./](http://www.caplinpoint.net/)"[www.caplinpoint.net./Investor/Annual reports](http://www.caplinpoint.net./Investor/Annual reports). & "<http://www.caplinpoint.net./www.caplinpoint.net./Investor/Financial Results..>
- d) Whether is also displayed in official news releases : Yes
- e) Presentation made to Institutional investors or to the analysts: No

## GENERAL INFORMATION TO THE SHAREHOLDERS

Day, Date, Time & Venue	Monday, September 12, 2016 at 10.15 AM, Sri Thyaga Brahma Gana Sabha (Vani Mahal), No. 103, G.N. Road, T. Nagar, Chennai - 600 017, Tamil Nadu.
Date of Book Closure	Saturday, September 03, 2016 to Monday, September 12, 2016
Dividend Payment Date	The Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before October 12, 2016

In order to align the financial year with the Companies Act, 2013. The current financial year is for the period of Nine Months commencing from July 01, 2015 to March 31, 2016

### Financial Calendar:-

The company expects to announce the financial Results for the year 2016-17 as per the following schedule:

Financial Year	1st April, 2016 to March 31, 2017
----------------	-----------------------------------

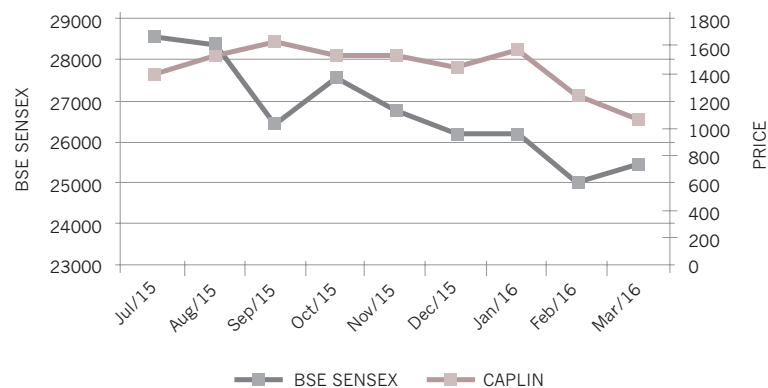
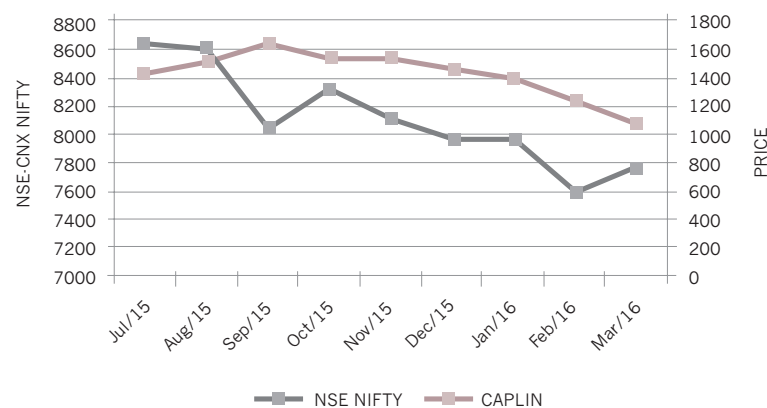


Results for the Quarter ending:–			
Ist Quarter Ending June 30,2016	On or before August 15,2016		
IIInd Quarter Ending September 30,2016	On or before December 14,2016		
IIIrd Quarter Ending December 31,2016	On or before February 15, 2017		
Audited Financial Results for year ended March 31,2017	On or before May 30,2017		
Listing of Equity Shares:–	Stock Exchange	Trading Symbol/ Stock Code	
	National Stock Exchange of India Limited (NSE)	CAPLIPOINT	
	BSE LIMITED (BSE)	CAPPL (524742)	
ISIN number in National Securities Depository Limited (NSDL) and the Central Depository Service (India) Limited (CDSL).	INE475E01018		
Outstanding GDRs/ADRs/ Not issued Warrants or any convertible instruments	Not Issued		
Listing Fees has been paid to the Stock Exchanges for the Financial Year 2016–17			
Dematerialisation of shares:–		As on March 31,2016 nearly 90.51% of the Company's shares were held in dematerialized form	
Particulars	No. of Shareholders	No. of Shares	%
Physical	7,869	14,38,704	9.52
Demat			
NSDL	6,202	1,28,72,975	85.20
CDSL	3,709	7,98,312	5.28
TOTAL	17,780	1,51,10,000	100.00
Registrar And Share Transfer Agents	M/s. Karvy Computershare Private Ltd Karvy Selenium Tower B, Plot 31–32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Phone:91–40–67161500; Fax # 91–40–23420814. E–mail: einward.ris@karvy.com.		
Share Transfer System	The Company's shares are required to be compulsorily traded in the Stock Exchanges in dematerialised form. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time, if the documents are complete in all respects. Share transfer requests accompanied by complete documents are usually approved within 15 days from the date of receipt. Requests received for dematerialization of shares are normally confirmed by the Registrar and Share Transfer Agent within 15 days to the Depositories. A summary of the transfer, transmission, issue of duplicate share certificate, etc., as approved, is placed before the Stakeholders’ Relationship Committee.		

**Market Price Data (high, low during each month in the financial year (01.07.2015–31.03.2016))**

Month & Year	BSE				NSE			
	PRICE IN RS.		S&P – BSE SENSEX		PRICE IN RS.		S&P CNX Nifty	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
July, 2015	1430.00	938.50	28578.33	27416.39	1435.00	936.05	8654.75	8315.40
August, 2015	1522.75	1153.00	28417.59	25298.42	1519.90	1150.00	8621.55	7667.25
September, 2015	1639.00	1365.00	26471.82	24833.54	1645.95	1368.00	8055.00	7539.50
October, 2015	1550.00	1271.00	27618.14	26168.71	1550.00	1265.00	8336.30	7930.65
November, 2015	1530.00	1219.75	26824.30	25451.42	1532.00	1223.00	8116.10	7714.15
December, 2015	1471.00	1251.00	26256.42	24867.73	1475.00	1233.80	7979.30	7551.05
January, 2016	1582.00	877.25	26197.27	23893.76	1413.30	876.20	7972.55	7241.50
February, 2016	1249.00	835.25	25002.32	22494.61	1250.00	838.10	7600.45	6825.80
March, 2016	1071.80	933.00	25479.62	23133.18	1096.00	933.50	7777.60	7035.10

(Source: Websites of – [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com))

**PERFORMANCE OF COMPANY'S EQUITY SHARE PRICE IN COMPARISON WITH THE BSE AND NSE INDICES****I. PERFORMANCE OF THE COMPANY'S EQUITY SHARE PRICE IN COMPARISON WITH S & P BSE SENSEX****II. PERFORMANCE OF THE COMPANY'S EQUITY SHARE PRICE IN COMPARISON WITH S&P CNX NIFTY**

**Share Holding Pattern as on March 31, 2016.**

Sl. No	Category	No. of Shareholders	No. of Shares	% to Capital
1	Promoters	5	1,02,46,753	67.81
2	Mutual Funds / UTI	5	15,755	0.10
3	Banks/Indian Financial Institutions	4	4,606	0.03
4	Private Corporate Bodies	326	1,96,018	1.30
5	Foreign Corporate Bodies	1	45,500	0.30
6	Foreign Institutional Investors	13	6,57,672	4.35
7	Non Resident Indians	250	1,36,690	0.90
8	Indian Public	17,176	38,07,006	25.21
	<b>TOTAL</b>	<b>17,780</b>	<b>1,51,10,000</b>	<b>100.00</b>

**Distribution Schedule as on March 31,2016**

Category (Shares)		Share Holders		Number of Shares	
From	To	No.	%	Number	% to equity
1	5000	17,708	99.60	26,35,142	17.44
5001	10000	29	0.16	2,17,968	1.44
10001	20000	14	0.08	2,07,827	1.38
20001	30000	6	0.03	1,41,785	0.94
30001	40000	4	0.03	1,38,570	0.92
40001	50000	4	0.02	1,86,375	1.23
50001	100000	4	0.02	2,79,488	1.85
100001	& above	11	0.06	1,13,02,845	74.80
<b>TOTAL</b>		<b>17,780</b>	<b>100.00</b>	<b>1,51,10,000</b>	<b>100.0</b>

**Unclaimed Dividend as on March 31,2016**

Financial year to which dividend relates	Dividend unpaid as on 31st March 31,2016 (In ₹)	Due date of transfer to IEPF (In ₹)
2008-09	N/A	N/A
2009-10	9,06,213	30.01.2017
2010-11	13,72,956	04.02.2018
2011-12	17,86,692	25.01.2019
2012-13	22,48,062	02.02.2020
2013-14	32,55,780	24.01.2021
2014-15	38,07,365	22.12.2021
2015-16 (Interim Dividend)	21,19,307	05.02.2022

Pursuant to the applicable provisions of the Companies Act,2013 Dividends remaining unclaimed for a period of seven years shall be transferred by the Company to the Investor Education and Protection Fund.

**UNCLAIMED SUSPENSE ACCOUNT**

There are no unclaimed physical shares till date in the books of the Company and hence the requirements to provide the details as per Regulation 34 (3) read with Schedule V of Part F of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable

**PLANT LOCATIONS:**

Factories		
Unit I	Unit III	Unit IV
85/3, Suthukeny Village, Mannadipet Commune Panchayat, Puducherry – 605 502 e-mail: cp1@caplinpoint.net Phone : 0413-2674046, 2674047, Fax : 0413-2674044	Khasra No.435, Village SurajMajra, N.H.21, Baddi, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh -173 205 Email : admin.cp3@caplinpoint.net Phone : 01795 – 245771	Guruvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp4@caplinpoint.net Phone : 9788459333

Research & Development Units	
Unit II	Unit IV
No.19, Chinnapuliur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp2@caplinpoint.net Phone : 9445391317	Guruvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp4@caplinpoint.net Phone : 9788459333

**ADDRESS FOR CORRESPONDENCE**

For any assistance, request or instruction regarding transfer or transmission of shares, dematerialization of shares, change of address, non-receipt of annual report, dividend warrant and any other query relating to the Company, the investors may please write to the following address :

M/s. Karvy Computershare Private Ltd UNIT: Caplin Point Laboratories Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Phone:91-40- 67161500; Fax # 91-40-23420814. E-mail: einward.ris@karvy.com	The Company Secretary & Compliance officer M/s. Caplin Point Laboratories Limited “Narbhavi”, No. 3, Lakshmanan Street, T. Nagar, Chennai – 600 017. Phone: 28156653, 28156905,45929100 Website: www.caplinpoint.net E-mail: investor@caplinpoint.net
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For shares held in Demat form, investors shall contact/address their correspondence to their respective Depository Participants.

**DECLARATION BY THE MANAGING DIRECTOR UNDER LISTING REGULATIONS REGARDING COMPLIANCE WITH BUSINESS CONDUCT GUIDELINES (CODE OF CONDUCT)**

In accordance with Schedule V read with regulation 34(3) of SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as applicable to them, for the Nine Months/Financial Year ended March 31,2016.

For Caplin Point Laboratories Limited

Place: Chennai  
Date: August 05,2016

Dr. Sridhar Ganesan  
Managing Director  
(DIN: 06819026)



**CERTIFICATE OF COMPLIANCE FROM PRACTISING COMPANY SECRETARY UNDER REGULATION 34 (3) READ WITH PARA E OF  
SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS 2015**

To

The Members of CAPLIN POINT LABORATORIES LIMITED  
'NARBHAVI', No.3 Lakshmanan Street, T.Nagar  
Chennai – 600017

1. We have examined the compliance of conditions of Corporate Governance by CAPLIN POINT LABORATORIES LIMITED ("the Company"), having its registered office at, 'NARBHAVI', No.3 Lakshmanan Street, T.Nagar, Chennai - 600017 for a period of 9 months commencing from 1st July 2015 to 31st March 2016, as stipulated in:
  - Clause 49 {excluding clause 49(VII)(E)} of the Listing Agreements of the Company with stock exchange(s) for the period from July 01, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from July 01, 2015 to September 01, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from September 02, 2015 to March 31, 2016 and
  - Regulations 17 to 27 {excluding regulation 23(4)} and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Company Secretaries of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period of 9 months commencing from 1st July 2015 to 31st March 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For G RAMACHANDRAN & ASSOCIATES  
Company Secretaries

Place: Chennai  
Date: August 05, 2016

G. RAMACHANDRAN  
Proprietor  
ACS No.9865 CoP. No.3056



# FINANCIAL SECTION





# Standalone Financial Accounts

# INDEPENDENT AUDITORS' REPORT

To  
The Members  
Caplin Point Laboratories Limited. Chennai

## Report on the Standalone Financial Statements

We have audited the accompanying Financial Statements of Caplin Point Laboratories Limited (herein after referred to as "the Company") which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the 9 months period and financial year then ended, and a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosure in the financial statements. These procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement

of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its Profit, and its cash flows for the 9 months period and financial year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ( the Order), issued by the Central Government of India, in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Company.
  - d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as applicable.





- e. On the basis of written representation received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors of the Company is disqualified as on 31st March, 2016, from being appointed as a director in terms of section 164(2) of the Act;
- f. with respect to the adequacy of the Internal Financial Controls over the Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's Internal Financial Controls over Financial Reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its

financial statements – Refer Note: 29 to the financial statements

- ii) The Company did not have long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm Registration No: 004915S/S200036

B. Ramakrishnan  
Partner

Place : Chennai  
Date : May 27, 2016

Membership No:201023

## ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements in our Independent Auditors' Report of even date)

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. in respect of the company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification by which, the physical verification of all the fixed assets were carried out at reasonable intervals. There is no material discrepancies noticed on such verification.
  - c) The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date
2. The inventories were physically verified during the period by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured to companies, firms, LLPs or other parties covered in the register maintained under section 189

of the Act and the provisions of clause 3 (iii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the 9 months period and financial year under audit.

4. The Company has not given loans, investments, guarantees and security and therefore the provisions of clause 3 (iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the 9 months period and financial year under audit.
5. The Company has not accepted deposits from public during the 9 months period and financial year and does not have any unclaimed deposits as at March 31, 2016 and therefore the provisions of clause 3 (v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the 9 months period and financial year under audit.
6. The Company is maintaining Cost Records as required under Rule 3 of the Companies (Cost Records and Audit) Rules, 2014. However, as the Company is exporting in excess of 75 % their turnover, Cost Audit is not applicable. Hence, reporting under clause 3(VI) of the Order is not applicable.
7. a. The Company has been regular in depositing undisputed statutory dues with appropriate authorities, like Provident Fund, Employee's State insurance, Income-tax, Sales-tax, Service tax, Customs Duty, Excise Duty, Value

Added Tax, Cess, wherever applicable. There are no undisputed Statutory outstanding dues as at 31st March, 2016 for a period of more than six months from the date they become payable.

- b. There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess which have not been deposited on account of any dispute, except the following:

Sl No	Name of the statute	Nature of dues	2015-16 (₹ In lakhs)	2014-15 (₹ In lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	339.59	269.33	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	4.54	27.26	CESTAT Tribunal/ Department of Revenue, New Delhi

8. The Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions. The Company does not have any loans or borrowings from government and has not issued any debentures.
9. The Company has not raised moneys by way of Initial Public Offer or Further Public offer and hence the provisions of clause 3 (ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for 9 months period and the financial year under audit.
10. There are no fraud by the company or any fraud on the company by its officers or employees and hence the provisions of clause 3 (x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the 9 months period and financial year under audit.
11. The Company has paid / provided Managerial Remuneration in accordance with

the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. The Company is not a Nidhi company and hence the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the 9 months period and financial year under audit.
13. The Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. The Company has not made any Preferential Allotment of shares or Private Placement of shares or Convertible Debentures and hence the provisions of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the 9 months period and financial year under audit.
15. The Company has not entered into any non-cash transactions with directors or persons connected with them and hence the provisions of clause 3 (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the 9 months period and financial year under audit.
16. The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934 and hence the provisions of clause 3 (xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the 9 months period and financial year under audit.

for M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm Registration No: 004915S/S200036

Place : Chennai  
Date : May 27, 2016

B. Ramakrishnan  
Partner  
Membership No:201023

ANNEXURE-B TO THE AUDITORS’ REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”) (Referred to in paragraph 2(f) of Report on Other Legal and Regulatory Requirements in our Independent Auditors’ Report of even date)

In conjunction with our audit of the Financial Statements of the Company as of and for the 9 months period and financial year ended March 31, 2016, we have audited the Internal Financial Controls over Financial Reporting of Caplin Point Laboratories Limited.

**Management's Responsibility for Internal Financial Controls**  
The Company's Management is responsible for establishing and maintaining internal financial controls based on the Internal Control over Financial Reporting criteria established by the Company considering the essential components of internal control



stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's Policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Control over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Companies Act, 2013, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 27, 2016 expressed an unqualified opinion.

for M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm Registration No: 004915S/S200036

B. Ramakrishnan  
Partner

Place : Chennai  
Date : May 27, 2016

Membership No:201023

**BALANCE SHEET** as at March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

Particulars	Notes	As at March 31, 2016	As at June 30, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,511.00	1,511.00
(b) Reserves & Surplus	3	11,302.85	7,852.40
<b>Total Shareholders' funds</b>		<b>12,813.85</b>	<b>9,363.40</b>
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	73.08	87.99
(b) Deferred Tax Liabilities (Net)	5	1,133.46	869.35
(c) Long-Term Provisions	6	162.80	82.04
<b>Total Non-current Liabilities</b>		<b>1,369.34</b>	<b>1,039.38</b>
<b>3 Current Liabilities</b>			
(a) Short-Term Borrowings	7	-	5.00
(b) Trade Payables	8	5,300.66	3,804.31
(c) Other Current Liabilities	9	6,037.38	7,135.74
(d) Short-Term Provisions	10	738.78	973.09
<b>Total Current Liabilities</b>		<b>12,076.82</b>	<b>11,918.14</b>
<b>TOTAL</b>		<b>26,260.01</b>	<b>22,320.92</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>1 (a) Fixed Assets</b>	11		
(i) Tangible Assets		14,215.06	11,087.94
(ii) Intangible Assets		60.22	59.46
(iii) Capital Work-in-Progress		23.20	3,025.61
(iv) Intangible Assets under Development		-	36.94
(b) Non-Current Investments	12	143.10	144.01
(c) Long-Term Loans and Advances	13	336.55	257.12
		<b>14,778.13</b>	<b>14,611.08</b>
<b>2 Current Assets</b>			
(a) Inventories	14	1,789.77	1,265.89
(b) Trade Receivables	15	680.27	1.65
(c) Cash and Cash Equivalents	16	6,476.72	4,031.93
(d) Short-Term Loans and Advances	17	2,287.64	2,290.40
(e) Other Current Assets	18	247.48	119.97
		<b>11,481.88</b>	<b>7,709.84</b>
<b>TOTAL</b>		<b>26,260.01</b>	<b>22,320.92</b>
Significant Accounting Policies & Notes forming part of Financial statements	1 to 55		

As per our report of even date attached  
for CNGSN & Associates LLP  
Chartered Accountants  
Firm Registration No: 4915S / S200036

B. Ramakrishnan  
Partner  
ICAI Membership No. 201023

Place: Chennai  
Date: May 27, 2016

For and on behalf of the Board of Directors of Caplin Point Laboratories Limited

C. C. Paarhipan  
Chairman

Muralidharan D  
Chief Financial Officer

Dr. Sridhar Ganesan  
Managing Director

Vinod Kumar S  
Company Secretary



**STATEMENT OF PROFIT AND LOSS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

Particulars	Notes	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
<b>I. INCOME</b>			
(a) Revenue from Operations	19	23,129.22	24,022.80
(b) Other income	20	347.32	274.40
<b>Total Revenue</b>		<b>23,476.54</b>	<b>24,297.20</b>
<b>II. EXPENSES</b>			
(a) Cost of Materials Consumed	21	3,897.53	3,573.57
(b) Purchases of Stock-in-Trade	45	7,806.63	9,375.13
(c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(30.82)	(124.22)
(d) Employee benefits expense	23	1,812.99	1,838.14
(e) Finance costs	24	10.82	22.79
(f) Depreciation and Amortisation Expenses	25	729.91	827.92
(g) Research and Development Expenses	26	543.47	588.24
(h) Other expenses	27	2,868.04	3,115.85
<b>Total Expenses</b>		<b>17,638.57</b>	<b>19,217.42</b>
<b>III. Profit before exceptional and extraordinary items and tax</b>		<b>5,837.97</b>	<b>5,079.78</b>
<b>IV. Exceptional Items</b>		-	-
<b>V. Profit before extraordinary items and tax</b>		<b>5,837.97</b>	<b>5,079.78</b>
<b>VI. Extraordinary items</b>		-	-
<b>VII. Profit before tax</b>		<b>5,837.97</b>	<b>5,079.78</b>
<b>VIII. Provision for taxation</b>			
- Current Tax		1,264.71	950.74
- MAT Credit Entitlement		(223.41)	-
- Deferred tax (Benefits)/Charge		264.11	115.48
- Tax on Earlier Years (Benefits)/Charge		-	(80.00)
<b>IX. Profit After Tax for the Financial year</b>		<b>4,532.56</b>	<b>4,093.56</b>
Earnings per equity share:(Face Value per share ₹ 10/-)			
Basic (In ₹)	48	29.99	27.09
Diluted (In ₹)		29.99	27.09
Significant Accounting Policies & Notes forming part of Financial statements	1 to 55		

As per our report of even date attached

for CNGSN & Associates LLP

Chartered Accountants

Firm Registration No: 4915S / S200036

B. Ramakrishnan

Partner

ICAI Membership No. 201023

Place: Chennai

Date: May 27, 2016

For and on behalf of the Board of Directors of Caplin Point Laboratories Limited

C. C. Paarthipan

Chairman

Dr. Sridhar Ganesan

Managing Director

Muralidharan D  
Chief Financial Officer

Vinod Kumar S  
Company Secretary



**CASH FLOW STATEMENT** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

Particulars	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	5,837.97	5,079.78
Adjustments for:		
Depreciation and Amortisation	729.91	827.92
Finance cost	10.82	22.79
Loss(Profit) on sale of fixed assets	(13.36)	0.75
Loss(Profit) on sale of DEPB/FMS	-	19.50
Liabilities (Write back) & Receivable(Written off)	-	3.10
Provision for Diminution in value of investment	-	0.20
Unrealised Foreign Exchange Fluctuation Loss(Gain)	(5.26)	24.46
Dividend Income	-	(0.45)
Interest income	(333.54)	(266.15)
	6,226.55	5,711.89
<b>Operating Profit before Working Capital changes</b>		
Adjustments for :		
(Increase) / Decrease in inventories	(523.88)	(485.12)
(Increase) / Decrease in trade receivables	(678.62)	(3.72)
(Increase) / Decrease in Loans and advances	(76.67)	(948.90)
Increase /(Decrease) in Trade payables ,Current Liabilities & Provisions	559.21	1,629.14
<b>CASH GENERATED FROM OPERATIONS</b>	5,506.59	5,903.29
Income tax Paid	(1,069.13)	(950.30)
<b>Net Cash inflow / (outflow) from Operating activities</b>	<b>4,437.46</b>	<b>4,952.99</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale / (Purchase) of investments	0.92	(90.27)
Sale / (Purchase) of fixed assets (including CWIP)	(825.27)	(2,540.55)
Sale Proceeds from fixed assets	20.34	4.70
Interest received	206.03	249.72
Dividend received	-	0.45
<b>Net Cash inflow / (outflow) from Investing activities</b>	<b>(597.98)</b>	<b>(2,375.95)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase / (Decrease) in Long and Short term Borrowings	(19.91)	(114.29)
Interest paid	(10.82)	(22.79)
Dividend paid(including Dividend distribution tax paid)	(1,363.95)	(725.25)
<b>Net Cash inflow / (outflow) from Financing activities</b>	<b>(1,394.68)</b>	<b>(862.33)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>2,444.79</b>	<b>1,714.71</b>
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>4,031.93</b>	<b>2,317.22</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>6,476.72</b>	<b>4,031.93</b>

**Notes:**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on Cash flow statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached  
for CNGSN & Associates LLP  
Chartered Accountants  
Firm Registration No: 4915S / S200036

B. Ramakrishnan  
Partner  
ICAI Membership No. 201023

Place: Chennai  
Date: May 27, 2016

For and on behalf of the Board of Directors of Caplin Point Laboratories Limited

C. C. Paarthipan  
Chairman

Muralidharan D  
Chief Financial Officer

Dr. Sridhar Ganesan  
Managing Director

Vinod Kumar S  
Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS for the 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE 9 MONTHS PERIOD AND FINANCIAL YEAR ENDED MARCH 31, 2016

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention using the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises Accounting Standards as prescribed under Section 133 of the Companies Act, 2013('Act') read with Rule 7 of the Companies(Accounts) Rules,2014, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### 2. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses for the financial year, reported balances of assets and liabilities, and disclosure relating to contingent liabilities as at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### 3. Revenue Recognition

Revenue from sales of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from sale of goods is recognized in case of exports on the date of the bill of lading or airway bill which coincides with transfer of significant risks and rewards to customers and is net of trade discounts, sales returns and sales tax, where applicable. Revenue from domestic sales is primarily recognized on dispatch basis.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or when the agreed milestones are achieved. Upfront non-refundable payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

Dividend income is recognized when the unconditional right to the income is established.

Income from interest on deposits and loans are recognized on the time proportionate basis.

Exports entitlement are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

##### 4. Tangible assets, intangible assets, depreciation and amortization.

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Borrowing cost directly attributable to acquisition or construction of tangible assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalized.

Depreciation on tangible assets is provided on straight line method over the useful lives of the assets. With effect from April 1 2014, pursuant to the requirement of Companies Act, 2013, the Company carried out a detailed technical evaluation and determined the useful lives of the assets as under:

Asset Category	Useful Lives (in years)
Buildings	60
Factory Buildings	30
Plant & Machinery	15
A/C Plant	15
Furniture & Fixtures	10
Office Equipment	5
Computer	3
Electrical Installation	10
Electrical Fittings	10
Motor Vehicles	6
Tools & Spares	15
Lab equipment	15
Motor Cycle	10
Cycle	1
Computer Software	6

**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

Leasehold land is being amortized on a straight line basis over the period of the lease.

Computer Software are recorded at the consideration paid for acquisition and are amortized over their estimated useful life of 6 years on straight line basis, commencing from the date of assets is available to the company for its use.

The cost of assets not ready to be put to use before the financial year –end is disclosed under capital work in progress.

Intangible assets under development include development expenditure capitalized based on technical feasibility for each project under development and where future recoverability can reasonably be assured through probable future economic benefits.

Advances paid towards acquisition of tangible assets, outstanding at each balance sheet date are shown under term Loans and Advances.

**5. Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of an asset. If such recoverable amount of the asset, or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the Statement of Profit & Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**6. Foreign Currency Transactions**

- a. Foreign currency transactions are recorded at exchange rates prevailing on the date of transactions.
- b. Foreign currency monetary assets and liabilities are reported at the closing rate. Gains and losses arising on account of difference in foreign exchange rates on settlement/translation of Monetary Assets and Liabilities on the closing date are recognized in the Statement of Profit & Loss.

**7. Goodwill**

Goodwill represents the difference between the purchase price and fair value of the assets and liabilities acquired after considering reserves transferred. Goodwill is being amortized on Straight Line Method over a period of 5 years.

**8. Inventories**

- a. Inventories are valued at lower of cost or net realizable value.
- b. Raw materials, Packing materials, stores and spares are valued at cost including duties and taxes, exclusive of modvat credit. The cost is arrived at FIFO basis.
- c. In respect of finished goods and work in progress cost includes raw materials, packing materials, labour cost and other appropriate allocable overheads.

**9. Retirement benefits**

- a. Defined Contribution Plans  
Contributions paid/payable under defined contribution plans are recognized in the Statement of Profit & Loss. Contribution plan in respect of Provident Fund/Pension Fund are administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.
- b. Defined Benefit Plans  
In respect of Gratuity, which is administered through Life Insurance Corporation of India (LIC), contributions determined by LIC based on the actuarial valuation are charged to the Statement of Profit & Loss.
- c. Short-term employment benefits  
Un-availed leave balances as per the policy of the Company are accounted based on the respective employees' earnings as at the Balance Sheet date.

**10. Share-based payments**

The company accounts for equity settled stock options as per the accounting treatment prescribed by Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India using the intrinsic value method.



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**11. Earnings per share**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

**12. Investments**

- a. Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as Long Term Investments.
- b. Current Investments are carried at lower of cost and fair value. The Comparison of cost and fair value is done separately in respect of each category of Investments.
- c. Non current Investments are carried at cost less provisions recorded to recognize any decline, determined separately for each individual investment, other than temporary, in the carrying value of each investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist. Any reduction in the carrying amount and any reversal in such reductions are charged or credited to the Statement of Profit and Loss.

**13. Leases**

Lease of assets, where the lessor effectively, retains all the risks and rewards of ownership are classified as operating leases. The Company's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements, which are cancellable range between 11 months and 5 years generally, or longer, and are usually renewable by mutual agreement between the lessee and lessor. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

**14. Contingent liabilities and Provisions**

1. The Company recognizes the Provisions when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
2. Contingent liabilities are disclosed by way of notes in the Balance Sheet.

**15. Taxes on Income**

Income tax expenses comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of the timing difference between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably and virtually certain respectively to be realized.

Minimum Alternate Tax ('MAT') paid in accordance with tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company would pay normal income tax after tax holiday period and accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably. MAT credit entitlement is reviewed at each balance sheet date and written down to the extent there is no convincing evidence to the extent that the company will pay normal income tax during the specified period.

**16. Borrowing Costs**

Interest and other borrowings costs on specific borrowings relating to qualifying assets are capitalized up to the date the asset is ready for use/put to use and other interest and borrowing costs are charged to revenue.

**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 2 SHARE CAPITAL**

	As at March 31, 2016		As at June 30, 2015	
<b>AUTHORISED</b>				
1,70,00,000 (Previous Year - 1,70,00,000) equity shares of ₹10/- each		1,700.00		1,700.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
1,51,10,000 (Previous Year - 1,51,10,000) equity shares of ₹10/- each fully paid up		1,511.00		1,511.00
		1,511.00		1,511.00

**a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the period**

	As at March 31, 2016 (in nos.)		As at June 30, 2015 (in nos.)	
Number of shares outstanding at the beginning of the Period		1,51,10,000		1,51,10,000
Add: Number of shares allotted as fully paid up during the Period	-	-		-
Less : Number of shares bought back during the Period	-	-		-
Number of shares outstanding at the end of the Period	-	1,51,10,000		1,51,10,000

**b) Rights, preference & restrictions attached to shares**

**Equity Shares**

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity share is entitled to one Vote per Share.

The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim Dividend

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Details of shares in the company held by each shareholder holding more than 5% shares:**

	As at March 31, 2016		As at June 30, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	35,76,000	23.67%	35,76,000	23.67%
C. C. Paarthipan	28,29,353	18.73%	28,29,353	18.73%
P. Ashok Gorkey	18,10,000	11.98%	18,10,000	11.98%
P. Vivek Siddarth	18,00,000	11.91%	18,00,000	11.91%





**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 3 RESERVES & SURPLUS**

	As at March 31, 2016		As at June 30, 2015	
a) Capital Reserve		68.43		68.43
b) General Reserve				
Opening Balance	1,128.78		719.39	
Transfer from Statement of Profit & Loss during the period	-	1,128.78	409.39	1,128.78
c) Revaluation Reserve		373.38		373.38
		<b>1,570.59</b>		<b>1,570.59</b>
d) Employee Stock Options Outstanding		162.80		-
e) Surplus in the Statement of Profit & Loss				
Balance at the beginning of the Period	6,281.81		3,555.81	
Add : Profit during the Period	4,532.56		4,093.56	
Less : Appropriations				
Interim Dividend	377.75		-	
Proposed Final Dividend	528.85		755.50	
Tax on Dividend	184.56		153.80	
Transfer to General Reserve	-		409.39	
Deferred Employee Compensation Expense	153.75		-	
Adjustment on account of depreciation, net of taxes (Ref Note 53)	-		48.87	
Closing Balance		<b>9,569.46</b>		<b>6,281.81</b>
Total		<b>11,302.85</b>		<b>7,852.40</b>

**NOTE 4 LONG TERM BORROWINGS (Secured)**

	As at March 31, 2016		As at June 30, 2015	
Foreign Currency Term Loan (i)	102.25		174.03	
Other Loan from Banks (ii)	-		2.95	
Loan from others (iii)	98.11	200.36	25.78	202.76
Less : Current maturities of long term debt		127.28		114.77
Total		<b>73.08</b>		<b>87.99</b>

i) Foreign Currency Term Loan availed is secured by first charge on the plant & machinery of the Company's unit at Gummidipoondi

ii) Obligations under Hire purchase are secured against relevant fixed assets obtained under Hire Purchase Finance

**NOTE 5 DEFERRED TAX LIABILITIES (Net)**

	As at March 31, 2016		As at June 30, 2015	
a) Deferred Tax Liabilities on account of timing differences		1,133.46		904.41
b) Deferred Tax Asset on account of timing differences		-		(35.06)
Total		<b>1,133.46</b>		<b>869.35</b>

**NOTE 6 LONG TERM PROVISIONS**

	As at March 31, 2016		As at June 30, 2015	
(a) Provision for employee benefits				
Gratuity (Ref Note No. 34)		162.80		82.04
Total		<b>162.80</b>		<b>82.04</b>

**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 7 SHORT TERM BORROWINGS**

	As at March 31, 2016		As at June 30, 2015	
Loans repayable on demand - From Banks (Secured)				
As Packing Credit		-		5.00
<b>Total</b>		-		<b>5.00</b>

Packing Credit and Other short term borrowings are secured by first charge on Buildings of the Company and second charge on hypothecation of Stock in Trade, Receivables and lien on deposits of the Company with the Bank. In addition to the above, the Loans are also secured by second charge on Plant and Machineries of the Company, Present & future on pari passu basis in addition to the personal guarantee by the promoter and promoter group.

**NOTE 8 TRADE PAYABLES**

	As at March 31, 2016		As at June 30, 2015	
Trade Payables for Goods and Services		5,300.66		3,804.31
<b>Total</b>		<b>5,300.66</b>		<b>3,804.31</b>

**NOTE 9 OTHER CURRENT LIABILITIES**

	As at March 31, 2016		As at June 30, 2015	
Current maturities of long term debt (Refer Note :4)		127.28		114.77
Statutory Dues payable		38.92		37.64
Advance received from Customers		5,669.92		6,479.53
Creditors for Capital Goods		46.30		405.91
Unclaimed Dividend(Ref Note :49)		154.96		97.89
<b>Total</b>		<b>6,037.38</b>		<b>7,135.74</b>

**NOTE 10 SHORT TERM PROVISIONS**

	As at March 31, 2016		As at June 30, 2015	
Provision for Employee Benefits		102.27		21.79
Provision for Income Tax (Net of Advance Taxes and Tax Deducted at Source)		-		42.00
Proposed Dividend		528.85		755.50
Tax on Proposed Dividend		107.66		153.80
<b>Total</b>		<b>738.78</b>		<b>973.09</b>



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 11 FIXED ASSETS**

Particulars	Gross block				Depreciation Reserve				Net Block		
	As at July 1, 2015	Additions during the period	Deletions during the period	As at March 31, 2016	As at July 1, 2015	For the period	Retained Earnings	Deletions	As at March 31, 2016	As at March 31, 2016	As at June 30, 2015
<b>(A) Tangible Assets</b>											
Land	865.90	41.85	-	907.75	-	-	-	-	-	907.75	865.90
Factory Buildings	4,098.35	1,095.76	-	5,194.11	336.32	115.13	-	-	451.45	4,742.66	3,762.03
Non Factory Buildings	657.78	-	-	657.78	56.84	7.73	-	-	64.56	593.22	600.94
Plant & Machinery	4,823.70	1,829.56	-	6,653.26	940.70	291.60	-	-	1,232.30	5,420.96	3,883.00
A/C Plant	105.57	8.54	-	114.12	21.88	5.40	-	-	27.28	86.84	83.69
Furniture & Fixtures	555.59	14.70	-	570.30	161.37	39.16	-	-	200.54	369.81	394.22
Office Equipment	559.35	45.60	-	604.95	248.52	89.76	-	-	338.28	266.67	310.84
Computers	160.15	61.07	-	221.22	86.30	38.97	-	-	125.27	95.94	73.85
Electrical Fittings	597.89	305.17	-	903.06	148.97	58.18	-	-	207.15	695.96	448.92
Motor Vehicles	348.80	141.90	62.65	428.05	191.28	37.29	-	52.55	176.02	252.03	157.52
Tools & Spares	47.44	4.12	-	51.56	24.96	1.99	-	-	26.94	24.62	22.49
Lab Equipments	569.74	307.48	-	877.22	86.64	33.20	-	-	119.84	757.38	483.21
Cycle	0.53	-	-	0.53	0.53	-	-	-	0.53	-	-
Motor Cycle	5.70	-	-	5.70	4.37	0.11	-	-	4.48	1.22	1.33
<b>Total Tangible Assets</b>	<b>13,396.51</b>	<b>3,855.75</b>	<b>62.65</b>	<b>17,189.61</b>	<b>2,308.67</b>	<b>718.52</b>	<b>-</b>	<b>52.55</b>	<b>2,974.64</b>	<b>14,215.06</b>	<b>11,087.94</b>
<b>(B) Intangible Assets</b>											
Good will	584.00	-	-	584.00	584.00	-	-	-	584.00	-	-
Computer Softwares	83.83	12.14	-	95.97	24.37	11.39	-	-	35.76	60.22	59.46
<b>Total Intangible Assets</b>	<b>667.83</b>	<b>12.14</b>	<b>-</b>	<b>679.97</b>	<b>608.37</b>	<b>11.39</b>	<b>-</b>	<b>-</b>	<b>619.76</b>	<b>60.22</b>	<b>59.46</b>
<b>TOTAL ( A + B )</b>	<b>14,064.34</b>	<b>3,867.89</b>	<b>62.65</b>	<b>17,869.58</b>	<b>2,917.04</b>	<b>729.91</b>		<b>52.55</b>	<b>3,594.40</b>	<b>14,275.28</b>	<b>11,147.30</b>
Previous Year	12,101.43	1,979.02	16.01	14,064.44	2,050.82	827.92	48.87	10.57	2,917.04	11,147.40	10,050.61
<b>(C) Capital Work in Progress</b>										<b>23.20</b>	<b>3,025.61</b>
<b>(D) Intangible Assets under Development</b>										<b>-</b>	<b>36.94</b>

**NOTE 12 NON CURRENT INVESTMENTS**

	As at March 31, 2016	As at June 30, 2015
<b>Equity Shares - Quoted</b>		
2000 (2000) shares of Karnataka Bank Ltd of ₹10/- each fully paid up (MPPS is ₹102.35)	2.40	2.40
4800 (4800) shares of Indian Overseas Bank of ₹10/- each fully paid up (MPPS is ₹30.30)	1.15	1.15
700 (700) shares of Bank of India of ₹10/- each fully paid up (MPPS is ₹97.05)	0.32	0.32
2000 (2000) shares of Sirpur Paper Mills Limited of ₹10/- each fully paid up	2.20	2.20
<b>Equity Shares - Unquoted</b>		
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of ₹10/- each fully paid up	0.10	0.10
26800 (26800) shares of The Catholic Syrian Bank Ltd of ₹10/- each fully paid up	29.17	29.17
Nil (8346) Shares of OPG Power Generation P Ltd of ₹10/- each fully paid up	-	0.92
<b>Other Investments - Quoted</b>		
5000 (5000) units of Franklin India Flex Cap of ₹10/- per unit (Repurchase price is ₹17.05)	0.50	0.50
100000 (100000) units of ₹10/- each of Axis Bank Equity Fund	10.00	10.00
<b>Other Investments - Unquoted</b>		
Argus Salud Pharma LLP - (Refer Note 38)	99.00	99.00
Maris Power Trading Company LLP (26% of the total Capital of 1 Lakhs)	0.26	0.26
	145.10	146.01
Less : Provision for diminution in value of investments	2.00	2.00
<b>Total</b>	<b>143.10</b>	<b>144.01</b>

**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 13 LONG-TERM LOANS AND ADVANCES (Unsecured and considered good)**

	As at March 31, 2016	As at June 30, 2015
Security Deposits	54.38	45.33
Other Deposits	94.95	69.82
Advances recoverable in cash or kind for the value to be received	11.75	10.15
Advance for Capital expenditure	119.62	125.76
MAT Credit Entitlement	55.85	6.06
<b>Total</b>	<b>336.55</b>	<b>257.12</b>

**NOTE 14 INVENTORIES**

	As at March 31, 2016	As at June 30, 2015
Raw Materials	919.39	550.78
Packing Materials	427.32	302.87
Work-in-progress	245.88	200.67
Stock In Trade	59.73	126.87
Finished goods	137.45	84.70
<b>Total</b>	<b>1,789.77</b>	<b>1,265.89</b>

**NOTE 15 TRADE RECEIVABLES (Unsecured and considered good)**

	As at March 31, 2016	As at June 30, 2015
- Over Six Months from the date they are due for payment	-	-
- Others	680.27	1.65
<b>Total</b>	<b>680.27</b>	<b>1.65</b>

**NOTE 16 CASH AND CASH EQUIVALENTS**

	As at March 31, 2016	As at June 30, 2015
Cash on Hand	39.29	18.53
<b>Balance with Banks</b>	<b>-</b>	<b>-</b>
- Current accounts	476.94	404.04
- Unpaid Dividend account	154.96	97.89
<b>In Bank Deposit Accounts</b>	<b>-</b>	<b>-</b>
- Bank Deposit accounts (Less than 3 months maturity)	1,012.05	758.46
- Bank Deposit accounts maturity more than 3 months but less than 12 months	4,793.48	2,496.91
- Bank Deposit accounts maturity more than 12 months	-	256.10
<b>Total</b>	<b>6,476.72</b>	<b>4,031.93</b>

**NOTE 17 SHORT TERM LOAN & ADVANCES (unsecured and considered good)**

	As at March 31, 2016	As at June 30, 2015
Advances recoverable in cash or kind for the value to be received	661.07	1,223.62
Advance income tax and Tax deducted at source( Net of Provision for Income Tax)	39.70	-
Export Incentives receivable	794.68	431.06
Deposits with Statutory / Govt. Authorities	-	-
Balance with Excise Authorities	707.01	552.76
Balance with Sales Tax Authorities	85.18	82.96
<b>Total</b>	<b>2,287.64</b>	<b>2,290.40</b>



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 18 OTHER CURRENT ASSETS**

	As at March 31, 2016	As at June 30, 2015
Interest Accrued on Deposits	247.48	119.97
<b>Total</b>	<b>247.48</b>	<b>119.97</b>

**NOTE 19 REVENUE FROM OPERATIONS**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Sale of products	21,995.09	22,414.43
<b>Other operating revenues</b>		
Export Incentives	709.88	721.93
Share of Profit from Argus Salud Pharma LLP	424.86	886.93
	23,129.83	24,023.29
Less : Excise Duty	0.61	0.49
<b>Total</b>	<b>23,129.22</b>	<b>24,022.80</b>

**NOTE 20 OTHER INCOME**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Interest Income	333.54	266.15
Dividend Income	-	0.45
Profit on sale of Assets	13.36	-
Miscellaneous Income	0.42	7.80
<b>Total</b>	<b>347.32</b>	<b>274.40</b>

**NOTE 21 COST OF RAW MATERIALS AND PACKING MATERIALS CONSUMED**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Opening Stock	853.65	492.50
Add : Purchases (Net)	4,390.59	3,934.72
Less Closing Stock	1,346.71	853.65
<b>Total</b>	<b>3,897.53</b>	<b>3,573.57</b>



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Inventories at the end of the period		
Work in Progress	245.88	200.67
Finished Goods	137.45	84.70
Stock-in-trade	59.73	126.87
(A)	443.06	412.24
Inventories at the beginning of the Period		
Work in Progress	200.67	166.90
Finished Goods	84.70	48.05
Stock-in-trade	126.87	73.07
(B)	412.24	288.02
<b>Net (Increase) / Decrease in Inventories (B- A)</b>	<b>(30.82)</b>	<b>(124.22)</b>

**NOTE 23 EMPLOYEE BENEFITS EXPENSE**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Salaries,wages, bonus and allowances	1,454.04	1,521.49
Contribution to Provident and Other funds	183.93	158.98
Employee Compensation Expense -ESOP	9.05	-
Staff Welfare Expenses	165.97	157.67
<b>Total</b>	<b>1,812.99</b>	<b>1,838.14</b>

**NOTE 24 FINANCE COSTS**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Interest Expense	10.82	22.79
<b>Total</b>	<b>10.82</b>	<b>22.79</b>

**NOTE 25 DEPRECIATION AND AMORTISATION**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Depreciation	718.52	814.57
Amortisation of Intangible Assets	11.39	13.35
	<b>729.91</b>	<b>827.92</b>



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 26 RESEARCH AND DEVELOPMENT EXPENSES**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
R & D Expenses	543.47	588.24
	<b>543.47</b>	<b>588.24</b>

**NOTE 27 OTHER EXPENSES**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Manufacturing Expenses	572.48	720.66
Power and Fuel	754.63	839.41
Communication Expenses	48.90	47.85
Donations	13.78	7.96
Professional and Consultancy charges	97.52	72.64
Rates & taxes	38.49	30.81
Subscriptions	2.63	3.55
Travelling Expenses	162.43	234.97
Audit Fees	12.60	5.31
Insurance	23.49	15.80
Exchange Fluctuation Loss (Net)	321.83	278.65
Repairs and Maintenance		
a) Plant and Machinery	94.43	91.82
b) Building	16.04	16.10
c) Others	157.23	142.26
Rent & Amenities	64.19	109.24
Advertisement	5.37	14.67
Freight outwards	115.16	162.24
Bank charges	19.94	63.97
Other Selling Expenses	90.05	84.76
Loss on Sale of Assets	-	0.75
Sundry Expenses	157.86	172.43
Software maintenance charges	99.00	-
	<b>2,868.04</b>	<b>3,115.85</b>

**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 28 CAPITAL COMMITMENT**

The estimated amount of unexecuted capital contracts (net of advances and deposits) – ₹ 307.67 Lakhs (Previous Year – ₹ 358.73 Lakhs)

**NOTE 29 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)**

a) Outstanding Bank Guarantee given to the Customs department and others ₹20.00 Lakhs (Previous Year - ₹ 76.82 Lakhs)

b) Outstanding Letters of Credit: ₹11.73 lakhs (Previous Year – ₹ 287.97 lakhs)

c) **Disputed statutory dues:**

Sl No	Name of the statute	Nature of dues	2015-16 (₹ in lakhs)	2014-15 (₹ in lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	418.17	269.33	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	4.54	27.26	CESTAT Tribunal/ Department of Revenue, New Delhi

**NOTE 30 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES**

The Company has not received information from Vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the 9 Months Period and Financial Year end together with Interest Paid / Payable under this Act have not been given.

**NOTE 31 BALANCES WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS INCLUDES:**

(a) Other Bank balances for the current year include ₹81.09 lakhs earmarked as lien towards Margin for letter of Credit and Bank Guarantee. (Pr. Yr. ₹ 107.66 Lakhs)

(b) Retention deposit under lien towards pre shipment credit – ₹ 134.67 Lakhs (Previous year – ₹ 126.40 Lakhs)

**NOTE 32 BALANCE WITH NON SCHEDULED BANKS**

Details of balances kept with non-scheduled banks as on balance sheet dates and the maximum balances kept with non-scheduled banks during the 9 Months Period and Financial Year are as follows:

Current Accounts in Foreign Currency	Balances as at		Maximum Balance during the 9 months period and financial year ended	Maximum Balance during the financial year ended
	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015
China Citic Bank	9.92	10.47	17.61	15.14

**NOTE 33**

The Company had revalued the land, where the factory/office building is situated, during the period ended June 30, 2008 to the extent of ₹ 439.36 Lakhs and the gain on the revaluation of land to the extent of ₹ 373.38 Lakhs was credited to the Revaluation Reserve.



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 34 EMPLOYEE BENEFITS**

The following table sets out the status of the gratuity plan as required under AS15 and reconciliation of opening and closing balances of the present value of defined benefit obligation;

Particulars	2015-16	2014-15
Change in Obligation:		
<b>Obligations at period beginning</b>	<b>82.04</b>	<b>80.74</b>
Service Cost	25.23	25.76
Interest Cost	4.97	4.68
Benefits paid	(4.82)	-
Actuarial (Gain)/Loss	55.38	(29.14)
<b>Obligations at period end</b>	<b>162.80</b>	<b>82.04</b>

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

Particulars	2015-16	2014-15
Change in Plan Assets:		
<b>Plan Assets at period beginning at Fair value</b>	<b>61.10</b>	<b>55.79</b>
Adjustments made to the fund value	-	
Contribution made during the 9 Months Period and Financial Year	1.91	4.65
Expected return on plan assets	3.80	4.73
Benefits paid	(4.82)	-
Actuarial Gain/(Loss)	(0.57)	(4.07)
<b>Plan Assets at end of period</b>	<b>61.42</b>	<b>61.10</b>
<b>Expenses recognized in Statement of Profit and Loss</b>		
Current Service Cost	25.23	25.76
Interest Cost	4.97	4.68
Expected return on plan assets	(3.80)	(4.73)
Net Actuarial (gain)/loss recognized in the 9 Months Period and Financial Year	55.95	(25.07)
<b>Expenses to be recognized in the Statement of Profit and Loss</b>	<b>82.35</b>	<b>0.64</b>
<b>Reconciliation of present value of obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the period	61.42	61.10
Present value of the defined benefit obligations at the end of the period	162.80	82.04
Liability recognized in the balance sheet	101.38	20.94

**Experience adjustment for the current and previous four years**

Particulars	As at March 31, 2016	As at June 30, 2015	As at June 30, 2014	As at June 30, 2013	As at June 30, 2012
Defined benefit obligation	162.80	82.04	80.74	37.83	26.62
Plan asset	61.42	61.10	55.79	23.70	16.02
Surplus/(Deficit)	(101.38)	(20.94)	(24.95)	(14.13)	(10.60)
Experience adjustment in plan liabilities loss/(gain)	55.38	(29.14)	9.93	4.63	(4.10)
Experience adjustment in plan assets- loss/(gain)	(0.57)	(4.07)	2.62	7.80	(6.96)

Particulars	2015-16	2014-15
<b>Assumptions:</b>		
Discount Rate	8.50%	8.50%
Expected return on plan assets	8.50%	8.50%

The estimates of future salary increases are considered in actuarial valuation taking in to account inflation, seniority, promotion and other relevant facts such as supply and demand factors in the employment market.

**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 35 REMUNERATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTORS**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Salaries	45.60	53.36
Contribution to Provident and other funds	0.48	0.59
<b>Total</b>	<b>46.08</b>	<b>53.95</b>

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

**NOTE 36 OPERATING LEASES**

The Company has entered into cancellable lease agreements for office facilities. Lease Payments recognised in the Statement of Profit & Loss for the 9 Months Period and Financial Year ₹ 64.19 Lakhs. (Previous year ₹109.24 Lakhs). The company has not entered into any non cancellable operating and finance leases.

**NOTE 37 RESEARCH AND DEVELOPMENT EXPENDITURE**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Capital expenditure included in Fixed Assets	320.07	186.74
Revenue expenditure incurred during the 9 Months Period and Financial Year	543.47	588.24

**NOTE 38**

Total Share Capital of Argus Salud Pharma LLP is ₹ 99.10 Lakhs (₹ 99.10 Lakhs) out of which 99.9% of shares is held by the Company and 0.10% is held by May India Property Private Limited and their profit sharing ratio is 99.90% and 0.10% respectively. (Previous year 99.90% and 0.10% respectively).

**NOTE 39 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT BALANCE SHEET DATE**

Particulars	As at March 31, 2016		As at June 30, 2015	
	USD in Lakhs	₹ in Lakhs	USD in Lakhs	₹ in Lakhs
Export Debtors	10.23	679.14	-	-
Foreign Currency Term Loan	1.54	102.25	2.70	174.02
Creditors and Advance from Customers	107.09	7126.11	120.98	7675.81

Details of forward contract outstanding on account of hedging as at the end of the 9 Months Period and Financial Year: ₹ Nil (P.Yr. ₹ Nil)

**NOTE 40 AUDITORS' REMUNERATION COMPRISES OF FEES: (EXCLUDING SERVICE TAX)**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
For Statutory Audit	8.50	4.00
For Tax Audit	4.00	0.50
For Others	0.10	0.81
<b>Total</b>	<b>12.60</b>	<b>5.31</b>



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 41 CIF VALUE OF IMPORTS**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Raw materials , Stock in Trade and Finished Goods	5,912.04	6,900.52
Capital Goods	57.38	410.37

**NOTE 42 EARNINGS IN FOREIGN EXCHANGE (ON ACCRUAL BASIS)**

FOB Value of Exports – ₹ 21580.53 Lakhs. (Previous Year – ₹ 22016.90 Lakhs)

**NOTE 43 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

(a)	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Travelling Expenses	36.95	65.94
Salaries	60.08	61.52
Rent	6.15	13.64
Other Expenses	42.42	71.58
<b>Total</b>	<b>145.60</b>	<b>212.68</b>

(b) Dividend payment in foreign currency paid during the 9 Months Period and Financial Year ₹ 8.35 Lakhs – PY ₹4.74 Lakhs

**NOTE 44 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIALS AND COMPONENTS**

Particulars	For the 9 months period and financial year ended March 31, 2016		For the year ended June 30, 2015	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	86.33	2.21%	3.06	0.09%
Indigenous	3,811.20	97.79%	3,570.51	99.91%
<b>Total</b>	<b>3,897.53</b>	<b>100%</b>	<b>3,573.57</b>	<b>100%</b>

**NOTE 45 PURCHASE OF STOCK-IN-TRADE**

Category	March 31, 2016	June 30, 2015
Tablets	1,787.45	2,819.23
Capsules	2,553.62	3,060.58
Liquids	425.15	541.94
Injectables	2,259.76	1,797.38
Ointments	414.99	600.82
Others	365.66	555.18
<b>Total</b>	<b>7,806.63</b>	<b>9,375.13</b>



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 46 SALE OF PRODUCTS COMPRISES**

Category	Manufactured Goods		Stock-In-Trade	
	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015
Tablets	6,130.69	6,255.99	3,165.66	3,995.69
Capsules	1,344.55	831.14	4,111.12	4,561.77
Liquids	827.36	837.84	1,246.19	816.43
Injectables	804.37	243.53	2,625.30	2,914.05
Ointments	-	-	857.15	1,182.48
Suppositories	99.70	-	-	-
Others	216.67	53.46	565.73	721.56
<b>Total</b>	<b>9,423.34</b>	<b>8,221.96</b>	<b>12,571.15</b>	<b>14,191.98</b>

**NOTE 47 DETAILS OF CLOSING STOCK OF FINISHED GOODS AS AT**

Category	Manufactured Goods		Stock-In-Trade	
	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015
Tablets	118.67	67.72	24.64	12.10
Capsules	0.28	0.01	6.89	0.38
Liquids	2.67	16.70	14.63	16.09
Injectables	14.94	-	-	94.97
Ointments	-	-	13.57	3.33
Suppositories	0.89	-	-	-
Others	-	0.27	-	-
<b>Total</b>	<b>137.45</b>	<b>84.70</b>	<b>59.73</b>	<b>126.87</b>

**NOTE 48 EARNINGS PER SHARE**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
<b>Basic</b>		
Net Profit after tax as per statement of profit and loss (₹ in Lakhs)	4,532.56	4,093.56
Weighted average number of equity shares of ₹ 10/- each outstanding during the year (in Nos.)	15,110,000	15,110,000
Earnings per share – Basic(in ₹)	29.99	27.09
<b>Diluted</b>		
Net Profit after tax as per statement of profit and loss (₹ in Lakhs)	4,532.56	4,093.56
Weighted average number of equity shares of ₹ 10/- each outstanding during the year (in Nos.)	15,112,649	15,110,000
Earnings per share –Diluted (in ₹)	29.99	27.09

**NOTE 49 AMOUNT DUE TO INVESTOR EDUCATION AND PROTECTION FUND**

There are no amounts due and outstanding to be credited to investor education and protection fund as of end of the 9 Months Period and Financial Year.



**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 50 DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 18 – “RELATED PARTY DISCLOSURES” ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.**

**(a) Related parties and nature of relationship**

Mr. Vivek Siddharth,	– Relative of Chairman
Argus Salud Pharma LLP	– Related Entity

**(b) Key management personnel**

Dr. Sridhar Ganesan	– Managing Director from 28.03.2015 (Whole Time Director from 25.08.2014)
Mr. M. Jayapal	– Whole Time Director from 28.03.2015 (Managing Director till 27.03.2015)
Mr. D. P. Mishra	– Whole Time Director upto 30.04.2016
Mr. S. Mohanraj	– Chief Financial Officer & Company Secretary upto 13.02.2015
Mr. Harihara Ponnambalam P	– Chief Financial Officer from 06-05-2015 upto 18-02-2016
Mr. D Muralidharan	– Chief Financial Officer from 19-02-2016
Mr. Vinod Kumar S	– Company Secretary from 13.04.2015

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

Particulars	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Salary paid to Mr. Vivek Siddharth	13.76	18.20
Salary paid to Dr. Sridhar Ganesan* <sup>1</sup>	36.15	41.01
Salary paid to Mr. M. Jayapal	4.99	6.50
Salary paid to Mr. D. P. Mishra	4.94	6.44
Salary paid to Mr. S. Mohanraj* <sup>2</sup>	-	14.16
Salary paid to Mr. Harihara Ponnambalam. P.* <sup>3</sup>	9.30	3.86
Salary paid to Mr. D Muralidharan* <sup>4</sup>	1.35	-
Salary paid to Mr. Vinod Kumar S* <sup>5</sup>	3.31	0.96
Purchases from Argus Salud Pharma LLP	690.50	986.85
Sales to Argus Salud Pharma LLP	196.68	390.54
Share of profit from Argus Salud Pharma LLP	424.86	886.93
Investment in Argus Salud Pharma LLP	-	89.10

\*<sup>1</sup> salary paid for the previous year is from 25.08.2014

\*<sup>2</sup> salary paid for the previous year upto 13-02-2015

\*<sup>3</sup> salary paid for the period from 06-05-2015 upto 18-02-16

\*<sup>4</sup> salary paid for the current financial year from 19-02-2016

\*<sup>5</sup> salary paid from 13-04-2015

**(d) Outstanding Balances**

Particulars	As at March 31, 2016	As at June 30, 2015
Argus Salud Pharma LLP	340.91 Dr	917.17 Dr

**NOTES TO THE FINANCIAL STATEMENTS** for the 9 months period and financial year ended March 31, 2016  
*(All amounts are in ₹ lakhs except share data and if otherwise stated)*

**NOTE 51**

The Company's factory unit at Baddi in Himachal Pradesh is entitled for exemption under section 80IC of the Income Tax Act and also from Central Excise and Salt Act from the date of commencement of production (24-09-2005).

**NOTE 52**

The Company operates in one segment only viz., pharmaceuticals formulations.

**NOTE 53**

During the previous year ended June 30, 2015 depreciation of ₹48.87 (net of deferred tax impact) had been adjusted to the opening balance of surplus in the Statement of profit and loss as at July 1, 2014, with corresponding adjustment to net book value of fixed assets, in accordance with the transitional provisions of Schedule II of the Act.

**NOTE 54**

Figures for the current financial year are for the 9 months period ended 31st March 2016 as against the 12 months period for the previous financial year ended 30th June 2015 and hence figures are not comparable.

**NOTE 55**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatories to Schedules 1 to 55

As per our report of even date attached  
for CNGSN & Associates LLP  
Chartered Accountants  
Firm Registration No. 4915 S / S200036

B. Ramakrishnan  
Partner  
ICAI Membership No. 201023

Place: Chennai  
Date: May 27, 2016

For and on behalf of the Board of Directors of Caplin Point Laboratories Limited

C. C. Paarhipan Chairman	Dr. Sridhar Ganesan Managing Director
Muralidharan D Chief Financial Officer	Vinod Kumar S Company Secretary



# Consolidated Financial Accounts



## INDEPENDENT AUDITOR'S REPORT

To  
The Members  
Caplin Point Laboratories Limited. Chennai

### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Caplin Point Laboratories Limited (herein after referred to as "the Holding Company"), and its Subsidiary (the Holding Company and its Subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the 9 months period and financial year then ended, and a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Holding Company, and Designated partners of its Subsidiary included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and the irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosure in the Consolidated Financial Statements. These procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its subsidiary as at 31st March, 2016, and their consolidated Profit, and their Consolidated Cash Flows for the 9 months period and financial year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
  - b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been



kept so far as appears from our examination of those books.

- c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
- e. on the basis of written representation received from the Directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary, none of the directors of the Group Companies is disqualified as on 31st March, 2016, from being appointed as a director in terms of section 164(2) of the Act.
- f. with respect to the adequacy of the Internal Financial Controls over the Financial Reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure – A; and
- g. with respect to the other matters to be included in the Auditor's Report in

accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 29 to the Consolidated Financial Statements
- ii) The Group did not have any material for seeable losses on long-term contracts including derivative contracts.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary.

for M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm Registration No: 004915S/S200036

B. Ramakrishnan  
Partner

Place : Chennai  
Date : May 27, 2016

Membership No:201023

## ANNEXURE-A TO THE AUDITORS' REPORT

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") (Referred to in paragraph 2(f) of Report on Other Legal and Regulatory Requirements in our Independent Auditors' Report of even date)**

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the 9 months period and financial year ended March 31, 2016, we have audited the Internal Financial Controls over Financial Reporting of Caplin Point Laboratories Limited ("the Holding Company") and its subsidiary, which is incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, and Designated partners of its Subsidiary, which is incorporated in India are responsible for establishing and maintaining internal financial controls based on the Internal Control over Financial Reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance

of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's Policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit

of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Control over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of Internal Financial Controls over Financial

Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiary incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matters**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 27, 2016 expressed an unqualified opinion thereon.

for M/s CNGSN & ASSOCIATES LLP  
 CHARTERED ACCOUNTANTS  
 Firm Registration No: 004915S/S200036

B. Ramakrishnan

Partner

Place : Chennai

Date : May 27, 2016

Membership No:201023

**CONSOLIDATED BALANCE SHEET** as at March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

Particulars	Notes	As at March 31, 2016	As at June 30, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,511.00	1,511.00
(b) Reserves & Surplus	3	11,302.77	7,808.39
		<b>12,813.77</b>	<b>9,319.39</b>
(c) Minority Interest		27.09	26.66
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	73.08	87.99
(b) Deferred Tax Liabilities (Net)	5	1,133.46	869.35
(c) Long-Term Provisions	6	162.80	82.04
<b>Total Non-current Liabilities</b>		<b>1,369.34</b>	<b>1,039.38</b>
<b>3 Current Liabilities</b>			
(a) Short-Term Borrowings	7	-	5.00
(b) Trade Payables	8	5,724.07	4,155.72
(c) Other Current Liabilities	9	6,038.99	7,211.40
(d) Short-Term Provisions	10	741.17	1,125.08
<b>Total Current Liabilities</b>		<b>12,504.23</b>	<b>12,497.20</b>
<b>TOTAL</b>		<b>26,714.43</b>	<b>22,882.63</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>1 (a) Fixed Assets</b>	11		
(i) Tangible Assets		14,362.85	11,253.60
(ii) Intangible Assets		60.22	59.46
(iii) Capital Work-in-Progress		23.20	3,025.61
(iv) Intangible Assets under Development			36.94
(b) Non-Current Investments	12	44.10	45.01
(c) Long-Term Loans and Advances	13	370.77	274.62
		<b>14,861.14</b>	<b>14,695.24</b>
<b>2 Current Assets</b>			
(a) Inventories	14	1,881.49	1,366.38
(b) Trade Receivables	15	794.53	566.46
(c) Cash and Cash Equivalents	16	6,810.18	4,537.23
(d) Short-Term Loans and Advances	17	2,114.96	1,585.65
(e) Other Current Assets	18	252.13	131.67
		<b>11,853.29</b>	<b>8,187.39</b>
<b>TOTAL</b>		<b>26,714.43</b>	<b>22,882.63</b>
Significant Accounting Policies & Notes forming part of Financial statements	1 to 55		

As per our report of even date attached  
for CNGSN & Associates LLP  
Chartered Accountants  
Firm Registration No : 4915S / S200036

B. Ramakrishnan  
Partner  
ICAI Membership No. 201023

Place: Chennai  
Date: May 27, 2016

For and on behalf of the Board of Directors of Caplin Point Laboratories Limited

C. C. Paarthipan  
Chairman

Muralidharan D  
Chief Financial Officer

Dr. Sridhar Ganesan  
Managing Director

Vinod Kumar S  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** for 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

Particulars	Notes	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
<b>I. INCOME</b>			
(a) Revenue from Operations	19	23,872.17	25,176.98
(b) Other income	20	365.96	302.94
<b>Total Revenue</b>		<b>24,238.13</b>	<b>25,479.92</b>
<b>II. EXPENSES</b>			
(a) Cost of Materials Consumed	21	4,408.33	4,332.30
(b) Purchases of Stock-in-Trade	45	7,776.16	9,309.44
(c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(68.04)	(79.71)
(d) Employee benefits expense	23	1,846.68	1,877.87
(e) Finance costs	24	11.02	23.04
(f) Depreciation and Amortisation Expenses	25	747.78	837.93
(g) Research and Development Expenses	26	543.47	588.24
(h) Other expenses	27	2,967.53	3,251.94
<b>Total Expenses</b>		<b>18,232.93</b>	<b>20,141.05</b>
<b>III. Profit before exceptional and extraordinary items and tax</b>		<b>6,005.20</b>	<b>5,338.87</b>
<b>IV. Exceptional Items</b>		-	-
<b>V. Profit before extraordinary items and tax</b>		<b>6,005.20</b>	<b>5,338.87</b>
<b>VI. Extraordinary items</b>		-	-
<b>VII. Profit before tax</b>		<b>6,005.20</b>	<b>5,338.87</b>
<b>VIII. Provision for taxation</b>		-	-
- Current Tax		1,430.61	1,190.74
- MAT Credit Entitlement		(266.44)	-
- Deferred tax (Benefits)/Charge		264.11	115.48
- Tax on Earlier Years (Benefits)/Charge		-	(80.00)
<b>IX. Profit After Tax for the Financial year</b>		<b>4,576.92</b>	<b>4,112.65</b>
Less: Minority Interest		0.43	8.96
		<b>4,576.49</b>	<b>4,103.69</b>
Earnings per equity share:(Face Value per share ₹ 10/-)			
Basic (In ₹)		30.28	27.16
Diluted (In ₹)		30.28	27.16
Significant Accounting Policies & Notes forming part of Financial statements	1 to 55		

As per our report of even date attached  
for CNGSN & Associates LLP  
Chartered Accountants  
Firm Registration No : 4915S / S200036

For and on behalf of the Board of Directors of Caplin Point Laboratories Limited

B. Ramakrishnan  
Partner  
ICAI Membership No. 201023

C. C. Paarthipan  
Chairman

Dr. Sridhar Ganesan  
Managing Director

Place: Chennai  
Date: May 27, 2016

Muralidharan D  
Chief Financial Officer

Vinod Kumar S  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

Particulars	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	6,005.20	5,338.87
Adjustments for:		
Depreciation and Amortisation	747.78	837.93
Finance cost	11.02	23.04
Loss(Profit) on sale of fixed assets	(13.36)	0.75
Loss(Profit) on sale of DEPB/FMS	-	24.05
Liabilities (Write back) & Receivable(Written off)	-	4.29
Provision for Diminution in value of investment	-	0.20
Unrealised Foreign Exchange Fluctuation Loss(Gain)	(6.65)	25.93
Dividend Income	-	(0.45)
Interest income	(352.18)	(294.69)
	6,391.81	5,959.91
Operating Profit before Working Capital changes		
Adjustments for :		
(Increase) / Decrease in inventories	(515.12)	(387.43)
(Increase) / Decrease in trade receivables	(228.07)	(561.89)
(Increase) / Decrease in Loans and advances	(1,822.89)	(442.82)
Increase/(Decrease) in Trade payables ,Current Liabilities & Provisions	2,052.71	1,587.75
<b>CASH GENERATED FROM OPERATIONS</b>	5,878.44	6,155.52
Income tax Paid	(1,638.34)	(1,167.25)
<b>Net Cash inflow / (outflow) from Operating activities</b>	<b>4,240.10</b>	<b>4,988.26</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale / (Purchase) of investments	0.92	(1.17)
Sale / (Purchase) of fixed assets (including CWIP)	(825.27)	(2,548.52)
Sale Proceeds from fixed assets	20.34	4.70
Interest received	231.73	278.54
Dividend received	-	0.45
<b>Net Cash inflow / (outflow) from Investing activities</b>	<b>(572.28)</b>	<b>(2,266.00)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase/(Decrease) in Long and Short term Borrowings	(19.91)	(119.20)
Interest paid	(11.02)	(23.04)
Dividend paid(including Dividend distribution tax paid)	(1,363.95)	(725.24)
<b>Net Cash inflow / (outflow) from Financing activities</b>	<b>(1,394.88)</b>	<b>(867.48)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>2,272.95</b>	<b>1,854.79</b>
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>4,537.23</b>	<b>2,682.44</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>6,810.18</b>	<b>4,537.23</b>

### Notes:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on Cash flow statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached  
for CNGSN & Associates LLP  
Chartered Accountants  
Firm Registration No : 4915S / S200036

B. Ramakrishnan  
Partner  
ICAI Membership No. 201023

Place: Chennai  
Date: May 27, 2016

For and on behalf of the Board of Directors of Caplin Point Laboratories Limited

C. C. Paarthipan  
Chairman

Muralidharan D  
Chief Financial Officer

Dr. Sridhar Ganesan  
Managing Director

Vinod Kumar S  
Company Secretary



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE 9 MONTHS PERIOD AND FINANCIAL YEAR ENDED MARCH 31, 2016

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention using the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises accounting standards as prescribed under Section 133 of the Companies Act, 2013('Act) read with Rule 7 of the Companies(Accounts) Rules,2014, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India(SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### 2. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses for the financial year, reported balances of assets and liabilities, and disclosure relating to contingent liabilities as at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### 3. Revenue Recognition

Revenue from sales of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from sale of goods is recognized in case of exports on the date of the bill of lading or airway bill which coincides with transfer of significant risks and rewards to customers and is net of trade discounts, sales returns and sales tax, where applicable. Revenue from domestic sales is primarily recognized on dispatch basis.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or when the agreed milestones are achieved. Upfront non-refundable payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

Dividend income is recognized when the unconditional right to the income is established.

Income from interest on deposits and loans are recognized on the time proportionate basis.

Exports entitlement are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

##### 4. Tangible assets, intangible assets, depreciation and amortization.

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Borrowing cost directly attributable to acquisition or construction of tangible assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalized.

Depreciation on tangible assets is provided on straight line method over the useful lives of the assets. With effect from April 1 2014, pursuant to the requirement of Companies Act, 2013, the Company carried out a detailed technical evaluation and determined the useful lives of the assets as under:

Asset Category	Useful Lives (in years)
Buildings	60
Factory Buildings	30
Plant & Machinery	15
A/C Plant	15
Furniture & Fixtures	10
Office Equipment	5
Computer	3
Electrical Installation	10
Electrical Fittings	10
Motor Vehicles	6
Tools & Spares	15
Lab equipment	15
Motor Cycle	10
Cycle	1
Computer Software	6



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

Leasehold land is being amortized on a straight line basis over the period of the lease.

Computer Software are recorded at the consideration paid for acquisition and are amortized over their estimated useful life of 6 years on straight line basis, commencing from the date of assets is available to the company for its use.

The cost of assets not ready to be put to use before the financial year –end is disclosed under capital work in progress.

Intangible assets under development include development expenditure capitalized based on technical feasibility for each project under development and where future recoverability can reasonably be assured through probable future economic benefits.

Advances paid towards acquisition of tangible assets, outstanding at each balance sheet date are shown under term Loans and Advances.

### 5. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of an asset. If such recoverable amount of the asset, or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the Statement of Profit & Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

### 6. Foreign Currency Transactions

- a. Foreign currency transactions are recorded at exchange rates prevailing on the date of transactions.
- b. Foreign currency monetary assets and liabilities are reported at the closing rate. Gains and losses arising on account of difference in foreign exchange rates on settlement/translation of Monetary Assets and Liabilities on the closing date are recognized in the Statement of Profit & Loss.

### 7. Goodwill

Goodwill represents the difference between the purchase price and fair value of the assets and liabilities acquired after considering reserves transferred. Goodwill is being amortized on Straight Line Method over a period of 5 years.

### 8. Inventories

- a. Inventories are valued at lower of cost or net realizable value.
- b. Raw materials, Packing materials, stores and spares are valued at cost including duties and taxes, exclusive of modvat credit. The cost is arrived at FIFO basis.
- c. In respect of finished goods and work in progress cost includes raw materials, packing materials, labour cost and other appropriate allocable overheads.

### 9. Retirement benefits

#### a. Defined Contribution Plans

Contributions paid/payable under defined contribution plans are recognized in the Statement of Profit & Loss. Contribution plan in respect of Provident Fund/Pension Fund are administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

#### b. Defined Benefit Plans

In respect of Gratuity, which is administered through Life Insurance Corporation of India (LIC), contributions determined by LIC based on the actuarial valuation are charged to the Statement of Profit & Loss.

#### c. Short-term employment benefits

Un-availed leave balances as per the policy of the Company are accounted based on the respective employees' earnings as at the Balance Sheet date.

### 10. Share-based payments

The company accounts for equity settled stock options as per the accounting treatment prescribed by Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India using the intrinsic value method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016*(All amounts are in ₹ lakhs except share data and if otherwise stated)***11. Earnings per share**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

**12. Investments**

- a. Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as Long Term Investments.
- b. Current Investments are carried at lower of cost and fair value. The Comparison of cost and fair value is done separately in respect of each category of Investments.
- c. Non current Investments are carried at cost less provisions recorded to recognize any decline, determined separately for each individual investment, other than temporary, in the carrying value of each investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist. Any reduction in the carrying amount and any reversal in such reductions are charged or credited to the Statement of Profit and Loss.

**13. Leases**

Lease of assets, where the lessor effectively, retains all the risks and rewards of ownership are classified as operating leases. The Company's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements, which are cancellable range between 11 months and 5 years generally, or longer, and are usually renewable by mutual agreement between the lessee and lessor. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

**14. Contingent liabilities and Provisions**

1. The Company recognizes the Provisions when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
2. Contingent liabilities are disclosed by way of notes in the Balance Sheet.

**15. Taxes on Income**

Income tax expenses comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of the timing difference between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably and virtually certain respectively to be realized.

Minimum Alternate Tax ('MAT') paid in accordance with tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company would pay normal income tax after tax holiday period and accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably. MAT credit entitlement is reviewed at each balance sheet date and written down to the extent there is no convincing evidence to the extent that the company will pay normal income tax during the specified period.

**16. Borrowing Costs**

Interest and other borrowings costs on specific borrowings relatable to qualifying assets are capitalized up to the date the asset is ready for use/put to use and other interest and borrowing costs are charged to revenue.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 2 SHARE CAPITAL**

	As at March 31, 2016		As at June 30, 2015	
<b>AUTHORISED</b>				
1,70,00,000 (Previous Year - 1,70,00,000) equity shares of ₹10/- each		1,700.00		1,700.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
1,51,10,000 (Previous Year - 1,51,10,000) equity shares of ₹10/- each fully paid up		1,511.00		1,511.00
		1,511.00		1,511.00

**a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

	As at March 31, 2016 (in nos.)		As at June 30, 2015 (in nos.)	
Number of shares outstanding at the beginning of the Period		1,51,10,000		1,51,10,000
Add: Number of shares allotted as fully paid up during the Period		-		-
Less : Number of shares bought back during the Period		-		-
Number of shares outstanding at the end of the Period		1,51,10,000		1,51,10,000

**b) Rights, preference & restrictions attached to shares**

**Equity Shares**

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity share is entitled to one Vote per Share.

The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim Dividend

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Details of shares in the company held by each shareholder holding more than 5% shares:**

	As at March 31, 2016		As at June 30, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	35,76,000	23.67%	35,76,000	23.67%
C. C. Paarthipan	28,29,353	18.73%	28,29,353	18.73%
P. Ashok Gorkey	18,10,000	11.98%	18,10,000	11.98%
P. Vivek Siddarth	18,00,000	11.91%	18,00,000	11.91%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

### NOTE 3 RESERVES & SURPLUS

	As at March 31, 2016		As at June 30, 2015	
a) Capital Reserve		68.43		68.43
b) General Reserve				
Opening Balance	1,128.78		719.39	
Transfer from Statement of Profit & Loss during the period		1,128.78	409.39	1,128.78
c) Revaluation Reserve		373.38		373.38
		1,570.59		1,570.59
d) Employee Stock Options Outstanding		162.80		-
e) Surplus in the Statement of Profit & Loss				
Balance at the beginning of the Period	6,237.80		3,501.64	
Add : Profit during the Period	4,576.49		4,103.69	
Less : Appropriations				
Interim Dividend	377.75		-	
Proposed Final Dividend	528.85		755.50	
Tax on Dividend	184.56		153.80	
Transfer to General Reserve	-		409.39	
Deferred Employee Compensation Expense	153.75			
Adjustment on account of depreciation, net of taxes (Ref Note 53)	-		48.87	
Closing Balance		9,569.38		6,237.80
Total		11,302.77		7,808.39

### NOTE 4 LONG TERM BORROWINGS (Secured)

	As at March 31, 2016		As at June 30, 2015	
Foreign Currency Term Loan (i)	102.25		174.03	
Other Loan from Banks (ii)	-		2.95	
Loan from others (iii)	98.11	200.36	25.78	202.76
Less : Current maturities of long term debt (Ref Note :9)		127.28		114.77
Total		73.08		87.99

i) Foreign Currency Term Loan availed is secured by first charge on the plant & machinery of the Company's unit at Gummidipoondi

ii) Obligations under Hire purchase are secured against relevant fixed assets obtained under Hire Purchase Finance

### NOTE 5 DEFERRED TAX LIABILITIES (Net)

	As at March 31, 2016		As at June 30, 2015	
a) Deferred Tax Liabilities on account of timing differences		1,133.46		904.41
b) Deferred Tax Asset on account of timing differences		-		(35.06)
Total		1,133.46		869.35

### NOTE 6 LONG TERM PROVISIONS

	As at March 31, 2016		As at June 30, 2015	
(a) Provision for employee benefits				
Gratuity (Ref Note No. 34)		162.80		82.04
Total		162.80		82.04

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

### NOTE 7 SHORT TERM BORROWINGS

	As at March 31, 2016		As at June 30, 2015	
Loans repayable on demand - From Banks (Secured)				
As Packing Credit		-		5.00
<b>Total</b>		-		<b>5.00</b>

Packing Credit and Other short term borrowings are secured by first charge on Buildings of the Company and second charge on hypothecation of Stock in Trade, Receivables and lien on deposits of the Company with the Bank. In addition to the above, the Loans are also secured by second charge on Plant and Machineries of the Company, Present & future on pari passu basis in addition to the personal guarantee by the promoter and promoter group.

### NOTE 8 TRADE PAYABLES

	As at March 31, 2016		As at June 30, 2015	
Trade Payables for Goods and Services		5,724.07		4,155.73
<b>Total</b>		<b>5,724.07</b>		<b>4,155.73</b>

### NOTE 9 OTHER CURRENT LIABILITIES

	As at March 31, 2016		As at June 30, 2015	
Current maturities of long term debt(Ref Note:4)		127.28		114.77
Statutory Dues payable		40.53		39.20
Advance received from Customers		5,669.92		6,552.18
Creditors for Capital Goods		46.30		406.05
Unclaimed Dividend (Ref Note:49)		154.96		97.89
<b>Total</b>		<b>6,038.99</b>		<b>7,210.09</b>

### NOTE 10 SHORT TERM PROVISIONS

	As at March 31, 2016		As at June 30, 2015	
Provision for Employee Benefits		104.66		23.27
Provision for Income Tax (Net of Advance Taxes and Tax Deducted at Source)		-		192.51
Proposed Dividend		528.85		755.50
Tax on Proposed Dividend		107.66		153.80
<b>Total</b>		<b>741.17</b>		<b>1,125.08</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 11 FIXED ASSETS**

Particulars	Gross block				Depreciation Reserve				Net Block		
	As at July 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at July 1, 2015	For the year	Retained Earnings	Deletions	As at March 31, 2016	As at March 31, 2016	As at June 30, 2015
<b>(A) Tangible Assets</b>											
Land	865.90	41.85	-	907.75	-	-	-	-	-	907.75	865.90
Factory Buildings	4,143.55	1,095.76	-	5,239.31	342.33	116.22	-	-	458.55	4,780.76	3,801.22
Buildings	657.78	-	-	657.78	56.84	7.72	-	-	64.56	593.22	600.95
Plant & Machinery	4,937.36	1,829.76	-	6,767.12	964.06	299.13	-	-	1,263.19	5,503.91	3,973.33
Air Conditioner	109.96	8.54	-	118.51	22.61	5.68	-	-	28.29	90.22	87.36
Furniture & Fixtures	564.79	14.70	-	579.50	163.58	40.16	-	-	203.84	375.66	401.22
Office Equipment	562.37	45.60	-	607.97	249.15	91.91	-	-	341.06	266.91	313.23
Computers	163.25	61.07	-	224.32	88.09	40.12	-	-	128.21	96.10	75.16
Electrical Fittings	617.58	305.17	-	922.75	153.29	61.15	-	-	214.44	708.31	464.30
Motor Vehicles	355.76	141.90	62.65	435.01	192.83	38.92	-	52.55	179.20	255.81	162.94
Tools & Spares	48.74	4.12	-	52.86	25.21	2.06	-	-	27.27	25.59	23.53
Lab Equipments	569.74	307.48	-	877.22	86.63	33.21	-	-	119.84	757.38	483.11
Cycle	0.53	-	-	0.53	0.53	-	-	-	0.53	-	-
Motor Cycle	5.70	-	-	5.70	4.37	0.11	-	-	4.48	1.22	1.33
<b>Total Tangible Assets</b>	<b>13,603.03</b>	<b>3,855.95</b>	<b>62.65</b>	<b>17,396.33</b>	<b>2,349.52</b>	<b>736.39</b>		<b>52.55</b>	<b>3,033.46</b>	<b>14,362.85</b>	<b>11,253.60</b>
<b>(B) Intangible Assets</b>											
Good will	584.00	-	-	584.00	584.00	-	-	-	584.00	-	-
Computer Softwares	84.22	11.75	-	95.97	24.76	11.39	-	-	35.76	60.22	59.46
<b>Total Intangible Assets</b>	<b>668.22</b>	<b>11.75</b>	<b>-</b>	<b>679.97</b>	<b>608.76</b>	<b>11.39</b>		<b>-</b>	<b>619.76</b>	<b>60.22</b>	<b>59.46</b>
<b>TOTAL (A + B)</b>	<b>14,271.25</b>	<b>3,867.70</b>	<b>62.65</b>	<b>18,076.30</b>	<b>2,958.28</b>	<b>747.78</b>		<b>52.55</b>	<b>3,653.22</b>	<b>14,423.07</b>	<b>11,313.06</b>
Previous Year	12,305.80	1,981.55	16.01	14,271.34	2,082.07	837.91	48.87	10.57	2,958.28	11,313.06	10,223.73
<b>(C) Capital Work in Progress</b>										<b>23.20</b>	<b>3,025.61</b>
<b>(D) Intangible Assets under Development</b>										<b>-</b>	<b>36.94</b>

**NOTE 12 NON CURRENT INVESTMENTS**

	As at March 31, 2016	As at June 30, 2015
<b>Equity Shares - Quoted</b>		
2000 (2000) shares of Karnataka Bank Ltd of ₹10/- each fully paid up (MPPS is ₹102.35)	2.40	2.40
4800 (480) shares of Indian Overseas Bank of ₹10/- each fully paid up (MPPS is 30.30)	1.15	1.15
700 (700) shares of Bank of India of ₹10/- each fully paid up (MPPS is 97.05)	0.32	0.32
2000 (2000) shares of Sirpur Paper Mills Limited of ₹10/- each fully paid up	2.20	2.20
<b>Equity Shares - Unquoted</b>		
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of ₹10/- each fully paid up	0.10	0.10
26800 (26800) shares of The Catholic Syrian Bank Ltd of ₹ 10/- each fully paid up	29.17	29.17
Nil (8346) Shares of OPG Power generation P Ltd of ₹ 10/- each fully paid up	-	0.92
<b>Other Investments - Quoted</b>		
5000 (5000) units of Franklin India Flex Cap of ₹10/- per unit	0.50	0.50
100000 (100000) units of ₹10/- each of Axis Bank Equity Fund	10.00	10.00
<b>Other Investments - Unquoted</b>		
Maris Power Trading Company LLP (26% of total Capital ₹1 Lakh)	0.26	0.26
	46.11	47.03
Less : Provision for diminution in value of investments	2.00	2.00
<b>Total</b>	<b>44.11</b>	<b>45.03</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

### NOTE 13 LONG-TERM LOANS AND ADVANCES (Unsecured and considered good)

	As at March 31, 2016	As at June 30, 2015
Security Deposits	54.38	55.73
Other Deposits	101.70	76.76
Advances recoverable in cash or kind for the value to be received	11.75	10.15
Advance for Capital expenditure	119.63	125.92
MAT Credit Entitlement	83.31	6.06
<b>Total</b>	<b>370.77</b>	<b>274.62</b>

### NOTE 14 INVENTORIES

	As at March 31, 2016	As at June 30, 2015
Raw Materials	928.18	578.12
Packing Materials	449.03	352.02
Work-in-progress	281.69	214.25
Stock In Trade	82.44	126.87
Finished goods	140.15	95.12
<b>Total</b>	<b>1,881.49</b>	<b>1,366.38</b>

### NOTE 15 TRADE RECEIVABLES (Unsecured and considered good)

	As at March 31, 2016	As at June 30, 2015
- Over Six Months from the date they are due for payment	-	-
- Others	794.53	566.46
<b>Total</b>	<b>794.53</b>	<b>566.46</b>

### NOTE 16 CASH AND CASH EQUIVALENTS

	As at March 31, 2016	As at June 30, 2015
Cash on Hand	46.11	25.48
<b>Balance with Banks</b>		
- Current accounts	521.31	619.96
- Unpaid Dividend account	154.96	97.89
<b>In Bank Deposit Accounts</b>		
- Bank Deposit accounts (Less than 3 months maturity)	1,012.05	758.46
- Bank Deposit accounts maturity more than 3 months but less than 12 months	5,075.76	2,778.59
- Bank Deposit accounts maturity more than 12 months	-	256.85
<b>Total</b>	<b>6,810.18</b>	<b>4,537.23</b>

### NOTE 17 SHORT TERM LOAN & ADVANCES (unsecured and considered good)

	As at March 31, 2016	As at June 30, 2015
Advances recoverable in cash or kind for the value to be received	342.44	335.53
Advance income tax and Tax deducted at source( Net of Provision for Income Tax)	20.33	-
Export Incentives receivable	791.99	477.91
Deposits with Statutory / Govt. Authorities		
Balance with Excise Authorities	852.68	661.15
Balance with Sales Tax Authorities	107.52	111.06
<b>Total</b>	<b>2,114.96</b>	<b>1,585.65</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 18 OTHER CURRENT ASSETS**

	As at March 31, 2016	As at June 30, 2015
Interest Accrued on Deposits	252.13	131.67
<b>Total</b>	<b>252.13</b>	<b>131.67</b>

**NOTE 19 REVENUE FROM OPERATIONS**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Sale of products	23,134.27	24,385.65
<b>Other operating revenues</b>		
Export Incentives	738.51	791.82
	23,872.78	25,177.47
Less : Excise Duty	0.61	0.49
<b>Total</b>	<b>23,872.17</b>	<b>25,176.98</b>

**NOTE 20 OTHER INCOME**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Interest Income	352.18	294.69
Dividend Income	-	0.45
Profit on sale of assets	13.36	-
Miscellaneous Income	0.42	7.80
<b>Total</b>	<b>365.97</b>	<b>302.94</b>

**NOTE 21 COST OF RAW MATERIALS AND PACKING MATERIALS CONSUMED**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Opening Stock	930.14	622.41
Add : Purchases (Net)	4,855.40	4,640.03
Less Closing Stock	1,377.21	930.14
<b>Total</b>	<b>4,408.33</b>	<b>4,332.30</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016  
*(All amounts are in ₹ lakhs except share data and if otherwise stated)*

**NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Inventories at the end of the year		
Work in Progress	281.69	214.25
Finished Goods	140.15	95.12
Stock -in-Trade	82.44	126.87
(A)	504.28	436.24
Inventories at the beginning of the year		
Work in Progress	214.25	206.98
Finished Goods	95.12	81.66
Stock -in-Trade	126.87	67.89
(B)	436.24	356.53
<b>Net (Increase) / Decrease in Inventories (B- A)</b>	<b>(68.04)</b>	<b>(79.71)</b>

**NOTE 23 EMPLOYEE BENEFITS EXPENSE**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Salaries,wages, bonus and allowances	1,479.57	1,550.25
Contribution to Provident and Other funds	186.78	162.32
Employee Compensation Expense -ESOP	9.05	-
Staff Welfare Expenses	171.28	165.30
<b>Total</b>	<b>1,846.68</b>	<b>1,877.87</b>

**NOTE 24 FINANCE COSTS**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Interest Expense	11.02	23.04
<b>Total</b>	<b>11.02</b>	<b>23.04</b>

**NOTE 25 DEPRECIATION AND AMORTISATION**

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Depreciation	736.39	829.93
Amortisation of Intangible Assets	11.39	8.00
<b>Total</b>	<b>747.78</b>	<b>837.93</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

### NOTE 26 RESEARCH AND DEVELOPMENT EXPENSES

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
R & D Expenses	543.47	588.24
<b>Total</b>	<b>543.47</b>	<b>588.24</b>

### NOTE 27 OTHER EXPENSES

	For the 9 months period and financial year ended March 31, 2016	For the year ended June 30, 2015
Manufacturing Expenses	595.10	741.55
Power and Fuel	755.63	860.82
Communication Expenses	51.57	51.14
Donations	13.92	8.01
Professional and Consultancy charges	99.28	76.19
Rates & taxes	39.47	31.33
Subscriptions	2.88	3.75
Travelling Expenses	169.71	245.03
Audit Fees	13.10	6.11
Insurance	24.73	16.70
Exchange Fluctuation Loss (Net)	293.36	259.95
Repairs and Maintenance		
a) Plant and Machinery	94.43	91.82
b) Building	16.47	18.74
c) Others	183.78	164.11
Rent & Amenities	85.93	137.12
Advertisement	5.37	14.67
Freight outwards	127.35	179.53
Bank charges	22.65	73.83
Other Selling Expenses	96.60	91.04
Loss on sale of Assets	-	0.75
Sundry Expenses	177.12	179.75
Software maintenance charges	98.99	-
<b>Total</b>	<b>2,967.53</b>	<b>3,251.94</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 28 CAPITAL COMMITMENT**

The estimated amount of unexecuted capital contracts (net of advances and deposits) – ₹ 307.67 Lakhs (Previous Year – ₹ 358.73 Lakhs)

**NOTE 29 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)**

a) Outstanding Bank Guarantee given to the Customs department and others ₹21.48 Lakhs (Previous Year - ₹ 79.15 Lakhs)

b) Outstanding Letters of Credit: ₹11.73 lakhs (Previous Year – ₹ 287.97 lakhs)

c) **Disputed statutory dues:**

Sl No	Name of the statute	Nature of dues	2015-16 (₹ In lakhs)	2014-15 (₹ In lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	418.17	269.33	Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	4.54	27.26	CESTAT Tribunal/ Department of Revenue, New Delhi

**NOTE 30 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES**

The Company has not received information from Vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the 9 Months Period and Financial Year end together with Interest Paid / Payable under this Act have not been given.

**NOTE 31 BALANCES WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS INCLUDES:**

(a) Other Bank balances for the current year include ₹81.09 lakhs earmarked as lien towards Margin for letter of Credit and Bank Guarantee. (Pr. Yr. ₹ 107.66 Lakhs)

(b) Retention deposit under lien towards pre shipment credit – ₹ 134.67 Lakhs (Previous year – ₹ 126.40 Lakhs)

**NOTE 32 BALANCE WITH NON SCHEDULED BANKS**

Details of balances kept with non-scheduled banks as on balance sheet dates and the maximum balances kept with non-scheduled banks during the 9 Months Period and Financial Year are as follows:

Current Accounts in Foreign Currency	Balances as at		Maximum Balance during the 9 Months period and financial year ended	Maximum Balance during the financial year ended
	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015
China Citic Bank	9.92	10.47	17.61	15.14

**NOTE 33**

The Company had revalued the land, where the factory/office building is situated, during the period ended June 30, 2008 to the extent of ₹ 439.36 Lakhs and the gain on the revaluation of land to the extent of ₹ 373.38 Lakhs was credited to the Revaluation Reserve.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 34 EMPLOYEE BENEFITS**

The following table sets out the status of the gratuity plan as required under AS15 and reconciliation of opening and closing balances of the present value of defined benefit obligation;

Particulars	2015-16	2014-15
Change in Obligation:		
<b>Obligations at period beginning</b>	<b>82.04</b>	<b>80.74</b>
Service Cost	25.23	25.76
Interest Cost	4.97	4.68
Benefits paid	(4.82)	-
Actuarial (Gain)/Loss	55.38	(29.14)
<b>Obligations at period end</b>	<b>162.80</b>	<b>82.04</b>

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

Particulars	2015-16	2014-15
Change in Plan Assets:		
<b>Plan Assets at period beginning at Fair value</b>	<b>61.10</b>	<b>55.79</b>
Adjustments made to the fund value	-	
Contribution made during the 9 Months Period and Financial Year	1.91	4.65
Expected return on plan assets	3.80	4.73
Benefits paid	(4.82)	-
Actuarial Gain/(Loss)	(0.57)	(4.07)
<b>Plan Assets at end of period</b>	<b>61.42</b>	<b>61.10</b>
<b>Expenses recognized in Statement of Profit and Loss</b>		
Current Service Cost	25.23	25.76
Interest Cost	4.97	4.68
Expected return on plan assets	(3.80)	(4.73)
Net Actuarial (gain)/loss recognized in the 9 Months Period and Financial Year	55.95	(25.07)
<b>Expenses to be recognized in the Statement of Profit and Loss</b>	<b>82.35</b>	<b>0.64</b>
<b>Reconciliation of present value of obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the period	61.42	61.10
Present value of the defined benefit obligations at the end of the period	162.80	82.04
Liability recognized in the balance sheet	101.38	20.94

**Experience adjustment for the current and previous four years**

Particulars	As at March 31, 2016	As at June 30, 2015	As at June 30, 2014	As at June 30, 2013	As at June 30, 2012
Defined benefit obligation	162.80	82.04	80.74	37.83	26.62
Plan asset	61.42	61.10	55.79	23.70	16.02
Surplus/(Deficit)	(101.38)	(20.94)	(24.95)	(14.13)	(10.60)
Experience adjustment in plan liabilities- loss/(gain)	55.38	(29.14)	9.93	4.63	(4.10)
Experience adjustment in plan assets- loss/(gain)	(0.57)	(4.07)	2.62	7.80	(6.96)

Particulars	2015-16	2014-15
<b>Assumptions:</b>		
Discount Rate	8.50%	8.50%
Expected return on plan assets	8.50%	8.50%

The estimates of future salary increases are considered in actuarial valuation taking in to account inflation, seniority, promotion and other relevant facts such as supply and demand factors in the employment market.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

### NOTE 35 REMUNERATION TO MANAGING DIRECTORS AND WHOLE-TIME DIRECTORS

	For the 9 months period and financial Year ended March 31, 2016	For the year ended June 30, 2015
Salaries	45.60	53.36
Contribution to Provident and other funds	0.48	0.59
<b>Total</b>	<b>46.08</b>	<b>53.95</b>

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

### NOTE 36 OPERATING LEASES

The Company has entered into cancellable lease agreements for office facilities. Lease Payments recognised in the Statement of Profit & Loss for the 9 Months Period and Financial Year ₹85.93 Lakhs. (Previous year ₹137.12 Lakhs). The company has not entered into any non cancellable operating and finance leases.

### NOTE 37 RESEARCH AND DEVELOPMENT EXPENDITURE

	For the 9 months period and financial Year ended March 31, 2016	For the year ended June 30, 2015
Capital expenditure included in Fixed Assets	320.07	186.74
Revenue expenditure incurred during the 9 Months Period and Financial Year	543.47	588.24

### NOTE 38

Total Share Capital of Argus Salud Pharma LLP is ₹ 99.10 Lakhs (₹ 99.10 Lakhs) out of which 99.9% of shares is held by the Company and 0.10% is held by May India Property Private Limited and their profit sharing ratio is 99.90% and 0.10% respectively.(Previous year 99.90% and 0.10% respectively).

### NOTE 39 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT BALANCE SHEET DATE

Particulars	As at March 31, 2016		As at June 30, 2015	
	USD in Lakhs	₹ in Lakhs	USD in Lakhs	₹ in Lakhs
Export Debtors	11.89	788.89	0.14	8.73
Foreign Currency Term Loan	1.54	102.25	2.70	174.02
Creditors and Advance from Customers	109.75	7,302.01	124.01	7,488.04

Details of forward contract outstanding on account of hedging as at the end of the 9 Months Period and Financial Year: ₹ Nil (P.Yr. ₹ Nil)

### NOTE 40 AUDITORS' REMUNERATION COMPRISES OF FEES: (EXCLUDING SERVICE TAX)

	For the 9 months period and financial Year ended March 31, 2016	For the year ended June 30, 2015
For Statutory Audit	8.50	4.80
For Tax Audit	4.00	0.50
For Others	0.60	0.81
<b>Total</b>	<b>13.10</b>	<b>6.11</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016

(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 41 CIF VALUE OF IMPORTS**

	For the 9 months period and financial Year ended March 31, 2016	For the year ended June 30, 2015
Raw materials , Stock in Trade and Finished Goods	6,493.43	7,739.86
Capital Goods	57.38	410.37

**NOTE 42 EARNINGS IN FOREIGN EXCHANGE (ON ACCRUAL BASIS)**

FOB Value of Exports – ₹ 22915.69 Lakhs. (Previous Year – ₹ 24377.99 Lakhs)

**NOTE 43 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

(a)	For the 9 months period and financial Year ended March 31, 2016	For the year ended June 30, 2015
Traveling Expenses	36.95	65.94
Salaries	60.08	61.52
Rent	6.15	13.64
Other Expenses	42.42	71.58
<b>Total</b>	<b>145.60</b>	<b>212.68</b>

(b) Dividend payment in foreign currency paid during the 9 Months Period and Financial Year ₹ 8.35 Lakhs – PY ₹ 4.74 Lakhs

**NOTE 44 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIALS AND COMPONENTS**

Particulars	For the 9 months period and financial year ended March 31, 2016		For the year ended June 30, 2015	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	88.18	2.00%	27.12	0.63%
Indigenous	4,320.15	98.00%	4,305.18	99.37%
<b>Total</b>	<b>4,408.33</b>	<b>100%</b>	<b>4,332.30</b>	<b>100%</b>

**NOTE 45 PURCHASE OF STOCK-IN-TRADE**

Category	March 31, 2016	June 30, 2015
Tablets	1,988.02	3,093.39
Capsules	2,483.26	2,812.74
Liquids	467.97	604.53
Injectables	2,346.17	1,913.62
Ointments	67.34	223.23
Others	423.40	661.93
<b>Total</b>	<b>7,776.16</b>	<b>9,309.44</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016  
(All amounts are in ₹ lakhs except share data and if otherwise stated)

**NOTE 46 SALE OF PRODUCTS COMPRISES**

Category	Manufactured Goods		Stock-in-trade	
	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015
Tablets	6,009.64	6,074.46	4,104.85	4,895.80
Capsules	1,350.92	836.48	4,111.12	5,055.99
Liquids	757.43	688.99	1,427.61	1,247.88
Injectables	800.85	243.53	2,740.28	3,061.62
Ointments	10.34	236.04	866.33	1,194.72
Suppositories	99.70	-	-	-
Others	217.46	6.61	637.13	843.04
<b>Total</b>	<b>9,246.34</b>	<b>8,086.11</b>	<b>13,887.32</b>	<b>16,299.05</b>

**NOTE 47 DETAILS OF CLOSING STOCK OF FINISHED GOODS AS AT**

Category	Manufactured Goods		Stock-in-trade	
	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015
Tablets	118.67	67.72	32.95	12.10
Capsules	1.14	8.64	21.29	0.38
Liquids	2.67	16.70	14.63	16.09
Injectables	14.94	-	-	94.97
Ointments	1.84	1.79	13.57	3.33
Suppositories	0.89	-	-	-
Others	-	0.27	-	-
<b>Total</b>	<b>140.15</b>	<b>95.12</b>	<b>82.44</b>	<b>126.87</b>

**NOTE 48 EARNINGS PER SHARE**

	For the 9 months period and financial Year ended March 31, 2016	For the year ended June 30, 2015
<b>Basic</b>		
Net Profit after tax as per statement of profit and loss (₹ in Lakhs)	4,576.49	4103.69
Weighted average number of equity shares of ₹ 10/- each outstanding during the year (in Nos.)	15,110,000	15,110,000
Earnings per share – Basic(in ₹)	30.28	27.16
<b>Diluted</b>		
Net Profit after tax as per statement of profit and loss (₹ in Lakhs)	4,576.49	4,103.69
Weighted average number of equity shares of ₹ 10/- each outstanding during the year (in Nos.)	15,112,649	15,110,000
Earnings per share –Diluted (in ₹)	30.28	27.16

**NOTE 49 AMOUNT DUE TO INVESTOR EDUCATION AND PROTECTION FUND**

There are no amounts due and outstanding to be credited to investor education and protection fund as of end of the 9 Months Period and Financial Year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016*(All amounts are in ₹ lakhs except share data and if otherwise stated)***NOTE 50 DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 18 – “RELATED PARTY DISCLOSURES” ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.****(a) Related parties and nature of relationship**

Mr. Vivek Siddharth,	– Relative of Chairman
Argus Salud Pharma LLP	– Related Entity

**(b) Key management personnel**

Dr. Sridhar Ganesan	– Managing Director from 28.03.2015 (Whole Time Director from 25.08.2014)
Mr. M Jayapal	– Whole Time Director from 28.03.2015 (Managing Director till 27.03.2015)
Mr. D.P.Mishra	– Whole Time Director upto 30.04.2016
Mr. S. Mohanraj	– Chief Financial Officer & Company Secretary upto 13.02.2015
Mr.Harihara Ponnambalam P	– Chief Financial Officer from 06-05-2015 upto 18-02-2016
Mr. D Muralidharan	– Chief Financial Officer from 19-02-2016
Mr. Vinod Kumar S	– Company Secretary from 13.04.2015

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

Particulars	For the 9 months period and financial Year ended March 31, 2016	For the year ended June 30, 2015
Salary paid to Mr.Vivek Siddharth	13.76	18.20
Salary paid to Dr. Sridhar Ganesan* <sup>1</sup>	36.15	41.01
Salary paid to Mr. M Jayapal	4.99	6.50
Salary paid to Mr. D.P.Mishra	4.94	6.44
Salary paid to Mr. S. Mohanraj* <sup>2</sup>	-	14.16
Salary paid to Mr. Harihara Ponnambalam. P.* <sup>3</sup>	9.30	3.86
Salary paid to Mr. D Muralidharan* <sup>4</sup>	1.35	-
Salary paid to Mr. Vinod Kumar S* <sup>5</sup>	3.31	0.96

\*<sup>1</sup> salary paid for the previous year is from 25.08.2014\*<sup>2</sup> salary paid for the previous year upto 13-02-2015\*<sup>3</sup> salary paid for the period from 06-05-2015 upto 18-02-16\*<sup>4</sup> salary paid for the current financial year from 19-02-2016\*<sup>5</sup> salary paid from 13-04-2015**NOTE 51**

The Company's factory unit at Baddi in Himachal Pradesh is entitled for exemption under section 80IC of the Income Tax Act and also from Central Excise and Salt Act from the date of commencement of production (24-09-2005).

**NOTE 52**

The Company operates in one segment only viz., pharmaceuticals formulations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for 9 months period and financial year ended March 31, 2016  
*(All amounts are in ₹ lakhs except share data and if otherwise stated)*

**NOTE 53**

During the previous year ended June 30, 2015 depreciation of ₹48.87 (net of deferred tax impact) had been adjusted to the opening balance of surplus in the Statement of profit and loss as at July1, 2014, with corresponding adjustment to net book value of fixed assets, in accordance with the transitional provisions of Schedule II of the Act.

**NOTE 54**

Figures for the current financial year are for the 9 months period ended 31st March 2016 as against the 12 months period for the previous financial year ended 30th June 2015 and hence figures are not comparable.

**NOTE 55**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**Signatories to Schedules 1 to 55**

As per our report of even date attached  
for CNGSN & Associates LLP  
Chartered Accountants  
Firm Registration No. 4915 S / S200036

For and on behalf of the Board of Directors of Caplin Point Laboratories Limited

B. Ramakrishnan  
Partner  
ICAI Membership No. 201023

C. C. Paarthipan  
Chairman

Dr. Sridhar Ganesan  
Managing Director

Place: Chennai  
Date: May 27, 2016

Muralidharan D  
Chief Financial Officer

Vinod Kumar S  
Company Secretary



## CAPLINPOINT LABORATORIES LIMITED

CIN No. L24231TN1990PLC019053

"Narbhavi" No.3, Lakshman Street, T Nagar Chennai 600 017

Telephone: + 91 44 28156653/6901/6905 Fax:+91 4428154952

e-mail:info@caplinpoint.net, Website :www.caplinpoint.net

# NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of Caplin Point Laboratories Limited will be held on Monday, September 12, 2016 at Sri Thyaga Brahma Gana Sabha (Vani Mahal) No. 103, G N Road, T. Nagar, Chennai - 600 017 at 10.15 AM to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Standalone and Consolidated financial statements of the Company for Nine months/ Financial year ended March 31, 2016, including the audited Balance Sheet as at March 31,2016 and the Statement of Profit and Loss of the Company for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
2. To declare Final Dividend on equity shares
3. To appoint a Director in place of Mr C C Paarthipan (DIN: 01218784), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm Registration No. 004915S) as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the 26th Annual General Meeting on such remuneration as may be determined by the Board of Directors.

### SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to the provisions of Sections 196, 197,

and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and all other applicable laws for the time being in force, approval of the Company be and is hereby accorded for the re-appointment of Mr. M Jayapal (DIN: 01869677) as a Whole -time Director of the Company for a period of one year, with effect from 28th March, 2016, at a remuneration approved by the Nomination & Remuneration Committee as set out below:-

Terms and Conditions of the Contract of Service of Mr. M Jayapal

#### a. Salary, Allowances & Perquisites

Not exceeding Rs. 65,000/- per month with effect from 28th March, 2016

#### b. General

i) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes) the perquisites shall be valued as per income tax rules.

ii) Mr. M Jayapal, would be subject to all other service conditions as applicable to any other employee of the Company.

RESOLVED FURTHER THAT the total remuneration (i.e; salary, perquisites, allowances etc) of Mr. M Jayapal in any financial year shall not exceed the limits prescribed from time to time under Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as may for the time being be in force and any amendments thereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. M Jayapal, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the



Companies Act, 2013.

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

RESOLVED THAT pursuant to the provisions of Sections 149 (10) and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the applicable provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and as recommended by the Nomination and remuneration committee Dr R Ravichandran (DIN: 01920603), be and is hereby re-appointed as an Independent Director of the Company for a second term of Five years from May 12, 2016 to May 11, 2021, and not liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Section 61, 64 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals, consents permissions and sanctions as may be necessary from the concerned Statutory Authorities, the equity shares of the Company having a Nominal face value of Rs.10/- (Rupees Ten only) per share, be sub-divided into equity share having a Nominal face value of Rs.2/- (Rupees Two only) per share.

RESOLVED FURTHER THAT the existing fully paid up equity shares of Rs.10/- (Rupees Ten only) each shall be sub divided into 5 (Five) fully paid up equity shares of Rs.2/- (Rupees Two only) each.

RESOLVED FURTHER THAT Upon sub-division of Equity Shares of the Company as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares of Face value of Rs. 10/- (Rupees Ten only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date of sub-division, the Company may, without requiring the surrender of existing share certificate(s) directly issue and dispatch the new share certificate(s) of the Company in lieu of such existing share certificate(s) within the period prescribed or that may be prescribed in this behalf from time to time and in the case of shares held in dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Share before sub-division

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to make appropriate adjustments due to the sub-division of Equity Shares as aforesaid, to stock options which have been granted to employees of the Company under its Employee Stock Option Plan pursuant to the SEBI (Share Based employee Benefits) Regulations, 2014 and any amendments thereto from time to time, such that the exercise price for all employee stock options which are outstanding as on the Record Date (vested and unvested options) shall be proportionately adjusted and the number of stock options which are available for grant and those already granted but not exercised as on Record Date shall be appropriately adjusted.

RESOLVED FURTHER THAT the Board of Directors of the Company be authorised to take such steps as may be necessary including the delegation of all or any of its powers herein conferred to any Director(s), the Company Secretary or any other officer(s) of the Company for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution

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

RESOLVED that subject to Section 13, 61 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) the Clause V of the Memorandum of Association of the Company be and is hereby amended and substituted by the following clause:

Clause V would be substituted as follows:

The Authorized Shares Capital of the Company is ₹17,00,00,000/- (Rupees Seventeen Crores only) divided into 8,50,00,000 (Eight Crore fifty lakh only) Equity Shares of ₹2/- (Rupees Two) each With the power from time to time to increase or reduce its capital. The shares forming the capital (Original, increased, or reduced) of the Company may be subdivided, consolidated or divided into such classes with any preferential, or other rights, privileges or conditions attached thereto and be held upon such terms as may be determined by the Articles of Association and regulations of the company for the time being or otherwise

RESOLVED FURTHER that the Board of Directors of the Company be authorised to take such steps as may be necessary including the delegation of all or any of its powers herein conferred to any Director(s), the Company Secretary of the Company for obtaining



approvals, statutory, contractual or otherwise, in relation to the above and to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution.

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

RESOLVED THAT subject to Section 14 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such other approvals from the concerned Statutory Authorities, Article 4 of the Articles of Association of the Company relating to Capital be substituted by the following Clause:

4. The Authorised Share Capital of the Company is ₹17,00,00,000/- (Rupees Seventeen Crores only) divided into 8,50,00,000 (Eight Crore fifty lakh) only Equity Shares of ₹2/- (Rupees Two) each.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary including the delegation of all or any of its powers herein conferred to any Director(s), the Company Secretary of the Company for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution

For and on behalf of the Board

Date : August 05,2016

Place: Chennai

**Registered Office:**

"Narbavi "No. 3 Lakshmanan Street

T Nagar, Chennai – 600 017

CIN : L24231TN1990PLC019053

C C Paarthipan  
Chairman

**NOTES:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for holding the meeting.

A person can act as Proxy on behalf of members not exceeding fifty and holding not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

2. The statement pursuant to Section 102(1) of the Companies Act, 2013 setting out material facts regarding the items of special businesses specified above is annexed hereto.

3. Members/proxies are requested to bring duly-filled attendance slip along with their copy of Annual Report to the Meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, September 03,2016 to September 12, 2016 (Both days inclusive) for the purpose of Annual General Meeting and Final Dividend.
5. The Final Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before October 12, 2016 to those members, whose names appear in the Register of Members on September 02, 2016; in respect of the shares held in dematerialized form, the dividend will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

6. Members holding shares in physical forms are requested to notify and change in their address to the Company / Share Transfer Agents quoting Register Folio number. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their respective Depository Participants. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy Computer shares P. Limited.
8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Companies Act, 2013 read with Rules made there under are requested to send the prescribed Form SH.13 to M/s. Karvy Computershare Private Ltd. The Form SH.13 for the purpose would be available for download on the Company's website [www.caplinpoint.net](http://www.caplinpoint.net) under the section 'Investor'.
9. **Electronic copy of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.**
10. Members are requested to fill up the ECS mandate form provided with this report and submit to the Company's Share Transfer Agents (Physical and Electronic) M/s Karvy Computershare Private Ltd at the following address: M/s Karvy Computershare Private Ltd, UNIT: Caplin Point Laboratories Limited, "Karvy Selenium Tower B" Plot No.31 & 32, Gachibowli, Financial District, Hyderabad-500032 E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com). URL: [www.karvycomputershare.com](http://www.karvycomputershare.com). All communications relating to shares may be addressed to the Company's Share Transfer Agents (Physical and Electronic) at their communication address mentioned herein.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the venue of AGM.
12. Corporate Members / FII's / Financial Institutions intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board resolution / such other documents authorizing their representatives to attend and vote at the Annual General Meeting well in advance.
13. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Company Secretary at the Company's Registered Office or the Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124(5) of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund.
14. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form to enable the Company to serve documents in electronic form.
15. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form', available on the website of the Company [www.caplinpoint.net](http://www.caplinpoint.net), to M/s. Karvy Computershare Private Limited. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
16. Brief resume, details of Directors shareholding and Directors inter-se relationship of Directors seeking appointment / Re-appointment as required under Regulation 36 (3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, are provided as Annexure to this Notice
17. The Board has appointed Mr.G. Ramachandran, Practicing Company Secretary as the scrutinizer for conducting the e-voting and Ballot process in a fair and transparent manner
18. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility to its Members to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means in respect of the businesses to be transacted at the AGM, through the remote e-Voting



platform provided by Karvy Computershare Private Limited (Karvy).

19. The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). Members attending the meeting who have not already cast their vote by remote e-Voting shall be able to exercise their rights at the meeting. Facility of voting through ballot shall also be made available at the meeting.

i. The remote e-voting facility will be available during the following period:

- a) Day, date and time of commencement of remote e-voting: September 09, 2016 at 10.00 a.m.  
b) Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: September 11, 2016 at 5.00 p.m.

ii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their shares of the paid up equity share as on the cut-off date being September 02, 2016.

iii. Any person who acquires Shares of the Company and become Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date i.e. August 05, 2016, may obtain the User Id and password in the manner as mentioned below:

- a) If the mobile number of the member is registered against Folio No./ DPID Client ID, the Member may send SMS:  
MYEPWD<space>E-Voting Event Number+Folio number or DPID Client ID to +91-9212993399

**Example for NSDL:**

MYEPWD<SPACE>IN12345612345678

**Example for CDSL:**

MYEPWD<SPACE>1402345612345678

**Example for Physical:**

MYEPWD<SPACE> (EVENTNO)XXXX1234567890

- b) if e-mail address or mobile number of the member is registered against Folio No./ DPID Client ID, then on the home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.  
c) Member may call Karvy's Toll free number 1-800-3454-001.  
d) Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com).  
iv. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.  
v. Details of Website: <https://evoting.karvy.com>

vi. Details of persons to be contacted for issues relating to e-voting:

Mr. I L Murthy  
Karvy Computershare Private Limited  
Unit : CAPLIN POINT LABORATORIES LIMITED  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032.  
Tel. No.: +91 40 67162222/67161551;  
Toll Free No.: 18003454001 • Fax No.: +91 40 23001153;  
E-mail: [evoting@karvy.com](mailto:evoting@karvy.com).

vii. Details of Scrutinizer: Mr G Ramachandran , Practicing Company Secretary (Membership No.A9865)

viii. The procedure and instructions for remote E-Voting facility are as follows:

A. In case of shareholders receiving email from Karvy:

- i. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'.  
ii. Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No./DP ID – Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote  
iii. After entering these details appropriately, click on "LOGIN".

You will now reach password change menu wherein they are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like \*, #, @, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- iv. You need to login again with the new credentials.  
v. On successful login, the system will prompt you to select the E-Voting Event Number for Caplin Point Laboratories Limited.  
vi. If you are holding shares in Demat form and had logged on to <https://evoting.karvy.com> and casted your vote earlier for any other company, then your existing login id and password are to be used.  
vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. September 02, 2016

under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as on the cut-off date.

- viii. You may also choose the option “ABSTAIN” and the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- x. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- xi. You may then cast your vote by selecting an appropriate option and click on “Submit”. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote.
- xii. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xiii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail ID: ramgcs@gmail.com with a copy to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_EVENT NO.”

B. In case of shareholders receiving Notice by post:

- i. Initial password is provided at the bottom of the Attendance Slip

- ii. Please follow all steps from Sl. No. (i) to Sl. No. (xiv) above, to cast vote.

C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mr. I L Murthy of Karvy Computershare Private Limited at 040- 6716 1551 or at 1800-3454-001 (toll free).

D. The Scrutinizer’s decision on the validity of the vote shall be final.

E. Once the vote on a resolution stated in this notice is cast by shareholder through remote e-voting, the shareholder shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the Meeting, however such member shall not be allowed to vote again.

F. The Scrutinizer after scrutinising the votes cast at the Meeting by Poll and through remote e-voting, will, not later than two (2) days of conclusion of the Meeting, make a consolidated Scrutinizer’s Report and submit the same forthwith to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.

G. The Results declared along with the consolidated Scrutinizer’s Report shall be hosted on the website of the Company ([www.caplinpoint.net](http://www.caplinpoint.net)) and on the website of Karvy (<https://evoting.karvy.com>). The Results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****ITEM NO. 5**

The Board of Directors of the Company in its meeting held on February 05, 2016 approved the re-appointment of Mr M Jayapal as a Whole-time Director for a period of one year with effect from March 28, 2016 as recommended by the Nomination and Remuneration Committee. The terms of contract of services are set out in the Resolution.

The terms and conditions of re-appointment may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board recommends the resolution for the approval of Members.

Accordingly, the Board recommends this Ordinary resolution for approval by the members of the Company.

Except Mr M Jayapal, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the Resolution

**ITEM NO.6**

Dr R Ravichandran was appointed as an Non-executive Independent Director of the Company for a period of two years effective from May 12,2014. As recommended by the Nomination and Remuneration committee, the Board of Director of the Company at their Meeting held on February 05,2016 have proposed to re-appoint him as an Non-executive Independent Director for a second term of five consecutive years commencing form May 12,2016.

In the opinion of the Board, Dr R Ravichandran fulfils the conditions as specified in the Companies Act, 2013 and rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the management. The Board also considers that his continued association/support would be of immense benefit to the Company and is desirable to avail his services as an Independent Director.

Accordingly, the Board recommends this Special resolution for approval by the members of the Company.

Except Dr R Ravichandran, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the Resolution.

**ITEM NO.7,8 & 9**

The Equity Shares of the Company are listed and traded on BSE Limited and National Stock Exchange of India Limited. In order to facilitate high liquidity, less volatility and to enhance the investor value by encouraging wider participation of small and retail investors the Board of Directors of the Company at their Meeting held on August 05, 2016 considered and approved the sub-division of one Equity Share of the Company having a face value of ₹10 each into Five Equity Shares of face value of ₹2/- each subject to approval of the Members and any other statutory and regulatory approvals, as applicable. The Record Date for the aforesaid sub-division of the Equity Shares will be fixed after approval of the Members is obtained.

The sub-division as aforesaid would require consequential amendments to the existing Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company as set out in Item Nos. 8 and 9 of the Notice respectively to reflect the change in face value of each Equity Share from ₹10 each to ₹2/- each.

The Directors recommend the Resolutions as set out in Item Nos. 7, 8 and 9 of the Notice for Members approval.

No Directors, Key Managerial Personnel's and their relatives are in any way concerned or interested in the Resolution of Item Nos. 7, 8 and 9 of the Notice except to the extent of their shareholding in the Company.

For and on behalf of the Board

Date : August 05, 2016

Place: Chennai

C C Paarthipan

Chairman

**Registered Office:**

"Narbavi "No. 3 Lakshmanan Street

T Nagar, Chennai – 600 017

CIN : L24231TN1990PLC019053



## ANNEXURE TO NOTICE

Details of Directors seeking appointment and re-appointment at the ensuing Annual General Meeting [in pursuance to Regulation 36 (3) of the Listing Obligations and Disclosure Requirements) Regulations,2015]

Name of the Director	Mr .C C PAARTHIPAN	Dr R Ravichandran	Mr M Jayapal
DIN	01218784	01920603	01869677
Date of birth	02.08.1952	20.07.1957	04.08.1951
Date of Appointment on the Board	16.04.1990	12.05.2014	28.03.2005
Qualifications	Graduate	Doctorate In Management	Graduate
Expertise in Specific Functional Area	Mr C C Paarthipan has about three decades rich and vast experience in the field in the pharmaceutical industry. A good business acumen with Exceptional abilities in identifying and exploring business opportunities in Latin American countries and upto date knowledge in the happenings of the pharma Industry both in domestic and global Markets. Spearheading the Management in achieving business targets/enduring goals.	Dr R Ravichandran has about 38 years rich and diversified experience in the field of Financial Management, Corporate governance and Strategic Management .	Mr M Jayapal has about three decades rich experience in Marketing and business development and poses specific interest in relationship management.
Number of Shares held in the Company	28,29,353 Equity Shares	NIL	NIL
List of the Directorship or other position held in other Listed Companies	NIL	NIL	NIL
Chairman/ Member in the Committees of the Boards of Companies in which he is Director*	Chairman: Nil Member :Nil	Chairman: Nil Member :Nil	Chairman: Nil Member :Nil
Relationships, if any, with other Directors and KMP	NONE	NONE	NONE

\*Other than Caplin Point Laboratories Limited.

CAPLIN POINT LABORATORIES LIMITED

CIN:- L24231TN1990PLC019053

Registered Office:- "Narbhavi", No.3, Lakshmanan Street, T.Nagar, Chennai – 600 017.

Ph:- 044-28156653, 28156905, Fax:- 044-28154952

E-Mail:- info@caplinpoint.net, Website:-www.caplinpoint.net

Form MGT-11

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rules 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s):

Registered Folio No / DP ID No / Client ID No.\*:

(\*applicable to Investors holding shares in dematerialised form)

Registered Address:

Email ID:

I/ We, being a member/s of CAPLIN POINT LABORATORIES LIMITED, holding \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Name : ..... Address : .....  
Email Id : ..... Signature : .....or failing him / her
2. Name : ..... Address : .....  
Email Id : ..... Signature : .....or failing him / her
3. Name : ..... Address : .....  
Email Id : ..... Signature : .....

As my / our proxy to attend and vote (on a poll) for me/us on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Monday, September 12, 2016 at 10.15 AM at Thyaga Brahma Gana Saba "VANI MAHAL" No. 103, G.N. Road, T. Nagar, Chennai – 600017 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

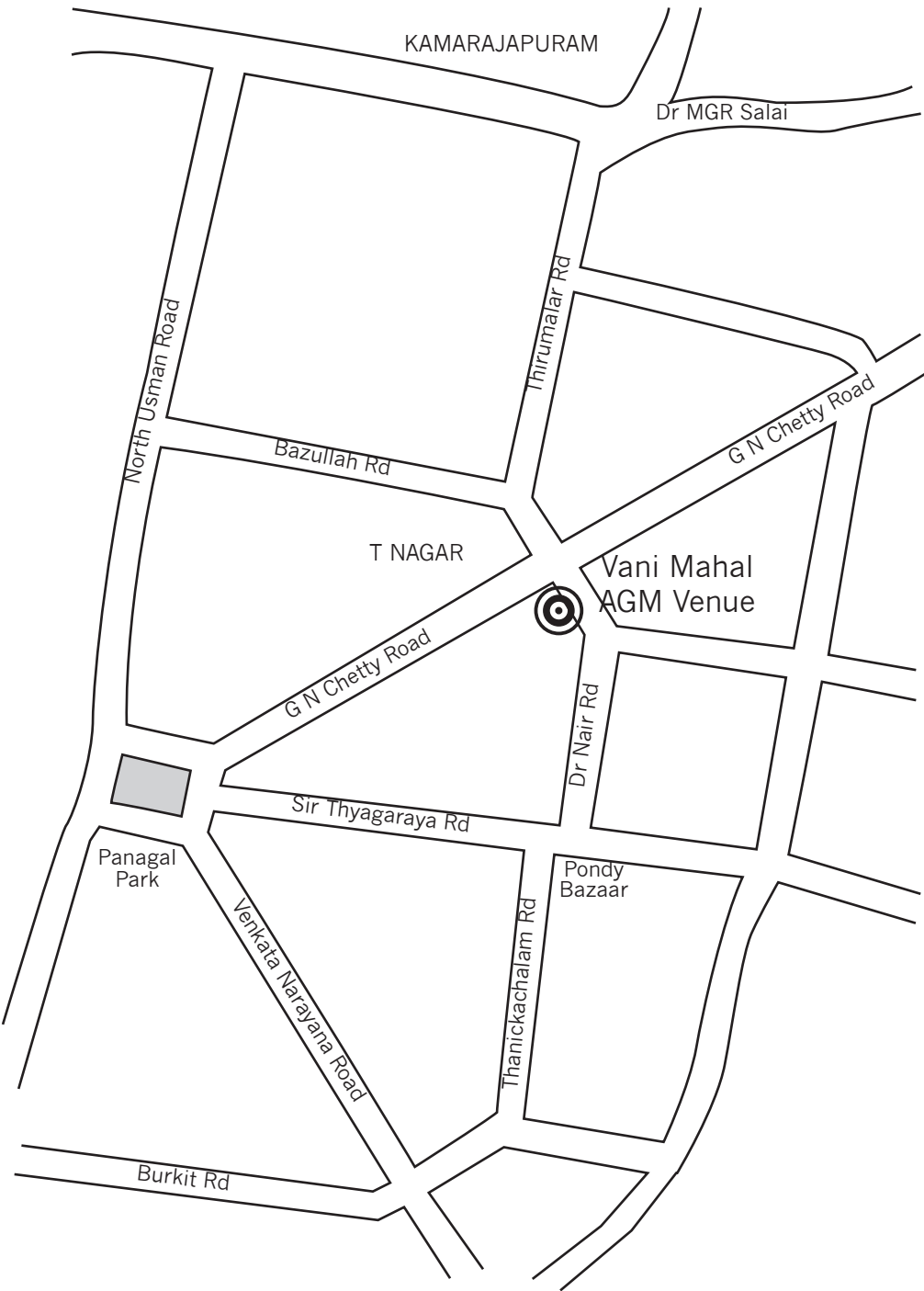
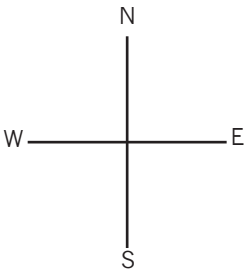
Affix  
Re. 1/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature of the Proxy holder(s)

\_\_\_\_\_  
Signature of the shareholder

Note : 1. This form duly in order to be effective should be completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

AGM HALL ROUTE MAP



CAPLIN POINT LABORATORIES LIMITED

CIN:- L24231TN1990PLC019053

Registered Office:- "Narbhavi", No.3, Lakshmanan Street, T.Nagar, Chennai – 600 017.

Ph:- 044-28156653, 28156905, Fax:- 044-28154952

E-Mail:- info@caplinpoint.net, Website:-www.caplinpoint.net

FORM FOR ECS MANDATE

To  
M/S. KARVY COMPUTERSHARE PVT LTD.  
Unit: CAPLIN POINT LABORATORIES LIMITED  
"Karvy Selenium"  
Tower B, Plot number 31 & 32  
Financial District, Gachibowli  
Hyderabad - 500 032

Dear Sirs,

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

I/We hereby give my/our mandate to credit my/our Dividend on the shares held by me/us under the undermentioned Folio number directly to my/our Bank Account through Electronic Clearing Service (ECS). The details of the Bank Account are given below:

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

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of shareholder  
[Sole / First]



# Corporate Information

## Board of Directors

Mr. C. C. Paarhipan, Chairman  
Dr. Sridhar Ganesan, Managing Director  
Mr. M Jayapal, Whole Time Director  
Mr D P Mishra, Director

## Independent Directors

Mr. V. Thirumalai  
Mr. R Viswanathan  
Dr. R Ravichandran  
Dr. K C John  
Dr. K Nirmala Prasad  
Mr P T Baby Thomas (upto 20.12.2015)

## Chief Financial Officer

Mr D Muralidharan

## Company Secretary

Mr Vinod Kumar S

## Statutory Auditors

M/s. CNGSN & Associates LLP  
Chartered Accountants,  
Swathi Court, Flat C & D, No.22,  
Vijayaraghava Road, T. Nagar,  
Chennai – 600 017

## Bankers

The Catholic Syrian Bank Ltd  
No. 826, Tarapore Towers, Mount Road  
Chennai 600 002

## Registered & Corporate Office

‘NARBHAVI’, No.3, Lakshmanan Street,  
T Nagar, Chennai - 600 017  
Ph No: 044 – 28156653, 28156905  
Fax No: 044 – 2815495

## Factories

### UNIT I

85/3, Suthukeny Village,  
Mannadipet Commune Panchayat,  
Puducherry - 605 502

### UNIT III

Khasra No.435, Village SurajMajra, N.H.21,  
Baddi, Tehsil Nalagarh, Dist. Solan,  
Himachal Pradesh -173 205

### UNIT IV

Guruvarajakandigai Village,  
Sirupuzhalpettai (Post), Gummidipoondi  
Taluk, Tamilnadu - 601 201.

## Research & Development

### UNIT II

No.19, Chinnapuliur Village,  
Sirupuzhalpettai (Post), Gummidipoondi  
Taluk, Tamilnadu - 601 201.

### UNIT IV

Guruvarajakandigai Village,  
Sirupuzhalpettai (Post), Gummidipoondi  
Taluk, Tamilnadu - 601 201

## Subsidiary

Argus Salud Pharma LLP  
Khasra No.380, Village Suraj Majra,  
N.H.21, Baddi, Tehsil Nalagarh,  
Dist.Solan, Himachal Pradesh 173 205

## Registrar & Transfer Agents

M/s Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032

## Website, Email ID

[www.caplinpoint.net](http://www.caplinpoint.net); [info@caplinpoint.net](mailto:info@caplinpoint.net);  
[investor@caplinpoint.net](mailto:investor@caplinpoint.net)

## E-Voting Service Provider Website

M/s. Karvy Computershare Private Limited  
<https://evoting.karvy.com>

## Corporate Identification Number (CIN)

L24231TN1990PLC019053

## Forward-looking information

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

The financials reported by the company for 2015-16 pertain to the working of nine months from 1 July 2015 to 31 March 2016. To facilitate a faithful comparison with the performance of the previous financial of 2014-15 (12 months), the company has selected to annualise the numbers of 2015-16 wherever applicable.





**CAPLIN POINT**  
LABORATORIES LTD.

**Corporate Office:**

"NARBHAVI", No. 3, Lakshmanan Street,

T. Nagar, Chennai - 600 017, Tamil Nadu, India

Phone: +91 44 2815 6653, 2815 6905