



**CAPLIN POINT**  
**LABORATORIES LTD.**

**CIN : L24231TN1990PLC019053**

**Regd. Off. : "NARBAVI", No.3, Lakshmanan Street, T. Nagar, Chennai - 600 017. Tamil Nadu, India. Phone : +91 44 28156653, 28156905  
Fax : +91 44 28154952 E-mail : info@caplinpoint.net Website : www.caplinpoint.net**

**22.09.2017**

**BSE Limited**  
**Department of Corporate Relationship**  
**1<sup>st</sup> Floor, New Trade Ring, Rotunda Building,**  
**Phiroze Jeejeebhoy Towers**  
**Dalal Street, Mumbai- 400001**  
**Scrip Code : 524742**

**By BSE Listing**

**National Stock Exchange of India Ltd.,**  
**Department of Corporate Services**  
**Exchange Plaza, 5<sup>th</sup> Floor,**  
**C-1, Block G,**  
**Bandra Kurla Complex,**  
**Bandra (E)**  
**Mumbai – 400 051**  
**Scrip Code : CAPLIPOINT.**

**By NEAPS**

Dear Sirs,

**SUB: ANNUAL REPORT 2016-17**

Pursuant to regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith enclose the soft copy of the Annual Report for the financial year 2016-17 which was duly approved and adopted by the Members of the Company at their meeting held on September 21,2017.

Kindly take the same on your records.

Thanking You,

**Yours Faithfully,**  
**For Caplin Point Laboratories Limited**

  
**Company Secretary**  
**Enclosure: As Above**

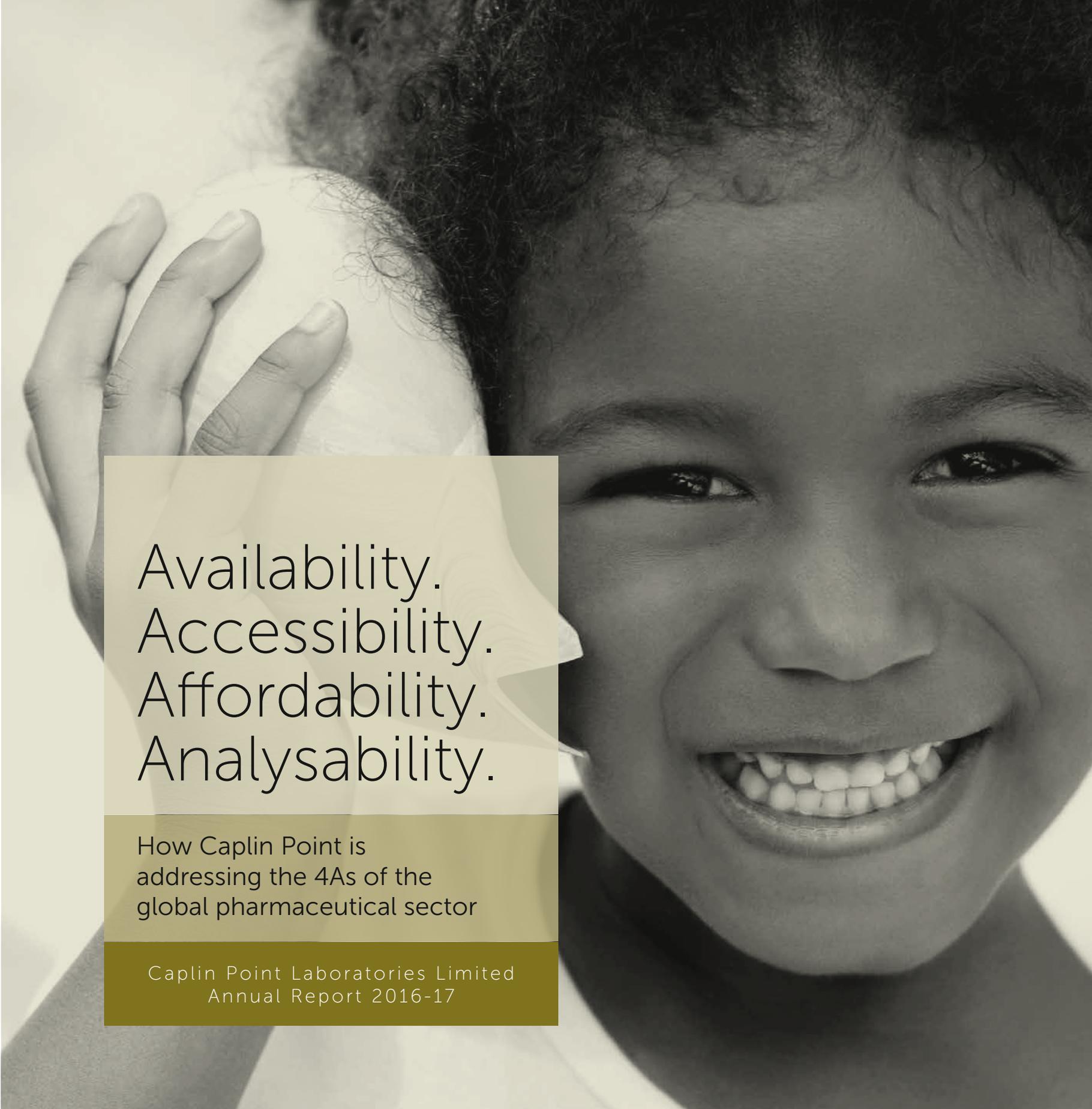
**Unit I : No: 85/3, Suthukeny Village, Mannadipet Commune, Puducherry - 605 502. Ph.: +91 413 2674046 / 4047**

**Unit II : No.19, Chinnapuliur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Thiruvallur District. Pincode - 601 201. Ph.: +91 44 27900901**

**Unit III : KHASRA No.435,Village Suraj Majra, N.H. No.21,Baddi, Teh. Nalagarh, District Solan, Himachal Pradesh – 173205. Ph.: +91 1795 245512**

**Unit IV: Survey No.: 895 & 897, Guruvarakandigai, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Thiruvallur District, Pincode – 601 201.**

**Ph.: +9197884 59333/69333**



Availability.  
Accessibility.  
Affordability.  
Analysability.

How Caplin Point is  
addressing the 4As of the  
global pharmaceutical sector

Caplin Point Laboratories Limited  
Annual Report 2016-17

# STRATEGIC REPORT

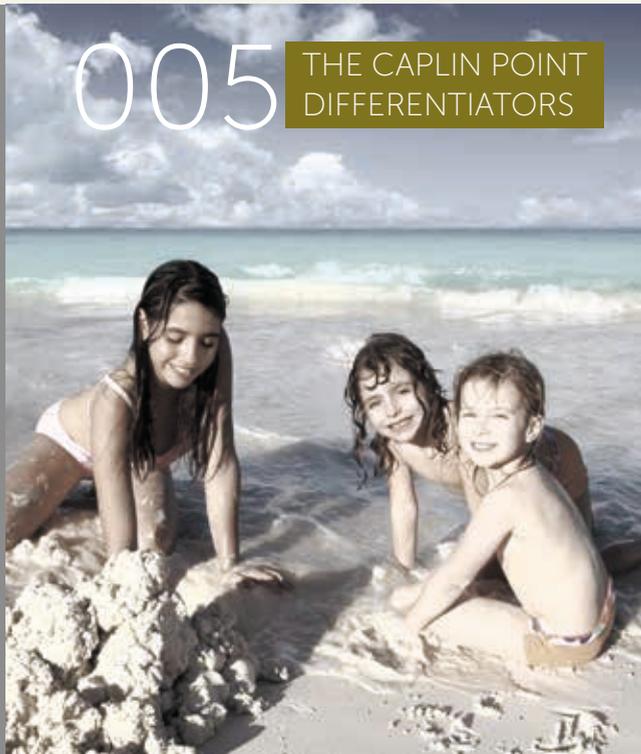
## Forward-looking information

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion on future performance.

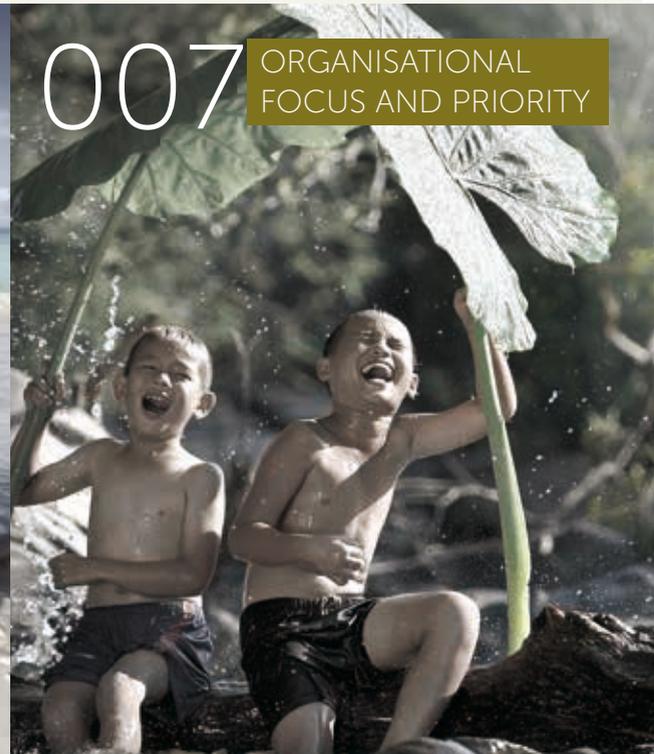
We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

The financials reported by the company for 2016-17 is for a period from 1 April 2016 to 31 March 2017. To facilitate a faithful comparison with the performance of the previous financial of 2015-16 (9 months), the company has selected to annualise the numbers of 2015-16 wherever applicable.

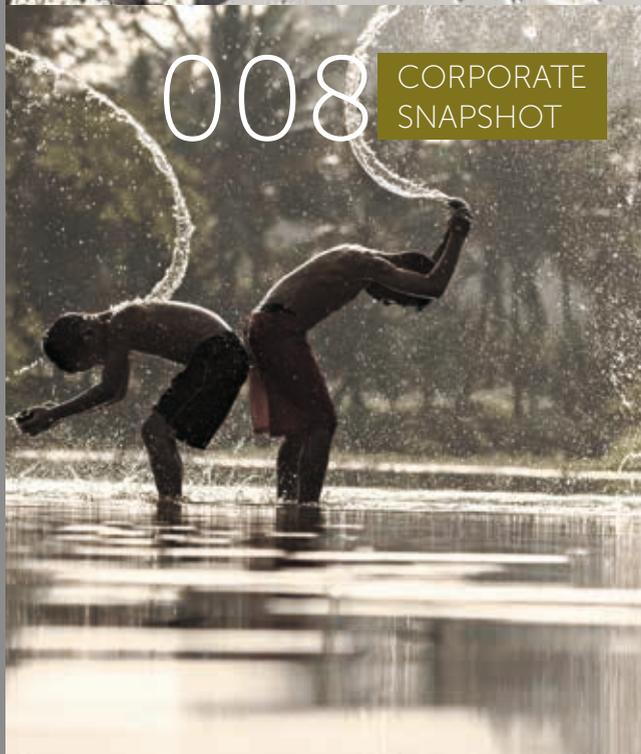
005 THE CAPLIN POINT DIFFERENTIATORS



007 ORGANISATIONAL FOCUS AND PRIORITY



008 CORPORATE SNAPSHOT



012 CHAIRMAN'S OVERVIEW





## 016 FINANCIAL HIGHLIGHTS



## 018 MANAGING DIRECTOR'S REVIEW



## 025 HOW WE ARE ENHANCING VALUE IN OUR BUSINESS

### STATUTORY REPORT

Management discussion and analysis.....	029
Directors' Report.....	036
Corporate Governance.....	063
Standalone Auditors' Report.....	076
Standalone Balance Sheet.....	082
Standalone Profit and Loss Account.....	083
Standalone Cash Flow Statement.....	084
Standalone Notes to Accounts.....	086
Consolidated Auditors' Report.....	110
Consolidated Balance Sheet.....	114
Consolidated Profit and Loss Account.....	115
Consolidated Cash Flow Statement.....	116
Consolidated Notes to Accounts.....	118
Notice.....	141





AT CAPLIN POINT,  
WE BELIEVED THAT  
IF WE DID THE  
USUAL THINGS, WE  
WOULD CREATE A  
USUAL, ROUTINE AND  
MUNDANE COMPANY.

This annual report is not as much about our revenues, margins and profits of today.

As much about how we have invested proactively to provide comprehensive trade, patient and doctor solutions for patients tomorrow.

This report is not as much about where we stand today as much about how we are positioned for tomorrow through a state of the art FDA-approved plant that will provide a product range most in shortage (injectables) to address the growing needs of the largest pharmaceutical market in the world.

This report is not about how we are addressing the apex of the product pyramid as much about how our strategy will make it possible to provide an anytime availability of affordable medicines most proximately for the largest number of patients through an analysis of who purchased what, when and where, making us a futuristic company.

This then is not a review document of the past; it is really an insight into how we are building the Caplin Point of the future.



## THE CAPLIN POINT DIFFERENTIATORS

01

*Most pharmaceutical companies focused on manufacturing products.*

We focused (until now) on getting medicines to patients in the shortest time at the lowest cost instead.

02

*Most companies focused on marketing products to generate the highest realisations.*

We focused on marketing pharmaceutical products where they were most needed.

03

*Most pharmaceutical companies focused on the most popular markets.*

We focused (until now) on entering markets largely overlooked.

04

*Most pharmaceutical companies stayed with a successful strategy.*

We graduated from emerging markets to a strategy that addresses the most advanced pharmaceutical market of the world. (USA).

05

*Most pharmaceutical companies addressed opportunities corresponding to their size and standing.*

We punched above our weight to address the niche injectables segment in USA, a space generally addressed by larger players.

06

*Most pharmaceutical companies focused on markets with existing robust offtake.*

We focused on markets where we would play the role of demand catalyst.

07

*Most pharmaceutical companies focused either on affordability, availability or accessibility.*

We focused on each of these – plus analyzability, resulting in an informed understanding of disease trends.

## FOR DECADES, GLOBAL RETAIL PHARMACEUTICAL MARKETS WERE DRIVEN BY THE 3AS OF BUSINESS. AVAILABILITY. ACCESSIBILITY. AFFORDABILITY.

If you made products that were available off the shelf, if you provided these products proximate to population clusters and if you made them affordable, you could potentially be successful for years.

## A FOURTH DISRUPTIVE FACTOR HAS EMERGED. ANALYSABILITY.

Suddenly, the 3As of business success are not enough. There is a growing premium being paid for the knowledge of who bought what, when, where and how often. There is a growing feeling that companies that possess this knowledge (in addition to the 3As) will emerge as the enduringly profitable companies of tomorrow.





CAPLIN POINT  
AND THE

# 4As

OF THE  
PHARMACEUTICAL  
SECTOR

**Reality:** The European Union, North America and Eastern Europe/ Central Asia enjoy a GDP per capita two-and-a-half to five times the global average.

Sub-Saharan Africa and South Asia have a GDP per capita equivalent to just an eighth of the global average.

**Affordability:** Caplin Point is leveraging its established cost leadership to provide affordable medicines widening the market and its corresponding share.

**Reality:** Total health expenditures in USA accounts for 17.1% of GDP.

In a country like Equatorial Guinea, it accounts for just 3.8% of GDP.

**Availability:** Caplin Point is working closely with pharmacists and trade intermediaries in the regions of its presence to ensure that medicines that are prescribed by physicians are in stock just when consumers need them.

**Reality:** In affluent countries, 6.8 out of 1,000 children die before their fifth birthday.

In low-income countries, this number is 76.1 out of 1,000 children.

**Accessibility:** Caplin Point is working with trade partners to ensure that medicines are available proximate to patients.

**Reality:** Life expectancy is around 81 years in high-income countries.

Life expectancy is around 61 years in low-income countries.

**Analysability:** Caplin Point is investing in cutting-edge technologies to address the last frontier – an understanding of patient and offtake trends leading to informed marketing that makes it possible to enhance life expectancy.

*Source: World Bank, 2016*

## A SNAPSHOT

# CAPLIN POINT IS ONE OF THE MOST EXCITING COMPANIES TO HAVE COME OUT OF THE INDIAN PHARMACEUTICAL INDUSTRY.

The sector grew 15 per cent in 2016-17; Caplin Point grew revenues 30 per cent.

The sector is competitive; Caplin Point reported higher-than-average margins.

The sector is challenging; Caplin Point delivered free cash in 2016-17.

### Vision

Caplin Point aims to create new niches in the markets of our presence to ensure our current foothold remains strong and our product portfolio, innovative. Looking ahead, we envisage implementing our unique business model across the globe to ensure everyone has access to quality medicines at affordable prices.

### Mission

Innovate constantly to change the rules of the game and not merely compete in the game because it is innovation that distinguishes a leader from a follower.

### History

Caplin Point was established in

1990 to manufacture a range of ointments, creams and other external applications. The company got listed in 1994; its IPO proceeds were deployed in a manufacturing facility in Pondicherry. The Company ventured into the emerging markets of Africa, Latin America and The Caribbean.

### Management

Caplin Point is headed by Mr. C. C. Paarhipan (Chairman), Dr. Sridhar Ganesan (Managing Director) and Dr. Philip Ashok Karunakaran (Head – Technical), who, in turn, are supported by a competent managerial team.

### Certifications

Caplin Point is a quality-driven producer. The company's CP4

facility has been certified by USFDA, ANVISA (Brazil) and EU-GMP (European Union).

### Presence

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

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

### Dosage forms

The Company caters to the entire spectrum of pharmaceutical formulations, covering the following dosage forms:

- Tablets
- Capsules
- Injections – powder, liquid and lyophilized
- Soft gel capsules
- Ophthalmic
- Inhalers
- Suppositories and ovules
- Liquid and dry syrups
- Topicals

## Major accreditations

**US-FDA:** Caplin Point was approved by US FDA in 2017 for sterile liquid injectables, which provides access to the largest market in the world – US.

**EU-GMP:** Caplin Point received the EU-GMP approval in July 2015 for its sterile injectables factory in Gummidipoondi Tamil Nadu, which provides the Company with the opportunity to cater to the large EU market.

**ANVISA:** Caplin Point received ANVISA approval in August 2015 which allows it to enter the Brazilian pharmaceutical market.

**INVIMA:** Caplin Point received approval from Colombia through a mutual recognition policy with EU, for the injectable plant.

## AWARDS

- Listed among Forbes Asia's '200 Best under a Billion' in 2014
- Listed among Forbes Asia's '200 Best under a Billion' in 2015
- Listed among Forbes Asia's '200 Best under a Billion' in 2016

Caplin Point is the only Indian company to be listed all three years on this list

## FACILITIES

### CP-I

**Location:** Suthukeny, Pondicherry

**Function:** A state-of-the-art facility rolling out batches of tablets, capsules, liquid orals, dry powder, soft gels, penem injections and suppositories

### CP-II (R&D)

**Location:** Gummidipoondi, Tamil Nadu

**Function:** A dedicated pharmaceutical R&D facility engaged in the development of safe and effective formulations for emerging

markets. This facility is approved by DSIR.

### CP-IV

**Location:** Gummidipoondi, Tamil Nadu

**Manufacturing:** Specialises in the manufacture of pharmaceutical formulations in injectable dosage and ophthalmic drops. CP-IV also has a DSIR-approved in-house R&D facility dedicated to the development of injectables and ophthalmics for the fully regulated markets of US and EU, among others.



## CAPACITIES

1000

Tablets (million)

400

Capsules (million)

35

Vials of liquid  
injections (million)

30

Ampoules of liquid  
injections (million)

12

Ophthalmic units  
of liquid injections  
(million)

170

Soft gels (million)

12

Suppositories (million)

6

Bottles of liquids  
(million)

12

Vials of penems  
(million)



At Caplin Point, we are a small company with large dreams. Over the last decade, we transformed our smallness into an advantage: we worked on our evident handicaps and explored alternative strategies.

And that has made the critical difference in growing a small company with one of the consistently fastest growth rates in India's pharmaceutical sector.

The big message that I wish to communicate is that Caplin Point is at another inflection point in its existence: even as our Latin American and Caribbean pharmaceutical marketing business was consistently generating predictable revenues and was likely to have done so across the foreseeable future, the company selected to disrupt the operating model.

The result is that the company now stands at an attractive juncture that could have long-term implications for its pride, positioning and profitability.



## CHAIRMAN'S OVERVIEW

At Caplin Point, we are addressing the markets of the future through a four-pronged strategy.

### ► **One, technology**

**Overview:** There is a growing recognition that the largest, most profitable and most sustainable pharmaceutical companies in India are inevitably those that market a large volume of products in the regulated markets. These products usually address relatively under-penetrated and under-crowded spaces that

provide superior realisations and respect.

**Our understanding:** At Caplin Point, we recognized that even as we marketed products in Latin America and Africa, the vision of the company was to expand into the niche segment (injectables) of the regulated markets. The company deployed healthy accruals generated from the marketing-driven business segment in building assets to increasingly manufacture products within to address existing markets and widen our value chain while concurrently investing in practices that would prepare the company for entry into the US market.

**Our response:** The company has emerged as the only company of its size to be engaged in the manufacture of

liquid injectables addressing the US regulated market. The plant received confidence-enhancing regulatory clearances from some of the most demanding global agencies like USFDA, ANVISA and EU-GMP. The company is presently engaged in filing dossiers, strengthening its pipeline. The company intends to address niches with a healthy mix of complex and simple injectable ANDAs that could generate volumes on the one hand and attractive margins on the other, an effective volume-value play. The company possesses the resources to sustain the annual cost of staying in this business (estimated at around ₹60 crore per annum) before exports can commence to the US market.

THE COMPANY IS ENGAGED IN TWO PRINCIPAL INITIATIVES – ITS PROGRESSIVE RETAILISATION IN LATIN AMERICA, CARIBBEAN AND THE FILING OF ANDAS FOR THE US MARKET.

► **Two**, clinic and pharmacy automation

**Overview:** At Caplin Point, we believe that the last mile to the customer represents the last frontier. Over the last few

decades, a disproportionate amount of industry attention has been invested in manufacturing products that companies feel would be required by consumers. As long as markets were large and disease profiles not finely defined, this approach worked; however, with the profiling of disease profiles now being more clearly defined and medical practitioners relying on diagnostics to prescribe more precisely, the one reality is that the number of SKUs has increased significantly in the last few years.

The growth in disease profiles, prescriptions and SKUs has created a challenge for the pharmaceutical industry. There is a greater premium on the need to comprehend what is precisely selling in the market as an indicator of the direction of disease profiles and prescription trends. Should this information be easily accessible, it could guide manufacturing companies to modify their product mix; similarly this precious information could guide marketing companies to enrich their product basket and correspondingly encourage pharmacists to alter their stocking.

**Our understanding:** At Caplin Point, we believe that this data represents the new oil; companies with access to extensive and immediate market

HOW WE STRENGTHENED OUR BUSINESS IN 2016-17

5%

Percentage of branded products in Caplin's product portfolio, 2011-12

25%

Percentage of branded products in Caplin's product portfolio, 2016-17

15%

Pharmacy penetration in the markets of our presence in 2011-12

95%

Pharmacy penetration in the markets of our presence in 2016-17

data are more likely to alter their strategies with speed and carve away a disproportionate share of consumer recall and market share.

**Our response:** The company is partnering a unique software development provider to design an unprecedented business automation service for the benefit of pharmacists, most of whom are not computerized and rely only on manual accounting to run their businesses. By providing a service completely free to more than 3000 pharmacists across the Latin American markets of our presence, we believe that most of these last mile partners would be able to strengthen their accounting, MIS and business understanding.

Interestingly, this service will achieve something far-reaching for Caplin Point. When you have data belonging to one pharmacist, it would be of value to the pharmacist and to the company for a better understanding of its relationship with the former. But when you aggregate the data across a few thousand pharmacists, what you can potentially derive is something more profound: an understanding of lifestyle disease trends, an understanding of which districts suffer an incidence of what disease, a knowledge of evolving disease profiles and an insight into the prescription

writing patterns of medical practitioners.

As an extension, the company intends to partner software companies who can automate clinics as well, which could provide a deep insight into prescription trends that could be subsequently analysed for early-sign readings into disease outbreaks, inspiring proactive merchandising and marketing.

This forward-looking investment in data analytics will fundamentally shift our customer understanding: from someone engaged with us in a transaction into one around whom a relationship can be potentially forged. Besides, this could also enhance a better understanding of the

marketplace: the insight will make it possible to read trends quicker, provide products faster and empower our pharmacist partners to stock products being increasingly prescribed.

For long, our last mile trade partners were the only providers of information of market offtake to; we provided what they advised and sought. The time has come for us to reverse the paradigm; through the use of analytics drawn from our collective understanding of last mile realities across a large number of pharmacists, we are optimistic of advising pharmacists of how they may need to evolve their stocking. The result is that we expect to evolve from marketing products

to enhancing value for the entire eco-system.

Besides, we are partnering with a company to create a health care portal that will automate and simplify practice management, empowering doctors to focus on their core competence of treating and caring for patients. The portal will help doctors generate digital health records for patients, a convenient way for doctors to manage patient files (clinic notes, medical imaging files, prescriptions and invoices). This superior clinic management with a unified interface will make it possible to manage appointments bookings, billing and inventory.

This portal will make it convenient for our customers to order through the portal; the portal, in turn, will provide attractive schemes and incentives that enhance its use. We believe that our ability to aggregate volumes from existing and intending users will, in turn, make it possible for us to provide a larger volume at lower prices or better terms of trade. Through use of the cutting-edge technology, we are optimistic that we will be able to capitalize on inefficiencies from within the system, enhance product affordability and help widen market share.

### ► **Three**, enhancing retail value

**Overview:** At Caplin Point, we believe that a quiet revolution is transpiring in the marketplace. As people earn more, they are aspiring to a better life quality. One of the pillars of this enhanced life quality is enhanced access to a wider and better range of medicines.

**Our understanding:** This access to wider and better medicines is drawing attention to the health of pharmacies across the markets of our presence. Most of these pharmacies are small, managed by families, manually structured, largely unorganized and without access to modern tools or technologies. For decades, it was assumed that no major improvement could transpire at the retail end. There is a growing recognition that local pharmacies serve as more than a gateway for the sale of medicines; they enjoy enduring relationships with a loyal customer base; this loyalty can translate into the offtake of a wider number of products beyond medicines, only if the pharmacists stocked them.

**Our response:** At Caplin Point, we possess a long-standing presence across countries in Latin America, we possess deep consumer insights, we enjoy enduring relationships with trade partners and we possess engagements with

## PRODUCT LAUNCHES

2011-12

67

2012-13

28

2013-14

22

2014-15

50

2015-16

69

2016-17

77

complementary product manufacturers and distributors (wellness, for instance) that could be used to widen our product basket. Besides, we possess a debt-free Balance Sheet that could be leveraged to stock wider merchandise. We believe that the extension from core medicines to complementary products represents the next big opportunity as incomes and aspirations rise in Latin America. This evolving priority is likely to help us create 'shop in shops' among the pharmacists we work with, strengthening our income profile: the proportion of revenues generated from distributors is expected to decline from 70 per cent of our overall turnover to 60 per

cent, even as the promotion of direct sales to pharmacies is likely to increase from 20 per cent to 30 per cent across the foreseeable future. In a future-facing initiative, the Company created a Hong Kong subsidiary to outsource wellness and pharmacy-related products from China.

As an extension of this model, the company could seek to grow inorganically through the acquisition of brand marketing companies that enjoy access to a large number of customers and markets, making it possible to 'acquire' quality relationships that makes it possible to understand market realities deeper and scale the business faster.

#### ► **Four**, strengthen cash flows

**Overview:** There is a growing conviction that the value of retail businesses will no longer be measured only by market reach, consumer loyalty and merchandising bandwidth; it will need to be unambiguously measured by Return on Capital Employed, quicker inventory turns and growing profits for last-mile pharmacists; in turn, there is a growing premium on the need for principal companies to be large, liquid and profitable.

**Our understanding:** Over the last number of years, we strengthened our cash flows through strategic clarity: rather than invest only in captive manufacturing assets to grow our presence in the generics segment that would address sales in Latin America, we selected also to outsource the highest quality of generic products from one of the largest and most respected pharmaceutical companies in China. The company negotiated attractive terms of trade – credit period from the seller and advance from the trade intermediary in Latin America – that resulted in a rare instance of negative working capital if fixed investments are segregated from the Balance Sheet. The creation of an attractive surplus was prudently invested in the CP4 unit for

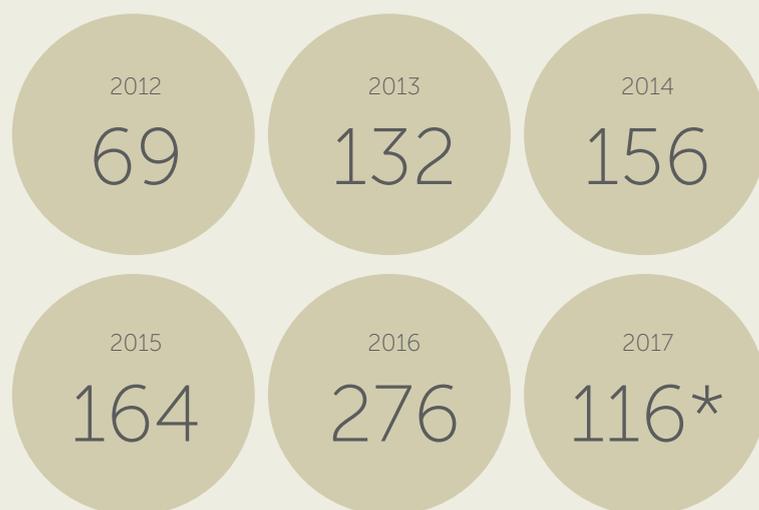
the manufacture of injectables for the regulated US market. We wish to communicate that such an investment is time- and cash-consuming; the company invested ₹110 cr in this facility (including assets) off Chennai completely through accruals; besides, it maintained this unit prior to the US market entry in 2019 through an operating expenditure of about ₹60 cr per annum.

**Our response:** Going ahead, the company is engaged in two principal initiatives – its progressive retailisation in Latin America and the filing of ANDAs for the US market. The company believes that it possesses adequate resources from its existing cash flows to invest in growing its retailer-focused business on the one hand coupled with the possibility of generating attractive revenues, margins and surpluses in a sustainable way. The availability of this surplus will be used to fund the gestation period before the company is able to launch products in the US market, which could prove to be a game-changer in its perception and profitability.

---

CC Paarthipan  
Chairman

## PRODUCT REGISTRATIONS



\*upto July 2017

## TRACK RECORD

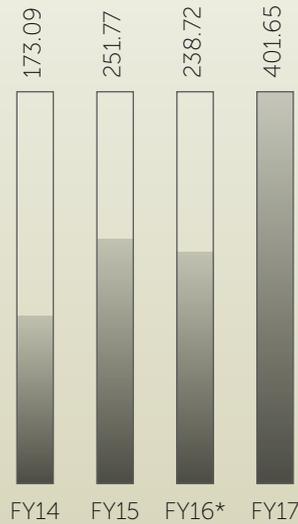


How we enhanced value in the last few years\*

(\*For growth percentage, the numbers have been annualized. All figures are on a consolidated basis)

Higher revenues  
**+162.93 cr**

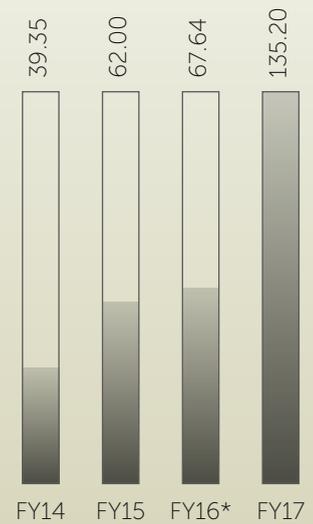
Revenues (₹/cr)



\*For 9 months period and year ended 31 March 2016

Growing profits  
**+67.56 cr**

EBIDTA (₹/cr)



\*For 9 months period and year ended 31 March 2016

### Definition

Sales growth without deducting excise duties.

### Why we measure

This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

### Performance

Our aggregate operating revenues increased 30 per cent to ₹401.65 cr in FY 17, which compared favourably with the 15 per cent growth of the country's pharmaceutical sector.

### Value impact

Creates a robust growth engine on which to build profits

### Definition

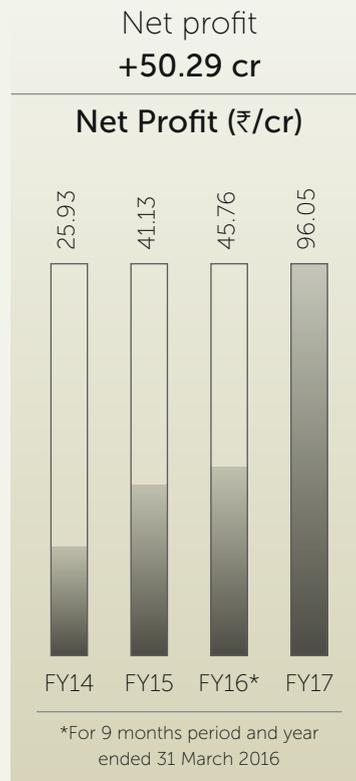
Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

### Why we measure

It is an index that showcases the company's ability to optimize business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

### Performance

The company's EBIDTA grew every single year through the last 14 years. The company reported a 55 per cent increase in its EBIDTA in FY 17 – an outcome of painstaking efforts of its team in improving operational efficiency.



**Definition**

Profit earned during the year after deducting all expenses and provisions.

**Why we measure**

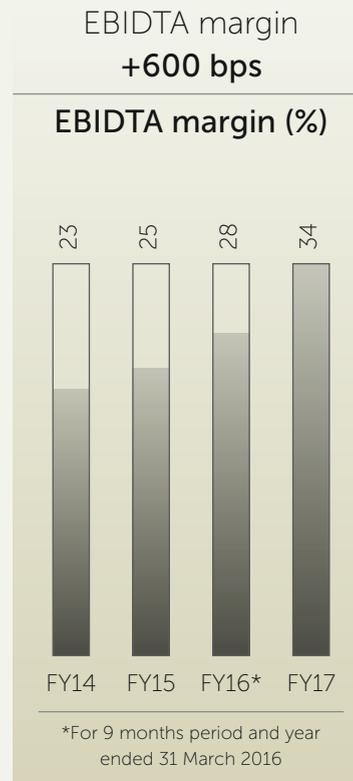
It highlights the strength in the business model in generating value for its shareholders.

**Performance**

The company's net profit grew every single year through the last 14 years. The company reported a 64 per cent increase in its Net Profit in FY17 reflecting the robustness of the business model in growing shareholder value despite external vagaries.

**Value impact**

Adequate cash pool available for reinvestment, accelerating the growth engine



**Definition**

EBIDTA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. Higher the operating margin, better for the company.

**Why we measure**

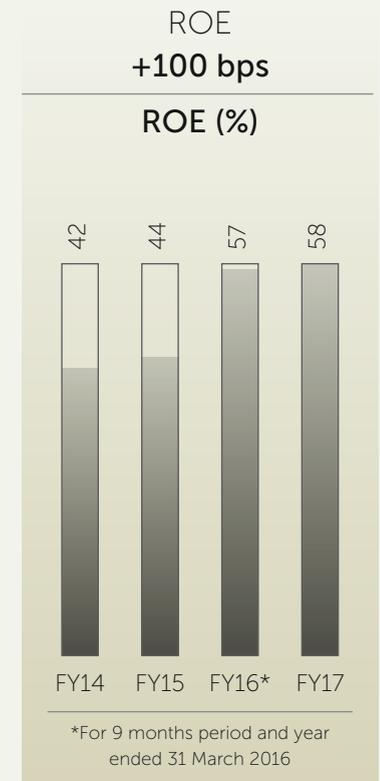
The EBIDTA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

**Performance**

The company reported a 600 bps increase in EBIDTA margin in FY17. This was the result of enriching its product basket with superior products and higher improved operating efficiency across the business.

**Value impact**

Demonstrates adequate buffer in the business, which when multiplied by scale, enhances surplus



**Definition**

Return on Equity (ROE) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

**Why we measure**

ROE is best used to compare performance of companies in the same industry.

**Performance**

The company reported ROE of 58 per cent in FY 17 – a showcase of prudently investing every rupee in profitable spaces that generate higher returns for shareholders.

**Value impact**

High ROE can potentially drive valuations and perception (on listing)

# The Managing Director's operational review



**Q Was the Caplin Point management pleased with the working of the company during the year under review?**

---

The company was pleased with the working of the company during the year under review for some good reasons. Let us start with the financial: the company reported profitable growth for the 14th successive year: revenues increased 30 per cent and profit after tax strengthened by 64 per cent. I am also pleased to report that the company reported 18 successive quarters of growth in revenues by the end of 2016-17 with consistent growth in net profit. This conclusively demonstrates that the company continued to strengthen its business model during the year under review. The result is that even as the Indian pharmaceutical sector grew 15 per cent during the year under review, the company's revenues strengthened 30 per cent.

**Q One of the first things that shareholders and analysts are likely to ask are the reasons for this sustained growth and outperformance.**

---

At Caplin Point, we have generally surprised skeptics for an interesting reason: rather than be apologetic about our smallness, we believe that this provides us with the advantage of speed and flexibility. The result is that we are quicker to respond to changes in marketplace dynamics; since we do not possess a considerably large access to resources, we have responded innovatively in the face of challenges; since we have a fierce growth ambition, we recognize that the key to sustainable growth lies in relative asset-lightness (which has not been compromised despite access to resources); we were a loss-making company more than a decade ago, prioritizing the need for

security over speed. The big message: we may have been small but we continued to be a different kind of pharmaceutical company. I am happy to state that this differentiation in our business model was validated by Forbes Asia, which ranked our company for three successive years among Asia's 200 Best Under a Billion companies (2014, 2015 and 2016).

**Q The company derived a good percentage of its revenues from the retail marketing of pharmaceutical products; from Latin America and The Caribbean. How did this business perform?**

---

This retail business served through distributors in Latin America and The Caribbean continued to be one of the mainstays of the company's competitiveness and revenues. The company continued to build on its robust strategic foundation: the company sampled prevailing demand, invested in manufacturing of niche product segments, outsourced common products from the largest and best pharmaceutical product manufacturers in China, occupied a growing proportion of pharmacist retail shelves, increased the proportion of revenues from direct supply (circumventing

trade intermediaries), marketed against advances and built a robust and liquid business model.

I am pleased to report that we could generate good growth in revenues from these markets through three ways: we increased our footprint especially in all the countries we are operating in and we accounted for a larger share of the pharmacist wallet through the supply of wider merchandise. This increase was achieved without a compromise of our trade terms; the result is that this strengthened our overall margins on a larger sales throughput that made it possible for us to amortise costs more effectively.

**Q In what other way (apart from partnering a health care portal software company, which has been covered extensively in the other part of the report) did the company strengthen its working in this market?**

There is a growing pressure on governments to increase their public health care spending that could, in turn, moderate the cost incidence on citizens. As Latin American governments increase their health care spending, they could emerge as prominent medicine buyers. This is expected to strengthen the size and frequency of the



## Global protectionism and Caplin Point

**Q:** The company is growing larger. There is a growing apprehension of global protectionism affecting companies like Caplin Point.

**A:** At Caplin Point, we possess an organisational structure that is attractively placed to widen our global footprint. We started a new range of OTC and wellness products manufactured out of China, which were exported through our HK subsidiary. Our new range of pharmacy-related products has also been launched through the HK subsidiary. Since China has Free Trade Agreements with several Latin American countries, trading options out of HK are more attractive compared to India for specific products. The HK subsidiary also serves as an attractive option for probable acquisitions as it represents a more favourable environment.

tenders launched by these governments, attracting focused generic providers.

At Caplin Point, we believe that even as this business segment does not account for a large share of the company's revenues (10 per cent of annual turnover), it helps deepen the company's relationships with the government agencies in the markets of its presence. This presence also makes it possible for the company to comprehend local policies better. The company leverages its ability to source generic medicines in large volumes at some of the lowest costs that can, in turn, be marketed, through the tender route to governments. The company will address the growing opportunities from this business

by responding to tenders floated by liquid government agencies providing quicker payables (that indirectly also help moderate currency risk).

**Q What other development strengthened the company performance or prospects during the year under review?**

I must refresh the attention of our shareholders that we embarked on the commissioning of the CP4 facility on the outskirts of Chennai with the singular objective of building a world-class showpiece that would manufacture products to be marketed in USA. When this was commissioned it was

a courageous decision to take: the project cost of the plant was ₹110 cr even as our annual PAT was around ₹8 cr in 2011-12. Besides, the plant had a fairly long multi-year gestation before it could get the necessary regulatory approvals and before the filling of dossiers could translate into revenue visibility. Further the company is required to meet an annual operating cost of ₹60 cr from the earnings generated by the operations in Latin America and The Caribbean. Most companies in our place would have been tempted to mobilize debt or make a large private placement of equity shares. We did neither; we backed our conviction by taking no external funds, we selected to utilize our precious accruals instead.

► THE MANAGING DIRECTOR'S  
OPERATIONAL REVIEW

The result is that we funded the capital expenditure, operating expenditure and R&D related to this facility completely through accruals between 2012 and 2017. The result of our patience and perseverance is that no other company of our size in India possesses a similar liquid injectable facility, now audited and cleared by US FDA, EU-GMP and ANVISA.

**Q** What were some of the other business-strengthening initiatives by the company?

I am also pleased to highlight that we invested ₹40 cr in the capex of our emerging markets factory in Pondicherry during the same period to increase capacity and create capabilities to produce high quality pharmaceutical soft gels and suppositories. The uniqueness of these segments also contributed well to the Company's growth in the last 12 months. We believe that this decision to remain equity-light and debt-light even as we engaged in the heaviest sustained investment in our existence will translate into

attractive shareholder value when we commence supplies to the US market.

**Q** How does the company intend to enhance the value from this business investment?

A: The first phase of our challenge in this business appears over; we commissioned the plant and we generated critical regulatory approvals. The time has come to invest in research in the space of our selection (liquid injectables) and increase the number of ANDAs across the foreseeable future. We believe that we will be taken with increased seriousness in line with the number of ANDAs that we file.

**Q** How is the company managing its most precious capital – people?

At Caplin, we recognise that we are now entering a critical research-intensive phase when it will be essential to attract the right talent. In view of this, we incentivized the recruitment of talent from prominent established companies by offering ESOPs in addition to attractive compensation. This is being provided to executives around par value of ₹2, making them ESOP millionaires!

## Priorities for the Latin American and Caribbean markets

- Larger shelf share and wider coverage of pharmacists
- Stronger focus on direct pharmacist engagements (better margins)
- Next market expansion likely to come from digital interventions
- Increase in share of organizational revenues from pharmacists from 20% to 30%
- Extension from pharma to complementary wellness products
- Deeper inroads into the tender market

## Our success drivers in Latin American and Caribbean markets

- Leveraging virtualization; retailer-driven focus
- Providing generics benchmarked with multinational quality at minimal costs
- Enduring marketing alliances with agents, channel partners and distributors
- Registering products under the Caplin Point brand; entering into longstanding lease agreements
- Outsourcing product manufacture; extending into spaces marked by low entry-exit costs





# Preparing for the regulated US market

The company recognized the need to evolve from its marketing-driven reality in Latin America and Caribbean to a manufacturing-driven personality addressing the US market, the largest pharmaceutical market in the world.

This need to evolve was driven by the company's need to broaden revenues, spread risks better and develop multiple revenue engines, reinforcing business sustainability and scalability.

As a future-facing organisation, Caplin Point addressed the apex of the realisation pyramid in selecting to manufacture injectables, an industry space usually addressed by only large pharmaceutical companies (considerably larger than the Company's existing size).

As a sustainability-driven organisation, the company utilised existing cash flows arising from the Latin American business to invest in the future-facing US-directed business. Besides, the company continued to invest patiently in the US business through scale, manufacturing

technologies, cutting-edge standards, relevant regulatory clearances and people capital.

We are pleased to report that this business made attractive progress during the year under review.

- The company initially planned to file 4 ANDAs with partners, of which three have already been filed, strengthening preparedness to file 6 more ANDAs in the next 12 months. The company plans to add 30 more ANDAs in the next 30-36 months (under Caplin's name).

- The company will seek to file ANDAs under its name and out-license dossiers to a strong front-end partner in exchange for a profit-sharing engagement. The company has evoked considerable interest from front-end partners for 'late stage injectables' comprising ANDAs already filed or about to be filed. This arrangement represents a mutual de-risking proposition, making it possible for us to generate typically higher licensing fees for late-stage ANDA positioning.

- The company intends to target the filing of a

healthy balance of simple and complex generics; the company is engaged in the long-term research of Liposomal formulations.

- The company made timely investments in this direction; it is in the process of building capacities to handle pre-filled syringes and cartridges, likely to go on stream within the next 12 months.

- The company is focused on co-development and profit-sharing partnerships as opposed to pure contract manufacturing agreements that do not add considerably to organisational value.

- The company is planning to activate Phase 2 of CP-IV, empowering it to handle a large capacity of Lyophilized products and complex injectables (likely to be completed by end 2019).

The company possesses the resources to sustain its engagement in this business segment through gestation until it is ready to begin shipments to the large and attractive US market.



# How we are enhancing value in our business

At Caplin Point, our aim is to run a business that prioritises quality over quantity creating a distinctive business personality in the process.

## The sectoral context

**Affordability:** There is a growing premium on the need to make medicines more affordable, putting a pressure on governments to regulate pharmaceutical pricing and quality.

**Availability:** The world needs medicines that are available whenever patients seek to buy, a growing challenge in a world

marked by distribution and logistical challenges.

**Accessibility:** The world needs medicines that are accessible without having to commute extensively.

**Genericisation:** The biggest global pharmaceutical reality is the incidence of a number of patented pharmaceutical products losing their

protection (becoming generics), resulting in a sharp meltdown in realisations

**Quality focus:** With consumers across countries becoming increasingly demanding with respect to quality, global regulatory agencies (regulated and semi-regulated markets) are strengthening their market-entry benchmarks.

## Our priorities

**Contrarian:** Caplin Point extended from the conventional export of manufactured generics to outsourced marketing and then on to the captive manufacture of a large portion of products marketed, strengthening its profitability.

**Governance:** At Caplin Point, we believe that in a business where trust is at a premium, a committed governance foundation represents the foundation of organisational credibility. From the time the company went into existence, we attracted credible Directors

with professional standing including the Managing Director who does not belong to the promoter's Family; we instituted focused committees to address specific functions, enhancing the role of informed decision making.

**Brand:** Caplin Point's business is brand-driven. Over the decades, the company's brand generates distinctive recalls: ethical (in terms of fairness and compliances), dependable (in terms of delivery commitment), accessible (in terms of client issues) and trustable (even as we are predominantly into generics, the 'Caplin Point' brand represents quality and affordability).

**Pioneering:** Caplin Point has been a pioneering company in a number of ways. The company was one among the first in India's pharmaceutical sector to extend to West Africa and thereafter to Latin America and the Caribbean.

**Technologies:** Caplin Point embraced cutting-edge technologies to enhance business value. The company now intends to partner a health care portal developer to automate clinics / pharmacists, which is expected to drive business growth.

**Purposeful:** At Caplin Point, we are in the business of manufacturing medicines that alleviate human suffering in the quickest, cheapest and most convenient manner. We do not

just meet needs of the chosen few, we make healthcare affordable and accessible for one and all.

**Long-term:** At Caplin Point, we believe we are in for the long haul, a fact that is showcased in our decision to invest in an injectables manufacturing capacity that has received the approvals of US FDA, EU-GMP and ANVISA.

**Direct servicing:** Caplin Point has increased the proportion of revenues derived from the direct servicing of pharmacists, circumventing intermediaries, moderating delivery tenures and costs.

**Reinvestment:** Caplin Point reinvested business surpluses generated from its core marketing and retail-driven business to invest in an injectables manufacturing facility directed at sales to US. The Company re-invested in existing facilities to enhance production capacities and add niche capabilities.

**Strategic:** Caplin Point focused on geographies in Latin



America and the Caribbean considered too small for large pharmaceutical players and too difficult for smaller players to have an end to end business model which Caplin has created.

**Niche:** Caplin Point focused on complex downstream spaces like soft gels, penems, dermo-cosmetics and suppositories for emerging markets.

**Product basket:** Caplin Point carefully selected to market products on the WHO essential drugs list.

**Global certifications:** Caplin Point commissioned a liquid injectables facility on the outskirts of Chennai (CP4 showpiece) that received confidence-enhancing approvals like USFDA, ANVISA and EU-GMP

**Cost leadership:** Caplin Point has emerged as one of the most competitive pharmaceutical players in its niche, marked by demonstrated and consistent cost leadership.

**Shelf space:** Caplin Point is accounting for larger shelf share

across pharmacies on account of a widening product basket.

**On the ground presence:**

Caplin Point is well-represented in the markets of its presence (Latin America and The Caribbean)

**Generics:** Caplin Point has been a focused player with ~90% of the revenues derived from simple generics to complex life-saving products.

**Intellectual capital:** Caplin Point's business is relationship-driven. And this relationship-orientation is best driven through personnel familiarity. Caplin Point enjoys a people retention of 90 per cent, which is higher than the sectoral average.

**End to end:** Caplin Point has demonstrated complete business integration: manufacturing, exporting, managing the import and distribution supply chain to the last mile.

**Registrations:** Caplin Point had registrations in the form of 2300 product licenses across countries.

## The financial outcomes

**Business efficiency:** Caplin Point generated an inventory turn of 9x, nearly twice the prevailing sectoral average.

**Sustainable:** At Caplin Point, we focus on growing our annual topline by 20-25% and our net margin by 15-20% and thereby leaving adequate value on the table for all our stakeholders – vendors, customers, employees, exchequers and shareholders.

**Liquid:** We have resolved to calibrate our growth in a manner that does not compromise the robustness of our Balance Sheet (minimal amounts of debt, receivables and bad debts). Case in point: our receivables stood at a mere 30 days of turnover equivalent. Moreover, as on 31 March 2017 we were net debt-free.

**Growth:** Caplin Point has been a sectoral outlier across the last decade of its existence. In a business marked by revenue volatility, Caplin Point has not reported an operational loss in any single year across the last 14 years; in the five years ended 31 March 2017, the company reported 25 per cent average revenue growth corresponded by more than 50 per cent bottom line increase – profitable growth.

**Sustainability:** Caplin Point possesses a robust Balance

Sheet that ensures sustainable viability. The company had no debt on its books as on 31 March 2017; EBIDTA margin was an attractive 33 per cent in a deeply discounted business environment in 2016-17; return on equity was 58 per cent, indicating the robustness of the business engine.

**Liquidity:** Caplin Point's business enjoys adequate liquidity. Net cash position was ₹93 cr excluding investment in readily marketable securities and ₹110 cr including readily marketable securities, translating into 'Other Income' of ₹9.83 cr in 2016-17. Nearly 7 per cent of its EBIDTA was derived from 'Other Income' and 93 per cent from core operations, providing the business with broad-based cushions. The concept of interest cover is not relevant as the company does not have any interest outflow.

**Valuation:** Caplin Point's business model has been validated by the markets: valuation was ₹2,928 cr as on 31 March 2017.

## Our performance ambition

**Financial ambition:** Match what we generated in revenues in 2016-17 with PAT in 2021-22; earn a sizeable share of our revenues from regulated markets.

**Intellectual ambition:** Transform employees into shareholders, undertake cutting-edge R&D to address the unmet needs of regulated and unregulated markets; file more proprietary and collaborative ANDAs.

**Geographic ambition:** Consolidate our presence in large and fast-growing markets like the US, Brazil, Colombia and Chile among others.

**Therapeutic ambition:** Focus on niche injectables in the US by extending to the manufacture of specialty suspensions and PFS products.

**Logistical ambition:** Evolve our identity from being a distributor-led player to one which is directly engaged with retailers across Latin America.

### PROBABLE GOAL CONTRIBUTORS

- Emerge as a two-business company –one expanding into the larger markets of Latin America (Chile, Brazil and Colombia) and the other

to manufacture simple and complex injectable formulations for US

- Virtualize the conventional retail chain in Latin America, widen interface with 3,000 pharmacies to address bottom-of-the-pyramid customers and engage with doctors so that they prescribe the Company's products and thereby transform generic drugs into trusted brands.

- Strengthen ANDA-generating alliances with companies that possess a deep understanding of the US market.

### MEASURING OUR PERFORMANCE AMBITION

#### Steady profitable growth

Total income grew by 30% in 2016-17

EBIDTA margin on Operating revenue grew by 600 bps to ₹125 cr in 2016-17

Free cash grew by 61% to ₹110 crore in 2016-17.

#### Consistent value creation

Market capitalization grew from ₹1,528 crore as on 31 March 2016 to ₹2,928 crore as on 31 March 2017





# Management discussion and analysis

## Global economic overview

Global economic growth stagnated at around 3.1% during 2016 following a deceleration in trade activities, lowered investments and political uncertainties in advanced economies. The year was marked by the United Kingdom's decision to exit the European Union and the election of Donald Trump as the American President. Consumers continued to spend cautiously as expenditure increased by 2.4% in real terms over 2015, well below the corresponding increase in disposable incomes in the Asia Pacific region. Global growth is estimated to rise from 2.3% in 2016 to 2.7% in 2017. Growth in emerging and developing economies too, is expected to revive in 2017 on the back of a removal of a number of obstacles for commodity exporters and sustained demand from commodity importers. The main factors that could possibly lead to the medium-term growth prospects across many emerging markets and developing economies are weak investments and

sub-optimal productivity. Advanced economies witnessed a stronger-than-expected pickup in growth mostly due to reduced drag from inventories and some recovery in manufacturing output. Economic activity in both advanced as well as developing economies will accelerate during 2018. (Source: World Bank, Euromonitor, IMF)

## Latin American economic overview

The Latin American and Caribbean economies experienced a second year of GDP contraction of 1.1% in 2016, after the 0.5% in 2015. Four countries suffered a recession in 2016; the Brazilian GDP shrank by 3.6%, Argentina's by 2%, Ecuador's by 2% and Venezuela's by 9.7%. The GDP of South America declined by

2.1% in 2016 and that of the Caribbean countries by 1.7%. However, Central America grew by 3.6% and Mexico by 2%.

The region is projected to recover and grow by 1.1% in 2017. While South America is expected to report a low growth of 0.6%, Caribbean at 1.3%, Central America will have a higher rate of 3.6% and Mexico a modest growth of 1.9%. The 2017 growth projection in the markets of interest to Caplin Point comprise: Guatemala 3.3%, Honduras 3.3%, Nicaragua 4.4%, El Salvador 2.2%, Dominican Republic 6.2%, Brazil 0.4%, Ecuador 0.3%, Chile 2%, Colombia 2.7% and Cuba 0.9%. Venezuela is the only exception to the growth recovery of the region as its GDP is projected decline 4.7% in 2017.

The Venezuelan economic and

---

## Global growth trends

	2016	2017(P)	2018(P)
Global economy	3.1%	3.4%	3.6%
Advanced economies	1.6%	1.9%	2.0%
Emerging market and developing economies	4.1%	4.5%	4.8%

(Source: IMF)



**GENERIC DRUGS NOW ACCOUNT FOR NEARLY 90% OF ALL PRESCRIPTIONS, WHICH IS PROJECTED TO ESCALATE TO 92% BY 2021 AS MORE MEDICINES LOSE PATENT PROTECTION.**

political situation are getting worse with no immediate hope of recovery. The country is suffering from the highest inflation of over 600%, shortage of foreign exchange and economic mismanagement. In Brazil, although the political crisis following the Operation Car Wash scandal continues, the economy has shown signs of recovery. Argentina is struggling to contain inflation, which is continuing at over 20%. The four Pacific Alliance countries of Mexico, Peru, Colombia and Chile continue to be the hub of growth with an investment-friendly ecosystem, stable and transparent policies. Mexico is under pressure from the U.S. administration, which threatens to review the NAFTA treaty, deport illegal Mexicans living in U.S. and build a border wall even as it recognizes that the threat is not as bad as claimed.

### **Global pharmaceuticals sector**

The pharmaceutical sector's growth is linked with a country's economic growth and healthcare spending. While pharma spending growth is projected to increase, there is a concurrent pressure to moderate costs and enhance efficiency, which explains why global healthcare spending could only in low single-digits. In the last few years, pricing pressures in the United States

and unstable economic conditions in Brazil, Russia, and China, which account for 50% of the global pharmaceutical revenues, slowed growth in the pharma segment.

The one visible trend is that the demand for generic drugs could continue to rise. The reduction in overall spending as branded medicines lose exclusivity is expected to total US\$143.5 billion in five years – more than 1.5x the impact of the last five years. This includes the estimated impact of biosimilars, which could contribute between US\$27–58 billion, uncertainty based on multiple issues in litigation with originators, as well as regulatory, pricing and competitive dynamics.

Generic drugs now account for nearly 90% of all prescriptions, which is projected to escalate to 92% by 2021 as more medicines lose patent protection. Zero-cost prescriptions accounted for 28.6% of prescriptions in 2016, expected to scale to 34% of prescriptions by 2021, driven by mostly generic and older medicines.

Generics account for the majority of prescription drugs supplied in China estimated at around two-thirds of total sales value. In the United States, generic drugs comprised about 70% of the pharma market by volume. Pharma

companies are adapting to current market dynamics and positioning themselves for growth through portfolio transformation, targeted deal-making, cost-cutting measures, and sharpened focus on high-performing therapeutic area and geographic markets.

### **Demand drivers**

- Global healthcare spending as a percentage of the GDP is expected to rise from an estimated 10.4% in 2015 to 10.5% in 2020
- Governmental healthcare expenditures as a percentage of GDP are projected to rise quicker in low-income countries
- Global healthcare expenditure is projected to reach US\$8.7 trillion by 2020, from US\$7 trillion in 2015, driven by improving treatments in therapeutic areas, increased incomes and improved life expectancy.
- Increasing incidence of chronic and lifestyle diseases, caused by urbanisation, sedentary lifestyles, evolution in diets and rising obesity. By 2020, 50% of global healthcare expenditure – ~\$4 trillion – could be spent on cardiovascular, cancer and respiratory diseases

### **Outlook**

The total volume of medicines consumed globally could

increase by about 3% annually through 2021, which is only marginally higher than population growth and demographic shifts. Global medicine spending could reach nearly US\$1.5 trillion by 2021 (invoice price basis), up nearly US\$370 billion from the 2016 estimated spending. Spending growth slowed in 2016, declining from nearly 9% growth in 2014 and 2015 and is expected to range between 4 and 7% CAGR over the next five years.

Much of the global spending growth, particularly in the developed markets, would be driven by oncology, autoimmune and diabetes therapies. The global consumption of medicines is expected to reach 4.5 trillion doses by 2020 (up 24% from 2015), the largest consuming countries being pharmerging markets. It is widely accepted that two-thirds of all global medicines could comprise generics. Developed markets could continue to account for a majority of the sector's spending. Over half the world's population could consume more than one dose per day influenced by rising incomes in countries like China, Brazil, Indonesia and India.

### Latin American pharmaceutical market

With pharmaceutical sales

growing at a slow rate of 3% per annum in mature markets such as North America, Europe and Japan, the pharma companies continue to look towards emerging markets for growth. Latin America stands out as the principal growth region by maintaining an average pace of 12% per annum till 2017. Brazil continues to be the primary driver of healthcare expenditure in the region, accounting for 43% of the region's pharmaceutical sales between 2013-2017, followed by Mexico as the region's second largest market with 17% of the region's sales.

The growth of the pharmaceutical market is driven by increased population, millions coming out of poverty and joining the middle-class, increase in health care expenditure by governments, expansion of hospitals and health insurance and increased access to healthcare facilities. The proportion of generics in the market will continue its steady growth.

### Indian pharmaceutical exports to Latin America

India's export of pharmaceutical products to Latin America has come down in 2016 to \$ 651 million from \$ 726 million in 2015 and \$ 687 million in 2015, due to the recession in the region. Brazil was the leading

importer with \$ 195 million, followed by Chile at \$52 million, Mexico \$47 m, Colombia \$40 m, Peru \$37 m, Venezuela, Guatemala and Dominican Republic \$30 m each and Ecuador \$18 m.

It is interesting that India has beaten China in pharma exports to Latin America (\$ 404 million in 2016). India has consistently overtaken China in the last five years in pharma exports to Latin America, even as India imports a bulk of its raw materials from China.

India's supply of generic medicines is perceived positively by Latin American governments and consumers as having contributed to a reduction in their cost of healthcare. There is significant scope for India to increase its exports in the coming years.

The collapse of Trans Pacific Partnership (TPP) following the withdrawal of U.S. administration is good for India. The TPP had extra clauses for patent protection going beyond the WTO standards and this would have affected India's generic exports to Latin America.

The expanded Preferential Trade Agreement signed by Chile and India in 2016 has come into force from May 2017. This provides for 20% tariff relief for some pharma products exported by India.

**BY 2020, 50% OF GLOBAL HEALTHCARE EXPENDITURE – ~\$4 TRILLION – COULD BE SPENT ON CARDIOVASCULAR, CANCER AND RESPIRATORY DISEASES**



Peru and India have agreed to start negotiations for a FTA/ PTA and this should also open up the Peruvian market for India's exports.

India's total exports to Latin America increased marginally to US\$10.39 billion in 2016-17 (April to March) from \$10.05 billion in 2015-16. Given growing mutual complementarities and synergies between India and Latin America at the level of the government and business on both sides, trade is expected to grow in the long-term.

### **Internal control systems and their adequacy**

As part of maintaining checks and balances, a set of protocols have been deployed across the entire organisation, to monitor and protect all assets against loss or damage. The Company periodically reviews these procedures and ensures the system is commensurate to the size and nature of operations and is functioning satisfactorily. The system is further reviewed by the Chairman, Managing Director, COO, CFO and a few others periodically, which ensures any discrepancies are immediately noted and suitable action can be taken in case of any lapses.

Discussion of financial performance with respect to operational performance

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

### **Human resources**

The Company believes that its intrinsic strength lies in its dedicated and motivated employees. As such, the Company provides competitive compensations, an amiable work environment and acknowledges employee performance through a planned reward and recognition programme. The Company aims to create a workplace where every person can achieve his or her true potential. The Company encourages individuals to extend beyond the scope of their work, undertake voluntary projects that enable them to learn and devise innovative ideas. The employee count stood at 824 as on March 31, 2017.



# Caplin Point's financial review

Caplin point's financial model focuses on maximising accruals and generating adequate resources for business growth from within.

## Revenue growth

The Company grew its revenues at a CAGR of 26% over the three years ending 2016-17 by manufacturing drugs which addressed unmet needs in Latin American countries and strengthening its logistical operations within those geographies. During 2016-17, the Company registered an annualised revenue growth of 30%.

## Cost management

Cost of goods sold for the Company stood at 47% of revenues for 2016-17 compared to 52% in 2015-16. Caplin increased the proportion of traded goods by outsourcing the manufacture of formulations to reputed manufacturers and itself concentrated on the manufacture of value-added products.

## Employee costs

Employee costs for the Company stood at 8.54% of the turnover for 2016-17 compared to 8.70% in the previous year.

## R&D spending

The Company's cumulative investment in R&D during last three years stood at ₹47 crore as on March 31, 2017.

## Debt

The Company's relatively asset-light model (even as the company has begun

to manufacture products within) allows it to generate substantial cash to grow its business without seeking external capital. Caplin Point has remained debt-free (net debt basis) during the past five years.

## Margins

The Company's first-mover advantage in the semi-regulated Latin American markets, combined with the strength of its distribution chain, product quality, brand recognition and relatively asset-light model (a part of the marketed products are outsourced) has resulted in EBITDA margins in excess of 28% during the past two years. The Company's EBITDA margin strengthened from 14% in 2010-11 to 28% in 2015-16 to 34% in 2016-17. The Company consistently enjoyed an exceptional rate of return on equity – 58% for 2016-17.

## Liquidity

The Company focused on maximising cash flows by ensuring high rates of return on capital expenditure and the asset-light outsourcing non-core activities. The Company generated a cash profit of ₹109.35 crore in 2016-17. Liquid funds as on 31 March 2017 held by the Company stood at ₹110 crore.

## Capital expenditure

Caplin Point cumulatively invested ₹81

crore in capital expenditure during the past three years.

## Working capital management

Caplin Point operated on a cash-accretive working capital cycle, riding minimal inventory and receivables. The Company worked closely with customers to ensure payments are done as per contracted terms. A significant portion of the Company's sales were on advance/immediate terms of payment enabling it to maintain a minimal receivables cycle. A revenue growth of 216 % over the five years from ₹127.03 crore in 2012-13 to ₹401.64 crore in 2016-17 was accompanied by a marginal increase in receivables from ₹8.59 crore as on 30 June 2013 to ₹33.02 crore. The Company had a receivables turnover of 12 x and generally collected receivables within 30 days, one of the lowest in India's pharmaceutical sector. The strength of Caplin Point's inventory management is demonstrated by the fact that while revenues grew by ₹274.62 crore (by 216%) over the last five years, inventory-at-hand grew by just ₹11.87 crore to ₹22.29 crore in 2016-17. The Company maintained inventory turns at 9x over the last two years with a corresponding inventory of just 40 days of consumption at any time.



# How Caplin Point mitigates risks

## ▶ GEOGRAPHICAL CONCENTRATION RISK

**The Company's focus on the Latin American market could prove detrimental**

**Mitigation:** Caplin Point enjoys a strong positioning in the Latin American countries of Guatemala, Honduras, Nicaragua, El Salvador, among others. The consumption of pharmaceutical products in these regions is increasing. The Company is expanding its presence to other countries in Latin America such as Colombia, Brazil, Uruguay and Chile. The Company received registration approval with EU-GMP and aims to have a presence in the EU pharmaceutical markets by 2019. The Company has also received approvals from ANVISA to enter the Brazilian pharmaceutical market. The Company aims to enter the US market by 2018-19.

## ▶ FOREIGN EXCHANGE RISK

**The Company's international operations expose it to fluctuations in foreign exchange that can adversely affect the Company's financial performance.**

**Mitigation:** The Company maintains low trade receivables that helps reduce impact of foreign currency fluctuations. A significant portion of the Company's business is done on the basis of advance payments that eliminate risks of currency fluctuations. The Company follows an inclusive pricing model where the impacts of foreign currency fluctuations are priced into the products as a part of their cost. The Company

manufactures a large portion of its products overseas, thereby hedging itself against any currency fluctuations.

## ▶ MARKETING RISK

**Poor marketing infrastructure may impact the Company's prospects**

**Mitigation:** Caplin Point has been operating in Latin America over the last 13 years and has strengthened its marketing infrastructure and brand goodwill over the years. The Company has engaged agencies with last-mile logistical presence and also deployed dedicated personnel to oversee operations. Caplin Point works closely with distributors, stockists and retail pharmaceutical outlets to spur product offtake and improve reach. Over the last 13 years, the Company penetrated deeper into the markets, covering 95% of retail pharmaceutical outlets.

## ▶ QUALITY RISK

**A decline in product quality will impact the Company's business**

**Mitigation:** Caplin Point enjoys approvals from global regulatory authorities such as the US FDA, EU-GMP and ANVISA and WHO-GMP. The Company has constituted a corporate quality assurance team comprising adequate technically-sound personnel to ensure qualitative excellence across its manufacturing facilities. The Company regularly undertakes external and internal audits to comply with established norms.

## ▶ FUNDING AND LIQUIDITY RISK

**Any prolonged slowdown might affect the Company's ability to fund its business growth and conduct business**

**Mitigation:** Caplin Point generates adequate cashflow for business operations and has sufficient liquid funds to mitigate liquidity risks. The Company operates on a relatively asset-light model with minimal inventory requirements and low receivables thus allowing it to reduce its working capital requirements. The Company has already undertaken major capex initiatives financed entirely by internal accruals.

## ▶ COMPETITION RISK

**Increased competition could affect the Company's prospects**

**Mitigation:** The Company has a superior marketing and distribution reach that allows it to cover maximum retail outlets. The Company's product volumes allow it to offset transportation and freight costs in an efficient manner, thereby allowing it to price its products competitively. The Company has ~ 2300 product registrations across the globe, enabling it to increase product range and penetration with ease.

# Directors' Report

*To the members*

The Directors present their 26th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017

## Financial Highlights

₹ In Lakhs except EPS

Particulars	Standalone For The Period Ended		Consolidated For The Period Ended	
	Twelve Months	Nine Months	Twelve Months	Nine Months
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Sales (net of excise duty) and other Income	35,394.13	23,476.54	41,148.33	24,238.13
Profit before Finance Costs, Tax, Depreciation & Amortisation Expenses	10,608.08	6,578.70	13,520.79	6,764.00
Less: Finance Costs	12.75	10.82	12.75	11.02
Depreciation & Amortisation Expense	1,325.99	729.91	1,329.84	747.78
Profit Before Tax	9,341.34	5,837.97	12,178.20	6,005.20
Less: Tax Expenses	2,255.02	1,305.41	2,573.30	1,428.28
Profit after Tax	7,086.32	4,532.56	9,604.90	4,576.92
Less : Minority Interest	-	-	(10.95)	0.43
Add: Surplus at the beginning of the year	9,723.21	6,281.81	9,723.13	6,237.80
Profit available for Appropriation	16,809.53	10,814.37	19,338.98	10,814
Interim and final dividend	-	906.60	-	906.60
Dividend Tax – Current Year	-	184.56	-	184.56
Less: Deferred Employee Compensation Expenses.	99.45	153.75	99.45	153.75
Balance carried to Balance Sheet	16,710.08	9,569.46	19,239.53	9,569.38
Paid up Capital	1,511.53	1,511.00	1,511.53	1,511.00
Reserves & Surplus	18,443.47	11,302.85	20,908.17	11,302.77
	19,581.62	12,440.47	22,046.33	12,440.39
Earnings per Share-In Rupees	9.38*	29.99**	12.73*	30.28**

\* Face Value of ₹2/- Per share

\*\* Face Value of ₹10/- per share

## Performance/Operations Review

The Company has on standalone basis registered total revenue from operations of ₹34436.07 Lakhs (Total income ₹35394.13 Lakhs) during the year under review as against ₹23129.22 Lakhs (Total income ₹23476.54 Lakhs) in the previous financial year of nine months. The Profit after tax was ₹7086.32 Lakhs during the year under review as against ₹4532.56 Lakhs in the previous financial year of nine months .

The Company has on consolidated basis registered total revenue from operations of ₹40164.84 Lakhs (Total income ₹41148.33 Lakhs) during the current financial year as against ₹23872.17 Lakhs (Total income ₹24238.13 Lakhs) in the previous financial year of nine months.

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

### US FDA Approval:

During the year under review, our injectable facility (CP4) near Gummidipoondi, Chennai obtained US FDA approval. This facility is capable of manufacturing Liquid injectables in Vials, Ampoules, Lyophilized Vials and Ophthalmic dosages, is also approved by EU-GMP and ANVISA-Brazil.

### Dividend

The Board of Directors at their meeting held on

May 10,2017 have recommended a dividend of ₹1.50 per equity share (75%) of ₹2 /- each . The said dividend if approved by the members at the 26th Annual General meeting which is to be held on September 21,2017 would absorb a total cash out flow of ₹11,33,65,125/- excluding Dividend Distribution Tax.

### Transfer to Reserves

The Company has made no transfers to reserves during the Financial Year 2016-17

### Subsidiaries

As on March 31,2017, the Company has three subsidiaries :

- (i) Argus Salud Pharma LLP,
- (ii) Caplin Point Far East Limited – Hongkong
- (iii) Caplin Point Laboratories Colombia SAS- Colombia.

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

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

### Deposits

The Company 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

In October 2016, the Company had sub-divided the shares from the face value of ₹10/- to ₹2/- and upon sub-division , the members were issued five equity shares of ₹2/- each in lieu of one equity share of ₹10/- each. After sub-division, the paid up capital of ₹15,11,00,000 was sub- divided into 7,55,50,000 equity shares of ₹2/- each.

During the year, the Company had allotted 26,750 equity shares at the face value of ₹2/- each under Caplin Point Employee Stock option Plan -2015.

Thus, as on March 31, 2017, the paid up share capital stood at ₹15,11,53,500/- consisting of 7,55,76,750 equity shares at the face value of ₹2/- each

### Particulars of Loans, Guarantees or Investments Under Section 186 of The Companies Act, 2013

Particulars of loans, guarantees and investments as on March 31,2017 are given in Note No. 11 of the standalone financial statements.

### Number of Meetings of the Board

The Board met four times during the year ended March 31,2017 which were held on 27.05.2016, 05.08.2016, 09.11.2016 and 06.02.2017. The maxium gap between two meetings did not exceed 120 days.

### Directors and Key Managerial Personnel

Dr Sridhar Ganesan's (DIN : 06819029) present term of office as the Managing Director ends

on August 24,2017 and the Board of Directors at their meeting held on August 07, 2017 have decided to re-appoint him for another term of three years commencing from August 25, 2017. The Board of Directors at their meeting held on February 06,2017 re-appointed Mr. M Jayapal (DIN: 01869677) as the Whole- time Director of the Company for another period of one year effective March 28,2017.

Dr Philip Ashok Karunakaran (DIN:06679664) was appointed as Whole-time Director by the Board of Directors at their Board Meeting held on August 07, 2017. The Company has received a notice from a member proposing his candidature for the position of Director.

Mr D Sathyanarayanan (DIN : 07650566) has been appointed as an Additional Director (Non-executive-Independent) of the Company for a period of three consecutive years with effect from November 09,2016. In the opinion of the Board of Directors he is eligible to be appointed as an Independent Director. The Company has received a notice from a member proposing his candidature for the position of Independent Director.

The members of the Company at their Twenty Third Annual General Meeting appointed Dr K C John (DIN: 01067374) as Non-executive-Independent Director for a period of three years effective August 25, 2014 and shall hold office till August 24, 2017. Pursuant to Section 149 (10) of the Companies Act, 2013 an Independent Director shall be eligible for re-appointment for a second term of five years by passing a Special Resolution by the members of the Company. Accordingly, Board of Directors at their meeting held on August 07, 2017 have re-appointed Dr K C John (DIN: 01067374) as an Independent Director for a second term of five consecutive years commencing from August 25,2017 and he is not liable to retire by rotation. In

the opinion of the Board of Directors he is eligible to be re- appointed as an Independent Director. The Company has received a notice from a member proposing his candidature for the position of Independent Director.

The above appointments and re-appointments have been recommended by Nomination and Remuneration Committee and are subject to the approval of members at the ensuing Annual General Meeting.

Pursuant to Regulation 36(3) of SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 the profiles of these Directors seeking appointment / re-appointment are given in the Notice convening the 26th Annual General meeting

In terms of Section 152 (6) of the Companies Act, 2013, Mr M Jayapal (DIN: 01869677) retires by rotation and being eligible offers himself for re-appointment.

Pursuant to section 2 (51) and Section 203 of the Companies Act,2013, Dr Sridhar Ganesan, Managing Director, Mr M Jayapal, Whole-time Director, Dr Philip Ashok Karunakaran, Whole-time 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**

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

### **Extract of Annual Return**

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

### **Directors Responsibility Statement**

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

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31,2017 and of the Profit of the Company for that period;
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the annual accounts on a going concern basis;
- e. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Nomination and Remuneration Committee (NRC) and its Policy**

The Nomination and Remuneration Committee is empowered to authorize and exercise the power as specified in section 178

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

### **Material Changes and Commitments**

There were no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

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

### **Annual Evaluation of The Board, its Committees and Individual Directors**

Pursuant to the provisions of Section 134(3) (p) the Companies Act, 2013 and Schedule V of the Companies Act, 2013 the Board had carried out performance evaluation of its own, of the Board Committees and of the Independent directors. Independent Directors at their separate meeting held on February 06, 2017 evaluated performance of the Non-Independent Directors, Board as a whole and of the Chairman of the Board. The outcome

of the evaluation process were satisfactory, which resulted in the active engagement of the Board and committees in the Company.

Further the Directors are regularly informed and 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.

### **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 V to this report.

### **Audit Committee**

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

### **Internal Financial Controls**

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

### **Vigil Mechanism**

The Company has established a vigil

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

### **Auditors**

#### **Statutory Auditors**

Pursuant to Section 139 of the Companies Act, 2013, the initial period of office of the Statutory Auditors, M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai, concludes at the conclusion of 26th Annual General Meeting of the Company.

The Audit Committee and Board of Directors have recommended the re-appointment of M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm reg no. 004915S/2200036) as the statutory auditors of the Company, subject to the approval of the Shareholders of the Company. The Company has received a certificate from the statutory auditors to the effect that ratification of their appointment, if made, would be in compliance with the requirements of the Companies Act, 2013 and the rules made there under.

The Statutory Auditors on appointment will hold office from the conclusion of 26th

Annual General Meeting to 31st Annual general Meeting which is subject to ratification by members at every Annual General Meeting .

A resolution for their re- appointment forms part of the Notice convening the 26th Annual General Meeting and the same is recommended for members approval.

### Secretarial Auditor

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

### Corporate Governance

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance is given separately which 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 risk are identified and addressed. A brief report on the Risk Management are referred in the Management Discussion and Analysis Report which forms a part of the Annual Report.

### Employee Stock Option Plan

During the year under review , the Company has allotted 26,750 equity shares under Caplin Point Employee stock Option plan -2015 and 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, 2017 are set out in Annexure VII to this Report.

The Board of Directors of the Company has proposed to institute new Employee Stock option Plan under the title " Caplin Point Employee Stock Option Plan -2017 " which is recommended for members approval at the ensuing 26th Annual General Meeting

### Particulars of Employees and Related Disclosures

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

### Particulars of Contracts or Arrangements with Related Parties

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

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

### Change In Registrar and Share Transfer Agents

In order to have ease in control and to render better service to the Investors, the Registrar and Share Transfer Agent Service (RTA) was shifted from Karvy Computer Share private Limited, Hyderabad to Integrated Registry Management Services Private Limited, Chennai with effect from July 20, 2017.

### Disclosures

1. There has been no change in the nature of business of the Company during the year under review.
2. During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
3. During the Financial year 2016- 17, none of the employees were in receipt of the remuneration pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
4. There were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
5. Pursuant to Section 197 (14) of the Companies Act, 2013, neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries
6. The Report of the Statutory Auditors (which forms a part of this Annual Report) and the Report of the Secretarial Auditor (which is Annexed to this Directors Report) are self explanatory having no adverse remarks/comments or disclaimer.

## Acknowledgement

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

For and on behalf of the Board of Directors

Date : August 07, 2017

Place: Chennai

**Dr Sridhar Ganesan**

Managing Director

**M Jayapal**

Whole-time Director

Annexure No	Details of Annexure	Page No.
Annexure I	Details of Subsidiary – Form AOC 1	042
Annexure II	Extract of Annual Return – MGT -9	043
Annexure III	Nomination and Remuneration Committee Policy	053
Annexure IV	Conservation of Energy, Technology absorption and foreign exchange outgo	055
Annexure V	Disclosure under CSR Activities	057
Annexure VI	Details of Employee Stock option Plan	058
Annexure VII	Secretarial Audit Report - MR 3	059
Annexure VIII	Particulars of Employee Related Disclosures	061
Annexure IX	Disclosure of Contracts and Arrangements With related parties	062

## FORM AOC I

### DETAILS OF SUBSIDIARIES

(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

Amount In INR

Name of the Subsidiary	Argus Salud Pharma LLP	Caplin Point Far East Ltd - Hong Kong	Caplin Point Laboratories Colombia SAS -Colombia
Reporting Period of the Subsidiary Concerned , if different from the Holding Company reporting period	March 31,2017	March 31,2017	March 31,2017
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	USD 1 USD = 64.8144 INR	USD 1 USD = 64.8144 INR
Share Capital	99,10,000	7,68,223	47,27,950
Partners share of Profit	4,90,44,675	NA	NA
Total Assets	16,41,86,715	41,00,57,484	23,52,663
Total Liabilities	16,41,86,715	41,00,57,484	23,52,663
Investments	NIL	NIL	NIL
Turnover	17,11,57,864	48,50,34,417	NIL
Profit before taxation	5,99,69,270	25,43,98,830	(25,73,144)
Provision for taxation	3,18,27,283	NIL	NIL
Profit after taxation	2,81,41,987	25,43,98,830	(25,73,144)
Proposed Dividend	NA	NIL	NIL
% of Share holding	99.90%	100%	56.35%

#### Notes:

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

#### PART "B": Associates and Joint Ventures

Statement Pursuant to Section 129 (3) Of The Companies Act, 2013 Related to Associate Companies and Joint Ventures :Not Applicable

For and on behalf of the Board of Directors

Date : August 07, 2017  
Place: Chennai

**Dr Sridhar Ganesan**  
Managing Director

**M Jayapal**  
Whole-time Director

**ANNEXURE II**
**FORM NO. MGT-9**
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2017

[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: +91 44 28156653, 28156905 E-mail: info@caplinpoint.net
6.	Whether listed company - Yes / No	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	*M/s. Karvy Computershare Private Ltd UNIT: Caplin Point Laboratories Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Phone:91-40-44655000; Fax # 91-40-23420814. E-mail: einward.ris@karvy.com.

\* shifted to Integrated Registry Management Services Private limited w.e.f July 20,2017

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

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

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

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

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

Sr. No.	Name And Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Argus Salud Pharma LLP "NARBHAVI" No.3, Lakshmanan Street. T Nagar, Chennai-600 017	AAA-1115	Subsidiary	99.90%	2 (87)
2.	Caplin Point Far East limited 609, 6th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong	2096323	Subsidiary Company	100%	2 (87)
3.	Caplin Point Laboratories Colombia SAS CR 15 No. 93-75 Oficine 408 Colombia	02650370	Subsidiary Company	56.35%	2 (87)

### IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity):

i) Category-wise Share Holding:-

Category of Shareholders	No. of Shares at the face value of ₹10/- held at the beginning of the year (01.04.2016)				No. of Shares held at the face value of ₹2/- at the end of the year (31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	10015353	-	10015353	66.28	50076765	-	50076765	66.26	(0.02)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	0	0	0	0	0	0	0	0	-
d) Body Corporates	231400	0	231400	1.53	2117000	-	2117000	2.80	1.27
e) Banks / FI	0	0	0	0	0	0	0	0	-
f) Any Other	0	0	0	0	0	0	0	0	-
<b>Sub-total (A) (1)</b>	<b>10246753</b>	<b>0</b>	<b>10246753</b>	<b>67.81</b>	<b>52193765</b>	<b>0</b>	<b>52193765</b>	<b>69.06</b>	<b>1.25</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other -individuals	-	-	-	-	-	-	-	-	-
c) Body Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>10246753</b>	<b>0</b>	<b>10246753</b>	<b>67.81</b>	<b>52193765</b>	<b>0</b>	<b>52193765</b>	<b>69.06</b>	<b>1.25</b>

Category of Shareholders	No. of Shares at the face value of ₹10/- held at the beginning of the year (01.04.2016)				No. of Shares held at the face value of ₹2/- at the end of the year (31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	4255	11500	15755	0.10	23857	56500	80357	0.11	0.01
b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c) Alternative investment funds .	-	-	-	-	-	-	-	-	-
d) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
e) Foreign Portfolio Investors	657672	-	657672	4.35	3923750	-	3923750	5.19	0.84
f) Financial Institutions and Bank	4606	-	4606	0.03	40957	-	40957	0.05	0.02
g) Insurance companies	-	-	-	-	-	-	-	-	-
h) Provident Funds/pension funds	-	-	-	-	-	-	-	-	-
i) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>666533</b>	<b>11500</b>	<b>678033</b>	<b>4.48</b>	<b>3988564</b>	<b>56500</b>	<b>4045064</b>	<b>5.35</b>	<b>0.87</b>
<b>2. Non-Institutions</b>									
a) Body Corporates -									
i) Indian	167118	28900	196018	1.30	1428245	376500	1804745	2.39	1.09
ii) Overseas	-	45500	45500	0.30	-	227500	227500	0.30	-
b) Individual -									
i) Individual shareholders holding nominal share capital up to ₹2 lakh	1358059	1230104	2588163	17.13	7185366	5421690	12607056	16.68	(0.45)
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	1115981	95500	1211481	8.02	3665170	-	3665170	4.85	(3.17)
c) Clearing Members	5881	-	5881	0.04	24437	-	24437	0.04	-
Non Indians	109490	27200	136690	0.90	575521	106000	681521	0.90	-
NRI- NON Repatriable	-	-	-	-	287587	-	287587	0.38	-
NBFC	1461	-	1461	0.01	39805	-	39805	0.05	0.04
TRUST	20	-	20	0.00	100	-	100	0.00	0.00
<b>Sub-total (B)(2)</b>	<b>2758010</b>	<b>1427204</b>	<b>4185214</b>	<b>27.71</b>	<b>13206231</b>	<b>6131690</b>	<b>19337921</b>	<b>25.59</b>	<b>(2.12)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>3424543</b>	<b>1438704</b>	<b>4863247</b>	<b>32.19</b>	<b>17194795</b>	<b>6188190</b>	<b>23382985</b>	<b>30.94</b>	<b>(1.25)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>13671296</b>	<b>1438704</b>	<b>15110000</b>	<b>100</b>	<b>69388560</b>	<b>6188190</b>	<b>75576750</b>	<b>100</b>	<b>-</b>

## (ii) Shareholding of Promoters:-

Sl No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016) at the face value of ₹10/-			Share holding at the end of the year (31.03.2017) at the face value of ₹2/-			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	P Vijayalakshmi	3576000	23.66	-	17880000	23.66	-	-
2	Ashok Gorkey Partheeban	1810000	11.98	-	9050000	11.97	-	(0.01)
3	Partheeban Vivek Siddarth	1800000	11.91	-	9000000	11.91	-	-
4	Paarthipan C C	2829353	18.73	-	14146765	18.72	-	(0.01)
5	May India Property Private Limited	231400	1.53	-	2117000	2.80	-	1.27
	<b>Total</b>	<b>10246753</b>	<b>67.81</b>	<b>-</b>	<b>52193765</b>	<b>69.06</b>	<b>-</b>	<b>1.25</b>

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

Sl No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2016 at the face value of ₹10/-		Increase in the shareholding		Cumulative share holding during the year 31.03.2017 at the face value of ₹2/-	
		No. of Shares at the face value of ₹10/-	% of total shares of the Company	Date	No. of shares at the face value of ₹10/-	No. of Shares at the face value of ₹2/-	% of total shares of the Company
01	May India Property Private Ltd	231400	1.53	17.06.2016	192000	2117000	2.80

For others in the promoter & promoter group there is no change

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

Sl. No	For Each top ten Share holders	Shareholding at the beginning of the year as on 01.04.2016 at the face value of ₹10/-		Increase/ decrease in the shareholding		Cumulative share holding during the year 31.03.2017 at the face value of ₹2/-	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
01	MATTHEWS INDIA FUND						
	At the beginning of the year	359017	2.38	-	-	359017	2.38
	Purchase	-	-	08.04.2016	2735	361752	2.39
	Purchase	-	-	29.04.2016	6015	367767	2.43
	Purchase	-	-	13.05.2016	128955	496722	3.29
	Purchase	-	-	20.05.2016	69550	566272	3.74
	Purchase	-	-	10.06.2016	21864	588136	3.89
	Purchase	-	-	17.06.2016	5168	593304	3.93
	Purchase	-	-	24.06.2016	3905	597209	3.95

Sl. No	For Each top ten Share holders	Shareholding at the beginning of the year as on 01.04.2016 at the face value of ₹10/-		Increase/ decrease in the shareholding		Cumulative share holding during the year 31.03.2017 at the face value of ₹2/-	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
	Purchase	-	-	30.06.2016	5178	602387	3.99
	*Sub-division from the face value of ₹10/- to ₹2/-	-	-	21.10.2016	**2409548	3011935	3.99
	Purchase	-	-	24.03.2017	606	3012541	3.99
	Purchase	-	-	31.03.2017	5330	3017871	3.99
	At the end of the year	-	-	-	-	3017871	3.99
02	MATTHEWS EMERGING ASIA FUND						
	At the beginning of the Year	-	-	-	-	-	-
	Purchase	-	-	13.01.2017	54497	54497	0.07
	Purchase	-	-	20.01.2017	91315	145812	0.19
	Purchase	-	-	27.01.2017	83693	229505	0.30
	Purchase	-	-	03.02.2017	75640	305145	0.40
	Purchase	-	-	10.02.2017	127570	432715	0.57
	Purchase	-	-	17.02.2017	57090	489805	0.65
	At the end of the year	-	-	-	-	489805	0.65
03	FIRST DIMENSIONS HOLDINGS PRIVATE LIMITED						
	At the beginning of the year	-	-	-	-	-	-
	Purchase	-	-	31.03.2017	370000	370000	0.49
	At the end of the year	-	-	-	-	370000	0.49
04	VISALATCHI						
	At the beginning of the Year	160075	1.06	-	-	-	-
	*Sub-division from the face value of ₹10/- to ₹2/-	-	-	21.10.2016	**640300	800375	1.06
	At the end of the year	-	-	-	-	800375	1.06
05	MAHESWARI						
	At the beginning of the Year	120000	0.79	-	-	-	-
	*Sub-division from the face value of ₹10/- to ₹2/-	-	-	21.10.2016	**480000	600000	0.79
	At the end of the year	-	-	-	-	600000	0.79
06	GEETHA						
	At the beginning of the year	120000	0.79	-	-	-	-
	*Sub-division from the face value of ₹10/- to ₹2/-	-	-	21.10.2016	**480000	600000	0.79
	At the end of the year	-	-	-	-	600000	0.79

Sl. No	For Each top ten Share holders	Shareholding at the beginning of the year as on 01.04.2016 at the face value of ₹10/-		Increase/ decrease in the shareholding		Cumulative share holding during the year 31.03.2017 at the face value of ₹2/-	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
07	MATTHEWS ASIA FUNDS - INDIA FUND						
	At the beginning of the year	45912	0.30	-	-	-	-
	Purchase	-	-	26.08.2016	5	45917	0.30
	*Sub-division from the face value of ₹10/- to ₹2/-	-	-	21.10.2016	**183668	229585	0.30
	At the end of the year	-	-	-	-	229585	0.30
08	T B SIVA KUMAR						
	At the beginning of the year	105000	0.69	-	-	-	-
	*Sub-division from the face value of ₹10/- to ₹2/-	-	-	21.10.2016	**420000	525000	0.69
	sale	-	-	31.03.2017	275000	250000	0.33
	At the end of the year	-	-	-	-	250000	0.33
09	WASATCH MICRO CAP FUND						
	At the beginning of the year	100000	0.66	-	-	-	-
	Sale	-	-	29.04.2016	10126	89874	0.59
	Sale	-	-	06.05.2016	846	89028	0.58
	Sale	-	-	13.05.2016	89028	-	-
	At the end of the year	-	-	-	-	-	-
10	WASATCH EMERGING INDIA FUND						
	At the beginning of the year	66895	0.44	-	-	-	-
	Sale	-	-	06.05.2016	855	66040	0.44
	Sale	-	-	13.05.2016	43650	22390	0.15
	Sale	-	-	06.06.2016	1000	21390	0.14
	Sale	-	-	10.06.2016	21390	-	-
	At the end of the year	-	-	-	-	-	-

\*In October, 2016 the Company had sub-divided the shares from the face value of ₹10/- to ₹2/-. All the above specified transaction if done after October 21, 2016 are done at the face value of ₹2/-.

\*\* The difference between the previous holding at the face value of ₹10 and the shares allotted on account of sub-division from the face value of ₹10 /- to ₹2/-

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

Sl. No		Shareholding at the beginning of the year as on 01.04.2016 at the face value of ₹10/-		Increase/ decrease in the shareholding		Cumulative share holding during the year (01.04.2016 to 31.03.2017) at the face value of ₹2/-.	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
01	C C PAARTHIPAN –CHAIRMAN						
	At the beginning of the Year	2829353	18.73	-	-	-	-
	*Sub-division from the face value of ₹10/- to ₹2/-	-	-	21.10.2016	**1,13,17,412	1,41,46,765	18.72
	At the end of the year	-	-	-	-	1,41,46,765	18.72
02	SRIDHAR GANESAN-MANAGING DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	Allotment of shares through stock options			10.02.2017	26,750		
	At the end of the year	-	-	-	-	26,750	0.035
03	M JAYAPAL- WHOLE TIME DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
04	D P MISHRA- DIRECTOR						
	At the beginning of the year	192000	1.27	-	-	-	-
	Sale			17.06.2016	192000		
	At the end of the year	-	-	-	-	-	-
05	V THIRUMALAI-DIRECTOR						
	At the beginning of the year	49963	0.33	-	-	-	-
	*Sub-division from the face value of ₹10/- to ₹2/-	-	-	21.10.2016	**199852	249815	0.33
	Sale	-	-	17.11.2016	10	249805	0.33
	Sale	-	-	28.11.2016	150	249655	0.33
	Sale	-	-	29.11.2016	20	249635	0.33
	Sale	-	-	19.12.2016	100	249535	0.33
	Sale	-	-	20.12.2016	200	249335	0.32
	Sale	-	-	23.12.2016	1100	248235	0.32
	Sale	-	-	10.01.2017	400	247835	0.32
	Sale	-	-	11.01.2017	200	247635	0.32
	Sale	-	-	17.01.2017	1000	246635	0.32
	Sale	-	-	18.01.2017	2000	244635	0.32
	Sale	-	-	19.01.2017	500	244135	0.32
	At the end of the year	-	-	-	-	244135	0.32

Sl. No		Shareholding at the beginning of the year as on 01.04.2016 at the face value of ₹10/-		Increase/ decrease in the shareholding		Cumulative share holding during the year (01.04.2016 to 31.03.2017) at the face value of ₹2/-.	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
06	R RAVICHANDRAN-DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
07	K C JOHN-DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
08	K NIRMALA PRASAD-DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
09	R VISWANATHAN –DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
10.	D SATHYANARAYANAN - DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
11	D MURALIDHARAN – CFO						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
12	VINOD KUMAR S - COMPANY SECRETARY						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-

\*In October, 2016 the Company had sub-divided the shares from the face value of ₹10/- to ₹2/-. All the above specified transaction, if done after October 21, 2016 are done at the face value of ₹2/-.

\*\* The difference between the previous holding at the face value of ₹10 and the shares allotted on account of sub-division from the face value of ₹10 /- to ₹2/-

## 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	200.36	-	-	200.36
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>200.36</b>	<b>-</b>	<b>-</b>	<b>200.36</b>
<b>Change in Indebtedness during the financial year</b>				
1) Addition	-	-	-	-
2) Reduction	128.00	-	-	128.00
<b>Net Change</b>	<b>(128.00)</b>	<b>-</b>	<b>-</b>	<b>(128.00)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	72.36	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>72.36</b>	<b>-</b>	<b>-</b>	<b>72.36</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	Mr. M Jayapal Whole-time Director	Mr. D P Mishra- Whole-Time Director upto 30.04.2016	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48.62	6.93	0.55	56.10
	(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*	54.25	-	-	54.25
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify				
5.	Others, please specify	-	-	-	-
	Total (A)	102.87	6.93	0.55	110.35
	Ceiling as per the Act **				934.13

\* The value of perquisites computed under Section 17(vi) of the Income Tax Act, 1961 is ₹113.47 Lakhs.

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

B. Remuneration to Other Directors:-

₹ 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	
<b>1.</b>	<b>Independent Directors</b>							
a)	Fee for attending board / committee meetings	2.20	2.40	1.60	1.60	0.80	0.40	9.00
b)	Commission							
c)	Others, please specify							
	<b>Total (1) .</b>	<b>2.20</b>	<b>2.40</b>	<b>1.60</b>	<b>1.60</b>	<b>0.80</b>	<b>0.40</b>	<b>9.00</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>							
a)	Fee for attending board / committee meetings	NIL						
b)	Commission							
c)	Others, please specify							
	<b>Total (2)</b>	-	-	-	-	-	-	
	<b>Total (B)=(1+2)</b>	<b>2.20</b>	<b>2.40</b>	<b>1.60</b>	<b>1.60</b>	<b>0.80</b>	<b>0.40</b>	<b>9.00</b>
	Total Managerial Remuneration(A+B)							119.35
	*Overall Ceiling as per the Act							1027.55

\*(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)	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	6.10	20.00	26.10
(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	-	6.10	20.00	26.10

## 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					
Punishment			NIL		
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. Other Officers In Default</b>					
Penalty					
Punishment			NIL		
Compounding					

**ANNEXURE III**

## NOMINATION AND REMUNERATION POLICY

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

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

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

### Guiding Principles

#### Selection Criteria for Directors

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

#### Skills And Experience:

The candidate shall have appropriate skills and experience in one

or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other discipline related to the Company's business.

#### Age Limit:

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

#### Directorship:

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

#### Selection Criteria for Senior Management

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

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

### Remuneration for Directors, KMP and Other Employees

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

- The remuneration policy for executives reflects the overriding remuneration philosophy and principles of the Company. When determining the remuneration policy and arrangements for Executive Directors/ KMP's, the Nomination & Remuneration Committee considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.

- The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

- The Nomination & Remuneration Committee while considering a remuneration package must ensure a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

- The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

- The Nomination and Remuneration Committee of the Company, constituted for the purpose of administering the Employee Stock Option Plan/ Scheme, shall determine the stock options and other share based payments to be made to Directors (other than Independent and Promoter Directors), KMPs and Employees of the Company.

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

1. Salary, as recommended by the Nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites, 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 the Listing Agreement requirements.

## Policy Review

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and requirements of SEBI Listing Obligations.

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

## ANNEXURE IV

# CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

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

## (A) Conservation of Energy-

Power & Fuel Consumption	Year Ended March 31,2017 (12 Months)	Year Ended March 31,2016 (9 Months)
<b>Electricity</b>		
Purchased units	55,38,796	43,40,375
Total Amount Paid (₹)	427,72,384	3,57,23,104
Rate per unit	7.72	8.23
<b>Own Generation By</b>		
Diesel Generator (Units)	4,99,864	11,78,780
Amount Paid (₹)	81,04,296	2,40,94,282
Rate per unit	16.21	20.44
Third Party (units)	41,02,266	20,93,996
Amount Paid (₹)	215,00,624	1,10,95,321
Rate per unit (₹)	5.24	5.30
<b>Others</b>		
Diesel Oil Consumed( in Ltrs)	1,39,699	1,63,760
Total Amount Paid (₹)	76,00,007	77,29,350
Rate Per KG (₹)	54.40	47.20

## Production per unit of electricity consumption

No	Particulars	Current Year (2016-17)		Previous Year (2015-16)	
1	Tablets	295	Nos	311	Nos
2	Capsules	37	Nos	21	Nos
3	Liquids	2	Bottles	3	Bottles
4	Suppositories	1	Nos	3	Nos
5	Soft gel Capules	9	Nos	-	-

## (B) Technology Absorption-

### i) Efforts made towards technology absorption

- New products development, Development of NSAIDs , Anti-Depressants, Anti-emetic, Anti- Coagulants, etc
- Quality Improvements in Products for around 10 Products
- FR & D efforts in conducting trails, stabilization of process and optimization of process
- Company's R & D Initiatives 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 also lays 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 ₹3032.88 Lakhs towards research and development (₹1408.83 Lakhs Revenue expenditure and ₹1624.05 Lakhs Capital Expenditure )

## (C) Foreign Exchange Earnings And Outgo

	Amount in Lakhs
Foreign Exchange Earned (₹ Lakhs)	32561.26
Foreign exchange used (₹ Lakhs)	8611.97*

\* Including foreign currency dividend of ₹2.72 Lakhs

**ANNEXURE V**

## ANNUAL REPORT ON CSR ACTIVITIES

For the Financial Year 2016-17

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: <a href="http://www.caplinpoint.net/aboutus/Company_policies/CSR">www.caplinpoint.net/aboutus/Company_policies/CSR</a>					
2.	The Composition of the CSR Committee	Mr C C Paarthipan, Chairman Dr Sridhar Ganesan Mr V Thirumalai					
3.	Average net profit of the company for last three years:	₹3729.89 Lakhs					
4.	Prescribed CSR Expenditure (2% of the amount in item 3 above):	₹74.60 Lakhs					
5.	Details of CSR Spent during the financial year:						
a.	Total amount to be spent for the financial year:	₹74.60 Lakhs					
b.	Amount unspent, if any:	₹69.20 Lakhs					
c.	Manner in which the amount spent during the financial year is detailed below:					Amount in ₹	
	<b>CSR project or activity identified</b>	<b>Sector in which the project is covered</b>	<b>Projects or Programs (1) Local area or Other (2) Specify the state and district where projects or programs was undertaken</b>	<b>Amount Outlay (budget) project or programs wise</b>	<b>Amount Spent on the projects or programs</b>	<b>Cumulative expenditure upto to the reporting period</b>	<b>Amount Spent: Direct or through implementing agency</b>
	To Carter health to the Poor	Health	Chennai, Tamil Nadu	25,00,000	78,580	78,580	All the contributions were made through implementing Agency
	Contribution towards education	Education	Chennai, Tamil Nadu	25,00,000	2,90,500	3,69,080	
	Contributions towards the Welfare Development of Children	Reducing Child Morality and improving health	Chennai, Tamil Nadu	25,00,000	89,500	4,58,580	
	Contribution towards sports	Promoting sports and rural sports	Tamil Nadu	25,00,000	81,000	5,39,580	
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 :	During the year, the Company was not able spend on CSR activities as budgeted due to the reason that the Company is planning to identify a sustainable model for the CSR activities to ensure maximum benefit to the public.. The Company will enhance the contribution of CSR Spending in a short span and measures are taken to achieve the same at highest/optimal level.					

**Responsibility Statement :**

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

For and on Behalf of the CSR Committee

Place : Chennai  
Date : August 07, 2017

**V Thirumalai**  
Director  
DIN: 03015619

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

## DETAILS OF **EMPLOYEE STOCK OPTION PLAN**

As on 31.03.2017

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

S.No	Particulars	ESOP 2015
01	Options Granted	80,250
02	Options Vested	26,750
03	Options Exercised	26,750
04	The Total number of shares arising as a Result of Exercise of options	26,750
05	Options lapsed	NIL
06	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
07	Variation of terms of options	No variations
08	Money realized by exercise of options	₹53,500
09	Total No. of options in force	53,500
10	Employee wise details of options granted to	
	A. Key Managerial personnel's	80,250 options was granted to Dr Sridhar Ganesan, Managing Director out which 26,750 options were exercised by him
	B. Any other Employee who receives a Grant of Options in any one year of Option amounting to Five percent or More options granted during that year	NONE
	C. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital outstanding (excluding outstanding warrants & conversions) of the Company at the time of grant	NIL
11	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS 20)	₹9.37

For and on behalf of the Board of Directors

Place: Chennai  
Date : August 07, 2017

**Dr Sridhar Ganesan**  
Managing Director

**M Jayapal**  
Whole-time Director

ANNEXURE VII

FORM NO. **MR-3**  
SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2017

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

To,  
The Members,  
Caplin Point Laboratories Limited  
CIN# L24231TN1990PLC019053  
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, 2017 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, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws

framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Customs Act, 1962;
- (vii) Central Excise Act, 1944;
- (viii) Central Sales Tax Act, 1956;
- (ix) The Trade Marks Act, 1999;
- (x) Apprentices Act, 1961;
- (xi) Contract Labour (Regulation & Abolition) Act, 1970;

- (xii) Employer's Liability Act, 1938
- (xiii) Employees Provident Fund Act, 1952;
- (xiv) The Employees State Insurance Act, 1948;
- (xv) Industrial Dispute Act, 1947;
- (xvi) Minimum Wages Act, 1948;
- (xvii) Payment of Bonus Act, 1965;
- (xviii) Payment of Wages Act, 1936;
- (xix) Payment of Gratuity Act, 1972;
- (xx) Workman's Compensation Act, 1923;
- (xxi) Maternity Benefits Act, 1961;
- (xxii) Local Shops & Establishment Acts of States;
- (xxiii) Factories Act, 1948;
- (xxiv) Trade Union Act, 1926;
- (xxv) Air (Prevention & Control of Pollution) Act, 1981;
- (xxvi) Water (Prevention & Control of Pollution) Act, 1974;
- (xxvii) Environment Protection Act, 1986 and
- (xxviii) Drugs and Cosmetics Act, 1940
- (xxix) Income Tax Act, 1961

We have also examined compliance of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

#### **We further report that**

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

Adequate notice is given to all directors to schedule the Board

Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

1. The members at the Annual General Meeting held on September 12, 2016, approved the sub-division of Equity shares from ₹10/- per share to ₹2/- per share. In compliance of the above, 1,51,10,000 equity shares of the Company having the face value of ₹10/- each has been sub-divided into five equity shares of ₹2/- each. Accordingly, the number of equity shares of the Company at 31st March 2017 was 7,55,76,750 Equity Shares of ₹2/- each (including equity shares allotted under ESOP plan).
2. The Company allotted 26,750 equity shares of ₹2/- each on 10.02.2017 under Employees Stock Option Plan.
3. One of the Directors of the Company has sold 3,500 equity shares during the trading window closure period. The Director has voluntarily informed Securities and Exchange Board of India (SEBI) under Clause 13 of Code of Conduct Regulation and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Reply from SEBI awaited.

For G RAMACHANDRAN & ASSOCIATES  
Company Secretaries

**G. Ramachandran**  
*Proprietor*

Date: August 07, 2017  
Place: Chennai.

ACS No.9865  
CoP No.3056

**ANNEXURE VIII**
**PARTICULARS OF EMPLOYEE RELATED DISCLOSURES**

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 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 (times) of remuneration of each Director to median remuneration of employees for FY 2016-17	% Of increase in Remuneration
01	Mr C C Paarthipan* Chairman	NIL	
02	Dr Sridhar Ganesan <sup>@</sup> Managing Director	43.44	There was an increase of 112% in Remuneration during the FY 2016-17
03	Mr M Jayapal Whole-time Director	2.9	There was no increase in Remuneration during the FY 2016-17
04	Mr D P Mishra <sup>^</sup> Non-executive-Non Independent	Not Applicable	There was no increase in Remuneration during the FY 2016-17
05	Mr V Thirumalai Non-Executive-Independent Director**	0.92	There was no Increase in sitting fees for the Financial Year 2016-17
06	Dr K C John Non-Executive-Independent Director**	0.67	
07	Dr R Ravichandran Non-Executive-Independent Director**	1.01	
08	Dr K Nirmala Prasad Non-Executive-Independent Director**	0.37	
09	Mr R Viswanathan Non-Executive-Independent Director**	0.33	
10	Mr D Sathyanarayanan ### Non-Executive-Independent Director**	Not Applicable	
11	Mr D Muralidharan Chief Financial Officer	8.47	There was an increase in 67% of the Remuneration
12	Mr Vinod Kumar S Company Secretary	2.57	There was an increase in 54% 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.

<sup>^</sup> Mr D P Mishra was holding the position of Whole-time Director till April 30,2016.

### Details are not provided for Mr D Sathyanarayanan as he was appointed during the part of the year.

<sup>@</sup> Computed by taking into account ₹54.25 Lakhs, being the value of stock options.

- ii. In the Financial year 2016-17, there was an increase in 17.5 % in the median remuneration to employees.

- iii. Number of Permanent employees in the rolls of the Company as on March 31,2017 is 824

- 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 financial year i.e. 2016-17 was 17.5% . There were no decrease in the remuneration of employees.

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 31,2017, 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
01	Argus Salud Pharma LLP- Subsidiary	Ongoing	On Arms Length basis and in ordinary course of business	27.05.2016	Purchase	111.21
					Sales	490.34

For and on behalf of the Board of Directors

Place: Chennai

Date : August 07, 2017

**Dr Sridhar Ganesan**

*Managing Director*

**M Jayapal**

*Whole-time Director*

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

## BOARD OF DIRECTORS

### Composition of Board

The Board currently comprises of Ten Directors out of which Six are Non-Executive - Independent Directors including one Women Director and two are Executive Directors and 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 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the financial year under review, the Board of Directors met Four times (i.e) 27.05.2016, 05.08.2016, 09.11.2016 and 06.02.2017. 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, 2017 in the Company are as under:

Name of the Director	Category	No. of Board Meeting attended in the year	Attendance at the previous AGM (12.09.2016)	Directorship(s) <sup>1</sup>	Committee Position(s) <sup>2</sup>	
					Chairman	Member
Mr C C Paarthipan DIN : 01218784	Non-executive Chairman (promoter)	4	Present	-	-	-
Dr Sridhar Ganesan DIN :06819026	Managing Director	4	Present	-	-	1
Mr M Jayapal DIN : 01869677	Whole-time Director	4	Present	-	-	1
Mr D P Mishra DIN : 02032818	Non- executive - Non-Independent	1	Present	-	-	1
Mr V Thirumalai DIN :03015619	Non-executive Independent	4	Present	-	1	1
Mr R Viswanathan DIN : 07173713	Non-executive Independent	4	Present	-	-	-
Dr R Ravichandran DIN :01920603	Non-executive Independent	4	Present	-	1	2

Name of the Director	Category	No. of Board Meeting attended in the year	Attendance at the previous AGM (12.09.2016)	Directorship(s) <sup>1</sup>	Committee Position(s) <sup>2</sup>	
					Chairman	Member
Dr K C John DIN : 01067374	Non-executive Independent	4	Present	-	-	-
Dr K Nirmala Prasad DIN : 07088120	Non-executive Independent	4	Present	-	-	1
Mr D Sathyanarayanan <sup>3</sup> DIN : 07650566	Non-executive, Independent	2	Not Applicable	-	-	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> Mr D Sathyanarayanan was appointed as an Additional Director w.e.f. 09.11.2016.

None of the Directors are related to each other

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

## AUDIT COMMITTEE

### Terms of Reference

The terms of reference of the Audit Committee covers the matters specified for Audit Committee under Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulation, 2015 as well as in section 177 of the Companies Act, 2013. In addition, the 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
Mr. V Thirumalai	Chairman, Independent <sup>#</sup>
Dr R Ravichandran	Member, Independent <sup>#</sup>
Dr Sridhar Ganesan	Member, Executive Director
Dr K Nirmala Prasad	Member, Independent*
Mr D Sathyanarayanan	Member, Independent <sup>#</sup>

\* Dr K Nirmala Prasad was co-opted as the member of the Committee at the Board meeting held on May 27, 2016

<sup>#</sup>Mr V Thirumalai resigned from the committee w.e.f February 06, 2017. Consequent to Mr V Thirumalai resignation. Mr D Sathyanarayanan was co-opted as the member of the Committee at the Board Meeting held on February 06, 2017 and Dr R Ravichandran was appointed as the Chairman of the Committee with effect from February 06, 2017

### Meeting of the Audit Committee and Attendance of the Committee Members

The audit committee met four times in the financial year ended March 31, 2017 (i.e) 27.05.2016, 05.08.2016, 09.11.2016 and 06.02.2017. The

maximum time gap between two meetings did not exceed 120 days.

Name of the Directors	No. of meetings attended
Mr. V Thirumalai (Chairman)	3
Dr R Ravichandran	4
Dr Sridhar Ganesan	4
Dr K Nirmala Prasad*	3

\*Dr K Nirmalprasad was appointed as the member of the Committee at the Board meeting held on May 27,2016

The Chairman of the Audit Committee is an Independent Director. The then Chairman of the Audit Committee was present in the 25th Annual General Meeting held on September 12,2016 to address the queries of the members.

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

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

## NOMINATION AND REMUNERATION COMMITTEE

### Terms of Reference

Terms of reference and the role of the 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 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, 2017 (i.e) 09.11.2016, 06.02.2017 & 10.02.2017

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. The Chairman discusses the evaluation form analysis with the Managing Director and later with the entire Board at the Board Meeting.

### c) Chairman and Executive Directors:

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

### d) Independent Directors:

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

## REMUNERATION POLICY

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

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

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

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

The remuneration policy has been uploaded on the website of the Company (i.e) [www.caplinpoint.net/investor /company policies & code of conduct/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, 2017 are given below :

Amount in Lakhs

Name of Director	Remuneration	Commission and performance linked incentive	Sitting Fees	Total	No. of shares held
Mr.C.C.Paarthipan	-	-	-	-	1,41,46,765
Mr.V.Thirumalai	-	-	2.20	2.20	2,44,135
Dr.R Ravichandran	-	-	2.40	2.40	-
Dr. K C John	-	-	1.60	1.60	-
Dr.K Nirmala Prasad	-	-	1.60	1.60	-

Name of Director	Remuneration	Commission and performance linked incentive	Sitting Fees	Total	No. of shares held
Mr. R Viswanathan	-	-	0.80	0.80	-
Mr D Sathyanarayanan	-	-	0.40	0.40	-

Details of Remuneration paid to Executive Directors for the financial year ended March 31, 2017 are given below : Amount in Lakhs

Name of Director	Shareholding	Fixed component	Variable component	Contribution to PF and bonus	Total
Dr Sridhar Ganesan	26,750	48.4	-	0.22	48.62*
Mr M Jayapal	-	6.71	-	0.22	6.93
Mr D P Mishra	-	0.53	-	0.02	0.55

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 & loss account of ₹54.25 Lakhs

## EMPLOYEE STOCK OPTION

During the year under review, 26,750 options were exercised by Managing Director.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The committee consists of the following Directors as its members:

Name of the Director	Category
Mr. V Thirumalai	Chairman, Independent
Mr. M Jayapal	Member, Executive Director
Mr. D P Mishra	Member, 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.

## INVESTOR GRIEVANCE REDRESSAL

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

Particulars	Total Received	Total Disposed	Pending (if any)
Non Receipt of Dividend Warrants	164	164	0
Non Receipt of Securities	162	162	0
Non Receipt of Annual Reports	8	8	0
Complaint From Stock Exchanges/ SEBI	19	17	2*

\*The complaints were redressed 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 Sixth Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by M/s. National Securities Depository 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 06, 2017 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 Meetings on business performance , long term strategies initiatives and risk involved. The details of the same are posted on the website of the company www. caplinpoint.net/investor /company policies & code of conduct/Familiarization program for Independent Directors

## 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
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.

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

No Resolution was passed through Postal Ballot last year.

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

## DISCLOSURES

- There were no materially significant related party transactions made by the Company with its Promoters, their subsidiaries, Directors or Management or relatives etc. that may have potential conflict with the interests of the Company at large. All the related party transactions are at arm's length basis and in the normal course of business.
- 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/](http://www.caplinpoint.net/investor/Company Policies & code of conduct/) policy on material subsidiary. However, the Company does not have any 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/](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 & Chief Executive Officer 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.

## MEANS OF COMMUNICATIONS

- The Quarterly results as well as annual results as required under Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 are published in one daily English Newspaper and one regional Tamil newspaper.
- The Newspaper wherein results are normally published:
  - The Financial Express
  - Maalai Sudar
- Website where displayed: The Annual Reports and quarterly reports are made available in the "investor" section of the company's website [www.caplinpoint.net./](http://www.caplinpoint.net/) Investor/Annual reports. & [www.caplinpoint.net./](http://www.caplinpoint.net./) Investor/Financial Results.

d) Whether is also displayed in official news releases : Yes

e) Presentation made to Institutional investors or to the analysts: NIL

## GENERAL INFORMATION TO THE SHAREHOLDERS

Day, Date, Time & Venue	Thursday, 21.09.2017, at 11.00 AM Sri Thyaga Brahma Gana Sabha (Vani Mahal), No. 103, G.N. Road, T. Nagar, Chennai - 600 017, Tamil Nadu.
Date of Book Closure	09.09.2017 to 21.09.2017
Dividend Payment Date	The Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before October 20,2017

### Financial Calendar:-

The Company expects to announce the financial Results for the year 2017-18 as per the following schedule:

Financial Year	1st April,2017 to March 31,2018
----------------	---------------------------------

### Results for the Quarter ending:-

Ist Quarter Ending June 30,2017	On or before August 15,2017
IInd Quarter Ending September 30,2017	On or before November 15,2017
IIIrd Quarter Ending December 31,2017	On or before February 15, 2018
Audited Financial Results for year ended March 31,2018	On or before May 30,2018

Listing of Equity Shares:-	<b>Stock Exchange</b>	<b>Trading Symbol/ Stock Code</b>
	National Stock Exchange of India Limited (NSE)	CAPLIPOINT
	BSE LIMITED (BSE)	CAPPL (524742)

ISIN number in National Securities Depository Limited (NSDL) and the Central Depository Service (India) Limited (CDSL).	INE475E01018 for the face value of ₹10/- INE475E01026 for the face value of ₹2/- During the Year the Company has sub-divided the shares from the face value of ₹10/- to ₹2/- in October, 2016.
-------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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 2017-18

### Dematerialization of shares:-

As on March 31,2017 nearly 91.81% of the Company's shares were held in dematerialized form

Particulars	No. of Shareholders	No. of Shares	%
Physical	6929	61,88,190	8.19
Demat			
NSDL	9257	6,56,01,194	86.80
CDSL	5295	37,87,366	5.01
<b>TOTAL</b>	<b>21,481</b>	<b>7,55,76,750</b>	<b>100.00</b>

Registrar And Share Transfer Agents (w.e.f. July 20, 2017)	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.

**Market Price Data (high, low during each month in the financial year 01.04.2016 to 31.03.2017)**

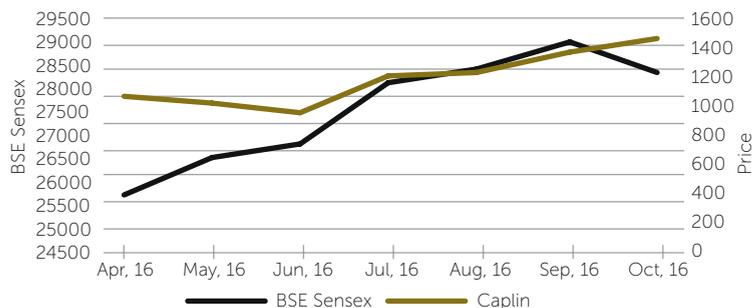
Month & Year	BSE				NSE			
	PRICE IN RS.		S&P – BSE SENSEX		PRICE IN RS.		S&P CNX Nifty	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
April, 2016	1118.45	965.00	26100.54	24523.20	1119.00	950.00	7992.00	7516.85
May, 2016	1088.80	920.00	26837.20	25057.93	1100.00	920.00	8213.60	7678.35
June, 2016	1022.00	940.00	27105.41	25911.33	1025.00	937.70	8308.15	7927.05
July, 2016	1245.00	1006.00	28240.20	27034.14	1248.00	987.00	8674.70	8287.55
August, 2016	1270.00	1102.40	28532.25	27627.97	1277.00	1100.00	8819.20	8518.15
September, 2016	1383.40	1180.00	29077.28	27716.78	1390.00	1175.00	8968.70	8555.20
*October, 2016	1471.00	290.05	28477.65	27488.30	1472.00	290.90	8806.95	8506.15
November, 2016	424.80	310.00	28029.80	25717.93	427.00	310.00	8669.60	7916.40
December, 2016	376.70	285.00	26803.76	25753.74	378.20	330.00	8274.95	7893.80
January, 2017	434.95	331.00	27980.39	26447.06	434.80	328.00	8672.70	8133.80
February, 2017	459.70	374.00	29065.31	27590.10	459.95	335.00	8982.15	8537.50
March, 2017	415.50	374.00	29824.62	28716.21	416.70	372.00	9218.40	8860.10

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

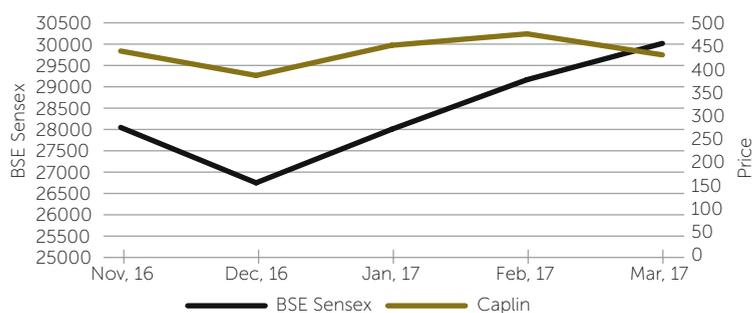
\* In October, 2016 the Company has sub-divided the shares from the face value of ₹10/- to ₹2/ each

## PERFORMANCE OF COMPANY'S EQUITY SHARE PRICE IN COMPARISON WITH THE BSE AND NSE INDICES

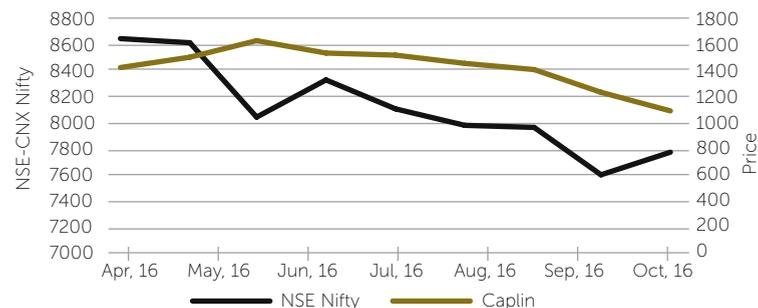
I. Performance of the Company's Equity Share price in comparison with S & P BSE Sensex (from April, 2016 to October, 2016) at the face value of ₹10/-



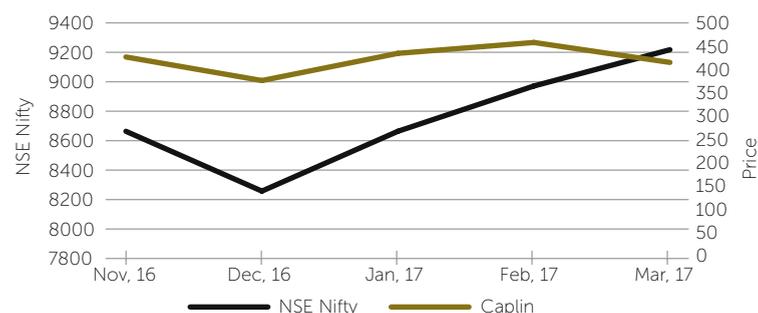
II. Performance of the Company's Equity Share price in comparison with S & P BSE Sensex (from November, 2016 to March, 2017) at the face value of ₹2/-



III. Performance of the Company's Equity Share price in comparison with S & P CNX Nifty (from April, 2016 to October, 2016) at the face value of ₹10/-



IV. Performance of the Company's Equity Share price in comparison with S & P CNX Nifty (from November, 2016 to March, 2017) at the face value of ₹2/-



## SHARE HOLDING PATTERN AS ON MARCH 31, 2017.

S.No	Category	No. of Shareholders	No. of Shares	% to Capital
1	Promoters	5	5,21,93,765	69.06
2	Mutual Funds / UTI	5	80,357	0.11
3	Banks/Indian Financial Institutions	3	40,957	0.05
4	Private Corporate Bodies	370	18,04,745	2.39
5	Foreign Corporate Bodies	1	2,27,500	0.30
	Foreign Institutional Investors	18	39,23,750	5.19
6	Non Resident Indians	416	9,69,108	1.29
7	<b>Indian Public</b>			
(i)	Clearing Members	61	24,437	0.03
(ii)	Directors	1	2,44,135	0.33
(iii)	Directors and their Relatives	1	41,282	0.05
(iv)	Employees	1	26,750	0.04

S.No	Category	No. of Shareholders	No. of Shares	% to Capital
(v)	H U F	238	2,06,570	0.27
(vi)	NBFC	6	39,805	0.05
(vii)	Resident Individuals	20,354	1,57,53,489	20.84
(viii)	Trusts	1	100	0.00
	<b>Total</b>	<b>21,481</b>	<b>7,55,76,750</b>	<b>100.00</b>

**DISTRIBUTION SCHEDULE AS ON MARCH 31,2017**

Category (Shares)		Share Holders		Number of Shares	
From	To	Number	%	Number	%
1	5000	21,137	98.40	94,55,987	12.51
5001	10000	153	0.71	11,11,699	1.47
10001	20000	92	0.43	13,33,316	1.76
20001	30000	34	0.16	8,63,216	1.14
30001	40000	10	0.05	3,56,547	0.47
40001	50000	15	0.07	6,97,008	0.92
50001	100000	13	0.06	9,72,251	1.29
100001	& above	27	0.12	6,07,86,726	80.44
<b>Total</b>		<b>21,481</b>	<b>100.00</b>	<b>7,55,76,750</b>	<b>100.00</b>

**UNCLAIMED DIVIDEND AS ON MARCH 31,2017**

Financial year to which dividend relates	Dividend unpaid as on 31ST March 31,2017 (In ₹)	Due date of transfer to IEPF (In ₹)
2008-09	N / A	N / A
2009-10	8,96,213	03.02.2018
2010-11	13,52,556	04.02.2019
2011-12	17,53,492	25.01.2020
2012-13	22,06,813	02.02.2021
2013-14	31,87,380	24.01.2022
2014-15	36,89,665	22.12.2023
2015-16 (Interim Dividend)	18,41,085	20.02.2024
2015-16 (Final Dividend)	25,43,037	20.10.2024

Pursuant to the applicable provisions of the Companies Act,2013 dividend along with its shares remaining unclaimed for a period of Seven years shall be transferred by the Company to the Investor Education and Protection Fund.

**UNCLAIMED SUSPENSE ACCOUNT**

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

## PLANT LOCATIONS:

FACTORIES		
Unit I	Unit III	Unit IV
85/3, Suthukeny Village, Mannadipet Commune Panchayat, Puducherry – 605 502 e-mail: cp1@caplinpoint.net Phone : 0413-2674046, 2674047, Fax : 0413-2674044	Khasra No.435, Village surajmajra, N.H.21, Baddi, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh -173 205 E-mail: admn.cp3@caplinpoint.net Phone: 01795-245771 (During the year, the unit was integrated with unit I.)	Guruvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp4@caplinpoint.net Phone : 9788459333
RESEARCH & DEVELOPMENT UNITS		
Unit II	Unit IV	
No.19, Chinnapuliyur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp2@caplinpoint.net Phone : 9445391317	Guruvarajakandigai Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu – 601 201. email : cp4@caplinpoint.net Phone : 9788459333	

## ADDRESS FOR CORRESPONDENCE

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

M/s. 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- corpserve@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, 28156905,45929100 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 31,2017.

For Caplin Point Laboratories Ltd

Place : Chennai  
Date: August 07, 2017

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

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

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

1. We have examined the compliance of conditions of Corporate Governance by Caplin Point Laboratories Limited ("The Company"), for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the SEBI "LODR" Regulations).

**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.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance, the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate.

**Opinion**

6. 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 in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and para C and D of Schedule V of the SEBI "LODR" Regulations during the year ended March 31, 2017.
7. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For G RAMACHANDRAN & ASSOCIATES  
Company Secretaries

Place: Chennai  
Date: August 07, 2017

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

# Independent Auditor's Report

To  
The Members  
**Caplin Point Laboratories Limited, Chennai**

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Caplin Point Laboratories Limited (herein after referred to "the Company") which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of financial statements in accordance with

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Profit, and its cash flows for the financial year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ( the Order), issued by the Central Government of India, in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the company.
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
- e. on the basis of written representation received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31st March, 2017, from being appointed as a director in terms of section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B. Our report expresses unmodified opinion on the adequacy and operating effectiveness of the company's Internal Financial Controls Over Financials Reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best

of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial statements – Refer Note 29 to the financial statements
- ii) The Company did not have long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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

**B. Ramakrishnan**

Partner

Membership No: 201023

Place : Chennai

Date : May 10, 2017

## Annexure-A to the Independent Auditors' Report

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

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

1. in respect of the company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification by which, the physical verification of all the fixed assets were carried out at reasonable intervals. There is no material discrepancies noticed on such verification.
  - c) The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
2. The inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The company has not granted any loans, secured or unsecured to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Act and other the provision of clause 3 (iii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the financial year under audit.
4. The company has not given loans, investments, guarantees and security and therefore the provision of clause 3 (iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
5. The Company has not accepted deposits from public during the financial year and does not have any unclaimed deposits as at March 31, 2017 and therefore the provisions of clause 3 (v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the financial year under audit.
6. The Company is maintaining Cost Records as required under Rule 3 of the Companies (Cost Records and Audit) Rules, 2014. However, as the Company is exporting in excess of 75 % their turnover, Cost Audit is not applicable. Hence, reporting under clause 3(VI) of the Order is not applicable.
7.
  - a. The Company has been regular in depositing undisputed statutory dues with appropriate authorities, like Provident Fund, Employee's State insurance, Income-tax, Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Cess, wherever applicable.
  - b. There are no dues of Income Tax, Provident Fund, ESI, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess which have not been deposited on account of any dispute, except the following:

S.No	Name of the statute	Nature of dues	As At 2016-2017 (₹ In lakhs)	As At 2015-2016 (₹ In lakhs)	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax	339.59	339.59	High Court / Income Tax Appellate Tribunal/ CIT Appeals
2.	Central Excise Act, 1944	Excise Duty	4.54	4.54	CESTAT Tribunal/ Department of Revenue, New Delhi

8. The Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions. The Company does not have any loans or borrowings from government and has not issued any debentures.
9. The Company has not raised moneys by way of initial public offer or further public offer and the provision of clause 3 (ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
10. There are no fraud by the company or any fraud on the company by its officers or employees and hence the provision of clause 3 (x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
11. The company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
12. The company is not a Nidhi company and hence the provision of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
13. The Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. The company has not made any preferential allotment of shares or private placement of shares or convertible debentures and hence the provision of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
15. The company has not entered into any non-cash transactions with directors or persons connected with them and hence the provision of clause 3 (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
16. The company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934 and hence the provision of clause 3 (xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.

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

**B. Ramakrishnan**

Partner

Membership No: 201023

Place : Chennai

Date : May 10, 2017

## Annexure-B to the Independent Auditors' Report

In conjunction with our audit of the Financial Statements of the Company for the financial year ended March 31, 2017, we have audited the Internal Financial Controls over Financial Reporting of Caplin Point Laboratories Limited.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining

an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over Financial Reporting

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to

future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified

under Section 143(10) of the Companies Act, 2013, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 10, 2017 expressed an unqualified opinion.

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

**B. Ramakrishnan**  
Partner

Place : Chennai  
Date : May 10, 2017

Membership No: 201023

## Balance Sheet as at March 31, 2017

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

Particulars	Notes	As at March 31, 2017	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,511.53	1,511.00
(b) Reserves & Surplus	3	18,443.47	11,302.85
<b>Total Shareholders' funds</b>		<b>19,955.00</b>	<b>12,813.85</b>
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	47.51	73.08
(b) Deferred Tax Liabilities (Net)	5	1,886.00	1,133.46
(c) Long-Term Provisions	6	98.19	162.80
<b>Total Non-current Liabilities</b>		<b>2,031.70</b>	<b>1,369.34</b>
<b>3 Current Liabilities</b>			
(a) Trade Payables	7	6,600.55	5,147.40
(b) Other Current Liabilities	8	2,937.43	6,037.38
(c) Short-Term Provisions	9	171.56	892.04
<b>Total Current Liabilities</b>		<b>9,709.54</b>	<b>12,076.82</b>
<b>TOTAL</b>		<b>31,696.24</b>	<b>26,260.01</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>1 (a) Fixed Assets</b>			
(i) Tangible Assets	10	15,044.76	14,215.06
(ii) Intangible Assets		130.30	60.22
(iii) Capital Work-in-Progress		341.52	23.20
(b) Non-Current Investments	11	1,447.42	143.10
(c) Long-Term Loans and Advances	12	833.80	336.55
		<b>17,797.80</b>	<b>14,778.13</b>
<b>2 Current Assets</b>			
(a) Current Investments	13	420.00	-
(b) Inventories	14	2,229.49	1,789.77
(c) Trade Receivables	15	320.59	680.27
(d) Cash and Cash Equivalents	16	7,665.79	6,476.72
(e) Short-Term Loans and Advances	17	2,999.55	2,287.64
(f) Other Current Assets	18	263.02	247.48
		<b>13,898.44</b>	<b>11,481.88</b>
<b>TOTAL</b>		<b>31,696.24</b>	<b>26,260.01</b>
Significant Accounting Policies & Notes forming part of Financial statements	1 to 56		

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 10, 2017

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, 2017

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

Particulars	Notes	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
<b>I. INCOME</b>			
(a) Revenue from Operations	19	34,436.07	23,129.22
(b) Other income	20	958.06	347.32
<b>Total Revenue</b>		<b>35,394.13</b>	<b>23,476.54</b>
<b>II. EXPENSES</b>			
(a) Cost of Materials Consumed	21	6,447.19	3,897.53
(b) Purchases of Stock-in-Trade		9,734.11	7,806.63
(c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	12.40	(30.82)
(d) Employee benefits expense	23	2,965.05	1,812.99
(e) Finance costs	24	12.75	10.82
(f) Depreciation and Amortisation Expenses	25	1,325.99	729.91
(g) Research and Development Expenses	26	1,408.83	543.47
(h) Other expenses	27	4,146.47	2,868.04
<b>Total Expenses</b>		<b>26,052.79</b>	<b>17,638.57</b>
<b>III. Profit before exceptional and extraordinary items and tax</b>		9,341.34	5,837.97
<b>IV. Exceptional Items</b>		-	-
<b>V. Profit before extraordinary items and tax</b>		9,341.34	5,837.97
<b>VI. Extraordinary items</b>		-	-
<b>VII. Profit before tax</b>		9,341.34	5,837.97
<b>VIII. Provision for taxation</b>			
- Current Tax		1,937.43	1,264.71
- MAT Credit Entitlement		(434.95)	(223.41)
- Deferred tax (Benefits)/Charge		752.54	264.11
<b>IX. Profit After Tax for the Year/ Period</b>		<b>7,086.32</b>	<b>4,532.56</b>
Earnings per equity share: (Face Value per share ₹2/- (Previous Year :Face Value per share ₹10/- )"	47		
Basic (In ₹)		9.38	29.99
Diluted (In ₹)		9.37	29.99
Significant Accounting Policies & Notes forming part of Financial statements	1 to 56		

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 10, 2017

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

**C. C. Paarhipan**  
 Chairman

**Dr. Sridhar Ganesan**  
 Managing Director

**Muralidharan D**  
 Chief Financial Officer

**Vinod Kumar S**  
 Company Secretary

## Cash Flow Statement for the year ended March 31, 2017

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

Particulars	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	9,341.34	5,837.97
<b>Adjustments for:</b>		
Depreciation and Amortisation	1,325.99	729.91
Finance cost	12.75	10.82
Loss(Profit) on sale of fixed assets	(4.53)	(13.36)
Employee Stock option Scheme Expense	54.25	-
Unrealised Foreign Exchange Fluctuation Loss (Gain)	18.03	(5.26)
Dividend Income	(0.60)	-
Interest Income	(571.68)	(333.54)
	10,175.55	6,226.54
<b>Operating Profit before Working Capital changes</b>		
Adjustments for :		
(Increase) / Decrease in Inventories	(439.72)	(523.88)
(Increase) / Decrease in Trade receivables	341.65	(678.62)
(Increase) / Decrease in Loans and advances	(1,107.98)	(76.67)
Increase / (Decrease) in Trade payables, Current Liabilities & Provisions-Long and Short Term	(1,795.37)	559.21
<b>CASH GENERATED FROM OPERATIONS</b>	<b>7,174.13</b>	<b>5,506.58</b>
Income Tax Paid	(1,603.52)	(1,069.13)
<b>Net Cash inflow / (outflow) from Operating activities</b>	<b>5,570.61</b>	<b>4,437.45</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale / (Purchase) of investments	(1,690.00)	0.92
Investment in subsidiaries	(34.32)	-
Sale / (Purchase) of fixed assets (including CWIP)	(2,557.61)	(825.27)
Sale Proceeds from fixed assets	17.95	20.34
Interest received	556.14	206.03
Dividend received	0.60	-
<b>Net Cash inflow / (outflow) from Investing activities</b>	<b>(3,707.24)</b>	<b>(597.98)</b>

## Cash Flow Statement for the year ended March 31, 2017

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

Particulars	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee stock options	0.53	-
Increase/(Decrease) in Long and Short term Borrowings	(25.58)	(19.91)
Interest paid	(12.75)	(10.82)
Dividend paid (including Dividend distribution tax paid)	(636.50)	(1,363.95)
<b>Net Cash inflow / (outflow) from Financing activities</b>	<b>(674.30)</b>	<b>(1,394.68)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>1,189.07</b>	<b>2,444.79</b>
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>6,476.72</b>	<b>4,031.93</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>7,665.79</b>	<b>6,476.72</b>

### Notes:

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

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

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

Place : Chennai  
 Date : May 10, 2017

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 financial year ended March 31, 2017

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

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

#### 2. Use of Estimates

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

#### 3. Revenue Recognition

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

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

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

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

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

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

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Borrowing cost directly attributable to acquisition or construction of tangible assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalized. Depreciation on tangible assets is provided on straight line method over the useful lives of the assets. With effect from April 1 2014, pursuant to the requirement of Companies Act, 2013, the Company carried out a detailed technical evaluation and determined the useful lives of the assets as under:

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

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

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

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

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

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

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

### 5. Impairment of Assets

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

### 6. Foreign Currency Transactions

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

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### 7. Goodwill

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

### 8. Inventories

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

### 9. Retirement benefits

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

### 10. Share-based payments

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

### 11. Earnings per share

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

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

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

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

### 12. Investments

- a. Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as Long Term Investments.
- b. Current Investments are carried at lower of cost and fair value. The Comparison of cost and fair value is done separately in respect of each category of Investments.

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

- c. Non current Investments are carried at cost less provisions recorded to recognize any decline, determined separately for each individual investment, other than temporary, in the carrying value of each investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist. Any reduction in the carrying amount and any reversal in such reductions are charged or credited to the Statement of Profit and Loss.

### 13. Leases

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

### 14. Contingent liabilities and Provisions

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

### 15. Taxes on Income

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

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

### 16. Borrowing Costs

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

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 2 SHARE CAPITAL

	As at March 31, 2017		As at March 31, 2016	
<b>AUTHORISED</b>				
8,50,00,000 (Previous Year - 1,70,00,000) equity shares of ₹2/- each (Previous Year ₹10 each)		1,700.00		1,700.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
7,55,76,750 (Previous Year - 1,51,10,000) equity shares of ₹2 (Previous Year ₹10 each fully paid up ) each fully paid up		1,511.53		1,511.00
		1,511.53		1,511.00

#### a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the Period

	As at March 31, 2017 (in nos.)		As at March 31, 2016 (in nos.)	
Number of shares outstanding at the beginning of the Period*		7,55,50,000		1,51,10,000
Add: Number of shares allotted as fully paid up during the Period**	-	26,750	-	-
Less : Number of shares bought back during the Period	-	-	-	-
Number of shares outstanding at the end of the Period	-	7,55,76,750	-	1,51,10,000

\*With effect from October 20, 2016, the Equity shares of the Company having face value of ₹10/- each has been sub divided into 5 shares of ₹2/- each and accordingly, the number of equity shares of the Company stands at 7,55,50,000 on the date of sub-division.

\*\*During the financial year 2016-17, the Managing Director exercised 26,750 equity shares.

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

##### Equity Shares

The Company has only one class of equity shares having a par value of ₹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 except in the case of interim Dividend.

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

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

Name of Shareholder	As at March 31, 2017 (of ₹2/- each)		As at March 31, 2016 (of ₹10/- each)	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	1,78,80,000	23.66%	35,76,000	23.66%
C. C. Paarthipan	1,41,46,765	18.72%	28,29,353	18.73%
P. Ashok Gorkey	90,50,000	11.97%	18,10,000	11.98%
P. Vivek Siddarth	90,00,000	11.91%	18,00,000	11.91%

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 3 RESERVES & SURPLUS

	As at March 31, 2017		As at March 31, 2016	
a) Capital Reserve		68.43		68.43
b) Securities Premium Reserve		54.25		-
c) General Reserve				
Opening Balance	1,128.78		1,128.78	
Transfer from Statement of profit & Loss during the period	-	1,128.78	-	1,128.78
d) Revaluation Reserve		373.38		373.38
		<b>1,624.84</b>		<b>1,570.59</b>
e) Employee Stock Options Outstanding		108.55		162.80
f) Surplus in the Statement of Profit & Loss				
Balance at the beginning of the Period	9,723.21		6,281.81	
Add : Profit during the Period	7,086.32		4,532.56	
Less : Appropriations				
Interim Dividend	-		377.75	
Proposed Final Dividend	-		528.85	
Tax on Dividend	-		184.56	
Transfer to General Reserve	-		-	
Balance at the end of the year/Period	16,809.53		9,723.21	
Less: Deferred Employee Compensation Expense	99.45		153.75	
<b>Closing Balance</b>		<b>16,710.08</b>		<b>9,569.46</b>
<b>Total</b>		<b>18,443.47</b>		<b>11,302.85</b>

### NOTE 4 LONG TERM BORROWINGS

	As at March 31, 2017		As at March 31, 2016	
<b>Secured</b>				
Foreign Currency Term Loan(i)	-		102.25	
Loan from others (ii)	72.36	72.36	98.11	200.36
Less : Current maturities of long term debt		24.85		127.28
<b>Total</b>		<b>47.51</b>		<b>73.08</b>

- i) Foreign Currency Term Loan availed is secured by first charge on the plant & machinery of the Company's unit at Gummidipoondi  
 ii) Obligations under Hire purchase are secured against relevant fixed assets obtained under Hire Purchase Finance

#### Terms of Repayments

- a) Secured Loans from Banks are repayable in equal quarterly/monthly instalment.  
 b) Vehicle loans from Banks and other financial institutions are repayable in equal montly instalments.  
 c) The rate of interest on vehicle loans vary between 10% to 12% per annum.

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 5 DEFERRED TAX LIABILITIES (Net)

	As at March 31, 2017		As at March 31, 2016	
Deferred Tax Liabilities on account of timing differences		1,886.00		1,133.46
<b>Total</b>		<b>1,886.00</b>		<b>1,133.46</b>

### NOTE 6 LONG TERM PROVISIONS

	As at March 31, 2017		As at March 31, 2016	
<b>(a) Provision for employee benefits</b>				
Gratuity		98.19		162.80
<b>Total</b>		<b>98.19</b>		<b>162.80</b>

### NOTE 7 TRADE PAYABLES

	As at March 31, 2017		As at March 31, 2016	
Trade Payables for Goods and Services		6,600.55		5,147.40
<b>Total</b>		<b>6,600.55</b>		<b>5,147.40</b>

### NOTE 8 OTHER CURRENT LIABILITIES

	As at March 31, 2017		As at March 31, 2016	
Current maturities of long term debt (i)		24.85		127.28
Statutory Dues payable		76.14		38.92
Advance received from Customers		1,502.45		5,669.92
Creditors for Capital Goods		1,157.42		46.30
Unclaimed Dividend (Ref Note :48)		176.57		154.96
<b>Total</b>		<b>2,937.43</b>		<b>6,037.38</b>

(i) Current maturities of long-term borrowings represent the amount of loan repayable within one year.

### NOTE 9 SHORT TERM PROVISIONS

	As at March 31, 2017		As at March 31, 2016	
Provision for Employee Benefits		171.56		255.53
Proposed Dividend		-		528.85
Tax on Proposed Dividend		-		107.66
<b>Total</b>		<b>171.56</b>		<b>892.04</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 10 FIXED ASSETS

	Gross block				Depreciation Reserve				Net Block	
	As at April 1, 2016	Additions during the Year	Deletions during the year	As at March 31, 2017	As at April 1, 2016	for the year (i)	deletions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>[A] Tangible Assets</b>										
Land	907.75	-		907.75	-	-		-	907.75	907.75
Factory Buildings	5,194.11	142.93		5,337.04	451.45	198.07		649.52	4,687.52	4,742.66
Buildings	657.78	-		657.78	64.56	10.35		74.91	582.87	593.22
Plant & Machinery	6,653.26	1,305.49	17.95	7,940.80	1,232.30	582.63	4.53	1,810.40	6,130.40	5,420.96
Air Conditioner	114.12	3.14		117.26	27.28	13.02		40.30	76.96	86.84
Furniture & Fixtures	570.30	23.48		593.78	200.54	53.63		254.17	339.61	369.81
Office Equipment	604.95	52.36		657.31	338.28	131.08		469.36	187.95	266.68
Computers	221.22	77.08		298.30	125.27	63.53		188.80	109.50	95.94
Electrical Fittings	903.06	2.90		905.96	207.15	86.85		294.00	611.96	695.96
Motor Vehicles	428.05	0.51		428.56	176.02	71.09		247.11	181.45	252.03
Tools & Spares	51.56	-		51.56	26.94	8.18		35.12	16.44	24.62
Lab Equipments	877.22	539.12		1,416.34	119.84	85.12		204.96	1,211.38	757.37
Cycle	0.53	-		0.53	0.53	-		0.53	-	-
Motor Cycle	5.70	-		5.70	4.48	0.25		4.73	0.97	1.22
<b>Total Tangible Assets</b>	<b>17,189.61</b>	<b>2,147.01</b>	<b>17.95</b>	<b>19,318.67</b>	<b>2,974.64</b>	<b>1,303.80</b>	<b>4.53</b>	<b>4,273.91</b>	<b>15,044.76</b>	<b>14,215.06</b>
<b>[B] Intangible Assets</b>										
Good will	584.00	-		584.00	584.00	-		584.00	-	-
Computer Softwares	95.97	92.28		188.25	35.76	22.19		57.95	130.30	60.22
<b>Total Intangible Assets</b>	<b>679.97</b>	<b>92.28</b>	<b>-</b>	<b>772.25</b>	<b>619.76</b>	<b>22.19</b>	<b>-</b>	<b>641.95</b>	<b>130.30</b>	<b>60.22</b>
<b>TOTAL ( A + B )</b>	<b>17,869.58</b>	<b>2,239.29</b>	<b>17.95</b>	<b>20,090.92</b>	<b>3,594.40</b>	<b>1,325.99</b>	<b>4.53</b>	<b>4,915.86</b>	<b>15,175.06</b>	<b>14,275.28</b>
Previous Year	14,064.34	3,867.89	62.65	17,869.58	2,917.04	729.91	52.55	3,594.40	14,275.28	11,147.30
<b>[C] Capital Work in Progress</b>									341.52	23.20

(i) Depreciation for the year includes ₹220 Lakhs on assets which has been retired from active use during the year.

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 11 NON CURRENT INVESTMENTS

	As at March 31, 2017		As at March 31, 2016	
<b>NON CURRENT INVESTMENTS</b>				
<b>A. Fully paid Ordinary / Equity shares (Unquoted)</b>				
<b>(i) Subsidiaries</b>				
88,000 (Nil) Caplin Point Far East Limited, (Hong Kong) of HKD 1/- each		7.68		-
131,719 (Nil) Caplin Point laboratories Colombia, SAS, (Colombia) of COP 1,000/- each		26.64		-
<b>(ii) Others</b>				
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of ₹10/- each fully paid up		0.10		0.10
26,800 (26,800) shares of The Catholic Syrian Bank Ltd of ₹10/- each fully paid up		29.17		29.17
<b>B. Fully paid Ordinary / Equity shares - Quoted</b>				
2,000 (2,000) shares of Karnataka Bank Ltd of ₹10/- each fully paid up		2.40		2.40
4,800 (4,800) shares of Indian Overseas Bank of ₹10/- each fully paid up		1.15		1.15
700 (700) shares of Bank of India of ₹10/- each fully paid up		0.32		0.32
2,000 (2,000) shares of Sirpur Paper Mills Limited of ₹10/- each fully paid up		2.20		2.20
<b>C. Other Investments - Quoted</b>				
5,000 (5,000) units of Franklin India Flex Cap of ₹10/- per unit		0.50		0.50
1,00,000 (1,00,000) units of ₹10/- each of Axis Bank Equity Fund		10.00		10.00
Investment in Mutual Fund (i)		1,270.00		-
<b>D. Other Investments - Unquoted</b>				
<b>(i) Subsidiaries</b>				
Argus Salud Pharma LLP 99.90% (99.90%) of capital contribution and 99.90% (99.90%) share of profit		99.00		99.00
<b>(ii) Others</b>				
Maris Power Trading Company LLP (26% of the total Capital of 1 Lakhs)		0.26		0.26
		1,449.42		145.10
Less : Provision for diminution in value of investments		2.00		2.00
<b>Total</b>		<b>1,447.42</b>		<b>143.10</b>

#### (i). Details of investments in mutual fund

Name of the fund	Type of mutual fund	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
Birla Dynamic Bond Fund - Growth	Debt Fund	8,02,687	230	-	-
HDFC Corporate Debt Opportunities Fund Regular- Growth	Debt Fund	20,08,345	270	-	-
HDFC Banking and PSU Debt Fund - Regular Plan - Growth Option	Debt Fund	58,51,329	770	-	-
<b>Total</b>			<b>1,270</b>		<b>-</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 12 LONG-TERM LOANS AND ADVANCES

	As at March 31, 2017		As at March 31, 2016	
Unsecured, considered good				
Security Deposits		57.98		54.38
Other Deposits		104.67		94.95
Advances recoverable in cash or kind for the value to be received		-		11.75
Advance for Capital expenditure		180.35		119.62
MAT Credit Entitlement		490.80		55.85
<b>Total</b>		<b>833.80</b>		<b>336.55</b>

### NOTE 13 CURRENT INVESTMENTS

	As at March 31, 2017		As at March 31, 2016	
Investment in Mutual Fund (i)		420.00		-
<b>Total</b>		<b>420.00</b>		<b>-</b>

#### (i). Details of investments in mutual fund

Name of the fund	Type of mutual fund	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
HDFC Liquid Fund - Reg Plan Growth	Debt Fund	6,276	200	-	-
Canara Robeco Saving Plan - Growth	Debt Fund	8,67,217	220	-	-
<b>Total</b>			<b>420</b>		<b>-</b>

### NOTE 14 INVENTORIES

	As at March 31, 2017		As at March 31, 2016	
Raw Materials		1,023.78		919.39
Packing Materials		595.15		427.32
Work-In-Progress		210.65		245.88
Stock In Trade		24.07		59.73
Finished Goods		195.94		137.45
Stores and Spares		179.90		-
<b>Total</b>		<b>2,229.49</b>		<b>1,789.77</b>

### NOTE 15 TRADE RECEIVABLES

	As at March 31, 2017		As at March 31, 2016	
Unsecured, considered good				
- Over Six Months from the date they are due for payment		-		-
- Others		320.59		680.27
<b>Total</b>		<b>320.59</b>		<b>680.27</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 16 CASH AND CASH EQUIVALENTS

	As at March 31, 2017		As at March 31, 2016	
Cash on Hand		10.75		39.29
<b>Balance with Banks</b>				
- Current accounts		487.97		476.94
- Unpaid Dividend account		176.57		154.96
<b>In Bank Deposit Accounts</b>				
- Bank Deposit accounts less than 3 months maturity		1,477.56		1,012.05
- Bank Deposit accounts maturity (more than 3 months but less than 12 months)		5,512.94		4,793.48
<b>Total</b>		<b>7,665.79</b>		<b>6,476.72</b>

### NOTE 17 SHORT TERM LOAN & ADVANCES

	As at March 31, 2017		As at March 31, 2016	
Unsecured, considered good				
Advances recoverable in cash or kind for the value to be received		1,539.97		661.07
Advance income tax and Tax deducted at source ( Net of Provision for Income Tax)		140.87		39.70
Export Incentives Receivable		469.15		794.68
Deposits with Statutory / Govt. Authorities				
Balance with Excise Authorities		768.63		707.01
Balance with Sales Tax Authorities		80.93		85.18
<b>Total</b>		<b>2,999.55</b>		<b>2,287.64</b>

### NOTE 18 OTHER CURRENT ASSETS

	As at March 31, 2017		As at March 31, 2016	
Interest Accrued on Deposits		263.02		247.48
<b>Total</b>		<b>263.02</b>		<b>247.48</b>

### NOTE 19 REVENUE FROM OPERATIONS

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Sale of products	33,064.52	21,995.09
<b>Other operating revenues</b>		
Export Incentives	1,090.41	709.88
Share of Profit from Argus Salud Pharma LLP	281.14	424.86
	34,436.07	23,129.83
Less : Excise Duty	-	0.61
<b>Total</b>	<b>34,436.07</b>	<b>23,129.22</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 20 OTHER INCOME

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Interest Income	571.68	333.54
Dividend Income	0.60	-
Profit on sale of Assets	4.53	13.36
Miscellaneous Income	44.96	0.42
Exchange Fluctuation Income (Net)	336.29	-
<b>Total</b>	<b>958.06</b>	<b>347.32</b>

### NOTE 21 COST OF RAW MATERIAL, STORES AND PACKING MATERIALS CONSUMED

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Opening Stock	1,346.71	853.65
Add : Purchases (Net)	6,899.31	4,390.59
Less Closing Stock	1,798.83	1,346.71
<b>Total</b>	<b>6,447.19</b>	<b>3,897.53</b>

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

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Inventories at the end of the year		
Work in Progress	210.65	245.88
Finished Goods	195.94	137.45
Traded Goods	24.07	59.73
<b>(A)</b>	<b>430.66</b>	<b>443.06</b>
Inventories at the beginning of the year		
Work in Progress	245.88	200.67
Finished Goods	137.45	84.70
Traded Goods	59.73	126.87
<b>(B)</b>	<b>443.06</b>	<b>412.24</b>
<b>Net (Increase) / Decrease in Inventories (B- A)</b>	<b>12.40</b>	<b>(30.82)</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 23 EMPLOYEE BENEFITS EXPENSE

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Salaries,wages, bonus and allowances	2,359.22	1,454.04
Contribution to Provident and Other funds	199.76	183.93
Employee Compensation Expense -ESOP	54.25	9.05
Staff Welfare Expenses	351.82	165.97
<b>Total</b>	<b>2,965.05</b>	<b>1,812.99</b>

### NOTE 24 FINANCE COSTS

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Interest Expense	12.75	10.82
<b>Total</b>	<b>12.75</b>	<b>10.82</b>

### NOTE 25 DEPRECIATION AND AMORTISATION

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Depreciation (Refer note: 10)	1,303.80	718.52
Amortization of Intangible assets	22.19	11.39
	<b>1,325.99</b>	<b>729.91</b>

### NOTE 26 RESEARCH AND DEVELOPMENT EXPENSES

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
R & D Expenses	1,408.83	543.47
	<b>1,408.83</b>	<b>543.47</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 27 OTHER EXPENSES

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Manufacturing Expenses	820.81	572.48
Power and Fuel	985.28	754.63
Communication Expenses	62.13	48.90
Donations	10.65	13.78
Professional and Consultancy charges	109.90	97.62
Rates & taxes	221.18	38.49
Subscriptions	4.86	2.63
Travelling Expenses	222.92	162.43
Audit Fees	8.50	12.50
Insurance	42.22	23.49
Exchange Fluctuation Loss (Net)	-	321.83
Repairs and Maintenance		
a) Plant and Machinery	375.85	94.42
b) Building	49.27	16.04
c) Others	179.40	157.23
Rent & Amenities	112.70	64.19
Advertisement	8.75	5.37
Freight outwards	131.92	115.16
Bank charges	37.56	19.94
Other Selling Expenses	404.72	90.05
Software maintenance charges	134.27	99.00
Sundry Expenses	223.58	157.86
	<b>4,146.47</b>	<b>2,868.04</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 28 COMMITMENT (to the extent not provided for)

Particulars	March 31, 2017	March 31, 2016
Estimated amount of contracts remaining to be executed on capital contracts	423.78	307.67
Other Commitments (Raw material, Packing Material, Finished Goods, Other services)	4,037.27	1,653.43

### NOTE 29 CONTINGENT LIABILITIES (to the extent not provided for)

- Outstanding Bank Guarantee given to the Customs department and others ₹300 Lakhs (Previous Financial Year - ₹20.00 Lakhs)
- Outstanding Letters of Credit: ₹106.67 lakhs (Previous Financial Year – ₹11.73 lakhs)
- Disputed statutory dues:

Sl No	Name of the statute	Nature of dues	2016-2017	2015-2016	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	418.17	418.17	High Court / Income Tax Appellate Tribunal / CIT Appeals
2	Central Excise Act, 1944	Excise Duty	4.54	4.54	CESTAT Tribunal / Department of Revenue, New Delhi

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

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

### NOTE 31 Balances with Scheduled banks in deposit accounts includes:

- Bank Deposit Accounts under Note no: 16 for the current year include ₹1280.91 lakhs earmarked as lien towards Margin for Letter of Credit and Bank Guarantee. (Previous Financial Year ₹81.09 Lakhs)
- Retention deposit under lien towards pre shipment credit – ₹144.09 Lakhs (Previous Financial Year – ₹134.67 Lakhs)

### NOTE 32 Balance with Non Scheduled banks

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

Current Accounts in Foreign Currency	Balances as at		Maximum Balance during the Financial Year ended	Maximum Balance during the 9 Months Period and Financial Year ended
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
China Citic Bank	4.89	9.92	15.41	17.61

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 33

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

### NOTE 34

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

Particulars	2016-17	2015-16
Change in Obligation:		
Obligations at period beginning	162.80	82.04
Service Cost	68.16	25.23
Interest Cost	12.42	4.97
Benefits paid	(1.33)	(4.82)
Actuarial (Gain)/Loss	(15.24)	55.38
<b>Obligations at period end</b>	<b>226.81</b>	<b>162.80</b>

Particulars	2016-17	2015-16
<b>Change in Plan Assets:</b>		
Fair value of plan assets at the beginning of the period	61.42	61.10
<b>Adjustments made to the fund value</b>		
Contribution made during the Financial Year	57.93	1.91
Expected return on plan assets	9.68	3.80
Benefits paid	(1.33)	(4.82)
Actuarial Gain/(Loss)	0.92	(0.57)
<b>Fair value of plan assets at the end of the period</b>	<b>128.62</b>	<b>61.42</b>
<b>Amount recognized in the Statement of Profit and Loss</b>		
Current Service Cost	68.16	25.23
Interest Cost	12.42	4.97
Expected return on plan assets	(9.69)	(3.80)
Net Actuarial (gain)/loss recognized	(16.16)	55.95
<b>Total</b>	<b>54.73</b>	<b>82.35</b>
<b>Reconciliation of present value of obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the period	128.62	61.42
Present value of the defined benefit obligations at the end of the period	226.81	162.80
<b>Liability recognized in the balance sheet</b>	<b>98.19</b>	<b>101.38</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 34 (contd.)

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at June 30, 2015	As at June 30, 2014
Defined benefit obligation	226.81	162.80	82.04	80.74
Plan asset	128.62	61.42	61.10	55.79
Surplus/(Deficit)	(98.19)	(101.38)	(20.94)	(24.95)
Experience adjustment in plan liabilities loss/(gain)	(15.24)	55.38	(29.14)	9.93
Experience adjustment in plan assets (loss)/gain	0.92	(0.57)	(4.07)	2.62

#### Assumptions:

	As at March 31, 2017	As at June 30, 2016
Discount Rate	7.80%	8.50%
Expected return on plan assets	8.25%	8.50%

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

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

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Salaries	55.65	45.60
Contribution to provident and other funds	0.45	0.48
Employee stock option benefits granted as debited to P&L account	54.25	9.05
<b>Total</b>	<b>110.35</b>	<b>55.13</b>

### NOTE 36 OPERATING LEASES

The Company has entered into cancellable lease agreements for office facilities. Lease Payments (includes R&D facilities) recognised in the Statement of Profit & Loss for the Financial Year ₹118.48 Lakhs. (Previous Financial Year ₹66.46 Lakhs). The company has not entered into any non cancellable operating and finance leases.

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 37 RESEARCH AND DEVELOPMENT EXPENDITURE

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Capital expenditure included in Fixed Assets	1,624.05	320.07
Revenue expenditures incurred during the Financial Year	1,408.83	543.47

### NOTE 38 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT BALANCE SHEET DATE

	As at March 31, 2017		As at March 31, 2016	
	USD in Lakhs	₹ in Lakhs	USD in Lakhs	₹ in Lakhs
Export Debtors	4.94	320.59	10.23	679.14
Foreign Currency Term Loan	-	-	1.54	102.25
Creditors and Advance from Customers	64.21	4,163.08	107.09	7126.11

Details of forward contract outstanding on account of hedging as at the end of the Financial Year: Nil (Previous Financial Year: Nil)

### NOTE 39 AUDITORS' REMUNERATION COMPRISES OF FEES: (EXCLUDING SERVICE TAX)

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
For Statutory Audit(i)	5.00	9.00
For Tax Audit	3.50	3.50
For Others	0.28	0.10
<b>Total</b>	<b>8.78</b>	<b>12.60</b>

(i) 9 Months Period and Financial Year ended March 31, 2016, includes ₹4 lakhs pertaining to FY 2014-15.

### NOTE 40 CIF VALUE OF IMPORTS

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Raw materials , Stock in Trade and Finished Goods	6,772.63	5,912.04
Capital Goods	1,084.76	57.38

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 41 EARNINGS IN FOREIGN EXCHANGE (On Accrual basis)

FOB Value of Exports – ₹32561.26 Lakhs. (Previous Financial Year – ₹21,580.53 Lakhs)

### NOTE 42 EXPENDITURE IN FOREIGN CURRENCY (On Accrual basis)

(a) Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Travelling Expenses	101.82	36.95
Salaries	65.80	60.08
Rent	4.93	6.15
Commission on export sales	328.00	-
Rates and Taxes	182.00	-
Other Expenses	69.31	42.42
<b>Total</b>	<b>751.86</b>	<b>145.60</b>

(b) Dividend payment in foreign currency paid during the Financial Year ₹2.72 Lakhs –( Previous Financial Year ₹8.35 Lakhs).

### NOTE 43 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIALS AND COMPONENTS

Particulars	For the Financial Year ended March 31, 2017		For the 9 Months Period and Financial Year ended March 31, 2016	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	163.19	2.53%	86.33	2.21%
Indigenous	6,284.00	97.47%	3,811.20	97.79%
<b>Total</b>	<b>6,447.19</b>	<b>100%</b>	<b>3,897.53</b>	<b>100%</b>

### NOTE 44 PURCHASE OF STOCK IN TRADE

Category	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Tablets	2,618.66	1,787.45
Capsules	1,753.90	2,553.62
Liquids	677.99	425.15
Injectable	2,028.75	2,259.76
Ointments	1,083.80	414.99
Soft Gels	134.01	-
Others	1,437.00	365.66
<b>Total</b>	<b>9,734.11</b>	<b>7,806.63</b>

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 45 SALE OF PRODUCTS COMPRISES

Category	Manufactured Goods		Traded Goods	
	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Tablets	9,327.34	6,130.69	5,857.94	3,165.66
Capsules	1,971.12	1,344.55	3,075.77	4,111.12
Liquids	1,709.97	827.36	317.84	1,246.19
Injectable	864.98	804.37	3,654.20	2,625.30
Ointments	-	-	2,448.76	857.15
Suppositories	93.03	99.70	-	-
Soft Gels	1,110.03	-	238.81	-
Others	260.41	217.27	2,134.32	565.73
<b>Total</b>	<b>15,336.88</b>	<b>9,423.94</b>	<b>17,727.64</b>	<b>12,571.15</b>

### NOTE 46 DETAILS OF CLOSING STOCK OF FINISHED GOODS AS AT

Category	Manufactured Goods		Traded Goods	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Tablets	179.38	118.67	10.19	24.64
Capsules	-	0.28	0.15	6.89
Liquids	15.98	2.67	5.43	14.63
Injectable	0.58	14.94	8.30	-
Ointments	-	-	-	13.57
Suppositories	-	0.89	-	-
<b>Total</b>	<b>195.94</b>	<b>137.45</b>	<b>24.07</b>	<b>59.73</b>

### NOTE 47 EARNINGS PER SHARE IS CALCULATED AS UNDER

#### Basic

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Net Profit attributable to Equity Shareholders (₹ in Lakhs)	7,086.32	4,532.56
Weighted average number of equity shares of ₹10/- each outstanding during the year (in Nos.)	-	1,51,10,000
Weighted average number of equity shares of ₹2/- each outstanding during the year (in Nos.)	7,55,53,591	-
Earnings per share (in ₹) in respect of shares of ₹2/- each (Previous year shares of ₹10/- each) (i)	9.38	29.99

- (i) Basic Earnings per share for the 9 months period and Financial Year ended March 31, 2016 on the basis of the sub divided face value of equity shares of ₹2/- each is ₹6/-.

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 47 EARNINGS PER SHARE IS CALCULATED AS UNDER (contd.)

#### Diluted

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Net Profit attributable to Equity Shareholders (₹in Lakhs)	7,086.32	4,532.56
Weighted average number of equity shares of ₹10/- each outstanding during the year (in Nos.)	-	1,51,12,649
Weighted average number of equity shares of ₹2/- each outstanding during the year (in Nos.)	7,56,06,569	-
Earnings per share (in ₹) (i)	9.37	29.99

(i) Diluted Earnings per share for the 9 months period and Financial Year ended March 31, 2016 on the basis of the sub divided face value of equity shares of ₹2/- each is ₹6/-.

### NOTE 48 AMOUNT DUE TO INVESTOR EDUCATION AND PROTECTION FUND

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

### NOTE 49 DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 18 – “RELATED PARTY DISCLOSURES” ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

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

Name of the Related parties	Nature of Relationship	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2017	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2016
Mr. Vivek Siddharth,	Relative of Chairman	Not Applicable	Not Applicable
Argus Salud Pharma LLP	Wholly owned subsidiary LLP	99.90%	99.90%
Caplin Point Laboratories Colombia SAS, (Colombia)	subsidiary Company	56.35%	-
Caplin Point Far East Limited, (Hong Kong)	Wholly owned subsidiary Company	100%	-

#### (b) Key managerial personnel

Dr. Sridhar Ganesan	– Managing Director from 28.03.2015
Mr. M Jayapal	– Whole Time Director from 28.03.2015
Mr. D.P.Mishra	– Whole Time Director upto 30.04.2016
Mr. Hariharaponnambalam. P.	– Chief Financial Officer from 06-05-2015 upto 18-02-2016
Mr. D Muralidharan	– Chief Financial Officer from 19-02-2016
Mr. Vinod Kumar S	– Company Secretary from 13-04-2015

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 49 DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 18 – “RELATED PARTY DISCLOSURES” ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA. (contd.)

#### (c) Transactions that have taken place during the Financial Year with related parties:

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Salary paid to Mr.Vivek Siddharth	19.22	13.76
Salary paid to Dr. Sridhar Ganesan (i)	102.87	45.20
Salary paid to Mr. M Jayapal	6.93	4.99
Salary paid to Mr. D.P.Mishra (ii)	0.55	4.94
Salary paid to Mr. Harihara Ponnambalam. P. (iii)	-	9.30
Salary paid to Mr. D Muralidharan	20.00	1.35
Salary paid to Mr. Vinod Kumar S	6.10	3.31
Purchases from Argus Salud Pharma LLP	111.21	690.50
Sales to Argus Salud Pharma LLP	490.34	196.68
Share of profit in Argus Salud Pharma LLP	281.14	424.86
Investment in Caplin point Laboratories Colombia SAS	26.64	-
Investment in Caplin point Far East Limited	7.68	-

(i). Includes stock compensation expense of ₹54.25 Lakhs and ₹9.05 Lakhs for the year ended March 31, 2017 and for the 9 Months Period and Financial Year ended March 31, 2016, respectively.

(ii). Mr.D.P.Mishra stepped down from the position of Whole-time Director w.e.f. 01.05.2016 and continues to be a Director.

(iii). Mr. Harihara Ponnambalam Resigned w.e.f. 18.02.2016.

#### (d) Outstanding Balances

Particulars	As at March 31, 2017	As at March 31, 2016
Amount receivable from Argus Salud Pharma LLP	463.24	340.91

### NOTE 50

Total Share Capital of Argus Salud Pharma LLP is ₹99.10 Lakhs (₹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 51

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

## Notes to the Financial Statements for the financial year ended March 31, 2017

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

### NOTE 52

The amount of dividends proposed to be distributed to equity shareholders for the Year is ₹1133.65 lakhs i.e ₹1.50 paise per equity share of ₹2/- each.

### NOTE 53

During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308( E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(in ₹)

Particulars	SBNs(1)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	38,30,500	8,57,635	46,88,135
Add: Permitted receipts	-	16,20,354	16,20,354
Less: Permitted Payments	-	11,77,432	11,77,432
Less: Amount deposited in Banks	38,30,500	-	38,30,500
Closing cash in hand as on December 30, 2016	-	13,00,557	13,00,557

### NOTE 54

On account of creation of additional capacity in CP I factory at Suthukeny, Puducherry during the year and by shifting of resources from CP III factory, Baddi, Himachal Pradesh to CP I factory, the Company ceases to carry out manufacturing activities at CP III factory.

### NOTE 55

Figures for the current financial year are for the 12 months ended March 31, 2017 as against the 9 months period for the previous financial year ended March 31, 2016 and hence figures are not comparable.

### NOTE 56

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

#### Signatories to Notes 1 to 56

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 10, 2017

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 Financial Statements

# Independent Auditor's Report

To  
The Members  
**Caplin Point Laboratories Limited, Chennai**

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Caplin Point Laboratories Limited (herein after referred to "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

## Management's Responsibility for the Consolidated Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit,

we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated Profit, and their consolidated cash flows for the financial year ended on that date.

### Other Matter

The accompanying consolidated financial statements include total assets of ₹4,124.10 Lakhs as at 31st March 2017 and total revenue of ₹4,850.34 Lakhs and net profit of ₹2,518.26 Lakhs 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 auditor's 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 such other auditors

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is in respect of the above matters with respect to our reliance on the work done by us.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
  - b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and the reports of the other auditors.
  - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
  - e. on the basis of written representation received from the Directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its

subsidiary companies, none of the directors of the Group Companies is disqualified as on 31st March, 2017, from being appointed as a director in terms of section 164(2) of the Act.

- f. with respect to the adequacy of the internal financial controls over the financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure – A; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 29 to the consolidated financial statements
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.
  - iv) The Holding Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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

**B. Ramakrishnan**

Partner

Membership No: 201023

Place : Chennai

Date : May 10, 2017

## Annexure-A to the Independent Auditors' Report

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the financial year ended March 31, 2017, we have audited the Internal Financial Controls over Financial Reporting of Caplin Point Laboratories Limited ("the Holding Company") and its subsidiary, which is incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, and Designated partners of its Subsidiary, which is incorporated in India are responsible for establishing and maintaining internal financial controls based on the Internal Control over Financial Reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's Policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

### **Opinion**

In our opinion, the Holding Company and its subsidiary incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as

at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary incorporated in India 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.

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

Place : Chennai  
Date : May 10, 2017

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

## Consolidated Balance Sheet as at March 31, 2017

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

Particulars	Notes	As at March 31, 2017	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,511.53	1,511.00
(b) Reserves & Surplus	3	20,908.17	11,302.77
<b>Total Shareholders' funds</b>		<b>22,419.70</b>	<b>12,813.77</b>
(c) Minority Interest		36.22	27.09
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	47.51	73.08
(b) Deferred Tax Liabilities (Net)	5	1,886.00	1,133.46
(c) Long-Term Provisions	6	98.19	162.80
<b>Total Non-current Liabilities</b>		<b>2,031.70</b>	<b>1,369.34</b>
<b>3 Current Liabilities</b>			
(a) Trade Payables	7	7,865.43	5,570.81
(b) Other Current Liabilities	8	3,308.71	6,038.99
(c) Short-Term Provisions	9	171.56	894.43
<b>Total Current Liabilities</b>		<b>11,345.70</b>	<b>12,504.23</b>
<b>TOTAL</b>		<b>35,833.32</b>	<b>26,714.43</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>1 (a) Fixed Assets</b>			
(i) Tangible Assets	10	15,046.06	14,362.85
(ii) Intangible Assets		137.22	60.22
(iii) Capital Work-in-Progress		341.52	23.20
(b) Non-Current Investments	11	1,314.10	44.10
(c) Long-Term Loans and Advances	12	841.20	370.77
		<b>17,680.10</b>	<b>14,861.14</b>
<b>2 Current Assets</b>			
(a) Current Investments	13	420.00	-
(b) Inventories	14	2,229.49	1,881.49
(c) Trade Receivables	15	3,302.48	794.53
(d) Cash and Cash Equivalents	16	9,307.48	6,810.18
(e) Short-Term Loans and Advances	17	2,630.75	2,114.96
(f) Other Current Assets	18	263.02	252.13
		<b>18,153.22</b>	<b>11,853.29</b>
<b>TOTAL</b>		<b>35,833.32</b>	<b>26,714.43</b>
Significant Accounting Policies & Notes forming part of Financial statements	1 to 57		

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 10, 2017

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, 2017

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

Particulars	Notes	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
<b>I. INCOME</b>			
(a) Revenue from Operations	19	40,164.84	23,872.17
(b) Other income	20	983.49	365.96
<b>Total Revenue</b>		<b>41,148.33</b>	<b>24,238.13</b>
<b>II. EXPENSES</b>			
(a) Cost of Materials Consumed	21	6,477.69	4,408.33
(b) Purchases of Stock-in-Trade		11,941.57	7,776.16
(c) Changes in inventories of Finised Goods, Work-in-Progress and Stock-in-Trade	22	73.62	(68.04)
(d) Employee benefits expense	23	2,988.00	1,846.68
(e) Finance costs	24	12.75	11.02
(f) Depreciation and Amortisation Expenses	25	1,329.84	747.78
(g) Research and Development Expenses	26	1,408.83	543.47
(h) Other expenses	27	4,737.83	2,967.53
<b>Total Expenses</b>		<b>28,970.13</b>	<b>18,232.93</b>
<b>III. Profit before exceptional and extraordinary items and tax</b>		12,178.20	6,005.20
<b>IV. Exceptional Items</b>		-	-
<b>V. Profit before extraordinary items and tax</b>		12,178.20	6,005.20
<b>VI. Extraordinary items</b>		-	-
<b>VII. Profit before tax</b>		12,178.20	6,005.20
<b>VIII. Provision for taxation</b>			
- Current Tax		2,255.70	1,430.61
- MAT Credit Entitlement		(434.94)	(266.44)
- Deferred tax (Benefits)/Charge		752.54	264.11
<b>IX. Profit After Tax for the Year/ Period</b>		<b>9,604.90</b>	<b>4,576.92</b>
Less: Minority Interest		(10.95)	0.43
		9,615.85	4,576.49
Earnings per equity share: (Face Value per share ₹2/- (Previous Year :Face Value per share ₹10/-)	47		
Basic (In ₹)		12.73	30.28
Diluted (In ₹)		12.72	30.28
Significant Accounting Policies & Notes forming part of Financial statements	1 to 57		

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 10, 2017

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 Cash Flow Statement for the year ended March 31, 2017

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

Particulars	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	12,178.20	6,005.20
<b>Adjustments for:</b>		
Depreciation and Amortisation	1,329.84	747.78
Finance cost	12.75	11.02
Loss(Profit) on sale of fixed assets	38.92	(13.36)
Employee Stock option Scheme Expense	54.25	-
Unrealised Foreign Exchange Fluctuation Loss(Gain)	18.03	(6.65)
Dividend Income	(0.60)	-
Interest Income	(592.64)	(352.18)
	13,038.75	6,391.81
<b>Operating Profit before Working Capital changes</b>		
Adjustments for :		
(Increase) / Decrease in Inventories	(348.00)	(515.12)
(Increase) / Decrease in Trade receivables	(2,507.95)	(228.07)
(Increase) / Decrease in Loans and advances	(863.98)	(1,822.89)
Increase/(Decrease) in Trade payables ,Current Liabilities & Provisions-Long and Short Term	(586.61)	2,052.71
<b>CASH GENERATED FROM OPERATIONS</b>	<b>8,732.21</b>	<b>5,878.44</b>
Income Tax Paid	(1,950.00)	(1,638.34)
<b>Net Cash inflow / (outflow) from Operating activities</b>	<b>6,782.21</b>	<b>4,240.10</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
sale / (Purchase) of investments	(1,690.01)	0.92
Sale / (Purchase) of fixed assets (including CWIP)	(2,557.61)	(825.27)
Sale Proceeds from fixed assets	54.68	20.34
Interest received	581.74	231.73
Dividend received	0.60	-
<b>Net Cash inflow / (outflow) from Investing activities</b>	<b>(3,610.60)</b>	<b>(572.28)</b>

## Consolidated Cash Flow Statement for the year ended March 31, 2017

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

Particulars	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee stock options	0.53	-
Increase/(Decrease) in Long and Short term Borrowings	(25.58)	(19.91)
Interest paid	(12.75)	(11.02)
Dividend paid(including Dividend distribution tax paid)	(636.51)	(1,363.95)
<b>Net Cash inflow / (outflow) from Financing activities</b>	<b>(674.31)</b>	<b>(1,394.88)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>2,497.30</b>	<b>2,272.95</b>
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>6,810.18</b>	<b>4,537.23</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>9,307.48</b>	<b>6,810.18</b>

### Notes:

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

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

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

Place : Chennai  
 Date : May 10, 2017

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

**C. C. Paarthipan**  
 Chairman

**Muralidharan D**  
 Chief Financial Officer

**Dr. Sridhar Ganesan**  
 Managing Director

**Vinod Kumar S**  
 Company Secretary

# Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

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

#### 2. Use of Estimates

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

#### 3. Revenue Recognition

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

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

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

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

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

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

Tangible assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Borrowing cost directly attributable to acquisition or construction of tangible assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalized. Depreciation on tangible assets is provided on straight line method over the useful lives of the assets. With effect from April 1 2014, pursuant to the requirement of Companies Act, 2013, the Company carried out a detailed technical evaluation and determined the useful lives of the assets as under:

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

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

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

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

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

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

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

### 5. Impairment of Assets

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

### 6. Foreign Currency Transactions

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

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### 7. Goodwill

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

### 8. Inventories

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

### 9. Retirement benefits

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

### 10. Share-based payments

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

### 11. Earnings per share

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

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

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

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

### 12. Investments

- a. Investments that are readily realisable and intended to be held but not more than a year are classified as current investments. All other investments are classified as Long Term Investments.
- b. Current Investments are carried at lower of cost and fair value. The Comparison of cost and fair value is done separately in respect of each category of Investments.

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

- c. Non current Investments are carried at cost less provisions recorded to recognize any decline, determined separately for each individual investment, other than temporary, in the carrying value of each investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist. Any reduction in the carrying amount and any reversal in such reductions are charged or credited to the Statement of Profit and Loss.

### 13. Leases

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

### 14. Contingent liabilities and Provisions

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

### 15. Taxes on Income

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

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

### 16. Borrowing Costs

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

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 2 SHARE CAPITAL

	As at March 31, 2017		As at March 31, 2016	
<b>AUTHORISED</b>				
8,50,00,000 (Previous Year - 1,70,00,000) equity shares of ₹2/- each (Previous Year ₹10 each)		1,700.00		1,700.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
7,55,76,750 (Previous Year - 1,51,10,000) equity shares of ₹2 (Previous Year ₹10 each fully paid up ) each fully paid up		1,511.53		1,511.00
		1,511.53		1,511.00

#### a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the Period

	As at March 31, 2017 (in nos.)		As at March 31, 2016 (in nos.)	
Number of shares outstanding at the beginning of the Period*		7,55,50,000		1,51,10,000
Add: Number of shares allotted as fully paid up during the Period**	-	26,750	-	-
Less : Number of shares bought back during the Period	-	-	-	-
Number of shares outstanding at the end of the Period	-	7,55,76,750	-	1,51,10,000

\*With effect from October 20, 2016, the Equity shares of the Company having face value of ₹10/- each has been sub divided into 5 shares of ₹2/- each and accordingly, the number of equity shares of the Company stands at 7,55,50,000 on the date of sub-division.

\*\*During the financial year 2016-17, the Managing Director exercised 26,750 equity shares.

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

##### Equity Shares

The Company has only one class of equity shares having a par value of ₹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 except in the case of interim Dividend.

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

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

Name of Shareholder	As at March 31, 2017 (of ₹2/- each)		As at March 31, 2016 (of ₹10/- each)	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	1,78,80,000	23.66%	35,76,000	23.66%
C.C. Paarthipan	1,41,46,765	18.72%	28,29,353	18.73%
P. Ashok Gorkey	90,50,000	11.97%	18,10,000	11.98%
P. Vivek Siddarth	90,00,000	11.91%	18,00,000	11.91%

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 3 RESERVES & SURPLUS

	As at March 31, 2017		As at March 31, 2016	
a) Capital Reserve		68.43		68.43
b) Securities Premium Reserve		54.25		-
c) General Reserve				
Opening Balance	1,128.78		1,128.78	
Transfer from Statement of profit & Loss during the period	-	1,128.78	-	1,128.78
d) Revaluation Reserve		373.38		373.38
		<b>1,624.84</b>		<b>1,570.59</b>
e) Employee Stock Options Outstanding		108.55		162.80
f) Surplus in the Statement of Profit & Loss				
Balance at the beginning of the Year/ Period	9,723.13		6,237.80	
Add : Profit during the Year/ Period	9,615.85		4,576.49	
Less : Appropriations				
Interim Dividend	-		377.75	
Proposed Final Dividend	-		528.85	
Tax on Dividend	-		184.56	
Transfer to General Reserve	-		-	
Balance at the end of the Year / Period	19,338.98		9,723.13	
Less: Deferred Employee Compensation Expense	99.45		153.75	
<b>Closing Balance</b>		<b>19,239.53</b>		<b>9,569.38</b>
<b>Foreign Currency Translation Reserve Account</b>		<b>(64.75)</b>		<b>-</b>
<b>Total</b>		<b>20,908.17</b>		<b>11,302.77</b>

### NOTE 4 LONG TERM BORROWINGS

	As at March 31, 2017		As at March 31, 2016	
Secured				
Foreign Currency Term Loan(i)	-		102.25	
Loan from others (ii)	72.36	72.36	98.11	200.36
Less : Current maturities of long term debt		24.85		127.28
<b>Total</b>		<b>47.51</b>		<b>73.08</b>

- i) Foreign Currency Term Loan availed is secured by first charge on the plant & machinery of the Company's unit at Gummidipoondi  
 ii) Obligations under Hire purchase are secured against relevant fixed assets obtained under Hire Purchase Finance

#### Terms of Repayments

- a) Secured Loans from Banks are repayable in equal quarterly/monthly instalment.  
 b) Vehicle loans from Banks and other financial institutions are repayable in equal montly instalments.  
 c) The rate of interest on vehicle loans vary between 10% to 12% per annum.

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 5 DEFERRED TAX LIABILITIES (Net)

	As at March 31, 2017		As at March 31, 2016	
Deferred Tax Liabilities on account of timing differences		1,886.00		1,133.46
<b>Total</b>		<b>1,886.00</b>		<b>1,133.46</b>

### NOTE 6 LONG TERM PROVISIONS

	As at March 31, 2017		As at March 31, 2016	
<b>(a) Provision for employee benefits</b>				
Gratuity		98.19		162.80
<b>Total</b>		<b>98.19</b>		<b>162.80</b>

### NOTE 7 TRADE PAYABLES

	As at March 31, 2017		As at March 31, 2016	
Trade Payables for Goods and Services		7,865.43		5,570.81
<b>Total</b>		<b>7,865.43</b>		<b>5,570.81</b>

### NOTE 8 OTHER CURRENT LIABILITIES

	As at March 31, 2017		As at March 31, 2016	
Current maturities of long term debt (i)		24.85		127.28
Statutory Dues payable		76.29		40.53
Advance received from Customers		1,873.58		5,669.92
Creditors for Capital Goods		1,157.42		46.30
Unclaimed Dividend (Ref Note:48)		176.57		154.96
<b>Total</b>		<b>3,308.71</b>		<b>6,038.99</b>

(i) Current maturities of long-term borrowings represent the amount of loan repayable within one year.

### NOTE 9 SHORT TERM PROVISIONS

	As at March 31, 2017		As at March 31, 2016	
Provision for Employee Benefits		171.56		257.92
Proposed Dividend		-		528.85
Tax on Proposed Dividend		-		107.66
<b>Total</b>		<b>171.56</b>		<b>894.43</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 10 FIXED ASSETS

	Gross block				Depreciation Reserve				Net Block	
	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at April 1, 2016	for the year (i)	deletions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>[A] Tangible Assets</b>										
Land	907.75	-		907.75	-	-		-	907.75	907.75
Factory Buildings	5,239.31	142.93		5,382.24	458.55	198.07		656.62	4,725.62	4,780.76
Buildings	657.78	-		657.78	64.56	10.35		74.91	582.87	593.22
Plant & Machinery	6,767.12	1,305.49	224.95	7,847.66	1,263.19	585.48	67.78	1780.89	6,066.76	5,503.91
Air Conditioner	118.51	3.14		121.65	28.29	13.02		41.31	80.34	90.22
Furniture & Fixtures	579.50	23.48		602.98	203.84	53.63		257.47	345.51	375.66
Office Equipment	607.97	52.36		660.33	341.06	131.08		472.14	188.19	266.91
Computers	224.32	77.08		301.40	128.21	63.53		191.74	109.66	96.10
Electrical Fittings	922.75	2.90		925.65	214.44	86.85		301.29	624.35	708.31
Motor Vehicles	435.01	0.51		435.52	179.20	71.09		250.29	185.23	255.81
Tools & Spares	52.86	-		52.86	27.27	8.18		35.45	17.41	25.59
Lab Equipments	877.22	539.12		1,416.34	119.84	85.12		204.96	1,211.38	757.38
Cycle	0.53	-		0.53	0.53	-		0.53	-	-
Motor Cycle	5.70	-		5.70	4.48	0.25		4.73	0.97	1.22
<b>Total Tangible Assets</b>	<b>17,396.33</b>	<b>2,147.01</b>	<b>224.95</b>	<b>19,318.39</b>	<b>3,033.46</b>	<b>1306.65</b>	<b>67.78</b>	<b>4272.33</b>	<b>15,046.06</b>	<b>14,362.85</b>
<b>[B] Intangible Assets</b>										
Good will	584.00	-		584.00	584.00	-		584.00	-	-
Computer Softwares	95.97	100.20		196.18	35.76	23.19		58.95	137.23	60.22
<b>Total Intangible Assets</b>	<b>679.97</b>	<b>100.20</b>	<b>-</b>	<b>780.18</b>	<b>619.76</b>	<b>23.19</b>	<b>-</b>	<b>642.95</b>	<b>137.23</b>	<b>60.22</b>
<b>TOTAL ( A + B )</b>	<b>18,076.30</b>	<b>2,247.21</b>	<b>224.95</b>	<b>20,098.57</b>	<b>3,653.22</b>	<b>1329.84</b>	<b>67.78</b>	<b>4,915.28</b>	<b>15,183.29</b>	<b>14,423.07</b>
<b>Previous Year</b>	<b>14,271.25</b>	<b>3,867.70</b>	<b>62.65</b>	<b>18,076.30</b>	<b>2,958.28</b>	<b>747.78</b>	<b>52.55</b>	<b>3,653.22</b>	<b>14,423.07</b>	<b>11,313.06</b>
<b>[C] Capital Work in Progress</b>								-	341.52	23.20

(i) Depreciation for the year includes ₹220 Lakhs on assets which has been retired from active use during the year.

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 11 NON CURRENT INVESTMENTS

	As at March 31, 2017		As at March 31, 2016	
<b>NON CURRENT INVESTMENTS</b>				
<b>A. Fully paid Ordinary / Equity shares (Unquoted)</b>				
20 (20) shares of The Chennai Industrial Co-operative Analytical Laboratory Ltd of ₹10/- each fully paid up		0.10		0.10
26800 (26800) shares of The Catholic Syrian Bank Ltd of ₹10/- each fully paid up		29.17		29.17
<b>B. Fully paid Ordinary / Equity shares - Quoted</b>				
2000 (2000) shares of Karnataka Bank Ltd of ₹10/- each fully paid up		2.40		2.40
4800 (480) shares of Indian Overseas Bank of ₹10/- each fully paid up		1.15		1.15
700 (700) shares of Bank of India of ₹10/- each fully paid up		0.32		0.32
2000 (2000) shares of Sirpur Paper Mills Limited of ₹10/- each fully paid up		2.20		2.20
<b>C. Other Investments - Quoted</b>				
5000 (5000) units of Franklin India Flex Cap of ₹10/- per unit		0.50		0.50
100000(100000) units of ₹10/- each of Axis bank equity fund		10.00		10.00
Investment in Mutual Fund (i)		1,270.00		-
<b>D. Other Investments - Unquoted</b>				
Maris Power Trading Company LLP (26% of total Capital ₹1 Lakh)		0.26		0.26
		1,316.10		46.10
Less : Provision for dimution in value of investments		2.00		2.00
<b>Total</b>		<b>1,314.10</b>		<b>44.10</b>

#### (i). Details of investments in mutual fund

Name of the fund	Type of mutual fund	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
Birla Dynamic Bond Fund - Growth	Debt Fund	8,02,687	230	-	-
HDFC Corporate Debt Opportunities Fund Regular- Growth	Debt Fund	20,08,345	270	-	-
HDFC Banking and PSU Debt Fund - Regular Plan - Growth Option	Debt Fund	58,51,329	770	-	-
<b>Total</b>			<b>1,270</b>		<b>-</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 12 LONG-TERM LOANS AND ADVANCES

	As at March 31, 2017		As at March 31, 2016	
Unsecured, considered good				
Security Deposits		61.52		54.38
Other Deposits		108.53		101.70
Advances recoverable in cash or kind for the value to be received		-		11.75
Advance for Capital expenditure		180.35		119.63
MAT Credit Entitlement		490.80		83.31
<b>Total</b>		<b>841.20</b>		<b>370.77</b>

### NOTE 13 CURRENT INVESTMENTS

	As at March 31, 2017		As at March 31, 2016	
Investment in Mutual Fund (i)		420.00		-
<b>Total</b>		<b>420.00</b>		<b>-</b>

#### (i). Details of investments in mutual fund

Name of the fund	Type of mutual fund	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
HDFC Liquid Fund - Reg Plan Growth	Debt Fund	6,276	200	-	-
Canara Robeco Savings Plan - Growth	Debt Fund	8,67,217	220	-	-
<b>Total</b>			<b>420</b>		<b>-</b>

### NOTE 14 INVENTORIES

	As at March 31, 2017		As at March 31, 2016	
Raw Materials		1,023.78		928.18
Packing Materials		595.15		449.03
Work-in-Progress		210.65		281.69
Stock In Trade		24.07		82.44
Finished Goods		195.94		140.15
Stores and Spares		179.90		-
<b>Total</b>		<b>2,229.49</b>		<b>1,881.49</b>

### NOTE 15 TRADE RECEIVABLES

	As at March 31, 2017		As at March 31, 2016	
Unsecured, considered good				
- Over Six Months from the date they are due for payment		-		-
- Others		3,302.48		794.53
<b>Total</b>		<b>3,302.48</b>		<b>794.53</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 16 CASH AND CASH EQUIVALENTS

	As at March 31, 2017		As at March 31, 2016	
Cash on Hand		11.25		46.11
<b>Balance with Banks</b>				
- Current accounts		2,129.16		521.30
- Unpaid Dividend account		176.57		154.96
<b>In Bank Deposit Accounts</b>				
- Bank Deposit accounts less than 3 months maturity		1,477.56		1,012.05
- Bank Deposit accounts maturity more than 3 months but less than 12 months		5,512.94		5,075.76
<b>Total</b>		<b>9,307.48</b>		<b>6,810.18</b>

### NOTE 17 SHORT TERM LOAN & ADVANCES

	As at March 31, 2017		As at March 31, 2016	
Unsecured, considered good				
Advances recoverable in cash or kind for the value to be received		1,108.55		342.74
Advance income tax and Tax deducted at source (Net of Provision for Income Tax)		149.63		20.35
Export Incentives receivable		503.47		856.86
Deposits with Statutory / Govt. Authorities				
Balance with Excise Authorities		770.27		787.49
Balance with Sales Tax Authorities		98.83		107.52
<b>Total</b>		<b>2,630.75</b>		<b>2,114.96</b>

### NOTE 18 OTHER CURRENT ASSETS

	As at March 31, 2017		As at March 31, 2016	
Interest Accrued on Deposits		263.02		252.12
<b>Total</b>		<b>263.02</b>		<b>252.12</b>

### NOTE 19 REVENUE FROM OPERATIONS

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Sale of products	39,024.89	23,134.27
<b>Other operating revenues</b>		
Export Incentives	1,139.95	738.51
	40,164.84	23,872.78
Less : Excise Duty	-	0.61
<b>Total</b>	<b>40,164.84</b>	<b>23,872.17</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 20 OTHER INCOME

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Interest Income	592.64	352.18
Dividend Income	0.60	-
Profit on sale of Assets	-	13.36
Miscellaneous Income	45.35	0.42
Exchange Fluctuation Income (Net)	344.90	
<b>Total</b>	<b>983.49</b>	<b>365.96</b>

### NOTE 21 COST OF RAW MATERIAL, STORES AND PACKING MATERIALS CONSUMED

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Opening Stock	1,377.21	930.14
Add : Purchases (Net)	6,899.31	4,855.40
Less Closing Stock	1,798.83	1,377.21
<b>Total</b>	<b>6,477.69</b>	<b>4,408.33</b>

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

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Inventories at the end of the Year/ period		
Work in Progress	210.65	281.69
Finished Goods	195.94	140.15
Traded Goods	24.07	82.44
<b>(A)</b>	<b>430.66</b>	<b>504.28</b>
Inventories at the beginning of the Year/ period		
Work in Progress	281.69	214.25
Finished Goods	140.15	95.12
Traded Goods	82.44	126.87
<b>(B)</b>	<b>504.28</b>	<b>436.24</b>
<b>Net (Increase) / Decrease in Inventories (B- A)</b>	<b>73.62</b>	<b>(68.04)</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 23 EMPLOYEE BENEFITS EXPENSE

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Salaries,wages, bonus and allowances	2,424.27	1,479.57
Contribution to Provident and Other funds	199.76	186.78
Employee Compensation Expense -ESOP	54.25	9.05
Staff Welfare Expenses	309.72	171.28
<b>Total</b>	<b>2,988.00</b>	<b>1,846.68</b>

### NOTE 24 FINANCE COSTS

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Interest Expense	12.75	11.02
<b>Total</b>	<b>12.75</b>	<b>11.02</b>

### NOTE 25 DEPRECIATION AND AMORTISATION

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Depreciation	1,306.65	736.39
Amortisation of Intangible Assets	23.19	11.39
<b>Total</b>	<b>1,329.84</b>	<b>747.78</b>

### NOTE 26 RESEARCH AND DEVELOPMENT EXPENSES

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
R & D Expenses	1,408.83	543.47
	<b>1,408.83</b>	<b>543.47</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 27 OTHER EXPENSES

	For the year ended March 31, 2017	For the 9 Months Period and Financial Year Ended March 31, 2016
Manufacturing Expenses	829.32	595.10
Power and Fuel	991.04	755.63
Communication Expenses	62.13	51.57
Donations	10.65	13.92
Professional and Consultancy charges	124.75	99.38
Rates & taxes	222.30	39.47
Subscriptions	4.86	2.88
Travelling Expenses	248.51	169.71
Audit Fees	9.99	13.10
Insurance	42.83	24.73
Exchange Fluctuation Loss (Net)	-	293.36
Repairs and Maintenance		
a) Plant and Machinery	389.22	94.43
b) Building	49.27	16.47
c) Others	179.40	183.78
Rent & Amenities	131.34	85.93
Advertisement	8.75	5.37
Freight outwards	131.92	127.35
Bank charges	43.95	22.65
Loss on sale of Assets	38.92	-
Other Selling Expenses	800.30	96.60
Sundry Expenses	284.10	177.12
Software maintenance charges	134.28	98.99
<b>Total</b>	<b>4,737.83</b>	<b>2,967.54</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 28 COMMITMENT (to the extent not provided for)

Particulars	March 31, 2017	March 31, 2016
Estimated amount of contracts remaining to be executed on capital contracts	423.78	307.67
Other Commitments (Raw material, Packing Material, Finished Goods, Other services)	6,361.27	1,653.43

### NOTE 29 CONTINGENT LIABILITIES (to the extent not provided for)

- Outstanding Bank Guarantee given to the Customs department and others ₹300 Lakhs (Previous Financial Year - ₹20.00 Lakhs)
- Outstanding Letters of Credit: ₹106.67 lakhs (Previous Financial Year – ₹11.73 lakhs)
- Disputed statutory dues:

Sl No	Name of the statute	Nature of dues	2016-2017	2015-2016	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	418.17	418.17	High Court / Income Tax Appellate Tribunal/ CIT Appeals
2	Central Excise Act, 1944	Excise Duty	4.54	4.54	CESTAT Tribunal/ Department of Revenue, New Delhi

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

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

### NOTE 31 Balances with Scheduled banks in deposit accounts includes:

- Bank Deposit Accounts under Note no: 16 for the current year include ₹1280.91 lakhs earmarked as lien towards Margin for Letter of Credit and Bank Guarantee. (Previous Financial Year ₹81.09 Lakhs)
- Retention deposit under lien towards pre shipment credit – ₹144.09 Lakhs (Previous Financial Year – ₹134.67 Lakhs)

### NOTE 32 Balance with Non Scheduled banks

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

Current Accounts in Foreign Currency	Balances as at		Maximum Balance during the Financial Year ended	Maximum Balance during the 9 Months Period and Financial Year ended
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
HSBC Bank, Hong Kong	1540.23	-	1540.23	-
China Citic Bank, China	4.89	9.92	15.41	17.61

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 33

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

### NOTE 34

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

Particulars	2016-17	2015-16
<b>Change in Obligation:</b>		
Obligations at period beginning	162.80	82.04
Service Cost	68.16	25.23
Interest Cost	12.42	4.97
Benefits paid	(1.33)	(4.82)
Actuarial (Gain)/Loss	(15.24)	55.38
<b>Obligations at period end</b>	<b>226.81</b>	<b>162.80</b>

Particulars	2016-17	2015-16
<b>Change in Plan Assets:</b>		
Plan Assets at period beginning at Fair value	61.42	61.10
Adjustments made to the fund value		
Contribution made during the Financial Year	57.93	1.91
Expected return on plan assets	9.68	3.80
Benefits paid	(1.33)	(4.82)
Actuarial Gain/(Loss)	0.92	(0.57)
<b>Fair value of plan assets at the end of the period</b>	<b>128.62</b>	<b>61.42</b>
<b>Amount recognized in the Statement of Profit and Loss</b>		
Current Service Cost	68.16	25.23
Interest Cost	12.42	4.97
Expected return on plan assets	(9.69)	(3.80)
Net Actuarial (gain)/loss recognized	(16.16)	55.95
<b>Total</b>	<b>54.73</b>	<b>82.35</b>
<b>Reconciliation of present value of obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the period	128.62	61.42
Present value of the defined benefit obligations at the end of the period	226.81	162.80
<b>Liability recognized in the balance sheet</b>	<b>98.19</b>	<b>101.38</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 34 (contd.)

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at June 30, 2015	As at June 30, 2014
Defined benefit obligation	226.81	162.80	82.04	80.74
Plan asset	128.62	61.42	61.10	55.79
Surplus/(Deficit)	(98.19)	(101.38)	(20.94)	(24.95)
Experience adjustment in plan liabilities loss/(gain)	(15.24)	55.38	(29.14)	9.93
Experience adjustment in plan assets- (loss)/gain	0.92	(0.57)	(4.07)	2.62

#### Assumptions:

	As at March 31, 2017	As at June 30, 2016
Discount Rate	7.80%	8.50%
Expected return on plan assets	8.25%	8.50%

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

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

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Salaries	55.65	45.60
Contribution to provident and other funds	0.45	0.48
Employee stock option benefits granted as debited to P&L account	54.25	9.05
<b>Total</b>	<b>110.35</b>	<b>55.13</b>

### NOTE 36 OPERATING LEASES

The Company has entered into cancellable lease agreements for office facilities. Lease Payments (includes R&D facilities) recognised in the Statement of Profit & Loss for the Financial Year ₹137.12 Lakhs. (Previous Financial Year ₹88.20 Lakhs). The company has not entered into any non cancellable operating and finance leases.

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 37 RESEARCH AND DEVELOPMENT EXPENDITURE

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Capital expenditure included in Fixed Assets	1,624.05	320.07
Revenue expenditures incurred during the Financial Year	1,408.83	543.47

### NOTE 38 PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT BALANCE SHEET DATE

	As at March 31, 2017		As at March 31, 2016	
	USD in Lakhs	₹ in Lakhs	USD in Lakhs	₹ in Lakhs
Export Debtors	50.93	3,302.48	11.89	788.89
Foreign Currency Term Loan	-	-	1.54	102.25
Creditors and Advance from Customers	89.38	5,795.57	109.75	7302.01

Details of forward contract outstanding on account of hedging as at the end of the Financial Year: Nil ( Previous Financial Year: Nil)

### NOTE 39 AUDITORS' REMUNERATION COMPRISES OF FEES: (EXCLUDING SERVICE TAX)

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
For Statutory Audit(i)	6.39	9.00
For Tax Audit	3.60	3.50
For Others	0.28	0.60
<b>Total</b>	<b>10.27</b>	<b>13.10</b>

(i) 9 Months Period and Financial Year ended March 31, 2016, includes ₹4 lakhs pertaining to FY 2014-15.

### NOTE 40 CIF VALUE OF IMPORTS

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Raw materials , Stock in Trade and Finished Goods	8,952.92	6,493.43
Capital Goods	1,084.76	57.38

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 41 EARNINGS IN FOREIGN EXCHANGE (On Accrual basis)

FOB Value of Exports – ₹39018.91 Lakhs. (Previous Financial Year – ₹22915.69 Lakhs)

### NOTE 42 EXPENDITURE IN FOREIGN CURRENCY (On Accrual basis)

(a) Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Travelling Expenses	117.54	36.95
Salaries	77.30	60.08
Rent	11.99	6.15
Commission on export sales	707.00	-
Rates and Taxes	182.15	-
Other Expenses	79.84	42.42
<b>Total</b>	<b>1,175.82</b>	<b>145.60</b>

(b) Dividend payment in foreign currency paid during the Financial Year ₹2.72 Lakhs –( Previous Financial Year ₹8.35 Lakhs )

### NOTE 43 VALUE OF CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIALS AND COMPONENTS

Particulars	For the Financial Year ended March 31, 2017		For the 9 Months Period and Financial Year ended March 31, 2016	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	163.19	2.52%	88.18	2.00%
Indigenous	6,314.50	97.48%	4,320.14	98.00%
<b>Total</b>	<b>6,477.69</b>	<b>100%</b>	<b>4,408.32</b>	<b>100%</b>

### NOTE 44 PURCHASE OF STOCK IN TRADE

Category	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Tablets	3,308.00	1,988.02
Capsules	2,468.68	2,483.26
Liquids	857.44	467.97
Injectable	2,499.25	2,346.17
Ointments	1,108.39	67.34
Others	1,699.81	423.40
<b>Total</b>	<b>11,941.57</b>	<b>7,776.16</b>

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 45 SALE OF PRODUCTS COMPRISES

Category	Manufactured Goods		Traded Goods	
	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Tablets	9,327.34	6,009.64	6,849.80	4,104.85
Capsules	1,971.12	1,350.92	5,159.45	4,111.12
Liquids	1,709.97	757.43	1,602.63	1,427.61
Injectable	864.98	800.85	4,830.46	2,740.28
Ointments	-	10.34	2,510.25	866.33
Suppositories	93.03	99.70	-	-
Soft Gels	1,110.03	-	238.81	-
Others	260.41	218.07	2,496.62	637.13
<b>Total</b>	<b>15,336.88</b>	<b>9,246.95</b>	<b>23,688.02</b>	<b>13,887.32</b>

### NOTE 46 DETAILS OF CLOSING STOCK OF FINISHED GOODS AS AT

Category	Manufactured Goods		Traded Goods	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Tablets	179.38	118.67	10.19	32.95
Capsules	-	1.14	0.15	21.29
Liquids	15.98	2.67	5.43	14.63
Injectable	0.58	14.94	8.30	-
Ointments	-	1.84	-	13.57
Suppositories	-	0.89	-	-
<b>Total</b>	<b>195.94</b>	<b>140.15</b>	<b>24.07</b>	<b>82.44</b>

### NOTE 47 EARNINGS PER SHARE IS CALCULATED AS UNDER

#### Basic

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Net Profit attributable to Equity Shareholders (₹ in Lakhs)	9,615.85	4,576.49
Weighted average number of equity shares of ₹10/- each outstanding during the year (in Nos.)	-	1,51,10,000
Weighted average number of equity shares of ₹2/- each outstanding during the year (in Nos.)	7,55,53,591	-
Earnings per share (in ₹) in respect of shares of ₹2/- each (Previous year shares of ₹10/- each) (i)	12.73	30.28

(i) Basic Earnings per share for the 9 months period and Financial Year ended March 31, 2016 on the basis of the sub divided face value of equity shares of ₹2/- each is ₹6.05/-.

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 47 EARNINGS PER SHARE IS CALCULATED AS UNDER (contd.)

#### Diluted

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Net Profit attributable to Equity Shareholders (₹ in Lakhs)	9,615.85	4,576.49
Weighted average number of equity shares of ₹10/- each outstanding during the year (in Nos.)	-	1,51,12,649
Weighted average number of equity shares of ₹2/- each outstanding during the year (in Nos.)	7,56,06,569	-
Earnings per share (in ₹) (i)	12.72	30.28

- (i) Diluted Earnings per share for the 9 months period and Financial Year ended March 31, 2016 on the basis of the sub divided face value of equity shares of ₹2/- each is ₹6.05/-.

### NOTE 48 AMOUNT DUE TO INVESTOR EDUCATION AND PROTECTION FUND

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

### NOTE 49 DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 18 – “RELATED PARTY DISCLOSURES” ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA.

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

Name of the Related parties	Nature of Relationship	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2017	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2016
Mr. Vivek Siddharth	Relative of Chairman	Not Applicable	Not Applicable
Argus Salud Pharma LLP	Wholly owned subsidiary LLP	99.90%	99.90%
Caplin Point Laboratories Colombia SAS, (Colombia)	subsidiary Company	56.35%	-
Caplin Point Far East Limited, (Hong Kong)	Wholly owned subsidiary Company	100%	-

#### (b) Key managerial personnel

Dr. Sridhar Ganesan	– Managing Director from 28.03.2015
Mr. M Jayapal	– Whole Time Director from 28.03.2015
Mr. D.P.Mishra	– Whole Time Director upto 30.04.2016
Mr. Hariharaponnambalam. P.	– Chief Financial Officer from 06-05-2015 upto 18-02-2016
Mr. D Muralidharan	– Chief Financial Officer from 19-02-2016
Mr. Vinod Kumar S	– Company Secretary from 13-04-2015

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 49 DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 18 – “RELATED PARTY DISCLOSURES” ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA. (contd.)

#### (c) Transactions that have taken place during the Financial Year with related parties:

Particulars	For the Financial Year ended March 31, 2017	For the 9 Months Period and Financial Year ended March 31, 2016
Salary paid to Mr. Vivek Siddharth	19.22	13.76
Salary paid to Dr. Sridhar Ganesan (i)	102.87	45.20
Salary paid to Mr. M Jayapal	6.93	4.99
Salary paid to Mr. D.P.Mishra (ii)	0.55	4.94
Salary paid to Mr. Harihara Ponnambalam. P. (iii)	-	9.30
Salary paid to Mr. D Muralidharan	20.00	1.35
Salary paid to Mr. Vinod Kumar S	6.10	3.31

(i). Includes stock compensation expense of ₹54.25 Lakhs and ₹9.05 Lakhs for the year ended March 31, 2017 and for the 9 Months Period and Financial Year ended March 31, 2016, respectively.”

(ii). Mr. D. P. Mishra stepped down from the position of Whole-time Director w.e.f. 01.05.2016 and continues to be a Director.

(iii). Mr. Harihara Ponnambalam Resigned w.e.f. 18.02.2016

#### NOTE 50

Total Share Capital of Argus Salud Pharma LLP is ₹99.10 Lakhs (₹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 51

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

#### NOTE 52

The amount of dividends proposed to be distributed to equity shareholders for the Year is ₹1133.65 lakhs i.e ₹1.50 paise per equity share of ₹2/- each.

#### NOTE 53 DISCLOSURE ON SPECIFIED BANK NOTES

During the year, the Holding company and its Indian subsidiary had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308( E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(in ₹)

Particulars	SBNs(1)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	43,78,500	8,57,656	52,36,156
Add: Permitted receipts	-	16,70,354	16,70,354
Less: Permitted Payments	-	11,77,432	11,77,432
Less: Amount deposited in Banks	43,78,500	-	43,78,500
Closing cash in hand as on December 30, 2016	-	13,50,578	13,50,578

## Notes to the Consolidated Financial Statements for the financial year ended March 31, 2017

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

### NOTE 54

On account of creation of additional capacity in CP I factory at Suthukeny, Puducherry during the year and by shifting of resources from CP III factory, Baddi, Himachal Pradesh to CP I factory, the Company ceases to carry out manufacturing activities at CP III factory.

### NOTE 55

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 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 ₹ Lakhs		As % of consolidated profit/ Loss		Amount ₹ Lakhs	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Parent</b>								
Caplin Point Laboratories Limited	85.85	92.88	19,247.18	11,900.92	70.77	90.72	6,805.21	4,151.62
<b>Subsidiaries</b>								
<b>Indian</b>								
1. Argus Salud Pharma LLP	2.63	7.12	589.54	912.85	2.92	9.28	281.14	424.87
<b>Foreign</b>								
1. Caplin Point Far East Limited	11.38	-	2,551.48	-	26.46	-	2,544.00	-
2. Caplin Point laboratories Colombia, SAS	0.14	-	31.50	-	(0.15)	-	(14.50)	-
Minority interest in subsidiary			36.22	27.09				
	<b>100</b>	<b>100</b>	<b>22,419.70</b>	<b>12,813.77</b>	<b>100</b>	<b>100</b>	<b>9,615.85</b>	<b>4,576.49</b>

### NOTE 56

Figures for the current financial year are for the 12 months ended March 31, 2017 as against the 9 months period for the previous financial year ended March 31, 2016 and hence figures are not comparable.

### NOTE 57

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

#### Signatories to Notes 1 to 57

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 10, 2017

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

## CAPLINPOINT LABORATORIES LIMITED

CIN No. L24231TN1990PLC019053

"Narbhavi" No.3, Lakshman Street, T Nagar Chennai 600 017

Telephone: + 91 44 28156653/6901/6905 Fax:+91 4428154952

e-mail:info@caplinpoint.net, Website :www.caplinpoint.net

# NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of Caplin Point Laboratories Limited will be held on Thursday, September 21, 2017 at Sri Thyaga Brahma Gana Sabha (Vani Mahal) No. 103, G N Road, T. Nagar, Chennai -600 017 at 11.00 AM to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Standalone and Consolidated financial statements of the Company for Financial year ended March 31, 2017, including the audited Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss of the Company for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on equity shares for the Financial Year 2016-17
3. To appoint a Director in place of Mr M Jayapal (DIN: 01869677), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with relevant Rules, as proposed by the Audit Committee and recommended by the Board of Directors, M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm Registration No. 004915S) be and is hereby re-appointed as the Statutory Auditors of the Company for a second term of five years commencing from financial year 2017-18 on such remuneration as may be determined by the Board of Directors.

### SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification(s)

the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and all other applicable laws for the time being in force, Mr. M Jayapal (DIN: 01869677) be and is hereby re-appointed as a Whole-time Director of the Company for a period of one year, with effect from 28th March, 2017, at a remuneration approved by the Nomination & Remuneration Committee as set out below:-

Terms and Conditions of the Contract of Service of Mr. M Jayapal

- a. Salary**  
Rs.65,000 per month
- b. Allowances & Perquisites**  
As may be determined by Nomination and Remuneration committee
- c. Retirement Benefits**  
Contribution to Provident Fund, Superannuation fund and Gratuity as per the rules of the fund/scheme in force from time to time
- d. General**
  - i) In the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites and retirement benefits to Mr M Jayapal may be determined by the Board of Directors or Nomination and Remuneration Committee, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Act and the rules made there under or any statutory modifications or re-enactment thereof

- ii) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes) the perquisites shall be valued as per income tax rules.
- iii) The aggregate remuneration (including salary, allowances, perquisites, incentive and retirement benefits) for any financial year shall be subject to an overall ceiling of 10% of the net profits of the Financial year computed in the manner prescribed under the Act.
- iv) Mr M Jayapal will not be entitled to any sitting fees for attending meetings of the Board and the committees thereof
- v) Mr M Jayapal will be subject to all other service conditions as applicable to any other employee of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. M Jayapal, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013.

6. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and all other applicable laws for the time being in force Dr. Sridhar Ganesan (DIN: 06819026) be and is hereby re-appointed as the Managing Director of the Company for the period of three years with effect from 25th August, 2017, at a remuneration recommended by the Nomination & Remuneration Committee as set out below:-

Terms and Conditions of the Contract of Service of Dr. Sridhar Ganesan

**a. Salary**

Rs. 4,60,000 Per month

**b. Allowances & Perquisites**

As may be determined by Nomination and Remuneration

committee

**c. Retirement Benefits**

Contribution to Provident Fund, Superannuation fund and Gratuity as per the rules of the fund/scheme in force from time to time

**d. Employee Stock Option Plan**

Entitled for stock options as granted under Stock option plan in February, 2016

**e. General**

i) In the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites and retirement benefits to Dr Sridhar Ganesan may be determined by the Board of Directors or Nomination and Remuneration Committee, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Act and the rules made there under or any statutory modifications or re-enactment thereof.

ii) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes) the perquisites shall be valued as per income tax rules.

iii) The aggregate remuneration (including salary, allowances, perquisites, incentive and retirement benefits) for any financial year shall be subject to an overall ceiling of 10% of the net profits of the Financial year computed in the manner prescribed under the Act.

iv) Dr Sridhar Ganesan will not be entitled to any sitting fees for attending meetings of the Board and the committees thereof

v) Dr Sridhar Ganesan will be subject to all other service conditions as applicable to any other employee of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Dr Sridhar Ganesan, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution

and the Companies Act, 2013.

7. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the applicable provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and as recommended by the Nomination and Remuneration Committee Dr K C John (DIN: 01067374), who is eligible for re-appointment as a Non-executive-Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose, Dr K C John as a candidate for the office of Independent Director of the Company, not liable to retire by rotation, be and is hereby re-appointed as a Non-executive-Independent Director of the Company for a second term of five consecutive years from August 25, 2017 to August 24, 2022.

8. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, read with Schedule IV of the Companies Act, 2013, Mr D Sathyanarayanan (DIN : 07650566), who was appointed by the Board as an Additional Director of the Company in terms of section 161 of the Companies Act, 2013 with effect from November 09, 2016, to hold office up to the conclusion of this Annual General Meeting, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose, Mr D Sathyanarayanan as a candidate for the office of Independent Director of the Company, be and is hereby appointed as a Non-executive- Independent Director of the Company, not liable to retire by rotation, to hold office for a period of three consecutive years effective from November 09, 2016 to November 08, 2019.

9. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT Dr Philip Ashok Karunakaran (DIN :06679664) who was appointed as an Additional Director by the Board of

Directors effective August 07, 2017, in terms of Section 161 of the Companies Act, 2013 and who shall hold office upto the ensuing Annual General Meeting be and is hereby appointed as the Director of the Company and who is liable to retire by rotation.

10. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and all other applicable laws for the time being in force, Dr Philip Ashok Karunakaran (DIN :06679664) be and is hereby appointed as a Whole -time Director of the Company for a period of three years from August 07, 2017, at a remuneration approved by the Nomination & Remuneration Committee as set out below:-

Terms and Conditions of the Contract of Service of Dr. Philip Ashok Karunakaran

**a. Salary**

Rs.4,03,400 Per month

**b. Allowances & Perquisites**

As may be determined by Nomination and Remuneration committee

**c. Retirement Benefits**

Contribution to Provident Fund, Superannuation fund and Gratuity as per the rules of the fund/scheme in force from time to time

**d. General**

i) In the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites and retirement benefits to Dr Philip Ashok Karunakaran may be determined by the Board of Directors or Nomination and Remuneration Committee, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Act and the rules made there under or any statutory modifications or re-enactment thereof.

ii) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable

accuracy (including car provided for official and personal purposes) the perquisites shall be valued as per income tax rules.

- iii) The aggregate remuneration (including salary, allowances, perquisites, incentive and retirement benefits) for any financial year shall be subject to an overall ceiling of 10% of the net profits of the Financial year computed in the manner prescribed under the Act.
- iv) Dr Philip Ashok Karunakaran will not be entitled to any sitting fees for attending meetings of the Board and the committees thereof.
- v) Dr Philip Ashok Karunakaran will be subject to all other service conditions as applicable to any other employee of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Dr Philip Ashok Karunakaran, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013.

11. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions contained in the Memorandum and Articles of Association and pursuant to the provisions of Section 62(1)(b), and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder and the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and such other applicable laws (including any statutory modification(s) or re-enactment of the Act or the Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committees thereof, including the Nomination and Remuneration Committee (hereinafter referred to as "the Committee") to exercise its powers, including the powers conferred by this resolution, consent of the members of the Company be and is hereby accorded to the Board to offer, issue, and allot 5,00,000 (Five Lakhs ) options exercisable into 5,00,000

Equity Shares of face value Rs. 2/- each fully paid up, under Caplin Point Employee Stock Option Scheme 2017 (the "Plan") to or to the benefit of employees who are in permanent employment of the Company, whether working in India or out of India, as may from time to time be allowed to be eligible for the benefit under the provisions of applicable laws and Regulations prevailing from time to time (all such persons are hereinafter collectively referred to as "Employees") in one or more tranches on such terms and conditions as may be fixed or determined by the Nomination and Remuneration Committee in accordance with the provisions of the law or Regulations issued by the relevant authority.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Plan from time to time including, but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division of the Company and others, the Board / Nomination and Remuneration Committee is authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the Scheme are passed on to the Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under the Plan on the Stock Exchanges as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Rs. 2 per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares upon exercise of Options from time to time in accordance with the Scheme and such equity shares

shall rank paripassu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time in its sole discretion in conformity with the provisions of the Act, the Memorandum and Articles of Association of the Company and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts,

deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committee, with power to further delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard".

For and on behalf of the Board of Directors

Date : August 07, 2017

Place: Chennai

Dr Sridhar Ganesan

Managing Director

M Jayapal

Whole-time Director

**Registered Office:**

\*Narbavi \*No. 3 Lakshmanan Street, T Nagar, Chennai – 600 017

CIN : L24231TN1990PLC019053

**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 09.09.2017 to 21.09.2017 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 20, 2017 to those members, whose names appear in the Register of Members on September 08,2017; 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 26th 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 26th 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 / FII / 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 appointment /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, Practising 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, 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 on resolutions proposed to be considered at the 26th Annual General Meeting (AGM) 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 the 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 18, 2017 at 10.30 AM and ends on Wednesday, September 20, 2017 at 5.00 PM. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 14, 2017, 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 a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - V. The process and manner for remote e-voting are as under:
    - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)] :
      - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.  
  
NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "remote e-voting.pdf".
      - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder - Login
    - (iv) Put your user ID and password. Click Login.
    - (v) Password change menu appears. Change the password/ PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "EVEN" of "Caplin Point Laboratories Limited".
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ramgcs@gmail.com with a copy marked to evoting@nsdl.co.in
  - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
    - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM  
  
EVEN (Remote e-voting Event Number) USER ID  
PASSWORD/PIN
    - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote

e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).

- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 14, 2017

- X. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 14, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

- XI. A member may participate in the AGM even after

exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

- XIII. Mr G Ramachandran of M/s. G Ramachandran & Associates, Practicing Company Secretaries, Chennai has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" or "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.caplinpoint.net](http://www.caplinpoint.net) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and NSE, Mumbai.

**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. 5**

The Board of Directors of the Company in its meeting held on February 06, 2017 approved the re-appointment of Mr M Jayapal (DIN : 01869677) as a Whole-time Director for a period of one year with effect from March 28, 2017 as recommended by the Nomination and Remuneration Committee. The terms of contract of services are set out in the Resolution.

The terms and conditions of re-appointment may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board recommends the resolution for the approval of Members.

Except Mr M Jayapal, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the Resolution.

**ITEM NO.6:**

The current term of Dr Sridhar Ganesan (DIN :06819026) as a Managing Director expires on August 24,2017. Considering his role and responsibilities and expertise knowledge in the field of pharmaceutical products, the Nomination and Remuneration Committee and the Board of Directors at their meeting held on August 07,2017 re-appointed him as Managing Director for the period of three years with effect from August 25, 2017 subject to the approval of the shareholders. The terms of contract of services are set out in the Resolution.

The terms and conditions of re- appointment may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board recommends the resolution for the approval of Members.

Except Dr Sridhar Ganesan, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the Resolution.

**ITEM NO.7**

Dr K C John (DIN : 01067374) was appointed as a Non-executive Independent Director of the Company for a consecutive period of Three years effective from August 25,2014. In order to avail his

guidance, the Nomination and Remuneration committee in its meeting held on August 07, 2017 recommended the Board of Director of the Company to re-appoint Dr K C John as an Non-executive Independent Director for a second term of five consecutive years commencing from August 25, 2017.

In terms of Section 149 and other applicable provisions of the Companies Act,2013 and pursuant to Regulation 25 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, Board of Directors re-appointed him for the second term of five years. The Company has received a notice from a Member of the Company proposing the candidature of Dr K C John to the office of the Independent Director under Section 160 of the Companies Act,2013 along with the deposit of requisite amount under Section 160 of the Companies Act,2013. The Company has received disclosures from Dr K C John under Section 149(6) of the Companies Act,2013 and Regulation 16 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 that he meets the criteria of Independence .

In the opinion of the Board, Dr K C John fulfils the conditions as specified in the Companies Act, 2013 and rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the management. The Board also considers that his continued guidance would be of immense benefit to the Company and is desirable to avail his services as an Independent Director.

Accordingly, the Board recommends this Special Resolution for approval by the members of the Company.

Except Dr K C John, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the Resolution.

**ITEM NO.8**

The Board of Directors of the Company at their Meeting held on November 09,2016, appointed Mr D Sathyanarayanan (DIN : 07650566) as an Additional Director (Non-executive- Independent) of the Company. Pursuant to section 161 of the Companies Act,2013, Mr D Sathyanarayanan will hold office upto the ensuing Annual General Meeting.

The Company has received a notice from a member of the Company proposing the candidature of Mr D Sathyanarayanan (DIN : 07650566) to the office of the Independent Director under Section 160 of the

Companies Act,2013 along with the deposit of requisite amount under Section 160 of the Companies Act,2013. The Company has received disclosures from Mr D Sathyanarayanan under Section 149(6) of the Companies Act,2013 and Regulation 16 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 that he meets the criteria of Independence .

In the opinion of the Board, Mr D Sathyanarayanan fulfils the conditions as specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board also considers that his directional support would have infinite benefits and is desirable to avail his services as an Independent Director.

Accordingly, the Board recommends this resolution for approval by the members of the Company.

Except Mr. D. Sathyanarayanan, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the Resolution.

#### **ITEM NO 9 & 10**

Dr Philip Ashok Karunakaran (DIN :06679664) was appointed as an Additional Director at the Board Meeting held on August 07, 2017. He was also appointed as the Whole-time Director for a period of three years effective August 07, 2017. In terms of Section 161 of the Companies Act, 2013, Dr Philip Ashok Karunakaran would hold office of Director upto the date of the ensuing Annual General Meeting and he is eligible to be appointed as a Director .

The Company has received a notice from a member of the Company proposing the candidature of Dr Philip Ashok Karunakaran to the office of the Director under Section 160 of the Companies Act, 2013 along with the deposit of requisite amount under Section 160 of the Companies Act, 2013.

The Nomination and Remuneration Committee and Board of Directors opined that Dr Philip Ashok Karunakaran's extensive knowledge and experience in the field of Pharma industry would provide enormous benefits to the Company and through his appointment as a Whole-time Director Company can gain from his directional support and hence, Board of Directors of the Company in its meeting held on August 07, 2017 approved the appointment of Dr Philip Ashok Karunakaran as a Whole-time Director for a period of three years effective August 07, 2017 The terms of contract of services are set out in the Resolution.

The terms and conditions of appointment may also be read and treated

as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The Board recommends the resolution for the approval of members.

Except Dr Philip Ashok Karunakaran, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the Resolution.

#### **ITEM NO. 11**

The Company has instituted "Caplin Point Employee Stock Option Plan – 2015 pursuant to the Special Resolution approved by the members at the 24th Annual General Meeting held on November 05,2015 with a total pool size of 75,000 options at Rs.10/- each, consequently upon sub-division of shares in October, 2016, the total size of the options stood at 3,75,000 options at Rs.2/- each. Under "Caplin Point Employee Stock Option Plan – 2015" total of 3,68,750 options has been granted out of 3,75,000 options approved.

In order to continue to attract and retain better talents, it is proposed to roll out a new Employee Stock Option scheme to eligible employees of the Company. The main objective will be to retain and reward employees by providing opportunity to such of those employees to participate in the growth of the Company through owning equity shares.

Accordingly the Board of Directors ("the Board") of the Company at its meeting held on August 07, 2017 approved introduction of Caplin Point Employees Stock Option Plan 2017 ("Plan") subject to the approval of the members and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time (the Regulations) and authorized the Nomination & Remuneration Committee constituted under Section 178 of the Companies Act, 2013 to formulate the detailed terms and conditions of the ESOP 2017 and to administer and implement the ESOP 2017 in accordance with the provisions of the Regulations under which the maximum number of equity shares of the Company that could be created, offered, issued and allotted under the Plan should not exceed 5,00,000 options exercisable into 5,00,000 Equity Shares of Rs. 2/- each fully paid up of the Company, as on the date(s) of the grant of option(s) under the Plan. It may be noted that as and when such Options are vested, it will be well within the current authorized capital of the Company. The Board has accordingly decided to seek the approval of the Members for the same.

Disclosure in terms of Regulation 6 (2) of the SEBI (Share Based Employee Benefits) Regulations, 2014 as notified by SEBI vide Circular CIR/CFD/POLICY CELL/2015 dated June 16, 2015 are as under:

a	Brief description of the scheme;	<p>Caplin Point Employee Stock Option Plan 2017.</p> <p>5,00,000 options (Five lakhs) exercisable into 5,00,000 equity shares of face value Rs. 2 each to the benefit of employees who are in permanent employment of the Company, whether working in India or out of India in one or more tranches on such terms and conditions as may be fixed or determined by the Nomination and Remuneration Committee.</p>
b	The total number of options to be granted;	5,00,000 (Five Lakhs)
c	Identification of classes of employees entitled to participate and be beneficiaries in the scheme	<p>(i) a permanent employee of the company who has been working in India or outside India; or</p> <p>(ii) a director of the company, whether a whole time director or not but excluding an independent director and a promoter director; or</p> <p>(iii) an employee as defined in clauses (i) or (ii) of a subsidiary, in India or outside India, but does not include</p> <p>(a) an employee who is a promoter or a person belonging to the promoter group; or</p> <p>(b) a director who either himself or through his relative or through any body corporate directly or indirectly, holds more than ten percent of the outstanding equity shares of the company:</p>
d	Requirements of vesting and period of vesting	<p>The Options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company as the case may be.</p> <p>The vesting period shall be decided by the Nomination and Remuneration Committee from time to time, but shall not be less than 1 year and not more than 8 years from the date of grant of options. Vesting may happen in one or more tranches.</p>
e	Maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be) within which the options shall be vested	The maximum period within which the options shall be vested would be 8 years from the date of grant.
f	Exercise price or pricing formula	<p>The Options granted to the Employees under this Plan shall carry an Exercise Price, which shall be at a discount to the Market Price as may be determined by the Board. However the Exercise Price shall not be less than the par value of the Equity Shares of the Company</p> <p>"Market price" under the Regulations means the latest available closing price on the stock exchange on which the equity shares of the company are listed on the date immediately prior to the Relevant Date. If such shares are listed on more than one stock exchanges, then the closing price on the stock exchange having higher trade volume shall be considered as the market price.</p> <p>Relevant Date under the Regulations mean:</p> <p>(i) In the case of grant, the date of the meeting of the Nomination and Remuneration Committee on which the Grant is made or (ii) in case of exercise, the date on which the notice of exercise is given to the Company by the employee.</p>

g	Exercise period and process of exercise	The exercise period shall be a period commencing from the date of vesting and shall continue upto completion of 2 years from the date of respective vesting.
		The options would be exercisable by submitting the requisite application form / exercise notice to the Company as the Company may prescribe, subject to conditions for payment of Exercise Price in the manner prescribed by the Board / Committee. All the participants in the Scheme shall deliver a written notice of exercise, in the prescribed form, to the Nomination and Remuneration Committee on or before the expiry of the exercise period.
h	The appraisal process for determining the eligibility of employees for the scheme	The appraisal process shall include evaluation of an employee based on one or more criteria for determining eligibility of the employees to be granted options, including but not limited to the following:
		i Work related or academic performance of the employee
		ii Length of service
		iii Potential of the employee to contribute to the Company's / Subsidiary's performance
		iv Position held
		v The extent of contribution made by the employee towards business results, achievement of medium to long term performance plans, processes, and customer satisfaction or employee satisfaction.
		vi High market value /difficulty in replacement.
vii High risk of losing the employee to competition.		
i	Maximum number of options to be issued per employee and in aggregate	The maximum number of options granted to any one employee will be 25,000 options or 5,00,000 options in aggregate.
j	Maximum quantum of benefits to be provided per employee under the scheme(s);	The maximum number of options granted to any one employee will be 25,000 options
k	Whether the scheme(s) is to be implemented and administered directly by the company or through a trust	Scheme to be implemented and administered directly by the Company
l	Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both	The scheme involves new issue of shares of the Company
m	The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc	Not applicable
n	Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s);	Not applicable
o	Confirmation with accounting policies	The Company shall confirm to the Accounting Policies specified under the Regulations.

P	The method which the company shall use to value its options;	The company shall follow the intrinsic value method to value the options. Since the Company will be opting to expense share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share (EPS) of the Company shall be disclosed in the Directors' report.
---	--------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The equity shares allotted pursuant to the exercise of the Options shall be listed on the Stock Exchanges where the Company's Equity Shares are listed and necessary applications will be made to those Stock Exchange(s) in this behalf.

In terms of Regulation 6(1) of the Regulations, any Employees Stock Option Scheme must be approved by way of a special resolution. Further as the Scheme will entail further shares to be offered to persons other than existing members of the Company, consent of the Members is required for issue of the equity shares and / or instruments entitling the holder to subscribe to or purchase equity shares, in terms of the provisions of Section 62(1)(b) of the Companies Act, 2013.

Accordingly the resolution set out at item no. 11 is being placed for approval of the members.

The options to be granted / shares to be issued under the Scheme shall not be treated as an offer or invitation made to public for subscription in the securities of the Company.

None of the Directors or Key Managerial Personnel of the Company is, in any way, concerned or interested in the resolutions, except to the extent of their shareholding in the Company or the options, which may be granted to them pursuant to the Plan.

For and on behalf of the Board of Directors

Date : August 07, 2017

Place: Chennai

Dr Sridhar Ganesan

Managing Director

M Jayapal

Whole-time Director

**Registered Office:**

\*Narbavi \*No. 3 Lakshmanan Street, T Nagar, Chennai – 600 017

CIN : L24231TN1990PLC019053

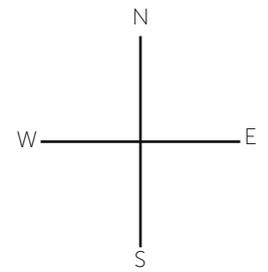
## ANNEXURE TO NOTICE

Details of Directors seeking appointment and re-appointment at the ensuing Annual General Meeting in pursuance to Regulation 36 (3) of the Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Director	DR SRIDHAR GANESAN	MR M JAYAPAL	DR K C JOHN	MR D SATHYANARAYANAN	DR PHILIP ASHOK KARUNAKARAN
DIN	06819029	01869677	01067374	07650566	06679664
Date of birth	23.03.1955	04.08.1951	22.11.1952	19.06.1959	11.01.1970
Date of Appointment on the Board	25.08.2014	28.03.2005	25.08.2014	09.11.2016	07.08.2017
Qualifications	MS in Pharmaceuticals and Doctorate in Homeopathic Medicines	Graduate	Ph.D in Management from Indian Institute of Management, Ahmedabad	B. TECH (Mechanical Engineering), IIT Chennai M. S Stanford University, USA	Ph.D in Quality Management
Expertise in Specific Functional Area	Dr Sridhar Ganesan has more than 37 years of experience in the Pharma Industry. Effective leadership skills for setting higher goals & objectives for the Company and driving the team to achieve new goals and keen focus on developing new products	Mr M Jayapal has about three decades rich experience in Marketing and business development and poses specific interest in relationship management.	Dr K C John is an Technology entrepreneur and has boundless knowledge in the areas of mobile computing, VoIP , HealthTech and has deeper insights in the area of technology, innovation, entrepreneurship and sustainable development, for over 30 years.	Mr D Sathyanarayanan has about 30 years experience and expertise in application and software development and implementation.	Dr Philip Ashok Karunakaran has about 25 years experience in Pharmaceutical Industry and has a deeper proficiency in the areas of quality control, quality assurance, operational controls and has strategic plans to drive the team in achieving Company's goal or vision.
Number of Shares held in the Company	26,750 equity Shares	NIL	NIL	NIL	NIL
List of the Directorship or other position held in other Listed Companies	NIL	NIL	NIL	NIL	NIL
chairman/ member in the committees of the boards of companies in which he is Director*	Chairman: Nil Member :Nil	Chairman: Nil Member :Nil	Chairman: Nil Member :Nil	Chairman: Nil Member :Nil	Chairman: Nil Member :Nil
Relationships, if any, with other Directors and KMP	None	None	None	None	None

\*Other than Caplin Point Laboratories Limited.

### AGM HALL ROUTE MAP







CAPLIN POINT LABORATORIES LIMITED

CIN:- L24231TN1990PLC019053

Registered Office:- "Narbhavi", No.3, Lakshmanan Street, T.Nagar, Chennai – 600 017.

Ph:- 044-28156653, 28156905, Fax:- 044-28154952

E-Mail:- info@caplinpoint.net, Website:-www.caplinpoint.net

Form MGT-11

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rules 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s):

Registered Folio No / DP ID No / Client ID No.\*:

(\*applicable to Investors holding shares in dematerialised form)

Registered Address:

Email ID:

I/ We, being a member/s of CAPLIN POINT LABORATORIES LIMITED, holding \_\_\_\_\_ shares of the above named Company, hereby appoint

- |                  |                                       |
|------------------|---------------------------------------|
| 1. Name : .....  | Address : .....                       |
| Email Id : ..... | Signature : .....or failing him / her |
| 2. Name : .....  | Address : .....                       |
| Email Id : ..... | Signature : .....or failing him / her |
| 3. Name : .....  | Address : .....                       |
| Email Id : ..... | Signature : .....                     |

As my / our proxy to attend and vote (on a poll) for me/us on my/our behalf at the Twenty Sixth Annual General Meeting of the members of Caplin Point Laboratories Limited will be held on Thursday, September 21, 2017at Sri Thyaga Brahma Gana Sabha (Vani Mahal) No. 103, G N Road, T. Nagar, Chennai -600 017 at 11.00 AM and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.



\_\_\_\_\_  
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

Registered Office:- "Narbhavi", No.3, Lakshmanan Street, T.Nagar, Chennai – 600 017.

Ph:- 044-28156653, 28156905, Fax:- 044-28154952

E-Mail:- info@caplinpoint.net, Website:-www.caplinpoint.net

FORM FOR ECS MANDATE

To  
Integrated Registry Management Services Private Limited  
Unit : Caplin point Laboratories Limited  
2nd Floor, "Kences Towers"  
No. 1 Ramakrishna Street, North Usman Road  
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]





# Corporate Information

## Board of Directors

Mr. C. C. Paarhipan, Chairman  
Dr. Sridhar Ganesan, Managing Director  
Mr. M Jayapal, Whole Time Director  
Dr Philip Ashok Karunakaran, Whole-time Director ( w.e.f 07.08.2017)  
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 (w.e.f 09.11.2016)

## Chief Financial Officer

Mr D Muralidharan

## Company Secretary

Mr Vinod Kumar S

## Statutory Auditors

M/s. CNGSN & Associates LLP  
Chartered Accountants,  
Swathi Court, Flat C & D, No.22,  
Vijayaraghava Road, T. Nagar,  
Chennai – 600 017

## Bankers

The Catholic Syrian Bank Ltd  
No. 826, Tarapore Towers, Mount Road  
Chennai 600 002

## Registered & Corporate Office

'NARBHAVI', No.3, Lakshmanan Street,  
T Nagar, Chennai - 600 017  
Ph No: 044 – 28156653, 28156905  
Fax No: 044 – 2815495

## Factories

### UNIT I

85/3, Suthukeny Village,  
Mannadipet Commune Panchayat,  
Puducherry - 605 502

### UNIT IV

Guruvarajakandigai Village,  
Sirupuzhalpettai (Post), Gummidipoondi  
Taluk, Tamilnadu - 601 201.

## Research & Development

### UNIT II

No.19, Chinnapuliyur Village,  
Sirupuzhalpettai (Post), Gummidipoondi  
Taluk, Tamilnadu - 601 201.

### UNIT IV

Guruvarajakandigai Village,  
Sirupuzhalpettai (Post), Gummidipoondi  
Taluk, Tamilnadu - 601 201

## Subsidiary

Argus Salud Pharma LLP  
Khasra No.380, Village Suraj Majra,  
N.H.21, Baddi, Tehsil Nalagarh,  
Dist.Solan, Himachal Pradesh 173 205

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 Oficine 408  
Colombia

## Registrar & Transfer Agents

Integrated Registry Management Services  
Private Limited  
II Floor, "Kences Towers"  
No.1 Ramakrishna Street, North Usman Road  
T Nagar, Chennai - 600 017

## Website, Email ID

[www.caplinpoint.net](http://www.caplinpoint.net); [info@caplinpoint.net](mailto:info@caplinpoint.net);  
[investor@caplinpoint.net](mailto:investor@caplinpoint.net)

## Corporate Identification Number (CIN)

L24231TN1990PLC019053



**CAPLIN POINT**  
LABORATORIES LTD.

**Corporate Office:**

"NARBHAVI", No. 3, Lakshmanan Street,  
T. Nagar, Chennai - 600 017, Tamil Nadu, India  
Phone: +91 44 2815 6653, 2815 6905