



# Science, Conscience & Compliance

*Addressing the three imperatives  
of enduring success*

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## Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, 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 even inaccurate 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.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Science, Conscience & Compliance ▼

**Theme explained:** A rapidly changing world needs advanced science to address unmet health care needs. It needs a sensitivity to make products affordable, accessible and available for the vast number of global population for whom competent health care is still a dream and can potentially result in large expenditures, debt and penury. The world also needs progressively higher quality compliance standards, ensuring product and process safety for the benefit of consumers and communities.

# Science, Conscience & Compliance

Caplin Point. Using  
technology to provide the  
most effective medicines for  
the largest number at the  
most affordable cost.

# 5 things you need to know about Caplin Point Laboratories Limited

1

## Vision of perceiving an 'Invisible opportunity'

Caplin Point aims to create new niches in the markets of our presence to ensure our market share remains strong and our product portfolio innovative. We will enhance the global relevance of a unique business model, ensuring that everyone has access to quality medicines at affordable prices.

2

## Mission of addressing the 'pain of the poor'

Caplin Point will innovate constantly to change the rules of the game and not merely compete in the game; innovation distinguishes a leader from a follower.

3

## History respects 'rule breakers'

The promoters risked their lives by going to war zone countries where nobody dared. Caplin Point was established in 1990 to manufacture a range of ointments, creams and other external applications. The Company was listed in 1994; the IPO proceeds were deployed in a manufacturing facility in Pondicherry. The Company ventured into the emerging markets of Africa, Latin America and the Caribbean thereafter to market finished formulations.

4

## The management is professional and knowledgeable

Caplin Point is headed by Mr. C. C. Paarthipan (Chairman) and Dr. Sridhar Ganesan (Managing Director) who, in turn, are supported by a competent managerial team with a cumulative experience of 300 person-years. The Board does not have any member of the promoter's family.

5

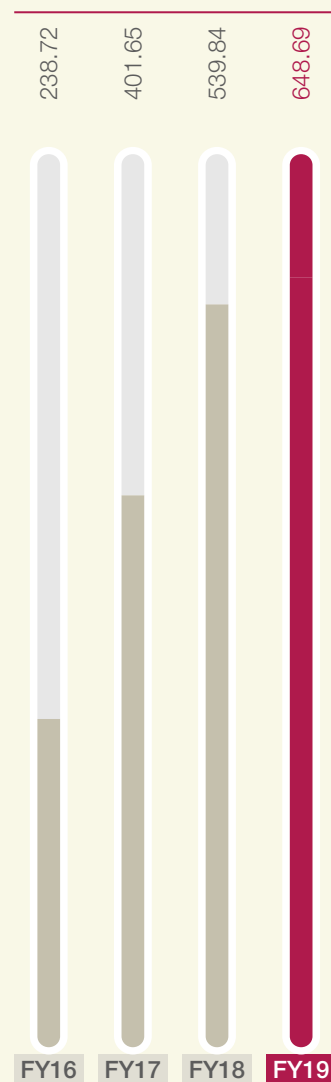
## Widening the partnership platform

To unlock value in the global injectable markets, the Company attracted investments in Caplin Steriles Limited (a wholly owned subsidiary of the Company) from Eight Roads Ventures India III LP and F-Prime Capital Partners Life Sciences Fund VI LP (the Private Equity arms of Fidelity USA) through Compulsorily Convertible Preference Shares (CCPS) to be converted into equity shares of Caplin Steriles Limited.

# This is how we have grown in the last few years (consolidated financials)

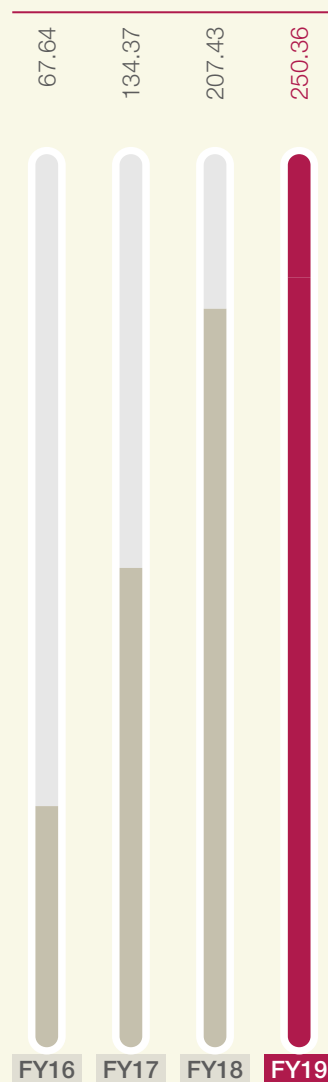
## Higher revenues

(Rs. cr)



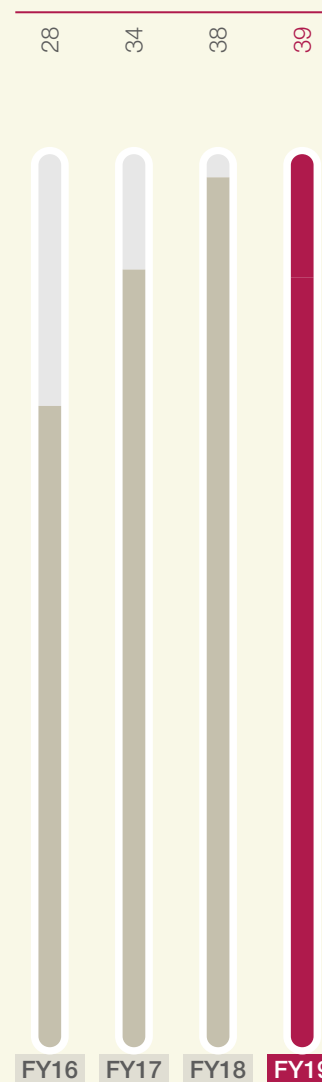
## EBITDA

(Rs. cr)



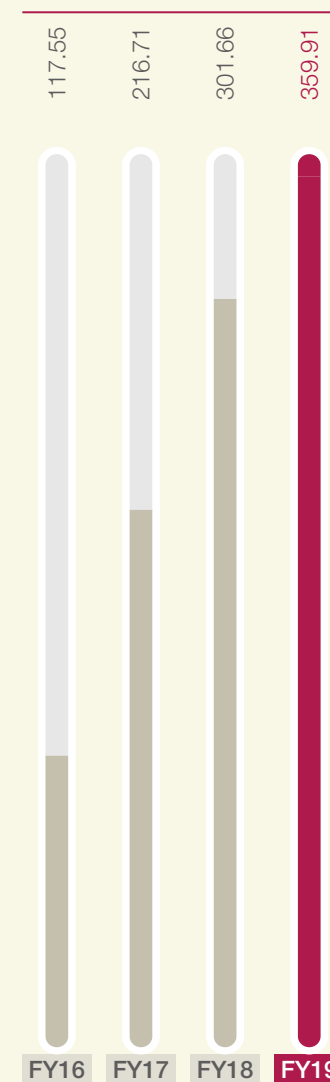
## EBITDA margin

(%)



## Gross value-added

(Rs. cr)



\*FY16 is for a period of nine months

## CHAIRMAN'S OVERVIEW



I have consciously selected to make this subject  
– Science, Conscience & Compliance - the focus  
of this annual report.

**CC Paarthipan,**  
*Chairman*

# "What makes Caplin Point unique."

## Overview

These are momentous times for the global pharmaceutical industry.

Consider the various dynamics at play: a large percentage of the global population of around 7.7 billion people does not have access to quality health care; the global population is growing continuously, which means that the number of those without access to quality health care is increasing; even as the number of countries focusing on universal health care is increasing, they are still playing catch-up; the challenge of affordable and accessible health care is not just a problem limited to a pocket of countries but a universal challenge due to porous international travel that makes even local ailments become global epidemics in no time.

There are more challenging realities inherent in the concept of universal health care. Treatment of some of the most aggressive diseases is restricted on account of expensive therapies. With the advancement of science making it possible to address a wide range of diseases and ailments than ever before, the biggest global aspiration is not wealth but health. This aspiration comes at a cost in less developed countries where the treatment of disease does not just erode financial reserves but comes at an even bigger price – the pushing of patients and their families into penury and life-long debt.

The conclusion is that healthcare is not just a medical need but a social priority; the need for a solution is not just regional but global; if human kind is to survive, the provision of health care does not need to be exclusive but universally inclusive.

I have consciously selected to make this subject – Science, Conscience and Compliance - the focus of this annual report. There is no 'them' (the poor) and 'we' (affluent) when it comes to healthcare; the subject is 'us'. If humankind does not collectively and collaboratively reach quality healthcare to the last person standing, the developed countries will be as affected by untraceable fevers, virals, ailments and diseases. The message is unambiguous: our resolve is going to be measured by the strength of the weakest link in our global chain. Even one country without access to universal health care would be one country too many; even one individual without access to affordable medicines would be one individual who could potentially endanger our collective well-being.

## 5Cs – the major drivers of our growth

### 1 Compliance as culture

We live in a world of 'Never enough', We don't work 'Hard enough', eat 'Healthy enough' and good is not 'Good enough' when great is the 'Relevant and accurate enough'.

- 'Zero tolerance' for the lack of integrity in people and quality in products and hence 'Zero waste' and 'Zero consequence'
- 'Zero mercy' for people who are part of the 'Zero sum' game

### 2 Commerce with conscience

There is a growing conviction that generating profit with respect will not make one a pauper if one seeks excellence with the right

technology, people and business model differentiation coupled with an empathy for the poor.

This extends to no compromise on product and process quality or employee benefit.

*In view of this, the focus on excellence is not an act but a habit.*

### 3 Compete and create differentiation

Caplin not only sells products but also builds relationships with customers. In the past, Caplin engaged in business in small geographies – 80% of Caplin's business (~Rs.650 cr as of March 2019) was derived from a 45 to 50 million population spread across Latam countries.

The focus has now shifted to bigger geographies such as USA, China, Europe, Brazil, and Mexico.

*Today Caplin's vertically integrated model comprises APIs and formulations R&D with a new CRO business comprising top-notch professionals.*

Caplin's API and formulation R&D would help it address multi-tier products (simple and complex molecules with competitive firewall to block a new entrant of their size in the markets for a fairly long period).

#### 4 China

The Chinese wall has opened up an opportunity to outsiders who understand the relevance of technology and for Chinese-friendly business models.

Caplin exported formulations to China when most Indian companies imported APIs. In a changed China scenario, Caplin plans to build something new and sustainable.

The relevant China business model comprises of:

R&D for API and formulations,

Technology benefitting the bottom of the business pyramid,

Green chemistry (non-polluting) for APIs and the introduction of oncology products.

#### 5 Cash flow & Profits

The Company's conscious focus on free cash flow helped in the following

- Created and sustained the Injectable facility, approved by the USFDA, with a cumulative outlay of more than Rs.400 cr before inducting a 'Capital plus' partner
- Invested in productive assets to the tune of Rs.143 cr over the last five years
- Invested in a backward and forward integration (API and CRO) bringing channel partners under the parent's fold) through internal accruals
- Enhanced the ability to seek inorganic growth
- Increased flexibility and speed in implementing strategies
- Attracted competitive pricing from vendors, reducing the cost of production
- Increased stakeholder return on investment with zero finance cost

### Conscientious business is good business

I must assure our stakeholders that a singular focus on addressing the unmet needs of the world's largest population segment is not just conscientious business but good business as well. Caplin Point continues to grow profitably (margins growth in percentage terms in tandem with percentage revenue growth), margins-accretive and cash-rich.

There has perhaps been no better time than the present for Caplin Point to reaffirm its commitment to its business objective. We believe that the year 2019-20 will represent yet another milestone.

Our best is round the corner.

**CC Paarthipan**

*Chairman*

“Build a better mousetrap and the world will beat a path to your door”

- Emerson

50

Percentage of the world's population that cannot obtain essential health services

Source: World Bank, World Health Organisation

100

Million, people who are pushed into extreme poverty on account of high health care expenses, forcing them to survive on just USD 1.90 or less a day.

Source: The World Bank

43.5

Point difference in China's personal health-care access and quality between regions of high and low access (Beijing to Tibet)

Source: Firstpost

30.8

Point difference in India's personal health-care access and quality between regions of high and low access (Goa to Assam)

Source: 2017 Global Monitoring Report

5.4

% annual growth in global health care expenditure, 2017-2022

Source: Deloitte



# 7.724

USD trillion, global health care expenditure, 2017

Source: Deloitte

# 10.059

USD trillion, projected expenditure on health care globally, 2022

Source: Deloitte

# 122

Million, the number of people around the world compelled to live on USD 3.10 a day, the benchmark for 'moderate poverty', due to healthcare expenditure.

Source: The Guardian

# 1.5

Percentage, the annual increment in the number of people compelled to live on USD 3.10 a day

Source: The Guardian

# 180

Million, the number of people who spend a quarter or more of their household budgets on 'out of pocket' health expenses (population increasing at almost 5% a year, women being the worst affected).

Source: The Guardian

# 17

Percentage of women in the poorest fifth of households who have adequate access to maternal and child health services

Source: The Guardian

# 74

Percentage of women in the richest fifth of households who have adequate access to maternal and child health services

Source: World Bank

# 72

Percentage of those spending 25% of their household budgets on health care from among those who live in Asia.

Source: The Guardian

# 90

Percentage of people taking loans for healthcare. Urban Indians using informal borrowing sources at high interest rates.

Source: The Tech Panda

# 90

USD, Cost of essential health services globally per person per year

Source: World Bank Group

# 71

Number of countries who have invested less than USD 90 per person per year on the health of their citizens in 2015.

Source: World Bank Group

# 41

Number of countries that have invested less than USD 25 per person per year on the health of their citizens (combined population 2.6 billion)

Source: World Bank Group

# 10

Percent of patients in low and middle-income countries who can potentially acquire an infection during their hospital stay

Source: World Health Organisation

# 1,730+

Outbreaks/epidemics that have been reported in the WHO African region in the period 1970 to 2016.

Source: World Health Organisation

2018-19 PERFORMANCE  
REVIEW BY THE  
MANAGING DIRECTOR



At Caplin Point, we did not just maintain our profitability;  
we strengthened it during the year under review – the 16th  
successive year when we increased our EBITDA.

**Dr Sridhar Ganesan,**  
*Managing Director*

## Q: Was the management of Caplin Point pleased with the performance of the Company in FY2018-19?

**A:** The management was pleased with the performance of the Company for a number of reasons. The Company's performance represented the 16th successive year of profitable growth – revenues grew by 21% while profit after tax increased by 22%. This incidence of profitable growth indicates that the Company's business model continues to be robust and its strategic direction distinctive. Besides, the Company continued to report revenue percentage growth in the mid-twenties on a considerably larger revenue base, indicating a sustained traction in the markets of its presence.

## Q: What were the highlights of this performance that may not be immediately evident to most?

**A:** The one point that we wish to make upfront is that the Company strengthened its business during the year under review, the results of which should become more visible across the future. These initiatives included a proactive

investment in API research that should deepen our presence in China. Besides, the Company extended its business to clinical research, which should establish it as a more broad-based player with a relevance across a wider range of businesses and regions. Besides, the Company embarked on other direct initiatives that should increase its presence in China. The result is that we did not just address the business needs of the day but strengthened the business for the future.

## Q: How did the Company strengthen the business in a visible way?

**A:** The larger we grow, the more challenging it becomes to maintain margins. At Caplin Point, we did not just maintain margins; we strengthened them during the year under review – the 16th successive year when we increased our EBITDA. Despite various pressures on our terms of trade, Caplin Point continued to nurse a high liquidity during the year under review. Liquid funds at the Company's disposal increased from Rs.118.66 cr as on April 1, 2018 to Rs.215.28 cr as on March 31, 2019, including the funds infused by a strategic investor in Caplin Steriles.

Changes in our operating dynamics, profile of customers and countries of our presence, Caplin Point continued to generate more cash than it could consume, an effective index of its overall competitiveness.

## Q: What were some of the challenges addressed by the Company during the course of the year under review?

**A:** We faced a couple of challenges this year, primarily with regards to operations. There were several APIs that had gone into shortage due to environmental issues in China resulting in closure of several Intermediate facilities there. This was also one of the reasons why we had put up an Intermediate & API development lab in Hyderabad to try and fill some of the gaps. Another challenge we had faced was increased lead time in deliveries from our contract manufacturing partners in China. Since we have been closely associated with them for well over a decade, we were able to coordinate closely with them to avoid long shortages of best selling products in the market. Our supply chain has been strengthened even further this year to face these situations more effectively in the future.

### This is what we achieved in FY2018-19

**Our Return on Capital Employed** of 51% was considerably higher than the average

**Our focus** on liquid injectables for the US market was probably the only instance among Indian companies of our size

**Ours** is probably the only instance of a mid-sized

Indian pharmaceutical company investing Rs.75.20 cr in the business completely out of accruals

**We are** among the few Indian pharma companies to have reported 16 successive years of profitable growth

**Our inventory** turn of 9x was nearly twice the

sectoral average.

**Our EBITDA** margin of 39% was among the highest in India's pharmaceutical sector

**We finished** with a topline of Rs.667.72 cr and total liquid resources of Rs.215.28 cr (as on March 31, 2019).

## Q: Can you elaborate more on what shareholders are likely to qualitatively miss in the overall numbers?

**A:** The principal point that needs to be communicated is that we generated 84% of our revenues from Latin America during the year under review. This growth was derived from drilling deeper into the markets of our presence; we only ventured into one additional market in FY2018-19. Besides, what shareholders need to take into account is that despite the sizable investments made in our



The Company derived its outperformance from marketing differentiated products (injectables, ophthalmics, CNS products and immunosuppressants), marked by relatively low competition and low price erosion.

US business, this business accounted for only 2.5% of our revenues in FY2018-19 and this is likely to correct over the foreseeable future.

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**Q: What were the principal drivers of the Company's growth and profitability in FY2018-19?**

**A:** One, the Company derived its outperformance from marketing differentiated products (injectables, ophthalmics, CNS products and immunosuppressants), marked by relatively low competition and low price erosion, resulting in attractive margins.

Two, the Company marketed a larger volume of these products in its overall sales mix.

Three, the average realisation per unit of these products continued to remain higher than the broad market average.

Four, we entered into tender-based contracts where successful deliveries in the first couple of years usually translated into top-up contracts marked by the first right of refusal.

Five, we leveraged the USFDA clearance of our manufacturing facility (CP4) to impress customers by our operating standards and generate a premium in realisations.

Six, we began to increasingly focus on government-tender driven opportunities in Chile, Colombia, Ecuador and Costa Rica, strengthening our offtake.

**Q: There is an apprehension that the tender market is over-crowded, low margin and marked by extended receivables – and hence avoidable.**

**A:** The Company believes that the tender business is attractive from a long-term business point of view for some good reasons. A number of countries in Latin/Central/South America are recognising the importance of good health for economic growth. Most people in these countries are demanding universal health care as the defining road ahead. Most of these governments are raising their regulatory standards and focusing on moderating healthcare costs for the benefit of all. This priority is translating into increasing standards – better quality, lower costs - being woven into government tenders for medicines.

At Caplin Point, we studied this tender-based market for years before choosing to enter. We believe that a number of these countries practice a high degree of governance when tendering for health care services. Chile, for instance, attracts credible vendors, insists on high product and engagement quality and remunerates on schedule. Colombia is contemplating a 100% social insurance for its citizens. Ecuador has improved its tendering system and strengthened its compliance requirements by allowing only registration dossiers in eCTD format. These realities hold

out attractive long-term prospects for larger and more frequent tenders, strengthening business possibilities.

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**Q: What were some of the other highlights of the Company's performance in FY2018-19?**

**A:** In September 2018, the Company's coveted CP4 plant successfully passed its second USFDA inspection with no 483 observation, a rare industry phenomenon. The plant is now empowered to handle terminally sterilised products and aseptically filled products, reflecting a higher standard of compliance. We are not just one of a handful of companies with this facility in India; we are one of the very few mid-sized Company of this kind in India. This validates that we have developed the competence to assemble teams and create a facility that measures up to the gold standard in the global pharmaceutical industry.

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**Q: In what other ways did Caplin Point strengthen its business?**

**A:** The Company invested Rs.65.18 cr in capital expenditure in FY2018-19, (32% of the cash profit generated during the year) that was invested in setting up an injectable facility in CP1 to address RoW markets, as well as setting up CRO and API divisions. The Company made research investments

equivalent to 40% of its profit after tax, which helped increase the number of research professionals employed by the Company from 184 to 271 during the year. We invested in a clinical research organisation and API research facility. We believe that the benefit of these investments will be progressively visible from FY2019-20 onwards, strengthening the Company's competitiveness.

**Q: With many companies coming under the USFDA scanner with Warning Letters etc, how are you managing on the compliance front?"**

**A:** We've always placed great emphasis on our quality systems and culture within the organisation. In fact, we have always prioritised quality and compliance over other deliverables, as we think this will in itself take care of the efficiency and deliverables over the long run. In fact, we had just completed our 3rd successful USFDA audit in June 2019, for which we received the EIR in July 2019. We're proud of our compliance record and will strive to maintain it in the same manner going forward

**Q: The Company is engaged in trebling its injectables capacity. Is the Company confident of marketing this additional output?**

**A:** We're constantly developing and filing ANDAs that are a mix of simple and complex products. Every year, our requirement for additional capacity only increases as the GDUFA timelines of approvals become faster. One of the Company's prominent international customers placed an order last year and indicated that this throughput could increase eight-fold in the foreseeable future, and there is a possibility that even this enlarged requirement could just be a fraction of the

eventual volumes should everything go as per plan. Besides, the Company's plans are aggressive, comprising an extension into about eight niche injectable products on the one hand and the development of a handful of blockbuster products (for which there are only a couple of global players) on the other. The result is that even after we have trebled our injectables scale, we are likely to run short of capacity from 2021 onwards. We must assure our shareholders that thanks to our low cost structure, we expect to generate attractive margins on sales made to others. Besides, our proprietary products stand the possibility of being out-licensed to global marketing partners in exchange for a share of revenues and licensing fees.

**Q: How else is the Company taking its business ahead?**

**A:** In a decisive extension of its business model, the Company intends to manufacture APIs specifically for critical formulations (ophthalmic and injectables) where the volume requirements is not large. For a Company that has consistently selected to focus on downstream formulations, this backward integration needs to be explained: for complex downstream products, it would be imperative to secure quality resource supplies that enhanced the confidence of our buyers

and reinforced our business sustainability; in niche formulations, where the complexity lies in the API, it is necessary to capture the critical value-addition. This facility will be commissioned in the second half of FY2019-20 and could be ready for a USFDA inspection in 2020.

**Q: Where does the Company go from here? What is its vision?**

**A:** The Company expects to grow its US business from FY2019-20 onward. The Company intends to enter more markets in South America, including Mexico. It intends to deepen its presence in Chile and Colombia with a complement of differentiated products. It intends to commission a laboratory in Hyderabad to research intermediates that could enhance self-sufficiency. API manufacture for onward use in oral solid dosages, starting from the second half of FY2019-20. Our next bold move is our entry into China. It's the second largest market in the world for Pharmaceuticals, and given our long association with China from a sourcing angle, we believe we understand China a little better and try to take advantage of being an early mover. In view of these realities, we believe that we address yet another growth year in FY2019-20, enhancing value for all those associated with our Company.

**This is what our shareholders can look forward to in FY2019-20**

**Treble** the manufacturing capacity of our USFDA approved Injectables plant (Part of Caplin Steriles Ltd) starting from the second half of FY2019-20

**Commissioning** of the following facilities from the second half of FY2019-20:


- Clinical Research Organisation (CRO),

- API
- Intermediates

**Subjecting** the Pondicherry Plant (CP1) to an audit for the Colombian and Chilean markets (The injectable business has since been audited and approved by the Colombian INVIMA)







I must assure our stakeholders that a singular focus on addressing the unmet needs of the world's largest population segment is not just conscientious business but good business as well.

CC Paarthipan, *Chairman*





## Our conscious receivables strategy

During the last few years, one of the things that we prided ourselves on was how we successfully reduced our receivables cycle in a cash-intensive business and emerged as a virtually negative-working capital company.

We did so by selecting to import quality products into countries, and reaching therapies to retailers across the markets of our presence. The result was that as we offered quality products with a growing traction,

our trade partners were incentivised to pay upfront for products that did not require considerable stocking and provided superior margins. This arrangement worked well in our retail-focused business; even as the business grew, it required virtually no cash to run as the advances received from the last mile in one part of the world later paid for the manufacture of those products in another.

In the second half of FY2017-18, Caplin Point evolved its business model to adapt to the change in the market landscape in the larger markets of mainland South America, which were predominantly tender-based. In these countries, the tender-based markets remain government-sponsored, driven by large volumes, focused on quality therapies (which helps narrow participation to a limited number of quality-driven companies) – and marked by a reasonable receivables cycle.

At Caplin Point, we believe that it was necessary to provide credit to tender-based government customers for some good reasons (in addition to those indicated earlier). The governments are the largest buyers of therapies in these markets; the Company's prospective growth plan would, at some point, have had to capitalise on growing tender-based volumes; the entry into the tender-based business provides the Company with an opportunity to enhance national visibility and credibility and a reference across other countries that would have otherwise taken years of retail presence to achieve; the absence from such a market on the grounds of not being able to provide credit would have helped competing companies grow faster.

As a result, the decision of the Company to provide a reasonable credit tenure for tender-based sales represented room to effectively

leverage the Company's cash surplus as a competitive muscle and generate a return not only higher than fixed income investments but facilitate attractive margins, strengthening the overall revenue, margins and customer mix.

Another evolution in our business model is our slow and progressive conversion of some of our best-selling plain generics into Branded Generics. Over the last 5 years, we have converted over 20-25% of our products into Branded Generics. While this may have contributed to an increase in receivables, as we'll need to extend credit to build and push sales as a brand, this has also ensured longevity of the product and increased margins.

Going ahead, we will continue to have secured receivables on our books as a conscious approach that will make it possible for us to grow our tender-based business. In a couple of years, when the Company's advance-driven US business and the branded generics business acquire traction, the overall receivables tenure of the Company could decline.

Until then, we remain committed to make a productive use of a part of the available cash surplus through the generation of a superior return from the attractive tender-based markets of South America.





## Investor validation of our sterile injectables business model

One of the most decisive developments to have transpired at Caplin Point in FY2018-19 was the investment in a subsidiary namely Caplin Steriles Ltd. This was the first instance of a strategic off-market investment by an external company in Caplin Point's existence.

The investment by the private health care investors stood for an attractive business value for Caplin Point that extended beyond the quantum.

One, the investment represented a validation by a domain-focused global investment firm of the Company's business prospects.

Two, the sizable investment represents attractive growth capital to fast-track the Company.

Three, the investment was directed towards Caplin Steriles Limited, Caplin Point's subsidiary that is stewarding the injectables business – resources provided for a specific business objective.

Four, the investment represents more than just a financial investment; it represents the investor's strategic interest in catalysing business growth through networking, knowledge sharing, systems and market intelligence derived from investments already made in a number of countries in the global healthcare space.

Five, the investment will enhance retail customer's confidence in the Company's capabilities.

Caplin Point expects to grow the steriles business through responsible allocation and deployment.



How we are growing  
our US business

Share of US business in overall revenues (%)		ANDAs filed	ANDAs approved
FY18	FY19	11	5
1.5	2.5		

## Caplin Point is making the largest investment in its existence in growing its presence in the US, the largest pharmaceutical market in the world.

Even though the Company was a relatively late entrant among Indian pharmaceutical companies, the Company responded with a differentiated mindset in selecting to focus on the US: the use of free cash flows generated from marketing products in Latin America in a showpiece CP4 manufacturing facility outside Chennai, globally-benchmarked investments in infrastructure, equipment, processes and competencies, and progressive validation by the USFDA (thrice since 2016).

The Company's positioning in the injectables segment is backed by the fact that price erosion in the US is less pronounced in this segment on account of a continuing shortage; there is an indication of price stabilisation in Oral Solid Dosages. Besides, the consolidation of GPOs and other purchasing organisations presents opportunities to work directly with US distribution companies, ensuring that margins and longer contracts remain intact.

During the year under review, Caplin Point strengthened its US credentials in various ways.

**One**, the Company inducted an (Private Equity arms of Fidelity USA) investor as a financial cum strategic partner in Caplin Steriles Limited, a subsidiary focused on growing the Company's US business.

**Two**, the Company has so far filed 11 ANDAs (five approved); every single ANDA from this point onward being filed in the Company's name.

**Three**, based on the Company's filings, the number of approvals is expected to rise from four to eight in FY2019-20 (five in the Company's name).

**Four**, the Company expects to file around 7-8 ANDAs in FY2019-20, all in its own name.

**Five**, all the Company's filings covered injectables and ophthalmics, which are areas with attractive potential.

**Six**, the Company licensed five ANDAs to, a global pharmaceutical giant for onward marketing; the addressable market for these five products is estimated at USD 280 million.

**Seven**, the Company expects to grow US revenues substantially in FY2019-20 at 2.5% of overall revenues in FY2018-19. The growing revenues are likely to be marked by milestone payments and attractive margins.

The convergence of volume and value is expected to translate into enhanced value for the Company across the foreseeable future. Besides, a growing proportion of the revenue derived from the US is expected to strengthen the Company's respect among peers, analysts and community.

The Company will strengthen its research (through onward investments in people, equipment and infrastructure), invest in operating expenditure necessary to initially scale the business and extend Caplin Point towards clinical research for which a 72-bed infrastructure has already been set up in Chennai.

At Caplin Point, we believe that the Company's extension into Bio Equivalence (BE) / Bio Availability (BA) studies and clinical research comes at the right time: the Company's priority lies in providing BA/BE studies for all dossiers that need to be filed in South America and other targeted markets; the Company's product pipeline is strengthening; the conduct of studies within the Company is likely to generate a large cost advantage; increased standards imposed by regulatory agencies on contract research organisations are warranting the need for greater control within Caplin Point.

Caplin Point is attractively placed to grow its clinical research activities starting FY2019-20. The Company had hired 80 professionals for this greenfield project at the close of FY2018-19. Clinical studies are expected to commence from September 2019 with an initial focus on markets like USA, Brazil, Chile and Colombia.

## Why our US business is de-risked

Each product is linked to each other

The Company is plugging marketplace gaps

The Company is making an investment proportionate to its size

The Company has attracted a financial/knowledge partner, moderating its risk

The Company is engaging in marketing arrangements with global companies

The Company has filed ANDAs in its name, promising an attractive upside

The Company's plant has been inspected and cleared by the USFDA multiple times

The business has been grown completely from our internal accruals

The gestation period of our investments is largely over



## Why we are entering China

At Caplin Point, we are not merely interested in buying resources out of China; we are interested in manufacturing and marketing products in that country as well.

Across the last decade, the Company has reinforced its contrarian approach through the selective sourcing of formulation products out of China when most competing Indian companies were seeking to buy competitively-priced raw materials out of that country.

We believe that China offers a considerably large opportunity for growth-hungry pharmaceutical companies for a number of reasons.

**One**, China is the second largest pharmaceutical market in the world, making it imperative to proactively carve out a sizable presence.

**Two**, a number of large Indian pharmaceutical companies are yet to enter China on account of various barriers to entry (culture, food and language), a scenario likely to benefit relatively early entrants.

**Three**, a number of pharmaceutical segments in China continue to be under-penetrated.

**Four**, China is relatively under-developed when it comes to healthcare research, an opportunity that Caplin Point expects to plug through research in APIs, formulations and clinical research.

**Five**, the Company is addressing this opportunity through partnerships with multiple cash-rich companies possessing low research credentials, a win-win proposition; a partnership engagement will ensure that the Chinese company possesses a skin in the game, which could insulate the business from policy changes.

**Six**, the Company intends to manufacture research-led simple and complex generics for onward marketing in China and anywhere in the world, a large volume-driven opportunity; a dossier filed in China could empower the Company to file dossiers in many countries.

**Seven**, the Company is prepared for a reality in China where drug consistency evaluation studies need to be conducted, an index of

the country's increasing regulatory standards expected to moderate competition.

**Eight**, in China there is a greater traction for USFDA-approved companies with manufacturing operations in China, presenting the convergence of two potent business imperatives.

**Nine**, China is strengthening its anti-pollution commitment through the enforced closure of transgressing API manufacturers, creating a large opportunity for responsible manufacturers.

**Ten**, China entered into business treaties with a number of Central American countries whereby exports from China to those countries do not attract any import duty, a decisive pricing advantage when Caplin Point exports out of China.

In FY2019-20, Caplin Point will strengthen its R&D commitment through the commissioning of a facility in Hyderabad, entering into various partnerships in China and commissioning clinical research. These initiatives are likely to translate into corresponding manufacture and revenues starting FY2020-21.

The Company's decision to enter China could prove to be a game-changer. There is no company of the size of Caplin Point to be engaged in research-led manufacture in China; the Company's frugal operating structure exposes it to a universe of products that could be manufactured in that country; the Company expects to address the vast market at the bottom of China's economic pyramid with affordable products, making it relevant to the country's desired aspiration.

## Opportunities in China's pharmaceutical sector

While China is moving with speed to a leading global position worldwide in terms of Research & Development investment, scientific publications and patents, the Indian innovation capabilities in the pharmaceutical sector is stronger.

The current ratio of R&D investment to sales is about 2.7% in most Chinese pharmaceutical companies, significantly lower than the US counterparts where it ranges from 15 to 20%.

China's share of pharmaceutical industry output increased nearly seven-fold from 2.5% in 1995 to 18.3% in 2010.

For a long time, the pharmaceutical industry in China was known for its mass-production of low-level generic drugs and as a 'world factory' of active pharmaceutical ingredients (APIs) with little mention of innovative medicines. This is now beginning to change.

The Chinese pharmaceutical R&D spending will continue to increase. China's pharmaceutical R&D spending is expected to reach USD 29.2 billion in 2021.

The Chinese, in pharmaceutical industry recently emerged as the second-largest national market in the world.

More than 70% of Chinese pharmaceutical manufacturers are small-scale enterprises with less than 300 employees and with an operating revenue of less than USD 3 million. It is difficult for them to sufficiently support R&D with all the necessary financial resources to pursue new drug discovery.

The Chinese government is prepared to invest USD 136 billion to develop the national healthcare system and enhance the Basic Medical Insurance (BMI) coverage from approximately 65% of the population to 90%.

Source: [globalizationandhealth.biomedcentral.com](http://globalizationandhealth.biomedcentral.com)

| ANALYSIS |



Collecting data for informed  
health management

**The future belongs to companies that possess superior data as a basis for informed decision-making.**

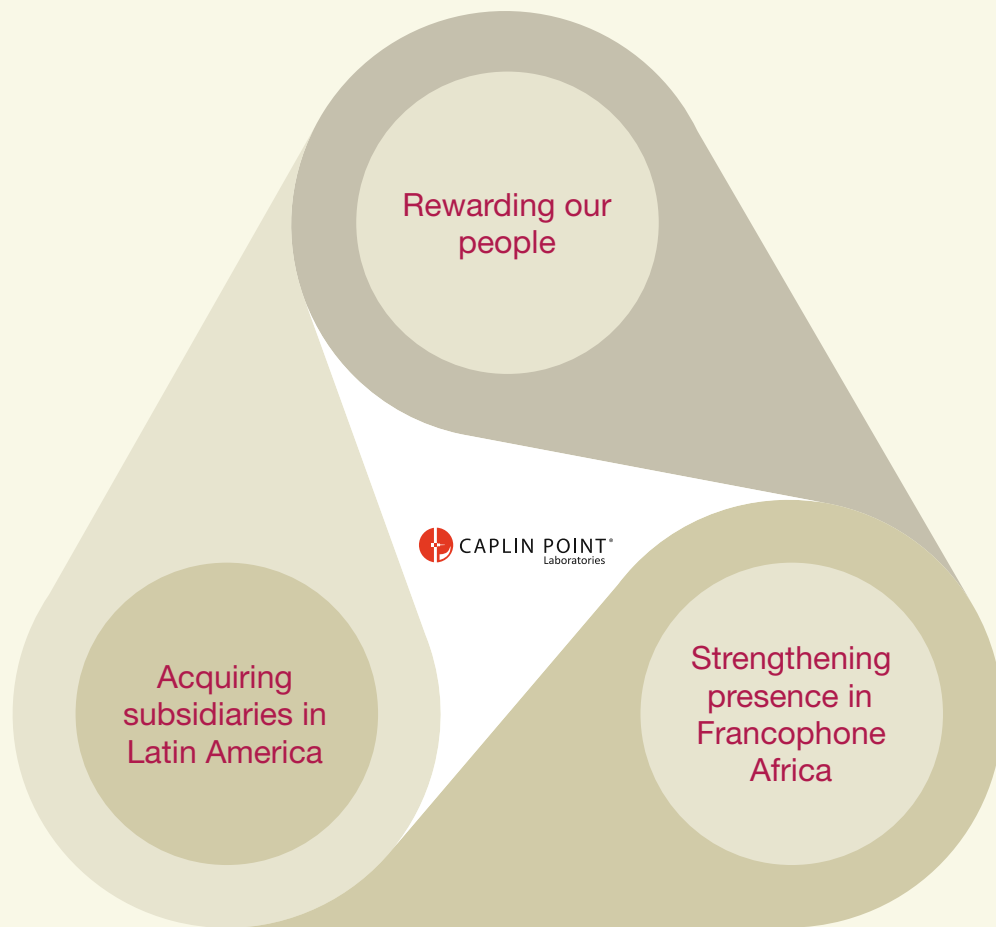
Over the last number of years, the Company's engagement with hundreds of retail stores was restrained by the fact that these pharmacists maintained manual records. The Company recognised the potential of transforming the sales documentation of these medical stores from the manual to the automated on the one hand and using the derived data to analyse the nature, speed and location of offtake on the other.

Caplin Point is engaged with a strategic partner to automate the operations of more than 3,000 pharmacists across Latin America. The result is that the Company has developed an understanding of prescription patterns, disease trends and geographies of incidence.

The aggregation and analyses of data is integral to the Company's functioning. It helps deepen customer relationships, provides better market understanding and inspires accurate merchandising coupled with timely product indenting. A superior sales fulfillment is expected to help Caplin Point evolve from simply product marketing to the creation of an informed eco-system.

Caplin Point is also helping pharmacists automate through the digitisation of their health records. This is empowering practitioners to electronically access patient records, resulting in accuracy, immediacy and credibility.

The portal will not only mine data but also encourage the placement of orders in exchange for trade incentives, strengthening revenue visibility and competitiveness.



The spirit of Caplin Point





## Rewarding our people

In a knowledge-based business, a Company like ours is only as good as its people.

During the last few years, the Company increased its recruitment with the objective to invest adequate competencies across businesses, functions and regions – from 559 in FY2014-15 to 1107 by the close of FY2018-19.

The Company also focused on people retention through a culture of empowerment and training. During the last couple years, the Company rewarded outperforming employees with stock options – with a difference. As against the usual practice of granting these options either at or close to the market price, Caplin Point issued the options at face value even as the market price was significantly higher.



## Strengthening presence in Francophone Africa

Caplin Point entered Francophone Africa in 2000.

The challenges of growing in this region comprised a number of countries, different regulatory standards, complexities related to consumer patterns, a premium on credible trade partners and the need for a robust marketing beachhead.

Caplin Point strengthened its focus on this market based on simple realities. The under-penetrated region needed quality products that stood out for effectiveness over alternatives. The region needed consistent supplies to enhance the confidence of trade partners. It also needed superior generics that enhanced a consumer's price-value proposition.

Caplin Point focused on these fundamentals when servicing the needs of this growing market, and the patience paid off.



## Acquiring channel partners in Latin America

When Caplin Point entered Latin America, the Company selected to engage with local partners who possessed a deep understanding of terrain realities.

In FY2018-19, the Company embarked on the process of acquiring the business interests of its partners in some of these subsidiaries.

The acquisitions were made in line with Caplin Point's matured understanding of these markets and the objective to provide long-standing partners with a profitable investment exit.

Caplin Point invested in a subsidiary in El Salvador and expects to do so in two other countries in FY2019-20.

This acquisition has extended Caplin Point's personality from a manufacturer to an exporter to an importer to a distributor. In doing so, the Company's value chain is possibly the longest among all other companies in India's pharmaceutical sector.

## How we have proactively transformed across the years

We were a market-led Company earlier.



We are a technology and research-led marketing Company today.

We were a plain linearly growing pharmaceutical Company.



We are a complex multi-layered Company today.

We earlier focused on introducing products that plugged marketplace gaps.



We launch new products that represent new therapies and applications, creating new markets instead.

We grew in the past on the strength of a direct access to the market place.



We generate revenues from a mix of direct access and tender-driven approach today.

We earlier focused on plain vanilla generic products only.



We now generate revenues from a mix of generics, complex generics and branded generics.

We marketed products and grew our business independent of associations with global majors.



We have now entered into global associations where our products are licensed to international majors for sales in regulated markets.

We ran a negative-working capital business marked by virtually no receivables on our books.



We have selectively used a credit strategy to increase market share while remaining cash surplus.

We chose to focus deeper in six countries for a number of years (comprising Latin America and Francophone Africa).



We have now extended to 23 countries comprising Latin America, Francophone Africa, South America and USA.

We were a relatively small company with a singular marketing focus.



We are a 1107-employee organisation comprising 271 R&D professionals today.

## The inflection points in our existence

1990

Caplin's incorporation

2001

Caplin's entry into Angola  
that turned the business  
around, repaid debts

2006

Caplin entered the  
Caribbean and South  
America

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2014

Caplin commissioned the  
showpiece CP4 to address  
the US market

2017

Liquid injectable facility  
approved by the USFDA

2019

Caplin's business model  
was validated by investors,  
attracting sizable fund  
infusion into the sterile  
injectable business

# How Caplin Point is enhancing value

## Financial capital

The financial resources that we seek are based on the funds we mobilise from investors, promoters, and private equity partners in the form of net worth or accruals.

## Manufactured capital

Our manufactured assets, technologies and equipment for production constitute our manufactured capital.

## Human capital

Our management and employees form a part of our workforce. They help us enhance the value of the Company.

## Intellectual capital

We focus on cost reduction and operational excellence through our intellectual resources.

## Social capital

Our relationship with communities and partners (vendors, suppliers and customers) helps us in the expansion of the business.

## Value created

### Financial capital

Turnover: Rs.**667.72** cr

Earnings per share: Rs.**23.35**

### Manufactured capital

Tablets produced: **1000** million

Capsules produced: **400** million

Vials of liquid injections produced: **65** million

Liquid injection ampoules produced: **20** million

Soft gels produced: **170** million

Suppositories produced: **30** million

Bottles of liquids produced: **6** million

Pre-filled syringes produced: **12** million

Ophthalmic units of liquid injection produced: **12** million

### Human capital

Employees: **1107**

Senior management experience: Over **300** person years

Employee benefit expenses: Rs.**58** cr per annum

## Value shared

### Investors

Recompensed the investors through incremental dividends and steady capital appreciation over 10 years.

### Suppliers


Sourced Rs.300 cr worth of materials from suppliers during FY2018-19.

### Customers

Launched 51 value-added products during FY2018-19.

### Distributors and suppliers

Enhanced value for distributors and retailers through increased throughput.



Healthcare is not just a medical need  
but a social priority; the need for a  
solution is not just regional but global;  
if humankind is to survive, the provision  
of health care does not need to be  
exclusive but universally inclusive.

**CC Paarthipan**, *Chairman*





# Management Discussion & Analysis

## Global economic review and outlook

Following a robust growth of 3.8% in 2017 that extended into the first half of 2018, the global economy slowed significantly in the second half of 2018, reflecting the effect of a confluence of factors such as the failure of Brexit negotiations, tightened financial conditions, geopolitical tension and higher crude oil costs that affected the major economies. Owing to this, the global economic growth in 2018 was estimated at 3.6% and is projected to slow down further to 3.2% in 2019.

## Global economic growth

Year	2015	2016	2017	2018(E)	2019 (P)
Real GDP growth (%)	3.2	3.1	3.8	3.6	3.2

Source: World Economic Outlook, July 2019 | E: Estimated; P: Projected

## Indian economic overview

India retained its position as the sixth-largest economy and the fastest-growing trillion-dollar economy through a major part of the year under review (except in the last quarter of FY2018-19). After growing at 7.2% in FY2017-18, the Indian economy is estimated to have grown 6.8% in FY2018-19 as per the Central Statistics Office release, May 2019.

The principal developments during the year under review comprised a sustained increase in per capita income, decline in national inflation, steadying interest rates and weakened consumer sentiment from the second half of the financial year. The weaker sentiment was on account of a large non-banking financial institution announcing its inability to address liabilities. This affected credit expansion, financial markets and consumer sentiment, which in turn resulted in slower GDP growth that declined to 5.8% by

the fourth quarter of FY2018-19, the slowest growth in a single quarter in years.

In 2018, the country attracted ~USD 42 billion in FDI inflows as per the World Investment Report 2019. Driven by strong policy reforms, India witnessed a 23-notch jump to a record 77th position in the World Bank's latest report on the 'Ease of Doing Business' that captured the performance of 190 countries.

The commencement of the US-China trade war opened new opportunities for India, particularly in the agro sector. Inflation (including food and energy prices) was estimated at 2.6% on an annual basis, one of the lowest in years and well below the Reserve Bank of India's medium-term target of 4%. The rupee rebounded after touching a low of Rs.74.45 to a dollar to close the financial year at Rs.69.44. During the fiscal under review, the Indian Government continued to invest deeper in digitisation, renewable energy capacity generation and infrastructure building.



## Indian economic outlook

The Indian economy appears to be headed for sustained sluggishness in FY2019-20. Even as the new government is expected to remain pro-investment and pro-business, resulting in a larger spending on infrastructure build-out, an economic revival appears some quarters away. The long-term outlook of the country appears to be positive on account of the various economic reforms, increasing aspirations, sustained consumption momentum and a national under-consumption across a range of products appearing to correct.

Source: CSO, Business Standard

## Global pharmaceutical overview

The size of the global pharmaceutical market stood at USD 1.2 trillion in 2018 and positioned to grow in excess of USD 1.5 trillion by 2023 (CAGR of 3-6% over five years, a decline from 6.3% in the last five years).

The principal drivers of the global pharmaceutical sector could be the growth coming out of United States and pharmerging markets, reporting 4-7% and 5-8% CAGR respectively. Growth in the top five European markets could decline to 1-4% compared to 3.8% over the past five years. China is the largest pharmerging market and is expected to reach USD 140-170 billion by 2023 but it's growth is expected to slow to 3-6%.

In United States, the overall pharmaceutical spending is driven by new product uptake and brand pricing, offset by patent expiries and generics. Invoice spending in the United States is expected to grow at 4-7% to USD 625-655 billion across all channels but net manufacturer revenue is expected to be 35% below invoice, growing at around 3-6%. Net drug prices in the United States increased at around 1.5% in 2018 and is expected to rise at 0-3% over the next five years.

In 2018, pharmaceutical spending in China reached USD 137 billion mainly due to central government reforms related to insurance access as well as modernisation of the hospital system and primary care services. Pharmaceutical spending growth in China slowed in 10 years from a double-digit percentage growth in 2014 to 4.5% in 2018 and is projected to reduce to 3-6% in five years.

Spending on medicine in Japan stood at USD 86 billion in the year 2018, but the spending

on medicines is expected to decline -3% to 0% through 2023. This is expected to transpire mainly due to the effect of exchange rates and sustained generics offtake. The offtake of new brands could remain strong as price cuts are expected to impact these brands less due to a shift in the priorities of the biennial price cut system.

Research and development pipelines in these countries are growing; success rates are increasing and could lead to new product launches.

## Global medicine spending and growth in select regions, 2018-2023

FOR USA	
2018	USD 485 billion + 5.2%
2014-18	7.2% 5 year CAGR
2019	USD 507 billion + 4.6%
2023	USD 625-655 billion + 4-7% 5 year CAGR

Top 5 Europe	
2018	USD 178 billion + 3.9%
2014-18	4.7% 5 year CAGR
2019	USD 182 billion + 2.8%
2023	USD 195-225 billion + 1-4% 5 year CAGR

Worldwide	
2018	USD 1,205 billion + 4.8%
2014-18	6.3% 5 year CAGR
2019	USD 1,245 billion + 4.5%
2023	USD 1,505-1,535 billion + 3-6% 5 year CAGR

Pharmerging	
2018	USD 286 billion + 6.9%
2014-18	9.3% 5 year CAGR
2019	USD 293 billion + 7.0%
2023	USD 355-385 billion + 5-8% 5 year CAGR

Japan	
2018	USD 86 billion - 1.8%
2014-18	1.0% 5 year CAGR
2019	USD 89 billion + 0.9%
2023	USD 89-93 billion (-) 3-0% 5 year CAGR

Source: IQVIA Market Prognosis, September 2018, IQVIA Institute December, 2018

Notes: Market sizes shown in USD with actual and forecast exchange rates growth shown in constant dollars at Q2 2018 exchange rates, Japan growth decline on constant dollar basis is due to exchange rate dynamics.

The impact of exclusivity loss in developed markets is expected to be around USD 121 billion between 2019 and 2023. By 2023, 18 of the current top 20 branded drugs could face generic or biosimilar competition; biosimilar competition in the biologics market is expected to be three times larger than the present.

Source: IQVIA Institute for human data science

### Industry demand drivers

#### Global aging population

Global population is expected to cross 7.7 billion by 2020; 21% of this population is expected to be aged 60 and above. As the elderly population increases, the need for multiple drugs could increase.

#### Increased purchasing power

Increase in purchasing power could lead to better health care access. This could lead to an increased demand for pharmaceutical products. China is expected to hold the top spot and anticipated to treble its purchasing power by 2030. Japan is expected to lose 5 ranks and emerge as the country with the 9th highest purchasing power worldwide. Developing economies such as Indonesia, Turkey, Brazil and Egypt are also expected to increase their purchasing power but at a much slower rate.

### Global purchasing power is moving north

#### Countries with the biggest purchasing power in 2017 and 2030 (in trillion US dollars)

Country	2017	2030(E)
China	23.2	64.2
India	9.5	46.3
U.S.A.	19.4	31.0
Indonesia	3.2	10.1
Turkey	2.2	9.1
Brazil	3.2	8.6
Egypt	1.2	8.2
Russia	4.0	7.9
Japan	5.4	7.2
Germany	4.2	6.9

Source: Statista

#### Innovation

Rising focus on tapping the specialty disease market is driving growth in the pharmaceutical industry. Innovations in advanced biologics, nucleic acid therapeutics, cell therapies and bio-electronics and implantable have attracted investments by non-pharma companies as well (Facebook, Qualcomm etc.).

#### Government policies

The adoption of cost control policies along with tightening of rules by the governments is expected to impact the growth of the global pharmaceutical industry.

### Latin America pharmaceutical sector overview

The Latin American health care and pharmaceutical sector has been growing in the last two decades, driven by inclusive policies of the various governments. The

governments have been actively promoting generic medicines to reduce the cost of health care for consumers and governments. This is good news for India, whose exports of pharmaceuticals to the region have been growing. The pharma exports to 19 countries of Latin America increased by 22% reaching USD 848 million inFY2018-19 from USD 694 million inFY2017-18.

Brazil was the major destination with exports of USD 270 million, followed by Chile at USD 91 million, Peru at USD 69 million, Colombia at USD 62 million, Venezuela at USD 62 million, Mexico at USD 49 million, Guatemala at USD 43 million, Dominican Republic at USD 35 million and Ecuador at USD 29 million.

Caplin Point continued to be the leading Indian exporter of pharmaceuticals to Central America.

There is good scope for India and Caplin Point to significantly increase exports to Latin America. The region's population of 600 million and USD 5 trillion GDP are growing steadily.

Latin America's total imports of pharmaceuticals in 2018 (January-December) were USD 25 billion. The major importers were: Brazil at USD 7.2 billion; Mexico at USD 4.6 billion; Colombia at USD 2.4 billion; Chile at USD 1.5 billion and Panama at USD 1.1 billion.

India was the fifth largest supplier of pharmaceuticals to Latin America after US, Germany, Switzerland and France. India's exports were double that of China in 2018.

#### Outlook

The Latin America pharmaceutical excipients market is expected to reach USD 579 million by 2024 from USD 403 million in 2019 at a CAGR of 7.5%. Factors such as the growing pharmaceuticals industry along with advancements in functional excipients, the growing generics market propelled

by patent cliffs, and the rapidly growing biopharmaceuticals sector are driving the market for pharmaceutical excipients.

Source: Global health intelligence; Markets and Markets

## Chinese pharmaceutical sector overview

The Chinese pharmaceutical sector is the second largest in the world and one of the fastest growing industries globally. Pharmaceutical sales are expected to witness a CAGR of 8.7% in nominal local currency. The country has a large and diverse domestic drug industry, which comprises around 5000 manufacturers. The pronounced presence of Chinese players in the generic market can be further evidenced by the increase of new entrants from 7% in 2014 to 23% in 2018. ANDA approvals for Chinese companies have been on the uptick, rising from 3.3% in 2013 to 8% in 2018, which highlights the emergence of China as a competitive force.

At present, the pharmaceutical companies are getting strong support from the government for innovations. With government policies such as preferential pricing for innovative drugs, China has become the world leader in API manufacturing and exports, and the second highest investor in Research & Development. The market is also becoming increasingly attractive to foreign pharma companies.

China already has a plan for exporting generic medications. In 2016, Chinese pharmaceuticals obtained the U.S. Food and Drug Administration approvals for 38 generic drugs.

### Outlook

The Chinese pharmaceutical sector could reach USD ~145 billion to USD ~175 billion by 2022.

Source: CNBC

## Indian pharmaceutical industry

The Indian pharmaceutical industry is one of the fastest growing global markets. Increase in the size of middle class households along with improvement in the medical infrastructure and increase in the penetration of insurance in the country are expected to be industry growth drivers.

The Indian pharmaceutical market is mostly dominated by generic drugs, which account for nearly 70% of the market, whereas over-the-counter medicines and patented drugs make up 21% and 9% respectively.

India's domestic pharmaceutical market turnover reached Rs.129,015 cr (USD 18.12 billion) in 2018 growing at 9.4% y-o-y from Rs.116,389 cr (USD 17.87 billion) in 2017. In February 2019, the Indian pharmaceutical market grew by 10% year-on-year.

Spending on medicine in India is expected to grow by 9-12% over the next five years. This will lead to India becoming one of the top ten countries in terms of spending on medicine. India's cost of production is much lower than that of the US and almost half of that of Europe.

### Annual turnover of the Indian pharmaceutical market (USD billion)

Year	USD (billion)
2015	15.53
2016	16.41
2017	17.87
2018	18.12

Source: IBEF

India accounts for 20% of global exports in generic medicines. Indian pharma export stood at USD 19.14 billion in FY2018-19 compared to USD 17.28 billion in FY2017-18. Exports are expected to reach USD 20 billion by 2020.

Indian drugs are exported to more than 200 countries, with US as the key market and the biggest export destination for the Indian pharma products. In FY2017-18, 31% of India's pharma exports were to North America, followed by 19.4% to Africa and 15.9% to the European Union.

It has been witnessed that Indian pharma companies spend around 8-13% of their total turnover on research and development. Of the total of 1638 market authorisations granted by US Food and Drug Administration in the year 2018, Indian companies alone got 538 authorisations.

Source: IBEF; Financial Express; The Week

### Pharmaceutical exports from India (USD billion)

Year	USD (billion)
FY12	10.1
FY13	12.6
FY14	14.5
FY15	14.9
FY16	16.9
FY17	16.8
FY18	17.3
FY19*	19.1

Source: IBEF; \*upto December 2018

### Major export destinations in India's pharma export in FY18 (%)

Country	(%)
North America	31.0
Africa	19.4
EU	15.9
ASEAN	6.8
LAC	6.6
Middle East	5.0
Others	15.3

Source: IBEF

## Outlook

The Indian pharmaceutical industry is expected to reach USD 120-130 billion by 2030. The Indian pharmaceutical sector is expected to grow at a CAGR of 15% in the near future and the medical device market is expected to grow USD 50 billion by 2025. India is the second largest contributor to global biotech and pharmaceutical workforce. The domestic generics market is expected to reach USD 27.9 billion by 2020. India's generics market has massive opportunity for growth in the future.

Source: IBEF

## Global generics market

The global generic drugs market was estimated at around USD 227.7228 billion in the FY2017-18 and projected to reach a value of USD 441.8854 billion by 2028 at a CAGR of 6.9%. Generic drugs are bio-equivalents of brand-name drugs in terms of strength, quality, dosage, form, effect, side effect, intended use and route of administration. Generally, huge investment is made by the pharmaceutical companies for the marketing of innovator drugs. As generics do not require such extensive marketing to establish their safety and efficiency, they offer higher profit margins to the manufacturers. More than 80% of the total global generic market is accounted for by ten key markets like USA, Canada, Germany, the UK, France, Spain, Italy, Japan, China and India.

The global generics market is set to double in the next five years. With major therapeutics coming off patent and increasing demand for low cost medication, several big players are moving into the generic drugs market, spearheaded by leading pharma companies and specialist pharma organisations especially in Pharmerging markets. The growth of this

market has been triggered by factors such as the cost advantage offered by generics and the increasing number of patent expiries of blockbuster drugs over the years. New government initiatives to produce generic drugs and to promote the use of it for chronic diseases are also helping this market to grow.

Major pharmaceutical companies are following new strategies for generic medicines to reach patients and build better rapport with consumers. The channels that supply products from manufacturers to patients are moving towards direct distribution. Moreover, community pharmacy models are growing with more patients receiving medicines at their home. This trend opened up ample opportunities for the pharma companies to reach patients directly and build better relationships with them more easily.

Source: The Pharma review; IMARC; Market. Us; Zion Market Research

## Generic industry growth drivers

- Generic drugs are less expensive, require low capital investment and take less approval time than branded ones. They do not require extensive research and clinical trials and hence are much less capital consuming.
- Generic drugs, being economical, play an important role in reducing overall healthcare costs. Due to this reason, governments of various countries are introducing policies to increase their offtake.
- An increase in the occurrence of chronic diseases such as cardiovascular diseases, diabetes, Alzheimer's disease and Parkinson's disease, in both the developing and developed world, is creating a positive outlook for generic drugs.
- Branded drugs worth several billion dollars are on the verge of losing their

patent protection. This is expected to create huge opportunities for generic drug manufacturers.

Source: IMARC

## CRO segment overview

The global clinical research organisations market is expected to exceed USD 56.5 billion by 2024. The market is mainly driven by the rising occurrence of diseases such as cardiovascular and diabetes. Preclinical research organisations (CROs) are service organisations that provide support to the pharmaceutical and biotechnology industries in the form of outsourced pharmaceutical research services including bio analysis and pharmacokinetics/pharmacodynamics (PK/PD) or drug metabolism and pharmacokinetics (DMPK), and toxicology testing. Increasing expenditure on Research & Development activities, increasing demand for outsourcing analytical testing, rising emphasis on new treatment therapies for old as well as upcoming diseases and optimal services provided by CRO. The global preclinical CRO market has been segmented by regions into the America, Europe, Asia-Pacific, and the Middle East & Africa. On the basis of regions, America is expected to dominate the global preclinical CRO market due to the presence of a sophisticated healthcare infrastructure and early stage drug development CROs, high quality standards in the pharmaceutical industry, rising clinical trial activities and rapid growth in the biosimilars & biologics market.

North America accounts for the largest market share and is expected to remain the dominant region over the forecasted timeframe. This can be attributed mainly to the high quality standards in its pharmaceutical industry, increased expenditure by the government on R&D in health care activities as well as rapid growth in its biosimilars & biologics market.

Moreover, a large patient population has strengthened the growth of that market.

Europe holds the second position following North America due to favorable government policies and the availability of funds for research. On the other hand, with continuously developing economies like China and India and a huge patient population in those countries, the Asia-Pacific region is also anticipated to remain a fast-growing region in terms of the global CRO market.

Source: Global Market Insights

## Threats to the pharmaceutical industry

The major challenges for the pharmaceutical industry comprise the following:

**Expiry of patents:** It has been estimated that the global pharmaceutical industry will face the next so called patent cliff. Global leader drugs such as Roche oncology drugs Herceptin, Avastin among others are the drugs whose patent protection will expire. It has been anticipated that total sales at risk may be as high as USD 50 billion between 2018 and 2024 for the industry overall.

**High competition in generic drugs production:** The market for generic drugs has been growing for two primary reasons. One, the number of patent expiration of the branded drugs. Two, government initiatives. Other factors driving the growth in this market are increase in chronic diseases, emerging markets and lower cost of the drug. The sector is therefore highly competitive.

**Loss of exclusivity:** The impact of the loss of exclusivity for the branded medicines is expected to be very high by the end of 2019. The impact of loss of exclusivity in the developed markets for small molecules will be larger in the next five years. However, the loss

of exclusivity on the biologics is expected to increase two and a half times to around USD 17.0 billion (estimated) from 2019 to 2023.

## Company overview

Caplin Point Laboratories is one of the fastest growing mid cap pharmaceutical companies in India. The Company has product licenses for over 2800 products across the globe. It had taken the unique step of creating last mile logistical solutions for its exclusive distributors across Latin America and various parts of Africa to expand its business all over the globe. This way, Caplin Point is able to generate adequate revenue and cash flow to remain debt-free with benchmark receivables, and also to continue to invest in state-of-the-art manufacturing facilities from internal accruals. Caplin Point has ventured into the regulated markets with its latest manufacturing

facility that has been already approved by EU-GMP and ANVISA-Brazil.

## Finance review

The financial statements of the Company have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

## Key performance metrics (Consolidated)

Parameters	FY2017-18	FY2018-19	Growth(%)
Revenue from operations (Rs. cr)	539.84	648.69	20.16
EBITDA (Rs. cr)	207.43	250.36	20.70
PBT (Rs. cr)	188.38	226.87	20.43
PAT (Rs. cr)	144.63	176.55	22.08
Earnings per share (Rs.)	19.26	23.35	21.23

## Analysis of the Profit & Loss statement

### Revenues

The revenues from operations of the Company reported a 20.16% growth from Rs.539.84 cr FY2017-18 to Rs.648.69 in FY2018-19. The growth was primarily driven by a widening of the product range and catering to new customers. Other income accounted for only 2.85% of the Company's total revenue, reflecting a dependence on core business operations.

### Expenses

Total expenses of the Company increased by 21.07% from Rs.364.13 cr in FY2017-18 to Rs.440.84 cr in FY2018-19, largely on account of increase in material costs in line with an increase in volume and higher R&D spending. The cost of material consumed, comprising 44.52% of the Company's revenues in FY2018-19 (44.12% in FY2017-18), increased by 21.24% from Rs.238.18 cr in FY2017-18 to Rs.288.78 cr in FY2018-19.



Employee benefit expenses stood at 8.7% of total revenues in both the years FY2017-18 and FY2018-19, despite an increase of 21% in absolute terms (Rs.48 cr in FY2017-18 to Rs.58 cr in FY2018-19) due to an increase in employee count, amortisation of ESOP cost and annual revision offered.

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## Balance Sheet analysis

### Sources of funds

#### Capital employed

The capital employed by the Company increased by 34% from Rs.391.78 cr as on March 31, 2018 to Rs.656.40 cr as on March 31, 2019 owing to increases in net worth and current assets (including Rs.105 cr infusion by a PE investor in our subsidiary in March 2019).

#### Net worth

The net worth of the Company increased by 74% from Rs.363.83 cr as on March 31, 2018 to Rs.632.90 cr (including Rs.105 cr of fund infusion by the PE Investors in our subsidiary in March 2019) as on March 31, 2019. The Company's equity share capital increased due to the allotment of shares under ESOP.

#### Long-term debt

The Company did not have any long term debt this year.

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## Applications of funds

Fixed assets (gross including Capital Work in progress) of the Company increased by 30% from Rs.246.92 cr as on March 31, 2018 to Rs.320.98 cr as on March 31, 2019, largely owing to an increase in plant and machinery and addition to R&D equipment. Depreciation on tangible assets increased 24% from Rs.18.62 cr in FY2017-18 to Rs.23.08 cr in FY2018-19 owing to an increase in fixed assets during the year under review.

## Working capital management

- Current assets of the Company increased by 62.4% from Rs.304.1 cr as on March 31, 2018 to Rs.493.68 cr as on March 31, 2019. Current Ratio and Quick Ratio of the Company stood at 5.73 and 5.29 respectively in FY2018-19 against 2.42 and 2.16 in FY2017-18.
- Inventories including raw materials, work in progress and finished goods among others increased by 32% from Rs.28.45 cr as on March 31, 2018 to Rs.37.44 cr as on March 31, 2019 in line with increased operations. Inventory turnover remained at the same level of 41 days in FY2018-19.
- Growing business volumes, coupled with catering to new markets, resulted in an increase in trade receivables from Rs.125.88 cr as on March 31, 2018 to Rs.159.80 cr as on March 31, 2019. The entire Trade Receivables are good.
- Cash, bank balances and investments in mutual funds increased by Rs.96.62 cr from Rs.118.65 cr as on March 31, 2018 to Rs.215.28 cr as on March 31, 2019.

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## Margins

Better product mix, increased volume with less than a linear increase in expenses helped the Company report better margins during the year under review. The EBITDA margin for the FY2018-19 stood at 39% as compared to 38% in FY2017-18.

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## Internal control systems and their adequacy

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded






and reported correctly. The internal control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audits conducted by professional internal auditors. The audit observations and corrective action taken thereon are periodically reviewed by the Audit Committee to ensure effectiveness of the internal control system. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and for maintaining accountability of persons.

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## Human resources

The Company believes in working as a team to meet targets and hence puts emphasis on providing equal opportunities to all employees. The Company believes in creating a meritocracy and as such uses a balanced scorecard method to appraise the performance of its workforce. The Company believes in the potential of young professionals and challenges them to accept and deliver additional responsibilities. The Company reinforces the capabilities of its workforce through numerous in-house training programmes and job-specific training drills. As of March 31, 2019, the Company had 1107 employees on its payroll.

## Risk management

	<p><b>Geographical risk</b></p> <p>If the Company depends on a particular region this could create problems in the growth of the Company.</p>	<p><b>Mitigation</b></p> <p>The Company is present in 23 countries. It is planning to expand its business from Central America to mainland Latin American countries such as Chile, Colombia, Brazil and Mexico. The Company increased its Latin American footprint from two countries to 10 countries in the last decade. It also started JV with a large Chinese distribution firm Hainan Jointown Pharmaceuticals for entry into China with intermediates API and formulations. The Company entered the US market in FY2017-18 with the launch of Ketorolac Injections through Cycle Pharma and Baxter.</p>
	<p><b>Quality risk</b></p> <p>Decline in the product quality, could affect Company's revenue and brand.</p>	<p><b>Mitigation</b></p> <p>The Company has a system of external and internal audits conducted regularly to make sure that all their manufacturing facilities are always in compliance with the established norms. The Company has invested to enhance its product quality. The Company has received major accreditations such as from the USFDA for "sterile injectables". 11 ANDAs were filed till date and five have been approved. It is expected that 7-8 more ANDAs will be filed by FY2019-20 in the US.</p>
	<p><b>Competition risk</b></p> <p>Increase in the number of players in the pharmaceutical industry will lead to an increase in competition for the Company.</p>	<p><b>Mitigation</b></p> <p>The Company's products are competitively priced. The Company's highly developed facilities, which have the ability to manufacture products with low expenditure helps the Company to present their products to their customers at a low cost.</p>
	<p><b>Liquidity risk</b></p> <p>The Company's fund operations might get affected due to the slowdown of the economy.</p>	<p><b>Mitigation</b></p> <p>The Company had zero debt in their books and the Company's liquid equivalent stood at Rs.215.28 cr for the year 2018-19.</p>
	<p><b>Policy risk</b></p> <p>Change of the policies might create problems for the Company's business.</p>	<p><b>Mitigation</b></p> <p>The Company has managed to create a strong presence in 23 countries. They are trying to expand their business in other countries as well. Therefore the change of policies of a few countries will not create a problem for the Company.</p>

# DIRECTORS' REPORT

*To the members*

The Directors present their 28th Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2019

## Financial Highlights

	Rs. In Lakhs except EPS			
Financial Results	Standalone		Consolidated	
Particulars	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	53,690.57	42,657.39	64,869.09	53,984.20
Other Income	3,540.13	2,331.33	1,902.89	1,266.52
<b>Total Income</b>	<b>57,230.70</b>	<b>44,988.72</b>	<b>66,771.98</b>	<b>55,250.72</b>
Profit Before Interest, Depreciation and Tax	22,355.68	16,510.20	25,036.12	20,743.45
Less: Finance cost	5.98	6.12	6.00	6.12
Less : Depreciation and amortisation expenses	2084.32	1,898.78	2,342.50	1,899.50
<b>Profit Before Tax</b>	<b>20,265.38</b>	<b>14,605.30</b>	<b>22,687.62</b>	<b>18,837.83</b>
Less: Tax Expenses	5448.73	4,374.21	5032.08	4,374.33
<b>Net Profit</b>	<b>14,816.65</b>	<b>10,231.09</b>	<b>17,655.54</b>	<b>14,463.50</b>
Less : Non-controlling Interest	-	-	(1.16)	(15.27)
<b>Net profit attributable to the shareholders of the Company</b>	<b>14,816.65</b>	<b>10,231.09</b>	<b>17,656.70</b>	<b>14,478.77</b>

## OPERATIONAL REVIEW / PERFORMANCE

During the year under review, the Company has transferred its regulated markets injectable business which, inter-alia includes US FDA approved injectable plant and Department of Science and Industrial Research (DSIR) recognised R&D Units CP4 and CP 5 to Caplin Steriles Limited, a Wholly Owned Subsidiary Company for which the approval was granted by the members of the Company by way of Special Resolution through Postal Ballot on December 31, 2018.

The Company is in constant endeavour to

create a sustainable market share in the injectable business in US and other regulated markets. In order to achieve this, a focused and dedicated approach is required in the regulated markets for injectable business. Keeping this in view, this business has been hived off into a Wholly Owned Subsidiary Company. This would facilitate the following :

- Further capitalization for additional investment in plant and machinery, building and capacity expansion.
- Unlocking the value for the Company's Regulated Markets Injectable Business,

as it is uniquely positioned to be run as a dedicated entity, targeted towards US and other regulated markets

- Exploring opportunities to attract "Capital plus Know-how" type of strategic partnerships for Regulated Markets Injectable Business, without any dilution in the Company.
- Separate business entity with focused strategic and growth path.

In order to expand the injectable business in a global scenario, the Company has attracted



investments in Caplin Steriles Limited from Eight Roads Ventures India III LP and F-Prime Capital Partners Life Sciences Fund VI LP in the form of Compulsorily Convertible Preference Shares ("CCPS") which shall be converted into equity shares of Caplin Steriles Limited based on the agreed terms.

### JOINT VENTURE WITH HAINAN JOINTOWN PHARMACEUTICAL COMPANY LIMITED, CHINA

The Company has formed a Joint Venture, Hainan Jointown Caplinpoint Pharmaceutical Company Limited in Hainan Province of China, which will be focusing on international trade of medicines and establishment of marketing team in India and China for export of composite formulations to customers in China, India, Europe and Latin America.

### ACTIVE PHARMACEUTICAL INGREDIENTS

The Company is in the process of setting up Research and Development wing for Intermediaries and Active Pharmaceutical Ingredients with focus on the Chinese market which is currently facing supply constraints.

### CLINICAL RESEARCH ORGANIZATION

The Company has set up Amaris Clinical, a Clinical Research division which will be targeting the regulatory approvals for USA, China, Brazil, Chile and Colombia. It is expected to commence activities in the second half of 2019-20.

### FINANCIAL PERFORMANCE

The Company has, on standalone basis registered total operating revenue of Rs. 53,690.57 Lakhs (Total Income Rs. 57,230.70 Lakhs) during the year under review as against Rs. 42,657.39 Lakhs (Total Income Rs. 44,988.72 Lakhs) in the previous financial year. The Profit after tax was Rs. 14,816.65 Lakhs during the year under review as against Rs. 10,231.09 Lakhs in the previous financial year.

The Company has on consolidated basis registered total operating revenue of Rs. 64,869.09 Lakhs (Total Income Rs. 66,771.98) during the current financial year as against Rs. 53,984.20 Lakhs (Total Income Rs. 55,250.72 Lakhs) in the previous financial year.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Section 134(3)(i) of the Companies Act, 2013, the State of Affairs of the Company along with the financial and operational performance has been discussed in Management Discussions and Analysis Report which 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 at their meeting held on May 22, 2019 have recommended a dividend of Rs. 2.20 per equity share (110%) of Rs. 2/- each. The said dividend if approved by the members at the 28th Annual General Meeting which is to

be held on September 12, 2019 would absorb a total cash out flow of Rs. 16,64,14,050/- excluding Dividend Distribution Tax for total number of shares as on the date of the report.

### TRANSFER TO RESERVES

The Company has made no transfers to reserves during the financial year 2018-19

### SUBSIDIARIES

As on March 31, 2019, the Company has four subsidiaries :

1. Caplin Steriles Limited
2. Argus Salud Pharma LLP
3. Caplin Point Far East Limited – Hongkong
4. Caplin Point Laboratories Colombia SAS- Colombia.

Caplin Steriles Limited is a material Wholly Owned subsidiary Company of Caplin Point Laboratories Limited.

The consolidated financial results/ performance incorporating the financial statements of the above subsidiaries are attached to the annual report as required under the Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, a statement containing the salient features of the financial statements of our subsidiaries 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 did not accept any deposits from the public within the meaning of Chapter V of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

## SHARE CAPITAL

The paid up share capital as on March 31, 2019 stood at Rs.15,12,60,500/- consisting of 7,56,30,250 equity shares at the face value of Rs.2/- each. During the year, Company has allotted 26,750 equity shares of Rs.2/- each under Employee Stock Option Plan -2015.

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

Particulars of loans, guarantees and investments as on March 31, 2019 are given in the Note No. 3, 3A, 4 & 6 to the standalone financial statements.

## NUMBER OF MEETINGS OF THE BOARD

The Board met seven times during the year ended March 31, 2019 which were held on 28.05.2018, 06.08.2018, 02.11.2018, 19.11.2018, 11.01.2019, 18.01.2019 and 11.02.2019.

## DIRECTORS

As on March 31, 2019, the Board consist of a Non- Executive Chairman, two Executive Directors, six Independent Directors and a Non-Executive - Non- Independent Director.

## RETIREMENT BY ROTATION

In terms of Section 152 (6) of the Companies Act, 2013, Mr C C Paarthipan (DIN :01218784) retires by rotation and being eligible offers himself for re-appointment.

## RESIGNATION

Dr Philip Ashok Karunakaran, Whole-time

Director resigned from the Board with effect from April 10, 2019. The Board of Directors placed on record their appreciation for the valuable services rendered by Dr Philip Ashok Karunakaran during his tenure as the Whole-time Director.

## KEY MANAGERIAL PERSONNEL

Pursuant to section 2 (51) and Section 203 of the Companies Act, 2013, Dr Sridhar Ganesan, Managing Director, Mr D Muralidharan , Chief Financial Officer and Mr Vinod Kumar S, Company Secretary are the Key Managerial personnel of the Company.

## DECLARATION BY INDEPENDENT DIRECTORS

All 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.

## DIRECTORS RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards (Ind AS) had been followed along with proper explanation relating to material departures;
- 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, 2019 and of the profit of the Company for that period;
- 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;

- The Directors had prepared the annual accounts on a going concern basis;
- 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;
- 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.

## 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, are given as Annexure II to this Directors' Report.

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

Pursuant to the provisions of Section 134(3) (p) the Companies Act, 2013 the Board had carried out performance evaluation of its own, of the Board Committees and of the Individual Directors. Independent Directors

at their separate meeting held on February 11, 2019 evaluated performance of the Non-Independent Directors, Board as a whole and of the Chairman of the Board. The outcomes 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 familiarized 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 by the industry.

The Board has carried out an evaluation of its own performance and that of its Directors individually and the sub committees of the Board. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

## **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 and 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 III to this report.

## **AUDIT COMMITTEE**

The Composition of the Audit Committee, the meetings of 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 part of this annual report.

## **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 IV of the Director's 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 effectiveness or adequacy of such controls.

## **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

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 Whistle Blower 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, Statutory Auditors of the Company shall hold office till the

conclusion of the 31st Annual General Meeting of the Company.

## **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. Secretarial Audit Report (Form MR – 3) is given as Annexure V to this Directors' Report.

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity shall annex with its Annual Report the Secretarial Audit Report of its material unlisted subsidiary company.

Caplin Steriles Limited being material unlisted wholly owned subsidiary of the Company, the Secretarial Audit Report (Form MR-3) is annexed as Annexure V-A 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 forms a part of this Annual report.

## **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 risks 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.

The Board of Directors of the Company have constituted the Risk Management Committee on March 30, 2019.

## EMPLOYEE STOCK OPTION PLAN

The Company has two stock options in force (i.e) Caplin Point Employee Stock Option Plan -2015 and Caplin Point Employee Stock Option Plan – 2017. The Company has granted 3,74,250 options under Caplin Point Employee Stock Option Plan -2015 out of which 80,250 options had been exercised as on March 31,2019. The Company has granted 1,01,500 options under Caplin Point Employee Stock Option Plan-2017 as on March 31,2019 .The details 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, 2019 are set out in Annexure VI 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 VII to this Directors report.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions which were entered into during the year under review were on arm's length basis. There were no materially significant related party transactions made by the Company with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interests of the Company at large.

Particulars of transactions with related parties, in prescribed form AOC 2 is enclosed as Annexure VIII

The related party transaction policy and material related party transactions has been uploaded on the website of the Company. [www.caplinpoint.net/investor/companyolicies&codeofconduct/relatedpartytransactionpolicy](http://www.caplinpoint.net/investor/companyolicies&codeofconduct/relatedpartytransactionpolicy).

## INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 124 and 125 of the Companies Act,2013, the amount of dividends remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid account, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unpaid or unclaimed dividends in respect of the financial year 2010-11 has been transferred to the IEPF.

During the year under review, the Company has credited 98,500 unclaimed equity shares of Rs.2/- each to Investor Education and Protection Fund of those shareholders who have not encashed/claimed their dividends for a period of seven consecutive years from the year 2010-11.

Pursuant to Section 124 and 125 of the Companies Act,2013, the unpaid or unclaimed dividends for the financial year 2011-12 has to be transferred to IEPF. Members, who have not yet en-cashed or claimed the dividends that are yet to be transferred to the IEPF, are requested to contact the Company's Registrar and Share Transfer Agent, at the earliest.

Members are requested to take note of the same and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF Account. The shares transferred to the IEPF Account can be claimed back by the concerned Members from IEPF Authority after complying with the procedure prescribed under the Rules.

## 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 of Company's operations in future.

3. There were no complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
4. Pursuant to Section 197 (14) of the Companies Act,2013,neither the Managing Director nor the Whole-time Director of the Company did not receive any remuneration or commission from any of its subsidiaries
5. 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.
6. The Company maintains cost records as per Companies ( Cost Records and Audit) Rules,2014.
7. The Board of the Company has adopted a Dividend Distribution Policy, which is attached as Annexure IX .The Policy is also available on the website of the Company under the "Investor" section.
8. The Business Responsibility Report, as required pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 is attached as Annexure X of this Annual Report.
9. As required under Section 134(3)(a) of the Companies Act, 2013, an extract of Annual Return in the prescribed form MGT 9 is given as Annexure XI of the Directors Report.

10. During the year under review, none of the employees were in receipt of remuneration in excess of remuneration prescribed under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014.

## ACKNOWLEDGEMENT

The Board of Directors wishes to place on record their sincere appreciation to the customers, suppliers, business partners and subsidiaries 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 of Directors

Place : Chennai  
 Date : August 12, 2019

C C Paarthipan  
*Chairman*

Annexure No	Details of Annexure	Page No.
Annexure I	Details of Subsidiaries/Associates/Joint Ventures – Form AOC 1	44
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ANNEXURE I

FORM AOC-1

(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

(Amounts in Rs.)

Sl. No.	Particulars	Details			
1.	Name of the subsidiary	Caplin Steriles Limited	Argus Salud Pharma LLP	Caplin Point Far East Limited – Hong Kong	Caplin Point Laboratories Colombia SAS - Colombia
2.	Reporting period for the subsidiary concerned, if different from the holding company’s reporting period	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	1 USD = INR 69.17	1 USD = INR 69.17
4.	Share capital	1,29,32,27,750	99,10,000	7,68,223	1,83,56,759
5.	Reserves & surplus	56,31,09,842	0	1,11,87,30,224	(1,18,17,867)
6.	Total assets	1,98,72,93,811	68,02,796	1,18,42,52,350	70,67,796
7.	Total Liabilities	13,09,56,219	(31,07,204)	6,47,53,903	5,28,904
8.	Investments	0	0	35,32,44,186 *	0
9.	Turnover	2,26,78,641	0	96,34,04,586	0
10.	Profit before taxation	(16,88,58,699)	0	55,78,47,253	(82,31,427)
11.	Provision for taxation	4,91,71,653	0	0	0
12.	Profit after taxation	(11,96,87,046)	0	55,78,47,253	(82,31,427)
13.	% of shareholding	100%	99.99%	100%	80.69%

\*Represents amount invested in subsidiary company

Notes: The following information shall be furnished at the end of the statement:

- 1. Names of subsidiaries which are yet to commence operations: Caplin Point Laboratories Colombia SAS
- 2. Names of subsidiaries which have been liquidated or sold during the year: NA

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

The Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:

Sl. No.	Name of Associates/ Joint ventures	1. Latest audited balance sheet date	2.Date on which the Jointventure was formed	3. shares of Associate/Joint ventures held by the company on the year end			4. description of how there is significant influence	5. Reason why the Joint venture is not consolidated	6. Networth attributable to shareholding as per latest audited balance sheet	7. Profit / Loss for the year	
				No of Shares	Amount of Investment in Associates/ Joint Venture	Extent of Holding %				i. Considered in Consolidation	ii. not Considered in Consolidation
1	Hainan Jointown Caplin Point Pharmaceutical Company Limited- China	31.03.2019	12.09.2018	17,28,951	1,82,16,900	39	NA	NA	1,66,09,341	(746,320)	--

For and on behalf of the Board of Directors

Place : Chennai  
 Date : August 12, 2019

C C Paarthipan  
*Chairman*



## ANNEXURE II

### 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 and Fuel Consumption	Year ended March 31, 2019	Year ended March 31, 2018
<b>Electricity</b>		
Purchased units	68,70,990	65,74,416
Total amount paid (Rs.)	5,12,09,645	4,98,67,338
Rate per unit	7.45	7.58
<b>Own Generation by</b>		
Diesel Generator (Units)	7,05,082	4,89,087
Amount paid (Rs.)	1,46,46,550	86,80,363
Rate per unit	20.77	17.75
Third party (units)	33,87,370	37,64,906
Amount paid (Rs.)	1,82,32,500	2,02,55,194
Rate per unit	5.38	5.38
<b>Others</b>		
Diesel Consumed for Boiler (in Ltrs)	5,41,059	4,88,190
Total Amount paid (Rs.)	3,88,09,786	3,08,24,375
Rate per Ltr	71.73	63.14

## (B) TECHNOLOGY ABSORPTION-

### i) Efforts made towards technology absorption

- New products developments, Developments NSAIDs , Anti-Depressants, Anti-emetic, Anti- Coagulants, etc
- Quality Improvements in Projects for around 10 products
- FR & D efforts in conducting trials, stabilization of process and optimization of process
- Company's R & D initiative lay emphasis on innovation and continuous 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 lay emphasis 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, continuous process improvements 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 Rs.6,633.67 Lakhs towards research and development (Rs.2,407.60 Lakhs Revenue expenditure and Rs.4,226.07 Lakhs Capital Expenditure )

## (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Amount in Lakhs)

Foreign exchange earned	52,115.40
Foreign exchange used	11,247.71

## ANNEXURE III

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2018-19

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:

[http://cmsbox.caplinpoint.net/PDF/Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://cmsbox.caplinpoint.net/PDF/Corporate_Social_Responsibility_Policy.pdf)

2. The Composition of the CSR Committee

Mr C C Paarthipan, Chairman

Dr Sridhar Ganesan, Managing Director

Mr V Thirumalai - Non-executive Independent Director

3. Average net profit of the company for last three years: Rs. 9,839.14 Lakhs
4. Prescribed CSR Expenditure (2 % of the amount specified in item 3 above): Rs. 196.78 Lakhs
5. Details of CSR Spent during the financial year:
  - a. Total amount to be spent for the financial year: Rs. 196.78 Lakhs
  - b. Amount unspent, if any: Rs. 188.22 Lakhs
  - c. Manner in which the amount spent during the financial year is detailed below:

(Amount in Rs.)

(1)	(2)	(3)	(4)	(5)	(6)
Sl. No	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 spent on the projects or programs Sub-heads:	Amount spent: Direct or through implementing agency*
1	Contribution to Orphanage homes	Setting up homes for Orphans, Setting up old age homes	Tamil Nadu	3,39,000	Implementing agency
2	Contribution to schools and charitable trusts	Promotion of Education	Tamil Nadu	3,77,000	Implementing agency
3	Contribution to Flood relief fund	Disaster management, including relief, rehabilitation and reconstruction activities.	Tamil Nadu and Kerala	1,17,729	Implementing agency
4	Contribution to Sports	Promotion of nationally recognised sports, paralympic sports and olympic sports	Tamil Nadu	23,000	Implementing agency

6. In case the Company has failed to spend the two per cent 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:

The Company is in continuous endeavor to increase its spend on CSR activities in the years to come.

### **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 12, 2019

**C C Paarthipan**  
*Chairman*  
Din : 01218784

**Dr Sridhar Ganesan**  
*Managing Director*  
Din :06819026

## ANNEXURE IV

### 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 (KMP) 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 or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

##### 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,

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 or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013, and rules there under and requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

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

To,  
The Members,  
**Caplin Point Laboratories Limited**  
CIN# L24231TN1990PLC019053  
NARBAVI, 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 the financial year ended 31st March, 2019 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:

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 financial year ended on 31st March, 2019 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 (Share Based Employee Benefits) Regulations, 2014; and
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

- (vi) Customs Act, 1962; and rules thereunder
- (vii) Factories Act, 1948;
- (viii) Air (Prevention & Control of Pollution) Act, 1981;
- (ix) Water (Prevention & Control of Pollution) Act, 1974;
- (x) Environment Protection Act, 1986 and
- (xi) Drugs and Cosmetics Act, 1940

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.

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.

We further report that during the audit period the company has:

1. Allotted 26,750 equity shares of Rs.2/- each on 11th February, 2019 under Employees Stock Option Plan.
2. Credited Investor Education and Protection Fund with 98,500 unclaimed Equity Shares of Rs. 2/- each pertaining to the Financial Year 2010-11 on 24th April, 2019.

For G Ramachandran & Associates  
*Company Secretaries*

**G. RAMACHANDRAN**  
*Proprietor*  
 FCS No.9687 CoP No.3056

Place : Chennai  
 Date : August 12, 2019

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

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

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the

secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We followed a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

For G Ramachandran & Associates  
*Company Secretaries*

Place : Chennai  
Date : August 12, 2019

G. RAMACHANDRAN  
*Proprietor*  
FCS No.9687 CoP No.3056

## ANNEXURE VA

### Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL PERIOD FROM 12TH DECEMBER, 2018 TO 31ST MARCH 2019

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

To,  
The Members,  
M/s. Caplin Steriles Limited  
CIN# U24304TN2018PLC126270  
NARBAVI, 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 Steriles 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 the financial period from 12th December, 2018 to 31st March 2019 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:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by M/s. Caplin Steriles Limited ("the Company") for the financial period from 12th December, 2018 to 31st March 2019 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) Customs Act, 1962; and rules thereunder

- (vi) Factories Act, 1948;
- (vii) Air (Prevention & Control of Pollution) Act, 1981;
- (viii) Water (Prevention & Control of Pollution) Act, 1974;
- (ix) Environment Protection Act, 1986 and
- (x) Drugs and Cosmetics Act, 1940

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.

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 were informed that the company is in the process of appointing Women Director and

Independent Director as the reckoning date is taken as per Section 149 of the Companies Act, 2013 read with the first proviso to Rule 3 and first proviso to Rule 4 respectively of the Companies (Appointment and Qualification of Directors) Rules, 2014.

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.

We further report that during the audit period the company has:

1. Allotted 9,32,99,782 Equity shares of Rs. 10/- each to M/s. Caplin Point Laboratories Limited on 4th February, 2019 on preferential basis.

2. Allotted 3,59,22,993 Series A Compulsorily Convertible Preference Shares of Rs. 10/- each at a premium of Rs. 19.229190 per share to M/s. Eight Roads Ventures India III L.P. on 7th March, 2019 on preferential basis.
3. Allotted 1,53,95,568 Series A Compulsorily Convertible Preference Shares of Rs. 10/- each at a premium of Rs. 19.229190 per share to M/s. F-Prime Capital Partners Life Sciences Fund VI LP on 23rd April, 2019 on preferential basis.

For G Ramachandran & Associates  
*Company Secretaries*

G. RAMACHANDRAN  
*Proprietor*  
FCS No.9687 CoP No.3056

Place : Chennai  
Date : August 08, 2019

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

To,  
The Members,  
M/s. Caplin Steriles Limited  
CIN# U24304TN2018PLC126270  
NARBAVI, No. 3, Lakshmanan Street,  
T. Nagar, Chennai – 600017

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the

secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We followed a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

For G Ramachandran & Associates  
*Company Secretaries*

Place : Chennai  
Date : August 08, 2019

G. RAMACHANDRAN  
*Proprietor*  
FCS No.9687 CoP No.3056



## ANNEXURE VI

### DETAILS OF EMPLOYEE STOCK OPTION PLAN AS ON 31.03.2019

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

Sl. No	Particulars	ESOP 2015	ESOP 2017
1	Options granted	3,74,250	1,01,500
2	Options vested	80,250	--
3	Options exercised	80,250	--
4	The Total number of shares arising as a Result of Exercise of options	80,250	--
5	Options lapsed	NIL	NIL
6	The Exercise Price or Pricing Formula	An Exercise price, which shall be the discounted 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	An Exercise price, which shall be the discounted 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
7	Variation of terms of options	No Variations	No Variations
8	Money realized by exercise of options upto 31.03.2019	Rs.1,60,500	NA
9	Total No. of options in force	2,94,000	1,01,500
10	Employee wise details of options granted to		
	A Key Managerial personnel	80,250 options was granted to Dr Sridhar Ganesan, Managing Director out of which 80,250 options were vested and exercised by him	None
	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	During the year one employee has been granted with 25,000 options
	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	None	None
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	NA

For and on behalf of the Board of Directors

Place : Chennai  
Date : August 12, 2019

C C Paarthipan  
Chairman

## ANNEXURE VII

### 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 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 2018-19 (times)	% of increase in Remuneration
1.	Mr C C Paarthipan, Chairman*	NIL	
2	Dr Sridhar Ganesan, Managing Director\$	37.77	There was no increase in remuneration during the financial year 2018-19
3.	Dr Philip Ashok Karunakaran# Whole-time Director	12.37	There was no increase in remuneration during the financial year 2018-19
4	Mr D P Mishra, Non-executive Non-Independent	0.32	There was no increase in remuneration during the financial year 2018-19
5	Mr V Thirumalai, Non-executive Independent Director**	0.8	
6	Dr K C John Non-executive Independent Director**	0.8	
7	Dr R Ravichandran, Non-executive Independent Director**	1.2	
8	Dr K Nirmala Prasad, Non-executive Independent Director**	1.04	
9	Mr R Viswanathan, Non-executive Independent Director**	0.4	
10	Mr D Sathyanarayanan, Non-executive Independent Director**	0.8	
11	Mr D Muralidharan, Chief Financial Officer	10.4	There was an increase of 30% of the remuneration
12.	Mr Vinodkumar S, Company Secretary	3.06	There was an increase of 6.9% of the remuneration

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

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

# Resigned from the Board w.e.f April 10,2019.

\$ Computed by taking into account 45.20 lakhs, being the value of stock options.

- ii. In the Financial year 2018-19, there was an increase of 17.04% in the median remuneration to employees
- iii. Number of Permanent employees in the rolls of the Company as on March 31, 2019 was 551
- iv. 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 was 7%. There is no decrease in the remuneration of employees.

ANNEXURE VIII

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 year ended March 31, 2019 which were not at arm's length basis.

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

Sl. No	Name of the Related party and relationship	Durations	Salient terms	Date approved by Board / Audit Committee	Nature of Transactions	Amount (In Lakhs)
1.	Ashvich Infotek Private Limited	Ongoing	Agreement to Lease of office premises	28.05.2018	Lease rent paid	106.54

For and on behalf of the Board of Directors

Place : Chennai  
Date : August 12, 2019

C C Paarthipan  
Chairman

## ANNEXURE IX

### DIVIDEND DISTRIBUTION POLICY

#### BACKGROUND

This Policy is formulated in accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

Pursuant to the above said regulation, top 500 Listed Companies based on market capitalisation (calculated as on March 31 of every financial year) should formulate Dividend Distribution Policy. Caplin Point Laboratories Limited being one amongst the top 500 Listed Companies based on the market capitalisation has formulated this policy.

The objective of this Policy is to provide the policy framework for declaration and payment of dividend in the best interests of the shareholders and the Company.

This policy will be applicable to interim and final dividend payouts by the Company.

#### CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED:

The shareholders of the Company may not expect Dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities;

- In the event of inadequacy of profits or whenever the Company has incurred loss

#### FINANCIAL PARAMETERS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND

The Board of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- Consolidated net operating profit after tax;
- Operating cash flow
- Net sales
- Return on invested capital
- Post dividend Earnings Per Share
- Any other factor as deemed fit by the Board

#### INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND

##### Internal factors

- Business expansion and growth
- Company's liquidity position and future cash flow requirements
- Additional investments in subsidiaries and or in other strategic investment of the Company
- Current year's profits and future outlook in light of the development of internal and external environment
- Operating cash flows and treasury position keeping in view the total debt to equity ratio, possibilities of alternate usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders

##### External factors

- Product/Market expansion plan;
- Macroeconomic conditions; and
- Expectations of major stakeholders including small shareholders
- Foreign Exchange Fluctuations

#### UTILISATION OF RETAINED EARNINGS

The Company would utilize the retained earnings in a manner which is beneficial to the interest of the Company & its stakeholders, including, but not limited to meeting the Company's future business growth/ expansion and strategic plans or such other purpose the Board may deem fit from time to time.

#### PARAMETERS FOR VARIOUS CLASSES OF SHARES

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

#### DISCLOSURE OF POLICY

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and is placed on the Company's website, [www.caplinpoint.net](http://www.caplinpoint.net)

#### APPROVAL

The Board has approved this Dividend Distribution Policy at its meeting held on February 07, 2018.

## ANNEXURE X

### BUSINESS RESPONSIBILITY REPORT

(As per Regulation 34 (2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sl. No	Particulars	
1	Corporate Identity Number (CIN) of the Company	L24231TN1990PLC019053
2	Name of the Company	CAPLIN POINT LABORATORIES LIMITED
3	Registered address	"NARBAVI" No.3, Lakshmanan Street, T Nagar, Chennai - 600017
4	Website	www.caplinpoint.net
5	E-mail id	info@caplinpoint.net
6	Financial Year reported	2018-19
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC code 21002
8	List three key products/services that the Company manufactures/provides	Pharmaceutical formulations such as: 1. Amoxicilina Capsules 500mg 2. Gentamycin + Betamethasone + Clotrimazole Cream 30gm 3. Ibuprofen Tablets 800mg
9	Total number of locations where business activity is undertaken by the Company a) Number of International Locations	The Company has a Branch in China to source its raw materials and finished goods for import/export.  The Company has two Subsidiaries outside India, one in Hongkong and the other in Colombia. The Company in Colombia is yet to commence operations. The Company has participated in the joint venture with Hainan Jointown Caplin Point Pharmaceuticals Company Limited in Hainan Province of China.
	b) Number of National Locations	<b>Registered Office:</b> The Company has its registered office located at "NARBAVI", No. 3, Lakshmanan Street, T.Nagar, Chennai – 600 017, Tamil Nadu.  <b>Corporate Office:</b> The Company has its Corporate office located at Ashvich Tower, 3rd Floor, No.3, Developed Plots Industrial Estate, Perungudi, Chennai – 600 096, Tamil Nadu.  <b>Manufacturing unit:</b> <b>CP I:</b> No.85/3, Suthukeny Village, Mannadipet commune, Puducherry- 605 502 <b>R &amp; D Unit:</b> <b>CP II :</b> No.19, Chinnapuliyur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk,, Tamil Nadu – 601 201.
10	Markets served by the Company - Local/ State/National/International	International – Predominantly Latin America and West Africa

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sl. No	Particulars	
1	Paid up Capital (INR)	Rs. 15,12,60,500
2	Total Turnover (INR)	Rs. 536,90,57,000
3	Total profit after taxes (INR)	Rs. 148,16,65,000
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	0.02%
5	List of activities in which expenditure in 4 above has been incurred	Please refer the "Annual Report on CSR activities for the FY 2018-19" annexed to this Annual report

## SECTION C: OTHER DETAILS

Sl. No	Particulars	
1	Does the Company have any Subsidiary Company/ Companies?	YES
2	Do the Subsidiary Company/Companies participate in the BR (Business Responsibility) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The participation by subsidiaries in BR is not necessitated considering the size of the Company.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	NO

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Director responsible for implementation of the BR policy/policies

DIN	06819026
Name	Dr Sridhar Ganesan
Designation	Managing Director

#### (b) Details of the BR head

Sl. No	Particulars	Details
1	DIN Number (if applicable)	06819026
2	Name	Dr Sridhar Ganesan
3	Designation	Managing Director
4	Telephone number	044 28156653
5	e-mail id	info@caplinpoint.net



## 2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

Sl. No	Questions	P1 Business Ethics	P2 Product responsibility	P3 Well being of Employees	P4 Stakeholder engagement	P5 Human Rights	P6 Environment	P7 Public policy	P8 CSR	P9 Customer relation
1	Do you have a policy/ policies for....	YES	YES	YES	YES	YES	YES	YES	YES	YES
2	Has the policy being formulated in consultation with the relevant stakeholders?	YES	YES	YES	YES	YES	YES	YES	YES	YES
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	YES	YES	YES	YES	YES	YES	YES	YES	YES
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	YES	YES	YES	YES	YES	YES	YES	YES	YES
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	YES	YES	YES	YES	YES	YES	YES	YES	YES
6	Indicate the link for the policy to be viewed online?	1. code of conduct of the Company is available at: <a href="http://www.caplinpoint.net/investors/Company%20policies%20and%20code%20of%20conduct/">www.caplinpoint.net/investors/Company policies and code of conduct/</a> code of conduct. 2. Whistle Blower policy/Vigil Mechanism of the Company is available at: <a href="http://www.caplinpoint.net/investors/Company%20policies%20and%20code%20of%20conduct/Whistle%20Blower%20Policy">www.caplinpoint.net/investors/Company policies and code of conduct/Whistle Blower Policy</a> 3. Corporate Social Responsibility Policy is available at: <a href="http://www.caplinpoint.net/investors/Company%20policies%20and%20code%20of%20conduct/Corporate%20Social%20Responsibility%20Policy">www.caplinpoint.net/investors/Company policies and code of conduct/Corporate Social Responsibility Policy</a> . For remaining policies the views are restricted to respective stakeholders.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	YES	YES	YES	YES	YES	YES	YES	YES	YES

Sl. No	Questions	P1 Business Ethics	P2 Product responsibility	P3 Well being of Employees	P4 Stakeholder engagement	P5 Human Rights	P6 Environment	P7 Public policy	P8 CSR	P9 Customer relation
8	Does the Company have in-house structure to implement the policy/ policies	YES	YES	YES	YES	YES	YES	YES	YES	YES
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	YES	YES	YES	YES	YES	YES	YES	YES	YES
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	--	--	--	--	--	--	--	YES	--

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	--	--	--	--	--	--	--	--	--
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	--	--	--	--	--	--	--	--	--
3	The company does not have financial or manpower resources available for the task	--	--	--	--	--	--	--	--	--
4	It is planned to be done within next 6 months	--	--	--	--	--	--	--	--	--
5	It is planned to be done within the next 1 year	--	--	--	--	--	--	--	--	--
6	Any other reason (please specify)	--	--	--	--	--	--	--	--	--

### 3. Governance related to BR ( Business Responsibility)

Sl. No	Particulars	
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The BR is assessed annually by the Board of Directors
2	The BR is assessed annually by the Board of Directors	YES

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1

Sl. No	Particulars	
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	YES. The Company Strictly adheres to fair, transparent and ethical governance practices. The Company has well defined anti-corruption and anti-bribery systems in place.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company has received 44 complaints from the shareholders during the year 2018-19 and one complaint was pending at the beginning of the financial year, out of which 44 were resolved and 1 complaint was pending as on March 31, 2019. The pending complaint was subsequently resolved.

### PRINCIPLE 2

Sl. No	Particulars	
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	NIL
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	NIL
	Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so	The company has entered in to long term contracts with major vendors accounting over 80% of purchases
	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company is involved in recruiting of locals for unskilled and semi skilled, sourcing of contracts for civil and maintenance works, housekeeping, security etc.,  The Company guides them on quality front and provides services level to improve quality standards and advises them to adapt customer requirements.
	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so	NIL

### PRINCIPLE 3

Sl. No	Particulars		
1	Please indicate the Total number of employees		551
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis		381
3	Please indicate the Number of permanent women employees		107
4	Please indicate the Number of permanent employees with disabilities		1
5	Do you have an employee association that is recognized by management		No
6	What percentage of your permanent employees is members of this recognized employee association?		NA
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.		
	No.	Category	No of complaints filed during the financial year
			No of complaints pending as on the end of financial year
	1	Child labour / forced labour / involuntary labour	NIL
	2	Sexual harassment	NIL
	3	Discriminatory employment	NIL
8	What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?		
	a)	Permanent Employees	100%
	b)	Permanent Women Employees	100%
	c)	Casual/Temporary/Contractual Employees	100%
	d)	Employees with Disabilities	100%

### PRINCIPLE 4

Sl. No	Particulars	
1	Has the company mapped its internal and external stakeholders?	
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so	

### PRINCIPLE 5

Sl. No	Particulars	
1	Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management	

## PRINCIPLE 6

Sl. No	Particulars	
1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/others	YES
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc	YES
3	Does the company identify and assess potential environmental risks	YES
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	NIL
5	Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc	YES.  The Company focuses on energy conservation. The energy conservation measures include energy savings and use of alternate source of energy like wind power, solar.
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported	Yes. All emissions & wastes are within the permissible limits.
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	NIL

## PRINCIPLE 7

Sl. No	Particulars	
1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	YES  1. Indian Drug Manufacturers Association 2. Pharmaceuticals Manufacturers Association of Tamil Nadu 3. Pharmaceutical Export Promotion Council 4. Federation of Indian Exports Organization 5. Madras Chamber of Commerce and Industry 6. Confederation of Indian Industry.
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	YES  We have advocated for reforms through these Associations for the advancement of general public.

## PRINCIPLE 8

Sl. No	Particulars	
1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof	Yes. Please refer the "Annual Report on CSR activities for the FY 2018-19" annexed to this Annual report
2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	All the projects are undertaken through implementing agencies
3	Have you done any impact assessment of your initiative?	NO
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken	Yes. Please refer the "Annual Report on CSR activities for the FY 2018-19" annexed to this Annual report
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so	NO

## PRINCIPLE 9

Sl. No	Particulars	
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year	NIL
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	NA
4	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so	NO
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	NO



**ANNEXURE XI**

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2019  
[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	"NARBAVI", No. 3, Lakshmanan Street, T. Nagar, Chennai – 600 017. Phone: 28156653, 24968000 E-mail: info@caplinpoint.net
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Integrated Registry Management Services Private Limited UNIT: Caplin Point Laboratories Limited, 2nd Floor, " KENCES Towers" No.1, Ramakrishna Street, North Usman Raod, T Nagar, Chennai – 600 017 Phone # +91 044 28140801-03; Fax # +91 044 28142479 E-mail: corpserv@integratedindia.in www.integratedindia.in

**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 formulations	21002	100%

### 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.	Caplin Steriles Limited "NARBHAVI" No.3, Lakshmanan Street. T Nagar, Chennai-600 017	U24304TN2018PLC126270	Subsidiary Company	100.00%	2 (87)
2.	Argus Salud Pharma LLP "NARBHAVI" No.3, Lakshmanan Street. T Nagar, Chennai-600 017	AAA-1115	Subsidiary	99.90%	2 (87)
3.	Caplin Point Far East Limited Room 609, 6th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong	2096323	Subsidiary Company	100.00%	2 (87)
4.	Caplin Point Laboratories Colombia SAS CR 15 No. 93-75 Oficine 408, Bogata, Colombia	02650370	Subsidiary Company	80.69%	2 (87)
5.	Hainan Jointown Caplin point Pharmaceutical Company Limited Haikou city, China		Associate Company	39.00%	2 (6)

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

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

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% Change during the year Applicable Section
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>									
<b>Indian</b>									
Individual/Hindu Undivided Family	5,00,76,765	-	5,00,76,765	66.24	5,00,97,192	-	5,00,97,192	66.24	-
Central Government	-	-	-	-	-	-	-	-	-
State Government	-	-	-	-	-	-	-	-	-
Bodies Corporate	21,17,000	-	21,17,000	2.80	21,17,000	-	21,17,000	2.80	-
Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
Any other(specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL A(1)</b>	<b>5,21,93,765</b>	<b>-</b>	<b>5,21,93,765</b>	<b>69.04</b>	<b>5,22,14,192</b>	<b>-</b>	<b>5,22,14,192</b>	<b>69.04</b>	<b>-</b>

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% Change during the year Applicable Section
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Foreign</b>									
Individual(Non resident/foreign)	-	-	-	-	-	-	-	-	-
Bodies corporate	-	-	-	-	-	-	-	-	-
<b>Institutions</b>	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any other(specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL A(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)</b>	5,21,93,765	-	5,21,93,765	69.04	5,22,14,192	-	5,22,14,192	69.04	-
<b>Public Shareholding</b>									
<b>Institutions</b>									
Mutual funds/UTI	44,950	-	44,950	0.06	14	-	14	0.00	-0.06
Financial Institutions/Banks	27,361	-	27,361	0.04	13,799	-	13,799	0.02	-0.02
Central Government	-	-	-	-	-	-	-	-	-
State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investor	47,02,048	-	47,02,048	6.22	55,49,015	-	55,49,015	7.34	1.12
<b>SUB TOTAL B(1)</b>	<b>47,74,359</b>	<b>-</b>	<b>47,74,359</b>	<b>6.32</b>	<b>55,62,828</b>	<b>-</b>	<b>55,62,828</b>	<b>7.36</b>	<b>1.04</b>
<b>Non-Institutions</b>									
Bodies Corporate – Indian	11,60,661	3,99,500	15,60,161	2.06	13,76,449	2,48,000	16,24,449	2.14	0.08
Individuals(Resident/NRI/ Foreign National)	-	-	-	-	-	-	-	-	0.00
Individual shareholders holding Nominal share Capital upto Rs.2 Lakh	75,17,186	32,63,650	1,07,80,836	14.26	77,39,381	25,95,575	1,03,34,956	13.67	-0.59
Individual shareholders holding Nominal share Capital above Rs.2 Lakh	34,08,720	-	34,08,720	4.51	30,21,828	-	30,21,828	4.00	-0.51
Any other(specify)									

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% Change during the year Applicable Section
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
CLEARING MEMBER	45,353	-	45,353	0.06	25,361	-	25,361	0.04	-0.02
CORPORATE BODY-NBFC	24,332	-	24,332	0.03	-	-	-	-	-0.03
IEPF	14,60,631	-	14,60,631	1.93	14,60,631	-	14,60,631	1.93	0.00
LIMITED LIABILITY PARTNERSHIP	3,66,417	-	3,66,417	0.48	5,06,002	-	5,06,002	0.67	0.19
NRI	9,10,326	78,500	9,88,826	1.31	8,20,911	58,500	8,79,411	1.16	-0.15
TRUST	100	-	100	0.00	592	-	592	0.00	0.00
SUB TOTAL B(2)	1,48,93,726	37,41,650	1,86,35,376	24.64	1,49,51,155	29,02,075	1,78,53,230	23.61	-1.04
Total Public Share Holding (B)=B(1)+B(2)	1,96,68,085	37,41,650	2,34,09,735	30.96	2,05,13,983	29,02,075	2,34,16,058	30.96	0.00
TOTAL (A)+(B)	7,18,61,850	37,41,650	7,56,03,500	100.00	7,27,28,175	29,02,075	7,56,30,250	100.00	0.00
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	7,18,61,850	37,41,650	7,56,03,500	100.00	7,27,28,175	29,02,075	7,56,30,250	100.00	0.00

## II) Shareholding of Promoters:-

Sl no.	Shareholder's Name	No. of shares held at the beginning of the year (as on 01.04.2018)			No. of shares held at the end of the year (as on 31.03.2019)			% change in shareholding 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	1,78,80,000	23.65	-	1,78,80,000	23.64	-	-0.01
2	ASHOK GORKEY PARTHEEBAN	90,50,000	11.97	-	90,50,000	11.96	-	-0.01
3	PARTHEEBAN VIVEK SIDDARTH	90,00,000	11.90	-	90,00,000	11.90	-	0.00
4	PAARTHIPAN C C	1,41,46,765	18.71	-	1,41,67,192	18.73	-	0.02
5	MAY INDIA PROPERTY PRIVATE LIMITED	21,17,000	2.80	-	21,17,000	2.80	-	0.00
	Total	5,21,93,765	69.04		5,22,14,192	69.04		0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change):-

Sl no.	Date wise Increase / Decrease in Promoters Share holding during the year	No.of shares held at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (31.03.2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	PAARTHIPAN C C				
	Opening Balance as on 01/04/2018	1,41,46,765	18.71		
	08/06/2018	10,425	0.01	1,41,57,190	18.72
	11/06/2018	2	0.00	1,41,57,192	18.72
	22/02/2019	10,000	0.01	1,41,67,192	18.73
	Closing Balance as on 31/03/2019			1,41,67,192	18.73

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):-

Sl no.	Shareholder's Name	No.of shares held at the beginning of the year (01.04.2018)				No.of shares held at the end of the year (31.03.2019)	
		No.of shares	% to shares	Difference	Difference percentage	No.of shares	% to shares
1	MATTHEWS INDIA FUND						
	Opening Balance as on 01/04/2018	31,73,401	4.20				
	06/04/2018			22,951	0.03	31,96,352	4.23
	20/04/2018			48,481	0.06	32,44,833	4.29
	27/04/2018			24,425	0.03	32,69,258	4.32
	04/05/2018			19,578	0.03	32,88,836	4.35
	11/05/2018			35,036	0.05	33,23,872	4.40
	18/05/2018			19,976	0.03	33,43,848	4.42
	25/05/2018			26,605	0.04	33,70,453	4.46
	01/06/2018			37,056	0.05	34,07,509	4.51
	22/06/2018			33,562	0.04	34,41,071	4.55
	29/06/2018			2,45,479	0.33	36,86,550	4.87
	06/07/2018			11,194	0.02	36,97,744	4.89
	10/08/2018			24,000	0.03	37,21,744	4.92
	17/08/2018			1,04,544	0.14	38,26,288	5.06
	24/08/2018			4,251	0.01	38,30,539	5.07
	26/10/2018			10,463	0.01	38,41,002	5.08
	02/11/2018			9,639	0.01	38,50,641	5.09
	14/12/2018			19,670	0.03	38,70,311	5.12
	Closing Balance as on 31/03/2019					38,70,311	5.12

Sl no.	Shareholder's Name	No.of shares held at the beginning of the year (01.04.2018)				No.of shares held at the end of the year (31.03.2019)	
		No.of shares	% to shares	Difference	Difference percentage	No.of shares	% to shares
2	<b>INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY</b>						
	Opening Balance as on 01/04/2018	14,60,631	1.93				
	Closing Balance as on 31/03/2019					14,60,631	1.93
3	<b>VISALATCHI</b>						
	Opening Balance as on 01/04/2018	8,00,375	1.06				
	29/03/2019			1,69,000	0.22	9,69,375	1.28
	Closing Balance as on 31/03/2019					9,69,375	1.28
4	<b>GEETHA</b>						
	Opening Balance as on 01/04/2018	6,00,000	0.79				
	08/02/2019			878	0.00	6,00,878	0.79
	Closing Balance as on 31/03/2019					6,00,878	0.79
5	<b>MAHESWARI</b>						
	Opening Balance as on 01/04/2018	6,00,000	0.79				
	08/02/2019			220	0.00	6,00,220	0.79
	01/03/2019			520	0.00	6,00,740	0.79
	Closing Balance as on 31/03/2019					6,00,740	0.79
6	<b>MATTHEWS EMERGING ASIA FUND</b>						
	Opening Balance as on 01/04/2018	4,89,805	0.65				
	Closing Balance as on 31/03/2019					4,89,805	0.65
7	<b>FIRST DIMENSION HOLDINGS PRIVATE LIMITED</b>						
	Opening Balance as on 01/04/2018	3,70,000	0.49				
	Closing Balance as on 31/03/2019					3,70,000	0.49
8	<b>T B SIVAKUMAR</b>						
	Opening Balance as on 01/04/2018	2,50,000	0.33				
	Closing Balance as on 31/03/2019					2,50,000	0.33
9	<b>IMAGE SECURITIES LTD</b>						
	Opening Balance as on 01/04/2018	2,27,500	0.30				
	Closing Balance as on 31/03/2019					2,27,500	0.30
10	<b>MATTHEWS ASIA FUNDS-INDIA FUND</b>						
	Opening Balance as on 01/04/2018	2,26,796	0.30				
	Closing Balance as on 31/03/2019					2,26,796	0.30

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

SI no.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2018		Increase/ decrease in the Shareholding		Cumulative Shareholding during end of the year as on 31.03.2019	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
01	<b>Mr. C C PAARTHIPAN – CHAIRMAN</b>						
	At the beginning of the Year	1,41,46,765	18.71	-	-	-	-
	Purchase	-	-	08/06/2018	10,425	1,41,57,190	18.72
	Purchase	-	-	11/06/2018	2	1,41,57,192	18.72
	Purchase	-	-	22/02/2019	10,000	1,41,67,192	18.73
	At the end of the year	-	-	-	-	1,41,67,192	18.73
02	<b>Dr. SRIDHAR GANESAN - MANAGING DIRECTOR</b>						
	At the beginning of the year	53,500	0.07	-	-	-	-
	Allotment of shares through stock options			11/02/2019	26,750	80,250	0.10
	At the end of the year	-	-	-	-	80,250	0.10
03	<b>Dr. PHILIP ASHOK KARUNAKARAN - WHOLE TIME DIRECTOR*</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
04	<b>Mr. D P MISHRA- DIRECTOR</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
05	<b>Mr. V THIRUMALAI - DIRECTOR</b>						
	At the beginning of the year	2,41,635	0.32	-	-	-	-
	At the end of the year	-	-	-	-	2,41,635	0.32
06	<b>Dr. R RAVICHANDRAN - DIRECTOR</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
07	<b>Dr. K C JOHN - DIRECTOR</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
08	<b>Dr. K NIRMALA PRASAD - DIRECTOR</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
09	<b>Mr. R VISWANATHAN – DIRECTOR</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-



Sl no.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2018		Increase/ decrease in the Shareholding		Cumulative Shareholding during end of the year as on 31.03.2019	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
10.	<b>Mr. D SATHYANARAYANAN - DIRECTOR</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
11	<b>Mr. D MURALIDHARAN – CFO</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
12	<b>Mr. VINOD KUMAR S - COMPANY SECRETARY</b>						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-

\*Dr. Philip Ashok Karunakaran resigned from the Board with effect from 10/04/2019

## 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	53.65	--	--	53.65
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>53.65</b>	<b>--</b>	<b>--</b>	<b>53.65</b>
<b>Change in Indebtedness during the financial year</b>				
1) Addition	28.39	--	--	28.39
2) Reduction	(27.92)	--	--	(27.92)
<b>Net Change</b>	<b>0.47</b>	<b>--</b>	<b>--</b>	<b>0.47</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	54.12	--	--	54.12
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>54.12</b>	<b>--</b>	<b>--</b>	<b>54.12</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:-

Amount in Lakhs

Sl no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Dr. Sridhar Ganesan – Managing Director	Dr Philip Ashok Karunakaran – Whole-time Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	56.58	50.12	106.70
	(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	45.20	-	45.20
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- others, specify			
5.	Others, please specify	-	-	-
	Total (A)	101.78	50.12	151.90
	Ceiling as per the Act**			2008.80

\*\*Being 10% of Net profit of the Company calculated as per section 198 of the Companies Act, 2013

### B. REMUNERATION TO OTHER DIRECTORS:-

Amount in Lakhs

Sl no.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr.V. Thirumalai	Dr R Ravichandran	Dr K C John	Dr K Nirmala Prasad	Mr. R Viswanathan	Mr D Sathyanarayanan	Mr D P Mishra	
1.	<b>Independent Directors</b>								
	a) Fee for attending board / committee meetings	2.00	2.80	2.00	2.60	1.00	2.20	--	12.60
	b) Commission								
	c) Others, please specify								
	<b>Total (1)</b>	<b>2.00</b>	<b>2.80</b>	<b>2.00</b>	<b>2.60</b>	<b>1.00</b>	<b>2.20</b>	<b>--</b>	<b>12.60</b>
2.	<b>Other Non-Executive Directors</b>								
	a) Fee for attending board / committee meetings							0.80	0.80
	b) Commission								
	c) Others, please specify								
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>0.80</b>	<b>0.80</b>
	<b>Total (B)=(1+2)</b>	<b>2.00</b>	<b>2.80</b>	<b>2.00</b>	<b>2.60</b>	<b>1.00</b>	<b>2.20</b>	<b>0.80</b>	<b>13.40</b>
	Total Managerial Remuneration(A+B)								165.30
	Overall Ceiling as per the Act*								2209.68

\*Being 11% of Net profit of the Company calculated as per section 198 of the Companies Act, 2013

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

Amount in Lakhs

Sl no.	Particulars of Remuneration	CEO	Company Secretary (Mr. Vinod Kumar S)	CFO (Mr. D Muralidharan)	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Not Applicable	7.94	26.52	34.46
	(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 (A)	-	7.94	26.52	34.46

**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)
<b>A. Company</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			NIL		
Punishment					
Compounding					

# 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 on which Caplin has been conducting business since inception and it is a continuous and ongoing process. The Company's Corporate Governance Report is produced below.

## BOARD OF DIRECTORS

### COMPOSITION OF BOARD

As on March 31, 2019, Board comprises of ten Directors out of which six are Non-Executive - Independent Directors including one Woman Director and two are Executive Directors, one Non-executive - Non-independent Director and 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 and Regulation 16 (1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the financial year under review, the Board of Directors met seven times (i.e) 28.05.2018, 06.08.2018, 02.11.2018, 19.11.2018, 11.01.2019, 18.01.2019 and 11.02.2019. The maximum time gap between two meetings did not exceed 120 days.

The composition of the Board, attendance at Board Meetings held during the said period and at the last Annual General Meeting, number of Directorships, memberships/chairmanships of the Board and Committees of public Companies as on March 31, 2019 in the Company are as under:

Name of the Director	Category	No. of Board Meetings attended in the year	Attendance at the previous AGM (28.09.2018)	Directorship(s) <sup>1</sup>	Committee Position(s) <sup>2</sup>	
					Chairman	Member
Mr C C Paarthipan DIN : 01218784	Non-executive Chairman (Promoter)	7	Present	1	-	-
Dr Sridhar Ganesan DIN :06819026	Managing Director	7	Present	-	-	1
Dr Philip Ashok Karunakaran <sup>3</sup> DIN : 06679664	Whole-time Director	5	Absent	-	-	-
Mr D P Mishra DIN : 02032818	Non- executive - Non-Independent	4	Present	-	-	1
Mr V Thirumalai DIN :03015619	Non-executive Independent	7	Present	-	1	-
Mr R Viswanathan DIN : 07173713	Non-executive Independent	5	Present	-	-	-
Dr R Ravichandran DIN :01920603	Non-executive Independent	6	Present	-	1	1
Dr K C John DIN : 01067374	Non-executive Independent	7	Present	-	-	-

Name of the Director	Category	No. of Board Meetings attended in the year	Attendance at the previous AGM (28.09.2018)	Directorship(s) <sup>1</sup>	Committee Position(s) <sup>2</sup>	
					Chairman	Member
Dr K Nirmala Prasad DIN : 07088120	Non-executive Independent	7	Absent	-	-	1
Mr D Sathyanarayanan DIN : 07650566	Non-executive Independent	6	Present	-	-	1

<sup>1</sup> 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.

<sup>2</sup> Includes only Audit and Stake holders Relationship Committees of Caplin Point Laboratories Ltd

<sup>3</sup> Dr Philip Ashok Karunakaran resigned from the position of Whole-time Director w.e.f. April 10, 2019

<sup>4</sup> The Directors of the Company do not hold any Directorship in any other listed entity.

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.

## BOARD QUALIFICATIONS, EXPERTISE AND CORE SKILLS

The Board comprises qualified members who bring in the required skills, expertise and competence that allows them to make effective contribution to the Board and its Committees. The members of the Board are committed to ensure that the Board is in compliance with the highest standards of corporate governance.

The below matrix summarizes the key qualifications, skills, expertise, competence and attributes considered while nominating a candidate to serve on the Board

## BOARD MATRIX

General Experience	
Management and Leadership	Management and Leadership experience in a significant enterprise with understanding of organisations, processes, strategic planning and risk management.
Business/ Commercial	Vast experience in driving business success across the country with an understanding of diverse business environment, economics conditions, cultures and regulatory frameworks.
Strategy	Track Record of developing and implementing successful strategies
Governance	Service on the Board of the public company to develop insights about maintaining Board and Management accountability, protecting shareholders interests and observing appropriate governance practices.
Specialist Experience	
Industry-specific knowledge	Experience in a large pharmaceutical or medical organization
Finance/Legal/Risk Management	Board audit/risk management membership or equivalent experience in Financial accounting and reporting, corporate finance, internal financial controls or the provision of legal services to large business enterprises.
Marketing	Vast experience in marketing and a detailed understanding of the Group's corporate objective to create long-term value through the provision of innovative products.
Capital Projects	Experience in an industry with Projects involving large scale capital outlays and Long term investment horizons.

Health, Safety & Environment	Experience related to workplace health, safety, environment and social responsibility.
Remuneration	Board remuneration committee membership or equivalent experience Relating to remuneration, including incentive programs.
Government Affairs	Experience in liaising with government and experience with public and regulatory policy
R&D/Product Development	Experience in research and development or product development with a large biopharmaceutical, pharmaceutical or medical organization.
Manufacturing/Quality	Experience in manufacturing or Quality operations with a Large biopharmaceutical, pharmaceutical or medical organization

## 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 role 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 consists of the following members:

NAME OF THE DIRECTORS	CATEGORY
Dr R Ravichandran	Chairman, Independent
Dr Sridhar Ganesan	Member, Executive
Dr K Nirmala Prasad	Member, Independent
Mr D Sathyanarayanan	Member, Independent

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

The Audit Committee met six times in the financial year ended March 31, 2019 (i.e) 28.05.2018, 06.08.2018, 02.11.2018, 11.01.2019, 18.01.2019 and 11.02.2019. The maximum time gap between two meetings did not exceed 120 days.

Name of the Directors	No. of meetings attended
Dr R Ravichandran	6
Dr Sridhar Ganesan	6
Dr K Nirmala Prasad	6
Mr D Sathyanarayanan	5

Chairman of the Audit Committee is an Independent Director. Chairman of the Audit Committee was present in the 27th Annual General Meeting held on September 28, 2018 to address the queries of the members.

The Internal Auditors, Statutory Auditors and Chief Financial Officer are invited to attend and participate in 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 Nomination and Remuneration Committee 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 Nomination and Remuneration Committee 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 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
Dr R Ravichandran	Member, Independent
Dr K C John	Member, Independent

#### MEETING OF THE NRC AND THE ATTENDANCE OF THE DIRECTORS

The Nomination and Remuneration Committee duly met three times for the financial year ended March 31, 2019 (i.e) 28.05.2018, 06.08.2018 and 11.02.2019.

Name of the Directors	No. of Meetings attended
Mr V Thirumalai	3
Dr R Ravichandran	3
Dr K C John	3

#### 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. 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, 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.

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

## DETAILS OF REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019 ARE GIVEN BELOW:

Amount in Rs.

Name of Director	Remuneration	Commission and performance linked incentive	Sitting Fees	Total	No. of shares held
Mr. C. C. Paarthipan	--	--	--	--	1,41,67,192
Mr. V. Thirumalai	--	--	2,00,000	2,00,000	2,41,635
Dr. R Ravichandran	--	--	3,00,000	3,00,000	--
Dr. K C John	--	--	2,00,000	2,00,000	--
Dr. K Nirmala Prasad	--	--	2,60,000	2,60,000	--
Mr. R Viswanathan	--	--	1,00,000	1,00,000	--
Mr. D Sathyanarayanan	--	--	2,20,000	2,20,000	--
Mr. D P Mishra	--	--	80,000	80,000	--

## DETAILS OF REMUNERATION PAID TO EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019 ARE GIVEN BELOW:

Amount in Lakhs

Name of Director	Fixed component	Variable component	Contribution to PF and bonus	Total	No. of shares held
Dr Sridhar Ganesan*	56.58	--	0.32	56.90	80,250
Dr Philip Ashok Karunakaran	50.12	--	0.32	50.44	--

There is 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.

\*excludes stock Compensation expenses debited to profit and loss Account Rs 45.20 Lakhs

## EMPLOYEE STOCK OPTION

The Company has two stock options in force (i.e) Caplin Point Employee Stock Option Plan -2015 and Caplin Point Employee Stock Option Plan – 2017. As on date, the Company has granted 3,74,250 options under Caplin Point Employee Stock Option Plan -2015 out of which 80,250 options have been exercised and 1,01,500 options under Caplin Point Employee Stock Option Plan- 2017. During the year under review, the Company has allotted 26,750 options under Caplin Point Employee Stock Option Plan – 2015.

## 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 Agents of the Company.

The committee consists of the following Directors as its members:

Name of the Director	Category
Mr. V Thirumalai	Chairman, Independent
Mr. D P Mishra	Member, Non- Executive Director
Dr. R Ravichandran	Member, Independent

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.

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

## RISK MANAGEMENT COMMITTEE

The Company has constituted Risk Management Committee on March 30,2019, the risk management committee comprised of Four Directors:

Name of the Director	Category
Dr R Ravichandran	Chairman, Independent
Dr Sridhar Ganesan	Member, Executive
Dr K Nirmala Prasad	Member, Independent
Mr D Sathyanarayanan	Member, Independent

The purpose of the Risk Management Committee is to assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of risk. The Risk Management Committee has the overall responsibility of monitoring the risk associated with the Company. Further, the detailed discussion on Risk Management has been discussed on Management Discussion and Analysis Report which forms of the part of this Annual Report.

## INVESTOR GRIEVANCE REDRESSAL

During the year, 44 complaints were received apart from one pending complaint of previous year from the shareholders and other agencies out of which 44 compliants were resolved and one complaint was pending as on March 31,2019. The pending compliant was resolved subsequently

## 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 Eighth Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by M/s. National Securities Depository Services Limited.

## 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 Integrated Registry Management Services 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 11, 2019 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/](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
2018	28.09.2018 (27th AGM)	10.00 AM	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Road, T Nagar, Chennai -600 017	Special Resolution was passed for the following : a) PURSUANT TO SECTION 149(10) OF THE COMPANIES ACT, 2013 1. Re-appointment of Mr V Thirumalai as an Independent Director for the second term of five consecutive years. 2. Re-appointment of Dr K Nirmala Prasad as an Independent Director for the second term of five consecutive years. 3. Re-appointment of Mr R Viswanathan as an Independent Director for a second term of five consecutive years. b) Pursuant to Section 62(1)(b) of the Companies Act, 2013 for grant of options to the employees of the subsidiary Company(ies) of the Company under EMPLOYEES STOCK OPTION PLAN 2017 (ESOP 2017)
2017	21.09.2017 (26th AGM)	11.00 AM	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Road, T Nagar, Chennai -600 017	a) Special Resolution was passed under Section 149 (10) of the Companies Act, 2013 for re-appointment of Dr K C John as an Independent Director for a Second term of Five consecutive years; and b) Special Resolution was passed seeking the approval of Members for Employee Stock option Plan 2017
2016	12.09.2016 (25th AGM)	10.15 AM	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Road, T Nagar, Chennai -600 017	a) Special Resolution was passed under Section 149 (10) of the Companies Act, 2013 for re-appointment of Dr R Ravichandran as an Independent Director for a Second term of Five consecutive years; and b) Special Resolution was passed under Section 14 of the Companies Act, 2013 for amendment of Articles of Association.

## POSTAL BALLOT

Particulars of Special Resolution which is passed through postal ballot during the year under review and voting pattern :-

Details of Special Resolution	Date of Passing of the Resolution	Voting Pattern	
		Votes cast in favour	Votes cast against
Transfer of business undertaking of the Company (Regulated Markets injectable Business, including USFDA approved injectable plant and DSIR recognised R&D units CP4 & CP5) to its Wholly Owned Subsidiary Company	December 31, 2018	60,562,879 99.99%	6,663 0.01%

Mr. G Ramachandran of M/s. G Ramachandran & Associates, Company Secretaries in practice, Chennai (FCS No. 9684, CoP No. 3056) was appointed as the Scrutiniser for conducting the postal ballot process in a fair and transparent manner.

As on the date of this report, there is no proposal to pass any special resolution through Postal Ballot.

### Procedure for Postal Ballot

The Company has followed the procedures stipulated under Section 110 of the Companies Act, 2013 read with rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## DISCLOSURES

- 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.
- 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.
- 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.
- The Company has formulated a policy for determining "Material subsidiary" - [www.caplinpoint.net/investor/Company Policies & code of conduct/policy on material subsidiary](http://www.caplinpoint.net/investor/Company Policies & code of conduct/policy on material subsidiary).
- The policy on Related party transaction has been disclosed on the website of the company [www.caplinpoint.net/investor/Company Policies & code of conduct/related party transaction policy](http://www.caplinpoint.net/investor/Company Policies & code of conduct/related party transaction policy)
- 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 & Managing Director and Reporting of Internal Audit Report by the Internal Auditor directly to the Audit Committee.
- 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.
- The Company is not undertaking any commodity hedging activities, hence there is no risk of commodity hedging to the Company.
- There were no Complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- The Company has not raised any funds through Preferential Allotment or through qualified institutional placement.
- The Board of Directors confirms that the Independent Directors have fulfilled the conditions specified in Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

- l) The Company has obtained a certificate from Mr G Ramachandaran, Practicing Company Secretary stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Board/Ministry of Corporate Affairs or any such Statutory Authority.

## 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 national daily English Newspaper and one regional Tamil newspaper.
- b) The Newspapers wherein results are normally published:
- The Financial Express - English
  - Maalai Sudar - Tamil
- c) Website where displayed: The Annual Reports and quarterly reports are made available in the "Investor" section of the company's website [www.caplinpoint.net/Investor/Annual reports](http://www.caplinpoint.net/Investor/Annual%20reports) and [www.caplinpoint.net/ Investor/Financial Results](http://www.caplinpoint.net/Investor/Financial%20Results).
- d) Whether is also displayed in official news releases : Yes
- e) Presentation made to Institutional investors or to the analysts: Investor Presentation made on business model and financial Results.

## GENERAL INFORMATION TO THE SHAREHOLDERS

Day, Date, Time & Venue of Annual General Meeting	Thursday, September 12, 2019 at 10:00 AM
Date of Book Closure	September 06, 2019 to September 12, 2019
Dividend Payment Date	The Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before October 10, 2019

### Financial Calendar:-

The Company expects to announce the financial Results for the year 2019-20 as per the following schedule:

Financial Year	1st April, 2019 to March 31, 2020
Results for the Quarter ending:-	
Ist Quarter Ending June 30,2019	On or before August 14, 2019
IIInd Quarter Ending September 30,2019	On or before November 14, 2019
IIIrd Quarter Ending December 31,2019	On or before February 14, 2020
IVth Audited Financial Results for year ended March 31, 2020	On or before May 30, 2020

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).	INE475E01026	
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 2019-20

Dematerialization of shares:-	As on March 31, 2019 nearly 96.16% of the Company's shares were held in dematerialized form
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Particulars	No. of Shareholders	No. of Shares	%
Physical	3,384	29,02,075	3.84
Demat			
NSDL	13,343	6,88,25,634	91.00
CDSL	10,104	39,02,541	5.16
Registrar And Share Transfer Agents		M/s. Integrated Registry Management Services Private Limited, II Floor, "Kences Towers" No.1 Ramakrishna Street, North Usman Road T Nagar, Chennai - 600 017 Phone: 044 - 28140801 - 803 Fax: 044 - 28142479 .	
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.	
Commodity Price Risk or Foreign exchange Risk and hedging activities		The Company is not making any foreign exchange exposures and does not involve in hedging activities in foreign exchange and commodity markets.	

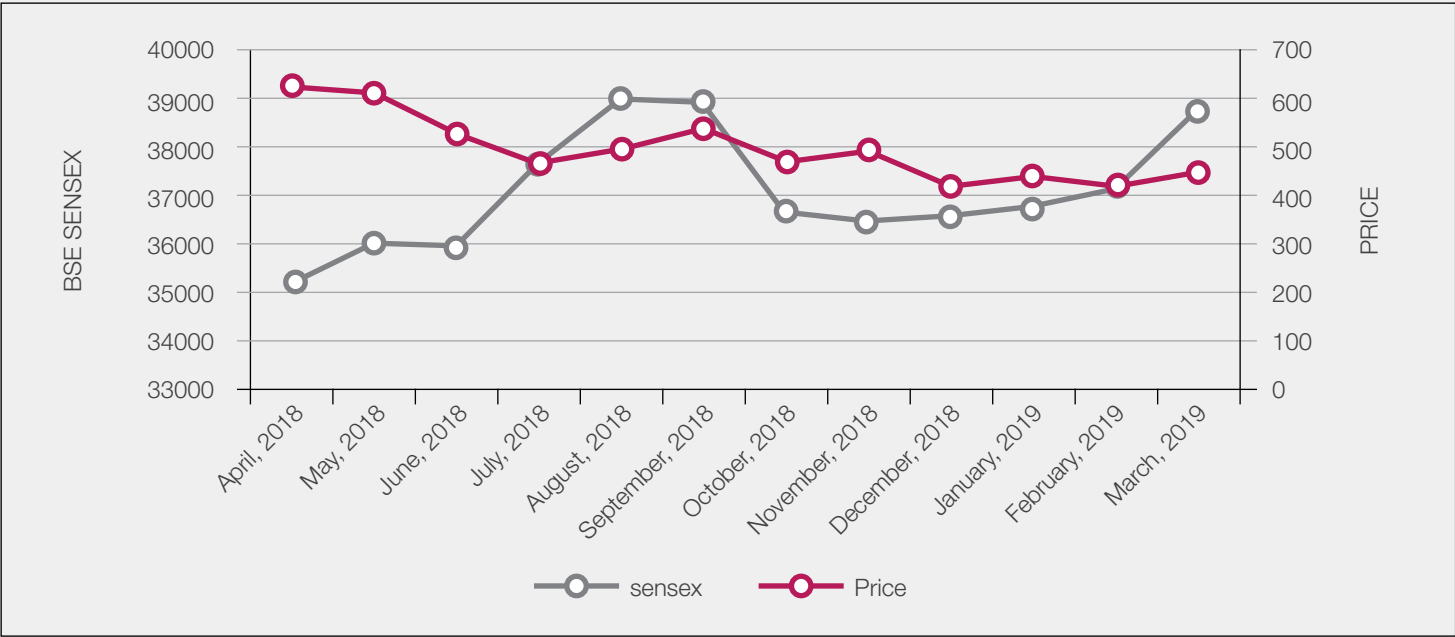
### MARKET PRICE DATA (high, low during each month in the financial year 01.04.2018 to 31.03.2019)

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
April, 2018	622.55	567.00	35213.30	32972.56	623.00	565.00	10759.00	10111.30
May, 2018	612.90	496.30	35993.53	34302.89	619.95	494.65	10929.20	10417.80
June, 2018	524.80	336.40	35877.41	34784.68	523.00	336.05	10893.25	10550.90
July, 2018	461.50	368.00	37644.59	35106.57	462.05	367.55	11366.00	10604.65
August, 2018	493.95	384.00	38989.65	37128.99	495.80	382.10	11760.20	11234.95
September, 2018	535.00	402.05	38934.35	35985.63	537.90	400.00	11751.80	10850.30
October, 2018	468.95	380.65	36616.64	33291.58	466.40	380.75	11035.65	10004.55
November, 2018	490.00	391.10	36389.22	34303.38	489.75	398.85	10922.45	10341.90
December, 2018	417.50	371.00	36554.99	34426.29	416.70	379.10	10985.15	10333.85
January, 2019	436.70	304.75	36701.03	35375.51	438.00	305.00	10987.45	10583.65
February, 2019	411.90	320.00	37172.18	35287.16	412.00	296.05	11118.10	10585.65
March, 2019	444.90	384.00	38748.54	35926.94	448.00	385.55	11630.35	10817.00

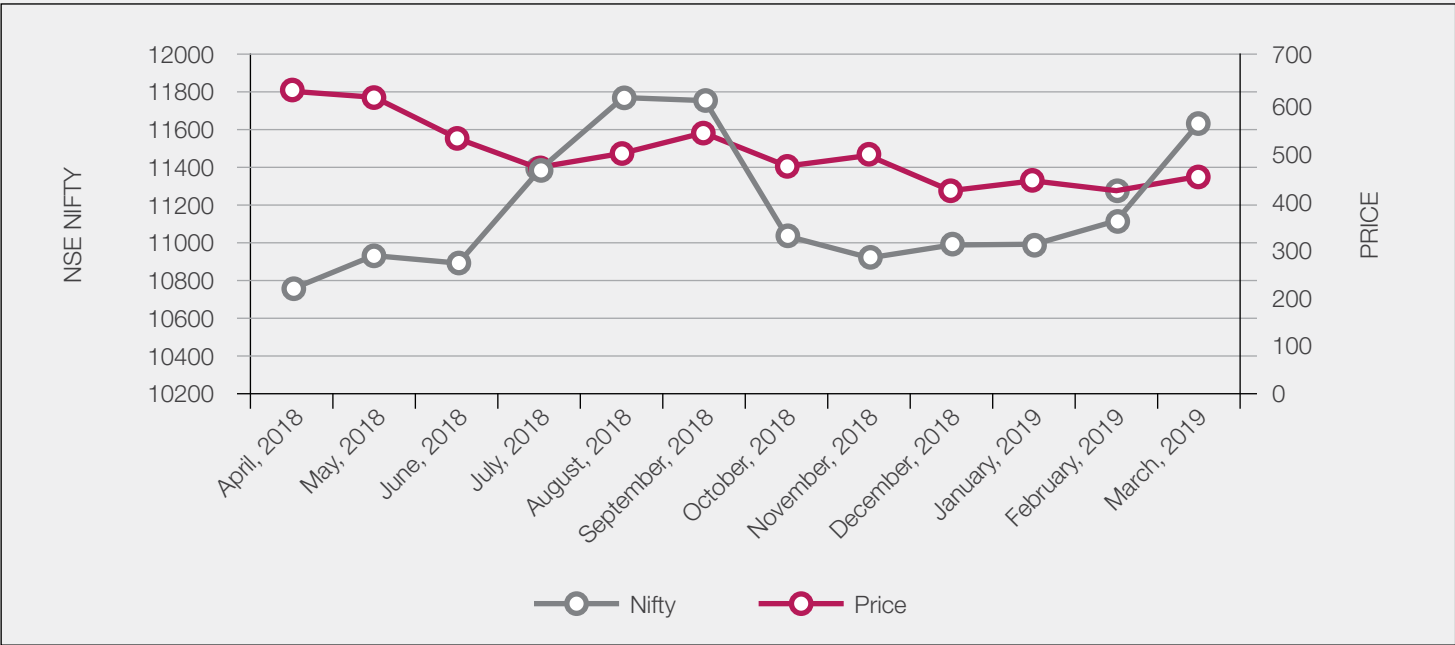
(Source: Websites of - [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com))

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, 2019

S.No	Category	No. of Shareholders	No. of Shares	% to Capital
1	Promoters	5	5,22,14,192	69.04
2	Mutual Funds / UTI	1	14	0.00
3	Banks/Indian Financial Institutions	3	13,799	0.02
4	Private Corporate Bodies	293	13,96,949	1.85
5	Foreign Corporate Bodies	1	2,27,500	0.30
6	Foreign Institutional Investors	40	55,49,015	7.34
7	Non Resident Indians Non-Repatriable	2	1058	0.00
	Non Resident Indians - Repatriable	774	8,78,353	1.16
8	Indian Public			
	(i) CLEARING MEMBERS	40	25,361	0.03
	(ii) LLP	10	5,06,002	0.67
	(iii) IEPF	1	14,60,631	1.93
	(iv) RESIDENT INDIVIDUALS	24,760	1,31,89,306	17.44
	(v) HUF	211	1,67,478	0.22
	(vi) TRUSTS	2	592	0.00
	<b>TOTAL</b>	<b>26,143</b>	<b>7,56,30,250</b>	<b>100.00</b>

## DISTRIBUTION SCHEDULE AS ON MARCH 31, 2019

Category (Shares)		Share Holders		Number of Shares	
From	To	Number	%	Number	%
1	500	23,016	88.04	38,23,765	5.06
501	1000	1,574	6.02	13,26,947	1.75
1001	2000	746	2.85	11,20,547	1.48
2001	3000	290	1.11	7,34,448	0.97
3001	4000	100	0.38	3,55,750	0.47
4001	5000	120	0.46	5,73,067	0.76
5001	10000	136	0.52	9,71,269	1.28
10001	& above	161	0.62	6,67,24,457	88.23
<b>TOTAL</b>		<b>26,143</b>	<b>100.00</b>	<b>7,56,30,250</b>	<b>100.00</b>

## UNCLAIMED DIVIDEND AS ON MARCH 31, 2019

Financial year to which dividend relates	Due Date of transfer to IEPF	Dividend amount unpaid as on March 31, 2019 (Amount in Lakhs)
2011-12	18.01.2020	16.69
2012-13	26.01.2021	21.35
2013-14	17.01.2022	30.27
2014-15	05.12.2022	34.61
2015-16 (Interim Dividend)	06.03.2023	17.65
2015-16 (Final Dividend)	12.10.2023	25.02
2016-17	21.10.2024	48.08
2017-18	28.10.2025	39.49

## 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 is not applicable.

## TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of the requirements of Section 124 (6) of the Companies Act, 2013 read with the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended ("the Rules"), the Company is required to transfer the shares in respect of which the dividend has remained unpaid or unclaimed for a period of seven consecutive years to the IEPF Account.

Members are requested to take note of the same and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF Account. The shares transferred to the IEPF Account can be claimed back by the concerned Members from IEPF Authority after complying with the procedure prescribed under the Rules.

## PLANT LOCATIONS:

FACTORIES			
Unit I	Unit III	Unit IV*	UNIT VI
85/3, Suthukeny Village, Mannadipet Commune Panchayat, Puducherry – 605 502 e-mail: cp1@caplinpoint.net Phone : 0413-2674046, 2674047, Fax : 0413-2674044	Plot No. 44, 8th Avenue, Domestic Tariff Area, Mahindra World City, Chengalpattu Taluk, Kanchipuram District - 603 004.	Guruvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601201. email : cp4@caplinpoint.net Phone : 9788459333	4th Floor, Plot No. 95 & 96, Road No. 9, ALEAP Industrial Estate, Gajularamaram Village (PO), Qutbullapur Mandal, Near Pragatinagar, Hyderabad - 500 090.
RESEARCH & DEVELOPMENT UNITS			
Unit II	Unit IV*		Unit V*
No.19, Chinnapuliur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp2@caplinpoint.net Phone : 9445391317	Guruvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601201. email : cp4@caplinpoint.net Phone : 9788459333		2nd Floor, No. 3, Ashvich Tower Developed Plots Industrial Estate Perungudi, Chennai Tamil Nadu - 600096."

\*Transferred to Caplin Steriles Limited, Wholly Owned Subsidiary on January 18, 2019 pursuant to the business transfer

## 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. Integrated Registry Management Services Private Limited Unit: Caplin Point Laboratories Ltd II Floor, "Kences Towers" No.1 Ramakrishna Street North Usman Road, T Nagar, Chennai - 600 017 Phone: 044 - 28140801 - 803 Fax: 044 - 28142479. E-mail: csdstd@integratedindia.in	The Company Secretary & Compliance officer M/s. Caplin Point Laboratories Limited "Narbavi", No. 3, Lakshmanan Street, T. Nagar, Chennai – 600 017. Phone: 28156653 Website: www.caplinpoint.net E-mail: investor@caplinpoint.net
For shares held in Demat form, investors shall contact/address their correspondence to their respective Depository Participants.	

## DECLARATION BY MANAGING DIRECTOR UNDER LISTING REGULATIONS REGARDING COMPLIANCES WITH BUSINESS CODE OF 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 financial year ended March 31, 2019.

For Caplin Point Laboratories Ltd

Place : Chennai  
 Date: August 12, 2019

**Dr Sridhar Ganesan**  
*Managing Director*  
 (DIN : 06819026)

# CORPORATE GOVERNANCE CERTIFICATE

TO THE MEMBERS OF  
CAPLIN POINT LABORATORIES LIMITED  
"NARBAVI", No.3, Lakshmanan Street,  
T.Nagar, Chennai – 600017

1. We have examined the compliance of conditions of Corporate Governance by CAPLIN POINT LABORATORIES LTD ("the Company"), for the year ended on March 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V read with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("the SEBI LODR Regulations"), as amended.

## Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI LODR Regulations.

## Auditors' Responsibility

3. Our responsibility is limited to examining 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.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirement by the Company.

## Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI LODR Regulations, as amended, during the year ended March 31, 2019.
6. 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*

Date: August 12, 2019  
Place: Chennai

G Ramachandran  
*Proprietor*  
FCS No.9687 CoP. No.3056

# FINANCIAL STATEMENTS

# STANDALONE FINANCIAL STATEMENTS

## Independent Auditor's Report

To  
 The Members  
 Caplin Point Laboratories Limited, Chennai

### Report on the Audit of the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone financial statements of Caplin Point Laboratories Limited (“the Company”), which comprise the balance sheet as at 31st March, 2019, the statement of profit and loss (including other comprehensive income), the statement of changes in Equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ( “Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under Section 133 of the Act, of the state of affairs of the Company as at 31st March 2019, and its profit , total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on

Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters.

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined that below is the key audit matter to be communicated in our report.

S.No	Key Audit Matter	How was the matter addressed in our audit
1	<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers” (new revenue accounting standard)</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p><b>Principal Audit Procedures</b></p> <p>We assessed the Company’s process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>➤ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>➤ Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> </ul>

S.No	Key Audit Matter	How was the matter addressed in our audit
		<ul style="list-style-type: none"> <li>➤ Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> </ul>

### Information other than the Financial statements and Auditors' Report Thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Consolidated and Standalone financial statements and our Auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit or loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting



from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

15. As required by Section 143(3) of the Act, based on our audit, 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 it appears from our examination of those books.
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) We have also audited the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the financial statements.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 as at 31 March 2019 on its financial position in its standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company .

16. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

Place : Chennai  
 Date : 22nd May, 2019

**B. Ramakrishnan**  
 Partner  
 Membership No: 201023

# Annexure A To The Independent Auditors' Report of even date To The Members of Caplin Point Laboratories Limited, on The standalone financial statements for the year ended 31 March 2019

## Report on the internal financial controls with reference to the aforesaid standalone financial statements under section 143(3)(i) of the Companies Act, 2013

1. We have audited the internal financial controls with reference to financial statements of Caplin Point Laboratories Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal financial Controls

2. 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 (the "Guidance Note") 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 the Company's 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 Act.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial

statements were established and maintained and whether such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 Auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal financial Controls with reference to financial statements

6. A Company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of

unauthorised 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 with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and

such internal financial controls were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

Place : Chennai  
Date : 22nd May, 2019

**B. Ramakrishnan**  
Partner  
Membership No: 201023

## Annexure B

### To The Independent Auditors' Report on the Standalone Financial Statements of Caplin Point Laboratories Limited for the year ended 31 March 2019

(Referred to in paragraph 2 under 'Report On Other Legal and Regulatory Requirements' section of our report of even date)

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties included in fixed assets are held in the name of the Company. In respect of immovable properties taken on lease and disclosed as property, plant and equipment in the standalone Ind AS financial statements, the lease agreements are in the name of the Company.
  - ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
  - iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order is not applicable to the Company.
  - iv) The Company has not granted any loans or provided any security to the parties covered under section 185 and section 186 of the Act.
  - v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
  - vi) 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 % of its turnover, Cost Audit under section 148 is not applicable. Hence, reporting under clause 3(VI) of the Order is not applicable.
  - vii) a) The Company is regular in depositing undisputed statutory dues with appropriate authorities like Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues, as applicable , with the appropriate authorities. Further no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
- b) There are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

S.No	Name of the statute	Nature of dues	As At 31/3/2019 (Rs. In lakhs)	As At 31/3/2018 (Rs. In lakhs)	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax	53.20	192.44	High Court/ Income Tax Appellate Tribunal/ CIT Appeals

- viii) The Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institutions or government and has not issued any debentures.
- ix) Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order is not applicable to the Company.
- x) In our opinion and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) The Company is not a Nidhi Company and hence, reporting under clause 3(xii) is not applicable.
- xiii) All the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv) The Company has not entered into non-cash transactions with its directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Place : Chennai  
 Date : 22nd May, 2019

**B. Ramakrishnan**  
 Partner  
 Membership No: 201023

# Balance Sheet as at March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, plant and equipment	2	13,617.46	16,740.16
(b) Capital work-in-progress	2A	861.99	1,529.12
(c) Intangible assets	2B	159.16	191.74
(d) Financial assets			
(i) Investments in Subsidiaries, Associates and Joint venture	3	9,829.09	153.95
(i) Investments	3A	33.31	33.40
(ii) Loans	4	442.64	907.60
(e) Income tax assets (Net)		193.75	203.32
<b>Sub-total-Non Current Assets</b>		<b>25,137.40</b>	<b>19,759.29</b>
<b>(2) Current Assets</b>			
(a) Inventories	5	2,351.91	2,845.56
(b) Financial assets			
(i) Investments	6	6,962.31	4,633.74
(ii) Trade receivables	7	12,538.56	8,635.31
(iii) Cash and cash equivalents	8	2,309.93	1,139.31
(iv) Bank balances other than (iii) above	9	2,175.46	1,689.15
(v) Loans	10	2,401.25	2,346.87
(d) Other current assets	11	55.71	31.00
<b>Sub-total-Current Assets</b>		<b>28,795.13</b>	<b>21,320.94</b>
<b>Total</b>		<b>53,932.53</b>	<b>41,080.23</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity share capital	12	1,512.61	1,512.07
Other equity	13	41,691.88	28,048.36
<b>Sub-total-Total Equity</b>		<b>43,204.49</b>	<b>29,560.43</b>
<b>(2) Liabilities</b>			
<b>(A) Non-Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	28.68	32.19
(b) Deferred tax liabilities (Net)	15	2,254.17	2,216.07
(c) Other non current liabilities	16	193.73	537.61
<b>Sub-total-Non Current Liabilities</b>		<b>2,476.58</b>	<b>2,785.87</b>
<b>(B) Current Liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	17	5,950.41	7,289.50
(ii) Other current liabilities	18	2,175.82	1,386.40
(b) Short-term provisions	19	125.23	58.03
<b>Sub-total-Current Liabilities</b>		<b>8,251.46</b>	<b>8,733.93</b>
<b>Total</b>		<b>53,932.53</b>	<b>41,080.23</b>

The accompanying notes are an integral part of the standalone financial statements.

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 22, 2019

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



## Statement of Profit and Loss for the financial year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I. INCOME</b>			
(a) Revenue from Operations	20	53,690.57	42,657.39
(b) Other income	21	3,540.13	2,331.33
<b>Total Income</b>		<b>57,230.70</b>	<b>44,988.72</b>
<b>II. EXPENSES</b>			
(a) Cost of Materials Consumed	22	9,404.33	9,021.63
(b) Purchases of Stock-in-Trade		14,549.56	9,228.22
(c) Changes in inventories of Finished Goods including Stock-in-Trade and Work-in-Progress	23	(250.61)	(238.77)
(d) Employee benefits expense	24	4,201.25	3,882.04
(e) Finance costs	25	5.98	6.12
(f) Depreciation and Amortisation Expenses	26	2,084.32	1,898.78
(g) Research and Development Expenses	27	2,407.60	2,368.14
(h) Other expenses	28	4,562.89	4,217.26
<b>Total Expenses</b>		<b>36,965.32</b>	<b>30,383.42</b>
<b>III. Profit before exceptional items and tax</b>		<b>20,265.38</b>	<b>14,605.30</b>
<b>IV. Exceptional Items</b>		-	-
<b>V. Profit before tax</b>		<b>20,265.38</b>	<b>14,605.30</b>
<b>VI. Provision for taxation</b>			
- Current tax		5,410.63	4,054.79
- Deferred tax (Benefits)/Charge		38.10	319.42
<b>VII. Profit After Tax for the Year</b>		<b>14,816.65</b>	<b>10,231.09</b>
<b>VIII. Other comprehensive income (net of tax) - Items that will not be reclassified to profit or loss:</b>			
(i) Remeasurement of Defined Benefit Plans		(71.93)	76.60
<b>IX. Total comprehensive income for the Year</b>		<b>14,744.72</b>	<b>10,307.69</b>
<b>Earning Per equity Share (Nominal value per share Rs. 2/-)</b>			
<b>Basic</b>		<b>19.60</b>	<b>13.64</b>
<b>Diluted</b>		<b>19.50</b>	<b>13.57</b>

The accompanying notes are an integral part of the standalone financial statements.

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 22, 2019

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 Changes In Equity for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### A. EQUITY SHARE CAPITAL (Refer Note 12)

Particulars	As at March 31, 2019		As at March 31, 2018	
	NO OF EQUITY SHARES of Rs. 2/- each	AMOUNT	NO OF EQUITY SHARES of Rs. 2/- each	AMOUNT
Balance at the beginning of the reporting period	7,56,03,500	1,512.07	7,55,76,750	1,511.53
Changes in equity share capital during the year	26,750	0.54	26,750	0.54
Balance at the end of the reporting period	7,56,30,250	1,512.61	7,56,03,500	1,512.07

### B. OTHER EQUITY (Refer Note 13)

Particulars	Reserves and Surplus					Total Other Equity
	Capital Reserve	Securities Premium Reserve	General Reserve	Employee Stock Option Outstanding (Net)	Retained Earnings	
Balance as at 31 March 2017	40.98	54.25	1,128.78	9.05	17,267.02	18,500.08
Profit for the year					10,231.09	10,231.09
Dividend on equity shares (including Dividend Distribution Tax paid)					(1,133.65)	(1,133.65)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation					76.60	76.60
Movement in security premium		54.25				54.25
Share- based payment expenses (Net)				319.99		319.99
Balance as at 31 March 2018	40.98	108.50	1,128.78	329.04	26,441.06	28,048.36
Profit for the year					14,816.65	14,816.65
Dividend on equity shares (Including Dividend distribution tax paid)					(1,512.07)	(1,512.07)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation					(71.93)	(71.93)
Movement in security premium		54.25				54.25
Share- based payment expenses (Net)				356.63		356.63
Balance as at 31 March 2019	40.98	162.75	1,128.78	685.67	39,673.71	41,691.88

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 22, 2019

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

## Cash Flow Statement for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	20,265.38	14,605.30
Adjustments for:	-	-
Depreciation and Amortisation	2,084.32	1,898.78
Finance costs	5.98	6.12
Govt Grant	(30.87)	(6.53)
Loss(Profit) on sale of fixed assets	-	-
Employee Stock option Scheme Expense	356.64	374.31
Unrealised Foreign Exchange Fluctuation Loss (Gain)	(92.90)	(148.11)
Fair value gain on financial instruments through profit or loss	(342.89)	(173.19)
Realised gain on Financial Assets	(180.55)	(164.31)
Dividend Income	(1,648.03)	(1,139.50)
Interest income	(181.10)	(303.62)
	<b>20,235.98</b>	<b>14,949.26</b>
<b>Operating Profit before Working Capital changes</b>		
Adjustments for :		
(Increase) / Decrease in Inventories	493.65	(616.07)
(Increase) / Decrease in Trade receivables	(3,903.25)	(8,146.83)
(Increase) / Decrease in Loans	410.57	(52.77)
Increase/(Decrease) in Trade payables ,Current Liabilities & Provisions-Long and Short Term	(2,418.14)	(443.69)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>14,818.81</b>	<b>5,689.89</b>
Income tax Paid	(4,084.34)	(3,429.23)
<b>Net Cash inflow / (outflow) from Operating activities</b>	<b>10,734.47</b>	<b>2,260.66</b>
<b>B. Cash Flow from Investing Activities</b>		
Sale / (Purchase) of investments	(1,995.81)	(2,749.56)
Investment in subsidiaries	(99.28)	(20.63)
Investment in Joint ventures	(182.17)	-
Sale / (Purchase) of fixed assets (including CWIP)	(6,043.15)	(4,843.19)
Sale Proceeds from fixed assets	-	-
Interest received	156.39	535.61
Dividend received	1,648.03	1,139.50
Income tax on Dividend income	(287.94)	(197.18)
Realised gain on Financial Assets	180.55	164.31
Capital gains tax paid on sale of business undertaking by way of slump sale [Refer note 2 (i)]	(1,028.00)	-
<b>Net Cash inflow / (outflow) from Investing activities</b>	<b>(7,651.38)</b>	<b>(5,971.13)</b>

## Cash Flow Statement for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from exercise of employee stock options	0.54	0.54
Increase/(Decrease) in Long and Short term Borrowings	(3.51)	(20.71)
Interest paid	(5.98)	(6.12)
Dividend paid (including Dividend distribution tax paid)	(1,512.07)	(1,133.65)
<b>Net Cash inflow / (outflow) from Financing activities</b>	<b>(1,521.01)</b>	<b>(1,159.94)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>1,562.08</b>	<b>(4,870.41)</b>
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>2,618.00</b>	<b>7,489.22</b>
Effect of exchange rate changes on cash and cash equivalents	72.15	(0.80)
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>4,252.23</b>	<b>2,618.00</b>
<b>Less: Deposit under Lien (Refer Note 32)</b>	<b>500.00</b>	<b>485.68</b>
<b>Net Cash and Cash Equivalents as at the end of the year (a,b &amp; c)</b>	<b>3,752.23</b>	<b>2,132.32</b>

Notes:

**a) Reconciliation of Cash And Cash Equivalents**

Cash And Cash Equivalents As Per Note 8	2,309.93	1,139.31
Other Bank Balances As Per Note 9	2,175.46	1,689.15
Total Cash And Cash Equivalents As Per Balance Sheet	4,485.39	2,828.46
Less: Balance In Unpaid Dividend Account	233.16	210.46
Less: Deposit Under Lien	500.00	485.68
Total Cash And Cash Equivalents As Per The Statement Of Cash Flows	3,752.23	2,132.32

b) Net Cash and Cash Equivalents as at the end of the year includes bank deposits classified under other bank balance considering that such bank deposits are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, however, deposit under lien has been excluded.

c) Cash and cash equivalents does not include

- Investment in mutual fund of Rs. 6,962.31 Lakhs classified as current investment (Previous Year Rs. 4,633.74 Lakhs)
- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS -7) Statement of Cash Flow

The above Cash Flow Statement excludes non-cash transactions undertaken by the company pursuant to the Business Transfer Agreement executed on 18th jan 2019 with Caplin Steriles Ltd (wholly owned subsidiary).

The accompanying notes are an integral part of the standalone financial statements.

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 22, 2019

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 year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

## NOTE 1 DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

### 1A. Company Overview:

Caplin Point Laboratories Limited ("Caplin Point" or "the Company") incorporated in 1990, headquartered and having its registered office in Chennai, Tamil Nadu, India. The Company is into the business of pharmaceuticals - producing, developing and marketing wide range of generic formulations and branded products and exporting to overseas market. The Company's principal research and development facilities are located in Tamil Nadu, India; its principal manufacturing facility is located in Puducherry, India. The Company's shares are listed on the Bombay Stock Exchange and the National Stock Exchange in India.

### 1B. SIGNIFICANT ACCOUNTING POLICIES:

#### a) Basis of accounting and preparation of Standalone Financial Statements:

##### *Basis of accounting*

- i) These standalone financial statements of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India. These standalone financial statements were authorized for issue by the Company's Board of Directors on May 22, 2019.

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.

These standalone financial statements are prepared under the historical cost convention unless otherwise indicated.

##### *Functional and Presentation Currency*

- ii) These standalone financial statements are presented in Indian rupees, which is the functional currency of the Company. All financial information presented in Indian rupees (Rs.) has been rounded off to the nearest thousands, except otherwise indicated.

##### *Use of Estimates and Judgements*

- iii) The preparation of the Standalone Financial Statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Standalone Financial Statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialize. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the accounting policies, given as under:

- Measurement of defined benefit obligations (Refer note k)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer note n)
- Recognition of deferred tax assets (Refer note h)
- Useful lives of property, plant, equipment and Intangibles (Refer note b & c)
- Impairment of Assets (Refer note e)
- Impairment of financial assets (Refer note g)

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### b) Property, Plant and Equipment:

#### I. Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest if any.

#### II. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### III. Depreciation

Depreciation on tangible assets is provided on a straight line method over the useful lives of the assets.

The estimated useful lives of tangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II to the Companies Act, 2013, are as follows:

Asset Category	Estimated Useful life (Years)
Factory Building	30
Building other than factory building	60
Plant & Machinery	5 -15
Furniture & Fixtures	10
Office Equipment	5

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Asset Category	Estimated Useful life (Years)
Computers	3
Electrical Fittings and Installation	10
Motor Vehicles	6
Motor Cycle	10

Depreciation is provided pro-rata for the number of days available for use. Depreciation on sale / disposal of assets is provided pro-rata up to the date of sale / disposal.

An asset purchased where the actual cost does not exceed rs 5,000 is depreciated at the rate of 100%.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised as income or expense in the statement of profit and loss.

Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

### c) Intangible Assets:

#### I. Recognition and Measurement

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Expenditure on research and development eligible for capitalisation are carried as Intangible assets underdevelopment where such assets are not yet ready for their intended use.

The Company has elected to continue with the carrying value of all its intangible assets as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

#### II. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### III. Amortisation

Intangible assets are amortised over their estimated useful life on Straight Line Method as follows:

Particulars	Estimated useful Life
Computer Software	6 Years or use full life whichever is lower

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

### d) Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss in the year it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.



## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Expenditure on in-licensed development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset.

### e) Impairment of Assets:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### f) Foreign Currency Transactions / Translations:

- i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction or at rates that closely approximate the rate at the date of the transaction.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not restated.
- iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were recorded on initial recognition during the period or in previous standalone financial statements are recognized in the Statement of Profit and Loss in the period in which they arise.

### g) Financial Instruments:

#### I. Financial Assets

##### Classification

On initial recognition, the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

The Company has elected to continue with the carrying value of all its equity investments as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i) the Company has transferred substantially all the risks and rewards of the asset, or
  - ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- ii) trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

### II. Financial Liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans, borrowings and payables).

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowings.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

#### Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle one net basis, to realise the assets and settle the liabilities simultaneously.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### h) Income tax:

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates items recognised directly in equity in which case, it is recognised in OCI.

#### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

- i) has a legally enforceable right to set off the recognised amounts; and
- ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date are expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### i) 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 tax 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 overhead.

### j) Revenue Recognition:

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, the entity retains no continuing managerial involvement or effective control over the goods usually associated with ownership and the amount of revenue can be measured reliably.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, sales tax, excise duty/ goods and service tax and applicable trade discounts and allowances. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreements.

Service income is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable.

Interest income is recognized on time proportionate basis with reference to the Effective Interest Rate method.

Dividend from investments is recognised as revenue when right to receive is established.

### k) Employee Benefits:

#### Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and the Company will have no legal or constructive obligation to pay further amounts. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. Net interest expense (income) on the net defined liability(asset) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is measured on the basis of a periodical independent actuarial valuation using the projected unit credit method. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

### l) Share-based payment transactions:

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

### m) Leases:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the Statement of Profit and Loss over the lease term.

### n) Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in the Notes to the Standalone Financial Statements. Contingent liabilities are disclosed for:

- i) possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

A Contingent Asset is disclosed where an inflow of economic benefits is probable.

### o) Borrowing costs:

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate (EIR) applicable to the respective borrowing.

Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

### p) Government Grants and Assistance.:

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.
- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

**q) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) including for changes effected prior to the approval of the financial statements by the Board of Directors. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

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

**r) Insurance claims:**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect the ultimate collection.

**s) Goods and Service Tax ('GST') input credit:**

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**t) Segment reporting:**

The Company operates in one reportable business segment i.e. "Pharmaceuticals".

**u) Operating cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**v) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**w) Applicability of New/Amendment on Existing Indian Accounting Standards (Ind As)**

New standard and amendments to existing standard has been published and is mandatory for the Company' accounting periods beginning after April 1, 2019 or later periods but have not been early adopted by the Company.

**(a) New standards issued**

Title of the new Ind AS	Ind AS 116: Leases
The nature of the impending change or changes in accounting policy	Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. In respect of the accounting requirements from the point of view of the lessor, Ind AS 116 substantially conforms to Ind AS 17.
The date by which application of Ind AS is required	Effective from April 1, 2019
The date as at which it plans to apply Ind AS initially	This will be implemented from the effective date of April 1, 2019, as applicable
Impact to the Group	No Material impact foreseen. Appropriate disclosures would be complied with.



## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### (b) Amendments to existing Ind AS

Title of amendment to existing Ind AS	The nature of the impending change or changes in accounting policy
Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'	This appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.
Long-term Interests in Associates and Joint Ventures - Amendments to Ind AS 28, 'Investment in Associates and Joint Venture'	Amendments to Ind AS 28 clarify that the long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using Ind AS 109.
Prepayment Features with Negative Compensation - Amendments to Ind AS 109, 'Financial Instruments'	Amendments to Ind AS 109 enable companies to measure at amortised cost some prepayable financial assets with negative compensation.
Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, 'Employee Benefits'	The net defined benefit liability is remeasured to determine past service cost, or the gain or loss on curtailment or settlement, current service cost and net interest for the remainder of the period are remeasured using the same assumptions and the same fair value of plan assets
Ind AS 103, 'Business Combination'	The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should remeasure its previously held interest in the joint operation at fair value at the acquisition date.
Ind AS 111, 'Joint Arrangements'	The amendments clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. In such cases, previously held interests in the joint operation are not remeasured.
Ind AS 12, 'Income Taxes'	The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
Ind AS 23, 'Borrowing Cost'	Paragraph 14 of Ind AS 23 required an entity to exclude borrowings made specifically for the purpose of obtaining a qualifying asset. The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 2 PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross block				Depreciation Reserve				Net Block	
	April 1, 2018	Additions during the year	Deletions during the year (i)	March 31, 2019	April 1, 2018	Additions during the year	Deletions during the year (i)	March 31, 2019	March 31, 2019	March 31, 2018
<b>Tangible Assets</b>										
Land	1,036.62	50.60	93.82	993.41	-	-	-	-	993.41	1,036.62
Leasehold Land	137.10	-	-	137.10	0.05	1.51	-	1.56	135.52	137.05
Factory Buildings	6,311.28	1,653.06	3,896.80	4,067.54	834.47	195.47	585.00	444.95	3,622.59	5,236.77
Buildings - Others	417.73	62.23	28.86	451.10	81.49	38.82	28.86	91.45	359.65	576.28
Plant & Machinery	9,500.33	1,772.34	4,966.63	6,306.04	2,828.80	1,057.66	1,832.32	2,054.11	4,251.90	6,671.53
Air Conditioner	126.13	205.13	162.83	168.43	52.91	8.32	60.65	0.59	167.84	73.22
Furniture & Fixtures	668.27	920.60	473.94	1,114.93	322.97	106.55	156.69	272.84	842.10	345.30
Office Equipment	678.09	199.02	403.98	473.13	553.89	70.43	346.47	277.85	195.28	124.20
Computers	357.14	149.93	174.37	332.70	250.44	75.66	131.43	194.67	138.03	106.70
Electrical Fittings	946.04	667.82	556.91	1,056.95	418.59	103.38	284.78	237.19	819.77	527.45
Motor Vehicles	436.96	83.18	73.59	446.55	301.99	54.69	45.88	310.80	135.74	134.97
Tools & Spares	51.56	-	-	51.56	36.83	1.71	-	38.54	13.02	14.73
Lab Equipment	2,203.08	1,770.09	1,825.75	2,147.42	448.57	334.98	577.22	206.33	1,941.09	1,754.50
Cycle	0.53	-	-	0.53	0.53	-	-	0.53	-	-
Motor Cycle	5.70	0.73	-	6.43	4.87	0.08	-	4.95	1.48	0.84
<b>Total Tangible Assets</b>	<b>22,876.56</b>	<b>7,534.73</b>	<b>12,657.48</b>	<b>17,753.82</b>	<b>6,136.40</b>	<b>2,049.26</b>	<b>4,049.30</b>	<b>4,136.36</b>	<b>13,617.46</b>	<b>16,740.16</b>

### NOTE: 2A CAPITAL WORK IN PROGRESS

Capital work in progress	861.99	1,529.12
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### NOTE : 2B INTANGIBLE ASSETS

Computer Software	285.97	57.44	112.37	231.04	94.23	35.06	57.42	71.88	159.16	191.74
<b>Total Intangible Assets</b>	<b>285.97</b>	<b>57.44</b>	<b>112.37</b>	<b>231.04</b>	<b>94.23</b>	<b>35.06</b>	<b>57.42</b>	<b>71.88</b>	<b>159.16</b>	<b>191.74</b>

(i) Pursuant to the Business Transfer Agreement executed by the Company on 18th January, 2019, the regulated markets injectable business (including USFDA approved injectable plant and DSIR recognized R&D Units CP4 & CP5) have been transferred to its wholly owned subsidiary company, Caplin Steriles Limited for which the Company has been issued 9,32,99,782 equity shares of Rs. 10/-each fully paid up as a consideration for this Slump Sale.

(a) The Company has capitalised Rs. 404.87 Lakhs (PY: Rs. 244.14 Laks) towards government grant in the nature of waiver of duty on purchase of Plant & Machinery and Lab equipments. Depreciation on Plant and Machinery & Lab equipments for the year includes Rs.30.87 Lakhs (PY: Rs. 6.53 Lakhs) on such government grant.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 2A PROPERTY, PLANT AND EQUIPMENT

#### Capital Work-in-Progress

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	1,529.12	341.52
Additions	6,925.04	4,852.14
Less:		
Capitalisation	(7,592.17)	(3,664.54)
Assets held for sale	-	-
Write off	-	-
<b>Closing Balance</b>	<b>861.99</b>	<b>1,529.12</b>

### NOTE 3 NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Investments in Subsidiaries, Associates and Joint Venture</b>		
<b>A. Fully paid Ordinary / Equity shares/Share in LLP - Unquoted - at cost</b>		
(i) <b>Subsidiaries</b>		
88,000 (88,000) Caplin Point Far East Limited, (Hong Kong) of HKD 1/- each	7.68	7.68
6,51,817 (2,18,182) Caplin Point laboratories Colombia, SAS, (Colombia) of COP 1,000/- each	146.55	47.27
Argus Salud Pharma LLP 99.90% (99.90%) of capital contribution and 99.90% (99.90%) share of profit	99.00	99.00
9,33,99,782 (Nil) equity shares of Caplin Steriles Limited of Rs. 10/- each fully paid up (i)	9,393.69	-
(ii) <b>Joint venture</b>		
17,28,951 (Nil) equity shares of Hainan Jointown Caplinpoint Pharmaceutical Company Limited of Rs. 10/- each fully paid up (ii)	182.17	-
<b>Total</b>	<b>9,829.09</b>	<b>153.95</b>

- (i) On 12th December 2018, the Company has incorporated Caplin Steriles Ltd as a Wholly Owned Subsidiary with an initial Paid up capital of 100,000 equity shares of Rs. 10 each.

Pursuant to the Business Transfer Agreement executed by the Company on 18th January, 2019, the regulated markets injectable business (including USFDA approved injectable plant and DSIR recognized R&D Units CP4 & CP5) have been transferred to Caplin Steriles Limited for which the Company has been issued 9,32,99,782 equity shares of Rs. 10/-each fully paid up as a consideration for this Slump Sale.

The ESOP's issued by the Company to the employees of its subsidiary is considered as part of its cost of investment.

- (ii) The company has entered into a Joint venture with Hainan Jointown Pharmaceutical co Ltd, China during the year ended 31st March 2019 in which it holds 39% stake.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 3A INVESTMENTS

	As at March 31, 2019	As at March 31, 2018
<b>A. Fully paid Ordinary / Equity shares/Share in LLP - Unquoted - at cost</b>		
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of Rs. 10/- each fully paid up	-	0.10
26,800 (26,800) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up	29.17	29.17
Maris Power Trading Company LLP (26% of the total Capital of 1 Lakh)	0.26	0.26
<b>B. Fully paid Ordinary / Equity shares - Quoted - fair value through profit or loss account</b>		
2,000 (2,000) shares of Karnataka Bank Ltd of Rs.10/- each fully paid up	2.40	2.40
4,800 (4,800) shares of Indian Overseas Bank of Rs. 10/- each fully paid up	1.15	1.15
700 (700) shares of Bank of India of Rs. 10/- each fully paid up	0.33	0.32
	<b>33.31</b>	<b>33.40</b>

### NOTE 4 LOANS

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured</b>		
Security Deposits	25.73	50.06
Other Deposits	81.57	107.66
Advance for Capital expenditure	332.58	687.30
Gratuity Fund Net of Provision	2.76	62.58
Total	442.64	907.60
<b>* Break up:</b>		
Loans considered good- Secured	-	-
Loans considered good- Unsecured	442.64	907.60
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	442.64	907.60
Less: Allowance for doubtful Loans	-	-
<b>Total Loans</b>	<b>442.64</b>	<b>907.60</b>

### NOTE 5 INVENTORIES (Lower of cost or Net realisable value)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Materials	860.62	1,199.47
Packing Materials	535.84	764.82
Work-in-Progress	320.72	367.08
Stock In Trade	498.84	103.98
Finished Goods	100.48	198.37
Stores and Spares	35.41	211.84
<b>Total</b>	<b>2,351.91</b>	<b>2,845.56</b>

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 6 CURRENT INVESTMENTS

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in Mutual Fund - fair value through Profit or Loss	6,962.31	4,633.74
<b>Total</b>	<b>6,962.31</b>	<b>4,633.74</b>

#### (i) Investment in Mutual Fund at fair value through profit or loss

FUND NAME	As at March 31, 2019		As at March 31, 2018	
	Units	Amount Rs. in lakhs	Unit	Amount Rs. in lakhs
HDFC Banking and PSU Debt Fund - Regular Growth	58,51,329.10	879.43	58,51,329.10	822.61
HDFC Corporate Debt Opp Fund - Regular Growth	61,93,579.81	944.84	36,04,294.83	838.97
ICICI Prudential Corporate Bond Fund - Growth - Direct	-	-	5,58,707.06	158.06
ICICI Prudential Short Term - Growth	16,94,333.86	654.62	16,94,333.86	613.56
Kotak Flexi Debt - Regular Plan - Growth	27,39,946.51	664.93	27,39,946.51	610.79
Reliance Corporate Bond Fund - Growth - Direct	-	-	16,65,340.17	233.37
Reliance Corporate Bond Fund - Growth	16,65,340.17	244.97	3,86,871.69	56.02
Reliance Short Term Fund - Growth	17,26,439.40	599.66	17,26,439.40	563.73
Tata Short Term Bond Fund - Growth - Direct	-	-	3,03,517.77	101.78
UTI-Income Opportunities Fund - Growth - Direct	-	-	6,04,726.54	102.10
Axis Triple Advantage fund - equity	1,00,000.00	19.04	1,00,000.00	10.00
Franklin India Flexi Cap fund	5,000.00	4.06	5,000.00	0.49
Canara Robeco Savings Plus Fund - Growth	-	-	11,70,733.66	318.28
Franklin India Short Term Income Plan - Growth	6,842.74	273.52	1,392.17	51.10
HDFC Regular Savings Fund - Growth	-	-	1,47,588.41	50.82
ICICI Prudential Regular Income Fund - Growth	-	-	5,82,068.79	102.06
Aditya Birla Sun Life Floating Rate Fund	1,39,481.73	323.43	-	-
Aditya Birla Sun Life Liquid Fund	67,090.98	200.61	-	-
Aditya Birla Sun Life Savings Fund	27,147.07	100.21	-	-
Franklin India Fixed Maturity Plan B Series - 5 - Plan B1244 days	20,00,000.00	209.08	-	-
Franklin India Fixed Maturity Plans - Series 4 - Plan E 1098 days - Direct - Growth	20,00,000.00	213.42	-	-
Franklin India Liquid Fund	14,329.94	401.03	-	-
Franklin India Ultra Short Bond Fund	8,00,184.04	210.66	-	-
ICICI Prudential Money Market Fund	77,238.30	200.43	-	-
ICICI Prudential Ultra Short Term Fund	5,82,068.79	109.90	-	-
Reliance Fixed Horizon Fund - XXXIX - Sr 6	10,00,000.00	107.06	-	-
Reliance Liquid Fund	6,625.08	300.73	-	-
SBI Liquid Fund	10,310.42	300.68	-	-
<b>Total</b>		<b>6,962.31</b>		<b>4,633.74</b>

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 6 CURRENT INVESTMENTS (contd.)

Particulars	As at March 31, 2019	As at March 31, 2018
Aggregate book value of quoted investments	6,966.19	4,637.59
Aggregate Market value of quoted investments	6,966.19	4,637.59
Aggregate value of un-quoted investments	9,858.52	183.48

### NOTE 7 TRADE RECEIVABLES

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured</b>		
Trade Receivables	12,538.56	8,635.31
Receivables from related parties	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Less: Allowance for doubtful trade receivables	-	-
<b>Total receivables</b>	<b>12,538.56</b>	<b>8,635.31</b>

### NOTE 8 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on Hand	5.75	9.40
<b>Balance with Banks</b>		
- Current accounts	2,304.18	1,129.91
	<b>2,309.93</b>	<b>1,139.31</b>

### NOTE 9 OTHER BANK BALANCES

Particulars	As at March 31, 2019	As at March 31, 2018
- Unpaid Dividend account	233.16	210.46
In Bank Deposit Accounts		
- Bank Deposit accounts maturity (more than 3 months but less than 12 months) Refer note 32	1,942.30	1,478.69
<b>Total</b>	<b>2,175.46</b>	<b>1,689.15</b>

### NOTE 10 LOANS

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured</b>		
Advances recoverable in cash or kind for the value to be received	314.13	526.91
Export Incentives Receivable	805.77	646.84
Balance with GST/ Excise/ Sales Tax Authorities	1,281.35	1,173.12
<b>Total</b>	<b>2,401.25</b>	<b>2,346.87</b>

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 10 LOANS (contd.)

\* Break up:

Particulars	As at March 31, 2019	As at March 31, 2018
Loans considered good- Secured	-	-
Loans considered good- Unsecured	2,401.25	2,346.87
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	2,401.25	2,346.87
Less: Allowance for doubtful Loans	-	-
<b>Total Loans</b>	<b>2,401.25</b>	<b>2,346.87</b>

### NOTE 11 OTHER CURRENT ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Interest Accrued on Deposits	55.71	31.00
<b>Total</b>	<b>55.71</b>	<b>31.00</b>

### NOTE 12 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorized Share Capital</b>		
8,50,00,000 equity shares of Rs. 2/- each		
(31 March 2018: 8,50,00,000 equity shares of Rs. 2/- each)	1,700.00	1,700.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
7,56,30,250 equity shares of Rs. 2/- each fully paid up		
(31 March 2018: 7,56,03,500 equity shares of Rs. 2/- each; fully paid up)	1,512.61	1,512.07
	<b>1,512.61</b>	<b>1,512.07</b>

#### a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the Year

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Equity Shares of Rs. 2/- each	Amount	No of Equity Shares of Rs. 2/- each	Amount
Equity shares outstanding at the beginning of the Year	7,56,03,500	1,512.07	7,55,76,750	1,511.53
Add: Equity shares allotted pursuant to employee stock option plan**	26,750	0.54	26,750	0.54
Less Equity shares bought back during the Year	-	-	-	-
<b>Equity shares outstanding at the end of the Year</b>	<b>7,56,30,250</b>	<b>1,512.61</b>	<b>7,56,03,500</b>	<b>1,512.07</b>

\*\*During the financial year 2018-19 (2017-18), 26,750 (26,750) equity shares under ESOP Scheme vested were exercised

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 12 SHARE CAPITAL (contd.)

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

##### Equity Shares

The Company has only one class of equity shares having a par value of Rs. 2/- 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.

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:

Name of Shareholder	As at March 31, 2019 (of Rs. 2/- each)		As at March 31, 2018 (of Rs. 2/- each)	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	1,78,80,000	23.64%	1,78,80,000	23.65%
C.C. Paarhipan	1,41,67,192	18.73%	1,41,46,765	18.71%
P. Ashok Gorkey	90,50,000	11.96%	90,50,000	11.97%
P. Vivek Siddarth	90,00,000	11.90%	90,00,000	11.90%

#### d) Shares reserved for issuance under Employee Stock Options Plans of the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares of Rs. 2/- each	Amount	No of Shares of Rs. 2/- each	Amount
Caplin Point Employee Stock Option Plan 2015 (i)	3,74,250	7.49	3,20,750	6.43
Caplin Point Employee Stock Option Plan 2017 (ii)	1,01,500	2.03	76,500	1.53

(i) The Scheme consists of 3,75,000 equity shares of Rs. 2/- each of which 80,250 shares of Rs. 2/- each has been allotted as at 31st March 2019

(ii) The Scheme consists of 5,00,000 Equity shares Rs. 2/- each of which 1,01,500 granted during the year.

#### e) Aggregate number of shares issued pursuant to Stock Option Plans of the Company

Particulars	Aggregate No. of Shares
Issued in FY 2016-17	26,750
Issued in FY 2017-18	26,750
Issued in FY 2018-19	26,750
<b>Total</b>	<b>80,250</b>

#### f) No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date



## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 13 OTHER EQUITY

Particulars	As at March 31, 2019	As at March 31, 2018
<b>RESERVES &amp; SURPLUS</b>		
<b>a) Capital Reserve</b>		
Opening and closing balance as per last balance sheet	40.98	40.98
<b>b) Securities Premium</b>		
Opening balance as per last balance sheet	108.50	54.25
Add: Additions during the year	54.25	54.25
Balance at the end of the Year/Period	162.75	108.50
<b>c) General Reserve</b>		
Opening and closing balance as per last balance sheet	1,128.78	1,128.78
<b>d) Employee Stock Options Outstanding</b>		
<i>- Employee Stock options outstanding</i>		
Opening balance as per last balance sheet	1,634.64	108.55
Add: Options granted during the year	153.16	1,580.34
Less: Exercised during the year	54.25	54.25
Less: Lapsed during the year	-	-
Balance at the end of the Year/Period (A)	1,733.55	1,634.64
<i>- Deferred Employees Stock Options Cost</i>		
Opening balance as per last balance sheet	1,305.60	99.50
Add: Options granted during the year	153.16	1,580.41
Less: Amortised during the year in statement of P&L account	356.64	374.31
Less: Amortised during the year in Cost of investment	54.24	-
Balance at the end of the Year/Period (B)	1,047.88	1,305.60
<b>(A-B)</b>	<b>685.67</b>	<b>329.04</b>
<b>e) Retained Earnings</b>		
Balance at the beginning of the Period	26,348.30	17,250.86
Add : Profit during the Period	14,816.65	10,231.09
Final Dividend paid for the F.Y 2017-2018	(1,512.07)	(1,133.65)
Tax on Dividend	-	-
Balance at the end of the Year/Period	39,652.88	26,348.30
<b>f) Other Comprehensive Income</b>		
<b>i) Actuarial Gain/ (Loss) on employee benefit obligation</b>		
Opening balance as per last balance sheet	92.76	16.16
Add/(Less): Additions during the year	(71.93)	76.60
Balance at the end of the Year/Period	20.83	92.76
<b>Total</b>	<b>41,691.88</b>	<b>28,048.36</b>

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 13 OTHER EQUITY (contd.)

#### Nature of Reserve

##### a) Capital Reserve

The Capital Reserve has been created on restructuring of the Capital of the Company under a scheme of amalgamation.

##### b) Securities Premium

Securities Premium account has been created on issue of shares under employee stock option scheme.

##### c) General Reserve

The General Reserve is created by time to time transfer of profits from retained earnings for appropriation purposes. As the General Reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to the statement of profit and loss.

### NOTE 14 LONG TERM BORROWINGS

Particulars	As at March 31, 2019		As at March 31, 2018	
Secured				
Loan from others (i)	54.12	54.12	53.65	53.65
Less : Current maturities of long term debt		25.44		21.46
<b>Total</b>		<b>28.68</b>		<b>32.19</b>

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

#### Terms of Repayments

a) Vehicle loans from Banks and other financial institutions are repayable in equal monthly instalments.

b) The rate of interest on vehicle loans vary between 10% to 12% per annum.

### NOTE 15 DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Deferred Tax Liabilities on account of timing differences	2,254.17	2,216.07
b) Deferred Tax Asset on account of timing differences	-	-
<b>Total</b>	<b>2,254.17</b>	<b>2,216.07</b>

### NOTE 16 OTHER LONG TERM LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Govt Grant [Refer Note 2(a)]	193.73	237.61
Others	-	300.00
	<b>193.73</b>	<b>537.61</b>

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 17 TRADE PAYABLES (REFER NOTE 31)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables for Goods and Services	5,950.41	7,289.50
<b>Total</b>	<b>5,950.41</b>	<b>7,289.50</b>

### NOTE 18 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long term debt (i)	25.44	21.46
Statutory Dues payable	87.53	112.41
Advance received from Customers (interest free)	-	38.43
Creditors for Capital Goods	1,525.26	882.97
Unclaimed Dividend (Ref Note :45)	233.16	210.46
Salary and bonus payable	304.43	120.33
Others	-	0.34
<b>Total</b>	<b>2,175.82</b>	<b>1,386.40</b>

(i) Current maturities of long-term borrowings represent the amount of loan repayable within one year.

### NOTE 19 SHORT TERM PROVISIONS

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits	125.23	58.03
<b>Total</b>	<b>125.23</b>	<b>58.03</b>

### NOTE 20 REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products	52,115.40	41,228.34
<b>Other operating revenues</b>		
Export Incentives	1,575.17	1,429.05
<b>Total</b>	<b>53,690.57</b>	<b>42,657.39</b>

### NOTE 21 OTHER INCOME

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income	181.10	303.62
Dividend on Non Current investment from subsidiary Company (a)	1,648.03	1,139.50
Share of Profit/ (loss) in LLP from Non Current investment from Subsidiary LLP (b)	-	(27.93)
Gain on sale of financial instruments	180.55	164.31
Fair value gain on financial instruments through profit or loss	342.89	173.19

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 21 OTHER INCOME (contd.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Gain on Foreign exchange(net)	1,145.34	564.98
Govt Grant (c)	30.87	6.53
Miscellaneous Income	11.35	7.13
<b>Total</b>	<b>3,540.13</b>	<b>2,331.33</b>

(a) Dividend received from Caplin Point Far East Limited, Hong Kong, a Wholly owned subsidiary, on equity shares held by the Company

(b) Share of profit/ (loss) of the Company with respect to 99.90% share in Argus Salud Pharma LLP.

(c) Systematic recognition of Government grant, in the nature of waiver of duty on depreciable tangible assets, over the useful life of the such assets.

### NOTE 22 COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock	2,176.13	1,798.83
Add : Purchases (Net)	8,660.07	9,398.93
Less Closing Stock	1,431.87	2,176.13
<b>Total</b>	<b>9,404.33</b>	<b>9,021.63</b>

### NOTE 23 CHANGES IN INVENTORIES OF FINISHED GOODS INCLUDING STOCK -IN-TRADE AND WORK-IN-PROGRESS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year		
Work in Progress	320.72	367.08
Finished Goods	100.48	198.37
Stock-in-Trade	498.84	103.98
( A )	<b>920.04</b>	<b>669.43</b>
Inventories at the beginning of the year		
Work in Progress	367.08	210.65
Finished Goods	198.37	195.94
Stock-in-Trade	103.98	24.07
( B )	<b>669.43</b>	<b>430.66</b>
<b>Net (Increase) / Decrease in Inventories (B- A)</b>	<b>(250.61)</b>	<b>(238.77)</b>

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 24 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages, bonus and allowances	3,310.33	2,926.24
Contribution to Provident and Other funds	229.57	200.76
Employee share based expense	356.64	374.31
Staff Welfare Expenses	304.71	380.73
<b>Total</b>	<b>4,201.25</b>	<b>3,882.04</b>

### NOTE 25 FINANCE COSTS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	5.98	6.12
<b>Total</b>	<b>5.98</b>	<b>6.12</b>

### NOTE 26 DEPRECIATION AND AMORTISATION

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on property, plant and equipment (Refer note: 2)	2,409.26	1,862.49
Amortisation of Intangible Assets	35.06	36.29
	<b>2,084.32</b>	<b>1,898.78</b>

### NOTE 27 RESEARCH AND DEVELOPMENT EXPENSES

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
R & D Expenses	2,407.60	2,368.14
	<b>2,407.60</b>	<b>2,368.14</b>

### NOTE 28 OTHER EXPENSES

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and Fuel	1,228.98	1,096.12
Contract Labour charges	471.44	620.31
Other Manufacturing Expenses	159.57	144.06
Communication Expenses	84.27	76.24
Donations	12.70	9.99
Professional and Consultancy charges	217.12	104.96
Rates & taxes including ANDA Application fees	365.55	327.68
Travelling Expenses	310.36	182.23

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 28 OTHER EXPENSES (contd.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Auditors' Remuneration	13.02	16.59
Insurance	54.26	55.14
Repairs and Maintenance		
a) Plant and Machinery	448.21	368.11
b) Building	302.66	77.11
c) Others	82.85	124.22
Rent & Amenities	206.88	105.75
Freight outwards	190.04	194.29
Bank charges	44.23	46.00
Other Selling Expenses	74.44	279.45
Software maintenance charges	91.70	195.53
Sundry Expenses	204.61	193.48
	<b>4,562.89</b>	<b>4,217.26</b>

### NOTE 29 COMMITMENT (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital contracts	1,721.56	1,613.73
Other Commitments (Raw material, Packing Material, Finished Goods, Other services)	3,951.55	4,031.65
Dividend proposed for F.Y 2018-19 of Rs. 2.20 per equity share (Previous Year Rs. 2) before the financial statements approved for issue, but not recognised as a liability in the financial statements	1,663.87	1,512.07

### NOTE 30 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Disputed statutory dues:

Sl No	Name of the statute	Nature of dues	As at March 31, 2019	As at March 31, 2018	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	126.21	264.53	High Court / Income Tax Appellate Tribunal/ CIT Appeals

### NOTE 31 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 Financial Year end together with Interest Paid / Payable under this Act have not been provided.

### NOTE 32 BALANCES WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS INCLUDES:

- (a) Bank Deposit Accounts under Note no: 9 for the current year include Rs.500.00 lakhs (as at 31.03.2018 Rs.485.68 lakhs) earmarked as lien towards Margin for Letter of Credit and Bank Guarantee .

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 33 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 Financial Year are as follows:

Current Accounts in Foreign Currency	Balances as at		Maximum Balance during the Financial Year ended	Maximum Balance during the Financial Year ended
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
China Citic Bank	7.8	0.78	21.57	17.58

### NOTE 34 EMPLOYEE BENEFITS

#### (i) Defined Contribution Plan:

The Company makes monthly contribution for qualifying employees towards provident / retirement fund administered and managed by the Government of India under defined contribution plans .

The Company recognized Rs.165.20 lakhs (previous year Rs.159.72 lakhs ) towards provident and pension fund contributions in the Statement of Profit and Loss.

#### (ii) Defined Benefit Plan:

The Company makes contributions to the group gratuity scheme administered by the LIC of India, a funded defined benefit plan for qualifying employees.

The following table sets out the status of the gratuity plan and reconciliation of opening and closing balances of the present value of defined benefit obligation.

Particulars	As at March 31, 2019	As at March 31, 2018
<b>i) Reconciliation in present value of obligations ('PVO') - defined benefit obligation:</b>		
Current service cost	65.78	56.14
Past service cost	-	-
Interest cost	19.86	21.17
Actuarial loss/ (gain)		
- Due to demographic assumption	-	-
- Due to finance assumption	44.43	-
- Due to experience assumption	20.36	(71.22)
Benefits paid	(30.77)	(5.99)
Transfer out on Business Combination	(136.67)	-
PVO at the beginning of the year	226.90	226.80
PVO at the end of the year	209.90	226.90
<b>ii) Change in fair value of plan assets:</b>		
Actuarial Gains/(Losses)	(7.13)	1.75
Interest Income	23.97	17.81
Contribution by the employer	73.79	89.11
Benefits paid	(30.77)	(5.99)

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 34 EMPLOYEE BENEFITS (contd.)

Particulars	As at March 31, 2019	As at March 31, 2018
Transfer out on Business Combination *	(136.67)	
Fair Value of the plan assets at the beginning of the year	289.48	186.80
Fair Value of the plan assets at the end of the year	212.66	289.48
<b>iii) Reconciliation of PVO and fair value of plan assets:</b>		
PVO at the end of the year	209.90	226.90
Fair Value of plan assets at the end of the year	212.66	289.48
Funded status	2.76	62.58
Un recognised actuarial gain/ (loss)	-	-
Net Asset/( liability) recognised in the balance sheet	2.76	62.58
<b>iv) Expense recognised in the Statement of Profit and Loss:</b>		
Current Service cost	65.78	56.14
Past Service cost	-	-
Interest cost	(4.11)	3.36
Total expense recognised in the Statement of Profit and loss	61.67	59.50
<b>v) Other Comprehensive Income:</b>		
Actuarial loss/ (gain)		
- Due to demographic assumption	-	-
- Due to finance assumption	44.43	-
- Due to experience assumption	20.36	(71.22)
Return on plan assets excluding net interest	7.13	(1.75)
Total amount recognised as OCI	71.92	(72.97)
<b>vi) Category of assets as at the end of the year:</b>		
Insurer Managed Funds (100%)	212.66	289.48
(Fund is managed by Life Insurance Corporation of India as per IRDA guidelines, category-wise composition of the plan assets is not available)		
<b>vii) Actual Return on plan Assets:</b>	16.84	19.56
<b>viii) Assumption used in accounting for the gratuity plan</b>		
Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2012-14	Rates stipulated in Indian Assured Lives Mortality 2006-08
Discount Rate (%)	7.73	7.71
Salary Escalation Rate	7	5
Employee Attrition Rate (%)	7	2

\* Pursuant to the transfer of employees as per the Business Transfer Agreement executed by the Company on 18th January, 2019 with its wholly owned subsidiary, Caplin Steriles Limited.



## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 35 INCOME TAXES:

#### a) Tax expenses recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax Expense for the year	5,410.63	4,054.79
Deferred income tax liability/ (asset), net	38.10	319.42
<b>Tax expense for the year</b>	<b>5,448.73</b>	<b>4,374.21</b>

#### b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before Tax	20,265.38	14,605.30
Tax using the Company's domestic tax rate	7,080.72	5,054.89
(March 31, 2019:34.94%, March 31, 2018: 34.61%)		
<b>Tax effect of :</b>		
Incremental deduction allowed for Research and Development costs	(419.03)	(873.90)
Impact of foreign dividend taxed at special rate	(287.91)	(197.25)
Tax on on share of income in LLP exempted/ (loss disallowed)	-	9.67
Tax incentive on additional employment	(18.07)	(25.96)
Tax impact on fair value of Mutual fund	(119.73)	(59.88)
Tax impact - timing difference on R&D capital asset, book and tax depreciation and others	(1,815.25)	466.63
Capital gain tax on Slump sale	1,028.00	-
Current and Deferred Tax expenses as per note (a) above	5,448.73	4,374.21

#### c) Movement in deferred tax balances

Particulars	As at 01.04.2018		Recognised in statement of profit or loss	As at 31.03.2019	
	Deferred tax asset	Deferred tax liability		Deferred tax asset	Deferred tax liability
Property, plant and equipment	-	2,216.07	38.10	-	2,254.17
<b>Total</b>	<b>-</b>	<b>2,216.07</b>	<b>38.10</b>	<b>-</b>	<b>2,254.17</b>

### NOTE 36 REMUNERATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTORS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries	106.70	98.66
Contribution to provident and other funds	0.64	0.58
Employee stock option benefits granted as debited to P&L account	45.20	54.25
<b>Total *</b>	<b>152.54</b>	<b>153.49</b>

\* Refer note 46 (c)

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 37 OPERATING LEASES

#### Operating lease commitments - Company as lessee

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable / cancellable at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss is Rs. 214.29 Lakhs (Previous Financial Year Rs.114.85 Lakhs).

The Company has entered into longterm leasing arrangements for land which are in the nature of finance lease. These arrangements do not involve any material recurring payments.

### NOTE 38 RESEARCH AND DEVELOPMENT EXPENDITURE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Capital expenditure included in Fixed Assets	4,226.07	1,001.00
Revenue expenditures incurred during the Financial Year	2,407.60	2,368.14
<b>Total</b>	<b>6,633.67</b>	<b>3,369.14</b>

### NOTE 39 AUDITORS' REMUNERATION COMPRISES OF FEES: (EXCLUDING APPLICABLE TAX)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
For Statutory Audit	9.00	9.00
For Tax Audit	3.50	3.50
For Others	0.52	4.09
<b>Total</b>	<b>13.02</b>	<b>16.59</b>

### NOTE 40 CIF VALUE OF IMPORTS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw materials, Stock in Trade and Finished Goods	7,682.48	5,363.45
Capital Goods	1,312.82	1,045.13

### NOTE 41 EARNINGS IN FOREIGN EXCHANGE (ON ACCRUAL BASIS)

FOB Value of Exports – Rs. 52115.40 Lakhs. (Previous Financial year – Rs. 41228.33 Lakhs)

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 42 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Travelling Expenses	122.78	56.59
Salaries	92.25	61.09
Rent	11.61	5.26
Commission on export sales	-	161.00
Rates and Taxes	384.38	274.48
Other Expenses	31.94	27.26
<b>Total</b>	<b>642.96</b>	<b>585.68</b>

### NOTE 43 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIALS AND COMPONENTS

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Imported	500.59	5.32%	265.39	2.94%
Indigenous	8,903.74	94.68%	8,756.24	97.06%
<b>Total</b>	<b>9,404.33</b>	<b>100%</b>	<b>9,021.63</b>	<b>100%</b>

### NOTE 44 EARNINGS PER SHARE IS CALCULATED AS UNDER

#### Basic

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit attributable to Equity Shareholders (Rs. in Lakhs)	14,816.65	10,307.69
Weighted average number of equity shares of Rs.2/- each outstanding during the year (in Nos.)	7,56,07,958	7,55,81,208
Earnings per share (in Rs.)	19.60	13.64

#### Diluted

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit attributable to Equity Shareholders (Rs. in Lakhs)	14,816.65	10,307.69
Weighted average number of equity shares of Rs. 2/- each outstanding during the year (in Nos.)	7,59,92,958	7,59,59,945
Earnings per share (in Rs.)	19.50	13.57

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 45 AMOUNT DUE TO INVESTOR EDUCATION AND PROTECTION FUND

The due amount of Rs. 12.97 lakhs (PY : Rs.8.71 lakhs) were duly credited to investor education and protection fund during the year and there is no outstanding due amount to be credited to investor education and protection fund as of end of the Financial Year.

### NOTE 46 RELATED PARTY DISCLOSURES, AS REQUIRED BY INDIAN ACCOUNTING STANDARD 24 (IND AS 24) ARE GIVEN BELOW.

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

Name of the Related parties	Nature of Relationship	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2019	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2018
Mr. Vivek Siddharth,	Relative of Chairman	Not Applicable	Not Applicable
Argus Salud Pharma LLP, (India)	Subsidiary LLP	99.90%	99.90%
Caplin Point Laboratories Colombia SAS, (Colombia)	Subsidiary Company	80.69%	62.12%
Caplin Point Far East Limited, (Hong Kong)	Wholly owned Subsidiary Company	100.00%	100.00%
Caplin Steriles Limited, (India) *	Wholly owned Subsidiary Company	100.00%	-
Caplin Point El Salvador, S.A. DE C.V.,(El Salvador) *	Step down subsidiary Company	99.96%	-
Ashvich Infotek Private Limited	Members of the Company are Directors.	Not Applicable	-
Hainan Jointown Caplin point Pharmaceutical Company Limited, (China) *	Joint venture	39.00%	-

#### (b) Key managerial personnel

Dr. Sridhar Ganesan	– Managing Director from 28.03.2015
Dr. B. Philip Ashok Karunakaran	– Whole Time Director from 07.08.2017 to 10.04.2019
Mr. M Jayapal	– Whole Time Director retired on 28.03.2018
Mr. D Muralidharan	– Chief Financial Officer from 19.02.2016
Mr. Vinod Kumar S	– Company Secretary from 13.04.2015

\* Incorporated during the year ended 31st march 2019

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 46 RELATED PARTY DISCLOSURES, AS REQUIRED BY INDIAN ACCOUNTING STANDARD 24 (IND AS 24) (contd.)

#### (c) Details of Transactions that have taken place during the Financial Year with Key Management Personnel:

Category	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Remuneration*</b>		
Salary paid to Mr.Vivek Siddharth	18.77	18.77
Salary paid to Dr. Sridhar Ganesan (i)	102.10	111.14
Salary paid to Dr. B. Philip Ashok Karunakaran (ii)	50.44	34.03
Salary paid to Mr. M Jayapal (iii)	-	8.32
Salary paid to Mr. D Muralidharan	26.52	20.00
Salary paid to Mr. Vinod Kumar S	7.94	7.21

\* Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

- (i) Includes stock compensation expense of Rs. 45.20 Lakhs and Rs. 54.25 Lakhs for the year ended March 31, 2019 and for year ended March 31, 2018, respectively.
- (ii) Dr. B. Philip Ashok Karunakaran was appointed as Whole-time Director w.e.f. 07.08.2017 (Resigned w.e.f 10.04.2019)
- (iii) Mr. M Jayapal, Whole Time Director retired on 28.03.2018

#### (d) Details of Transactions that have taken place during the Financial Year with Subsidiary Companies/LLP:

Category	For the year ended March 31, 2019	For the year ended March 31, 2018
Share of profit (Loss) in Argus Salud Pharma LLP	-	(27.93)
Investment in Caplin point Laboratories Colombia SAS	99.28	20.63
Investment in Hainan Jointown Caplin point Pharmaceuticals Co Ltd	182.17	-
Investment in Caplin Steriles Limited	10.00	-
Business transfer to Caplin Steriles Limited (i)	9,329.98	-
Rent paid to Ashvich Infotek Private Limited	106.54	-
Dividend income received from Caplin point Far East Limited	1,648.24	1,139.50

- (i) Pursuant to the Business Transfer Agreement executed by the Company on 18th January, 2019, the regulated markets injectable business (including USFDA approved injectable plant and DSIR recognized R&D Units CP4 & CP5) have been transferred to its Wholly Owned Subsidiary (WOS) company, Caplin Steriles Limited for which the Company has been issued 9,32,99,782 equity shares of Rs. 10/-each fully paid up as consideration for this Slump Sale.

#### (e) Outstanding Balances

Particulars	As at March 31, 2019	As at March 31, 2018
Amount receivable (Dr) / Payable(Cr) from Argus Salud Pharma LLP	(30.35)	(26.86)

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 47

Total Share Capital of Argus Salud Pharma LLP is Rs. 99.10 Lakhs (Rs. 99.10 Lakhs) out of which 99.90% 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 48 FINANCIAL INSTRUMENTS:

#### Financial Instruments - Fair value and risk management

##### A. Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

##### Fair value hierarchy

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	As at 31 March 2019			As at 31 March 2018		
	Carrying Amount			Carrying Amount		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
<b>Financial Assets</b>						
Non - Current Investments - others (i)	29.43	-	29.43	29.53	-	29.53
Non - Current Investments - Mutual fund and equity	3.87	-	3.87	3.87	-	3.87
Non - Current Loans						
- Security Deposit		25.73	25.73	-	50.06	50.06
- Others		81.57	81.57	-	107.66	107.66
Current Investments	6,962.31	-	6,962.31	4,633.74	-	4,633.74
Trade Receivable	-	12,538.56	12,538.56	-	8,635.31	8,635.31
Current Loans	-	2,401.25	2,401.25	-	2,346.87	2,346.87
Cash and Cash Equivalents	-	2,309.93	2,309.93	-	1,139.31	1,139.31
Other Bank Balances other than Cash and Cash Equivalents	-	2,175.46	2,175.46	-	1,689.15	1,689.15
Other Current Assets	-	55.71	55.71		31.02	31.02
<b>Total</b>	<b>6,995.61</b>	<b>19,588.21</b>	<b>26,583.82</b>	<b>4,667.14</b>	<b>13,999.38</b>	<b>18,666.52</b>

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 48 FINANCIAL INSTRUMENTS (contd.)

	As at 31 March 2019			As at 31 March 2018		
	Carrying Amount			Carrying Amount		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
<b>Financial Liabilities</b>						
Non - Current Borrowings	-	28.68	28.68	-	32.19	32.19
Trade Payables	-	5,950.41	5,950.41	-	7,289.50	7,289.50
Other Current Liabilities	-	2,175.82	2,175.82	-	1,386.40	1,386.40
<b>Total</b>	-	<b>8,154.91</b>	<b>8,154.91</b>	-	<b>8,708.09</b>	<b>8,708.09</b>

(i) The Company estimates that the fair value of these investments are not materially different as compared to its cost

#### B. Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Non - Current Financial Assets (other than investments in mutual fund) and Liability measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt / payment discounted using appropriate discounting rate	Not applicable	Not applicable

#### C. Financial risk management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The Company's board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management framework. The Company's risk management policies are established to set appropriate risk limits and to monitor risks and adherence to limits. risk management policies and systems are reviewed periodically to reflect changes in market condition and the Company's activities. The Company through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 48 FINANCIAL INSTRUMENTS (contd.)

#### i. Credit Risk:

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of business.

#### Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants the credit terms in the normal course of business.

Summary of the Company's exposure to credit	As at March 31, 2019	As at March 31, 2018
Neither past due nor impaired	12,538.56	8,635.31
<b>Total</b>	<b>12,538.56</b>	<b>8,635.31</b>

#### Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timelines of payments, available information, etc) and applying experienced credit judgement.

Exposures to the customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses, if any. Historical trends of impairment of trade receivables reflects no credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of "no credit loss" to continue.

No allowance for impairment in respect trade and other receivables was provided during the year and immediate preceding year.

#### Cash and cash equivalents

As at the year end, the Company held cash and cash equivalents of Rs. 2,309.93 lakhs (31.03.2018 Rs. 1139.31 lakhs). The cash and cash equivalents are held with banks with good credit rating.

#### Other Bank balances

Other bank balances are held with bank with good credit rating.

#### Investment in mutual funds

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non - performance by these counter-parties.

#### Other financial asset

Other financial assets are neither past due nor impaired.

#### ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.



## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 48 FINANCIAL INSTRUMENTS (contd.)

The Company has not availed any fund based working capital facilities from banks and financial institutions. The Company has obtained non-fund based working capital lines from banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintain financial flexibility.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

As at 31 March 2019	Carrying Amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
<b>Non - derivative financial liabilities</b>							
Non - current borrowing	28.68	28.68	-	27.85	0.83	-	-
Interest Payable	-	5.46	3.93	1.51	0.02		
Trade payables	5,950.41	5,950.41	5,950.41	-	-	-	-
Other current Financial Liabilities	2,175.82	2,175.82	2,175.82	-	-	-	-
<b>Total</b>	<b>8,154.91</b>	<b>8,160.37</b>	<b>8,130.16</b>	<b>29.36</b>	<b>0.85</b>	<b>-</b>	<b>-</b>

As at 31 March 2018	Carrying Amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
<b>Non - derivative financial liabilities</b>							
Non - current borrowing	32.19	32.19	-	20.15	12.04	-	-
Interest Payable	-	8.02	4.30	2.73	0.99	-	-
Trade payables	7,289.50	7,289.50	7,289.50	-	-	-	-
Other current Financial Liabilities	1,386.40	1,386.40	1,386.40	-	-	-	-
	<b>8,708.09</b>	<b>8,716.11</b>	<b>8,680.20</b>	<b>22.88</b>	<b>13.03</b>	<b>-</b>	<b>-</b>

#### iii) Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivable and payable. We are exposed to market risk primarily related to foreign exchange rate risk as the Company's product is exported to various countries and a certain portion of its export is sourced thorough import. Thus our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs. The Company does not use any derivative to manage market risk since certain degree of a natural hedge available in the form of foreign currency realised from exports are paid against imports.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 48 FINANCIAL INSTRUMENTS (contd.)

#### Currency risk

The Company is exposed to currency risk on account of its export and import of pharmaceuticals and import of raw material, capital goods, etc. The functional currency of the Company is Indian Rupee, where as majority of its export and imports are settled through USD(\$).

#### Exposure to Currency risk

Following is the currency profile of non-derivative financial assets and financial liabilities.

Particulars	As at March 31, 2019		As at March 31, 2018	
	USD in Lakhs	Amount	USD in Lakhs	Amount
Export Debtors	181.27	12,538.56	133.25	8,635.31
Cash and cash equivalents	10.23	707.66	6.54	425.46
<b>Total</b>	<b>191.50</b>	<b>13,246.22</b>	<b>139.79</b>	<b>9,060.77</b>
Creditors and Advance from Customers	35.14	2,433.65	18.51	1,203.50
<b>Total</b>	<b>35.14</b>	<b>2,433.65</b>	<b>18.51</b>	<b>1,203.50</b>
<b>Net statement of financial position exposure</b>	<b>156.36</b>	<b>10,812.57</b>	<b>121.28</b>	<b>7,857.27</b>

#### Sensitivity analysis

A reasonable strengthening (weakening) of the Indian Rupee against US dollars as at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

1% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in increase / decrease in the profit before taxes by approximately Rs. 108.12 Lakhs for the year ended March 31, 2019 (Rs. 78.57 Lakhs for the year ended March 31, 2018)

#### Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/ borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

#### Exposure to interest rate risk

As on 31 March 2019 and 31 March 2018, the Company has not availed any long term borrowings except for loans on certain vehicles on fixed rate basis. Further, the Company has not availed any fund based working capital lines.

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit or loss.

#### Commodity rate risk

The Company's operating activity involves purchase of Active Pharmaceutical Ingredients (API) and other direct materials, whose prices are exposed to the risk of fluctuation over short period of time. The commodity price risk exposure is evaluated and managed through procurement and other related operating policies. As on 31 March 2019 and 31 March 2018, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

## Notes to the Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 49 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on the capital as well as the level of dividends to ordinary shareholders.

As on date the Company has no borrowings except for certain vehicle loans.

### NOTE 50

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

### NOTE 51

Pursuant to the Business Transfer Agreement executed by the Company on 18th January, 2019, the regulated markets injectable business (including USFDA approved injectable plant and DSIR recognized R&D Units CP4 & CP5) have been transferred to its wholly owned subsidiary company, Caplin Steriles Limited. Hence the results for the year ended 31st March, 2019 is not comparable with the corresponding previous year.

### NOTE 52

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

### Signatories to Notes 1 to 52

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 22, 2019

**Muralidharan D**  
 Chief Financial Officer

**Vinod Kumar S**  
 Company Secretary

# CONSOLIDATED FINANCIAL STATEMENTS

## Independent Auditor's Report

To  
The Members  
Caplin Point Laboratories Limited, Chennai

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

1. We have audited the accompanying consolidated financial statements of Caplin Point Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company, its subsidiaries and its joint venture, together referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('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 as at 31 March 2019, and its consolidated profit including other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (CFS) section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters.

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements/consolidated financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined that below is the key audit matter to be communicated in our report.

S.No	Key Audit Matter	How was the matter addressed in our audit
1	<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers” (new revenue accounting standard)</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p><b>Principal Audit Procedures</b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>➤ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>➤ Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.</li> <li>➤ Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> </ul>

#### Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our Auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the

Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors / management of the companies 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 each 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 adequate 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

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure

about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

15. The accompanying consolidated financial statements include total assets of Rs. 100.1 crores as at 31st March 2019 and total revenue of Rs. 109.7 crores and net profit of Rs. 56.9 crores and Total comprehensive income of Rs. 57.5 crores for the year ended on that date, in respect of two subsidiaries, which have been audited by other auditors, whose financial statements, other financial information and Auditors' reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, our report in terms of sub-sections(3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by us

### Report on other Legal and Regulatory Requirements

16. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on separate financial statements of subsidiary and associate companies incorporated in India, referred in the Other Matters paragraph above 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 have been kept by the Company so far as it appears from our examination of those books.
- c) The Consolidated financial statements 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 Ind AS specified under Section 133 of the Act;

- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act .
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) 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 as at 31 March 2019 on the consolidated financial position of the Group
  - ii. The Group has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;

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

**B. Ramakrishnan**

Partner

Membership No: 201023

Place : Chennai

Date : 22nd May, 2019



## Annexure A

### To The Independent Auditors' Report of even date To The Members of Caplin Point Laboratories Limited, on the consolidated Ind AS financial statements as of and for the year ended 31st March 2019

Report on the Internal financial Controls with reference to financial statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the "Act")

1. In conjunction with our audit of the Consolidated financial statements of Caplin Point Laboratories Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

#### Management's Responsibility for Internal financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 the Company's 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 (hereinafter referred to as "Act").

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with Guidance Note and the Standards on Auditing, prescribed under Section 143(10)

of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 Auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.
5. 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 with reference to consolidated financial statements.

#### Meaning of Internal financial Controls with reference to consolidated financial statements

6. A Company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to consolidated financial statements**

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Holding Company and its subsidiary which is incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal controls with reference to the consolidated financial statements criteria established by the respective 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 (the "Guidance Note").

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

Place : Chennai  
Date : 22nd May, 2019

**B. Ramakrishnan**  
Partner  
Membership No: 201023

# Consolidated Balance Sheet as at March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	2	22,473.45	16,741.82
(b) Capital work-in-progress	2A	970.35	1,529.12
(c) Intangible assets	2B	210.84	206.51
(d) Financial Assets			
(i) Investments	3	33.30	33.40
(ii) Loans	4	1,064.84	911.12
(e) Income tax assets (Net)		130.34	212.07
<b>Sub-total-Non Current Assets</b>		<b>24,883.12</b>	<b>19,634.04</b>
<b>(2) Current Assets</b>			
(a) Inventories	5	3,744.51	2,845.56
(b) Financial Assets			
(i) Investments	6	6,962.31	4,633.74
(ii) Trade Receivables	7	15,980.60	12,588.15
(iii) Cash and Cash equivalents	8	4,932.21	6,237.66
(iv) Bank balances other than (iii) above	9	10,366.51	1,690.20
(iv) Loans	10	7,287.67	2,384.61
(d) Other Current Assets	11	95.01	31.06
<b>Sub-total-Current Assets</b>		<b>49,368.82</b>	<b>30,410.98</b>
<b>Total</b>		<b>74,251.94</b>	<b>50,045.02</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity Share capital	12	1,512.61	1,512.07
Other Equity	13	61,778.33	34,871.08
<b>Equity attributable to shareholders of the company</b>		<b>63,290.94</b>	<b>36,383.15</b>
Non controlling interest		7.88	9.04
<b>Sub-total-Total Equity</b>		<b>63,298.82</b>	<b>36,392.19</b>
<b>(2) Liabilities</b>			
<b>(A) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	28.68	32.19
(b) Deferred Tax Liabilities (Net)	15	1,762.45	2,216.07
(c) Other non current liabilities	16	550.84	537.61
<b>Sub-total-Non Current Liabilities</b>		<b>2,341.97</b>	<b>2,785.87</b>
<b>(B) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables	17	6,047.17	9,422.53
(ii) Other Current Liabilities	18	2,419.75	1,386.40
(b) Short-term provisions	19	144.23	58.03
<b>Sub-total-Current Liabilities</b>		<b>8611.15</b>	<b>10,866.96</b>
<b>Total</b>		<b>74,251.94</b>	<b>50,045.02</b>

The accompanying notes are an integral part of the consolidated financial statements.

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 22, 2019

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 the financial year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I. INCOME</b>			
(a) Revenue from Operations	20	64,869.09	53,984.20
(b) Other income	21	1,902.89	1,266.52
<b>Total Income</b>		<b>66,771.98</b>	<b>55,250.72</b>
<b>II. EXPENSES</b>			
(a) Cost of Materials Consumed	22	9,511.76	9,021.63
(b) Purchase of Stock-in-Trade		20,373.31	15,035.10
(c) Changes in inventories of Finished Goods including Stock-in-Trade and Work-in- Progress	23	(1,007.04)	(238.77)
(d) Employee benefits expense	24	4,710.97	3,914.27
(e) Finance costs	25	6.00	6.12
(f) Depreciation and Amortisation Expenses	26	2,342.50	1,899.50
(g) Research and Development Expenses	27	2,818.62	2,368.14
(h) Other expenses	28	5,328.24	4,406.90
<b>Total Expenses</b>		<b>44,084.36</b>	<b>36,412.89</b>
<b>III. Profit before exceptional Items and tax</b>		<b>22,687.62</b>	<b>18,837.83</b>
<b>IV. Exceptional Items</b>		-	-
<b>V. Profit before tax</b>		<b>22,687.62</b>	<b>18,837.83</b>
<b>VI. Provision for taxation</b>			
- Current tax		5,485.70	4,054.91
- Deferred tax (Benefits)/Charge		(453.62)	319.42
<b>VII. Profit After Tax for the Year</b>		<b>17,655.54</b>	<b>14,463.50</b>
<b>VIII. Other comprehensive income (net of tax) - Items that will not be reclassified to profit or loss:</b>			
(i) Remeasurement of Defined Benefit Plans		(84.43)	76.60
(ii) Exchange difference in translating the financial statements of foreign operations		58.86	110.34
<b>IX. Total comprehensive income for the Year</b>		<b>17,629.97</b>	<b>14,650.44</b>
<b>X. Profit attributable to:</b>			
Owners of the Company		17,656.70	14,478.77
Non - Controlling Interests		(1.16)	(15.27)
		<b>17,655.54</b>	<b>14,463.50</b>
<b>XI. Total Comprehensive Income For the Period attributable to :</b>			
Owners of the Company		17,631.13	14,665.71
Non - Controlling Interests		(1.16)	(15.27)
		<b>17,629.97</b>	<b>14,650.44</b>
<b>Earning Per equity Share (Nominal value per share Rs.2/-)</b>			
<b>Basic EPS</b>		23.35	19.26
<b>Diluted EPS</b>		23.23	19.16

The accompanying notes are an integral part of the consolidated financial statements.

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 22, 2019

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 Changes In Equity for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

## A. EQUITY SHARE CAPITAL (Refer Note 12)

Particulars	As at 31 March 2019		As at 31 March 2018	
	NO OF EQUITY SHARES of Rs. 2/- each	AMOUNT Rs. in lakhs	NO OF EQUITY SHARES of Rs. 2/- each	AMOUNT Rs. in lakhs
Balance at the beginning of the reporting period	7,56,03,500	1,512.07	7,55,76,750	1,511.53
Changes in equity share capital during the year	26,750	0.54	26,750	0.54
Balance at the end of the reporting period	7,56,30,250	1,512.61	7,56,03,500	1,512.07

## B. OTHER EQUITY (Refer Note 13)

Particulars	Reserves and Surplus								Retained Earnings	Total Other Equity
	Capital Reserve	Securities Premium on equity shares	Securities Premium on Preference shares	General Reserve	Employee Stock Option Outstanding (Net)	Preference share capital Series A Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid up	Foreign Exchange Translation Reserve	Cost of Equity Transactions		
Balance as at 31 March 2017	40.98	54.25		1,128.78	9.05		(64.75)		19,796.47	20,964.78
Profit for the year									14,463.50	14,463.50
Dividend on equity shares									(1,133.65)	(1,133.65)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation									76.60	76.60
Movement in Foreign Exchange Translation Reserve							110.34			110.34
Movement in security premium		54.25								54.25
Share- based payment expenses (Net)					319.99					319.99
Add/ (Transfer) to non-controlling interest									15.27	15.27
Balance as at 31 March 2018	40.98	108.50		1,128.78	329.04		45.59		33,218.19	34,871.08
Profit for the year									17,654.38	17,654.38
Dividend on equity shares									(1,512.07)	(1,512.07)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation									(84.43)	(84.43)
Movement in Foreign Exchange Translation Reserve							58.86			58.86
Movement in security premium		54.25	6,907.70							6,961.95
Cost incurred for increasing Authorised Share Capital								(121.00)		(121.00)
Share- based payment expenses (Net)					356.10					356.10
Add/ (Transfer) to non-controlling interest									1.16	1.16
Preference share capital Series A Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid up						3,592.30				3,592.30
Balance as at 31 March 2019	40.98	162.75	6,907.70	1,128.78	685.14	3,592.30	104.45	(121.00)	49,277.23	61,778.33

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 22, 2019

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

## Consolidated Cash Flow Statement for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	22,687.62	18,837.83
Adjustments for:		
Depreciation and Amortisation	2,342.50	1,899.50
Finance costs	6.00	6.12
Govt Grant	(31.90)	(6.53)
Loss (Profit) on sale of fixed assets	-	-
Employee Stock option Scheme Expense	410.35	374.31
Unrealised Foreign Exchange Fluctuation Loss (Gain)	(92.30)	(148.11)
Fair value gain on financial instruments through profit or loss	(342.67)	(173.19)
Realised gain on Financial Assets	(180.55)	(164.31)
Interest income	(199.18)	(303.71)
	<b>24,599.87</b>	<b>20,321.91</b>
<b>Operating Profit before Working Capital changes</b>		
Adjustments for:		
(Increase) / Decrease in inventories	(898.96)	(616.07)
(Increase) / Decrease in Trade receivables	(3,392.45)	(9,118.67)
(Increase) / Decrease in Loans	(4,868.42)	(460.88)
Increase/(Decrease) in Trade payables, Current Liabilities & Provisions-Long and Short Term	(2,846.07)	157.94
<b>CASH GENERATED FROM OPERATIONS</b>	<b>12,593.97</b>	<b>10,284.23</b>
Income tax Paid	(4,251.48)	(3,635.28)
<b>Net Cash inflow / (outflow) from Operating activities</b>	<b>8,342.49</b>	<b>6,648.95</b>
<b>B. Cash Flow from Investing Activities</b>		
Sale / (Purchase) of investments	(1,985.81)	(2,749.56)
Advance paid towards Share Application Money	(541.34)	-
Sale / (Purchase) of fixed assets (including CWIP)	(6,518.15)	(4,852.14)
Sale Proceeds from fixed assets	-	-
Interest received	135.14	535.68
Dividend received	-	-
Income tax on Dividend income	(287.94)	
Realised gain on Financial Assets	180.55	164.31
Capital gains tax paid on sale of business undertaking by way of slump sale	(1,028.00)	-
<b>Net Cash inflow / (outflow) from Investing activities</b>	<b>(10,045.55)</b>	<b>(6,901.71)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from exercise of employee stock options	0.54	0.54
Proceeds from issue of CCPS	10,500.00	-
Increase/(Decrease) in Long and Short term Borrowings	(3.51)	(20.72)
Interest paid	(6.00)	(6.12)
Dividend paid(including Dividend distribution tax paid)	(1,512.07)	(1,133.65)

## Consolidated Cash Flow Statement for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Cash inflow / (outflow) from Financing activities	8,978.96	(1,159.95)
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	7,275.91	(1,412.70)
Cash and Cash Equivalents as at the beginning of the year	7,717.40	9,130.91
Effect of exchange rate changes on cash and cash equivalents	72.16	(0.80)
Cash and Cash Equivalents as at the end of the year	15,065.47	7,717.40
Less: Deposit under Lien (Refer Note 32)	500.00	485.68
Net Cash and Cash Equivalents as at the end of the year (a,b & c)	14,565.47	7,231.72

Notes:

**a) Reconciliation of Cash And Cash Equivalents**

Cash And Cash Equivalents As Per Note 8	4,932.12	6,237.66
Other Bank Balances As Per Note 9	10,366.51	1,690.20
<b>Total Cash And Cash Equivalents As Per Balance Sheet</b>	<b>15,298.63</b>	<b>7,927.86</b>
Less: Balance In Unpaid Dividend Account	233.16	210.46
Less: Deposit Under Lien	500.00	485.68
<b>Total Cash And Cash Equivalents As Per The Statement Of Cash Flows</b>	<b>14,565.47</b>	<b>7,231.72</b>

b) Net Cash and Cash Equivalents as at the end of the year includes bank deposits classified under other bank balance considering that such bank deposits are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, however, deposit under lien has been excluded.

c) Cash and cash equivalents does not include

- Investment in mutual fund of Rs. 6,962.31 Lakhs classified as current investment (Previous Year Rs. 4,633.74 Lakhs )
- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS -7) Statement of Cash Flow

The above Cash Flow Statement Excludes non-cash transactions undertaken by the company pursuant to the Business Transfer Agreement executed on 18th jan 2019 with Caplin Steriles Ltd (wholly owned subsidiary).

The accompanying notes are an integral part of the consolidated financial statements.

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 22, 2019

**Muralidharan D**

Chief Financial Officer

**Vinod Kumar S**

Company Secretary

# Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

## 1A. SIGNIFICANT ACCOUNTING POLICIES:

### a) Basis of accounting and preparation of Consolidated Financial Statements:

#### *Basis of accounting*

These Consolidated Financial Statements (hereinafter referred to as 'Consolidated Financial Statements') of Caplin Point Laboratories Limited ('the Company') and its subsidiaries (hereinafter referred to as 'the Group'), have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India.

Effective April 1, 2017, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. For all periods upto and including the year ended March 31, 2017, the Group reported its Consolidated Financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'IGAAP'). The Consolidated Financial Statements for the year ended March 31, 2017 and the opening Balance Sheet as at April 1, 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from IGAAP to Ind AS on the Group's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided.

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.

These consolidated financial statements are prepared under the historical cost convention unless otherwise indicated.

#### *Functional and Presentation Currency*

iii) These consolidated financial statements are presented in Indian rupees, which is the functional currency of the parent Company. All financial information presented in Indian rupees has been rounded off to the nearest thousands, except otherwise indicated.

#### *Use of Estimates and Judgements*

iv) The preparation of the Consolidated Financial Statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Consolidated Financial Statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialize. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the accounting policies, given as under:

- Measurement of defined benefit obligations (Refer note l)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer note o)
- Recognition of deferred tax assets (Refer note i)
- Measurement of consideration and assets acquired as part of business combination
- Useful lives of property, plant, equipment and Intangibles (Refer note c & d)
- Impairment of Intangibles (Refer note f)
- Impairment of financial assets (Refer note h)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### b) Principles of Consolidation:

#### *Subsidiaries*

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the Company and its subsidiaries and jointly controlled entity have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

Upon loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

#### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

#### **Non-controlling interests ("NCI")**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### c) Property, Plant and Equipment:

#### *I. Recognition and Measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### II. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### III. Depreciation

Depreciation on tangible assets is provided on a straight line method over the useful lives of the assets.

The estimated useful lives of tangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

Estimated useful lives of the assets, based on technical assessment, which are different in certain cases from those prescribed in Schedule II to the Companies Act, 2013, are as follows:

Asset Category	Estimated Useful life (Years)
Factory Building	30
Building other than factory building	60
Plant & Machinery	5 -15
Furniture & Fixtures	10
Office Equipment	5
Computers	3
Electrical Fittings and Installation	10
Motor Vehicles	6
Motor Cycle	10

Depreciation is provided pro-rata for the number of days available for use. Depreciation on sale / disposal of assets is provided pro-rata up to the date of sale / disposal.

An asset purchased where the actual cost does not exceed rs 5,000 is depreciated at the rate of 100%.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised as income or expense in the statement of profit and loss.

Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

### d) Intangible Assets:

#### I. Recognition and Measurement

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Expenditure on research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

The Company has elected to continue with the carrying value of all its intangible assets as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### II. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### III. Amortisation

Intangible assets are amortised over their estimated useful life on Straight Line Method as follows:

Particulars	Estimated useful Life
Computer Software	6 Years or use full life whichever is lower

The estimated useful lives of intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern, if any.

### e) Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss in the year it is incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

Expenditure on in-licensed development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset.

### f) Impairment of Assets:

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### g) Foreign Currency Transactions / Translations:

i) Transactions in foreign currencies are translated to the respective functional currencies of entities within the Group at exchange rates at the dates of the transactions.

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the Consolidated Statement of Profit and Loss in the period in which they arise.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

- iv) In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognized in other comprehensive income/ (loss) and presented within equity as part of FCTR.

### h) Financial Instruments:

#### I. Financial Assets

##### Classification

On initial recognition, the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

The Company has elected to continue with the carrying value of all its equity investments as recognized in the consolidated financial statements

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i) the Company has transferred substantially all the risks and rewards of the asset, or
  - ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability.

### **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- ii) trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk.

Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

## **II. Financial Liabilities**

### **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans, borrowings and payables).

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowings.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### i) Income tax:

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates items recognised directly in equity in which case, it is recognized in OCI.

#### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

- i) has a legally enforceable right to set off the recognised amounts; and
- ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date are expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### j) 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 tax 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 overhead.

### k) Revenue Recognition:

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, the entity retains no continuing managerial involvement or effective control over the goods usually associated with ownership and the amount of revenue can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, sales tax, excise duty/ goods and service tax and applicable trade discounts and allowances. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreements.

Service income is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when risks and rewards of ownership are transferred, as applicable.

Interest income is recognized on time proportionate basis with reference to the Effective Interest Rate method.

Dividend from investments is recognised as revenue when right to receive is established.

### l) Employee Benefits:

#### Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and the Company will have no legal or constructive obligation to pay further amounts. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is measured on the basis of a periodical independent actuarial valuation using the projected unit credit method. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

### m) Share-based payment transactions:

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

### n) Leases:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the Statement of Profit and Loss over the lease term.

### o) Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Contingent liabilities are disclosed in the Notes to the Consolidated Financial Statements. Contingent liabilities are disclosed for:

- i) possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

A Contingent Asset is disclosed where an inflow of economic benefits is probable.

**p) Borrowing costs:**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate (EIR) applicable to the respective borrowing.

Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

**q) Government Grants and Assistance:**

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant;

- In case of capital grants, they are then recognised in Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.
- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

**r) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) including for changes effected prior to the approval of the financial statements by the Board of Directors. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

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

**s) Insurance claims:**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect the ultimate collection.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

**t) Goods and Service Tax ('GST') input credit:**

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**v) Segment reporting:**

The Company operates in one reportable business segment i.e. "Pharmaceuticals".

**w) Operating cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**x) Cash Flow Statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**y) Applicability of New/Amendment on Existing Indian Accounting Standards (Ind As)**

New standard and amendments to existing standard has been published and is mandatory for the Company' accounting periods beginning after April 1, 2019 or later periods but have not been earlier adopted by the Company.

**(a) New standards issued**

Title of the new Ind AS	Ind AS 116: Leases
The nature of the impending change or changes in accounting policy	Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. In respect of the accounting requirements from the point of view of the lessor, Ind AS 116 substantially conforms to Ind AS 17.
The date by which application of Ind AS is required	Effective from April 1, 2019
The date as at which it plans to apply Ind AS initially	This will be implemented from the effective date of April 1, 2019, as applicable
Impact to the Group	No Material impact foreseen. Appropriate disclosures would be complied with.

**(b) Amendments to existing Ind AS**

Title of amendment to existing Ind AS	The nature of the impending change or changes in accounting policy
Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'	This appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.
Long-term Interests in Associates and Joint Ventures - Amendments to Ind AS 28, 'Investment in Associates and Joint Venture'	Amendments to Ind AS 28 clarify that the long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using Ind AS 109.
Prepayment Features with Negative Compensation - Amendments to Ind AS 109, 'Financial Instruments'	Amendments to Ind AS 109 enable companies to measure at amortised cost some prepayable financial assets with negative compensation.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

Title of amendment to existing Ind AS	The nature of the impending change or changes in accounting policy
Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, 'Employee Benefits'	The net defined benefit liability is remeasured to determine past service cost, or the gain or loss on curtailment or settlement, current service cost and net interest for the remainder of the period are remeasured using the same assumptions and the same fair value of plan assets
Ind AS 103, 'Business Combination'	The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should remeasure its previously held interest in the joint operation at fair value at the acquisition date.
Ind AS 111, 'Joint Arrangements'	The amendments clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. In such cases, previously held interests in the joint operation are not remeasured.
Ind AS 12, 'Income Taxes'	The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
Ind AS 23, 'Borrowing Cost'	Paragraph 14 of Ind AS 23 required an entity to exclude borrowings made specifically for the purpose of obtaining a qualifying asset. The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 2 PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross block				Depreciation Reserve				Net Block	
	April 1, 2018	Additions during the year (i)	Deletions during the year (i)	March 31, 2019	April 1, 2018	Additions during the year (i)	Deletions during the year (i)	March 31, 2019	March 31, 2019	March 31, 2018
<b>A) Tangible Assets</b>										
Land	1,036.63	155.55	93.82	1,098.36	-	-	-	-	1,098.36	1,036.63
Leasehold Land	137.10	-	-	137.10	0.05	1.51	-	1.56	135.54	137.05
Factory Buildings	6,356.48	5,328.66	3,896.80	7,788.33	841.57	223.17	585.00	479.74	7,308.59	5,274.86
Buildings - Others	417.73	62.23	28.86	451.10	81.49	38.82	28.86	91.45	359.66	576.29
Plant & Machinery	9,407.20	4,959.57	4,966.63	9,400.14	2,799.29	1,177.64	1,832.32	2,144.61	7,255.53	6,607.91
Air Conditioner	130.52	345.81	162.83	313.50	53.92	17.78	60.65	11.05	302.45	76.60
Furniture & Fixtures	677.86	1,231.24	473.94	1,435.16	326.28	115.51	156.69	285.10	1,150.05	351.58
Office Equipment	681.10	259.38	403.98	536.51	556.66	77.98	346.47	288.17	248.34	124.44
Computers	360.23	200.63	174.37	386.49	253.38	81.55	131.43	203.50	182.99	106.85
Electrical Fittings	965.73	974.77	556.91	1,383.60	425.89	113.63	284.78	254.74	1,128.86	539.84
Motor Vehicles	443.92	115.60	73.59	485.92	305.18	57.07	45.88	316.37	169.55	138.74
Tools & Spares	52.86	-	-	52.86	37.16	1.71	-	38.87	13.99	15.70
Lab Equipment	2,203.07	3,014.29	1,825.75	3,391.62	448.58	402.20	577.22	273.56	3,118.06	1,754.49
Cycle	0.53	-	-	0.53	0.53	-	-	0.53	-0.00	-
Motor Cycle	5.70	0.73	-	6.43	4.86	0.08	-	4.94	1.48	0.84
<b>Total Tangible Assets</b>	<b>22,876.66</b>	<b>16,648.46</b>	<b>12,657.48</b>	<b>26,867.64</b>	<b>6,134.84</b>	<b>2,308.65</b>	<b>4,049.30</b>	<b>4,394.19</b>	<b>22,473.45</b>	<b>16,741.82</b>

#### NOTE: 2A CAPITAL WORK IN PROGRESS

Capital work in progress		970.35	1,529.12
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#### NOTE : 2B INTANGIBLE ASSETS

Computer Software	302.45	93.12	112.37	283.20	95.94	33.85	57.42	72.37	210.84	206.51
<b>Total Intangible Assets</b>	<b>302.45</b>	<b>93.12</b>	<b>112.37</b>	<b>283.20</b>	<b>95.94</b>	<b>33.85</b>	<b>57.42</b>	<b>72.37</b>	<b>210.84</b>	<b>206.51</b>

- (i) Pursuant to the Business Transfer Agreement executed by the Company on 18th January, 2019, the regulated markets injectable business (including USFDA approved injectable plant and DSIR recognized R&D Units CP4 & CP5) have been transferred to its wholly owned subsidiary company, Caplin Steriles Limited for which the Company has been issued 9,32,99,782 equity shares of Rs. 10/-each fully paid up as a consideration for this Slump Sale.
- (a) The Company has capitalised Rs.404.87 Lakhs (PY: Rs. 244.14 Lakhs) towards government grant in the nature of waiver of duty on purchase of Plant & machinery & Lab equipments. Depreciation on plant and machinery & Lab equipments for the year includes Rs.31.90 Lakhs (PY: Rs. 6.53 Lakhs) on such government grant.

#### CAPITAL WORK IN PROGRESS

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	1,529.12	341.52
Additions	7,428.49	4,852.14
Less:		
Capitalisation	(7,987.26)	(3,664.54)
Assets held for sale		-
Write off		-
<b>Closing Balance</b>	<b>970.35</b>	<b>1,529.12</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 3 NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2019	As at March 31, 2018
<b>A. Fully paid Ordinary / Equity shares (unquoted)</b>		
(ii) Others		
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of Rs. 10/- each fully paid up	-	0.10
26,800 (26,800) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up	29.17	29.17
Maris Power Trading Company LLP (26% of the total Capital of 1 Lakhs)	0.26	0.26
<b>B. Fully paid Ordinary / Equity shares - Quoted</b>		
2,000 (2,000) shares of Karnataka Bank Ltd of Rs.10/- each fully paid up	2.40	2.40
4,800 (4,800) shares of Indian Overseas Bank of Rs. 10/- each fully paid up	1.15	1.15
700 (700) shares of Bank of India of Rs. 10/- each fully paid up	0.32	0.32
<b>Total</b>	<b>33.30</b>	<b>33.40</b>

### NOTE 4 LOANS

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Unsecured</b>		
Security Deposits	29.30	50.05
Other Deposits	159.89	111.20
Advances recoverable in cash or kind for the value to be received	541.34	-
Advance for Capital expenditure	334.31	687.29
Gratuity Fund Net of Provision	-	62.58
<b>Total</b>	<b>1,064.84</b>	<b>911.12</b>
<b>* Break up:</b>		
Loans considered good- Secured	-	-
Loans considered good- Unsecured	1,064.84	911.12
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>1,064.84</b>	<b>911.12</b>
Less: Allowance for doubtful Loans	-	-
<b>Total Loans</b>	<b>1,064.84</b>	<b>911.12</b>

### NOTE 5 INVENTORIES (Lower of cost or Net realisable value)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Materials	1,035.80	1,199.47
Packing Materials	725.97	764.82
Work-in-Progress	366.66	367.08
Stock In Trade	1,207.45	103.98
Finished Goods	102.35	198.37
Stores and Spares	306.28	211.84
<b>Total</b>	<b>3,744.51</b>	<b>2,845.56</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 6 CURRENT INVESTMENT

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in Mutual Fund	6,962.31	4,633.74
<b>Total</b>	<b>6,962.31</b>	<b>4,633.74</b>

#### (i) Investment in Mutual Fund at fair value through profit or loss

FUND NAME	As at March 31, 2019		As at March 31, 2018	
	Units	Amount Rs. in lakhs	Unit	Amount Rs. in lakhs
HDFC Banking and PSU Debt Fund - Regular Growth	58,51,329.10	879.43	58,51,329.10	822.61
HDFC Corporate Debt Opp Fund - Regular Growth	61,93,579.81	944.84	36,04,294.83	838.97
ICICI Prudential Corporate Bond Fund - Growth - Direct	-	-	5,58,707.06	158.06
ICICI Prudential Short Term - Growth	16,94,333.86	654.62	16,94,333.86	613.56
Kotak Flexi Debt - Regular Plan - Growth	27,39,946.51	664.93	27,39,946.51	610.79
Reliance Corporate Bond Fund - Growth - Direct	-	-	16,65,340.17	233.37
Reliance Corporate Bond Fund - Growth	16,65,340.17	244.97	3,86,871.69	56.02
Reliance Short Term Fund - Growth	17,26,439.40	599.66	17,26,439.40	563.73
Tata Short Term Bond Fund - Growth - Direct	-	-	3,03,517.77	101.78
UTI-Income Opportunities Fund - Growth - Direct	-	-	6,04,726.54	102.10
Axis Triple Advantage fund - equity	1,00,000.00	19.04	1,00,000.00	10.00
Franklin India Flexi Cap fund	5,000.00	4.06	5,000.00	0.49
Canara Robeco Savings Plus Fund - Growth	-	-	11,70,733.66	318.28
Franklin India Short Term Income Plan - Growth	6,842.74	273.52	1,392.17	51.10
HDFC Regular Savings Fund - Growth	-	-	1,47,588.41	50.82
ICICI Prudential Regular Income Fund - Growth	-	-	5,82,068.79	102.06
Aditya Birla Sun Life Floating Rate Fund	1,39,481.73	323.43	-	-
Aditya Birla Sun Life Liquid Fund	67,090.98	200.61	-	-
Aditya Birla Sun Life Savings Fund	27,147.07	100.21	-	-
Franklin India Fixed Maturity Plan B Series - 5 - Plan B 1244 days	20,00,000.00	209.08	-	-
Franklin India Fixed Maturity Plans - Series 4 - Plan E 1098 days - Direct - Growth	20,00,000.00	213.42	-	-
Franklin India Liquid Fund	14,329.94	401.03	-	-
Franklin India Ultra Short Bond Fund	8,00,184.04	210.66	-	-
ICICI Prudential Money Market Fund	77,238.30	200.43	-	-
ICICI Prudential Ultra Short Term Fund	5,82,068.79	109.90	-	-
Reliance Fixed Horizon Fund - XXXIX - Sr 6	10,00,000.00	107.06	-	-
Reliance Liquid Fund	6,625.08	300.73	-	-
SBI Liquid Fund	10,310.42	300.68	-	-
<b>Total</b>		<b>6,962.31</b>		<b>4,633.74</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 6 CURRENT INVESTMENT (contd.)

Particulars	As at March 31, 2019	As at March 31, 2018
Aggregate book value of quoted investments	6,966.18	4,637.61
Aggregate Market value of quoted investments	6,966.18	4,637.61
Aggregate value of un-quoted investments	29.43	29.53

### NOTE 7 TRADE RECEIVABLES

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured)		
Trade Receivables	15,980.60	12,588.15
Receivables from related parties	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Less: Allowance for doubtful trade receivables	-	-
Total receivables	15,980.60	12,588.15
<b>Total</b>	<b>15,980.60</b>	<b>12,588.15</b>

### NOTE 8 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on Hand	104.57	9.90
Balance with Banks		
- Current accounts	4,827.64	6,227.76
	<b>4,932.21</b>	<b>6,237.66</b>

### NOTE 9 OTHER BANK BALANCES

Particulars	As at March 31, 2019	As at March 31, 2018
- Unpaid Dividend account	233.16	210.46
In Bank Deposit Accounts		
- Bank Deposit accounts maturity (more than 3 months but less than 12 months)	10,133.35	1,479.74
<b>Total</b>	<b>10,366.51</b>	<b>1,690.20</b>

### NOTE 10 LOANS

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
Advances recoverable in cash or kind for the value to be received	4,871.33	553.77
Export Incentives Receivable	826.64	656.53
Balance with GST/ Excise/ Sales Tax Authorities	1,589.70	1,174.31
<b>Total</b>	<b>7,287.67</b>	<b>2,384.61</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 10 LOANS (contd.)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>* Break up:</b>		
Loans considered good- Secured	-	-
Loans considered good- Unsecured	7,287.67	2,384.61
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>7,287.67</b>	<b>2,384.61</b>
Less: Allowance for doubtful Loans	-	-
<b>Total Loans</b>	<b>7,287.67</b>	<b>2,384.61</b>

### NOTE 11 OTHER CURRENT ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Interest Accrued on Deposits	95.01	31.06
<b>Total</b>	<b>95.01</b>	<b>31.06</b>

### NOTE 12 SHARE CAPITAL

Particulars	As at March 31, 2019	As at March 31, 2018
<b>AUTHORISED</b>		
8,50,00,000 equity shares of Rs. 2/- each	1,700.00	1,700.00
(31 March 2018: 8,50,00,000 equity shares of Rs. 2/- each)		
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
7,56,30,250 equity shares of Rs. 2/- each fully paid up	1,512.61	1,512.07
(31 March 2018: 7,56,03,500 equity shares of Rs. 2/- each; fully paid up)		
	<b>1,512.61</b>	<b>1,512.07</b>

#### a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the Year

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Equity Shares of Rs. 2/- each	Amount	No of Equity Shares of Rs. 2/- each	Amount
Number of shares outstanding at the beginning of the Year	7,56,03,500	1,512.07	7,55,76,750	1,511.53
Add: Number of shares allotted as fully paid up during the Year**	26,750	0.54	26,750	0.54
Less : Number of shares bought back during the Year	-	-	-	-
<b>Number of shares outstanding at the end of the Year</b>	<b>7,56,30,250</b>	<b>1,512.61</b>	<b>7,56,03,500</b>	<b>1,512.07</b>

\*\* During the financial year 2018-19 (2017-18), 26,750 (26,750) equity shares under ESOP Scheme vested were exercised

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 12 SHARE CAPITAL (contd.)

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

##### Equity Shares

The Company has only one class of equity shares having a par value of Rs. 2/- 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.

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:

Name of Shareholder	As at March 31, 2019 (of Rs. 2/- each)		As at March 31, 2018 (of Rs. 2/- each)	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	1,78,80,000	23.64%	1,78,80,000	23.65%
C.C. Paarthipan	1,41,67,192	18.73%	1,41,46,765	18.71%
P. Ashok Gorkey	90,50,000	11.96%	90,50,000	11.97%
P. Vivek Siddarth	90,00,000	11.90%	90,00,000	11.90%

#### d) Shares reserved for issuance under Employee Stock Options Plans of the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No of Shares of Rs. 2/- each	Amount	No of Shares of Rs. 2/- each	Amount
Caplin Point Employee Stock Option Plan 2015 (i)	3,74,250	7.49	3,20,750	6.43
Caplin Point Employee Stock Option Plan 2017 (ii)	1,01,500	2.03	76,500	1.53

(i) The Scheme consists of 3,75,000 equity shares of Rs. 2/- each of which 80,250 shares of Rs. 2/- each has been allotted as at 31st March 2019

(ii) The Scheme consists of 5,00,000 Equity shares Rs. 2/- each of which 1,01,500 granted during the year.

#### e) Aggregate number of shares issued pursuant to Stock Option Plans of the Company

Particulars	Aggregate No. of Shares
Issued in FY 2016-17	26,750
Issued in FY 2017-18	26,750
Issued in FY 2018-19	26,750
<b>Total</b>	<b>80,250</b>

f) No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date



## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 13 OTHER EQUITY

Particulars	As at March 31, 2019	As at March 31, 2018
<b>a) Capital Reserve</b>		
Opening and closing balance as per last balance sheet	40.98	40.98
<b>b) Securities Premium</b>		
Opening balance as per last balance sheet	108.50	54.25
Add, Additions during the year	54.25	54.25
Balance as at year end	162.75	108.50
<b>c) General Reserve</b>		
Opening and closing balance as per last balance sheet	1,128.78	1,128.78
<b>d) Employee Stock Options Outstanding</b>		
<i>- Employee Stock options outstanding</i>		
Opening balance as per last balance sheet	1,634.64	108.55
Add: Options granted during the year	153.16	1,580.34
Less: Exercised during the year	54.25	54.25
Less: Lapsed during the year	-	-
<b>Balance as at year end (A)</b>	1,733.55	1634.64
<i>- Deferred Employees Stock Options Cost</i>		
Opening balance as per last balance sheet	1,305.60	99.50
Add: Options granted during the year	153.16	1,580.34
Less: Amortised during the year	410.35	374.24
<b>Balance as the year end (B)</b>	1,048.41	1,305.60
(A-B)	685.14	329.04
<b>e) Retained Earnings</b>		
Balance at the beginning of the Year	33,125.43	19,780.31
Add : Profit during the Year	17,655.54	14,478.77
Final Dividend paid for the F.Y 2017-2018	(1,512.07)	(1,133.65)
Tax on Dividend	-	-
Balance at the end of the year/Period	49,268.90	33,125.43
<b>f) Other Comprehensive Income</b>		
i) Foreign currency Translation Reserve/(Loss)		
Balance at the beginning of the Period	45.59	(64.75)
Profit/ (Loss) on foreign currency translation	58.86	110.34
Balance at the end of the year/Period	104.45	45.59
ii) Actuarial Gain/ (Loss) on employee benefit obligation		
Opening balance as per last balance sheet	92.76	16.16
Add/(Less); Additions during the year	(84.43)	76.60
Balance as at the end of the year	8.33	92.76

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 13 OTHER EQUITY (contd.)

Particulars	As at March 31, 2019	As at March 31, 2018
Securities Premium-Preference Shares	6,907.70	-
Cost of Equity Transactions	(121.00)	-
<b>Preference share capital</b>	<b>3,592.30</b>	<b>-</b>
Series A Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid up *		
<b>Closing Balance</b>	<b>61,778.33</b>	<b>34,871.08</b>

#### \*Preference Shares

Pursuant to the execution of the Investment agreement dated 18th January 2019, Caplin Steriles Ltd issued 3,59,22,993 Series A CCPS of face value of Rs. 10/- each carrying a coupon rate of 0.001% p.a. having a term of 19 years from the date of allotment to M/s. Eight Road Ventures India III LP. The Series A CCPS are convertible into equity shares upon the expiry of their respective terms in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital Disclosure Requirements) Regulations, 2009, as amended ('ICDR Regulations') on the basis of the minimum permissible price, computed in accordance with Regulation 76 read with Regulation 71(b) of the SEBI ICDR Regulations on the conversion date. Upon conversion of the entire contemplated investment of Rs. 218 Crs from the Investors, they will in aggregate hold atleast 25.29% of the equity share capital of Caplin Steriles Ltd on a fully diluted basis and Caplin Steriles Ltd will continue to be a subsidiary of Caplin Point Laboratories Ltd.

### NOTE 14 LONG TERM BORROWINGS

Particulars	As at March 31, 2019		As at March 31, 2018	
Secured				
Loan from others (i)	54.12	54.12	53.65	53.65
Less : Current maturities of long term debt		25.44		21.46
<b>Total</b>		<b>28.68</b>		<b>32.19</b>

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

#### Terms of Repayments

- Vehicle loans from Banks and other financial institutions are repayable in equal montly instalments.
- The rate of interest on vehicle loans vary between 10% to 12% per annum.

### NOTE 15 DEFERRED TAX LIABILITIES (NET)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Deferred Tax Liabilities on account of timing differences	2,254.17	2,216.07
b) Deferred Tax Asset on account of timing differences	(491.72)	-
<b>Total</b>	<b>1,762.45</b>	<b>2,216.07</b>

### NOTE 16 OTHER LONG TERM LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Govt Grant	365.49	237.61
Others	172.06	300.00
Gratuity Fund Net of Provision	13.29	-
	<b>550.84</b>	<b>537.61</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 17 TRADE PAYABLES (REFER NOTE 31)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables for Goods and Services	6,047.17	9,422.53
<b>Total</b>	<b>6,047.17</b>	<b>9,422.53</b>

### NOTE 18 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long term debt (i)	25.44	21.46
Statutory Dues payable	139.92	112.41
Advance received from Customers	-	38.43
Creditors for Capital Goods	1,529.79	882.97
Unclaimed Dividend (Ref Note : 41)	233.16	210.46
Salary and bonus payable	491.44	120.33
Others	-	0.34
<b>Total</b>	<b>2,419.75</b>	<b>1,386.40</b>

(i) Current maturities of long-term borrowings represent the amount of loan repayable within one year.

### NOTE 19 SHORT TERM PROVISIONS

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits	144.23	58.03
<b>Total</b>	<b>144.23</b>	<b>58.03</b>

### NOTE 20 REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products	63,288.67	52,555.15
<b>Other operating revenues</b>		
Export Incentives	1,580.42	1,429.05
<b>Total</b>	<b>64,869.09</b>	<b>53,984.20</b>

### NOTE 21 OTHER INCOME

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income	199.18	303.71
Gain on sale of financial instruments	180.55	164.31
Fair value gain on financial instruments through profit or loss	342.67	173.19
Foreign exchange, net	1,130.99	611.66
Govt Grant	31.90	6.53
Miscellaneous Income	17.60	7.12
<b>Total</b>	<b>1,902.89</b>	<b>1,266.52</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 22 COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock	2,176.13	1,798.83
Add : Purchases (Net)	9,403.68	9,398.93
Less : Closing Stock	2,068.05	2,176.13
<b>Total</b>	<b>9,511.76</b>	<b>9,021.63</b>

### NOTE 23 CHANGES IN INVENTORIES OF FINISED GOODS INCLUDING STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year		
Work in Progress	366.66	367.08
Finished Goods	102.35	198.37
Stock-in-Trade	1,207.46	103.98
<b>( A )</b>	<b>1,676.47</b>	<b>669.43</b>
Inventories at the beginning of the year		
Work in Progress	367.08	210.65
Finished Goods	198.37	195.94
Stock-in-Trade	103.98	24.07
<b>( B )</b>	<b>669.43</b>	<b>430.66</b>
<b>Net (Increase) / Decrease in Inventories (B-A)</b>	<b>(1,007.04)</b>	<b>(238.77)</b>

### NOTE 24 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages, bonus and allowances	3,718.16	2,958.46
Contribution to Provident and Other funds	249.41	200.76
Employee Compensation Expense -ESOP	410.35	374.31
Staff Welfare Expenses	333.05	380.74
<b>Total</b>	<b>4,710.97</b>	<b>3,914.27</b>

### NOTE 25 FINANCE COSTS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	6.00	6.12
<b>Total</b>	<b>6.00</b>	<b>6.12</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 26 DEPRECIATION AND AMORTISATION

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on property, plant and equipment (Refer note: 2)	2,308.65	1,862.51
Amortisation of Intangible Assets	33.85	36.99
	<b>2,342.50</b>	<b>1,899.50</b>

### NOTE 27 RESEARCH AND DEVELOPMENT EXPENSES

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
R & D Expenses	2,818.62	2,368.14
	<b>2,818.62</b>	<b>2,368.14</b>

### NOTE 28 OTHER EXPENSES

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and Fuel	1,375.60	1,098.47
Contract Labour charges	471.44	620.31
Other Manufacturing Expenses	179.46	144.06
Communication Expenses	86.94	76.24
Donations	12.72	9.99
Professional and Consultancy charges	340.15	103.04
Rates & taxes including ANDA Application fees	798.58	328.14
Travelling Expenses	314.79	184.85
Auditor's Remuneration	23.58	21.31
Insurance	58.36	55.14
Repairs and Maintenance		
a) Plant and Machinery	485.16	368.16
b) Building	305.06	85.69
c) Others	88.84	124.22
Rent & Amenities	214.33	109.55
Freight outwards	118.13	194.60
Bank charges	52.14	54.90
Other Selling Expenses	89.93	397.52
Software maintenance charges	92.39	195.53
Sundry Expenses	220.64	235.19
	<b>5,328.24</b>	<b>4,406.90</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 29 COMMITMENT (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital contracts	2,950.41	1,613.73
Other Commitments (Raw material, Packing Material, Finished Goods, Other services)	5,310.31	4,869.84
Dividend proposed of Rs. 2.20 per equity share (Previous Year Rs. 2.00) before the financial statements approved for issue, but not recognised as a liability in the financial statements	1,663.87	1,512.07

### NOTE 30 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Disputed statutory dues:

Sl No	Particulars	Nature of dues	2018-2019 (Rs. In lakhs)	2017-2018 (Rs. In lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	126.21	264.53	High Court / Income Tax Appellate Tribunal/ CIT Appeals

### NOTE 31 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 Financial Year end together with Interest Paid / Payable under this Act have not been given.

### NOTE 32 BALANCES WITH SCHEDULED BANKS IN DEPOSIT ACCOUNTS INCLUDES:

- (a) Bank Deposit Accounts under Note no: 9 for the current year include Rs.500.00 lakhs (as at 31.03.2018 Rs.485.68 lakhs) earmarked as lien towards Margin for Letter of Credit and Bank Guarantee

### NOTE 33 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 Financial Year are as follows:

Current Accounts in Foreign Currency	Balances as at		Maximum Balance during the Financial Year ended	Maximum Balance during the Financial Year ended
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
HSBC Bank, Hong Kong	-	0.50	0.50	2,240.05
Axis Bank, Hong Kong	2,057.38	5,037.28	5,098.39	5,037.28
China Citic Bank, China	7.80	0.78	21.57	17.58
Banco cuscatlan de el salvador	19.33	-	19.33	-
Banco Davivienda S.A	28.46	-	28.46	-
Industrial And Commercial Bank Of China	206.91	-	206.91	-

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 34 EMPLOYEE BENEFITS

#### (i) Defined Contribution Plan:

The Company makes monthly contribution for qualifying employee's towards provided/ retirement fund administered and managed by the Government of India under defined contribution plans .

The Company recognized Rs.181.87 lakhs (previous year Rs.159.72 Lakhs ) towards provident and pension fund contributions in the Statement of Profit and Loss.

#### (ii) Defined Benefit Plan:

The Company makes contributions to the group gratuity scheme administered by the LIC, a funded defined benefit plan for qualifying employees.

The following table sets out the status of the gratuity plan and reconciliation of opening and closing balances of the present value of defined benefit obligation.

Particulars	As at March 31, 2019	As at March 31, 2018
<b>i) Reconciliation in present value of obligations ('PVO') - defined benefit obligation:</b>		
Current service cost	72.50	56.14
Past service cost	0.00	0.00
Interest cost	21.59	21.17
Actuarial loss/ (gain)		
- Due to demographic assumption	-	-
- Due to finance assumption	44.43	-
- Due to experience assumption	27.94	(71.22)
Benefits paid	(30.77)	(5.99)
PVO at the beginning of the year	226.90	226.80
PVO at the end of the year	362.62	226.90
<b>ii) Change in fair value of plan assets:</b>		
Actuarial Gains/(Losses)	(12.03)	1.75
Interest Income	26.20	17.81
Contribution by the employer	76.45	89.11
Benefits paid	(30.77)	(5.99)
Fair Value of the plan assets at the beginning of the year	289.48	186.80
Fair Value of the plan assets at the end of the year	349.33	289.48
<b>iii) Reconciliation of PVO and fair value of plan assets:</b>		
PVO at the end of the year	362.62	226.90
Fair Value of plan assets at the end of the year	349.33	289.48
Funded status	(13.29)	62.58
Unrecognised actuarial gain/ (loss)	-	-
Net Asset/( liability) recognised in the balance sheet	(13.29)	62.58
<b>iv) Expense recognised in the Statement of Profit and Loss:</b>		
Current Service cost	72.00	56.14
Past Service cost	-	-
Interest cost	(4.11)	3.36
Total expense recognised in the Statement of Profit and loss	67.89	59.50

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 34 EMPLOYEE BENEFITS (contd.)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>v) Other Comprehensive Income:</b>		
Actuarial loss/ (gain)		
- Due to demographic assumption		-
- Due to finance assumption	44.43	-
- Due to experience assumption	32.85	(71.22)
Return on plan assets excluding net interest	7.13	(1.75)
Total amount recognised as OCI	84.41	(72.97)
<b>vi) Category of assets as at the end of the year:</b>		
Insurer Managed Funds (100%)	349.33	289.48
(Fund is managed by Life Insurance Corporation of India as per IRDA guidelines, category-wise composition of the plan assets is not available)		
<b>vii) Actual Return on plan Assets:</b>	14.18	19.56
<b>viii) Assumption used in accounting for the gratuity plan</b>		
Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2012-14	Rates stipulated in Indian Assured Lives Mortality 2006-08
Discount Rate (%)	7.73	7.71
Salary Escalation Rate	7	5
Employee Attrition Rate (%)	7	2

### NOTE 35 INCOME TAXES:

#### a) Tax expenses recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax Expense for the year	5,485.70	4,054.91
Deferred income tax liability/ (asset), net	(453.62)	319.42
<b>Tax expense for the year</b>	<b>5,032.08</b>	<b>4,374.33</b>

#### b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before Tax	22,687.62	18,837.83
Tax using the Company's domestic tax rate	7,927.05	6,519.77
(March 31, 2019: 34.94%, March 31, 2018: 34.61%)		
<b>Tax effect of :</b>		
Incremental deduction allowed for Research and Development costs	(403.13)	(873.90)
Impact of foreign dividend taxed at special rate	287.91	197.25
Differences in tax rates of foreign jurisdictions	(1,838.11)	(1,859.20)
Tax on on share of income in LLP exempted/ (loss disallowed)	-	9.67



## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 35 INCOME TAXES (contd.)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Tax incentive on additional employment	(18.07)	(25.99)
Tax impact on fair value of Mutual fund	(119.73)	(59.88)
Tax impact - timing difference on R&D capital asset, book and tax depreciation and other	(1,831.83)	466.60
Capital gain tax on Slump sale	1,028.00	-
Current and Deferred Tax expenses as per note (a) above	5,032.08	4,374.34

### c Movement in deferred tax balances

Particulars	As at March 31, 2018		Recognised in Statement of profit or loss for the year ended 31st March 2019		As at April 31, 2019	
	Deferred tax asset	Deferred tax liability	Liability	Asset	Deferred tax asset	Deferred tax liability
Property, plant and equipment	-	2,216.07	38.10	491.72	491.72	2,254.16
<b>Total</b>	-	2,216.07	38.10	491.72	491.72	2,254.16

### NOTE 36 REMUNERATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTORS

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries	106.70	98.66
Contribution to provident and other funds	0.64	0.58
Employee stock option benefits granted as debited to P&L account	45.20	54.25
<b>Total *</b>	<b>152.54</b>	<b>153.49</b>

\* Refer note 42(c)

### NOTE 37 OPERATING LEASES

Operating lease commitments - Company as lessee

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable / cancellable at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss is Rs.235.41 Lakhs (Previous Financial Year Rs.118.48 Lakhs).

The Company has entered into longterm leasing arrangements for land which are in the nature of finance lease. These arrangements do not involve any material recurring payments.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 38 RESEARCH AND DEVELOPMENT EXPENDITURE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Capital expenditure included in Fixed Assets	4,233.51	1,001.00
Revenue expenditures incurred during the Financial Year	2,818.62	2,368.14
<b>Total</b>	<b>7,052.13</b>	<b>3,369.14</b>

### NOTE 39 AUDITORS' REMUNERATION COMPRISES OF FEES: (EXCLUDING APPLICABLE TAX)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
For Statutory Audit	14.36	10.82
For Tax Audit	3.50	3.50
For Others	5.72	6.99
<b>Total</b>	<b>23.58</b>	<b>21.31</b>

### NOTE 40 EARNINGS PER SHARE IS CALCULATED AS UNDER

#### Basic

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit after minority interest attributable to equity shareholders (Rs. in Lakhs)	17,655.54	14,555.37
Weighted average number of equity shares of Rs.2/- each outstanding during the year (in Nos.)	7,56,07,958	7,55,81,208
Earnings per share (in Rs.)	23.35	19.26

#### Diluted

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit after minority interest attributable to equity shareholders (Rs. in Lakhs)	17,655.54	14,555.37
Weighted average number of equity shares of Rs.2/- each outstanding during the year (in Nos.)	7,59,92,958	7,59,59,945
Earnings per share (in Rs.)	23.23	19.16

### NOTE 41 AMOUNT DUE TO INVESTOR EDUCATION AND PROTECTION FUND

The due amount of Rs. 12.97 lakhs (PY : Rs.8.71 lakhs) were duly credited to investor education and protection fund during the year and there is no outstanding due amount to be credited to investor education and protection fund as of end of the Financial Year.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 42 RELATED PARTY DISCLOSURES, AS REQUIRED BY INDIAN ACCOUNTING STANDARD 24 (IND AS 24) ARE GIVEN BELOW.

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

Name of the Related parties	Nature of Relationship	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2019	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2018
Mr. Vivek Siddharth,	Relative of Chairman	Not Applicable	Not Applicable
Argus Salud Pharma LLP, (India)	Subsidiary LLP	99.90%	99.90%
Caplin Point Laboratories Colombia SAS, (Colombia)	Subsidiary Company	80.69%	62.12%
Caplin Point Far East Limited, (Hong Kong)	Wholly owned Subsidiary Company	100.00%	100.00%
Caplin Steriles Limited, (India) *	Wholly owned Subsidiary Company	100.00%	-
Caplin Point El Salvador, S.A. DE C.V., (El Salvador) *	Step down subsidiary Company	99.96%	-
Ashvich Infotek Private Limited	Members of the Company are Directors	Not Applicable	-
Hainan Jointown Caplin point Pharmaceutical Company Limited, (China)*	Joint venture	39.00%	-

\* Incorporated during the Financial Year 2018-19

#### (b) Key managerial personnel

Dr. Sridhar Ganesan	– Managing Director from 28.03.2015
Dr. B. Philip Ashok Karunakaran	– Whole Time Director from 07.08.2017 to 10.04.2019
Mr. M Jayapal	– Whole Time Director retired on 28.03.2018
Mr. D Muralidharan	– Chief Financial Officer from 19-02-2016
Mr. Vinod Kumar S	– Company Secretary from 13-04-2015

#### (c) Details of Transactions that have taken place during the Financial Year with Key Management Personnel:

Category	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Remuneration**</b>		
Salary paid to Mr.Vivek Siddharth	18.77	18.77
Salary paid to Dr. Sridhar Ganesan (i)	102.10	111.14
Salary paid to Dr. B. Philip Ashok Karunakaran (ii)	50.44	34.03
Salary paid to Mr. M Jayapal (iii)	-	8.32
Salary paid to Mr. D Muralidharan	26.52	20.00
Salary paid to Mr. Vinod Kumar S	7.94	7.21

\*\* Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 42 RELATED PARTY DISCLOSURES, AS REQUIRED BY INDIAN ACCOUNTING STANDARD 24 (IND AS 24) ARE GIVEN BELOW (contd.)

- (i) Includes stock compensation expense of Rs. 45.20 Lakhs and Rs. 54.25 Lakhs for the year ended March 31, 2019 and For year ended March 31, 2018, respectively.
- (ii) Mr. Dr. B. Philip Ashok Karunakaran was appointed as Whole-time Director w.e.f. 07.08.2017 (Resigned W.e.f 10.04.2019)
- (iii) Mr. M Jayapal, Whole Time Director retired on 28.03.2018

### NOTE 43 FINANCIAL INSTRUMENTS:

#### Financial Instruments - Fair value and risk management

##### A. Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

##### Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	As at 31 March 2019			As at 31 March 2018		
	Carrying Amount			Carrying Amount		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
<b>Financial Assets</b>						
Non - Current Investments - others (i)	29.43	-	29.43	29.53	-	29.53
Non - Current Investments - Mutual fund and equity	3.87	-	3.87	3.87	-	3.87
Non - Current Loans						
- Security Deposit	-	29.30	29.30	-	50.06	50.06
- Others	-	159.89	159.89	-	111.20	111.20
Current Investments	6,962.31	-	6,962.31	4,633.74	-	4,633.74
Trade Receivable	-	15,980.60	15,980.60	-	12,588.15	12,588.15
Current Loans	-	7,287.67	7,287.67	-	2,384.61	2,384.61
Cash and Cash Equivalents	-	4,932.80	4,932.80	-	6,237.66	6,237.66
Other Bank Balances other than Cash and Cash Equivalents	-	10,366.51	10,366.51	-	1,690.20	1,690.20
Other Current Assets	-	95.01	95.01	-	31.06	31.06
<b>Total</b>	<b>6,995.61</b>	<b>38,851.78</b>	<b>45,847.39</b>	<b>4,667.14</b>	<b>23,092.93</b>	<b>27,760.07</b>
<b>Financial Liabilities</b>						
Non - Current Borrowings	-	28.68	28.68	-	32.19	32.19
Trade Payables	-	6,047.17	6,047.17	-	9,422.53	9,422.53
Other Current Liabilities	-	2,419.75	2,419.75	-	1,386.40	1,386.40
<b>Total</b>	<b>-</b>	<b>8,495.60</b>	<b>8,495.60</b>	<b>-</b>	<b>10,841.12</b>	<b>10,841.12</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 43 FINANCIAL INSTRUMENTS (contd.)

(i) The Company estimates that the fair value of these investments are not materially different as compared to its cost

#### B. Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Non - Current Financial Assets and Liability measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt / payment discounted using appropriate discounting rate	Not applicable	Not applicable

#### C. Financial risk management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The Company's board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management framework. The Company's risk management policies are established to set appropriate risk limits and to monitor risks and adherence to limits. risk management policies and systems are reviewed periodically to reflect changes in market condition and the Company's activities. The Company through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

##### i. Credit Risk:

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of business.

##### Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants the credit terms in the normal course of business.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 43 FINANCIAL INSTRUMENTS (contd.)

Summary of the Company's exposure to credit	As at March 31, 2019	As at March 31, 2018
Neither past due nor impaired	15,980.60	12,588.15
<b>Total</b>	<b>15,980.60</b>	<b>12,588.15</b>

#### Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timelines of payments, available information, etc) and applying experienced credit judgement.

Exposures to the customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses, if any. Historical trends of impairment of trade receivables reflects no credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of "no credit loss" to continue.

No allowance for impairment in respect of trade and other receivables was provided during the year and immediate preceding year.

#### Cash and cash equivalents

As at the year end, the Company held cash and cash equivalents of Rs. 4,932.80 lakhs (31.03.2018 Rs. 6237.66 lakhs). The cash and cash equivalents are held with banks with good credit rating.

#### Other Bank balances

Other bank balances are held with bank with good credit rating.

#### Investment in mutual funds

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non - performance by these counter-parties.

#### Other financial asset

Other financial assets are neither past due nor impaired.

### ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has not availed any fund based working capital facilities from banks and financial institutions. The Company has obtained non-fund based working capital lines from banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintain financial flexibility.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 43 FINANCIAL INSTRUMENTS (contd.)

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

As at 31 March 2019	Carrying Amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
<b>Non - derivative financial liabilities</b>							
Non - current borrowing	28.68	28.68		27.85	0.83	-	-
Interest Payable	-	5.46	3.93	1.51	0.02	-	-
Trade payables	6,047.17	6,047.17	6,047.17	-	-	-	-
Other current Financial Liabilities	2,419.75	2,419.75	2,419.75	-	-	-	-
<b>Total</b>	<b>8,495.60</b>	<b>8,501.06</b>	<b>8,470.85</b>	<b>29.36</b>	<b>0.85</b>	<b>-</b>	<b>-</b>

As at 31 March 2018	Carrying Amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
<b>Non - derivative financial liabilities</b>							
Non - current borrowing	32.19	32.19	-	20.15	12.04	-	-
Interest Payable	-	8.02	4.30	2.73	0.99	-	-
Trade payables	9,422.53	9,422.53	9,422.53	-	-	-	-
Other current Financial Liabilities	1,386.40	1,386.40	1,386.40	-	-	-	-
	<b>10,841.12</b>	<b>10,849.14</b>	<b>10,813.23</b>	<b>22.88</b>	<b>13.03</b>	<b>-</b>	<b>-</b>

#### iii) Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivable and payable. We are exposed to market risk primarily related to foreign exchange rate risk as the Company's product is exported to various countries and a certain portion of its export is sourced thorough import. Thus our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs. The Company does not use any derivative to manage market risk since certain degree of a natural hedge available in the form of foreign currency realised from exports are paid against imports.

#### Currency risk

The Company is exposed to currency risk on account of its export and import of pharmaceuticals and import of raw material, capital goods, etc. The functional currency of the Company is Indian Rupee, where as majority of its export and imports are settled through USD(\$).

#### Exposure to Currency risk

Following is the currency profile of non-derivative financial assets and financial liabilities.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 43 FINANCIAL INSTRUMENTS (contd.)

Particulars	As at March 31, 2019		As at March 31, 2018	
	USD in Lakhs	Amount	USD in Lakhs	Amount
Export Debtors	231.03	15,980.60	193.99	12,588.15
Cash and cash equivalents	42.91	2,968.12	83.98	5,464.03
<b>Total</b>	<b>273.94</b>	<b>18,948.72</b>	<b>277.97</b>	<b>18,052.18</b>
Creditors and Advance from Customers	35.31	2,442.18	48.71	3,285.72
<b>Total</b>	<b>35.31</b>	<b>2,442.18</b>	<b>48.71</b>	<b>3,285.72</b>
<b>Net statement of financial position exposure</b>	<b>238.63</b>	<b>16,506.54</b>	<b>229.26</b>	<b>14,766.46</b>

#### Sensitivity analysis

A reasonable strengthening (weakening) of the Indian Rupee against US dollars as at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

1% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the profit before taxes by approximately Rs.165.06 Lakhs for the year ended March 31, 2019 (Rs. 147.66 Lakhs for the year ended March 31, 2018)

#### Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/ borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

#### Exposure to interest rate risk

As on 31 March 2019 and 31 March 2018, the Company has not availed any long term borrowings except for loans on certain vehicles on fixed rate basis. Further, the Company has not availed any fund based working capital lines.

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit or loss.

#### Commodity rate risk

The Company's operating activity involves purchase of Active Pharmaceutical Ingredients (API) and other direct materials, whose prices are exposed to the risk of fluctuation over short period of time. The commodity price risk exposure is evaluated and managed through procurement and other related operating policies. As on 31 March 2019 and 31 March 2018, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

### NOTE 44 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on the capital as well as the level of dividends to ordinary shareholders.

As on date the Company has no borrowings except for certain vehicle loans.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2019

(All amounts are in Rs. lakhs except share data unless otherwise stated)

### NOTE 45

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

### NOTE 46

Additional information as required by Paragraph 2 of the General Instructions for the Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the	Net Assets, i.e., total assets minus total liabilities				Share in Profit / (Loss)			
	As % of consolidated net assets		Amount Rs. Lakhs		As % of consolidated net assets		Amount Rs. Lakhs	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Parent</b>								
Caplin Point Laboratories Limited	68.25	81.23	43,204.49	29,560.43	83.92	70.74	14,816.65	10,231.09
<b>Subsidiaries</b>								
<b>Indian</b>								
1. Argus Salud Pharma LLP	(0.05)	(0.07)	(30.36)	(26.47)	0.00	(0.19)	0.65	(27.93)
2. Caplin Steriles Limited	14.57	-	9,223.40		(6.78)	-	(1,196.87)	-
<b>Foreign</b>								
1. Caplin Point Far East Limited	14.03	21.99	8,883.75	8,001.79	31.18	37.42	5,504.91	5,412.23
2. Caplin Point laboratories Colombia, SAS	(0.19)	(0.11)	(117.89)	(41.03)	(0.46)	(0.28)	(80.57)	(40.31)
3. Caplin Point El Salvador, S.A. De C.V.	5.99	-	3,791.81	-	1.51	-	266.55	-
4. Hainan Jointown Caplin point Pharmaceuticals Co Ltd	(0.03)	-	(16.07)		(0.04)	-	(7.54)	-
Minority interest in subsidiary	0.01	0.02	7.88	9.04				
Total Eliminations / Consolidation Adjustments	(2.60)	(3.05)	(1,648.24)	(1,111.57)	(9.34)	(7.69)	(1,648.24)	(1,111.57)
	<b>100.00</b>	<b>100.00</b>	<b>63,298.77</b>	<b>36,392.19</b>	<b>100.00</b>	<b>100.00</b>	<b>17,655.54</b>	<b>14,463.51</b>

### NOTE 47

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

### Signatories to Notes 1 to 47

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. Paarhipan**  
 Chairman

**Dr. Sridhar Ganesan**  
 Managing Director

Place : Chennai  
 Date : May 22, 2019

**Muralidharan D**  
 Chief Financial Officer

**Vinod Kumar S**  
 Company Secretary

# CAPLIN POINT LABORATORIES LIMITED

CIN: L24231TN1990PLC019053

Regd. Office: "Narbavi" No. 3, Lakshmanan Street, T Nagar, Chennai-600 017

PH: 044 28156653

e-mail : info@caplinpoint.net, website :www.caplinpoint.net

## NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the members of Caplin Point Laboratories Limited will be held on Thursday, September 12, 2019 at Sri Thyaga Brahma Gana Sabha (Vani Mahal) No. 103, G N Road, T. Nagar, Chennai -600 017 at 10.00 AM to transact the following businesses:

### ORDINARY BUSINESS:

#### 1. ADOPTION OF FINANCIAL STATEMENTS

To receive, consider and adopt the audited Standalone and Consolidated financial statements of the Company for financial year ended March 31, 2019 including the audited Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss of the Company for the year ended as on that date along with the reports of the Board of Directors and Auditors thereon.

#### 2. DECLARATION OF DIVIDEND

To declare Dividend of Rs. 2.20 (110%) per equity share of Rs. 2/- each for the financial year ended March 31, 2019.

#### 3. APPOINTMENT OF Mr. C C PAARTHIPAN AS A DIRECTOR LIABLE TO RETIRE BY ROTATION

To appoint a Director in place of Mr C C Paarhipan (DIN: 01218784), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 4. AMENDMENT OF OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to Section 4 and 13 of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including statutory modifications or re-enactment thereof for the time being in force), if any, subject to such terms, conditions, amendments or modifications if any, as may be required by the Registrar of Companies and any other appropriate authorities and agreed to by the Board of Directors, the consent of the members of the Company be and is hereby accorded for alteration of the Objects Clause of the Memorandum of Association ("MOA") of the Company such that the existing Clause III A, Clause III B and Clause III C of the MOA of the Company be altered by replacing and substituting the same

with the new clauses viz. Clause III (a) and Clause III (b) enclosed as an Annexure to the the notice convening the 28th Annual General Meeting.

**RESOLVED FURTHER THAT** Board of Directors be and is hereby authorized to undertake all such acts, deeds, matters, and things and to execute all such deeds, documents, and writing as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution and to settle any question, difficulty, or doubt that may arise in this regard.

#### 5. ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to Section 5 and 14 of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including statutory modifications or re-enactment thereof for the time being in force), if any subject to such terms, conditions, amendments or modifications if any, as may be required or suggested by the Registrar of Companies and any other appropriate authorities, the consent of the members of the Company be and is hereby accorded for replacement and substitution of the existing Articles of Association of the Company with the new Articles of Association as submitted to this meeting and the substituted Articles be adopted as the Articles of Association of the Company .

**RESOLVED FURTHER THAT** Board of Directors be and is hereby authorized to undertake all such acts, deeds, matters, and things and to execute all such deeds, documents, and writing as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution and to settle any question, difficulty, or doubt that may arise in this regard.

For and on behalf of The Board of Directors  
**C C PAARTHIPAN**  
Chairman

#### REGISTERED OFFICE:

"Narbavi" No. 3 Lakshmanan Street  
T Nagar, Chennai – 600 017  
CIN : L24231TN1990PLC019053

Place : Chennai  
Date : August 12, 2019

## 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 September 06, 2019 to September 12, 2019 for the purpose of Annual General Meeting and Dividend.
5. The Final Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before October 10, 2019 to those members, whose names appear in the Register of Members on September 06, 2019. 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 / Integrated Registry Management Services Private 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. Integrated Registry Management Services Private Limited. 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 28th 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 28th 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 Integrated Registry Management Services Private Limited at the following address: Integrated Registry Management Services Private Limited, II Floor, "Kences Towers", No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017, Phone: 044 - 28140801 – 803, Fax: 044 - 28142479. 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 / FIs / 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 Integrated Registry Management Services 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. Integrated Registry Management Services 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 Re-appointment as required under Regulation 36 (3) of SEBI(Listing Obligations & Disclosure Requirements) Regulations,2015 are provided as Annexure to this Notice
17. The Board has appointed Mr. G Ramachandran of M/s. G Ramachandran & Associates, Practicing Company Secretaries as the scrutinizer for conducting the e-voting Ballot process in a fair and transparent manner

#### 18. VOTING THROUGH ELECTRONIC MEANS

- I. In Compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting of the Company by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Monday, September 09, 2019 (9.00 AM) and ends on September 11, 2019 (5.00

PM). During this period members of the Company, holding the shares either in physical form or in dematerialised form, as on the cut of date of September 06, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on the resolution is cast by the member, the member shall not be allowed to change it subsequently.

- V. The procedure to login to e-Voting website consists of two steps as detailed hereunder:

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
2. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

3. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
4. Now, you will have to click on "Login" button.
5. After you click on the "Login" button, Home page of e-Voting will open.

#### Details on Step 2 is given below:

#### How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to Mr G Ramachandran, [ramgcs@gmail.com](mailto:ramgcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. 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 [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)



## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

### ITEM NO.4

In order to make the main objects of the Memorandum of Association more comprehensive with the updated technical terminology it has been decided to amend the object clause of Memorandum of Association and to include matters which are necessary for furtherance of main objects in Clause IIIA. It is proposed to delete the other businesses, which were earlier stated in "Other Objects" and not proposed to be carried out by the Company in the near future and also to make it in line with the Companies Act, 2013.

Accordingly, the existing Clause III A, Clause III B and Clause III C of the Memorandum of Association of the Company are proposed to be replaced by substituting and inserting Clause III A and Clause III B with new numbering of the clauses as per the Memorandum of Association as submitted before the meeting.

The Board of Directors at their meeting held on August 12, 2019 had approved (subject to the approval of members) the amendment in the Memorandum of Association of the Company as aforesaid .

In terms of Section 4 and 13 of the Act, the consent of the Members by way of Special Resolution is required for change in objects clause of the Memorandum of Association of the Company.

The Board recommends for approval by the members the resolution as set out at Item No. 4 of the Notice as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested in the resolutions, as set out at Item No. 4 of the Notice.

The Memorandum and Articles of Association of the Company is available for inspection in physical or in electronic form during specified business hours i.e. between 10:00 a.m. to 5:00 p.m. at the Registered and Corporate office of the Company and copies thereof shall also be made available for inspection in physical or electronic form at the Registered and Corporate office and also at the Meeting.

### ITEM NO.5

In order to make the Articles of Association of the Company in line with the Companies Act, 2013, it has been decided to adopt new set of Articles of Association.

The Board of Directors at their meeting held on August 12, 2019 decided (subject to the approval of members) to adopt a new set of Articles of Association in place of and to the exclusion of existing Articles of Association of the Company.

Pursuant to Section 14 of the Act, the consent of the Members by way of Special Resolution is required for alteration of AOA of the Company.

The Board recommends for approval by the members the resolution as set out at Item No. 5 of the Notice as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions, as set out at Item No. 5 of the Notice.

The Articles of Association of the Company is available for inspection in physical or in electronic form during specified business hours i.e. between 10:00 a.m. to 5:00 p.m. at the Registered and corporate Office of the company and copies thereof shall also be made available for inspection in physical or electronic form at the Registered and corporate Office and also at the Meeting.

The proposed new set of Articles of Association is available on the Company's website : [www.caplinpoint.net/investor/newaoa](http://www.caplinpoint.net/investor/newaoa) for perusal of shareholders.

For and on behalf of The Board of Directors  
**C C PAARTHIPAN**  
Chairman

### REGISTERED OFFICE:

"Narbavi" No. 3 Lakshmanan Street  
T Nagar, Chennai – 600 017  
CIN : L24231TN1990PLC019053

Place : Chennai  
Date : August 12, 2019

## ANNEXURE TO NOTICE

Details of Directors seeking 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
DIN	01218784
Date of birth	02.08.1952
Date of Appointment on the Board	16.04.1990
Qualifications	B A
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, China and African 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
Number of Shares held in the Company	1,41,67,192
List of Directorship or other position held in other Listed Companies	NIL
Chairman/ member in the committees of the boards of companies in which he is Director*	Chairman: NIL Member : Nil
Relationships, if any, with other Directors and KMP	None

\*Other than Caplin Point Laboratories Limited

## ANNEXURE TO THE NOTICE

### AMENDMENT TO OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION

#### CLAUSE III (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ARE:

1. To carry on the business as dealers, manufacturers, contractors and loan license manufacturers, agents, distributors of Drugs, Bulk Drugs and Pharmaceuticals of every description and application with indigenous and/or imported technology, pharmaceutical formulations like liquids, injectable, ophthalmic formulations capsules, tablets, powders, mixtures, antibiotics enzymes and fluids of every description, all intermediates and by-products of any of the above, surgical and health aids of varied nature like syringes, gloves, surgical & sanitary towels, napkins, Pharma based cosmetics.
2. To carry on the business as manufacturers, contractors and loan license manufacturers, distributors, dealers and agents analytical chemists in chemical and medicinal preparations, articles, compounds, surgical and scientific apparatus, equipment, appliances, instruments and medical engineering goods of varied descriptions and also to act as consultants in environment management systems.
3. To carry on the business as manufacturers, contractors and loan license manufacturers, dealers and distributors of fine chemicals, organic, inorganic and biochemical substances or formulation, alkalis, acids, bases, solvents, alcohols, ethers, aromatics etc., employing any process of halogenation, hydrogenation, sulphonation, nitration, oxidation, reduction, calcination, extraction, separation, distillation, dehydration, evaporation, condensation, crystallisation, ionisation, fermentation etc.
4. To conduct research, development, in all kinds of bulk drugs, pharmaceuticals of every description, and / or demonstrate, application, biotechnological and biochemical processes and perform contract research in order to contribute to innovative process technology development & Research on various pharmaceutical and other related products and to put in continuous efforts in discovering and developing new molecules as drugs in pharmaceutical, biotech, healthcare, agriculture, marine and industrial sectors, including development of products and applications in Anti-microbial screening, Clinical pharmacology, recombinant DNA products, genetic engineering products, healthcare products, herb and herbal related products, Ayurvedic and Unani products, therapeutics, diagnostic kits, vaccines, medicinal plants and extracts and active ingredients, industrial enzymes, biotech and medicinal formulations, nutrients, biopesticides, bioinsecticides, enzymes, animal feeds,

and biopolymers as well as bioinformatics, bioequivalence centre, genomics and proteomics and to create and licence technology / intellectual property rights for development of processes, products and services.

5. To develop, establish, maintain and aid in the development, establishment and maintenance of laboratories, research stations, containment facilities and programmes for the purpose of effecting improvement of all kinds of pharmaceuticals, Ayurvedic and Unani products, biotech products in medicine, animal feeds and to develop new biotech, pharmaceutical and other areas of product lines useful in pharmaceutical, healthcare, medicine and industry and also to enter into Collaboration with various Indian/ foreign Companies in the field of research in order to meet global challenges and to Conduct National/ International collaborative research in various pharma products, Ayurvedic and Unani products, curriculum and media development and to conduct study of sociological aspects of drug use and abuse and rural pharmacy, etc. including conducting programmes in pharmaceutical management.
6. To access, process, trade and transfer technology in the field of Life Sciences, Tissue Culture, Molecular Biology, Agro and Immuno Technology, Bioinformatics, Genomics, Proteomics, Research & Development , both basic and applied research as well as contract development in the above relevant fields and to distribute, market, sell or assign the intellectual property rights or the technology in respect of the products or processes or patented process, of the pharmaceuticals of every description, biotechnological and biochemical processes developed to any other individual, firm, body corporate for a lump sum payment, royalty, technical fees, know-how fees or any other fee etc.
7. To carry on the research and developmental activities to develop new products and substitute for imported products and to develop and maintain testing house and laboratory for own use and for others.
8. To establish, run and maintain hospitals, diagnostic centers, nursing homes, mobile medical service centers and any medical and healthcare institutions and to promote research and development in these areas.

#### CLAUSE III(B) MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE

1. To act as agents, distributors, stockiest, retailers, whole sellers, chemists, merchants and representatives of any pharmaceutical



companies, multinational companies, corporations or undertakings in India or abroad and to represent all or any of them as their approved representatives and agents in any hospitals, dispensaries, medical institutions, clinics, diagnostics centers, polyclinics and/or chemists, doctors and other medical professionals for sales, promotion of all or any of the items mentioned above in India and/or abroad.

2. To acquire and hold shares in any other company and to pay for properties, rights, or privileges acquired by this company, either in shares of the Company or partly in shares and partly in cash, or otherwise, and to give shares or stock of this Company in exchange for shares or stock of any other company or person.
3. To negotiate loans, draw, accept, endorse, discount, buy, sell and deal in bills of exchange, promissory notes, bonds, debentures, coupons and other negotiable instruments and securities.
4. To borrow or raise money and secure and discharge any debt or obligation of binding on the Company in such manner as may be thought fit, and in particular by mortgage of the undertaking and all or any of the immovable and movable property, (present or future) and the uncalled capital of the Company, or by the creation and issue, on such terms as may be thought expedient, of debentures or debenture stock, perpetual, or otherwise or other securities of any description.
5. To employ experts to investigate and examine into the condition, management, prospects, value, character and circumstances of any business, concerns and undertakings and generally of any asset, property or rights.
6. To give guarantees and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under any debentures, bonds, debenture stocks, mortgages, charges, contracts, obligations and securities and the payment of dividends and the repayment of the capital of stocks and shares.
7. To purchase, take on lease or in exchange, hire and otherwise howsoever acquire any immovable property or movable property, patents, licences, rights and privileges which the Company may think necessary or convenient for the purposes of its business and in particular any land, tenements, buildings and easements and to pay for same either in cash or in shares or securities and to sell, let, lease or under lease or otherwise, dispose of or grant right over any immovable property belonging to the Company.
8. To purchase or otherwise acquire, erect, maintain or reconstruct any buildings, offices, workshops, mills, plants, machinery and other things found necessary or convenient for the purposes of the Company.
9. To undertake and execute any trusts and also to undertake and execute the offices of Executor of the will of any deceased persons, administrators of any deceased persons, trustees for debenture holders or debenture stock holders of any Company and of Receiver, Treasurer, to appoint trustees, to hold securities on behalf and to protect the interests of the Company.
10. To open current or other accounts with any banks or merchants, to pay money into and draw money from such accounts.
11. To amalgamate, enter into partnership or make any arrangements for sharing profits, union of interests, co-operation, joint venture or reciprocal concession, or for limiting competitions with any individual, persons or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on.
12. To distribute any of the Company's property among the members in specie, subject to the provisions of the Companies Act, 2013 in the event of winding up.
13. To form, promote, subsidies, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding companies, syndicates, or partnerships of all kinds for the purpose of accepting and undertaking any property and liabilities of this Company, or for advancing directly or indirectly the objects thereof.
14. To acquire, purchase, takeover and/or amalgamate business of companies which under existing circumstances, from time to time, may conveniently or advantageously be combined with the business of the Company, to amalgamate with companies whose business are so acquired, purchased or taken over and/or to enter into agreement with the object of acquisition of such undertakings and/or business.
15. To invest in Government securities or in other securities including bills of exchange, acceptance, as may from time to time be determined by the directors and from time to time to sell or vary all such investment and to execute all assignments, transfer, receipts and documents that may be necessary in that behalf.
16. To sell, lease out and in any way or other manner deal with or dispose of the undertaking or property of the Company, or any part thereof, for such considerations as the Company may think fit, and in particular for shares, debentures and other securities of any other company having objects altogether or in part similar to those of the Company.
17. To pay all costs and expenses incurred or sustained in or about the promotion, incorporation and establishment of the Company, or which the Company shall consider to be preliminary out of the funds of the Company.
18. To sell, dispose of, or transfer the business, property and undertakings of the Company, or any part thereof, for any consideration which the Company may deem fit to accept.

19. To enter into partnership or into any arrangement for sharing profits, amalgamation, union of interest, co-operation or otherwise with any person/persons or company carrying on, or about to carry on or engaged in any business undertakings or transaction which the Company is authorised to carry on and to lend money to guarantee the contract s or otherwise assist any such person, firm or company, and to place, take or otherwise acquire and hold shares in any such company.
20. To establish and support or aid in or otherwise contribute to the establishment and support of associations, institutions, provident and other conveniences calculated to benefit employees or the ex-employees of the Company or its predecessors in business or the dependents of such persons and to grant pensions and allowances to make payment towards insurance.
21. To provide for the welfare of the directors, officers, employees and ex-directors, ex-officers, and ex-employees of the Company and the wives, widows and families of such persons, by building or contributing to the building or house, dwelling or chawls by grants of money, pensions, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident or other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institution and objects which shall have any moral or other claim to support and by the Company either by reason of locality of operation or of public and general utility or otherwise.
22. To donate, contribute, subscribe, promote, support or aid or otherwise assist, guarantee money to charitable, benevolent, religious, scientific, national, public or other institutions, funds or objects or for any public objects.
23. To assume such social responsibilities and obligations as may from time to time be decided depending upon the ideologies and social values prevalent at that time and to assist the Government in achieving its various socio-economic goals in any manner as may from time to time be decided.
24. To undertake and carry on and engage in executing all kinds of financial, commercial, trading, hiring, purchasing, selling, importing, exporting and other operations in connection with the above objects, either alone or in conjunction with any other business-house doing similar business, on its own or on a commission basis.
25. To generate, produce, buy, sell, resell, acquire, transmit, distribute, protect, supply or power plants, solar power plants, captive power plants and any other power plants based on any source of energy as may be developed or invented in future.



## CAPLIN POINT LABORATORIES LIMITED

CIN:- L24231TN1990PLC019053

Registered Office:- "NARBAVI", No.3, Lakshmanan Street, T.Nagar, Chennai – 600 017.

Ph:- 044-28156653

E-Mail:- info@caplinpoint.net, Website:-www.caplinpoint.net

CIN: L24231TN1990PLC019053

### FORM NO. MGT-11

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L24231TN1990PLC019053

Name of the Company: Caplin Point Laboratories Limited

Registered office: "NARBAVI", No.3, Lakshmanan Street, T Nagar, Chennai – 600 017

Name of the Member(s)	
Registered address :	
E-mail ID:	
Folio No./Client ID	
DP 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
1. Name : ..... Address : .....  
Email Id : ..... Signature : .....or failing him / her
1. Name : ..... Address : .....  
Email Id : ..... Signature : .....or failing him / her

As my / our proxy to attend and vote (on a poll) for me/us on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on Thursday, September 12, 2019 at 10.00 a.m at Sri Thyaga Brahma Gana Saba "VANI MAHAL" No. 103, G.N. Road, T. Nagar, Chennai – 600 017 and at any adjournment thereof in respect of the resolutions as indicated below :



S.No.	Ordinary Business
01	Adoption of Financial Statements.
02	Declaration of Dividend on equity shares
03	Appointment of Mr C C Paarthipan , who retires by rotation and being eligible , offers himself for re-appointment
S.No.	Special Business
04	Change in the object clause of Memorandum of Association
05	Adoption of New Set of Articles of Association

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

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.



**CAPLIN POINT LABORATORIES LIMITED**

CIN:- L24231TN1990PLC019053

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E-Mail:- info@caplinpoint.net, Website:-www.caplinpoint.net

CIN: L24231TN1990PLC019053

**FORM FOR ECS MANDATE**

To

M/S. Integrated Registry Management Services Private Limited.

Unit: CAPLIN POINT LABORATORIES LIMITED

IIInd Floor, Kences Towers,

No.1, Ramakrishna Street,

North Usman Street, T Nagar

Chennai – 600 017

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:

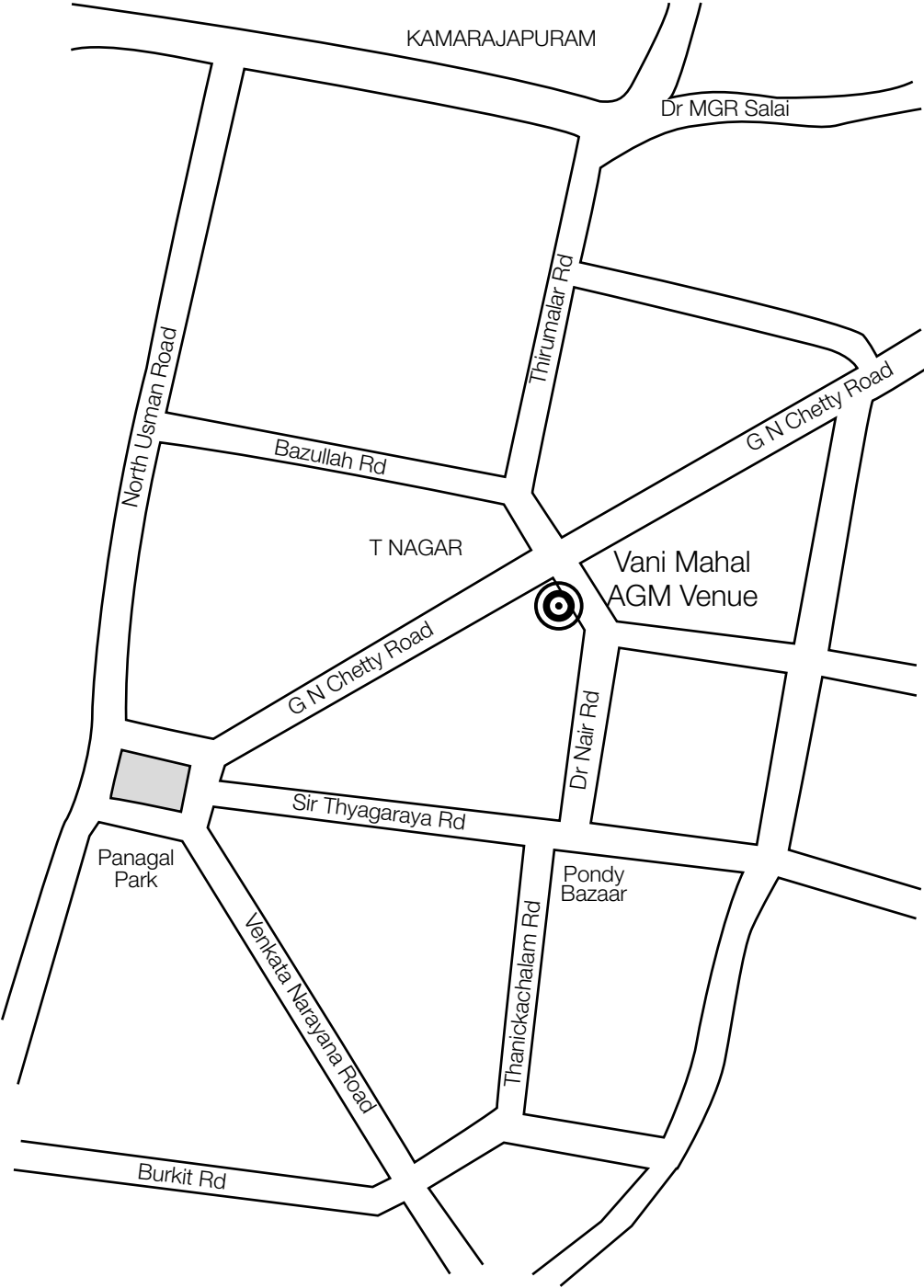
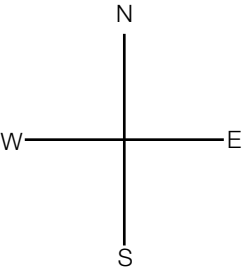
1	Name of 1st Registered holder (in Block Letters)	
2	Folio / DP ID / Client ID	
3	Name of the Bank	
4	Name of the Branch	
5	Account No. (as appearing on the cheque book)	
6	Account Type (Savings / Current / Cash / Credit)	
7	9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued 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]



AGM HALL ROUTE MAP



# Corporate information

## Board of Directors

Mr. C. C. Paarthipan, *Chairman*

Dr. Sridhar Ganesan,  
*Managing 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. D Sathyanarayanan

## 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.43,  
Vijayaraghava Road, T. Nagar,  
Chennai - 600 017.

## Bankers

**The Catholic Syrian Bank Ltd**

No. 826, Tarapore Towers,  
Mount Road, Chennai - 600 002.

## Registered Office

'NARBAVI', No.3, Lakshmanan  
Street, T Nagar,  
Chennai - 600 017.  
Ph No: 044 2815 6653

## Corporate Office

Ashvich Tower, 3rd Floor,  
No. 3, Developed Plots Industrial  
Estate, Perungudi,  
Chennai - 600 096.  
Ph No: 044 2496 8000

## Factories

### UNIT I

85/3, Suthukeny Village,  
Mannadipet Commune  
Panchayat,  
Puducherry - 605 502.

### UNIT III

Plot No. 44, 8th Avenue,  
Domestic Tariff Area,  
Mahindra World City,  
Chengalpattu Taluk,  
Kanchipuram District - 603 004.

### UNIT VI

4th Floor, Plot No. 95 & 96,  
Road No. 9,  
ALEAP Industrial Estate,  
Gajularamaram Village (PO),  
Qutbullapur Mandal,  
Near Pragatinagar,  
Hyderabad - 500 090.

## Research & Development

### UNIT II

No.19, Chinnapuliur Village,  
Sirupuzhalpettai (Post),  
Gummidipoondi Taluk,  
Tamil Nadu - 601 201.

### UNIT VII

Ashvich Tower, 1st Floor,  
No. 3, Developed Plots Industrial  
Estate, Perungudi,  
Chennai - 600 096.

## Subsidiaries

### Caplin Steriles Limited

'NARBAVI',  
No. 3, Lakshmanan Street,  
T Nagar, Chennai - 600 017.

### Argus Salud Pharma LLP

'NARBAVI',  
No. 3, Lakshmanan Street,  
T Nagar, Chennai - 600 017.

### Caplin Point Far East limited

609, 6th Floor, Hong Kong Plaza,  
188 Connaught Road West,  
Hong Kong

### Caplin Point Laboratories Colombia SAS

CR 15 No. 93-75 Oficina 408  
Colombia

## Stock Exchanges where shares of the Company are listed

National Stock Exchange of India  
Limited (NSE)

BSE Limited (BSE)

## Registrar and Transfer Agent

**M/s. Integrated Registry  
Management Services Private  
Limited**

Unit: Caplin Point  
Laboratories Ltd.  
II Floor, "Kences Towers" No.1  
Ramakrishna Street,  
North Usman Road,  
T Nagar, Chennai - 600 017.

Phone: 044 2814 0801 - 803

Fax: 044 2814 2479

E-mail: csdstd@integratedindia.in

## Website & E-mail

[www.caplinpoint.net](http://www.caplinpoint.net)

[investor@caplinpoint.net](mailto:investor@caplinpoint.net)

[info@caplinpoint.net](mailto:info@caplinpoint.net)

## Corporate Identification Number (CIN)

L24231TN1990PLC019053

### Disclaimer

Statements in management discussion and analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operation include among others, economic conditions affecting demand/supply and price conditions, variation in prices of raw materials, changes in governmental regulations, tax regimes, economic developments and other incidental factors.



**Registered Office:**

"NARBAVI", No. 3, Lakshmanan Street,  
T. Nagar, Chennai - 600 017, Tamil Nadu, India  
Phone: +91 44 2815 6653