

01.09.2020

BSE Limited
Department of Corporate Relationship
1st Floor, New Trade Ring, Rotunda Building,
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Scrip Code: 524742

By BSE Listing

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

By NEAPS

Dear Sirs,

SUB: SUBMISSION OF ANNUAL REPORT FOR FINANCIAL YEAR 2019-20.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith enclose Annual Report for the financial year 2019-20.

The copy of Annual Report is also available on the website of the Company (i.e) www.caplinpoint.net

Kindly take the same on your records

Thanking you,

Yours Faithfully,

Caplin Point Laboratories Limited


Company Secretary

Enclosure: As above



for good

CAPLIN POINT LABORATORIES LIMITED
ANNUAL REPORT 2019-20

Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions.

We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

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

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Theme: For Good

Theme explained: At Caplin Point Laboratories Limited, we are engaged in a business that enhances well-being for all stakeholders (‘For Good’) and is engaged in being sustainable across time (‘For Good’).

for
good

Caplin Point Laboratories Limited.

Possibly the only mid-sized company in India's pharmaceutical sector to be engaged in the manufacture of APIs, finished formulations, research & development, clinical research, front-end generic presence in Latin America, brand marketing in Francophone Africa and a USFDA-approved injectable facility.

The Company's asset-light marketing business model has helped generate the resources to build world-class infrastructure.

The Company's debt-free and cash surplus situation positions it attractively to address the opportunities of the future.

The big numbers

4000+

Products registered

650

Pharmaceutical formulations

36

Therapeutic sections

Caplin Point's product mix covers a significant number of drugs classified as 'essential' by WHO

1 Vision to see the 'Invisible opportunity'

Caplin Point aims to create new niches in the markets of its presence. Looking ahead, we envisage implementing our unique business model to ensure that everyone in the market where Caplin is present enjoys access to quality medicines at affordable prices.



2 Mission to address the pain of the poor

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.



3 History of life on this planet is the history of rule breakers

Caplin Point was established in 1990 to manufacture a range of ointments, creams and other external applications. The Company was listed in 1994; the IPO proceeds were deployed in a manufacturing facility in Pondicherry. The promoters exposed their lives to physical risk when they ventured into war-affected countries more than two decades ago. The Company ventured into the emerging markets of West Africa, Latin America and The Caribbean to market finished formulations.

4 Management

Caplin Point is headed by Mr. C. C. Paarthipan (Chairman) and Dr. Sridhar Ganesan (Managing Director), who are supported by a competent managerial and technical team. The Board that leads the Company does not comprise any member of the promoter's family apart from the Chairman.



5 Partner

To expand its presence in the area of global injectables, the Company attracted investments in its subsidiary company Caplin Steriles Limited (CSL) from Eight Roads Ventures India III LP and F-Prime Capital Partners Life Sciences Fund VI LP (Fidelity Group) through Compulsorily Convertible Preference Shares (CCPS) to be converted into equity shares of CSL based on agreed terms.



Annual production capacity

Injectables	Oral dosage forms	5+ dedicated Facilities	Rs. 1.6 billion Capex	Expensing R&D	Kilo lab
12 million Ophthalmics drops	1500 million tablets	Caplin has 5 dedicated R&D set ups (3 DSIR-approved and 2 under approval).	Continuous capex investment of over Rs. 1.6 billion over the last 5 years towards enhanced manufacturing and R&D capabilities.	Caplin expenses all R&D expenditure. Total R&D spend (capex + opex) 40% of 2019-20 PAT.	Latest R&D facility at Hyderabad focuses on API in kilo scale. Commercial manufacturing will be done in a new API facility (under construction) in Chennai, expected to be commissioned in the next 12-15 months.
2 million Lyophilised vials	1 million bottles of dry syrups				
20 million liquid injectables in Ampoules	220 million of soft-gels				
65 million liquid injectables in vials	400 million of capsules				
12 million pre-filled syringes	30 million suppositories				
	6 million bottles of liquid syrups				



How we grew our business in 2019-20 (consolidated)

Emerging markets revenues

- Reported strong sales in the generic and branded segments; attractive contribution from new Latin American markets
- Generated sales higher than multi-national brands in Guatemala; ranked number two in the market (Source: IMS)
- Received orders (Amaris Clinical, CRO wing of Caplin Point) for three studies for the US market (trigger for US FDA approval to be activated on completion)

Emerging markets research

- Completed R&D for 22 APIs to be used for backward integration in US and Emerging markets (strengthening competitiveness for large Latin America tenders and securing resources for US ANDAs)
- Increased recruitment of scientists by more than 40% to 360+ scientists
- R&D opex increased by Rs. 24.8 cr (~90%) to Rs. 53 cr in 2019-20)

Emerging markets distribution

- Acquired four channel partners in Latin America, strengthening control on marketing, distribution and supply chain
- Launched an e-commerce website named 'QueTenX', a part of the 10X healthcare portal (addressing independent pharmacies not visited by salesmen due to COVID-19), transforming credit sales into cash, enhancing an analysis of demand and supply patterns and replenishment stocks through technology tools
- Deepened capabilities by stocking essential products at warehouses during the COVID-19 months (due to the unique stock and sale model)



US & Regulated Markets

- Commissioned a DGCI-approved CRO facility and captive API development kilo lab to facilitate backward integration
- Received approvals for nine of 18 ANDAs filed (six for Caplin Steriles); five products launched; the next four to be launched in the near future.
- Embarked on a pipeline of 15 ANDAs to be filed within 24 months with an addressable market size of USD 1.95 billion
- Completed lab scale batches for 17 products for US (by Caplin's API division)
- Trebled capacity of the manufacturing facility

Business health

- Achieved RoE of 28% and RoCE of 36% on a 70% higher base
- Increased year-end inventory due to acquisition of Channel Partners with warehouse stock
- The stocks in subsidiaries closer to the customer (stock and sale model) will result in quicker conversion coupled with quicker collection of receivables in these subsidiaries
- Reported increased cash and cash equivalents of Rs. 284 cr in 2019-20, an increase of Rs. 61 cr after meeting all outgoes including the interim dividend (Rs. 15.88 cr)

Financial outcomes

- Reported topline growth of 35.5% to Rs. 904.5 cr in 2019-20
- Grew Caplin Steriles' injectable revenues 3.5x (8% of overall operating revenues) to Rs. 65 cr
- Grew EBITDA by 20.4% to Rs. 301.40 cr
- Strengthened PBT by Rs. 42.58 cr (19%) to Rs. 269.46 cr
- Grew PAT by Rs. 38.53 cr (22%) to Rs. 215.08 cr
- Strengthened EPS by 22% to Rs. 28.42 per share

Qualitative outcomes

- Our Return on Capital Employed of 36% (on a significantly increased capital employed base of Rs. 756 cr against Rs. 446 cr in 2018-19) was considerably higher than the sectoral average
- We reported 40 successive quarters of revenues growth
- Ours is probably one among the mid-sized Indian pharmaceutical companies to have invested Rs. 85.3 cr in its R&D in 2019-20 out of internal accruals
- We reported 17 successive years of profitable growth till 2019-20
- Our EBITDA margin of 33.32% in 2019-20 was among the highest in India's pharmaceutical sector

Outlook for 2020-21

- Four ANDAs are likely to be launched in the near future; the addressable market of these ANDAs were estimated at around USD 600 million
- Embarked on a pipeline of 15 ANDAs; addressable market USD 1.95 Billion
- Some products filed (and to be filed) fall under US FDA's shortage/emergency usage list; approvals awaited
- Entering the attractive pre-mix bag formulations segment
- Increased cash and cash equivalents to around Rs. 368 cr as on June 30th, 2020
- Collected 95% of Rs. 229 cr receivables on the books as on March 31st 2020 by 30th June' 2020

Medium-term outlook

- Working on initiatives to enter the US front-end by 2022/23
- Plans to enter Mexico, Canada and Australia within 18-24 months
- Embarked on a pipeline of 15 ANDAs to be filed within 24 months
- Targeted the filing of 12 DMFs by 2021-22 (all captive)







How ‘For Good’ resides at the core of our governance commitment

At Caplin Point, we believe that governance clarity provides an assurance to our stakeholders on how we intend to conduct our business. This clarity is critical in today’s pandemic-influenced world that is placing a greater premium on the ‘how’ of our business over the ‘what’. This emphasises that the means to our success are as important as a focus on the outcomes.

Trust



At Caplin Point, we believe that trust is the glue that brings all our stakeholders together - customers, employees, vendors, investors, communities and governments - making it possible for us to deliver against their expectations. As a result, success at Caplin Point is a continuous sequence of trust-enhancing initiatives that encourages our stakeholders to work with us into perpetuity. The recall that we have generated is that ‘If it is Caplin, then we trust completely.’ A large proportion of our stakeholders have remained with us for years, enhancing organisational sustainability, a visible sign of trust.

Doing things the right way



At Caplin Point, governance is a commitment to be an ideal and responsible corporate citizen - marketing products around the highest quality standard, conducting business with stakeholders around unquestioned integrity, presenting financials that are completely transparent, managing operations in complete compliance with the most demanding global standards and growing its Balance Sheet with the liquidity and profitability required to sustain operations and growth into the long-term.

Commerce with conscience



At Caplin Point, we are not singularly focused on financial growth. We believe that by virtue of being engaged in a business that whose outcome is better health and hygiene, there is a premium on empathy for the economically less-privileged as well. In view of this, our business decisions have been influenced by the over-riding question: ‘Will this benefit the marginalised?’ The result is that when most Indian pharmaceutical companies were focusing on marketing products in developed pharmaceutical markets (marked by a high entry cost, extended gestation and difficulty in getting approvals), we marketed in some of the most under-penetrated countries instead. When it may have been financially more rewarding to launch the most expensive drugs, we marketed the most affordable therapies instead. As an extension of this commitment, Caplin Point strengthened its business by deciding to proactively provide products to patients through doctors backed by bioequivalence / bioavailability studies.

Passion



At Caplin Point, we have dared to embrace challenges that are generally addressed by larger pharmaceutical companies. The Company entered challenging global geographies that most players would have dismissed as too small or remote. Caplin Point has demonstrated that even as it grows into a larger company body it continues to retain a small company soul. This has reflected in the Company's agility.

Discipline



At Caplin Point, we believe that discipline is the backbone that translates into high efficiency and consistency through challenging market cycles, making it possible for us to carve away incremental margins that make all the difference. Over time, this culture generates disproportionately higher sustainable gains and delta.

Culture of excellence



At Caplin Point, we believe that in a business where we address a vast inequity in incomes and therapy access, only one over-arching commitment will work: a high level of excellence where 'good' is never good enough. The result is that we invested in a commitment to emerge as a sectoral benchmark by quality (products and processes) and resource productivity (capital, people and plants).

Long-term



At Caplin Point, we believe that in a VUCA (volatile, uncertain, chaotic and ambiguous) world marked by the priority to address the short-term, there is a premium in responding to the long-term needs of the business. We have consistently seeded initiatives extending beyond the immediate, setting into motion a number of events that would materialise in the future.

Singular focus



At Caplin Point, we believe that core competence represents the biggest insurance in our complex business. We have not diluted our corporate attention away from our core focus: we have selected to position ourselves not as much as another pharmaceutical company as much as a wholesome pharma company with a presence in all the value-added arms of the sector, opening us out to sunrise opportunities, attracting knowledge professionals and strengthening our product / process research.

Data-driven



At Caplin Point, we invested in digitalisation with the objective to generate rich retail data (consumers, customers, consumption, markets etc.) in Latin America while investing in an IT backbone facilitating informed decision-making. Our sustained investments in ERP, data analytics and other digitalisation initiatives have positioned us ahead of the sectoral curve, strengthening informed and data-based decision-making.

Margins-driven



At Caplin Point, we possess a clear perspective of what we wish to be: the best in whatever we do as opposed to being the largest. We have focused on growing our business, enhancing margins and return on capital employed. The result is that we are among the smallest Indian pharma companies by revenues to have successfully penetrated the US market in a space as complex as injectables, extended into CRO operations, strengthened our retail marketplace presence in Latin America and now extending into API manufacture.

Accruals-driven



At Caplin Point, we have selected to invest from our accruals, helping reduce our break-even point, generating attractive year-on-year surplus and use that to reinvest in our business. We pride on the fact that we have generated quality revenues marked by attractive cash flows and margins. This access to patient capital (accruals) helped drive some of our long-term investments (commissioning a US-dedicated facility).

Patient investing



We reconcile the business needs of the day with patient multi-year investing. We began to invest in the US business when we were no more than a Rs. 100 cr revenues company in 2011-12. In the space of five years, we invested ~Rs. 400 cr in capex and opex through internal accruals. The fact that we could engage in these investments, addressing the world's largest regulated market when we were largely a marketing company addressing less developed markets, is an index of our ability to invest in the future. As an extension, Caplin Point resisted the temptation to expand its business with speed by entering new markets; the Company chose to drill deeper into existing markets before entering contiguous markets (13 countries in ten years).

Unmet needs



At Caplin Point, we believe that the most effective use of our resources is derived from a presence in niche under-crowded therapeutic segments with products that are complex and specialised, and at price points that are expected not just to service existing needs but also address a new segment of customers that could not earlier afford or access these therapies.

Partnerships



At Caplin Point, we believe that a successful entry into the challenging US or Europe market will warrant the coming together of a number of competencies – financial, managerial, strategic and knowledge. In view of this, the Company entered into a capital-plus partnership with Eight Roads and F-Prime Capital (Fidelity group Investment arms) whereby the financial giant invested Rs. 218 cr in our subsidiary company Caplin Steriles Ltd. The partnership is expected to be win-win; Fidelity is a respected knowledge partner with more than 50% of its worldwide investments in healthcare. The Company's access to Fidelity's worldwide investment platform across Asia, Europe and US is expected to emerge as a game-changer.

Board of Directors



At Caplin Point, we believe that our strategic direction is largely influenced by the quality of our Board of Directors. We have placed a premium on our Board composition, comprising professionals of standing who have enriched our values, experience, multi-geography understanding and strategic quality.

Process-driven



At Caplin Point, we balance the promoter's responsibility to manage strategic direction with professionally driven day-to-day management. This balance has been secured through processes and systems that provide scalability and predictability.

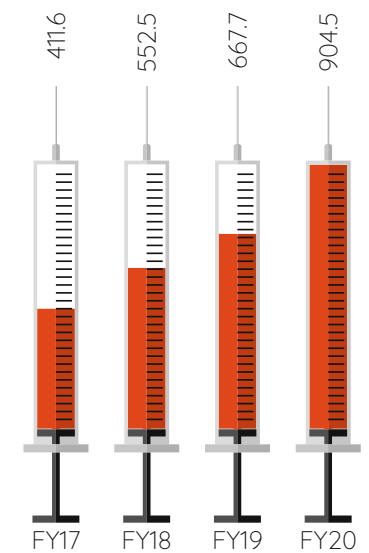
Audit and compliance-driven



At Caplin Point, we believe that business predictability is protected through an audit-driven and compliance-driven approach. In view of this, there is a 'zero tolerance' for low integrity in people and poor quality in products, leading to 'zero waste and 'zero consequence'. We have 'zero mercy' for those who are part of the 'zero sum' game.

This is how we have grown in the last few years

Higher revenues (Rs. cr)



Definition

Sales growth without excise duties/GST.

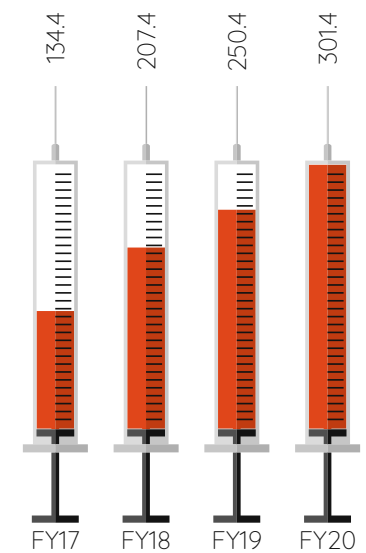
Why we measure

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

Performance

Our aggregate revenue increased by 35% to Rs. 904.5 cr in 2019-20, outperforming the -4% growth of the global pharmaceutical sector and 4.2% growth of the Indian economy. We more than doubled revenues in the space of just three years.

EBITDA (Rs. cr)



Definition

What the Company earned before the deduction of interest, depreciation, extraordinary items and tax.

Why we measure

This measure is an index of the Company's operating profitability (as distinct from financial), which can be easily compared with the retrospective average and sectoral peers.

Performance

The Company's operating profit grew every single year through the last 17 years. The Company more than doubled operating profit in the last three years. The Company reported a 20% increase in its operating profit in 2019-20, a result of timely capacity investments, cost reduction and growing customer wallet share.

EBITDA margin (%)



Definition

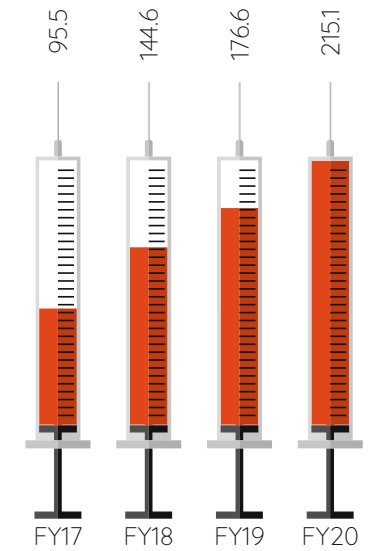
The movement in percentage points in operating profit before interest, depreciation, exceptional items and tax when divided by the Company's total revenues.

Why we measure

This movement essentially indicates whether the business is becoming more efficient or not. Caplin focused on a consistent increase in operating margins, also higher than the sectoral average.

Performance

The Company's operating margin declined by 400 bps in 2019-20 mainly due to a 90% increase in Research and Development expenses accounting for 2.8% of revenues, conscious temporary decline in margins due to the supply of critical medicines at marginal costs to select governments and due to sales out of pre-acquisition inventory by newly acquired subsidiaries (which enhanced proximity to consumers). Despite this mark-down, the Company's EBITDA margin was one of the highest among Indian pharma companies.

PAT (Rs. cr)**Definition**

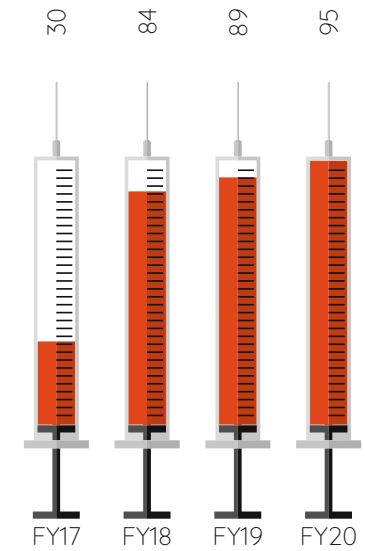
What the Company earned after its expenses and the taxes.

Why we measure

Measures the profitability of a company.

Performance

The Company's profit after tax increased by 21.8% in 2019-20 from Rs. 176.6 cr in 2018-19 to Rs. 215.1 cr in 2019-20. The Company more than doubled PAT in the space of just three years, validating its commitment to outperform the sector.

Receivables cycle (Days)**Definition**

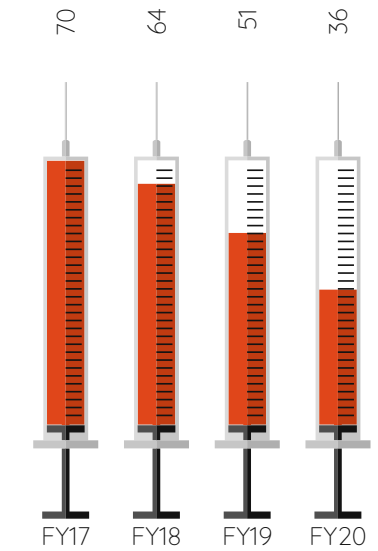
This is the number of days of outstanding lying with customers following sales.

Why we measure

This provides an insight into the receivables cycle, the lower the better.

Performance

The Company's overall receivables cycle increased on account of a larger proportion of sales being made to Latin American governments against tenders. The Company's receivables were well within the 80-120 day receivables range for such markets. The Company worked well to cap the increase in cycle to six days despite a 35% topline growth.

RoCE (%)**Definition**

This is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

Why we measure

RoCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

Performance

The Company's RoCE declined on account of sizable funds invested in businesses and initiatives with a long gestation that should pay back across the foreseeable future.



Chairman's statement

The DNA of our Company was rewritten in those challenging years: we sought opportunities in spaces the broad market was not looking at; we embraced the unknown and we developed an insight into what not to do if we were to succeed.

Overview

This is a challenging world in various ways.

The global economy slowed during the year under review, trade barriers increased, tariff disputes emerged between large economies and the COVID-19 pandemic brought the world to a near standstill from March 2020 onwards.

The complement of these realities resulted in unpredictable changes within the global pharmaceutical sector, warranting a shift in responsiveness from the medium-term strategy to the short-term tactical. Besides, with social distancing likely to emerge as the new norm, there is a possibility that the medium-term strategy may need to be evolved on a periodic basis.

The big message then is that while the strategic goalpost appears to be moving all the time, one still needs to respond to stakeholders' needs to enhance organisational value and address our overarching purpose of making a positive difference to the people at large.

If there is a single message that one needs to reinforce then it is that Caplin Point remains committed to make a difference to the lives of patients in its addressed markets.

In a world of change, our objective continues to remain a constant.

Background

To assess where we are headed, it may be worth exploring where we have come from.

Nearly 20 years ago, Caplin Point was virtually a non-performing asset following years of sustained losses. This sequence of unprofitability was derived from our engagement in a conventional business and strategy. The result is that the Company's share price declined to a low of Rs. 2 against the face value of Rs. 10; at that time the Company's market capitalisation was a mere Rs. 3 cr.

With virtually no alternative but to exit conventional geographies and therapeutic segments, the promoters did what one would have least expected in the circumstances: shifted attention to West Africa. This decision warranted courage on account of a difference in languages, cultures, risk to personal life, safety, security, living conditions and business orientation.

In the relative absence of competition, the Company did not just capture market share but helped grow those markets. As the business grew from that point onwards, the Company extended to

contiguous Francophone markets on that continent, generated surpluses and thereafter moved even more westwards – to Latin America, where the Company continues to operate, grow and prosper.

These details may be of academic interest for many; at Caplin Point, we believe that the DNA of our Company was rewritten in those challenging years: we sought opportunities in spaces the broad market was not looking at; we embraced the unknown and we developed an insight into what not to do if we were to succeed.

The result of these learnings during the period of a few years is that we did not just turn our small company around; we created wealth for all those who held shares in our Company.

Addressing the immediate challenge

The big question that I have been asked is whether we can continue to remain relevant in a post-COVID-19 environment.

My answer is that we expect to deepen our relevance during this challenging phase for some good reasons.

One, the pandemic has affected engagements with medical practitioners, as a result of which prescription-driven offtake has been replaced by portal-

influenced or pharmacy-influenced offtake, where Caplin Point is extensively present.

Two, we believe that the biggest asset for a distribution and marketing company lies in the right inventory – by size and scope. In view of this, the Company rationalised a part of its inventory, moved from non-critical to critical products, focused on the fastest moving products recommended by WHO and continued to deliver to consumers a superior package (excellent value for money, consistent volumes, wide variety and portfolio novelty).

A number of competing companies manufacturing in Central and South America continued to face problems in accessing APIs from China and India ; Caplin Point was better placed in accessing formulations out of India and China. By the virtue of possessing a shorter tail-to-head, we increased our access to consumers through brick and mortar pharmacies and our health portal, strengthening offtake.

It is necessary to communicate that the core of our business – our operations in Latin America – continued to remain profitable and cash-positive through the challenging first quarter of the current financial year, when most of our competitors were squeezed for products and liquidity. The sustained growth of this business provides us with the resources to strengthen investments in our other businesses before they reach critical mass.

Business model

The differentiating competitive factor in a challenging global pharmaceutical sector is not as much one's response to marketplace shifts; it is the robustness of one's business model and long-term strategic direction.

Caplin Point's business model is unique in a number of respects. We are a number of companies in one: a marketing company with deep insights into Latin America; a company seeking to enter the world's largest market with products a company engaged in exporting formulations outsourced from accredited manufacturing units in China; a company extending to the manufacture of APIs and a CRO company.

For companies to engage in these spaces would have stretched managerial and financial bandwidth; at Caplin Point, we have funded each of these businesses through net worth, accelerated a number of them to break-even point and possess attractive revenue and profit visibility in each.

The complement of these businesses has spillover benefits into adjacent business spaces. We are possibly the only company of our size in our sector to have acquired this wholesomeness, marked by the Company's ability to sweat resources and opportunities better.

The next level

At Caplin Point, most of what we expect to achieve is beginning to get visible. Our US business has taken off and should report appreciable growth during the coming years; we intend to extend to the front-end where we market our own products in the largest pharmaceutical market of the world. We believe that this represents the start of our multi-year growth journey in the largest pharmaceutical market of the world. Our market-facing retail growth in Latin America should continue to generate attractive cash; the integration into APIs is likely to generate an attractive payback.

Considering that these businesses have been largely invested in, the big question we have been asked is the direction in which Caplin Point is headed. We believe that during the current financial year we will be able to generate a sizable surplus from what we have invested in our business. The only effective deployment of that sizable resource would be in a game-changing acquisition that strengthens our ability to market pharmaceutical brands, acquire facilities (or ANDAs) in US or Latin America and enter other business opportunities.

Should the Company decide to grow inorganically, it could graduate us to the next orbit, strengthening our respect for being an outperforming organisation punching perpetually above its weight.

CC Paarthipan, Chairman





Our retail business across Latin America

Our business approach



Overview

Caplin Point entered the markets of Latin America more than a decade ago to address the extensive under-penetration of relevant affordable, accessible and available products.

Even as most companies would have addressed the apex of the pyramid within these relatively small markets to recoup business-building costs, Caplin selected to address the needs of the broad population marked by relatively low purchasing power (when it entered these countries).

Caplin discovered that the markets of South and Central America were nascent not because of low incomes but because an absence of the right kind and volume of products had prevented these markets from growing to their potential. The result is that a number of patients altered their expenditure patterns to accommodate the use of better therapies.

Over the years, the Company deepened its presence across South America. This footprint enhanced the Company's interface with a variety of consumers buying a range of products. A number of transactions across retail stores were manual in nature. The Company

recognised the potential of transforming the sales record across these medical stores from the manual to the automated; it also recognised the latent power of drawing on the automated data to analyse the nature, speed and location of offtake.

The provision of this free service to pharmacists across Latin America has strengthened their accounting, MIS and business understanding; it has empowered Caplin to mine data to enhance its understanding of prescription trends, lifestyle disease trends and vulnerable geographies. Besides, this data analytics engagement has deepened customer relationships, market understanding, trend analysis, merchandising advice, product indenting and sales fulfilment.

As an extension of this commitment, Caplin believes that doctors also need to digitize their health records, making it possible to access patient records with the click of a button, resulting in efficient working and informed treatment approaches.

Caplin's portal not only mines data passing through it but also encourages order placement through it complemented by trade incentives.

The outcome is that the Company is leveraging cutting-edge technology, capitalising on systemic inefficiencies, enhancing product availability, accessibility and affordability and in doing so, strengthening its competitiveness.

How we strengthened our business in 2016-17 to 2019-20

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

25* Percentage of branded products in Caplin's product portfolio, 2019-20

(*We consciously chose not to increase this due to COVID-19, which prevents 'influencers' from visiting pharmacies/wholesalers to promote brands; generics strengthened cash flows)

15% Pharmacy penetration in the markets of our presence in 2016-17

40% Pharmacy penetration in the markets of our presence in 2019-20



Caplin Point. Driven by the trust of thousands of patients and consumers in Latin America

Mario in Chimaltenango in Guatemala lives by change in virtually all aspects of his life except the pharmacy store that he has begun to trust for genuine products at the right price. Serviced by Caplin Point

Eva of San Pedro Sula in Honduras is on strict medication. She depends on her supply of critical therapies from a pharmacist that she will switch under no compulsion. Serviced by Caplin Point

Juanita of Managua in Nicaragua was pleasantly surprised when the pharmacy store enquired whether she would be needing another round of medicines as her previous stock was likely to be exhausted. Empowered by Caplin Point

Ricardo of Guayaquil in Ecuador believes that his pharmacy store can be completely trusted. The billing is computerised; a billing date has enhanced confidence; what has been sold can be traced in no time. Inspired by Caplin Point

Angelina of San Miguel in El Salvador has been buying her medicines from the same pharmacist for more than a decade. Reason? Unquestioned quality. Best price. Facilitated by Caplin Point.

Diego of Santo Domingo in Dominican Republic buys from a pharmacist he can trust because one day he was told 'If you don't recover, return the product.' Empowered by Caplin Point.

12 countries of our Latin American presence

Dominican Republic • Guatemala
• El Salvador • Nicaragua
• Honduras • Costa Rica • Haiti
• Ecuador • Panama • Chile
• Venezuela • Paraguay

Big numbers

650 Number of SKUs stocked

Our business model

We are largely a distribution and pharmacy automation business;

Our sales approach is two-pronged: we work largely with distributors who sell to pharmacies; we also sell directly to pharmacies in exchange for increased margins and cash flows (which de-risks our business from being excessively dependent on a few large distributors).

Our sales to pharmacies are at around 20% of our Latin American revenues and we intend to arrive at the right balance between supplying in large volumes to longstanding distributors and supplying directly to pharmacies.

The business is working capital-negative: we seek advances from pharmacists against prospective deliveries, strengthening our margins.

We more than trebled our coverage in the last three years; we are present in countries with headroom for growth.

We are respected for our ability to deliver products of unquestioned quality with speed and frequency of engagement that makes it possible for our primary customers to stock less and enhance their capital efficiency.

Distribution employees

2016-17	2019-20
130*	450

*On the rolls of our Channel Partners

Pharmacy points of sale

2016-17	2017-18	2018-19	2019-20
4,000	7,000	11,000	12,500

Note. In addition to these, we have six warehouse centres



Managing Director's performance review

“The principal message I wish to leave shareholders with: that Caplin Point is at the cusp of a journey from which point our growth could be larger and more profitable.”

Dr Sridhar Ganesan analyses the Company's competitive position and prospects

Q: What was the big message from the Company's performance for 2019-20?

A: When one reviews our performance for 2019-20, there is a possibility that one may look at our revenues and profits and conclude that the biggest highlight of our performance was the Company's sustained outperformance in Latin America. While this would be indicative, the highlight of the year was something that contributed negligibly to our financial numbers in 2019-20 – the Company's revenues derived from the US. In strict financial terms, the revenues from the US market accounted for around the mid-single digits in percentage terms as a proportion of our overall revenues in 2019-20. However this was easily the

highlight – one, because US revenues climbed 3.5X times during the year, and two, because we see this as the bottom-end of a long J curve that could graduate us into a new orbit and potentially transform the face of our Company.

Q: How is the Company intending to strengthen its Latin American marketing business?

A: It would have been simplistic for us to say 'more of the same'. But that is precisely what is not likely to happen in our Latin American business. On the contrary, by the virtue of access to rich data of markets, patients and consumption, we are now in an informed position to precisely understand unmet needs. There will be an even

more informed response in the Latin American markets. There is an additional development that should graduate us to the next level at a time when probable competition could be trying to catch up with us. The Company proactively invested in the CRO segment to enhance its competence in bio-equivalence studies. The result is that when we approach institutional and government customers in Latin America, we will possess stronger credentials. We will have raised the bar, we will have positioned ourselves as forward-looking and we will have strengthened our brand as a company with patient welfare as its core. As a result, our Latin American retail operations are not jading or plateauing out; they are at the cusp of entering a new orbit.



Q: Was the management of Caplin Point pleased with the performance of the Company in 2019-20?

A: The management was pleased with the performance for a couple of good reasons: we were able to grow on a larger revenue base and, in doing so, outperformed the market growth in India and countries of our presence. In addition to the quantum of growth, the Company did well in generating a high 'quality' of growth, marked by controlled receivables and attractive margins.

Q: What were some of the highlights of this performance that could strengthen the business across the long-term?

A: We retained and increased our market share in almost all geographies of our presence. Despite a significant increase in R&D and opex spends, we remained self-sufficient related to our financial resources. In fact, we increased our cash flows significantly in the space of the challenging last few months, validating our commitment to liquidity and profitability. Besides, the Company sustained traction in the US that is likely to be backed by additional ANDA filings, increased capacity and backward integration into the captive manufacture of APIs.

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

A: One of the most important developments that outsiders may miss is that we took over valuable inventory from channel partners at a crucial period. While on the outside, it would appear that our inventory increased, these comprised paid essential medicines that addressed a COVID-influenced environment marked by shortages. We believe that the benefits of this will play out across the short to mid-term.

We also contained our receivables to within only a few days higher than in the previous year, despite attractive topline growth.

Finally, despite getting into the manufacture of APIs, CRO operations, channel partner acquisition and higher R&D spending, we remained debt-free, increased reserves and enhanced our surpluses.



Q: What were the principal drivers of the Company's growth and profitability?

A: We grew market share in the existing geographies of Central America and made decent inroads into the larger markets of Latin America and US. Our profitability continued to be robust and we intend to improve this in 18-24 months as the acquisition of our channel partner stock is progressively consumed.

Q: In what other ways did Caplin Point strengthen its business for the future?

A: Our backward integration into API manufacture could result in an advantage in the US because we will be able to confidently guarantee supply continuity to buyers, which is usually the principal pain point related to US outsourcing. Besides, the integration will augment our institutional margins in larger Latin American markets where tenders could be price-sensitive. So on the overall, we are optimistic that the backward integration will prove to be business-strengthening and margins-accretive.

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

A: The Company has stayed true to its DNA of continuing to operate like a nimble start-up focusing on cash flows and quality growth, despite having grown attractively over the last few years. The vision for the future is to be a 'whole package' pharma player, because despite being small in size, we are doing all the things that has until now been addressed by only the large big players.

8 ways we expect to enhance shareholder value from 2020-21 onwards

1

Balance Sheet integrity

Focus on maximising cash as the most effective hedge against the pandemic.

Converted credit retail sales to cash sales in Latin America following the pandemic.

Liquidate stocks across points of sale in Latin America.

Maintain institutional receivables (95 days) within the 80-120 day industry norm.

Building the business completely through net worth.

Cash and equivalents of Rs. 367 cr as on 30 June 2020.

Create a war-chest of Rs. 500 cr in two to three years.

Value impact: *Attractively positioned to capitalise on inorganic opportunities.*

2

Grow core business at historical pace

Focus on the Bottom of the Pyramid.

Increase focus on larger Latin American countries (Mexico, Chile, Colombia and Peru).

Increase pharmacy sales through the healthcare portal.

Acquisition of channel partners in Latin American region to create an end to end business model with a total control over exports, import and distribution, expanding the branded generics portfolio; addition of injectable lines for emerging markets.

Strengthen the supply chain.

Create niches in Latin American and Francophone Africa through a first-mover advantage.

Value impact: *Generate sizable free cash flows.*

3

Growing our US business

Outcome of patient multi-year investment by the Company.

The only player in our size segment with an injectables plant approved multiple times by USFDA and ANDA ownership (among peers).

Business reported sharp growth from Rs. 18.7 cr to Rs. 65 cr in 2019-20.

Received nine approvals; four were launched and five will be launched in 2020-21.

Filed one product that is used in COVID-19 -related hospitalisation; another to be launched shortly.

Business largely de-risked: Each product inter-linked; plugging marketplace gaps; attracted a financial partner, moderating its risk; filed ANDAs in the Company's name, promising an attractive upside; gestation period of investment is largely over.

Projected to grow US revenues from 2% of overall revenues in 2018-19 to around 10% on larger revenues in 2021-22.

To file a mix of simple and complex injectables in US in our own name.

Value impact: *Game-changer for the Company in terms of the addressable market size and margins.*

4

Carving out a front-end US presence

Presently marketing products in US through distribution partnerships.

Injectables largely sold to hospitals where we do not need to hold substantial inventory, leading to an attractive cash flow cycle.

Proposed US front-end presence by 2022/23.

To market directly to wholesalers and buying organisations.

Graduated to profit-sharing distribution deals in 2019-20.

Pipeline of 35 ANDAs; will launch own products.

Value impact: *Will enhance margins, market presence and competence.*

5

Integrating backwards to APIs

Proposed backward integration to manufacture APIs for complex injectable products.

Rs. 15 cr project with a 12-15 month commissioning and 24 month payback.

Dependable resource back-end for 70% of US ANDA filings.

To strengthen 4 C's – cost reduction, control, continuity (of supply) and compliance.

To enhance customer assurance of supply and price stability.

To accelerate the filing of DMFs.

Value impact: *To reduce dependence on external parties and also generate a substantial cost reduction in access to APIs.*

6

Plant to portal approach

Proposed extension from product manufacture to retail interface.

Deepening healthcare portal (automating pharmacies, clinics and diagnostic labs).

Portal to generate big data for generics.

Deepen engagements with large number of pharmacies to engage with doctors and consumers.

Acquired channel partners in Latin America.

Helping complete the value chain - manufacturing, export, import and distribution.

Value impact: *Superior capture of margins across every intermediate point.*

7

Broadbased product portfolio

Portfolio comprising tablets, capsules, injections (liquid and lyophilised, pre-filled syringes), ophthalmics, liquid orals, soft gel capsules, ointments, creams and gels, powder for injections, suppositories and ovules, dermo-cosmetics, surgicals and disposables, pre-mix bag formulations, inhalers / sprays and IV infusion.

Value impact:

Attractively placed to adapt the therapy around any patient preference.

8

Growing our CRO business

CRO wing of Caplin Point will cover BE/BA studies for captive consumption (thereafter a commercial CRO).

Will address markets of US, European Union and Latin America.

Global approvals like FDA, EU and ANVISA likely in the near future.

Commenced operations in December 2019.

Capex of Rs. 29 cr funded through internal accruals.

Captive and commercial BA/BE studies; cost saving of ~50%.

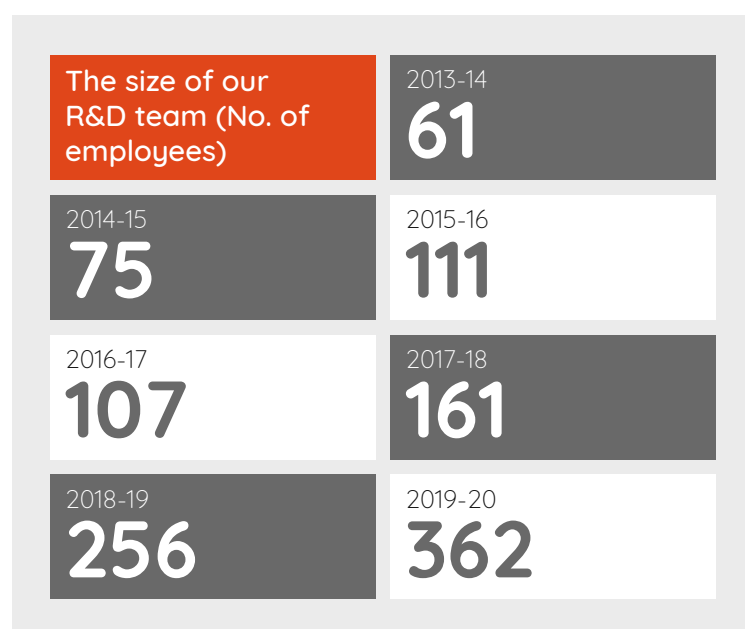
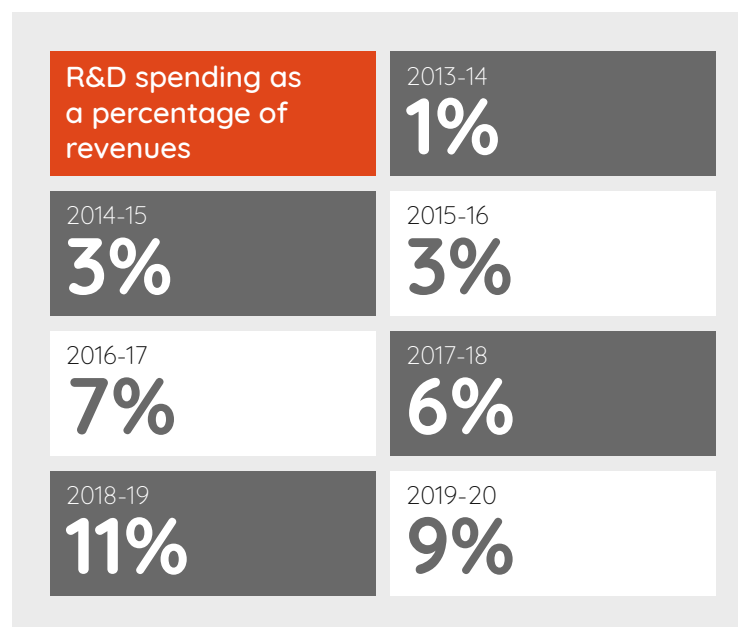
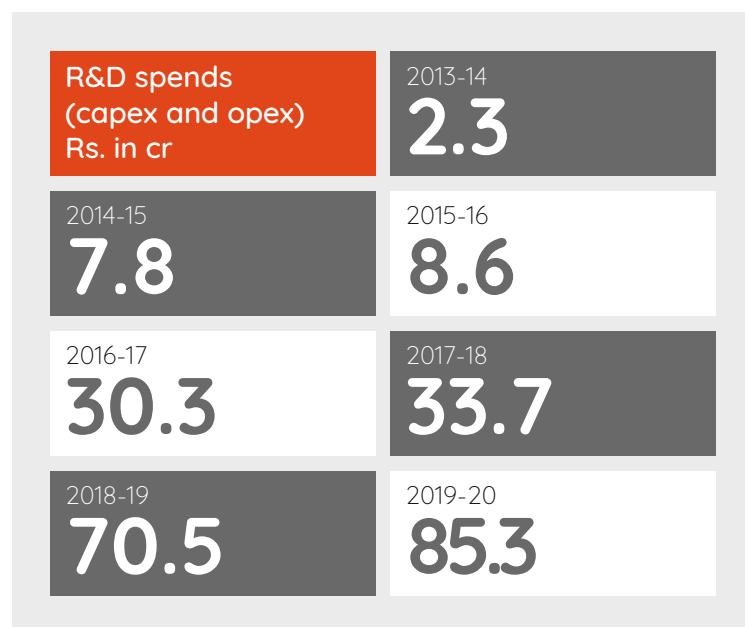
Technologically advanced volunteer tracking and management system to ensure compliance.

Approved by DGCI for 72-bed state-of-the-art facility.

First CRO in India with an Automated Sample Handling & Storage System and a Robotic Pipetting System.

Value impact: *Ensure advantages on compliance, confidentiality (of in-house intellectual property) and cost.*

How we have invested in research with the objective of driving our business



Management discussion and analysis

Global economic review

The global economy grew slower by 70 bps at around 2.9% in 2019 compared to 2018. Global trade also grew a mere 0.9% in 2019 due to trade tensions and slower economic growth. The pandemic COVID-19 is projected to shrink global growth significantly in the foreseeable future. As a result of the novel corona virus pandemic, the global economy is expected to de-grow significantly in the current financial year.

(Source: World Economic Outlook, April 2020, CNN, Economic Times, trading economics, Statista, CNBC)

Global economic growth over five years

	World output	Advanced economies	Developing and emerging
2015	3.5	2.3	4.3
2016	3.4	1.7	4.6
2017	3.9	2.5	4.8
2018	3.6	2.2	4.5
2019	2.9	1.7	3.7

(Source: IMF)

Indian economic review

The Indian economy slowed to 4.2% in 2019-20, compared to 6.1% in 2018-19. In 2019-20, GDP growth slowed, which contributed to an increase in fiscal deficit mainly on account of lower aggregate demand, lower fiscal revenue, lower economic activity and higher fiscal expenditure on account of the measures to address the economic slowdown.

India emerged as the fifth-largest world economy in 2019. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking. The country climbed 79 positions in five years and was among the top 10 performers for the third year running.

The nominal exchange rate (the Indian rupee or INR vis-à-vis the US dollar) exhibited sizable two-way movements

during October-December 2019. The INR came under intensified and sustained depreciation pressures beginning mid-January, reflecting a generalised weakening of emerging market currencies amidst flights to safety.

The nominal per capita net national income was estimated to be Rs. 1,34,226 in 2019-20, up 6.1% from Rs. 1,26,521 in 2018-19. Retail inflation climbed to a six-year high of 7.59% in January, breaching the RBI's upper band of 6% while settling at 5.91% in March 2020.

The government reduced the corporate tax rate to 22% from 30%; it announced a new tax rate of 15% for new domestic manufacturing companies, strengthening the Make-in-India initiative. The new effective CIT would be 25.17%, inclusive of a new lower surcharge of 10% and cess of 4%. India's CIT is now closer to the global average statutory CIT of 23.03%.

The outbreak of COVID-19 and the subsequent lockdown enforced in the country are expected to moderate demand. Intensification of social distancing is expected to lead to supply side as well as demand side shocks. Supply chain disruptions could hurt domestic production in sectors which are dependent on imported inputs such as pharmaceuticals, autos, chemicals, power, etc.

Growth of India's GDP in 2019-20

	Q1, 2019-20	Q2, 2019-20	Q3, 2019-20	Q4, 2019-20
Real GDP growth (%)	5.2	4.4	4.1	3.1

(Source: Economic Times, CSO, Economic Survey, IMF, RBI, Franklin Templeton, PIB)

Global pharmaceutical industry overview

The global pharmaceutical market was valued at ~USD 1437.48 billion in 2018 and is projected to reach ~USD 2149.37 billion by 2025, clocking a CAGR of 5.98% between 2019 and 2025. This growth is expected to be driven by key factors such as the increasing shortage of medicines and current and upcoming trends coupled with current growth pattern and market challenges.

North America is expected to retain its leading position in the global pharmaceuticals market. The country also has the highest number of strategic pharma partnerships in the global pharmaceutical industry between 2014 and 2019. Europe is expected to see a decline in its market share of global pharma industry in the foreseeable future. Asia-Pacific pharmaceuticals market is expected to retain its second position over the next few years. This growth is fuelled by the growing and ageing population in key markets.

Overall R&D spending is expected to grow by 3% each year, reaching roughly USD 203.9 billion by 2024. As per World Population Prospects by United Nations, the worldwide population is likely to cross 9.3 billion by 2050 and around 21% of this population is expected to be aged 60 and above, which is further expected to drive the pharmaceutical industry across the globe. Apart from an ageing and rising population, the improvements in purchasing power and access to quality healthcare and pharmaceuticals to poor and middle-class families worldwide are also driving the growth of the global pharma industry. Another aspect which is leading this growth is a rising focus of

pharmaceuticals companies to tap the rare and speciality diseases segment.

Adoption of cost control policies along with tightening of rules by governments in key markets are expected to impact the growth prospect of the global pharmaceuticals industry. Pharmaceuticals companies are forced to reduce their research and development (R&D) spending due to a slowdown of growth in the last few years, which is also expected to hamper growth of the global pharma market as new drug revenues form a large part of pharma firms' revenues due to exclusivity of the drug. Apart from this, the generics pharma market is facing a decreasing return on investment due to price erosion in key markets, which is forcing many firms to look for other avenues and markets to sustain growth.

The beginning of 2020 saw the spread of the COVID-19 virus, which was declared a global pandemic by World Health Organisation (WHO) in March 2020. Though the spread of the virus disrupted the trade and manufacturing sectors, and brought the global economy to its knees, it became an opportunity for the pharmaceutical industry. Banking on the fact that people across the world became health-conscious, the demand for effective treatments and drugs saw exponential growth.

(Source: OpenPR, prescouter)

Key impacts of COVID-19 on pharmaceutical markets

- Economic impact on growth prognosis: A downturn in the economic outlook could impact pharmaceutical spending in countries with high out-of-pocket medical expenditure

- Upsurge in demand for symptomatic medicines: Short-term boost in volume through retail channels as public stockpile analgesics and cough & cold preparations

- Face-to-face interactions minimised: A reduction in face-to-face engagement may lead to a short-term impact on sales

- Travel restrictions and medical tourism: Short-term negative impact on pharmaceutical markets reliant on medical tourists

- Impact on APIs/generics: Potential API and generic shortages could lead to medium-term price increases

- Delay in non-COVID treatment: Postponement of non-urgent treatment may lead to a short-term deceleration in volume growth

- Impact on innovation: A short-term negative impact on sales growth may result from the postponement of new product launches

Pharmaceutical demand drivers

Pace, cost, and risk of innovation:

Increased pressure to bring products and services to the market has led to a push toward patient-centric care models.

Impact of globalisation: Competition is global and emerging markets all over the world are disrupting the industry. Meanwhile, adhering to governmental regulations around taxation, trade, approvals, market access, and pricing continues to be a challenge.

Changing definitions of value and price:

Increasing pressure to lower drug prices and non-traditional ways of serving patients, such as education, support and self-administration, means pricing is more value-based. In such a scenario,

players need to strengthen their analytics to evaluate data, predict revenue and services, and make comparisons on a national level.

Rise in consumer accountability and power:

Patients will control most of the power due to the growing impact of omni-channel communication between consumers and organisations.

(Source: Appian, Gartner)

Latin American pharmaceutical sector

The Latin American pharmaceutical products CMO market was valued at USD 13.26 billion in 2019 and is projected to reach USD 40.07 billion by 2027, clocking a CAGR of 14.8% between 2020 and 2027. Growth in this region is driven by the growing pharmaceutical industry in Latin American countries such as Brazil, Mexico and Argentina, increasing focus of MNCs on investing in the pharmaceutical and healthcare sectors in Latin America, rapid growth in aging populations and subsequent increase in the prevalence of related diseases as well as the availability of local and government funding for R&D activities.

API and ingredients segment holds dominant position in the Latin American pharmaceutical products CMO market, accounting for 60% share in terms of value, followed by finished dosage form respectively

(Source: marketsandmarkets.com, medgadget.com)

US pharmaceutical market

United States pharmaceutical market is the largest pharmaceuticals market in the world and accounted for more than 40% global pharmaceuticals sales in 2017.

The US dominates the global pharmaceutical market and trends, with respect to consumption and development. According to STAT, prescription drug spending in the nation is estimated at USD 500 billion in 2019, which is projected to grow to USD 600 billion by 2023.

The US has been the world leader in research and development (R&D) since 1980. The R&D efforts in the country have grown significantly, from USD 2 billion back in 1980, to USD 71.4 billion in 2017. R&D intensity remains consistently highest in the United States, with more than half the global R&D expenditure spent by US pharma giants.

US biopharmaceutical companies directly provide jobs to more than 810,000 Americans and indirectly support the jobs of 3.5 million Americans. Overall, the economic output of this work was valued at approximately USD 1.2 trillion in 2014, making pharmaceutical manufacturing one of the most important sectors of the US economy. By 2026, it is expected that the healthcare sector at large will comprise 19.7% of the US economy.

(Source: prescouter.com, investingnews.com, Statista)

Indian pharmaceutical market overview

The Indian pharmaceutical industry is the world's third largest of drugs by volume. The industry's journey to annual revenues of about USD 38 billion can be attributed to world-class capabilities in formulations development, the entrepreneurial ability of the firms and the vision of the industry to establish India's footprint in large international markets such as the United States. The industry has played a key role in driving better health outcomes across the world through its affordable and

high-quality generics drugs. Increased accessibility to affordable drugs has been one of the key enablers for lowering the disease burden in India. The country is the world's largest supplier of generics, accounting for 20% of global exports and 40% of the generic demand of US. It supplies over 50% of global demand for various vaccines and 25% of all medicines in UK as well.

India's domestic pharmaceutical market turnover reached Rs. 1.4 lakh cr (USD 20.03 billion) in 2019, clocking a growth of 9.8% y-o-y over Rs. 1.29 lakh cr (USD 18.12 billion) in 2018. The domestic pharmaceutical market contributes to ~2% of the global industry in value and ~10% in volume terms. The Indian pharmaceutical industry is poised for growth. Even at current rates of 7-8% CAGR, the industry's annual revenues can grow to about USD 80 to 90 billion by 2030 on the back of the immense potential of the Indian generics market. As a leading producer of cost-effective and quality-controlled generic drugs, the Indian healthcare and pharmaceuticals sector has emerged as one of the fastest growing in the world.

70%

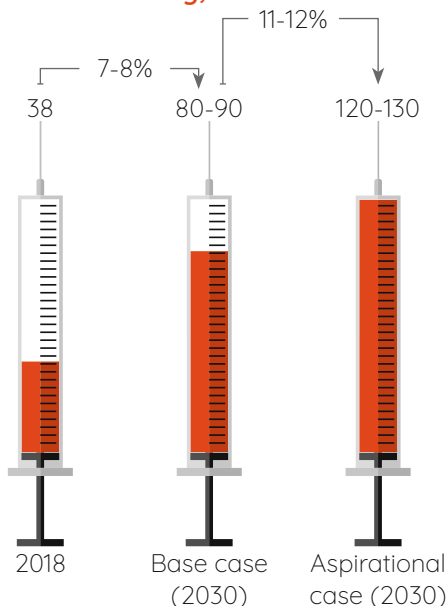
Share of generic drugs in India's pharmaceutical market

19

USD billion
Value of Indian pharma exports

(Source: IPA, Hindu Business Line)

Projected size of the Indian pharma industry, USD billion



(Source: IQVIA, AIOCD, Pharmexcil, IIPA Team analysis, secondary research)

(Source: IBEF)

Global generics market overview

The global generic drug market size reached USD 273 billion in 2019. Generic drugs are bioequivalent of brand-name drugs in terms of safety, strength, quality, dosage form, stability, impact, intended use and the route of administration. These drugs are proven to be as safe and effective as their already marketed brand-name formulation. Although certain characteristics, such as color, shape and flavoring that do not affect the safety and effectiveness of the medicines can differ from the original version, generic variants are prepared from the same active ingredients as their branded counterparts while working in the same manner and amount of time. Generic drug manufacturers do not need to invest in marketing, drug research or

Growth drivers

Demand-side drivers	Supply side drivers	Policy support
<ul style="list-style-type: none"> ● Increasing fatal diseases ● Accessibility of drugs to improve ● Increasing penetration of health insurance ● Growing number of stress-related diseases due to change in lifestyles ● Better diagnostic facilities 	<ul style="list-style-type: none"> ● Cost advantage ● Skilled manpower ● India a major manufacturing hub for generics ● India accounts for 22% of overall USFDA approved plants ● Increasing penetration of chemists 	<ul style="list-style-type: none"> ● National Health Policy 2015, which focuses on increasing public expenditure on the healthcare segment ● Reduction in approval time for new facilities ● Plans to set up new pharmaceutical education and research institutes ● Exemptions to drugs manufactured through indigenous R&D from price control under NPPP-2012

(Source: IBEF)

drug development, which makes these medicines cost-effective, contributing to their preference.

The global market is primarily driven by a significant increase in cardio-metabolic risk factors among the masses. In line with this, there is an increasing prevalence of hypertension, diabetes, dyslipidemia, metabolic syndrome and obesity, owing to the confluence of various factors, including sedentary lifestyles, changing dietary patterns and hectic working schedules. This has contributed to a significant increase in the uptake of medicines, facilitating the growth of the market. In addition to this, the high costs associated with the medication of several chronic and lifestyle diseases have increased the consumer inclination toward affordable variants, which is boosting the demand for generic drugs. Several regulatory bodies are conducting rigorous reviews to ensure optimal

standards during the manufacturing of these drugs. The market is anticipated to reach a value of USD 630 billion by 2027, growing at a CAGR of 11% between 2020 and 2027.

(Source: imarcgroup.com, Maximise Market Research)

CRO segment review

The global healthcare contract research organisation market size is expected to reach USD 57.1 billion by 2025, growing at a CAGR of 6.8% between 2019 and 2025. Increasing cost of drug development is expected to drive market demand. Rising cost of clinical trials and challenges pertaining to patient recruitment have led biopharmaceutical companies to turn to regions like Central and Eastern Europe, Asia Pacific, Latin America, and Middle East for cost savings and quick patient recruitment.

The rise in incidence of chronic as well as infectious diseases such as cancer and

Alzheimer's is anticipated to spur demand for effective and safe treatment options. For instance, according to WHO, chronic diseases such as respiratory disorders, diabetes, cancer, cardiovascular diseases, and other life-threatening diseases are likely to account for about 73.0% of global deaths and about 60.0% of global disease burden by 2020. This is compelling an increasing number of healthcare companies to turn to contract research organisations (CROs).

In addition, growing pressure on industry players to follow stringent timelines has increased the demand for outsourcing research activities to contract research organisations. Some government organisations are also outsourcing their clinical trial activities to CROs so that they can carry out clinical trials with the required infrastructure, expertise, and minimise their cost and timelines.

The outbreak of COVID-19 is expected to drive the healthcare CRO segment exponentially, owing to the increasing research being undertaken to curb the pandemic.

(Source: Grand View Research, Globe Newswire)

Financial overview

Analysis of the profit and loss statement

Revenues: Revenues from operations reported a 33% growth from Rs. 648.69 cr in 2018-19 to reach Rs. 863.20 cr in 2019-20. Other income of the Company reported a 117% growth and accounted for a 4.5% share of the Company's revenues, reflecting the Company's dependence on its core business operations.

Expenses: Total expenses of the Company increased by 44% from Rs. 440.84 cr in 2018-19 to Rs. 635.07 cr primarily due to an increase in materials consumed, higher R&D spending and acquisition of new channel partners. Raw

material costs (47.86% of the Company's revenue from operations) increased 43% from Rs. 288.78 cr in 2018-19 to Rs. 413.16 cr in 2019-20 owing to an increase in operations. Employee expenses, accounting for 7.8% share of revenues, increased by Rs. 20.65 cr from Rs. 47.11 cr in 2018-19 to Rs. 67.76 cr in 2019-20.

Analysis of the Balance Sheet

Sources of funds

The average capital employed by the Company increased 70% from Rs. 446.17 cr as on 31st March 2019 to Rs. 756.56 cr as on 31st March 2020 owing to accrual of Profits to Reserves by Rs. 182.5 cr and increase in Shares and Share Premium account by Rs. 112.77 cr. Return on capital employed, a measurement of returns derived from every rupee invested in the business, decreased by 1,500 basis points from 51% in 2018-19 to 36% in 2019-20 due to increased capital employed in assets which will only gradually generate revenues.

The net worth of the Company increased by 50% from Rs. 632.91 cr as on 31st March 2019 to Rs. 947.91 cr as on 31st March 2020 owing to an increase in Reserves & Surplus and capital infusion. The Company's equity share capital increased following an issue of 12,500 equity shares of Rs. 2 each under the ESOP Scheme. The total number of equity shares stood at 756,42,750 shares of Rs. 2 each. The Company did not have any long-term debt as on 31st March 2020.

Applications of funds

Fixed assets (gross) including CWIP increased 29% from Rs. 321 cr as on 31st March 2019 to Rs. 413 cr as on 31st March 2020 owing to an increase in plant and machinery and addition of Rs. 20 cr of

gross assets of subsidiaries acquired during the year.

Depreciation on assets increased 35% from Rs. 23.42 cr in 2018-19 to Rs. 31.62 cr in 2019-20 owing to an increase in fixed assets during the year under review.

Working capital management

Current assets of the Company increased by 66% from Rs. 493.68 cr as on 31st March 2019 to Rs. 822.53 cr as on 31st March 2020 owing to the growing scale of business and also stock and sale model through subsidiaries at the major markets served. Inventories as at 31st March 2020 stood at Rs. 238.27 cr. This increase was on account of the stock of finished goods at warehouses of the four subsidiaries which came into the fold during the year under review. This was inspired by the need to be closer to customers and serve them efficiently.

Trade receivables as on 31st March 2020 stood at Rs. 228.96 cr, representing 95 days of sales compared with 89 days as on 31st March 2019. The entire receivables are considered good and secure. The Company collected Rs. 215 cr out of the receivables as on June 30, 2020, representing 95% of receivables as on 31st March 2020.

Cash and cash equivalents increased 27.42% from Rs. 222.61 cr as on 31st March 2019 to Rs. 283.65 cr as on 31st March 2020.

Margins

The EBITDA margin of the Company declined 4.17 basis points from 37.49% in 2018-19 to 33.32% while net profit margin declined 2.66% on account of an increase in Research & Development expenses and investments with a slightly longer gestation.

Risk management

Geographical risk	Currency fluctuation risk	Quality risk	Liquidity risk	Competition risk	Policy risk
<p>The Company's dependence on a particular region could hamper its growth.</p>	<p>The Company's international presence exposes it to the risk of currency fluctuations.</p>	<p>Declining product quality could impact the Company's revenues and brand.</p>	<p>A slowdown in the global economy could affect the Company's ability to fund operations.</p>	<p>Increasing competition might impact the market share of the Company.</p>	<p>Changing policies regarding generic medicines might impact the business of the Company.</p>
<p>Mitigation strategy: Caplin Point enjoys a strong presence in the Latin American countries. The Company is widening its footprint within Latin America on the one hand and addressing a wider range of customers on the other. The Company entered US and other geographies, which reported a sharp increase in revenues in the last financial year.</p>	<p>Mitigation strategy: The Company passes on increases in costs following currency fluctuations to consumers. The Company was successful in capping the increase in its receivables cycle to 95 days in 2019-20 from 89 days in 2018-19.</p>	<p>Mitigation strategy: The Company's products are US FDA, EU-GMP, ANVISA and WHO-GMP-approved. The quality assurance team of the Company ensures qualitative excellence across its manufacturing facilities. The Company regularly undertakes external and internal audits to comply with established norms.</p>	<p>Mitigation strategy: The Cash and Bank balance (including liquid investment) of the Company stood at Rs. 283.66 cr for 2019-20. The Company's working capital requirement increased from 104 days during 2018-19 to 183 days during 2019-20 mainly due to increase in finished goods stock acquired during the year lying with subsidiaries. The availability of Inventory is an advantage to the Company in these uncertain times due to the pandemic.</p>	<p>Mitigation strategy: The Company enjoys an entrenched presence in the markets of its presence. Moreover, its products are competitively priced because of its ability to effectively optimise costs, resulting in the creation of a protective moat.</p>	<p>Mitigation strategy: With a growing population and changing everyday habits, medical needs have increased faster. The rising cost of branded drugs has resulted in governments promoting generics. The Company has carved a niche in this critical space, ensuring steady offtake.</p>

Human resources

Caplin Point believes that its competitive advantage lies within its people. The Company's people bring to the stage a multi-sectoral experience, technological experience and domain knowledge. The Company's HR culture is rooted in its ability to subvert age-old norms in a bid to enhance competitiveness. The Company always takes decisions which are in alignment with the professional and personal goals of employees, thereby achieving an ideal work-life balance and enhancing pride association. Group's employee count stood at 1696 as on March 31, 2020.

Internal control systems and their adequacy

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational structure of the Company and involves a range of personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offers its guidance and strategic supervision to the Executive Directors and management, monitoring and support committees. The control and risk committee and the head of the audit department work under the supervision of the Board-appointed Statutory Auditors. The system is under constant review by the Chairman, Managing Director, COO, CFO and Internal Auditors and subject matter experts, which ensures any discrepancies are immediately noted and suitable action can be taken in case of any lapses.

Cautionary statement

The statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

DIRECTORS' REPORT

To the members

The Directors present their 29th Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2020

Financial Highlights

Rs. In Lakhs

Financial Results	Standalone		Consolidated	
Particulars	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	52,782.53	53,690.57	86,320.17	64,869.09
Other Income	6,597.13	3,540.13	4,133.37	1,902.89
Total Income	59,379.66	57,230.70	90,453.54	66,771.98
Profit Before Interest, Depreciation and Tax	27,296.37	22,355.68	30,140.14	25,036.12
Less: Finance cost	18.50	5.98	31.97	6.00
Less : Depreciation and amortisation expenses	1,965.38	2,084.32	3,161.92	2,342.50
Profit Before Tax	25,312.49	20,265.38	26,946.25	22,687.62
Less: Tax Expenses	5548.64	5448.73	5437.88	5032.08
Net Profit	19,763.85	14,816.65	21,508.37	17,655.54
Less: Non-controlling Interest	-	-	7.57	(1.16)
Net profit attributable to the shareholders of the Company	19763.85	14,816.65	21,500.80	17,656.70

OPERATIONS REVIEW / PERFORMANCE

The Company has, on standalone basis registered total revenue of Rs. 52,782.53 Lakhs (Total Income Rs. 59,379.66 Lakhs) from operations during the year under review as against Rs. 53,690.57 Lakhs (Total Income Rs.57,230.70 Lakhs) in the previous financial year. The Profit after tax was Rs. 19,763.85 Lakhs during the year under review as against Rs. 14,816.65 Lakhs in the previous financial year.

The Company has on consolidated basis registered total revenue of Rs. 86,320.17 Lakhs

(Total Income Rs. 90,453.54) from operations during the current financial year as against Rs. 64,869.09 Lakhs (Total Income Rs. 66,771.98 Lakhs)in the previous financial year .

MANAGEMENT DISCUSSION AND ANALYSIS

As required under Section 134(3)(i) of the Companies Act, 2013, the State of Affairs of the Company along with operational performance/review has been discussed in Management Discussions and Analysis Report which is appended in this annual report pursuant to Regulation 34(2) of SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015.

DIVIDEND

The Board of Directors at their Board Meeting held on March 04,2020, declared an Interim Dividend of Rs. 2.10 paise (105%) per equity share of Rs.2/- each, which was already paid during the year to those members whose name appeared in the Register of Members and beneficial owners as on the record date March 13,2020 and further, the Board of Directors at their meeting held on June 18,2020, have recommended a final dividend

of Rs. 0.40 paise per equity share (20%) of Rs. 2 /- each, subject to the approval of the members at the ensuing Annual General Meeting.

TRANSFER TO RESERVES

The Board of Directors have decided to retain the entire amount of profits for the year 2019-20 in profit and loss account.

SUBSIDIARIES

As on March 31, 2020, the Company has five subsidiaries :

1. Caplin Steriles Limited
2. Argus Salud Pharma LLP,
3. Caplin Point Far East Limited, Hongkong. (which has five operating subsidiaries in Latin America)
4. Caplin Point Laboratories Colombia SAS-Colombia.
5. Caplin Point (S) Pte. Ltd., Singapore

Caplin Steriles Limited and Caplin Point Far East Limited, Hongkong are material subsidiaries of Caplin Point Laboratories Limited.

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

Further, a statement containing the salient features of the financial statements of our

subsidiaries pursuant to Section 129(3) of the Companies Act, 2013, in the prescribed Form AOC-1 is appended as Annexure I to the Board's report.

Pursuant to Section 136(1) of the Companies Act, 2013, read with relevant rules, the Audited Annual Accounts of the above subsidiaries of the Company have been hosted on the website of the Company.

DEPOSITS

The Company did not accept any deposits from the public within the meaning of Chapter V of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

SHARE CAPITAL

The paid up share capital as on March 31, 2020 stood at Rs.15,12,85,500/- consisting of 7,56,42,750 equity shares at the face value of Rs.2/- each. During the year, Company has allotted 12,500 equity shares of Rs.2/- each under Employee Stock Option Plan -2015.

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

Particulars of loans, guarantees and investments as on March 31, 2020 are given in the Note No. 3, 3A, 4, 6 & 10 to the standalone financial statements.

NUMBER OF MEETINGS OF THE

BOARD

The Board met five times during the year ended March 31, 2020 which were held on 22.05.2019, 12.08.2019, 30.10.2019, 05.02.2020 and 04.03.2020.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2020, the Board consist of a Non- executive Chairman, an executive Director, six Independent Directors and a Non-executive - Non- Independent Director.

Dr Sridhar Ganesan's (DIN : 06819029) present term of office as the Managing Director ends on August 24, 2020, the Board of Directors at their meeting held on June 18, 2020 have approved his re-appointment for another term of two years commencing from August 25, 2020.

Dr C K Gariyali (DIN : 08711546) has been appointed as an Additional Director ,Non-executive -Independent of the Company for a period of three consecutive years with effect from March 04, 2020. In the opinion of the Board of Directors she is eligible to be appointed as an Independent Director. The Company has received a notice from a member signifying her candidature for the position of Independent Director.

During the year under review, Dr K Nirmala Prasad, Independent Director expired on December 05, 2019. The Board of Directors express their deep condolences on her untimely death. Further, the Board wish to place on record the valuable guidance

and directions given during her tenure as a Director.

RETIREMENT BY ROTATION

In terms of Section 152 (6) of the Companies Act, 2013, Mr D P Mishra (DIN :02032818) retires by rotation and being eligible offers himself for re-appointment.

KEY MANAGERIAL PERSONNEL

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

DECLARATION BY INDEPENDENT DIRECTORS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- a. In the preparation of the annual accounts, the applicable accounting standards(IND AS) 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 31,2020 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.

MATERIAL CHANGES AND COMMITMENTS

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

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

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

ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND

INDIVIDUAL DIRECTORS

Pursuant to the provisions of Section 134(3) (p) 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 March 04,2020,evaluated performance of the Non-Independent Directors, Board as a whole and of the Chairman of the Board. The outcomes of the evaluation process were satisfactory, which resulted in the active engagement of the Board and committees in the Company.

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

AUDIT COMMITTEE

The Composition of the Audit Committee, the meetings of Audit Committee and their terms of reference of the Audit Committee have been disclosed separately in the Corporate

Governance Report which is annexed and forms part of this annual report.

NOMINATION AND REMUNERATION COMMITTEE (NRC) AND ITS POLICY

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

INTERNAL FINANCIAL CONTROLS

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

The Members of the Company at their AGM held on September 21, 2017, have re-appointed, M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai as Statutory Auditors of the Company for a second term of five years from the conclusion of 26th Annual General Meeting held on September 21, 2017 till the conclusion of 31th Annual General Meeting to be held in the financial year 2022.

The Audit Report on financial statements of the Company forms a part of this Annual Report.

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 V to this Directors' Report.

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity shall annex with its Annual Report the Secretarial Audit Report of its material unlisted subsidiary incorporated in India. Caplin Steriles Limited being a material unlisted subsidiary of the Company, the Secretarial Audit Report (Form MR-3) is annexed as Annexure V-A to this Directors Report

CORPORATE GOVERNANCE

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, a report on Corporate Governance is given separately which forms a part of this Annual report.

RISK MANAGEMENT

The Company has in place a Risk Management framework to identify, evaluate and monitor business risks and challenges across the Company, that seek to minimise the adverse impact on business objectives and capitalise on opportunities. The Company's success as an organisation largely depends on its ability to identify such opportunities and leverage them while mitigating the risks that arise while conducting its business.

A Risk Management Committee of the Board of Directors is chaired by Dr R Ravichandran, an Independent Director and has been constituted to identify elements of risk in different areas of operations and to develop a policy for actions associated to mitigate the risks as well as identify new and emergent risks.

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

The Company has two stock options in force (i.e) Caplin Point Employee Stock Option Plan -2015 and Caplin Point Employee Stock Option Plan - 2017. The Company has granted 3,74,250 options under Caplin Point Employee Stock Option Plan -2015 out of which 92,750 options has been exercised and allotted as on March 31, 2020. The Company has granted 2,88,000 options under Caplin Point Employee Stock Option Plan-2017 as on March 31, 2020. 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, 2020 are set out in Annexure VI to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for the transactions which are planned/repetitive in nature. Related Party Transactions entered pursuant to the omnibus approval so granted are placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. All the Related Party Transactions under Ind AS-24 have been disclosed at note no. 48 to the standalone financial statements forming part of this Annual Report.

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

The related party transaction policy and material related party transactions has been uploaded on the website of the Company. www.caplinpoint.net/investor/company_policies&codeofconduct/relatedpartytransactionpolicy.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 124 and 125 of the Companies Act, 2013, the amount of dividends remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid account, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unpaid or unclaimed dividends in respect of the financial year 2011-12 have been transferred to the IEPF.

During the year under review, the Company has credited 1,31,000 unclaimed equity shares of Rs.2/- each to Investor Education and Protection Fund to those shareholders who have not encashed/claimed their dividends for the dividends for a period of seven consecutive years from the year 2011-12.

Pursuant to Section 124 and 125 of the Companies Act, 2013, the unpaid or unclaimed dividend for the financial year 2012-13 has to be transferred to IEPF. Members, who have not yet en-cashed or claimed the dividends that are yet to be transferred to the IEPF, are requested to contact the Company's Registrar and Share Transfer Agent, at the earliest.

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

SHIFTING OF REGISTERED OFFICE:

The Company has shifted its registered office from "Narbavi" No.3, Lakshmanan Street, T Nagar, Chennai-600 017 to "Ashvich Towers" 3rd Floor, No.3, Developed Plots, Industrial Estates, Perungudi, Chennai -600 096 effective July 09, 2020 for administrative convenience.

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. There were no Complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
4. Pursuant to Section 197 (14) of the Companies Act, 2013, the Managing Director of the Company did not receive any remuneration or commission from any of its subsidiaries
5. The Report of the Statutory Auditors (which forms a part of this Annual Report) and the Report of the Secretarial Auditor (which is Annexed to this Directors Report) are self explanatory having no adverse remarks/comments or disclaimer.
6. The Company maintains cost records as per Companies (Cost Records and Audit) Rules, 2014.
7. The Board of the Company has adopted a Dividend Distribution Policy, which is attached as Annexure IX. The Policy is also available on the website of the Company under the "Investor" section.
8. The Business Responsibility Report, as required pursuant to Regulation 34(2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure X of this Annual Report.
9. During the year under review, none of the employees were in receipt of remuneration pursuant Section 197(12) of

the Companies Act,2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Management Personnel)Rules,2014.

10. As required under Section 134(3)(a) of the Companies Act,2013. An Extract of Annual Return on the prescribed form MGT 9 is given as Annexure XI to the Directors Report.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : Chennai
Date : August 10,2020

C C Paarthipan
Chairman

Annexure No	Details of Annexure	Page No.
Annexure I	Details of Subsidiary - Form AOC 1	46
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ANNEXURE I
FORM AOC-1

(PURSUANT TO FIRST PROVISIO 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

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details@				
		Caplin Steriles Limited	Argus Salud Pharma LLP	Caplin Point Far East Limited - Hong Kong (Consolidated)*	Caplin Point Laboratories Colombia SAS - Colombia	Caplin Point (S) Pte. Limited Singapore**
1.	Name of the subsidiary	Caplin Steriles Limited	Argus Salud Pharma LLP	Caplin Point Far East Limited - Hong Kong (Consolidated)*	Caplin Point Laboratories Colombia SAS - Colombia	Caplin Point (S) Pte. Limited Singapore**
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rs.	Rs.	1 USD = Rs.75.39	1 Columbia Peso = Rs.0.019	1 USD = Rs.75.39
4.	Share capital	1,79,95,69,750	99,10,000	8,70,302	1,68,61,645	3,76,950
5.	Reserves & surplus	130,56,65,250	0	1,87,73,70,250	(1,83,62,901)	(4,89,960)
6.	Total assets	3,30,14,13,000	82,70,036	4,19,57,08,243	17,10,829	3,75,970
7.	Total Liabilities	19,61,78,000	(16,39,964)	231,74,67,690	32,12,085	4,88,980
8.	Investments#	22,50,000	0	0	0	0
9.	Turnover	72,76,97,129	29,48,299	339,79,01,333	0	0
10.	Profit before taxation	(31,11,96,000)	3,40,419	105,34,51,007	(64,70,520)	(4,89,960)
11.	Provision for taxation	7,01,29,446	1,06,284	6,22,04,741	0	0
12.	Profit after taxation	(24,10,66,554)	2,34,135	99,12,46,266	(64,70,520)	(4,89,960)
13.	% of shareholding	100%	99.99%	100%	83.33%	100%

@ Indian Rupee equivalent of the foreign currency translated as per exchange rate as at 31st March' 2020 as mentioned in SI No.3 above

Investments other than in subsidiary companies.

*Represents details as per consolidated financial statements of Caplin Point Far East Limited which includes the financial statements of its subsidiaries Caplin Point El Salvador, S.A. De C.V., Drogueria Saimed de Honduras S.A , Neoethicals CIA.LTDA - Ecuador, Neo Ethicals S.A - Nicaragua Nuevos Eticos Neo Ethicals S.A - Guatemala

** Incorporated in 19-20

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

- Names of subsidiaries which are yet to commence operations: (i) Caplin Point Laboratories Colombia SAS and Caplin Point (S) Pte. Limited
- Names of subsidiaries which have been liquidated or sold during the year: NA

PART "B": ASSOCIATES AND JOINT VENTURES

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

Sl. No.	Name of Associates/ Joint ventures	1. Latest audited balance sheet date	2. Date on which the Joint venture was acquired	3. shares of Associate/ Joint ventures held by the company on the year end			4. description of how there is significant influence	5. Reason why the Joint venture is not consolidated	6. Net worth attributable to shareholding as per latest audited balance sheet	7. Profit / Loss for the year	
				No of Shares	Amount of Investment in Associates/ Joint Venture	Extent of Holding %				i. Considered in Consolidation	ii. not Considered in Consolidation
1	Hainan Joint town Caplin Point Pharmaceutical Company Limited- China	31.03.2020	12.09.2018	17,28,951	1,82,16,900	39%	NA	NA	1,78,12,776	12,30,104	19,13,458

For and on behalf of the Board of Directors

Place : Chennai
Date : August 10, 2020

C C Paarthipan
Chairman

ANNEXURE II

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

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

(A) CONSERVATION OF ENERGY

Power and Fuel Consumption	Year ended March 31, 2020	Year ended March 31, 2019
Electricity		
Purchased units	60,84,048	68,70,990
Total amount paid (Rs.)	4,14,64,666	5,12,09,645
Rate per unit (Rs.)	6.82	7.45
Own Generation by		
Diesel Generator (Units)	2,97,204	7,05,082
Amount paid (Rs.)	56,99,758	1,46,46,550
Rate per unit (Rs.)	19.18	20.77
Third party (units)	2,44,711	33,87,370
Amount paid (Rs.)	15,66,152	1,82,32,500
Rate per unit (Rs.)	6.40	5.38
Others		
Diesel Consumed for Boiler(in Litres)	2,70,984	5,41,059
Total Amount paid (Rs.)	1,84,01,524	3,88,09,786
Rate per Litre (Rs.)	67.9	71.73
Light Diesel Oil Consumed for Boiler(in Litres)	1,23,828	-
Total Amount paid (Rs.)	47,91,410	-
Rate per Litre (Rs.)	38.7	-

(B) TECHNOLOGY ABSORPTION-**i) Efforts made towards technology absorption**

- New products developments, Developments NSAIDs , Anti-Depressants, Anti-emetic, Anti- Coagulants, etc
- Quality Improvements in Projects for around 10 products
- FR & D efforts in conducting trails, stabilization of process and optimization of process
- Company's R & D initiatives lay emphasis on innovation and continues products improvements to widen the range of products / applications
- Formulation development and analytical development of injectable and ophthalmic
- Support to QC in transferring the analytical methods
- Support to regulatory department in compiling documents required for dossier submission
- The Company also 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.

Continues 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 an expenditure of Rs. 5265.68 lakhs towards Research and Development (Rs. 2435.77 Lakhs of Revenue Expenditure and Rs.2829.91 of Capital Expenditure).

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Amount in Rs. Lakhs)

Foreign exchange earned	49413.01
Foreign exchange used	8,073.89

ANNEXURE III

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

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

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

http://cmsbox.caplinpoint.net//PDF/Corporate_Social_Responsibility_Policy.pdf

2. The Composition of the CSR Committee

Mr C C Paarthipan, Chairman

Dr Sridhar Ganesan, Member

Mr V Thirumalai, Member

3. Average net profit of the company for last three years: Rs. 14533.98 Lakhs
4. Prescribed CSR Expenditure (2 % of the amount specified in item 3 above): Rs. 290.68 Lakhs
5. Details of CSR Spent during the financial year:
 - a. Total amount to be spent for the financial year: Rs. 290.68 Lakhs
 - b. Amount unspent, if any: Rs. 280.23 Lakhs
 - c. Manner in which the amount spent during the financial year is detailed below:

(Amount in Rs.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:	Cumulative amount spend on projects	Amount spent: Direct or through implementing agency*
1	Contribution to Orphanage homes	Setting up homes for Orphans, Setting up old age homes	Tamil Nadu		6,10,000	6,10,000	Implementing agency
2	Contribution to schools and charitable trusts	Promotion of Education	Tamil Nadu		2,05,000	8,15,000	Implementing agency

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:	Cumulative amount spend on projects	Amount spent: Direct or through implementing agency*
3	Rural Development Projects	Desilting and Strengthening of ponds	Tamil Nadu		1,06,000	9,21,000	Implementing agency
4	Contribution to Sports	Promotion of nationally recognised sports, paralympic sports and olympic sports	Tamil Nadu		1,24,000	10,45,000	Implementing agency

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

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 10, 2020

C C Paarthipan
Chairman
Din : 01218784

Dr Sridhar Ganesan
Managing Director
Din :06819026

ANNEXURE IV

NOMINATION AND REMUNERATION POLICY

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

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

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

GUIDING PRINCIPLES

SELECTION CRITERIA FOR DIRECTORS

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

SKILLS AND EXPERIENCE:

The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other discipline related to the Company's business.

AGE LIMIT:

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

age limit on case to case basis depending on the merits of the candidate.

DIRECTORSHIP:

The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SELECTION CRITERIA FOR SENIOR MANAGEMENT

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

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

REMUNERATION FOR DIRECTORS, KMP AND OTHER EMPLOYEES

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

- The remuneration policy for executives reflects the overriding remuneration philosophy and principles of the Company. When determining the remuneration policy and arrangements for Executive Directors/ KMP's, the Nomination & Remuneration Committee considers pay and employment

conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.

- The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.
- The Nomination & Remuneration Committee while considering a remuneration package must ensure a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.
- The Nomination and Remuneration Committee of the Company, constituted for the purpose of administering the Employee Stock Option Plan/ scheme, shall determine the stock options and other share based payments to be made to Directors (other than Independent and Promoter Directors), KMPs and Employees of the Company.

The criteria for making payments to the Executive Directors are:

- 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.
- 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:

- The Independent Directors are paid sitting fees for attending the meetings of the Board and Committees.
- The Independent Directors do not receive any commission on the net profits of the Company.
- The remuneration paid to the Directors during the year is given in detail in the Corporate Governance Report.

PERFORMANCE EVALUATION

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

a) Board:

Each Board member completes the self-evaluation form. Independent Directors

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

b) Committees:

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

c) Chairman and Executive Directors:

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

d) Independent Directors:

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

CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES & INDEPENDENCE OF DIRECTOR

1. QUALIFICATIONS OF INDEPENDENT DIRECTOR

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance,

law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

2. POSITIVE ATTRIBUTES OF INDEPENDENT DIRECTOR

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity, act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company, devote sufficient time and attention to his professional obligations for informed and balanced decision making and assist the company in implementing the best corporate governance practices.

3. INDEPENDENCE:

The candidate proposed to be appointed as an Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

POLICY REVIEW

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

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

ANNEXURE V

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

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

To,
The Members,
Caplin Point Laboratories Limited
CIN# L24231TN1990PLC019053
Ashvich Towers, 3rd Floor,
No.3, Developed Plots Industrial Estates,
Perungudi, Chennai-600 096

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, 2020 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, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

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

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

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

We further report that

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

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

Majority decision is carried through while the dissenting members' views are captured and

recorded as part of the minutes.

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

We further report that during the audit period:

1. The Company allotted 12,500 equity shares of Rs.2/- each on May 31, 2019 under Employees Stock Option Plan.
2. The Company credited Investor Education and Protection Fund with 1,31,000 unclaimed Equity Shares of Rs. 2/- each pertaining to the Financial Year 2011-12 on 24th June, 2020.

For **G Ramachandran & Associates**
Company Secretaries

G. RAMACHANDRAN
Proprietor
FCS No.9687 CoP No.3056
UDIN: F009687B000567431

Place : Chennai
Date : August 10,2020

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

ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members,
Caplin Point Laboratories Limited
CIN# L24231TN1990PLC019053
Ashvich Towers, 3rd Floor,
No.3, Developed Plots Industrial Estates,
Perungudi, Chennai-600 096

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

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

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

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

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

For **G Ramachandran & Associates**
Company Secretaries

Place : Chennai
Date : August 10, 2020

G. RAMACHANDRAN
Proprietor
FCS No.9687 CoP No.3056
UDIN: F009687B000567431

ANNEXURE VA

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

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

To,
The Members,
M/s. Caplin Steriles Limited
CIN# U24304TN2018PLC126270
3rd Floor, Ashvich Towers, No.3, Developed Plots,
Industrial Estates, Perungudi,
Chennai 600096

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, explanations and clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has,

during the audit period covering the financial ended 31st March, 2020 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 Steriles Limited ("the Company") for the financial ended 31st March, 2020 according to the provisions of:

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

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) Customs Act, 1962; and rules thereunder
- (vi) Factories Act, 1948;
- (vii) Air (Prevention & Control of Pollution) Act, 1981;
- (viii) Water (Prevention & Control of Pollution) Act, 1974;
- (ix) Environment Protection Act, 1986 and
- (x) Drugs and Cosmetics Act, 1940

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

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

During the period under review the Company has complied with the provisions of the Act,

Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We 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:

1. The company allotted 1,19,74,331 Equity shares of Rs. 10/- each at a premium of Rs. 19.229190/- per share to M/s. Caplin Point Laboratories Limited on 27th March, 2020 on rights basis.
2. The company allotted 1,62,85,020 Series A Compulsorily Convertible Preference Shares of Rs. 10/- each at a premium of Rs. 19.229190/- per share to M/s. Eight Roads Ventures India III L.P. on 27th March, 2020 on preferential basis.
3. The company allotted 69,79,294 Series A Compulsorily Convertible Preference Shares of Rs. 10/- each at a premium of Rs. 19.229190/- per share to M/s. F-Prime Capital Partners Life Sciences Fund VI LP on 27th March, 2020 on preferential basis.
4. The company allotted 70 equity shares of Rs. 10/- each at a premium of Rs. 19.229190/- per share to M/s. Eight Roads Ventures India III L.P. and 30 equity shares of Rs. 10/- each at a premium of Rs. 19.229190/- per share to M/s. F-Prime

Capital Partners Life Sciences Fund VI LP on 1st April, 2020 on preferential basis.

5. The Company has filed FC-GPR with the Reserve Bank of India for the allotment of following, for which approval from the Reserve Bank of India is awaited:
 - a. 1,62,85,020 and 69,79,294 Series A Compulsorily Convertible Preference Shares of Rs. 10/- each at a premium of Rs. 19.229190/- per share to M/s. Eight Roads Ventures India III L.P. and M/s. F-Prime Capital Partners Life Sciences Fund VI LP respectively on 27th March, 2020 on preferential basis.
 - b. 70 equity shares of Rs. 10/- each at a premium of Rs. 19.229190/- per share to M/s. Eight Roads Ventures India III L.P. and 30 equity shares of Rs. 10/- each at a premium of Rs. 19.229190/- per share to M/s. F-Prime Capital Partners Life Sciences Fund VI LP on 1st April, 2020 on preferential basis.

We further report that we could not verify certain documents physically in view of Government imposed lockdown due to COVID-19 pandemic situation.

For **G Ramachandran & Associates**
Company Secretaries

G. RAMACHANDRAN
Proprietor

FCS No.9687 CoP No.3056
UDIN:F009687B000552625

Place : Chennai
Date : August 06, 2020

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

ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members,
M/s. Caplin Steriles Limited
CIN# U24304TN2018PLC126270
3rd Floor, Ashvich Towers, No.3, Developed Plots,
Industrial Estates, Perungudi,
Chennai 600096 (With effect from 9th July, 2020)

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

- | | | |
|---|--|--|
| <ol style="list-style-type: none"> 1. Maintenance of Secretarial record is the responsibility of the management of the company our responsibility is to express an opinion on these secretarial records based on our audit. 2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was | <p>done on test basis to ensure that correct facts are reflected in secretarial records. We followed a reasonable basis for our opinion.</p> <ol style="list-style-type: none"> 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. 4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc. | <ol style="list-style-type: none"> 5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management our examination was limited to the verification of procedures on test basis. 6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company. |
|---|--|--|

For **G Ramachandran & Associates**
Company Secretaries

Place : Chennai
Date : August 06,2020

G. RAMACHANDRAN
Proprietor
FCS No.9687 CoP No.3056
UDIN:F009687B000552625

ANNEXURE VI
DETAILS OF EMPLOYEE STOCK OPTION PLAN AS ON 31.03.2020

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

Sl. No	Particulars	ESOP 2015	ESOP 2017
1	Options granted	3,74,250	2,88,000
2	Options vested	92,750	--
3	Options exercised	92,750	--
4	The Total number of shares arising as a Result of Exercise of options	92,750	--
5	Options lapsed	NIL	NIL
6	The Exercise Price or Pricing Formula	An Exercise price, which shall be the discounted market price as may be determined by the Board. However the exercise price shall not be less than the par value of the Equity shares of the Company	An Exercise price, which shall be the discounted market price as may be determined by the Board. However the exercise price shall not be less than the par value of the Equity shares of the Company
7	Variation of terms of options	No Variations	No Variations
8	Money realized by exercise of options upto 31.03.2020	Rs,1,85,500	NA
9	Total No. of options in force	2,81,500	2,88,000
10	Employee wise details of options granted to		
	A Key Managerial personnel	80,250 options was granted to Dr Sridhar Ganesan, Managing Director out of which 80,250 options were vested and exercised by him	Mr D Muralidharan, CFO and Mr Vinod Kumar S. Company Secretary have been granted with 20,000 and 5,000 stock options respectively.
	B Any other Employee who receives a Grant of Options in any one year of Option amounting to Five percent or More options granted during that year	None	During the year two employees have been granted with 25,000 stock options each
	C Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital outstanding (excluding outstanding warrants & conversions) of the Company at the time of grant	None	None
11	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS 20)	NA	NA

For and on behalf of the Board of Directors

Place : Chennai
 Date : August 10, 2020

C C Paarthipan
 Chairman

ANNEXURE VII

PARTICULARS OF EMPLOYEE RELATED DISCLOSURES

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

Sl. No	Name of the Director/KMP & Designation	Ratio of remuneration of each Director to median remuneration of employees for FY 2019-20(times)	% of increase in Remuneration
1.	Mr C C Paarthipan, Chairman	NIL	
2	Dr Sridhar Ganesan, Managing Director	15.79	There was no increase in remuneration during the financial year 2019-20
3.	Mr D P Mishra, Director	0.17	
4	Mr V Thirumalai, Non-executive Independent Director	0.5	
5	Dr K C John Non-executive Independent Director	0.4	
6	Dr R Ravichandran, Non-executive Independent Director	0.7	
7	Dr K Nirmala Prasad\$ Non-executive Independent Director	NA	
8	Mr R Viswanathan, Non-executive Independent Director	0.22	
9	Mr D Sathyanarayanan, Non-executive Independent Director	0.3	
10	Dr C K Gariyali#	NA	
11	Mr D Muralidharan, Chief Financial Officer	10.9	45%
12.	Mr Vinodkumar S, Company Secretary	2.62	14%

\$Dr K Nirmala Prasad expired on December 05, 2019. Hence, median salary not calculated

Dr C K Gariyali was appointed as an Additional Director on March 04, 2020. Hence, median salary not calculated

- ii. In the Financial year 2019-20, there was an increase of 8.96% in the median remuneration to employees
- iii. Number of Permanent employees in the rolls of the Company as on March 31, 2020 is 620
- 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:

ANNEXURE VIII
FORM AOC – 2

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

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

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

There were no contracts or arrangements or transactions entered in to by the Company during the year ended March 31, 2020 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 Rupees)
1.	Caplin Steriles Limited	01.04.2019 to 31.03.2020	Normal Course of business	22.05.2019	Purchase and sale of goods and Services	2,20,18,296
2.	Neo Ethicals S.A Nicaragua	22.04.2019 to 31.03.2020	Normal course of business	22.05.2019	Sale of goods	64,07,32,698
3.	Neo Ethicals Cia.Ltda-Ecuador	01.02.2020 to 31.03.2020	Normal course of business	05.02.2020	Sale of goods	4,12,68,202
4.	Drogueria Saimed De Honduras	30.09.2019 to 31.03.2020	Normal course of business	30.10.2019	Sale of goods	29,82,62,352
5.	Ashvich Infotek Private Limited	01.04.2019 to 31.03.2020	Agreement to Lease	22.05.2019	Lease rent paid and availing of services	2,27,20,410
6	Argus Salud Pharma LLP	01.04.2019 to 31.03.2020	Normal course of business	22.05.2019	Purchase and sale of goods.	3,39,740

For and on behalf of the Board of Directors

Place : Chennai
 Date : August 10, 2020

C C Paarthipan
 Chairman

ANNEXURE IX

DIVIDEND DISTRIBUTION POLICY

BACKGROUND

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

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

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

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

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

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

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

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

FINANCIAL PARAMETERS THAT WOULD BE CONSIDERED FOR DECLARATION OF DIVIDEND

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

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

INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND**Internal factors**

- Business expansion and growth
- Company's liquidity position and future cash flow requirements
- Additional investments in subsidiaries and or in other strategic investment of the Company
- Current year's profits and future outlook in light of the development of internal and external environment
- Operating cash flows and treasury position keeping in view the total debt to equity ratio ,possibilities of alternate

usage of cash, e.g. capital expenditure etc., with potential to create greater value for shareholders

External factors

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

UTILISATION OF RETAINED EARNINGS

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

PARAMETERS FOR VARIOUS CLASSES OF SHARES

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

DISCLOSURE OF POLICY

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and is placed on the Company's website, www.caplinpoint.net

APPROVAL

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

ANNEXURE X
BUSINESS RESPONSIBILITY REPORT

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sl. No	Particulars	
1	Corporate Identity Number (CIN) of the Company	L24231TN1990PLC019053
2	Name of the Company	CAPLIN POINT LABORATORIES LIMITED
3	Registered address	"Ashvich Towers" 3rd Floor, No.3, Developed Plots, Industrial Estates, Perungudi, Chennai-600 096*
4	Website	www.caplinpoint.net
5	E-mail id	info@caplinpoint.net
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC code 210
8	List three key products/services that the Company manufactures/provides	Pharmaceutical formulations such as: 1) Ketorolac Tromethamine Injection - 30mg/1ml (for US market) 2) Clopidogrel 75mg Tablets. 3) Vitaminas Neurotropas + Diclofenac Softgel Capsules.
9	Total number of locations where business activity is undertaken by the Company	

a) Number of International Locations	The Company has a Branch in China to source its raw materials and finished goods for import/export. The Company has three direct subsidiaries outside India (i) Hongkong (ii) Colombia (iii) Singapore. The Company in Colombia and Singapore are yet to commence operations. The Company has entered into joint venture with Hainan Jointown Caplin Point Pharmaceuticals Company Limited in Hainan Province of China.	
b) Number of National Locations	<p>Registered Office: Ashvich Towers, 3rd Floor, No.3, Developed Plots, Industrial Estates, Perungudi, Chennai-600 096*</p> <p>Manufacturing Units:</p> <p>Unit I 85/3, Suthukeny Village, Mannadipet Commune Panchayat, Puducherry - 605 502</p> <p>Unit II No.19,Chinnapuliyur Village,Gummidipoondi,Tamil Nadu - 601 201.</p> <p>R&D Units:</p> <p>Unit III Plot No.44,8th Avenue Domestic Traiff Area, Mahindra World city, Chengalpattu Taluk, Chengalpattu - 603 004</p> <p>Unit VI 4th Floor, Plot No. 95 & 96, Road no.9, ALEAP Industrial Eatates, Gajularamarm Village, Qutbullapur Mandal, Hyderabad - 500 090</p> <p>Unit VII Module no.307 & 308, 3rd Floor, Ticel Park, Phase II, CSIR Road, Taramani, Chennai- 600 113</p>	
10	Markets served by the Company - Local/State/National/International	International – Predominantly Latin America, West Africa and recently USA

* The Company has shifted its Registered office from “Narbavi” no.3. Lakshmanan Street, T Nagar, Chennai-600 017 to “Ashvich Towers” 3rd Floor, No.3 Developed Plots, Perungudi, Chennai-600 096 w.e.f July 09,2020.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sl. No	Particulars	
1	Paid up Capital (INR)	Rs. 1512.86 Lakhs
2	Total Turnover (INR)	Rs. 52782.53 Lakhs
3	Total profit after taxes (INR)	Rs. 19763.85 Lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	Rs. 10.45 Lakhs
5	List of activities in which expenditure in 4 above has been incurred	Please refer the “Annual Report on CSR activities for the FY 2019-20” annexed to this Annual report

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

DIN	06819026
Name	Dr Sridhar Ganesan
Designation	Managing Director

(b) Details of the BR head

Sl. No	Particulars	Details
1	DIN Number (if applicable)	06819026
2	Name	Dr Sridhar Ganesan
3	Designation	Managing Director
4	Telephone number	044 2496 8000
5	e-mail id	info@caplinpoint.net

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

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

Sl. No	Questions	P1 Business Ethics	P2 Product responsibility	P3 Well being of Employees	P4 Stakeholder engagement	P5 Human Rights	P6 Environment	P7 Public policy	P8 CSR	P9 Customer relation
1	Do you have a policy/policies for...	YES	YES	YES	YES	YES	YES	YES	YES	YES
2	Has the policy been formulated in consultation with the relevant stakeholders?	YES	YES	YES	YES	YES	YES	YES	YES	YES
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	YES	YES	YES	YES	YES	YES	YES	YES	YES
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	YES	YES	YES	YES	YES	YES	YES	YES	YES
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	YES	YES	YES	YES	YES	YES	YES	YES	YES
6	Indicate the link for the policy to be viewed online?	<ol style="list-style-type: none"> Code of conduct of the Company is available at: www.caplinpoint.net/investors/Company policies and code of conduct/code of conduct Whistle Blower Policy/Vigil Mechanism of the Company is available at: www.caplinpoint.net/investors/Company policies and code of conduct/whistle bowler policy Corporate Social Responsibility Policy is available at: www.caplinpoint.net/investors/Company policies and code of conduct/Corporate Social Responsibility Policy 								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	YES	YES	YES	YES	YES	YES	YES	YES	YES
8	Does the Company have in-house structure to implement the policy/policies	YES	YES	YES	YES	YES	YES	YES	YES	YES

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

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

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

3. Governance related to BR (Business Responsibility)

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

Sl. No	Particulars	
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others	YES. The Company Strictly adheres to fair, transparent and ethical governance practices. The Company has well defined anti-corruption and anti-bribery systems in place.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company has received 15 complaints from the shareholders during the year 2019-20 and one complaint was pending at the beginning of the financial year, out of which 14 were resolved and 1 complaint was pending as on March 31, 2020. The pending complaint was subsequently resolved.

PRINCIPLE 2

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

PRINCIPLE 3

Sl. No	Particulars		
1	Please indicate the Total number of employees		620
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis		307
3	Please indicate the Number of permanent women employees		178
4	Please indicate the Number of permanent employees with disabilities		3
5	Do you have an employee association that is recognized by management		No
6	What percentage of your permanent employees is members of this recognized employee association?		NA
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.		
	No.	Category	No of complaints filed during the financial year
			No of complaints pending as on the end of financial year
	1	Child labour / forced labour / involuntary labour	NIL
	2	Sexual harassment	NIL
	3	Discriminatory employment	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?		
	a)	Permanent Employees	100%
	b)	Permanent Women Employees	100%
	c)	Casual/Temporary/Contractual Employees	100%
	d)	Employees with Disabilities	100%

PRINCIPLE 4

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

PRINCIPLE 5

Sl. No	Particulars	
1	Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	
		The Company does not have the stated human rights policy.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management	
		NIL

PRINCIPLE 6

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

PRINCIPLE 7

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

PRINCIPLE 8

Sl. No	Particulars	
1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof	Yes. Please refer the "Annual Report on CSR activities for the FY 2019-20" annexed to this Annual report
2	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?	All the projects are undertaken through implementing agencies
3	Have you done any impact assessment of your initiative?	NO
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken	Yes. Please refer the "Annual Report on CSR activities for the FY 2019-20" annexed to this Annual report
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so	NO

PRINCIPLE 9

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

ANNEXURE XI

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2020

[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 - 600017* Phone: 24968000 E-mail: info@caplinpoint.net
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Integrated Registry Management Services Private Limited UNIT: Caplin Point Laboratories Limited, 2nd Floor, " KENCES Towers" No.1, Ramakrishna Street, North Usman Raod, T Nagar, Chennai - 600 017 Phone # +91 044 28140801-03; Fax # +91 044 28142479 E-mail: corpserv@integratedindia.in www.integratedindia.in

*The Company has shifted its Registered office to "Ashvich Towers" 3rd Floor, Developed Plots industrial estates, Perungudi, Chennai-96 w.e.f. July 09,2020

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	21002	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	Caplin Steriles Limited "NARBHAVI" No.3, Lakshmanan Street. T Nagar, Chennai-600 017*	U24304TN2018PLC126270	Subsidiary Company	100.00%	2 (87)
2.	Argus Salud Pharma LLP "NARBHAVI" No.3, Lakshmanan Street. T Nagar, Chennai-600 017	AAA-1115	Subsidiary	99.90%	2 (87)
3.	Caplin Point Far East Limited Room 609, 6th Floor, Hong Kong Plaza,188 Connaught Road West, Hong Kong	2096323	Subsidiary Company	100.00%	2 (87)
4.	Caplin Point Laboratories Colombia SAS CR 15 No. 93-75 Oficine 408,Bogata, Colombia	02650370	Subsidiary Company	83.33%	2 (87)
5.	Caplin Point(S) Pte. Limited 7500A, Beach Road,#11-303, The Plaza, Singapore-199591	201933387C	Subsidiary Company	100%	2(87)
6.	Hainan Jointown Caplin point Pharmaceutical Company Limited Haikou city, China		Associate Company	39.00%	2 (6)

* The Company has shifted its Regsitered office to "Ashvich Towers" 3rd Floor, Developed Plots industrial estates, Perungudi, Chennai-96 w.e.f July 09,2020

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

i) Category-wise Share Holding:-

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2019)				No. of shares held at the end of the year (as on 31.03.2020)				% Change during the year Applicable Section
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
SHAREHOLDING OF PROMOTER AND PROMOTER GROUP									
Indian									
Individual/Hindu Undivided Family	5,00,97,192	-	5,00,97,192	66.24	5,00,97,192	-	5,00,97,192	66.24	-
Central Government	-	-	-	-	-	-	-	-	-
State Government	-	-	-	-	-	-	-	-	-
Bodies Corporate	21,17,000	-	21,17,000	2.80	21,17,000	-	21,17,000	2.80	-

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2019)				No. of shares held at the end of the year (as on 31.03.2020)				% Change during the year Applicable Section
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
Any other(specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL A(1)	5,22,14,192	-	5,22,14,192	69.04	5,22,14,192	-	5,22,14,192	69.04	-
Foreign									
Individual(Non resident/foreign)	-	-	-	-	-	-	-	-	-
Bodies corporate	-	-	-	-	-	-	-	-	-
Institutions									
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any other(specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL A(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)	5,22,14,192	-	5,22,14,192	69.04	5,22,14,192	-	5,22,14,192	69.04	-
Public Shareholding									
Institutions									
Mutual funds/UTI	14	-	14	0.00	2,224	-	2,224	0.00	0.00
Financial Institutions/Banks	13,799	-	13,799	0.02	33,980	-	33,980	0.04	0.02
Central Government	-	-	-	-	-	-	-	-	-
State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investor	55,49,015	-	55,49,015	7.34	33,48,301	-	33,48,301	4.43	-2.91
SUB TOTAL B(1)	55,62,828	-	55,62,828	7.36	33,84,505	-	33,84,505	4.47	-2.91
Non-Institutions									
Bodies Corporate – Indian	13,76,449	2,48,000	16,24,449	2.14	10,58,036	19,500	10,77,536	1.42	-0.72
Individuals(Resident/NRI/Foreign National)	-	-	-	-	-	-	-	-	0.00

Category of Shareholder	No. of shares held at the beginning of the year (as on 01.04.2019)				No. of shares held at the end of the year (as on 31.03.2020)				% Change during the year Applicable Section
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Individual shareholders holding Nominal share Capital upto Rs.2 Lakh	77,39,381	25,95,575	1,03,34,956	13.67	74,19,442	20,54,570	94,74,012	12.52	-1.15
Individual shareholders holding Nominal share Capital above Rs.2 Lakh	30,21,828	-	30,21,828	4.00	58,41,195	1,50,000	59,91,195	7.92	3.92
Any other(specify)	28,13,497	58,500	28,71,997	3.7	32,15,310	2,86,000	35,01,310	6.05	
SUB TOTAL B(2)	1,49,51,155	29,02,075	1,78,53,230	23.61	1,75,33,983	25,10,070	200,44,053	26.50	2.89
Total Public Share Holding (B)=B(1)+B(2)	2,05,13,983	29,02,075	2,34,16,058	30.96	2,09,18,488	25,10,070	2,34,28,558	30.96	--
GRAND TOTAL (A)+(B)	7,27,28,175	29,02,075	7,56,30,250	100.00	7,31,32,680	25,10,070	7,56,42,750	100.00	--

II) Shareholding of Promoters:-

Sl no.	Shareholder's Name	No. of shares held at the beginning of the year (as on 01.04.2019)			No. of shares held at the end of the year (as on 31.03.2020)			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of shares Pledged / encumbered to total shares	
1	P VIJAYALAKSHMI	1,78,80,000	23.64	-	1,78,80,000	23.64	-	-
2	ASHOK GORKEY PARTHEEBAN	90,50,000	11.96	-	90,50,000	11.96	-	-
3	PARTHEEBAN VIVEK SIDDARTH	90,00,000	11.90	-	90,00,000	11.90	-	-
4	PAARTHIPAN C C	1,41,67,192	18.73	-	1,41,67,192	18.73	-	-
5	MAY INDIA PROPERTY PRIVATE LIMITED	21,17,000	2.80	-	21,17,000	2.80	-	-
	Total	5,22,14,192	69.04		5,22,14,192	69.04	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change):- There is no change in the promoters shareholding during the year

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

Sl no.	Shareholder's Name	No. of shares held at the beginning of the year (01.04.2019)				No. of shares held at the end of the year (31.03.2020)	
		No. of shares	% to shares	Purchase/ Sale/ Transfer	Difference percentage	No. of shares	% to shares
1	MATTHEWS INDIA FUND						
	Opening Balance as on 01/04/2019	3870311	5.117				
	Sale			-11110	-0.015	3859201	5.102
	Sale			-29791	-0.039	3829410	5.062
	Sale			-106469	-0.141	3722941	4.922
	Sale			-64218	-0.085	3658723	4.837
	Sale			-38966	-0.052	3619757	4.785
	Sale			-75489	-0.100	3544268	4.686
	Sale			-626324	-0.828	2917944	3.858
	Sale			-865255	-1.144	2052689	2.714
	Closing Balance as on 31/03/2020					2052689	2.714
2	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY						
	Opening Balance as on 01/04/2019	1460631	1.931				
	Transfer of shares to IEPF Account			98500	0.130	1559131	2.061
	Credit of shares to shareholders Account			-500	-0.001	1558631	2.061
	Credit of shares to shareholders Account			-4000	-0.005	1554631	2.055
	Credit of shares to shareholders Account			-1500	-0.002	1553131	2.053
	Credit of shares to shareholders Account			-500	-0.001	1552631	2.053
	Credit of shares to shareholders Account			-500	-0.001	1552131	2.052
	Credit of shares to shareholders Account			-2500	-0.003	1549631	2.049
	Credit of shares to shareholders Account			-1000	-0.001	1548631	2.047
	Credit of shares to shareholders Account			-500	-0.001	1548131	2.047
	Credit of shares to shareholders Account			-500	-0.001	1547631	2.046
	Credit of shares to shareholders Account			-500	-0.001	1547131	2.045
	Credit of shares to shareholders Account			-500	-0.001	1546631	2.045
	Credit of shares to shareholders Account			-500	-0.001	1546131	2.044
	Credit of shares to shareholders Account			-1000	-0.001	1545131	2.043
	Credit of shares to shareholders Account			-1000	-0.001	1544131	2.041
	Closing Balance as on 31/03/2020					1544131	2.041

SI no.	Shareholder's Name	No. of shares held at the beginning of the year (01.04.2019)				No. of shares held at the end of the year (31.03.2020)	
		No. of shares	% to shares	Purchase/ Sale/ Transfer	Difference percentage	No. of shares	% to shares
3	VISALATCHI						
	Opening Balance as on 01/04/2019	969375	1.282				
	Purchase			1201618	1.589	2170993	2.870
	Closing Balance as on 31/03/2020					2170993	2.870
4	MATTHEWS EMERGING ASIA FUND						
	Opening Balance as on 01/04/2019	489805	0.648				
	sale			-68338	-0.090	421467	0.557
	sale			-966	-0.001	420501	0.556
	sale			-46689	-0.062	373812	0.494
	sale			-15016	-0.020	358796	0.474
	sale			-49527	-0.065	309269	0.409
	sale			-15555	-0.021	293714	0.388
	sale			-41571	-0.055	252143	0.333
	Closing Balance as on 31/03/2020					252143	0.333
5	FIRST DIMENSION HOLDINGS PRIVATE LIMITED						
	Opening Balance as on 01/04/2019	370000	0.489				
	Closing Balance as on 31/03/2020					370000	0.489
6	T B SIVAKUMAR						
	Opening Balance as on 01/04/2019	250000	0.331				
	Closing Balance as on 31/03/2020					250000	0.331
7	IMAGE SECURITIES LTD						
	Opening Balance as on 01/04/2019	227500	0.301				
	Closing Balance as on 31/03/2020					227500	0.301
8	MATTHEWS ASIA FUNDS-INDIA FUND						
	Opening Balance as on 01/04/2019	226796	0.300				
	sale			-887	-0.001	225909	0.299
	sale			-10873	-0.014	215036	0.284
	sale			-13245	-0.018	201791	0.267
	sale			-7102	-0.009	194689	0.257
	sale			-20606	-0.027	174083	0.230

SI no.	Shareholder's Name	No. of shares held at the beginning of the year (01.04.2019)		No. of shares held at the end of the year (31.03.2020)			
		No. of shares	% to shares	Purchase/ Sale/ Transfer	Difference percentage	No. of shares	% to shares
	sale			-31398	-0.042	142685	0.189
	sale			-6305	-0.008	136380	0.180
	sale			-6463	-0.009	129917	0.172
	Closing Balance as on 31/03/2020					129917	0.172
9	DAKSHA KOTAK						
	Opening Balance as on 01/04/2019	218000	0.288				
	Purchase			14000	0.019	232000	0.307
	Purchase			1500	0.002	233500	0.309
	Closing Balance as on 31/03/2020					233500	0.309
10	EMERGING MARKETS CORE EQUITY PORTFOLIO						
	Opening Balance as on 01/04/2019	200414	0.265				
	Purchase			6458	0.009	206872	0.273
	Purchase			5091	0.007	211963	0.280
	Closing Balance as on 31/03/2020					211963	0.280

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

SI no.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2019		Increase/ decrease in the Shareholding		Cumulative Shareholding during end of the year as on 31.03.2020	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
01	Mr. C C PAARTHIPAN - CHAIRMAN						
	At the beginning of the Year	1,41,67,192	18.73	-	-	-	-
	At the end of the year	-	-	-	-	1,41,67,192	18.73
02	Dr. SRIDHAR GANESAN - MANAGING DIRECTOR						
	At the beginning of the year	80,250	0.10	-	-	-	-
	At the end of the year	-	-	-	-	80,250	0.10

Sl no.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2019		Increase/ decrease in the Shareholding		Cumulative Shareholding during end of the year as on 31.03.2020	
		No. of Shares	% of total shares of the Company	Date	No. of shares	No. of Shares	% of total shares of the Company
03	Mr. D P MISHRA- DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
04	Mr. V THIRUMALAI - DIRECTOR						
	At the beginning of the year	2,41,635	0.32	-	-	-	-
	At the end of the year	-	-	-	-	2,41,635	0.32
05	Dr R RAVICHANDRAN - DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
06	Dr K C JOHN - DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
07	Dr K NIRMALA PRASAD - DIRECTOR*						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
08	Mr. R VISWANATHAN - DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
09.	Mr. D SATHYANARAYANAN - DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
10.	Dr C K Gariyali** - DIRECTOR						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
11.	Mr. D MURALIDHARAN - CFO						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-
12.	Mr. VINOD KUMAR S - COMPANY SECRETARY						
	At the beginning of the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-

* Dr K Nirmala Prasad expired on December 05,2019 and ** Dr C K Gariyali was appointed as an Additional Director on March 04,2020

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:-

(Amount in Rs. Lakhs)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	54.12	--	--	54.12
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	54.12	--	--	54.12
Change in Indebtedness during the financial year				
1) Addition	--	--	--	--
2) Reduction	(25.83)	--	--	(25.83)
Net Change	(25.83)	--	--	(25.83)
Indebtedness at the end of the financial year				
i) Principal Amount	28.29	--	--	28.29
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	28.29	--	--	28.29

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:-**

(Amount in Rs. Lakhs)

Sl no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Dr. Sridhar Ganesan - Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	56.86	56.86
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit		
	- others, specify		
5.	Others, please specify	-	-
	Total (A)	56.86	56.86
	Ceiling as per the Act**		2496.98

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

B. REMUNERATION TO OTHER DIRECTORS:-

(Amount in Rs. Lakhs)

Sl no.	Particulars of Remuneration	Name of Directors						Total Amount	
		Mr V Thirumalai	Dr R Ravichandran	Dr K C John	Dr K Nirmala Prasad#	Mr. R Viswanathan	Mr D Sathyanarayanan		Mr D P Mishra
1.	Independent Directors								
	a) Fee for attending board / committee meetings	1.60	2.40	1.40	1.20	0.80	1.00	--	8.40
	b) Commission								
	c) Others, please specify								
	Total (1)	1.60	2.40	1.40	1.20	0.80	1.00	--	8.40
2.	Other Non-Executive Directors								
	a) Fee for attending board / committee meetings				NIL			0.60	0.60
	b) Commission								
	c) Others, please specify								
	Total (2)	-	-	-	-	-		0.60	0.60
	Total (B)=(1+2)	1.60	2.40	1.40	1.20	0.80	1.00	0.60	9.00
	Total Managerial Remuneration(A+B)								65.86
	Overall Ceiling as per the Act*								2746.88

Dr K Nirmala Prasad expired on December 05, 2019.

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

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

(Amount in Rs. Lakhs)

Sl no.	Particulars of Remuneration	CEO	Company Secretary (Mr. Vinod Kumar S)	CFO (Mr. D Muralidharan)	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Not Applicable	9.44	38.31	47.75
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others, please specify				
	Total (A)	-	9.44	38.31	47.75

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

BOARD OF DIRECTORS

COMPOSITION OF BOARD

As on March 31, 2020, Board comprises of Nine Directors out of which six are Non-Executive - Independent Directors including one Woman Director and an Executive Director 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. In the opinion of the Board, all the Independent Directors have confirmed that they meet the "Independence Criteria" as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16 (1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year under review, the Board of Directors met five times (i.e) 22.05.2019, 12.08.2019, 30.10.2019, 05.02.2020 and 04.03.2020. 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, 2020 in the Company are as under:

Name of the Director	Category	No. of Board Meetings attended in the year	Attendance at the previous AGM (12.09.2019)	Directorships in Private limited Companies ¹	Directorships in public limited companies ¹	Directorship(s) in Listed Companies ¹ (Including Caplin Point Laboratories Limited)	Committee Position(s) ² (Including Caplin Point Laboratories Limited)	
							Chairman	Member
Mr C C Paarthipan DIN : 01218784	Non-executive Chairman (Promoter)	5	Present	1	1	1	-	-
Dr Sridhar Ganesan DIN :06819026	Managing Director	5	Present	-	-	1	-	1
Mr D P Mishra DIN : 02032818	Non- executive - Non-Independent	3	Present	-	-	1	-	1
Mr V Thirumalai DIN :03015619	Non-executive Independent	5	Present	-	-	1	1	1
Mr R Viswanathan DIN : 07173713	Non-executive Independent	4	Present	-	-	1	-	-
Dr R Ravichandran DIN :01920603	Non-executive Independent	5	Present	-	-	1	1	2

Name of the Director	Category	No. of Board Meetings attended in the year	Attendance at the previous AGM (12.09.2019)	Directorships in Private limited Companies ¹	Directorships in public limited companies ¹	Directorship(s) in Listed Companies ¹ (Including Caplin Point Laboratories Limited)	Committee Position(s) ² (Including Caplin Point Laboratories Limited)	
							Chairman	Member
Dr K C John DIN : 01067374	Non-executive Independent	4	Present	1	1	1	1	2
Dr K Nirmala Prasad ³ DIN : 07088120	Non-executive Independent	3	Present	-	1	1	-	2
Mr D Sathyanarayanan DIN : 07650566	Non-executive Independent	3	Absent	-	-	1	-	1
Dr C K Gariyali DIN:08711546 ⁴	Non-executive, Independent	1	Not Applicable	-	1	1	-	1

¹ Excludes foreign companies and Companies registered under Section 8 of Companies Act, 2013

² Includes only Audit and Stake holders Relationship Committee

³ Dr K Nirmalprasad expired on December 05, 2019.

⁴ Dr C K Gariyali was appointed as an Additional Director w.e.f. March 04, 2020

None of the Directors are related Inter Se.

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.

KEY SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD

The Board of the Company comprises of eminent personalities and leaders in their respective fields. These members bring in the required skills, competence and expertise to the Board. These Directors are nominated based on well-defined selection criteria. Nomination and Remuneration Committee considers, inter alia, key skills, qualifications, expertise and competencies, whilst recommending to the Board the candidature for appointment of Director. The Board of Directors have, based on the recommendations of the Nomination and Remuneration Committee, identified the following core key skills/expertise/competencies of Directors as required in the context of business of the Company for its effective functioning which are currently possessed by the Board Members of the Company.

MATRIX HIGHLIGHTING CORESKILLS/EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company have identified the following skills required for the Company and availability of such skills with the Board:

Category	Directors	Skill Sets
General Experience		
Management and Leadership	Mr C C Paarthipan Mr V Thirumalai Dr C K Gariyali	Management and Leadership experience in a significant enterprise with understanding of organisations, processes, strategic planning and risk management

Category	Directors	Skill Sets
Business/ Commercial	Dr Sridhar Ganesan Mr R Viswanathan Mr D P Mishra	Vast experience in driving business success across the country with an understanding of diverse business environment, economic conditions, cultures and regulatory frameworks
Strategy	Dr R Ravichandran Mr D Sathyanarayanan	Track Record of developing and implementing successful strategies
Governance	Dr K C John Mr D Sathyanarayanan Mr V Thirumalai	Service on the Board of the public company to develop insights about maintaining Board and Management accountability, protecting shareholders' interests and observing appropriate governance practices.
Specialist Experience		
Industry-specific knowledge	Mr C C Paarthipan Dr Sridhar Ganesan Mr D P Mishra	Experience in a large pharmaceutical or medical organization
Finance/Legal/Risk Management	Dr R Ravichandran Dr Sridhar Ganesan Mr D Sathyanarayanan Dr K C John	Board audit/risk management membership or equivalent experience in Financial accounting and reporting, corporate finance, internal financial controls or the provision of legal services to large business enterprises
Marketing	Mr C C Paarthipan Mr D P Mishra Mr V Thirumalai	Vast experience in marketing and a detailed understanding of the Group's corporate objective to create long-term value through the provision of innovative products
Capital Projects	Mr C C Paarthipan Dr Sridhar Ganesan	Experience in an industry with Projects involving large scale capital outlays and Long term investment horizons.
Health, Safety & Environment	Mr V Thirumalai Mr D Sathyanarayanan	Experience related to workplace health, safety, environment and social responsibility
Remuneration	Dr R Ravichandran Dr K C John Mr V Thirumalai	Board remuneration committee membership or equivalent experience Relating to remuneration, including incentive programs.
Government Affairs	Mr R Viswanthan Dr C K Gariyali	Experience in liaising with government and experience with public and regulatory policy
R&D/Product Development	Mr C C Paarthipan Dr Sridhanr Ganesan Mr D P Mishra	Experience in research and development Or product development with a large bio-pharmaceutical, pharmaceutical or medical organization.
Manufacturing/Quality	Mr C C Paarthipan Dr Sridhanr Ganesan Mr D P Mishra	Experience in manufacturing or Quality operations with a large bio-pharmaceutical, pharmaceutical or medical organization

AUDIT COMMITTEE

TERMS OF REFERENCE

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

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

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

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

*Dr K Nirmala Prasad expired on December 05,2019

** Dr K C John was co-opted as the Committee member w.e.f. 05.02.2020

MEETING OF THE AUDIT COMMITTEE AND ATTENDANCE OF THE COMMITTEE MEMBERS

The Audit Committee met four times in the financial year ended March 31,2020 (i.e) 22.05.2019, 12.08.2019, 30.10.2019 and 05.02.2020. The maximum time gap between two meetings did not exceed 120 days.

Name of the Directors	No. of meetings attended
Dr R Ravichandran	4
Dr Sridhar Ganesan	4
Dr K Nirmala Prasad*	3
Mr D Sathyanarayanan	2

*Dr Nirmala Prasad expired on December 05,2019

Chairman of the Audit Committee is an Independent Director. Chairman of the Audit Committee was present at the 28th Annual General Meeting held on September 12, 2019 to address the queries of the members.

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

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

NOMINATION AND REMUNERATION COMMITTEE**TERMS OF REFERENCE**

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

The Terms of Reference of Nomination and Remuneration Committee are :

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

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 31,2020(i.e) 31.05.2019,30.10.2019 and 04.03.2020.

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.

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 31,2020 ARE GIVEN BELOW:

(Amount in Rs.)

Name of Director	Remuneration	Commission and performance linked incentive	Sitting Fees	Total	No. of shares held
Mr. C.C.Paarthipan	--	--	--	--	1,41,67,192
Mr. V.Thirumalai	--	--	1,60,000	1,60,000	2,41,635
Dr. R Ravichandran	--	--	2,40,000	2,40,000	--
Dr. K C John	--	--	1,40,000	1,40,000	--
Dr.K Nirmala Prasad	--	--	1,20,000	1,20,000	--
Mr. R Viswanathan	--	--	80,000	80,000	--
Mr D Sathyanarayanan	--	--	1,00,000	1,00,000	--
Mr D P Mishra	--	--	60,000	60,000	--

DETAILS OF REMUNERATION PAID TO EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDED MARCH 31,2020 ARE GIVEN BELOW:

(Amount in Rs. Lakhs)

Name of Director	Fixed component	Variable component	Contribution to PF and bonus	Total	No. of shares held
Dr Sridhar Ganesan	56.34	--	0.52	56.86	80,250

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

EMPLOYEE STOCK OPTION

The Company has two stock options in force (i.e) Caplin Point Employee Stock Option Plan -2015 and Caplin Point Employee Stock Option Plan - 2017. As on date, the Company has granted 3,74,250 options under Caplin Point Employee Stock Option Plan -2015 out of which 92,750 options have been exercised and allotted and 2,88,000 options granted under Caplin Point Employee Stock Option Plan- 2017. During the year under review, the Company has allotted 12,500 options under Caplin Point Employee Stock Option Plan - 2015.

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The committee consists of the following Directors as its members:

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

The committee meets regularly to approve share transmissions, and issue of duplicate share certificates, dematerialization of shares and all other

issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates, and issue of duplicate share certificates etc. The committee also reviews the performance of the Registrar and Share Transfer Agents.

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

RISK MANAGEMENT COMMITTEE

The Company has constituted Risk Management Committee, the risk management committee comprised of following Directors:

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

*Dr K Nirmala Prasad expired on December 05, 2019

The purpose of the Risk Management Committee is to assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of risk. The Risk Management Committee has the overall responsibility of monitoring the risk associated with the Company. Further, the detailed discussion on Risk Management has been discussed on Management Discussion and Analysis Report which forms part of this Annual Report. The Risk Management Committee meeting was held on June 18, 2020.

INVESTOR GRIEVANCE REDRESSAL

During the year, 15 complaints were received from the shareholders and other agencies out of which 14 complaints were resolved and one complaint was pending as on March 31, 2020. The pending complaint was resolved subsequently.

INVESTOR SERVICES

- The Company has designated the following email-id exclusively for investor servicing:- investor@caplinpoint.net
- The Company's notices, financial results etc are published in 'Financial Express' & 'Maalai Sudar'.
- The Company has displayed financial results, shareholding pattern, unpaid dividend details, and other required documents from time to time, under the section "Investor" on its website www.caplinpoint.net
- All periodical compliance filings like shareholding pattern, corporate governance report are filed electronically on NSE Electronic Application Processing System (NEAPS) and BSE's Listing Centre.
- The Company continues to redress the investor complaints registered in the SEBI Complaints Redress System (SCORES), through which we are uploading the Action Taken Reports (ATRs) and the investors can view online the actions taken on their complaint and its current status.
- The Company is pleased to provide members, facility to exercise their right to vote at the Twenty Ninth Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by M/s. National Securities Depository Services Limited and the Company's 29th Annual General Meeting of the Company will be held through Video Conferencing

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 05, 2020 to review the performance of Non-independent Directors (including the Chairman of the Board) and the Board as a whole, taking into account the views of executive and non-executive directors. The Independent Directors also reviewed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees, which is necessary to effectively and reasonably perform and discharge their duties.

The Company follows a structured orientation and familiarization program through periodic representations made at the Board Meeting on business performance, long term strategies initiatives and risk involved. The details of the same are posted on the website of the company [www.caplpoint.net/investor/company_policies & code of conduct/Familiarization program for Independent Directors](http://www.caplpoint.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
2019	12.09.2019 (28th AGM)	10.00 AM	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Road, T Nagar, Chennai -600 017	Special Resolution was passed for the following: 1. Amendment of Object Clause of Memorandum of Association 2. Adoption of New Set of Articles of Association
2018	28.09.2018 (27th AGM)	10.00 AM	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Road, T Nagar, Chennai -600 017	Special Resolution was passed for the following : a) PURSUANT TO SECTION 149(10) OF THE COMPANIES ACT, 2013 1. Re-appointment of Mr V Thirumalai as an Independent Director for the second term of five consecutive years. 2. Re-appointment of Dr K Nirmala Prasad as an Independent Director for the second term of five consecutive years. 3. Re-appointment of Mr R Viswanathan as an Independent Director for a second term of five consecutive years. b) Pursuant to Section 62(1)(b) of the Companies Act, 2013 for grant of options to the employees of the subsidiary Company(ies) of the Company under EMPLOYEES STOCK OPTION PLAN 2017 (ESOP 2017)
2017	21.09.2017 (26th AGM)	11.00 AM	Sri Thyaga Brahma Gana Sabha (Vani Mahal) No.103, G N Road, T Nagar, Chennai -600 017	Special Resolution was passed under Section 149 (10) of the Companies Act, 2013 for re-appointment of Dr K C John as an Independent Director for a Second term of Five consecutive years; and Special Resolution was passed seeking the approval of Members for Employee Stock option Plan 2017

During the financial year under review, Company has passed a special resolution through postal ballot for Re-appointment of Mr D Sathyanarayanan as an Independent Director for a Second term of five consecutive years. Mr G Ramachandran, Practicing Company Secretary was appointed as a scrutinizer for conducting postal ballot in fair and transparent manner.

DISCLOSURES

- a) There were no materially significant related party transactions made by the Company with its Promoters, their subsidiaries, Directors or Management or relatives etc. that may have potential conflict with the interests of the Company at large. All the related party transactions are at arm's length basis and in the normal course of business. The details of related party transactions entered during the financial year under review, is provided in Notes to accounts.
- b) The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.
- c) The Company has formulated a Vigil Mechanism / Whistle Blower Policy to enable Directors and employees to report their genuine concerns and grievances. The Policy provides for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and direct access to the Chairman of the Audit Committee of the Company, in exceptional cases.
- d) The Company has formulated a policy for determining "Material subsidiary"- www.caplinpoint.net/investor/Company Policies & code of conduct/ policy on material subsidiary.
- e) The policy on Related party transaction has been disclosed on the website of the company www.caplinpoint.net/investor/Company Policies & code of conduct/ related party transaction policy
- f) The Company has complied with and adopted all the Mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In addition, the Company has adopted Point D & E of Part E of Schedule II of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 pertaining to separate posts of Chairperson & Managing Director and Reporting of Internal Audit Report by the Internal Auditor directly to the Audit Committee.
- g) The Company has complied with Corporate Governance requirement specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- h) The Company is not undertaking any commodity hedging activities, hence there is no risk of commodity hedging to the Company.
- i) There were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- j) The Company has not raised any funds through Preferential Allotment or through qualified institutional placement.
- k) The Board of Directors confirm that the Independent Directors have fulfilled the conditions specified in Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

MEANS OF COMMUNICATIONS

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

GENERAL INFORMATION TO THE SHAREHOLDERS

Day, Date, Time & Venue of Annual General Meeting	Monday, September 28,2020 at 10:00 AM
Date of Book Closure	September 22,2020 to September 28,2020
Dividend Payment Date	Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or before October 25, 2020

Financial Calendar:-

The Company expects to announce the financial Results for the year 2020-21 as per the following schedule:

Financial Year	1st April,2020 to March 31,2021
Results for the Quarter ending:-	
I Quarter Ending June 30,2020	On or before August 14,2020
II Quarter Ending September 30,2020	On or before November 14,2020
III Quarter Ending December 31,2020	On or before February 14, 2021
IV Audited Financial Results for year ended March 31, 2021	On or before May 30, 2021

Listing of Equity Shares:-

	Stock Exchange	Trading Symbol/ Stock Code
	National Stock Exchange of India Limited (NSE)	CAPLIPOINT
	BSE LIMITED (BSE)	CAPPL (524742)
ISIN number in National Securities Depository Limited (NSDL) and the Central Depository Service (India) Limited (CDSL).	INE475E01026	
Outstanding GDRs/ADRs/ Not issued Warrants or any convertible instruments	Not Issued	

Listing Fees has been paid to the Stock Exchanges for the Financial Year 2020-21

Dematerialization of shares:- As on March 31,2020 nearly 96.68 % of the Company's shares were held in dematerialized form

Particulars	No. of Shareholders	No. of Shares	%
Physical	2882	25,10,070	3.32
Demat			
NSDL	13,930	6,86,48,680	90.75
CDSL	13,260	44,84,000	5.93
TOTAL	30,072	7,56,42,750	100.00

Registrar And Share Transfer Agents	M/s. Integrated Registry Management Services Private Limited, II Floor, "Kences Towers" No.1 Ramakrishna Street, North Usman Road T Nagar, Chennai - 600 017 Phone: 044 - 28140801 - 803 Fax: 044 - 28142479
Share Transfer System	The Company's shares are traded compulsory under dematerialized mode. A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI Listing Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges. A summary of transmission, issue of duplicate share certificate, Split and name change etc., as approved, is placed before the Stakeholders' Relationship Committee.
Commodity Price Risk or Foreign exchange Risk and hedging activities	The Company is not making any foreign exchange exposures and does not involve in hedging activities in foreign exchange and commodity markets.

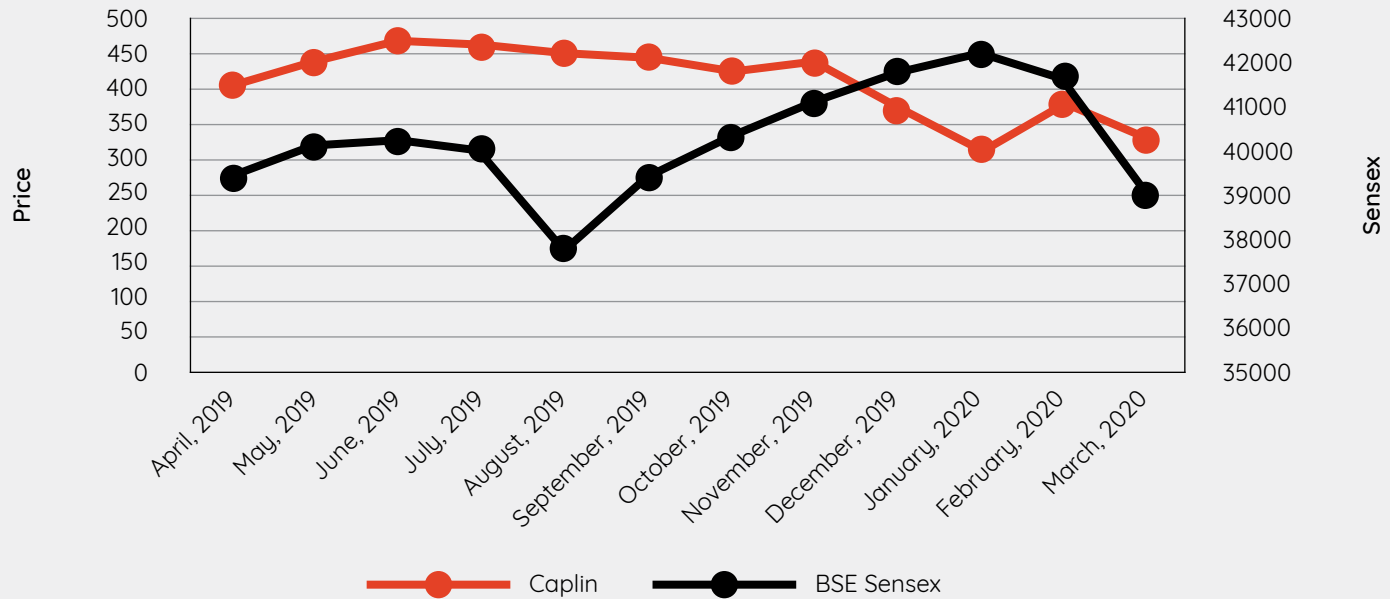
MARKET PRICE DATA (high, low during each month in the financial year 01.04.2019 to 31.03.2020)

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, 2019	412.00	360.00	39487.45	38460.25	412.50	358.70	11856.15	11549.10
May, 2019	440.55	321.60	40124.96	36956.10	440.00	321.00	12041.15	11108.30
June, 2019	466.00	390.00	40312.07	38870.96	466.90	396.00	12103.05	11625.10
July, 2019	463.70	384.10	40032.41	37128.26	459.60	383.05	11981.75	10999.65
August, 2019	456.00	393.00	37807.55	36102.35	449.50	392.55	11181.30	10637.15
September, 2019	449.00	413.00	39441.12	35987.80	449.80	414.55	11694.85	10670.25
October, 2019	432.45	354.00	40392.22	37415.83	432.90	370.00	11945.00	11090.15
November, 2019	439.40	295.75	41163.79	40014.23	439.00	295.00	12158.80	11802.65
December, 2019	372.00	280.50	41809.96	40135.37	324.65	280.10	12293.90	11832.30
January, 2020	315.15	281.45	42273.87	40476.55	315.05	281.00	12430.50	11929.60
February, 2020	383.75	236.80	41709.30	38219.97	383.05	235.15	12246.70	11175.05
March, 2020	329.35	180.00	39083.17	25683.90	329.60	176.20	11433.00	7511.10

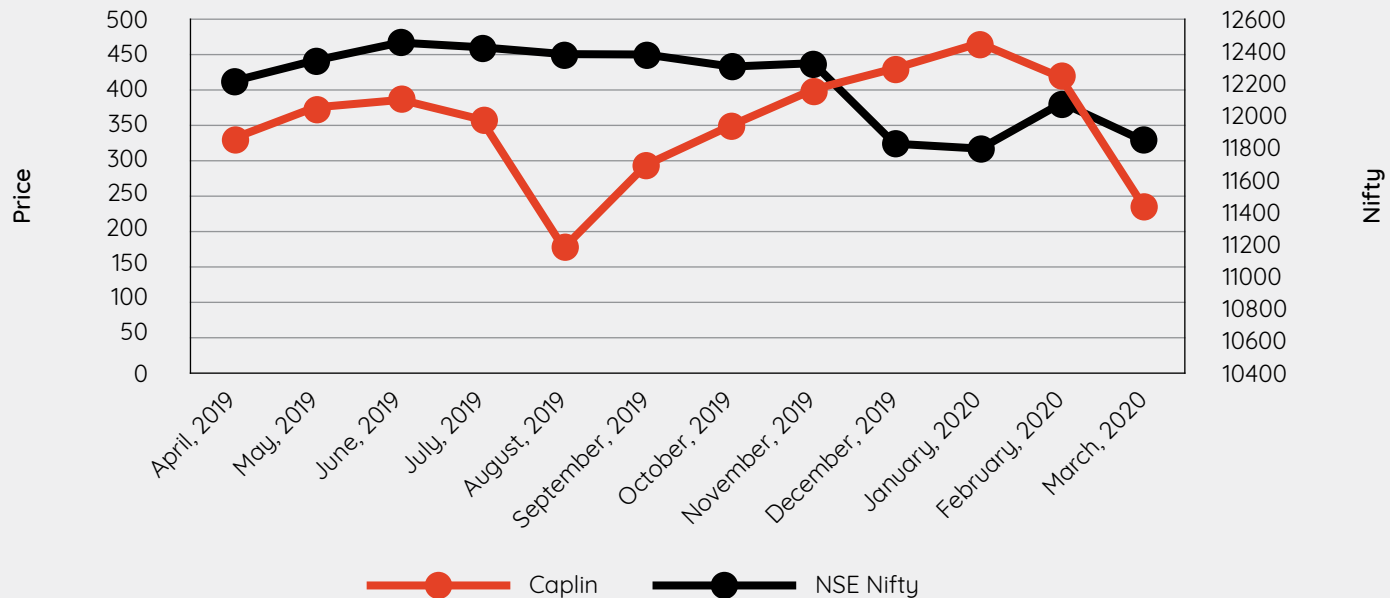
(Source: Websites of - www.bseindia.com, www.nseindia.com)

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

I. PERFORMANCE OF THE COMPANY'S EQUITY SHARE PRICE IN COMPARISON WITH S & P BSE SENSEX



II. PERFORMANCE OF THE COMPANY'S EQUITY SHARE PRICE IN COMPARISON WITH S & P CNX NIFTY



SHARE HOLDING PATTERN AS ON MARCH 31, 2020

S.No	Category	No. of Shareholders	No. of Shares	% to Capital
1	Promoters	5	52214192	69.04
2	Mutual Funds / UTI	2	2224	0.00
3	Banks/Indian Financial Institutions	2	33980	0.04
4	Private Corporate Bodies	245	1077536	1.42
5	Foreign Corporate Bodies	1	227500	0.03
6	Foreign Institutional Investors	47	3379781	4.47
7	Non Resident Indians - Non-Repatriable	33	28749	0.03
	Non Resident Indians - Repatriable	834	939611	1.24
8	Indian Public			
	(i) CLEARING MEMBERS	98	88254	0.11
	(ii) LLP	18	518734	0.68
	(iii) IEPF	1	1544131	2.04
	(iv) RESIDENT INDIVIDUALS	28553	15465207	20.75
	(v) HUF	232	122751	0.16
	(vi) TRUSTS	1	100	0.00
	TOTAL	30072	75642750	100

DISTRIBUTION SCHEDULE AS ON MARCH 31,2020

Category (Shares)		Share Holders		Number of Shares	
From	To	Number	%	Number	%
1	500	26501	88.125	4005487	5.295
501	1000	1741	5.789	1439773	1.903
1001	2000	954	3.172	1417308	1.874
2001	3000	334	1.111	853891	1.129
3001	4000	112	0.372	400672	0.531
4001	5000	121	0.402	569849	0.753
5001	10000	152	0.505	1094615	1.446
10001	& above	157	0.524	65861155	87.069
	TOTAL	30072	100	75642750	100

UNCLAIMED DIVIDEND AS ON MARCH 31,2020

Financial year to which dividend relates	Due Date of transfer to IEPF	Dividend amount unpaid as on March 31, 2020 (Amount in Rs.)
2012-13	26.01.2021	21,08,815.00
2013-14	17.01.2022	29,81,808.00
2014-15	05.12.2022	34,04,485.00
2015-16 (Interim Dividend)	06.03.2023	17,39,030.00
2015-16 (Final Dividend)	12.10.2023	24,65,914.50
2016-17	21.10.2024	46,88,198.50
2017-18	28.10.2025	8,89,574.00
2018-19	20.11.2026	36,40,579.80

UNCLAIMED SUSPENSE ACCOUNT

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

PLANT LOCATIONS:

FACTORIES		
Unit I	Unit II	
85/3, Suthukeny Village, Mannadipet Commune Panchayat, Puducherry - 605 502 e-mail: cp1@caplinpoint.net Phone : 0413-2674046, 2674047, Fax : 0413-2674044	No.19, Chinnapuligur Village, Sirupuzhalpettai (Post), Gummidipoondi Taluk, Tamilnadu - 601 201. email : cp2@caplinpoint.net Phone : 9445391317	
RESEARCH & DEVELOPMENT UNITS		
Unit III	UNIT VI	Unit VII
Plot No.44,8th Avenue Domestic Traiff Area, Mahindra World city, Chengalpattu Taluk, Chengalpattu- 603 004	4th Floor, Plot No. 95 & 96, Road no.9, ALEAP Industrial Eatates, Gajularamarm Village, Qutbullapur Mandal, Hyderabad- 500 090	Module no.307 & 308, 3rd Floor, Ticel Park, Phase II, CSIR Road, Taramani, Chennai- 600 113

ADDRESS FOR CORRESPONDENCE

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

M/s. Integrated Registry Management Services Private Limited Unit: Caplin Point Laboratories Ltd II Floor, "Kences Towers" No.1 Ramakrishna Street North Usman Road, T Nagar, Chennai - 600 017 Phone: 044 - 28140801 - 803 Fax: 044 - 28142479. E-mail: csdstd@integratedindia.in	The Company Secretary & Compliance officer M/s. Caplin Point Laboratories Limited "Ashvich Towers" 3rd Floor, No.3, Developed Plots Industrial Estates, Perungudi, Chennai- 600 096 Phone: 044 2496 8000 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, 2020.

For Caplin Point Laboratories Ltd

Place : Chennai
Date: August 10, 2020

Dr Sridhar Ganesan
Managing Director
(DIN : 06819026)

CERTIFICATE OF NON – DISQUALIFICATION OF DIRECTORS

[Pursuant to clause C (10) (i) of Schedule V read with Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members
M/s. Caplin Point Laboratories Limited
CIN: L24231TN1990PLC019053
NARBAVI No. 3, Lakshmanan Street,
T. Nagar, Chennai 600017

We certify that none of the Directors on the Board of M/s. Caplin Point Laboratories Limited have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

For **M/s. G Ramachandran & Associates**
Company Secretaries

Date: 10th August, 2020
Place: Chennai

G RAMACHANDRAN
Proprietor
M.No.: F9687, COP: 3056
UDIN: F009687B000567453

CORPORATE GOVERNANCE CERTIFICATE

TO THE MEMBERS OF
CAPLIN POINT LABORATORIES LIMITED
“Ashvich Tower” 3rd Floor,
No.3, Developed Plots, Industrial Estates,
Perungudi, Chennai- 600 096

1. We have examined the compliance of conditions of Corporate Governance by CAPLIN POINT LABORATORIES LTD (“the Company”), for the year ended on March 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V read with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“the SEBI LODR Regulations”), as amended.

Management’s Responsibility

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

Auditors’ Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirement by the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI LODR Regulations, as amended, during the year ended March 31, 2020
6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For **G Ramachandran & Associates**
Company Secretaries

Place: Chennai
Date: August 10, 2020

G Ramachandran
Proprietor
FCS No.9687 CoP. No.3056
UDIN: F009687B000567464

Financial Statements

Independent Auditor's Report

To
 The Members
Caplin Point Laboratories Limited, Chennai

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Caplin Point Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31st March 2020, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under

those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following to be the key audit matters to be communicated in our report.

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

S.No	Key Audit Matter	How was the matter addressed in our audit
2.	<i>Impact of Covid-19 pandemic on the Company's operations</i>	<ul style="list-style-type: none"> ➤ Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. ➤ We assessed the Company's process to identify, assess, and respond to risks of material misstatement considering the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results for the year under consideration. We have designed, performed procedures and modified previously planned audit procedures as a result of the necessity for carrying out part of the audit procedures remotely, including verification of the source and completeness of data provided for audit. This includes performing alternative audit procedures to obtain audit comfort in respect of significant account balances for recognition, measurement and disclosures. We specifically discussed the impact of COVID-19 with the management and critically challenged the key assumptions and their reasonableness in making such key accounting estimates. We have considered management's adjustments or disclosures which includes the impact of the changes in the environment on the recognition and measurement of account balances and transactions in the financial statements or other specific disclosures.

Emphasis of Matter

The Company has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to comfortably recover the carrying amount of these assets. The Company continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 pandemic which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Our opinion is not modified in respect of this matter.

Other Matters

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended across India to contain the spread of the virus. This has resulted in restriction on physical visit to the client

locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, part of the audit was carried out based on remote access of the data as provided by the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that part of the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

Information other than the financial statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included

in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone financial statements and our Auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's board of directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India..

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 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;

- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

B. Ramakrishnan
 Partner

Place : Chennai
 Date : 18/06/2020

Membership No: 201023
 UDIN: 20201023AAAAAZ9189

Annexure “A” – To The Independent Auditors’ Report on the Standalone Financial Statements of Caplin Point Laboratories Limited for the year ended 31 March 2020

Report on the internal financial controls over Financial Reporting under section 143(3) (i) of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Caplin Point Laboratories Limited (“the Company”) as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit

of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors’ judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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 with reference to financial statements

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 controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 with reference to financial statements

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

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial control over financial reporting criteria established by the Company considering the essential

components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

B. Ramakrishnan

Partner

Place : Chennai

Date : 18/06/2020

Membership No: 201023

UDIN: 20201023AAAAAZ9189

Annexure “B” –To The Independent Auditors’ Report on the Standalone Financial Statements of Caplin Point Laboratories Limited for the year ended 31 March 2020

(Referred to in paragraph 2 under ‘Report On Other Legal and Regulatory Requirements’ section of our report to the Members of Caplin Point Laboratories Limited of even date)

- i. 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 Company has a regular program of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner, which in our opinion, is reasonable having regard to the Size of the company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The title deeds of immovable properties included in fixed assets are held in the name of the Company. In respect of immovable properties taken on lease and disclosed as property, plant and equipment in the standalone Ind AS financial statements, the lease agreements are in the name of the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act, 2013.
- iv. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of

the Order is not applicable to the Company. In our opinion and according to information and explanation given to us, in respect of loans, investments, guarantees and security, the Company has complied with the provisions of sections 185 and section 186 of the Companies Act, 2013.

- v. In our opinion and according to information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate Authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

- b) There are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

S. No	Name of the statute	Nature of dues	As At 31/3/2020 (Rs. In lakhs)	As At 31/3/2019 (Rs. In lakhs)	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax	25.83	53.20	High Court/Income Tax Appellate Tribunal/ CIT Appeals

- viii. In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable.
- ix. Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order is not applicable to the Company.
- x. In our opinion and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such

transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.
- xvi. According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

B. Ramakrishnan
 Partner

Place : Chennai
 Date : 18/06/2020

Membership No: 201023
 UDIN: 20201023AAAAAZ9189

Standalone Balance Sheet as at March 31, 2020

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

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-Current Assets			
(a) Property, plant and equipment	2	16,172.13	13,617.46
(b) Capital work-in-progress	2A	377.31	861.99
(c) Intangible assets	2B	339.24	159.16
(d) Right of use Assets	2C	181.14	-
(e) Investments in Subsidiaries, Associates and Joint venture	3	13,520.67	9,829.09
(f) Financial assets			
(i) Investments	3A	33.04	33.31
(ii) Loans & Advances	4	220.84	442.64
(g) Income tax assets (Net)		214.73	193.75
Sub-total-Non current assets		31,059.10	25,137.40
(2) Current Assets			
(a) Inventories	5	2,236.88	2,351.91
(b) Financial assets			
(i) Investments	6	6,022.98	6,962.31
(ii) Trade receivables	7	21,898.29	12,538.56
(iii) Cash and cash equivalents	8	3,683.94	2,309.93
(iv) Bank balances other than (iii) above	9	2,143.00	2,175.46
(v) Loans & Advances	10	2,045.06	2,401.25
(c) Other current assets	11	43.48	55.71
Sub-total-Current assets		38,073.63	28,795.13
Total		69,132.73	53,932.53
EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	12	1,512.86	1,512.61
Other equity	13	58,477.68	41,691.88
Sub-total-Equity		59,990.54	43,204.49
(2) Liabilities			
(A) Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	14	1.52	28.68
(ii) Lease Liability	15	128.48	-
(b) Deferred tax liabilities (Net)	16	2,213.94	2,254.17
(c) Other non current liabilities	17	372.49	193.73
Sub-total-Non current liabilities		2,716.43	2,476.58
(B) Current Liabilities			
(a) Financial liabilities			
(i) Trade payables	18	5,141.28	5,950.41
(ii) Lease Liability	19	84.81	-
(iii) Borrowings	20	26.77	25.44
(iv) Other current liabilities	21	1,085.69	2,150.38
(b) Provisions	22	87.21	125.23
Sub-total-Current liabilities		6,425.76	8,251.46
Total		69,132.73	53,932.53

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: June 18, 2020

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

C.C. Parthipan
 Chairman

Muralidharan.D
 Chief Financial Officer

Dr. Sridhar Ganesan
 Managing Director

Vinod kumar S
 Company Secretary

Standalone Statement of Profit and Loss for the year ended March 31, 2020

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

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I. INCOME			
(a) Revenue from Operations	23	52,782.53	53,690.57
(b) Other income	24	6,597.13	3,540.13
Total Income		59,379.66	57,230.70
II. EXPENSES			
(a) Cost of Materials Consumed	25	9,573.49	9,404.33
(b) Purchases of Stock-in-Trade		14,318.47	14,549.56
(c) Changes in inventories of Finished Goods including Stock-in-Trade and Work-in-Progress	26	(74.10)	(250.61)
(d) Employee benefits expense	27	2,499.91	4,201.25
(e) Finance costs	28	18.50	5.98
(f) Depreciation and Amortisation Expenses	29	1,965.38	2,084.32
(g) Research and Development Expenses	30	2,435.77	2,407.60
(h) Other expenses	31	3,329.75	4,562.89
Total Expenses		34,067.17	36,965.32
III. Profit before exceptional items and tax		25,312.49	20,265.38
IV. Exceptional Items		-	-
V. Profit before tax		25,312.49	20,265.38
VI. Provision for taxation			
- Current Tax		5,588.87	5,410.63
- Deferred tax (Benefits)/Charge		(40.23)	38.10
VII. Profit After Tax for the Year		19,763.85	14,816.65
VIII. Other comprehensive income (net of tax) -		(33.47)	(71.93)
IX. Total comprehensive income for the Year		19,730.38	14,744.72
Earning Per equity Share (Nominal value per share Rs. 2/-)			
Basic		26.13	19.60
Diluted		25.95	19.50

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

As per our report of even date attached.

For **CNGSN & Associates LLP**

Chartered Accountants

Firm Registration No : 4915S/S200036

B. Ramakrishnan

Partner

ICAI Membership No. 201023

Place: Chennai

Date: June 18, 2020

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 Changes in Equity for the year ended March 31, 2020

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

A. Equity Share Capital (Refer Note 12)

Particulars	As at March 31, 2020		As at March 31, 2019	
	NO OF EQUITY SHARES of Rs. 2/- each	AMOUNT	NO OF EQUITY SHARES of Rs. 2/- each	AMOUNT
Balance at the beginning of the reporting period	75,630,250	1,512.61	75,603,500	1,512.07
Changes in equity share capital during the year	12,500	0.25	26,750	0.54
Balance at the end of the reporting period	75,642,750	1,512.86	75,630,250	1,512.61

B. Other Equity (Refer Note 13)

Particulars	Reserves and Surplus					Total Other Equity
	Capital Reserve	Securities Premium Reserve	General Reserve	Employee Stock Option Outstanding (Net)	Retained Earnings	
Balance as at 31 March 2018	40.98	108.50	1,128.78	329.04	26,441.06	28,048.36
Profit for the year					14,816.65	14,816.65
Final Dividend on equity shares for FY 17-18					(1,512.07)	(1,512.07)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation					(71.93)	(71.93)
Movement in security premium		54.25				54.25
Share- based payment expenses (Net)				356.63		356.63
Balance as at 31 March 2019	40.98	162.75	1,128.78	685.67	39,673.71	41,691.88
Profit for the year					19,763.85	19,763.85
Final Dividend on equity shares for FY 18-19					(1,664.14)	(1,664.14)
Interim Dividend on equity shares for FY 19-20					(1,588.49)	(1,588.49)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation					(33.47)	(33.47)
Movement in security premium		49.54				49.54
Share- based payment expenses (Net)				258.50		258.50
Balance as at 31 March 2020	40.98	212.29	1,128.78	944.17	56,151.46	58,477.68

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: June 18, 2020

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

Standalone Cash Flow Statement for the year ended March 31, 2020

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash Flow from Operating Activities		
Profit before tax	25,312.49	20,265.38
Adjustments for:		
Depreciation and Amortisation	1,965.38	2,084.32
Finance costs	18.50	5.98
Govt Grant	(53.83)	(30.87)
(Profit)/Loss on sale of fixed assets	4.26	-
Employee Stock option Scheme Expense	148.96	356.64
Unrealised Foreign Exchange Fluctuation Loss (Gain)	(1,375.85)	(92.90)
Fair value gain on financial instruments through profit or loss	(48.78)	(342.89)
Realised gain on Financial Assets	(485.41)	(180.55)
Dividend Income	(3,291.09)	(1,648.03)
Interest income	(139.87)	(181.10)
	22,054.76	20,235.98
Operating Profit before Working Capital changes		
Adjustments for :		
(Increase) / Decrease in inventories	115.03	493.65
(Increase) / Decrease in Trade receivables	(7,947.73)	(3,903.25)
(Increase) / Decrease in Loans	321.90	410.57
Increase/(Decrease) in Trade payables ,Current Liabilities & Provisions-Long and Short Term	(808.34)	(2,418.14)
CASH GENERATED FROM OPERATIONS	13,735.62	14,818.81
Income tax Paid	(5,035.07)	(4,084.34)
Net Cash inflow / (outflow) from Operating activities	8,700.55	10,734.47
B. Cash Flow from Investing Activities		
Sale / (Purchase) of investments	988.38	(1,995.81)
Investment in Subsidiaries	(3,528.72)	(99.28)
Investment in Joint ventures	-	(182.17)
Sale / (Purchase) of fixed assets (including CWIP)	(4,919.07)	(6,043.15)
Interest received	152.10	156.39
Dividend received	3,291.09	1,648.03
Income tax on Dividend income	(574.78)	(287.94)
Realised gain on Financial Assets	485.41	180.55
Capital gains tax paid on sale of business undertakings by way of slump sale	-	(1,028.00)
Net Cash inflow / (outflow) from Investing activities	(4,105.59)	(7,651.38)

Standalone Cash Flow Statement for the year ended March 31, 2020

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash Flow from Financing Activities		
Proceeds from exercise of employee stock options	0.25	0.54
Increase/(Decrease) in Long and Short term Borrowings	(25.83)	(3.51)
Interest paid	(13.62)	(5.97)
Dividend paid (including Dividend distribution tax paid)	(3,252.64)	(1,512.07)
Net Cash inflow / (outflow) from Financing activities	(3,291.84)	(1,521.01)
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	1,303.12	1,562.08
Cash and Cash Equivalents as at the beginning of the year	4,252.23	2,618.00
Effect of exchange rate changes on cash and cash equivalents	5.39	72.15
Cash and Cash Equivalents as at the end of the year	5,560.74	4,252.23
Less: Deposit under Lien	500.00	500.00
Net Cash and Cash Equivalents as at the end of the year (a,b & c)	5,060.74	3,752.23

Notes:

a) Reconciliation of Cash And Cash Equivalents

Cash And Cash Equivalents As Per Balance Sheet	3,683.94	2,309.93
Other Bank Balances As Per Balance Sheet	2,143.00	2,175.46
Total Cash And Cash Equivalents As Per Balance Sheet	5,826.94	4,485.39
Less: Balance In Unclaimed Dividend Account	266.20	233.16
Less: Deposit Under Lien	500.00	500.00
Total Cash And Cash Equivalents As Per The Statement Of Cash Flows	5,060.74	3,752.23

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

c) Cash and cash equivalents does not include

- Investment in mutual fund of Rs. 6022.98 Lakhs classified as current investment (Previous Year Rs. 6,962.31 Lakhs)
- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS -7) "Statement of Cash Flow."

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

As per our report of even date attached.

For **CNGSN & Associates LLP**
 Chartered Accountants
 Firm Registration No : 4915S/S200036

B. Ramakrishnan
 Partner
 ICAI Membership No. 201023

Place: Chennai
 Date: June 18, 2020

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 1 Significant Accounting Policies

1A. Company overview:

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

1B. Significant Accounting Policies:

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

Basis of accounting

- i) These standalone financial statements of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’) as notified under section 133 of the Companies Act, 2013 (‘the Act’) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India. These standalone financial statements were authorized for issue by the Company’s Board of Directors on June 18, 2020

Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

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

Functional and Presentation Currency

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

Use of Estimates and Judgements

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

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

iv) Application of New Accounting Pronouncements:

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. The Company has adopted the same and the same is detailed in note (d) below.

b) property, plant and equipment:

I. Recognition and Measurement

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

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

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

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

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

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

II. Subsequent Expenditure

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

III. Depreciation

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

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

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

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

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

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

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

c) Intangible Assets:***I. Recognition and Measurement***

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

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

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

II. Subsequent Expenditure

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

III. Amortisation

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

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

d) Lease Accounting (Right of Use Assets and Lease Liabilities):

The Company has adopted Ind AS 116 “Leases” and applied the same to the lease contracts existing on April 01, 2019 using the modified retrospective approach. This has resulted in recognizing Right of Use Assets and Lease Liability.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable / cancellable at the option of either of the parties. There are no sub-leases. There are no restrictions imposed by the lease arrangements. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

e) Research and development:

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

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

f) Impairment of Assets:

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

g) Foreign Currency transactions / translations:

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

h) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Financial Assets

Classification

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

Initial recognition and measurement

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

Financial assets at amortised cost

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

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

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

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

Derecognition

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

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

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

Impairment of financial assets

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

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

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

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

II. Financial Liabilities

Classification

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Initial recognition and measurement

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

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

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

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognised in the Statement of profit and loss.

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

Loans and borrowings

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

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

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

Derecognition

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

Offsetting of financial instruments

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

i) Income tax:

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

Current tax

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

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

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

Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

j) Inventories:

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

k) Revenue Recognition:

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Interest income is recognized on time proportionate basis with reference to the Effective Interest Rate method. Dividend from investments is recognised as revenue when right to receive is established.

l) Employee benefits:

Short term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

m) Share-based payment transactions:

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

n) Provisions and Contingent liabilities:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

Contingent liabilities are disclosed for:

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

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

o) Borrowing costs:

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

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

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

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

p) Government Grants and Assistance:

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

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

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

q) Earnings per share:

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

r) Insurance claims:

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

s) Goods and Service tax ('GST') input credit:

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

t) Segment reporting:

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

u) Operating cycle:

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

v) Cash Flow Statement:

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 2 Property, plant and equipment

Particulars	Gross block				Depreciation Reserve			Net Block		
	As at 01-04-2019	Additions during the year	Deletions during the year	As at 31-03-2020	As at 01-04-2019	Additions during the year	Deletions during the year	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
Tangible Assets										
Land	993.41	-	-	993.41	-	-	-	-	993.41	993.41
Leasehold Land	137.10	-	-	137.10	1.56	1.49	-	3.05	134.05	135.52
Factory Buildings	4,067.54	537.26	-	4,604.80	435.02	158.97	-	593.99	4,010.81	3,622.59
Buildings - Others	451.10	-	-	451.10	91.45	7.41	-	98.86	352.24	359.65
Plant & Machinery (i)	6,306.04	773.89	36.88	7,043.05	2,035.00	610.70	25.21	2,620.49	4,422.56	4,251.90
Air Conditioner	168.43	150.34	-	318.77	19.70	21.47	-	41.17	277.60	167.84
Furniture & Fixtures	1,114.93	523.90	-	1,638.83	272.84	141.55	-	414.39	1,224.44	842.10
Office Equipment	473.13	96.61	-	569.74	277.85	82.55	-	360.40	209.34	195.28
Computers	338.53	243.24	-	581.77	198.01	109.33	-	307.34	274.43	138.03
Electrical Fittings	1,056.95	267.98	-	1,324.93	237.19	111.48	-	348.67	976.26	819.77
Motor Vehicles	452.78	69.93	6.43	516.28	316.28	49.12	5.79	359.61	156.67	137.25
Tools & Spares	51.56	-	-	51.56	38.54	1.71	-	40.25	11.31	13.02
Lab Equipment (i)	2,147.42	1,756.78	-	3,904.20	206.33	569.52	-	775.85	3,128.35	1,941.09
Motor Cycle	0.73	-	-	0.73	-	0.07	-	0.07	0.66	-
Total Tangible Assets	17,759.65	4,419.93	43.31	22,136.27	4,129.77	1,865.37	31.00	5,964.14	16,172.13	13,617.46

Note: 2A Capital Work in Progress

Capital Work in Progress									377.31	861.99
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Note : 2B Intangible Assets

Computer Software	225.21	248.55	-	473.76	78.48	56.04	-	134.52	339.24	159.16
Total Intangible Assets	225.21	248.55	-	473.76	78.48	56.04	-	134.52	339.24	159.16

Note : 2C Leasehold property

Lease hold property		225.11	-	225.11		43.97	-	43.97	181.14	-
Total Intangible Assets	-	225.11	-	225.11	-	43.97	-	43.97	181.14	-

(i) The company has capitalized Rs. 223.13 Lakhs (PY: Rs. 404.87 Lakhs) towards government grant in the nature of waiver of duty on purchase of Plant & Machinery and Lab equipments. Depreciation for Plant & Machinery and Lab equipments includes Rs. 60.92 Lakhs (PY: Rs. 30.87 Lakhs) on such government grant

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 2A Movement in Capital Work-in-Progress

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	861.99	1,529.12
Additions	3,960.67	6,925.04
Less:		
Capitalisation	(4,445.35)	(7,592.17)
Assets held for sale	-	-
Write off	-	-
Closing Balance	377.31	861.99

Note 3 Non-Current Investments

Particulars	As at March 31, 2020	As at March 31, 2019
A. Fully paid Ordinary / Equity shares/Share in LLP - Unquoted - at cost		
(i) Subsidiaries		
88,000 (88,000) Caplin Point Far East Limited, (Hong Kong) of HKD 1/- each	7.68	7.68
7,86,417 (6,51,817) Caplin Point laboratories Colombia, SAS, (Colombia) of COP 1,000/- each	175.27	146.55
Argus Salud Pharma LLP 99.90% (99.90%) of capital contribution and 99.90% (99.90%) share of profit	99.00	99.00
10,53,74,113 (9,33,99,782) equity shares of Caplin Steriles Limited of Rs. 10/- each fully paid up [Refer (a) below]	13,052.78	9,393.69
5000 (0) Equity Shares in CAPLIN POINT (S) PTE Ltd (Singapore) of USD 1/- each (incorporated during the year ended 31st March 2020)	3.77	-
(ii) Joint venture		
17,28,951 (17,28,951) equity shares of Hainan Jointown Caplinpoint Pharmaceutical Company Limited of Rs. 10/- each fully paid up	182.17	182.17
Total	13,520.67	9,829.09

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

Pursuant to the Business Transfer Agreement executed by the Company on 18th January, 2019, the regulated markets injectable business (including USFDA approved injectable plant and DSIR recognized R&D Units CP4 & CP5) have been transferred to Caplin Steriles Limited for which the Company has been issued 9,32,99,752 equity shares of Rs. 10/-each fully paid up as a consideration for this Slump Sale.

Pursuant to the Investment Agreement dated 18th January 2019, the company was allotted 1,19,74,331 Equity Shares of face value of Rs. 10/- at a premium of Rs. 19.23/- each in Caplin Sterils Ltd on 27th March, 2020 by way of rights issue against consideration in cash.

The ESOP's issued by the Company to the employees of its subsidiary is considered as part of its cost of investment.

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 3A Non-Current Investments

Particulars	As at March 31, 2020	As at March 31, 2019
A. Fully paid Ordinary / Equity shares/Share in LLP - Unquoted - at cost		
(iii) Others		
Maris Power Trading Company LLP (Sold during the year) (PY:26% of total capital)	-	0.27
B. Fully paid Ordinary / Equity shares - Quoted - fair value through profit or loss account		
26,800 (26,800) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up	29.17	29.17
4,400* (4,000) shares of Karnataka Bank Ltd of Rs. 10/- each fully paid up	2.40	2.40
4,800 (4,800) shares of Indian Overseas Bank of Rs. 10/- each fully paid up	1.15	1.15
700 (700) shares of Bank of India of Rs. 10/- each fully paid up	0.32	0.32
Total	33.04	33.31

* 400 bonus shares issued in F.Y 19-20.

Note 4 Long-Term Loans and Advances

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security Deposits	50.81	25.73
Other Deposits	93.55	81.57
Advance for Capital expenditure	76.48	332.58
Provision for Gratuity (Net)	-	2.76
Total	220.84	442.64
* Break up:		
Loans considered good- Secured	-	-
Loans considered good- Unsecured	220.84	442.64
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	220.84	442.64
Less: Allowance for doubtful Loans	-	-
Total Loans	220.84	442.64

Note 5 Inventories (Lower of cost or Net realisable value)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	648.12	860.62
Packing Materials	545.06	535.84
Work-in-Progress	176.81	320.72
Stock In Trade	114.78	498.84
Finished Goods	702.56	100.48
Stores and Spares	49.55	35.41
Total	2,236.88	2,351.91

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 6 Current Investment

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in Mutual Fund - fair value through Profit or Loss (i)	6,022.98	6,962.31
Total	6,022.98	6,962.31

(i) Investment in Mutual Fund at fair value through profit or loss

FUND NAME	As at March 31, 2020		As at March 31, 2019	
	Units	Amount Rs. in lakhs	Units	Amount Rs. in lakhs
HDFC Banking and PSU Debt Fund - Regular Growth	-	-	5,851,329.10	879.43
HDFC Corporate Debt Opp Fund - Regular Growth	-	-	6,193,579.81	944.84
ICICI Prudential Liquid Plan - D -G	138,988.30	408.32	-	-
ICICI Prudential Savings Fund - Growth	26,564.82	102.90	-	-
ICICI Prudential Short Term - Growth	1,694,333.86	714.49	1,694,333.86	654.62
Kotak Flexi Debt - Regular Plan - Growth	2,739,946.51	736.29	2,739,946.51	664.93
Reliance Corporate Bond Fund - Growth	-	-	1,665,340.17	244.97
Reliance Short Term Fund - Growth	1,726,439.40	652.16	1,726,439.40	599.66
UTI Liquid Cash Plan	12,462.97	403.48	-	-
Axis Triple Advantage fund - equity	100,000.00	17.52	100,000.00	19.04
Franklin India Flexi Cap fund	5,000.00	2.63	5,000.00	4.06
Franklin India Short Term Income Plan - Growth	-	-	6,842.74	273.52
Aditya Birla Sun Life Floating Rate Fund	139,481.73	349.98	139,481.73	323.43
Aditya Birla Sun Life Liquid Fund	372,674.56	1,212.19	67,090.98	200.61
Aditya Birla Sun Life Savings Fund	27,147.07	107.92	27,147.07	100.21
Franklin India Fixed Maturity Plan B Series - 5 - Plan B1244 days	2,000,000.00	229.55	2,000,000.00	209.08
Franklin India Fixed Maturity Plans - Series 4 - Plan E 1098 days - Direct - Growth	2,000,000.00	233.45	2,000,000.00	213.42
Franklin India Liquid Fund	-	-	14,329.94	401.03
Franklin India Ultra Short Bond Fund	-	-	800,184.04	210.66
ICICI Prudential Money Market Fund	154,001.88	429.39	77,238.30	200.43
ICICI Prudential Ultra Short Term Fund	2,024,199.49	422.71	582,068.79	109.90
Reliance Fixed Horizon Fund - XXXIX - Sr 6	-	-	1,000,000.00	107.06
Reliance Liquid Fund	-	-	6,625.08	300.73
SBI Liquid Fund	-	-	10,310.42	300.68
Total		6,022.98		6,962.31

Particulars	As at March 31, 2020	As at March 31, 2019
Aggregate book value of quoted investments	5,480.90	6,469.01
Aggregate Market value of quoted investments	6,056.02	6,995.35
Aggregate value of un-quoted investments	13,520.67	9,829.36

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 7 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good unless otherwise stated)		
Trade Receivables	11,431.01	12,538.56
Receivables from related parties	10,467.28	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Less: Allowance for doubtful trade receivables	-	-
Total receivables	21,898.29	12,538.56

Note 8 Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on Hand	9.87	5.75
Balance with Banks		
- Current accounts	3,674.07	2,304.18
Total	3,683.94	2,309.93

Note 9 Other Bank Balances

Particulars	As at March 31, 2020	As at March 31, 2019
- Unpaid Dividend account	266.20	233.16
In Bank Deposit Accounts		
- Bank Deposit accounts maturity (more than 3 months but less than 12 months) [Refer Note 35]	1,876.80	1,942.30
Total	2,143.00	2,175.46

Note 10 Long Term Loans and Advances*

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advances recoverable in cash or kind for the value to be received	414.91	314.13
Export Incentives Receivable	988.30	805.77
Balance with Government Authorities	641.85	1,281.35
Total	2,045.06	2,401.25
* Break up:		
Loans considered good- Secured	-	-
Loans considered good- Unsecured	2,045.06	2,401.25
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	2,045.06	2,401.25
Less: Allowance for doubtful Loans	-	-
Total Loans	2,045.06	2,401.25

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 11 Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Accrued on Deposits	43.48	55.71
Total	43.48	55.71

Note 12 Share Capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
8,50,00,000 equity shares of Rs. 2/- each (31 March 2019 : 8,50,00,000 equity shares of Rs. 2/- each)	1,700.00	1,700.00
Issued, Subscribed and Paid Up		
7,56,42,750 equity shares of Rs. 2/- each fully paid up (31 March 2019: 7,56,30,250 equity shares of Rs. 2/- each; fully paid up)	1,512.86	1,512.61
	1,512.86	1,512.61

a) Reconciliation of equity shares outstanding at the beginning and at the end of the Year

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Equity Shares of Rs. 2/- each	Amount	No of Equity Shares of Rs. 2/- each	Amount
Equity shares outstanding at the beginning of the Year	75,630,250	1,512.61	75,603,500	1,512.07
Add: Equity shares allotted pursuant to employee stock option plan*	12,500	0.25	26,750	0.54
Less: Equity shares bought back during the Year	-	-	-	-
Equity shares outstanding at the end of the Year	75,642,750	1,512.86	75,630,250	1,512.61

*During the financial year 2019-20 (2018-19), 12,500 (26,750) equity shares under ESOP Scheme vested were exercised

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

The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity share is entitled to one Vote per Share.

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

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

Name of Shareholder	As at March 31, 2020 (of Rs. 2/- each)		As at March 31, 2019 (of Rs. 2/- each)	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	17,880,000	23.64%	17,880,000	23.64%
C.C. Paarthipan	14,167,192	18.73%	14,167,192	18.73%
P. Ashok Gorkey	9,050,000	11.96%	9,050,000	11.96%
P. Vivek Siddarth	9,000,000	11.90%	9,000,000	11.90%

d) Shares reserved for issuance under Employee Stock Options Plans of the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Shares of Rs. 2/- each	Amount	No of Shares of Rs. 2/- each	Amount
Caplin Point Employee Stock Option Plan 2015	374,250	7.49	374,250	7.49
Caplin Point Employee Stock Option Plan 2017 (i)	288,000	5.76	101,500	2.03

(i) The Scheme consists of 5,00,000 Equity shares Rs. 2/- each of which 1,86,500 granted during the year.

e) Aggregate number of shares issued pursuant to Stock Option Plans of the Company

Particulars	Aggregate No. of Shares
Issued in FY 2016-17	26,750
Issued in FY 2017-18	26,750
Issued in FY 2018-19	26,750
Issued in FY 2019-20	12,500
Total	92,750

f) No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date.

Note 13 Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
a) Capital Reserve		
Opening and closing balance as per last balance sheet	40.98	40.98
b) Securities Premium		
Opening balance as per last balance sheet	162.75	108.50
Add: Additions during the year	49.54	54.25
Balance at the end of the Year/Period	212.29	162.75
c) General Reserve		
Opening and closing balance as per last balance sheet	1,128.78	1,128.78

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 13 Other Equity (Contd.)

Particulars	As at March 31, 2020	As at March 31, 2019
d) Employee Stock Options Outstanding		
<i>- Employee Stock options outstanding</i>		
Opening balance as per last balance sheet	1,733.55	1,634.64
Add: Options granted during the year	819.48	153.16
Less: Exercised during the year	49.54	54.25
Less: Lapsed during the year	-	-
Balance at the end of the Year/Period (A)	2,503.49	1,733.55
<i>- Deferred Employees Stock Options Cost</i>		
Opening balance as per last balance sheet	1,047.88	1,305.60
Add: Options granted during the year	819.48	153.16
Less: Amortised during the year in statement of P&L account	(148.96)	(356.64)
Less: Amortised during the year in Cost of investment	(159.08)	(54.24)
Balance at the end of the Year/Period (B)	1,559.32	1,047.88
(A-B)	944.17	685.67
e) Surplus in the Statement of Profit & Loss		
Balance at the beginning of the Period	39,652.88	26,348.30
Add : Profit during the Period	19,763.85	14,816.65
Final Dividend paid for F.Y18-19.	(1,664.14)	(1,512.07)
Interim Dividend paid for F.Y19-20	(1,588.49)	-
Tax on Dividend	-	-
Balance at the end of the Year/Period	56,164.10	39,652.88
f) Other Comprehensive Income		
i) Actuarial Gain/(Loss) on employee benefit obligation		
Opening balance as per last balance sheet	20.83	92.76
Add/(Less); Additions during the year	(33.47)	(71.93)
Balance at the end of the Year/Period	(12.64)	20.83
Total	58,477.68	41,691.88

Nature of Reserve**a) Capital Reserve**

The Capital Reserve has been created on restructuring of the Capital of the Company under a scheme of amalgamation.

b) Securities Premium

Securities Premium account has been created on issue of shares under employee stock option scheme.

c) General Reserve

The General Reserve is created by time to time transfer of profits from retained earnings for appropriation purposes. As the General Reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to the statement of profit and loss.

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 14 Non-Current Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Loan from others (i)	28.29	54.12
Less : Current maturities of long term debt	26.77	25.44
Total	1.52	28.68

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

Terms of Repayments

- a) Vehicle loans from Banks and other financial institutions are repayable in equal monthly installments.
 b) The rate of interest on vehicle loans vary between 8% to 10% per annum.

Note 15 Lease Liability (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liability (Refer Note 40)	128.48	-
Total	128.48	-

Note 16 Deferred Tax Liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Deferred Tax Liabilities (net) on account of timing differences	2,213.94	2,254.17
Total	2,213.94	2,254.17

Note 17 Other Non Current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Govt Grant [Refer Note 2(i)]	372.49	193.73
Total	372.49	193.73

Note 18 Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables for Goods and Services (Refer Note 34)	5,141.28	5,950.41
Total	5,141.28	5,950.41

Note 19 Lease Liability (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liability (Refer Note 40)	84.81	-
Total	84.81	-

Note 20 Borrowing (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long term debt	26.77	25.44

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 21 Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues payable	74.60	87.53
Creditors for Capital Goods	542.54	1,525.26
Unclaimed Dividend (Ref Note :48)	266.20	233.16
Salary and bonus payable	104.58	304.43
Provision for Gratuity(Net)	97.77	-
Total	1,085.69	2,150.38

Note 22 Short Term Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	87.21	125.23
Total	87.21	125.23

Note 23 Revenue from Operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	51,053.13	52,115.40
Sale of products	51,044.58	50,916.39
Service income	8.55	1,199.01
Other operating revenues		
Export Incentives	1,729.40	1,575.17
Total	52,782.53	53,690.57

Note 24 Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income	139.87	181.10
Dividend on Non Current investment from subsidiary Company (a)	3,291.09	1,648.03
Share of Profit/ (loss) in LLP from Non Current investment from Subsidiary LLP (b)	2.99	-
Gain on sale of financial instruments	485.41	180.55
Fair value gain on financial instruments through profit or loss	48.78	342.89
Gain on Foreign exchange (net)	2,561.67	1,145.34
Govt Grant (c)	53.83	30.87
Miscellaneous Income	13.49	11.35
Total	6,597.13	3,540.13

(a) Dividend received from Caplin Point Far East Limited, Hong Kong, a Wholly owned subsidiary, on equity shares held by the Company

(b) Share of profit/ (loss) of the Company with respect to 99.90% share in Argus Salud Pharma LLP.

(c) Systematic recognition of Government grant, in the nature of waiver of duty on depreciable tangible assets, over the useful life of the such assets.

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 25 Cost of Materials Consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Stock	1,431.87	2,176.13
Add : Purchases (Net)	9,384.36	8,660.07
Less Closing Stock	1,242.74	1,431.87
Total	9,573.49	9,404.33

Note 26 Changes in Inventories of Finished Goods including stock -in-trade and work-in-progress

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year		
Work in Progress	176.81	320.72
Finished Goods	702.55	100.48
Stock-in-Trade	114.78	498.84
	(A) 994.14	920.04
Inventories at the beginning of the year		
Work in Progress	320.72	367.08
Finished Goods	100.48	198.37
Stock-in-Trade	498.84	103.98
	(B) 920.04	669.43
Net (Increase) / Decrease in Inventories (B- A)	(74.10)	(250.61)

Note 27 Employee benefits Expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries,wages, bonus and allowances	2,011.21	3,310.33
Contribution to Provident and Other funds	125.16	229.57
Employee share based expense	148.96	356.64
Staff Welfare Expenses	214.58	304.71
Total	2,499.91	4,201.25

Note 28 Finance Costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expense	3.93	5.98
Interest Expense on Lease (Refer Note 40)	14.57	-
Total	18.50	5.98

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 29 Depreciation and Amortisation

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment (Refer note: 2)	1,865.37	2,049.26
Amortisation of Intangible Assets	56.04	35.06
Depreciation on ROU Asset (Refer Note 40)	43.97	-
	1,965.38	2,084.32

Note 30 Research and Development Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
R & D Expenses	2,435.77	2,407.60
	2,435.77	2,407.60

Note 31 Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Power and Fuel	719.23	1,228.98
Contract Labour charges	452.19	471.44
Other Manufacturing Expenses	77.67	159.57
Communication Expenses	47.71	84.27
Donations	9.70	12.70
Professional and Consultancy charges	321.08	217.12
Rates & taxes including ANDA Application fees	59.05	365.55
Traveling Expenses	213.93	310.36
Auditors' Remuneration (Refer Note-42)	16.50	13.02
Insurance	27.20	54.26
Repairs and Maintenance		
a) Plant and Machinery	156.74	448.21
b) Building	160.19	302.66
c) Others	51.51	82.85
Rent & Amenities	108.49	206.88
Freight outwards	589.10	190.04
Bank charges	44.78	44.23
Other Selling Expenses	35.49	74.44
Software maintenance charges	99.51	91.70
Loss on Sale of Asset	4.26	-
Sundry Expenses	135.42	204.61
	3,329.75	4,562.89

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 32 Commitment (to the extent not provided for)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account	480.11	1,721.56
Other Commitments (Raw material, Packing Material, Finished Goods, Other services)	1,745.39	3,951.55
Final Dividend proposed for F.Y 2019-20 of Rs. 0.40 per equity share (Previous Year Rs. 2.20) before the financial statements approved for issue, but not recognised as a liability in the financial statements	302.57	1,663.87
Dividend Tax	NIL	NIL

Note 33 Contingent Liabilities (to the extent not provided for)

Disputed statutory dues:

Sl No	Name of the statute	Nature of dues	As at March 31, 2020	As at March 31, 2019	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	127.95	126.21	High Court / Income Tax Appellate Tribunal/ CIT Appeals

Note 34 Dues to Micro, Small and Medium Enterprises

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

Note 35 Balances with Scheduled banks in deposit accounts includes:

(a) Bank Deposit Accounts under Note no: 9 for the current year include Rs. 500.00 lakhs (as at 31.03.2019 Rs. 500.00 lakhs) earmarked as lien towards Margin for Letter of Credit and Bank Guarantee .

Note 36 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:

Rs. In Lakhs

Current Accounts in Foreign Currency	Balances as at		Maximum Balance during the Financial Year ended	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
China Citic Bank	6.7	7.8	26.27	21.57

Note 37 Employee Benefits

(i) Defined Contribution Plan:

The Company makes monthly contribution for qualifying employees towards provident / retirement fund administered and managed by the Government of India under defined contribution plans .

The Company recognized Rs. 151.43 lakhs (previous year Rs. 165.20 lakhs) towards provident and pension fund contributions in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

The Company makes contributions to the group gratuity scheme administered by the LIC of India, a funded defined benefit plan for qualifying employees.

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 37 Employee Benefits (Contd.)

The following table sets out the status of the gratuity plan and reconciliation of opening and closing balances of the present value of defined benefit obligation.

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Reconciliation in present value of obligations ('PVO') - defined benefit obligation:		
Current service cost	65.07	65.78
Past service cost		-
Interest cost	18.09	19.86
Actuarial loss/(gain)		
- Due to demographic assumption	-	-
- Due to finance assumption	22.26	44.43
- Due to experience assumption	11.22	20.36
Benefits paid	(38.09)	(30.77)
Transfer out on Business Combination / Divestiture*	-	(136.67)
PVO at the beginning of the year	209.90	226.90
PVO at the end of the year	288.45	209.90
ii) Change in fair value of plan assets:		
Actuarial Gains/(Losses)	(6.77)	(7.13)
Interest Income	16.40	23.97
Contribution by the employer	6.47	73.79
Benefits paid	(38.09)	(30.77)
Transfer out on Business Combination / Divestiture *	-	(136.67)
Fair Value of the plan assets at the beginning of the year	212.66	289.48
Fair Value of the plan assets at the end of the year	190.67	212.66
iii) Reconciliation of PVO and fair value of plan assets:		
PVO at the end of the year	288.45	209.90
Fair Value of plan assets at the end of the year	190.67	212.66
Funded status	(97.77)	2.76
Unrecognised actuarial gain/(loss)	-	-
Net Asset/(liability) recognised in the balance sheet	(97.77)	2.76
iv) Expense recognised in the Statement of Profit and Loss:		
Current Service cost	65.07	65.78
Past Service cost	-	-
Net Interest cost	1.69	(4.11)
Total expense recognised in the Statement of Profit and loss	66.76	61.67

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 37 Employee Benefits (Contd.)

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
v) Other Comprehensive Income:		
Actuarial loss/(gain)		
- Due to demographic assumption	-	-
- Due to finance assumption	22.26	44.43
- Due to experience assumption	11.22	20.36
Return on plan assets excluding net interest	6.77	7.13
Total amount recognised as OCI	40.25	71.92
vi) Category of assets as at the end of the year:		
Insurer Managed Funds (100%)	190.67	212.66
(Fund is managed by Life Insurance Corporation of India as per IRDA guidelines, category-wise composition of the plan assets is not available)		
vii) Actual Return on plan Assets:	9.62	16.84
viii) Assumption used in accounting for the gratuity plan		
Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2012-14	Rates stipulated in Indian Assured Lives Mortality 2012-14
Discount Rate (%)	6.73	7.73
Salary Escalation Rate (%)	7	7
Employee Attrition Rate (%)	7	7

* Pursuant to the transfer of employees as per the Business Transfer Agreement executed by the Company on 18th January, 2019 with its subsidiary, Caplin Steriles Limited.

Note 38 Income taxes

a) Tax expenses recognised in profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax Expense for the year	5,588.87	5,410.63
Deferred income tax liability/ (asset), net	(40.23)	38.10
Tax expense for the year	5,548.64	5,448.73

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 38 Income taxes (Contd.)**b) Reconciliation of effective tax rate:**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before Tax	25,312.49	20,265.38
Tax using the Company's domestic tax rate (March 31, 2020:25.168%, March 31, 2019: 34.94%)	6,370.65	7,080.72
Tax effect of :		
Incremental deduction allowed for Research and Development costs	-	(419.03)
Impact of foreign dividend taxed at special rate	(253.18)	(287.91)
Tax on on share of income in LLP exempted/(loss disallowed)	(0.75)	-
Tax incentive on additional employment	(12.58)	(18.07)
Tax impact on fair value of Mutual fund	(21.11)	(119.73)
Tax impact - timing difference on R&D capital asset, book and tax depreciation and others	(534.39)	(1,815.25)
Capital gain tax on Slump sale	-	1,028.00
Current and Deferred Tax expenses as per note (a) above	5,548.64	5,448.73

The tax rate used for reconciliation above is the corporate tax rate of 25.168% (Previous year 34.944%) payable by corporate entities in India on taxable profits under Indian tax law. During the year, the Company has opted for lower tax rate under section 115BAA of the Income Tax Act, 1961 inserted vide Taxation Laws (Amendment) Act, 2019.

c) Movement in deferred tax balances

Particulars	As at 31.03.2019		Recognised in Statement of profit or loss for the year ended 31st March 2020	As at 31.03.2020	
	Deferred tax asset	Deferred tax liability		Deferred tax asset	Deferred tax liability
Property, plant and equipment					
Deferred tax expense for current year	-	2,254.17	590.40	-	2,844.57
Deferred tax impact/(benefit) pertaining to prior years			(630.63)		(630.63)
Total	-	2,254.17	(40.23)	-	2,213.94

Note 39 Remuneration to Managing Director/Whole-time Directors

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries	58.30	106.70
Contribution to provident and other funds	2.71	0.64
Employee stock option benefits granted as debited to P&L account	-	45.20
Total *	61.01	152.54

* Refer note 49 (C)

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 40 Operating Leases

Transition to IND AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Company as a Lessee (Operating Leases)

Effective April 01, 2019 the company has adopted Ind AS 116 “Leases” and applied the same to the lease contracts existing on April 01, 2019 using the modified retrospective approach. This has resulted in recognizing Right of Use Assets and Lease Liability as on 1st April, 2019 to the extent of Rs. 1.10 Crs each. The adoption of this Standard does not have any material impact on the financial results for the year and there is no impact on the opening retained earnings on adopting this approach. The Company has used a single discount rate to a portfolio of leases with similar characteristics. Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable / cancellable at the option of either of the parties. There are no sub-leases. There are no restrictions imposed by the lease arrangements.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

Company as a Lessee (Finance Leases)

The Company has entered into longterm leasing arrangements for land which are in the nature of finance lease. These arrangements do not involve any material recurring payments.

Note 41 Research and Development Expenditure

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Capital expenditure included in Fixed Assets	2,829.91	4,226.07
Revenue expenditures incurred during the Financial Year	2,435.77	2,407.60
Total	5,265.68	6,633.67

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 42 Auditors' Remuneration comprises of fees: (Excluding applicable tax)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
For Statutory Audit	13.00	9.00
For Tax Audit	3.50	3.50
For Others	-	0.52
Total	16.50	13.02

Note 43 CIF Value of Imports

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials , Stock in Trade and Finished Goods	6,866.88	7,682.48
Capital Goods	972.67	1,312.82

Note 44 Earnings in Foreign Exchange (On Accrual basis)

FOB Value of Exports – Rs. 49,413.01 Lakhs. (Previous Financial year – Rs. 50,872.16 Lakhs)

Note 45 Expenditure in Foreign Currency (On Accrual basis)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Traveling Expenses	18.28	122.78
Salaries	120.93	92.25
Rent	7.77	11.61
Rates and Taxes	62.36	384.38
Other Expenses	25.01	31.94
Total	234.35	642.96

Note 46 Value of consumption of imported and indigenous materials and components

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Imported	223.63	2.34%	500.59	5.32%
Indigenous	9,349.86	97.66%	8,903.74	94.68%
Total	9,573.49	100%	9,404.33	100%

Note 47 Earnings per Share is calculated as under**Basic**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit attributable to Equity Shareholders (Rs. in Lakhs)	19,763.85	14,816.65
Weighted average number of equity shares of Rs. 2/- each outstanding during the year (in Nos.)	75,642,750	75,607,958
Earnings per share (in Rs.)	26.13	19.60

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 47 Earnings per Share is calculated as under (Contd.)

Diluted

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit attributable to Equity Shareholders (Rs. in Lakhs)	19,763.85	14,816.65
Weighted average number of equity shares of Rs.2/- each outstanding during the year (in Nos.)	76,234,250	75,992,958
Earnings per share (in Rs.)	25.95	19.50

Note 48 Amount Due to Investor Education and Protection fund

The due amount of Rs. 16.48 lakhs (PY : Rs. 12.97 lakhs) were duly credited to investor education and protection fund during the year and there is no outstanding due amount to be credited to investor education and protection fund as at the end of the Financial Year.

Note 49 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below.

(a) Related parties and nature of relationship

Name of the Related parties	Nature of Relationship	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2020	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2019
Mr. Vivek Siddharth,	Relative of Chairman	Not Applicable	Not Applicable
Argus Salud Pharma LLP, (India)	Subsidiary LLP	99.90%	99.90%
Caplin Point Laboratories Colombia SAS, (Colombia)	Subsidiary Company	83.33%	80.69%
Caplin Point Far East Limited, (Hong Kong)	Wholly owned Subsidiary Company	100.00%	100.00%
Caplin Steriles Limited, (India)	Wholly owned Subsidiary Company	100.00%	100.00%
Caplin Point (S) Pte. Ltd., Singapore*	Wholly owned Subsidiary Company	100.00%	-
Caplin Point El Salvador, S.A. DE C.V.,(El Salvador)	Subsidiary of Caplin Point Far East Ltd, HK	99.96%	99.96%
Nuevos Eticos Neo Ethicals S.A - Guatemala	Subsidiary of Caplin Point Far East Ltd, HK (w.e.f. 31st March, 2020)	69.00%	-
Neoethicals CIA.LTDA - Ecuador	Subsidiary of Caplin Point Far East Ltd, HK (w.e.f. 1st Feb, 2020)	99.00%	-
Drogueria Saimed de Honduras S.A.	Subsidiary of Caplin Point Far East Ltd, HK (w.e.f. 30th Sep, 2019)	99.996%	-
Neo Ethicals S.A - Nicaragua	Subsidiary of Caplin Point Far East Ltd, HK (w.e.f. 22nd Apr, 2019)	98.00%	-
Ashvich Infotek Private Limited	Members of the Company are Directors	Not Applicable	Not Applicable
Hainan Jointown Caplin point Pharmaceutical Company Limited, (China)	Associate	39.00%	39.00%

* Incorporated during the Financial Year 2019-20

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 49 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below (Contd.)**(b) Key managerial personnel**

Dr. Sridhar Ganesan	- Managing Director from 28.03.2015
Dr. B. Philip Ashok Karunakaran	- Whole Time Director from 07.08.2017 to 10.04.2019
Mr. D Muralidharan	- Chief Financial Officer from 19.02.2016
Mr. Vinod Kumar S	- Company Secretary from 13.04.2015

(c) Details of Transactions that have taken place during the Financial Year with Key Management Personnel/Related Party:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration*		
Salary paid to Mr.Vivek Siddharth	18.66	18.77
Salary paid to Dr. Sridhar Ganesan (i)	56.86	102.10
Salary paid to Dr. B. Philip Ashok Karunakaran (ii)	4.15	50.44
Salary paid to Mr. D Muralidharan	38.31	26.52
Salary paid to Mr. Vinod Kumar S	9.44	7.94

* Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

(i). Includes stock compensation expense of Rs. NIL and Rs. 45.20 Lakhs for the year ended March 31, 2020 and for year ended March 31, 2019, respectively.

(ii). Mr. Dr. B. Philip Ashok Karunakaran, Whole-time Director, resigned w.e.f. 10.04.2019

(d) Details of Transactions that have taken place during the Financial Year with Subsidiary Companies/LLP:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Share of profit (Loss) in Argus Salud Pharma LLP	2.99	0.65
Purchase by Argus Salud Pharma LLP from Caplin Point Laboratories Limited	2.87	-
Sales by Argus Salud Pharma LLP to Caplin Point Laboratories Limited	0.53	-
Investment in Caplin Point (S) PTE Ltd	3.77	-
Investment in Caplin point Laboratories Colombia SAS	28.72	99.28
Investment in Hainan Jointown Caplin Point Pharmaceuticals Co Ltd	-	182.17
Investment in Equity Shares of Caplin Steriles Limited (i)	3,659.09	63.71
Business transfer to Caplin Steriles Limited (ii)	-	9,329.98
Sale of MEIS License and recovery of common expenses from Caplin Steriles Limited	220.18	-
Complex R&D expenses reimbursement from Caplin Steriles Limited	576.02	-
Sale of goods to DROGUERIA SAIMED DE HONDURAS - HS	2,982.62	-
Sale of goods to Neo Ethicals S.A Nicaragua	6,407.33	-
Sale of goods to Neo Ethicals CIA.LTDA-Ecuador	412.68	-
Rent & Consultancy charges paid to Ashvich Infotek Private Limited	227.20	106.54
Dividend income received from Caplin Point Far East Limited	3,291.09	1,648.03

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 49 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below (Contd.)

- (i) Includes Rs. 159.09 Lakhs (PY: Rs. 53.71 Lakhs) pertaining to ESOP issued to employees of CSL by the company.
- (ii) Pursuant to the Business Transfer Agreement executed by the Company on 18th January, 2019, the regulated markets injectable business (including USFDA approved injectable plant and DSIR recognized R&D Units CP4 & CP5) have been transferred to its Wholly Owned Subsidiary (WOS) company, Caplin Steriles Limited for which the Company has been issued 9,32,99,782 equity shares of Rs. 10/-each fully paid up as a consideration.

(e) Outstanding Balances

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Amount receivable/ (Payable) to Argus Salud Pharma LLP	(27.37)	(30.35)
Amount receivable/ (Payable) from Nuevos Eticos Neo Ethicals S.A - Guatemala	6,576.03	-
Amount receivable/ (Payable) from DROGUERIA SAIMED DE HONDURAS - HS	2,493.70	-
Amount receivable/ (Payable) to Neo Ethicals S.A Nicaragua	(568.67)	-
Amount receivable/ (Payable) from Neo Ethicals CIA.LTDA-Ecuador	1,966.21	-

Note 50

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

Note 51 Financial Instruments

Financial Instruments - Fair value and risk management

A. Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 51 Financial Instruments (Contd.)

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Carrying Amount			Carrying Amount		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
Financial Assets						
Non - Current Investments - Mutual fund and equity	33.04		33.04	33.31	-	33.31
Non - Current Loans						
- Security Deposit		50.81	50.81		25.73	25.73
- Others		93.55	93.55		81.57	81.57
Current Investments	6,022.98		6,022.98	6,962.31	-	6,962.31
Trade Receivable		21,898.29	21,898.29	-	12,538.56	12,538.56
Current Loans		2,045.06	2,045.06	-	2,401.25	2,401.25
Cash and Cash Equivalents		3,683.94	3,683.94	-	2,309.93	2,309.93
Other Bank Balances other than Cash and Cash Equivalents		2,143.00	2,143.00	-	2,175.46	2,175.46
Other Current Assets		43.48	43.48	-	55.71	55.71
Total	6,056.02	29,958.13	36,014.15	6,995.62	19,588.21	26,583.83
Financial Liabilities						
Non - Current Borrowings	-	1.52	1.52	-	28.68	28.68
Non - Current Lease Liability		128.48	128.48		-	-
Trade Payables	-	5,141.28	5,141.28	-	5,950.41	5,950.41
Current -Lease Liability		84.81	84.81		-	-
Current Borrowings		26.77	26.77		25.44	25.44
Other Current Liabilities	-	1,085.69	1,085.69	-	2,150.38	2,150.38
Total	-	6,468.56	6,468.56	-	8,154.91	8,154.91

B. Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Non - Current Financial Assets (other than investments in mutual fund) and Liability measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt /payment discounted using appropriate discounting rate	Not applicable	Not applicable

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 51 Financial Instruments (Contd.)

C. Financial risk management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The Company's board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management framework. The Company's risk management policies are established to set appropriate risk limits and to monitor risks and adherence to limits. Risk management policies and systems are reviewed periodically to reflect changes in market condition and the Company's activities. The Company through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i. Credit Risk:

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of business.

Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants the credit terms in the normal course of business.

Summary of the Company's exposure to credit	As at March 31, 2020	As at March 31, 2019
Neither past due nor impaired	21,898.29	12,538.56
Total	21,898.29	12,538.56

Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timelines of payments, available information, etc) and applying experienced credit judgement.

Exposures to the customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses, if any. Historical trends of impairment of trade receivables reflects no credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of "no credit loss" to continue.

No allowance for impairment in respect trade and other receivables was provided during the year and immediate preceding year.

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 51 Financial Instruments (Contd.)**Cash and cash equivalents**

As at the year end, the Company held cash and cash equivalents of Rs. 3683.94 lakhs (31.03.2019 Rs. 2309.93 lakhs). The cash and cash equivalents are held with banks with good credit rating.

Other Bank balances

Other bank balances are held with bank with good credit rating.

Investment in mutual funds

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non - performance by these counter-parties.

Other financial asset

Other financial assets are neither past due nor impaired.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has not availed any fund based working capital facilities from banks and financial institutions. The Company has obtained non-fund based working capital lines from banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintain financial flexibility.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

As at 31 March 2020	Carrying amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
Non - derivative financial liabilities							
Non - current borrowing	1.52	1.52	-	1.52		-	-
Interest Payable		0.02	-	0.02			
Non - Current Lease Liability	128.48	128.48	79.19	49.30			
Trade payables	5,141.28	5,141.28	5,141.28	-	-	-	-
Current -Lease Liability	84.81	84.81	84.81				
Current Borrowings	26.77	26.77	26.77				
Other current liabilities	1,085.69	1,085.69	1,085.69	-	-	-	-
Total	6,468.56	6,468.58	6,417.74	50.84	-	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 51 Financial Instruments (Contd.)

As at 31 March 2019	Carrying amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
Non - derivative financial liabilities							
Non - current borrowing	28.68	28.68	-	27.85	0.83	-	-
Interest Payable	-	5.46	3.93	1.51	0.02		
Trade payables	5,950.41	5,950.41	5,950.41	-	-	-	-
Current Borrowings	25.44	25.44	25.44				
Other current Liabilities	2,150.38	2,150.38	2,150.38	-	-	-	-
Total	8,154.91	8,160.37	8,130.16	29.36	0.85	-	-

iii) Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivable and payable. We are exposed to market risk primarily related to foreign exchange rate risk as the Company's product is exported to various countries and a certain portion of its export is sourced through import. Thus our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs. The Company does not use any derivative to manage market risk since certain degree of a natural hedge available in the form of foreign currency realised from exports are paid against imports.

Currency risk

The Company is exposed to currency risk on account of its export and import of pharmaceuticals and import of raw material, capital goods, etc. The functional currency of the Company is Indian Rupee, where as majority of its export and imports are settled through USD(\$).

Exposure to Currency risk

Following is the currency profile of non-derivative financial assets and financial liabilities

Particulars	As at March 31, 2020		As at March 31, 2019	
	USD in Lakhs	Rs. in Lakhs	USD in Lakhs	Rs. in Lakhs
Export Debtors	290.48	21,898.29	181.27	12,538.56
Cash and cash equivalents	15.74	1,186.60	10.23	707.66
Total	306.22	23,084.89	191.50	13,246.22
Creditors and Advance to creditors	8.20	617.91	35.14	2,433.65
Total	8.20	617.91	35.14	2,433.65
Net statement of financial position exposure	298.02	22,466.98	156.36	10,812.57

Notes to the Standalone Financial Statements for the year ended March 31, 2020

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

Note 51 Financial Instruments (Contd.)**Sensitivity analysis**

A reasonable strengthening (weakening) of the Indian Rupee against US dollars as at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

1% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in increase / decrease in the profit before taxes by approximately Rs. 224.67 Lakhs for the year ended March 31, 2020 (Rs. 108.12 Lakhs for the year ended March 31, 2019)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/ borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

As on 31 March 2020 and 31 March 2019, the Company has not availed any long term borrowings except for loans on certain vehicles on fixed rate basis. Further, the Company has not availed any fund based working capital lines.

Note 51 Financial Instruments (Contd.)**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit or loss.

Commodity rate risk

The Company's operating activity involve purchase of Active Pharmaceutical Ingredients (API) and other direct materials, whose prices are exposed to the risk of fluctuation over short period of time. The commodity price risk exposure is evaluated and managed through procurement and other related operating policies. As on 31 March 2020 and 31 March 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

Risk due to outbreak of COVID-19 pandemic

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information and based on the current estimates arrived at using the said assumptions, the Company expects to recover the carrying amount of receivables, inventories and investments. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions.

Note 52 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on the capital as well as the level of dividends to ordinary shareholders. As on date the Company has no borrowings except for certain vehicle loans.

Note 53

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

Note 54

Pursuant to the Business Transfer Agreement executed by the Company on 18th January, 2019, the regulated markets injectable business (including USFDA approved injectable plant and DSIR recognized R&D Units CP4 & CP5) have been transferred to its wholly owned subsidiary company, Caplin Steriles Limited. Hence the results for the year ended 31st March, 2020 is not comparable with the corresponding previous year.

Note 55

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

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

As per our report of even date attached.

For **CNGSN & Associates LLP**

Chartered Accountants

Firm Registration No : 4915S/S200036

B. Ramakrishnan

Partner

ICAI Membership No. 201023

Place: Chennai

Date: June 18, 2020

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

Independent Auditor's Report

To
The Members
Caplin Point Laboratories Limited, Chennai

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Caplin Point Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company, its subsidiaries and its associates, together referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2020, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiaries and associates referred to in the Other Matters Section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, its consolidated profit including other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (CFS) section

of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How was the matter addressed in our audit
<p>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers ” (revenue accounting standard)</p> <p>The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p>Principal Audit Procedures</p> <p>We assessed the Group’s process to identify the impact of adoption of the revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> ➤ Evaluated the design of internal controls relating to implementation of the revenue accounting standard. ➤ Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. ➤ Tested the relevant information technology systems’ access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the revenue accounting standard.
<p><i>Impact of Covid-19 pandemic on the operations of the Group</i></p>	<ul style="list-style-type: none"> ➤ We assessed the Group’s process to identify, assess, and respond to risks of material misstatement considering the uncertainties and the impact of Covid-19 pandemic on the Group’s operations and results for the year under consideration. We have designed, performed procedures and modified previously planned audit procedures as a result of the necessity for carrying out part of the audit procedures remotely, including verification of the source and completeness of data provided for audit. This includes performing alternative audit procedures to obtain audit comfort in respect of significant account balances for recognition, measurement and disclosures. We specifically discussed the impact of COVID-19 with the management and critically challenged the key assumptions and their reasonableness in making such key accounting estimates. We have considered management’s adjustments or disclosures which includes the impact of the changes in the environment on the recognition and measurement of account balances and transactions in the financial statements or other specific disclosures.

Emphasis of Matter

The Group has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to comfortably recover the carrying amount of these assets. The Group continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 pandemic which may be different from that estimated as at the date of approval of the financial results. The Group will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated financial statements, Standalone financial statements and our Auditors' report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted

in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors /management of the companies included in the Group, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated financial statements may be influenced. We consider quantitative materiality and qualitative

factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated 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 consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The consolidated annual financial results include the audited financial results of eight subsidiaries whose financial statements reflect total assets (before consolidation adjustments) of Rs. 58799.7 lakhs as at 31 March 2020, total revenue (before consolidation adjustments) of Rs. 33,544.45 lakhs and total net profit after tax (before consolidation adjustments) of Rs. 9813.34 lakhs and the Group's share of net profit after tax (before consolidation adjustments) of Rs. 12.30 Lakhs of one associate for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us by the management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Our opinion on the consolidated annual financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial results certified by the Board of Directors.

Further to the continuous spreading of COVID-19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended across India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, part of the audit of the Holding Company and one of the Subsidiary Companies' was carried out by us based on remote access of the data as provided by the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company and one of the Subsidiary without any further manual modifications.

We bring to the attention of the users that part of the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on separate financial statements of subsidiary and associate companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group.
 - ii. The Group has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020.

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

B. Ramakrishnan
 Partner

Place : Chennai
 Date : 18/06/2020

Membership No: 201023
 UDIN: 20201023AAAABA1849

Annexure A - To The Independent Auditors' Report of even date To The Members of Caplin Point Laboratories Limited, on the consolidated Ind AS financial statements as of and for the year ended 31st March 2020

Report on the Internal financial Controls with reference to financial statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the Consolidated financial statements of Caplin Point Laboratories Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

Management's Responsibility for Internal financial Controls

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

Auditor's Responsibility

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

of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal financial Controls over Financial Reporting

A Company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

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

Inherent Limitations of Internal financial Controls with reference to consolidated financial statements

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

Opinion

In our opinion, the Holding Company and its subsidiary which is incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal controls with reference to the consolidated financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

B. Ramakrishnan
Partner

Place : Chennai
Date : 18/06/2020

Membership No: 201023
UDIN: 20201023AAAABA1849

Consolidated Balance Sheet as at March 31, 2020

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

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-Current Assets			
(a) Property, plant and equipment	2	26,562.55	22,473.45
(b) Capital work-in-progress	2A	2,011.82	970.35
(c) Intangible assets	2B	506.74	210.84
(d) Right of use Assets	2C	181.14	-
(e) Financial assets			
(i) Investments	3	55.54	33.30
(ii) Loans & Advances	4	537.74	1,064.84
(f) Income tax assets (Net)		467.04	130.34
Sub-total-Non current assets		30,322.57	24,883.12
(2) Current Assets			
(a) Inventories	5	23,823.17	3,744.51
(b) Financial assets			
(i) Investments	6	6,022.98	6,962.31
(ii) Trade receivables	7	22,896.49	15,980.60
(iii) Cash and cash equivalents	8	4,992.91	4,932.21
(iv) Bank balances other than (iii) above	9	17,349.98	10,366.51
(v) Loans & Advances	10	6,829.98	7,287.67
(c) Other current assets	11	337.62	95.01
Sub-total-Current assets		82,253.13	49,368.82
Total		112,575.70	74,251.94
EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	12	1,512.86	1,512.61
Other equity	13	93,278.56	61,778.33
Equity attributable to shareholders of the company		94,791.42	63,290.94
Non controlling interest		865.69	7.88
Sub-total-Equity		95,657.11	63,298.82
(2) Liabilities			
(A) Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	14	1.52	28.68
(ii) Lease Liability	15	128.48	-
(b) Deferred tax liabilities (Net)	16	1,011.24	1,762.45
(c) Other non current liabilities	17	1,344.88	550.84
Sub-total-Non current liabilities		2,486.12	2,341.97
(B) Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	18	3,646.29	25.44
(ii) Lease Liability	19	84.81	-
(iii) Trade Payables	20	6,413.62	6,047.17
(iv) Other Current Liabilities	21	4,196.89	2,394.31
(b) Provisions	22	90.86	144.23
Sub-total-Current liabilities		14,432.47	8,611.15
Total		112,575.70	74,251.94

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: June 18, 2020

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

C.C. Parthipan
 Chairman

Muralidharan.D
 Chief Financial Officer

Dr. Sridhar Ganesan
 Managing Director

Vinod kumar S
 Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

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

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I. INCOME			
(a) Revenue from Operations	23	86,320.17	64,869.09
(b) Other income	24	4,133.37	1,902.89
Total Income		90,453.54	66,771.98
II. EXPENSES			
(a) Cost of Materials Consumed	25	10,812.02	9,511.76
(b) Purchases of Stock-in-Trade		50,014.35	20,373.31
(c) Changes in inventories of Finished Goods including Stock-in-Trade and Work-in- Progress	26	(19,510.10)	(1,007.04)
(d) Employee benefits expense	27	6,775.88	4,710.97
(e) Finance costs	28	31.97	6.00
(f) Depreciation and Amortisation Expenses	29	3,161.92	2,342.50
(g) Research and Development Expenses	30	5,301.43	2,818.62
(h) Other expenses	31	6,919.82	5,328.24
Total Expenses		63,507.29	44,084.36
III. Profit before exceptional items and tax		26,946.25	22,687.62
IV. Exceptional Items		-	-
V. Profit before tax		26,946.25	22,687.62
VI. Provision for taxation			
- Current Tax		6,183.93	5,485.70
- Deferred tax (Benefits)/Charge		(746.05)	(453.62)
VII. Profit After Tax for the Year		21,508.37	17,655.54
VIII. Other comprehensive income (net of tax) -			
Items that will not be reclassified to profit or loss:			
(i) Remeasurement of Defined Benefit Plans		(70.40)	(84.43)
(ii) Surplus on acquisition of subsidiary		198.69	-
(iii) Exchange difference in translating the financial statements of foreign operations		1,538.73	58.86
IX. Total comprehensive income for the Year		23,175.39	17,629.97
X. Profit attributable to:			
Owners of the Company		21,500.80	17,656.70
Non - Controlling Interests		7.57	(1.16)
		21,508.37	17,655.54
XI. Total Comprehensive Income For the Period attributable to :			
Owners of the Company		23,167.82	17,631.13
Non - Controlling Interests		7.57	(1.16)
		23,175.39	17,629.97
Earning Per equity Share (Nominal value per share Rs. 2/-)			
Basic		28.42	23.35
Diluted		28.20	23.23

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

As per our report of even date attached.

For **CNGSN & Associates LLP**

Chartered Accountants

Firm Registration No : 4915S/S200036

B. Ramakrishnan

Partner

ICAI Membership No. 201023

Place: Chennai

Date: June 18, 2020

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 Changes in Equity for the year ended March 31, 2020

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

A. Equity Share Capital (Refer Note 12)

Particulars	As at March 31, 2020		As at March 31, 2019	
	NO OF EQUITY SHARES of Rs. 2/- each	AMOUNT	NO OF EQUITY SHARES of Rs. 2/- each	AMOUNT
Balance at the beginning of the reporting period	75,630,250	1,512.61	75,603,500	1,512.07
Changes in equity share capital during the year	12,500	0.25	26,750	0.54
Balance at the end of the reporting period	75,642,750	1,512.86	75,630,250	1,512.61

B. Other Equity (Refer Note 13)

Particulars	Reserves and Surplus									Total Other Equity
	Capital Reserve	Securities Premium Reserve	Securities Premium on Preference shares	General Reserve	Employee Stock Option Outstanding (Net)	Preference share capital Series A Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid up	Foreign Exchange Translation Reserve	Cost of Equity Transactions	Retained Earnings	
Balance as at 31 March 2018	40.98	108.50		1,128.78	329.04		45.59		33,218.19	34,871.08
Profit for the year									17,654.38	17,654.38
Dividend on equity shares									(1,512.07)	(1,512.07)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation									(84.43)	(84.43)
Movement in Foreign Exchange Translation Reserve							58.86			58.86
Movement in security premium		54.25	6,907.70							6,961.95
Cost incurred for increasing Authorised Share Capital Share- based payment expenses (Net)					356.10			(121.00)		(121.00)
Add/ (Transfer) to non-controlling interest									1.16	1.16
Preference share capital Series A Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid up						3,592.30				3,592.30
Balance as at 31 March 2019	40.98	162.75	6,907.70	1,128.78	685.14	3,592.30	104.45	(121.00)	49,277.23	61,778.33
Profit for the year									21,508.36	21,508.36
Final Dividend on equity shares for FY 18-19									(1,664.14)	(1,664.14)
Interim Dividend on equity shares for FY 19-20									(1,588.49)	(1,588.49)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation										-
Movement in Foreign Exchange Translation Reserve							1,538.72		(70.40)	1,468.32
Movement in security premium	(1.05)	49.54	7,434.00							7,482.49
Cost incurred for increasing Authorised Share Capital Surplus on Acquisition of subsidiary	198.69							(22.45)		(22.45)
Share- based payment expenses (Net)					259.02					198.69
Add/ (Transfer) to non-controlling interest									(7.57)	(7.57)
Preference share capital Series A Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid up						3,865.99				3,865.99
Balance as at 31 March 2020	238.62	212.29	14,341.70	1,128.78	944.16	7,458.29	1,643.16	(143.45)	67,455.00	93,278.56

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: June 18, 2020

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, 2020

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash Flow from Operating Activities		
Profit before tax	26,946.25	22,687.62
Adjustments for:		
Depreciation and Amortisation	3,161.92	2,342.50
Finance costs	31.97	6.00
Govt Grant	(75.69)	(31.90)
Loss (Profit) on sale of fixed assets	4.26	-
Employee Stock option Scheme Expense	308.05	410.35
Unrealised Foreign Exchange Fluctuation Loss (Gain)	(1,431.24)	(92.30)
Fair value gain on financial instruments through profit or loss	(48.78)	(342.67)
Realised gain on Financial Assets	(496.81)	(180.55)
Interest income	(744.51)	(199.18)
Operating Profit before Working Capital changes	27,655.42	24,599.87
Adjustments for :		
(Increase) / Decrease in inventories	(703.15)	(898.96)
(Increase) / Decrease in Trade receivables	(23,066.67)	(3,392.45)
(Increase) / Decrease in Loans	1,395.36	(4,868.42)
Increase/(Decrease) in Trade payables ,Current Liabilities & Provisions-Long and Short Term	3,124.44	(2,846.07)
Impact of Foreign currency translation	1,538.72	-
CASH GENERATED FROM OPERATIONS	9,944.12	12,593.97
Income tax Paid (Net)	(5,476.42)	(4,251.48)
Net Cash inflow / (outflow) from Operating activities	4,467.70	8,342.49
B. Cash Flow from Investing Activities		
Payment for Acquisition of subsidiaries(Net) [Refer note-48]	910.65	-
Sale / (Purchase) of investments	988.37	(1,985.81)
Investment in Equity shares -Refer Note 3(A)	(22.50)	-
Advance paid towards Share Application Money	-	(541.34)
Sale / (Purchase) of fixed assets (Including CWIP)	(7,673.81)	(6,518.15)
Interest received	424.78	135.14
Income tax on Dividend income	(574.78)	(287.94)
Realised gain on Financial Assets	496.81	180.55
Capital gains tax paid on sale of business undertakings by way of slump sale	-	(1,028.00)
Net Cash inflow / (outflow) from Investing activities	(5,450.48)	(10,045.55)

Consolidated Cash Flow Statement for the year ended March 31, 2020

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash Flow from Financing Activities		
Proceeds from exercise of employee stock options	0.25	0.54
Proceeds from issue of CCPS	11,299.97	10,500.00
Expenses for Increasing the Authorised share capital of subsidiary	(22.45)	-
Increase/(Decrease) in Long and Short term Borrowings	(21.53)	(3.51)
Interest paid	(27.09)	(6.00)
Dividend paid(including Dividend distribution tax paid)	(3,252.63)	(1,512.07)
Net Cash inflow / (outflow) from Financing activities	7,976.52	8,978.96
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	6,993.74	7,275.91
Cash and Cash Equivalents as at the beginning of the year	15,065.47	7,717.40
Effect of exchange rate changes on cash and cash equivalents	17.48	72.16
Cash and Cash Equivalents as at the end of the year	22,076.69	15,065.47
Less: Deposit under Lien	913.04	500.00
Net Cash and Cash Equivalents as at the end of the year (A,B & C)	21,163.65	14,565.47
Notes:		
a) Reconciliation of Cash And Cash Equivalents		
Cash And Cash Equivalents As Per Balance Sheet	4,992.91	4,932.12
Other Bank Balances As Per Balance Sheet	17,349.98	10,366.51
Total Cash And Cash Equivalents As Per Balance Sheet	22,342.89	15,298.63
Less: Balance In Unpaid Dividend Account	266.20	233.16
Less: Deposit Under Lien	913.04	500.00
Total Cash And Cash Equivalents As Per The Statement Of Cash Flows	21,163.65	14,565.47

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

c) Cash and cash equivalents does not include

- Investment in mutual fund of Rs. 6022.98 Lakhs classified as current investment (Previous Year Rs. 6,962.31 Lakhs)
- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS -7) "Statement of Cash Flow.

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

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

As per our report of even date attached.

For **CNGSN & Associates LLP**
 Chartered Accountants
 Firm Registration No : 4915S/S200036

B. Ramakrishnan
 Partner
 ICAI Membership No. 201023

Place: Chennai
 Date: June 18, 2020

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 year ended March 31, 2020

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

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of accounting and preparation of Consolidated Financial Statements:

Basis of accounting

- i) These Consolidated Financial Statements (hereinafter referred to as 'Consolidated Financial Statements') of Caplin Point Laboratories Limited ('the Company') and its subsidiaries (hereinafter referred to as 'the Group'), have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India.

Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

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

Functional and Presentation Currency

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

Use of Estimates and Judgements

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

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

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

- Measurement of defined benefit obligations (Refer note 'o')
- Measurement and likelihood of occurrence of provisions and contingencies (Refer note 'q')
- Recognition of deferred tax assets (Refer note 'l')
- Measurement of consideration and assets acquired as part of business combination (Refer note 'c')
- Useful lives of property, plant, equipment and Intangibles (Refer note 'e&f')
- Impairment of Intangibles (Refer note 'i')
- Impairment of financial assets (Refer note 'k')

- iv) Application of New Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. The Company has adopted the same and the policy is detailed in note (g) below.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

b) Principles of Consolidation:

Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the Company and its subsidiaries and jointly controlled entity have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies

Upon loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c) Business Combinations:

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve.

d) Goodwill:

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103, Business Combinations. Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

e) Property, Plant and Equipment:

1. Recognition and Measurement

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

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

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

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

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

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

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

II. Subsequent Expenditure

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

III. Depreciation

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

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

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

Asset Category	Estimated Useful life (Years)
Factory Building	30
Building other than factory building	60
Plant & Machinery	5 -15
Furniture & Fixtures	10
Office Equipment	5
Computers	3
Electrical Fittings and Installation	10
Motor Vehicles	6
Motor Cycle	10

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

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

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

f) Intangible Assets:

I. Recognition and Measurement

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

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

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

II. Subsequent Expenditure

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

III. Amortisation

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

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

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

g) Lease Accounting (Right of Use Assets and Lease Liabilities):

The Company has adopted Ind AS 116 "Leases" and applied the same to the lease contracts existing on April 01, 2019 using the modified retrospective approach. This has resulted in recognizing Right of Use Assets and Lease Liability.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

lease modifications. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable / cancellable at the option of either of the parties. There are no sub-leases. There are no restrictions imposed by the lease arrangements. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

h) Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss in the year it is incurred, unless a product's technological feasibility has been established, in which case such expenditure is capitalised. These costs are charged to the respective heads in the Statement of Profit and Loss in the year it is incurred. The amount capitalised comprises of expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

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

i) Impairment of Assets:

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

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

j) Foreign Currency Transactions / Translations:

- i) Transactions in foreign currencies are translated to the respective functional currencies of entities within the Group at exchange rates at the dates of the transactions.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

- iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the Consolidated Statement of Profit and Loss in the period in which they arise.
- iv) In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognized in other comprehensive income/ (loss) and presented within equity as part of FCTR.

k) Financial Instruments:

I. Financial Assets

Classification

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

Initial recognition and measurement

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

Financial assets at amortised cost

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

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

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

Derecognition

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

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

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

Impairment of financial assets

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

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

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

The application of simplified approach does not require the Company to track changes in credit risk.

Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

II. Financial Liabilities**Classification**

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

Initial recognition and measurement

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

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

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

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

Derecognition

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

Offsetting of financial instruments

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

l) Income tax:

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

Current tax

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

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

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

Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

m) Inventories:

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

n) Revenue Recognition:

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

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

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

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

o) Employee Benefits:

Short term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Other long-term employee benefits

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

p) Share-based payment transactions:

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

q) Provisions and Contingent Liabilities:

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

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

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

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

r) Borrowing costs:

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

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

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

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

s) Government Grants and Assistance:

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

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

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

t) Earnings per share:

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

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

u) Insurance claims:

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

v) Goods and Service Tax ('GST') input credit:

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

w) Segment reporting:

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

x) Operating cycle:

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

y) Cash Flow Statement:

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 2 Property, plant and equipment

Particulars	Gross block				Depreciation Reserve			Net Block		
	As at 01-04-2019	Additions/ Adjustments/ Translation Difference (ii)	Deletions during the year	As at 31-03-2020	As at 01-04-2019	Additions/ Adjustments/ Translation Difference (ii)	Deletions during the year	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
Tangible Assets										
Land	1,098.36	241.89	-	1,340.25	-	-	-	-	1,340.25	1,098.36
Leasehold Land	137.10	-	-	137.10	156	149		3.05	134.05	135.54
Factory Buildings	7,788.33	790.11	-	8,578.44	479.74	308.97		788.71	7,789.72	7,308.59
Buildings - Others	451.10	845.38	-	1,296.48	91.45	134.57		226.02	1,070.46	359.66
Plant & Machinery (i)	9,400.13	1,207.44	36.88	10,570.69	2,125.50	1,064.31	25.21	3,164.60	7,406.09	7,255.53
Air Conditioner	313.50	165.42	-	478.92	30.16	32.47		62.63	416.29	302.45
Furniture & Fixtures	1,435.16	826.72	-	2,261.88	285.10	318.93		604.03	1,657.85	1,150.05
Office Equipment	536.51	333.19	8.08	861.62	288.17	207.64		495.81	365.81	248.34
Computers	392.32	403.82	-	796.14	203.50	214.11		417.61	378.53	182.99
Electrical Fittings	1,383.60	396.15	-	1,779.75	254.74	168.14		422.88	1,356.87	1,128.86
Motor Vehicles	492.12	424.96	11.93	905.15	321.84	174.32	8.40	487.76	417.39	169.55
Tools & Spares	52.86	-	-	52.86	38.87	1.71		40.58	12.28	13.99
Lab Equipment (i)	3,391.62	2,040.38	27.54	5,404.46	273.56	916.28	1.68	1,188.16	4,216.30	3,118.06
Motor Cycle	0.73	-	-	0.73	-	0.07		0.07	0.66	1.48
Total Tangible Assets	26,873.44	7,675.45	84.43	34,464.46	4,394.19	3,543.01	35.29	7,901.91	26,562.55	22,473.45

Note: 2A Capital Work in Progress

Capital Work in Progress		2,011.82	970.35
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Note : 2B Intangible Assets

Computer Software	277.37	507.03	-	784.40	72.37	210.65	-	283.03	501.37	210.84
Goodwill on Consolidation (Refer Note 48)	-	5.37	-	5.37	-	-	-	-	5.37	-
Total Intangible Assets	277.37	512.40	-	789.77	72.37	210.65	-	283.03	506.74	210.84

Note : 2C Leasehold property

Lease hold property		225.11		225.11		43.97		43.97	181.14	-
Total Intangible Assets	-	225.11	-	225.11	-	43.97	-	43.97	181.14	-

(i) The company has capitalized Rs. 223.13 Lakhs (PY: Rs. 404.87 Lakhs) towards government grant in the nature of waiver of duty on purchase of Plant & Machinery and Lab equipments. Depreciation for Plant & Machinery and Lab equipments includes Rs. 82.97 Lakhs (PY: Rs. 30.87 Lakhs) on such government grant

(ii) Includes Asset pertaining to subsidiaries acquired during the year, having Gross Block of Rs. 2043.50 lakhs & Depreciation reserve of Rs. 620.72 lakhs as on acquisition date of subsidiaries.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 2A Movement in Capital Work-in-Progress

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	970.35	1,529.12
Additions	6,859.28	7,428.49
Less:		
Capitalisation	(5,817.81)	(7,987.26)
Assets held for sale	-	-
Write off	-	-
Closing Balance	2,011.82	970.35

Note 3 Non-Current Investments

Particulars	As at March 31, 2020	As at March 31, 2019
A. Fully paid Ordinary / Equity shares (unquoted)		
(i) Others		
Maris Power Trading Company LLP (Sold during the year FY19-20) (PY:26% of Total Capital)	-	0.26
Investment in Equity Share of Mytrah Vayu Manjira	22.50	-
B. Fully paid Ordinary / Equity shares - Quoted		
26,800 (26,800) shares of The Catholic Syrian Bank Ltd of Rs. 10/- each fully paid up	29.17	29.17
4,400* (4,000) shares of Karnataka Bank Ltd of Rs. 10/- each fully paid up	2.40	2.40
4,800 (4,800) shares of Indian Overseas Bank of Rs. 10/- each fully paid up	1.15	1.15
700 (700) shares of Bank of India of Rs. 10/- each fully paid up	0.32	0.32
Total	55.54	33.30

* 400 bonus shares issued in FY19-20

Note 4 Long-Term Loans and Advances

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security Deposits	104.40	29.30
Other Deposits	171.86	159.89
Advances recoverable in cash or kind for the value to be received	-	541.34
Advance for Capital expenditure	261.48	334.31
Total	537.74	1,064.84
* Break up:		
Loans considered good- Secured	-	-
Loans considered good- Unsecured	537.74	1,064.84
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	537.74	1,064.84
Less: Allowance for doubtful Loans	-	-
Total Loans	537.74	1,064.84

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 5 Inventories (Lower of cost or Net realisable value)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	981.35	1,035.80
Packing Materials	1,262.68	725.97
Work-in-Progress	230.27	366.66
Stock In Trade	20,236.41	1,207.45
Finished Goods	719.89	102.35
Stores and Spares	392.58	306.28
Total	23,823.17	3,744.51

Note 6 Current Investment

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in Mutual Fund - fair value through Profit or Loss (i)	6,022.98	6,962.31
Total	6,022.98	6,962.31

(i) Investment in Mutual Fund at fair value through profit or loss

FUND NAME	As at March 31, 2020		As at March 31, 2019	
	Units	Amount Rs. in lakhs	Units	Amount Rs. in lakhs
HDFC Banking and PSU Debt Fund - Regular Growth	-	-	5,851,329.10	879.43
HDFC Corporate Debt Opp Fund - Regular Growth	-	-	6,193,579.81	944.84
ICICI Prudential Liquid Plan - D -G	138,988.30	408.32		
ICICI Prudential Savings Fund - Growth	26,564.82	102.90	-	-
ICICI Prudential Short Term - Growth	1,694,333.86	714.49	1,694,333.86	654.62
Kotak Flexi Debt - Regular Plan - Growth	2,739,946.51	736.29	2,739,946.51	664.93
Reliance Corporate Bond Fund - Growth	-	-	1,665,340.17	244.97
Reliance Short Term Fund - Growth	1,726,439.40	652.16	1,726,439.40	599.66
UTI Liquid Cash Plan	12,462.97	403.48	-	-
Axis Triple Advantage fund - equity	100,000.00	17.52	100,000.00	19.04
Franklin India Flexi Cap fund	5,000.00	2.63	5,000.00	4.06
Franklin India Short Term Income Plan - Growth	-	-	6,842.74	273.52
Aditya Birla Sun Life Floating Rate Fund	139,481.73	349.98	139,481.73	323.43
Aditya Birla Sun Life Liquid Fund	372,674.56	1,212.19	67,090.98	200.61
Aditya Birla Sun Life Savings Fund	27,147.07	107.92	27,147.07	100.21
Franklin India Fixed Maturity Plan B Series - 5 - Plan B1244 days	2,000,000.00	229.55	2,000,000.00	209.08
Franklin India Fixed Maturity Plans - Series 4 - Plan E 1098 days - Direct - Growth	2,000,000.00	233.45	2,000,000.00	213.42
Franklin India Liquid Fund	-	-	14,329.94	401.03
Franklin India Ultra Short Bond Fund	-	-	800,184.04	210.66
ICICI Prudential Money Market Fund	154,001.88	429.39	77,238.30	200.43

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 6 Current Investment (contd.)

FUND NAME	As at March 31, 2020		As at March 31, 2019	
	Units	Amount Rs. in lakhs	Units	Amount Rs. in lakhs
ICICI Prudential Ultra Short Term Fund	2,024,199.49	422.71	582,068.79	109.90
Reliance Fixed Horizon Fund - XXXIX - Sr 6	-	-	1,000,000.00	107.06
Reliance Liquid Fund	-	-	6,625.08	300.73
SBI Liquid Fund	-	-	10,310.42	300.68
Total		6,022.98		6,962.31
Particulars			As at March 31, 2020	As at March 31, 2019
Aggregate book value of quoted investments			5,480.90	6,469.01
Aggregate Market value of quoted investments			6,056.02	6,995.35
Aggregate value of un-quoted investments			22.50	0.26

Note 7 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good unless otherwise stated)		
Trade Receivables	22,896.49	15,980.60
Receivables from related parties	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Less: Allowance for doubtful trade receivables	-	-
Total receivables	22,896.49	15,980.60

Note 8 Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on Hand	331.16	104.57
Balance with Banks		
- Current accounts	4,661.75	4,827.64
Total	4,992.91	4,932.21

Note 9 Other Bank Balances

Particulars	As at March 31, 2020	As at March 31, 2019
- Unpaid Dividend account	266.20	233.16
In Bank Deposit Accounts		
- Bank Deposit accounts maturity (more than 3 months but less than 12 months)	17,083.78	10,133.35
Total	17,349.98	10,366.51

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 10 Short Term Loans and Advances *

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advances recoverable in cash or kind for the value to be received	2,783.82	4,871.33
Export Incentives Receivable	1,148.97	826.64
Balance with Government Authorities	2,897.19	1,589.70
Total	6,829.98	7,287.67
* Break up:		
Loans considered good- Secured	-	-
Loans considered good- Unsecured	6,829.98	7,287.67
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	6,829.98	7,287.67
Less: Allowance for doubtful Loans	-	-
Total Loans	6,829.98	7,287.67

Note 11 Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Accrued on Deposits	337.62	95.01
Total	337.62	95.01

Note 12 Share Capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
8,50,00,000 equity shares of Rs. 2/- each	1,700.00	1,700.00
(31 March 2019 : 8,50,00,000 equity shares of Rs. 2/- each)		
Issued, Subscribed and Paid Up		
7,56,42,750 equity shares of Rs. 2/- each fully paid up	1,512.86	1,512.61
(31 March 2019: 7,56,30,250 equity shares of Rs. 2/- each; fully paid up)		
	1,512.86	1,512.61

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 12 Share Capital (Contd.)

a) Reconciliation of equity shares outstanding at the beginning and at the end of the Year

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Equity Shares of Rs. 2/- each	Amount	No of Equity Shares of Rs. 2/- each	Amount
Equity shares outstanding at the beginning of the Year	75,630,250	1,512.61	75,603,500	1,512.07
Add: Equity shares allotted pursuant to employee stock option plan*	12,500	0.25	26,750	0.54
Less: Equity shares bought back during the Year	-	-	-	-
Equity shares outstanding at the end of the Year	75,642,750	1,512.86	75,630,250	1,512.61

*During the financial year 2019-20 (2018-19), 12,500 (26,750) equity shares under ESOP Scheme vested were exercised

b) Rights, preference & restrictions attached to shares

Equity Shares

The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity share is entitled to one Vote per Share.

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

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

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

Name of Shareholder	As at March 31, 2020 (of Rs. 2/- each)		As at March 31, 2019 (of Rs. 2/- each)	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. Vijayalakshmi	17,880,000	23.64%	17,880,000	23.64%
C.C. Paarhipan	1,416,719	18.73%	1,416,719	18.73%
P. Ashok Gorkey	9,050,000	11.96%	9,050,000	11.96%
P. Vivek Siddarth	9,000,000	11.90%	9,000,000	11.90%

d) Shares reserved for issuance under Employee Stock Options Plans of the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Shares of Rs. 2/- each	Amount	No of Shares of Rs. 2/- each	Amount
Caplin Point Employee Stock Option Plan 2015	374,250	7.49	374,250	7.49
Caplin Point Employee Stock Option Plan 2017 (i)	288,000	5.76	101,500	2.03

(i) The Scheme consists of 5,00,000 Equity shares Rs. 2/- each of which 1,86,500 granted during the year.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 12 Share Capital (Contd.)**e) Aggregate number of shares issued pursuant to Stock Option Plans of the Company**

Particulars	Aggregate No. of Shares
Issued in FY 2016-17	26,750
Issued in FY 2017-18	26,750
Issued in FY 2018-19	26,750
Issued in FY 2019-20	12,500
Total	92,750

f) No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date.

Note 13 Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
a) Capital Reserve		
Opening balance as per last balance sheet	40.98	40.98
Add: Additions during the year	(1.05)	-
Add: Surplus on Acquisition of subsidiary	198.69	-
Balance as at year end	238.62	40.98
b) Securities Premium		
Opening balance as per last balance sheet	162.75	108.50
Add: Additions during the year	49.54	54.25
Balance as at year end	212.29	162.75
c) General Reserve		
Opening and closing balance as per last balance sheet	1,128.78	1,128.78
d) Employee Stock Options Outstanding		
- Employee Stock options outstanding		
Opening balance as per last balance sheet	1,733.55	1,634.64
Add: Options granted during the year	819.48	153.16
Less: Exercised during the year	49.54	54.25
Less: Lapsed during the year	-	-
Balance as at year end (A)	2,503.49	1,733.55
- Deferred Employees Stock Options Cost		
Opening balance as per last balance sheet	1,048.41	1,305.60
Add: Options granted during the year	819.48	153.16
Less: Amortised during the year	(308.56)	(410.35)
Balance as at the year end (B)	1,559.33	1,048.41
(A-B)	944.16	685.14

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 13 Other Equity (Contd.)

Particulars	As at March 31, 2020	As at March 31, 2019
e) Retained Earnings		
Balance at the beginning of the Year	49,268.90	33,125.43
Add : Profit during the Year	21,500.80	17,655.54
Final Dividend paid for FY 18-19	(1,664.14)	(1,512.07)
Interim Dividend Paid for FY 19-20	(1,588.49)	-
Tax on Dividend	-	-
Balance at the end of the year/Period	67,517.07	49,268.90
f) Other Comprehensive Income		
i) Foreign currency Translation Reserve/(Loss)		
Balance at the beginning of the year	104.45	45.59
Profit/ (Loss) on foreign currency translation	1,538.72	58.86
Balance at the end of the year	1,643.17	104.45
ii) Actuarial Gain/ (Loss) on employee benefit obligation		
Opening balance as per last balance sheet	8.33	92.76
Add/(Less); Additions during the year	(70.40)	(84.43)
Balance as at the end of the year	(62.07)	8.33
Securities Premium-Preference Shares*	14,341.70	6,907.70
Cost of Equity Transactions	(143.45)	(121.00)
Preference share capital	7,458.29	3,592.30
Series A Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid up		
Closing Balance	93,278.56	61,778.33

*Preference Shares

Pursuant to the approval granted by members at the Extra ordinary General Meeting held on 26th February 2019, the company's subsidiary Caplin Steriles Ltd had issued and allotted 3,59,22,993 Series A Compulsorily Convertible Preference Shares of face value of Rs. 10/- at a premium of Rs. 19.23/- each to M/s. Eight Road Ventures India III LP carrying a coupon rate of 0.001% p.a. on 7th March, 2019 and allotted 1,53,95,568 Series A Compulsorily Convertible Preference Shares of face value of Rs. 10/- at a premium of Rs. 19.23/- each to M/s. F-Prime Capital Partners Life Sciences Fund VI LP carrying a coupon rate of 0.001% p.a. on 23rd April, 2019 both having a term of 19 years from the date of allotment

As at 31st March 2020, pursuant to the approval granted by members at the Extra ordinary General Meeting held on 12th March 2020, the company's subsidiary Caplin Steriles Ltd has issued and allotted 1,62,85,020 Series A Compulsorily Convertible Preference Shares of face value of Rs. 10/- at a premium of Rs. 19.23/- each to M/s. Eight Road Ventures India III LP carrying a coupon rate of 0.001% p.a. on 27th March 2020 and allotted 69,79,294 Series A Compulsorily Convertible Preference Shares of face value of Rs. 10/- at a premium of Rs. 19.23/- each to M/s. F-Prime Capital Partners Life Sciences Fund VI LP carrying a coupon rate of 0.001% p.a. on 27th March 2020 both having a term of 19 years from the date of allotment

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 14 Non-Current Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Borrowings from Bank (i)	1,504.77	-
Loan from others (ii)	28.29	54.12
Unsecured		
Borrowings from Bank (iii)	2,114.75	
Less : Current maturities of long term debt (Refer Note 18)	3,646.29	25.44
Total	1.52	28.68

- (i) Borrowing pertaining to subsidiaries acquired during the year ,Secured against the relevant Fixed Asset/Vehicles carries an interest rate between 6.5% and 10.38% per annum.
- ii) Obligations under Hire purchase are secured against relevant fixed assets obtained under Hire Purchase Finance repayable in equal monthly instalments carries an interest rate between 8% and 10% per annum.
- (iii) Unsecured Loan pertaining to subsidiary acquired during the year,carries an interest rate between 5.25% and 7%.

Note 15 Lease Liability (Non Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liability (Refer Note 39)	128.48	-
Total	128.48	-

Note 16 Deferred Tax Liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Deferred Tax Liabilities on account of timing differences	2,213.94	2,254.17
b) Deferred Tax Asset on account of timing differences	(1,202.70)	(491.72)
Total	1,011.24	1,762.45

Note 17 Other Non Current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Govt Grant	522.39	365.49
Provision for Gratuity(Net)	522.53	13.29
Others	299.96	172.06
Total	1,344.88	550.84

Note 18

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long term debt (Refer Note 14)	3,646.29	25.44

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 19 Lease Liability (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liability (Refer Note 39)	84.81	-

Note 20 Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables for Goods and Services [Refer Note-34]	6,413.62	6,047.17
Total	6,413.62	6,047.17

Note 21 Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues payable	313.89	139.92
Creditors for Capital Goods	875.02	1,529.79
Unclaimed Dividend (Ref Note :43)	266.20	233.16
Salary and bonus payable	709.39	491.44
Gratuity Fund Net of Provision	201.99	13.29
Amount payable towards investment in subsidiary	1.15	-
Amount payable for acquisition of subsidiary	1,829.25	-
Total	4,196.89	2,394.31

Note 22 Short Term Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	90.86	144.23
Total	90.86	144.23

Note 23 Revenue from Operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	84,451.81	63,288.67
Sale of products	81,431.00	62,046.13
Service income	3,020.81	1,242.54
Other operating revenues		
Export Incentives	1,868.36	1,580.42
Total	86,320.17	64,869.09

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 24 Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income	744.51	199.18
Dividend Income	1.26	-
Gain on sale of financial instruments	496.81	180.55
Fair value gain on financial instruments through profit or loss	48.78	342.67
Gain on Foreign exchange (net)	2,737.01	1,130.99
Govt Grant	75.69	31.90
Miscellaneous Income	29.31	17.61
Total	4,133.37	1,902.89

Note 25 Cost of Materials Consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Stock	2,068.05	2,176.13
Add : Purchases (Net)	11,380.57	9,403.67
Less Closing Stock	2,636.60	2,068.05
Total	10,812.02	9,511.76

Note 26 Changes in Inventories of Finised Goods including stock -in-trade and work-in-progress

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year		
Work in Progress	230.27	366.66
Finished Goods	719.89	102.35
Stock-in-Trade	20,236.41	1,207.46
	(A) 21,186.56	1,676.47
Inventories at the beginning of the year		
Work in Progress	366.66	367.08
Finished Goods	102.35	198.37
Stock-in-Trade	1,207.46	103.98
	(B) 1,676.47	669.43
Net (Increase) / Decrease in Inventories (B- A)	(19,510.10)	(1,007.04)

Note 27 Employee benefits Expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries,wages, bonus and allowances	5,730.30	3,718.16
Contribution to Provident and Other funds	295.68	249.41
Employee Compensation Expense -ESOP	308.05	410.35
Staff Welfare Expenses	441.85	333.05
Total	6,775.88	4,710.97

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 28 Finance Costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expense	17.40	6.00
Interest Expense on Lease (Refer Note 39)	14.57	-
Total	31.97	6.00

Note 29 Depreciation and Amortisation

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment (Refer note: 2)	3,042.03	2,301.77
Amortisation of Intangible Assets	75.92	40.73
Depreciation on ROU Asset (Refer Note 39)	43.97	-
	3,161.92	2,342.50

Note 30 Research and Development Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
R & D Expenses	5,301.43	2,818.62
	5,301.43	2,818.62

Note 31 Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Power and Fuel	1,480.93	1,375.60
Contract Labour charges	452.19	471.44
Other Manufacturing Expenses	332.59	179.46
Communication Expenses	102.02	86.94
Donations	10.03	12.72
Professional and Consultancy charges	830.24	340.15
Rates & taxes including ANDA Application fees	629.33	798.58
Traveling Expenses	337.54	314.79
Auditors' Remuneration (Refer Note 41)	41.27	23.58
Insurance	65.13	58.36
Repairs and Maintenance		
a) Plant and Machinery	415.76	485.16
b) Building	213.77	305.06
c) Others	107.54	88.84
Rent & Amenities	323.90	214.33
Freight outwards	705.14	118.13

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 31 Other Expenses (Contd.)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Bank charges	86.47	52.14
Other Selling Expenses	289.64	89.93
Software maintenance charges	159.39	92.39
Loss on Sale of Asset	4.26	-
Sundry Expenses	332.68	220.64
	6,919.82	5,328.24

Note 32 Commitment (to the extent not provided for)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account	1,749.12	2,950.41
Other Commitments (Raw material, Packing Material, Finished Goods, Other services)	3,322.04	5,310.31
Final Dividend proposed for F.Y 2019-20 of Rs. 0.40 per equity share (Previous Year Rs. 2.20) before the financial statements approved for issue, but not recognised as a liability in the financial statements	302.57	1,663.87

Note 33 Contingent Liabilities (to the extent not provided for)**Disputed statutory dues:**

Sl No	Name of the statute	Nature of dues	2019-2020 (Rs. in lakhs)	2018-2019 (Rs. in lakhs)	Forum where dispute is pending
1	Income Tax Act, 1961	Income tax	127.95	126.21	High Court / Income Tax Appellate Tribunal/ CIT Appeals

Note 34 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 35 Balances with Scheduled banks in deposit accounts includes:

- (a) Bank Deposit Accounts under Note no: 8 for the current year include Rs. 913.04 lakhs (as at 31.03.2019 Rs. 500.00 lakhs) earmarked as lien towards Margin for Letter of Credit and Bank Guarantee

Note 36 Employee Benefits**(i) Defined Contribution Plan:**

The Company makes monthly contribution for qualifying employee towards provided/ retirement fund administered and managed by the Government of India under defined contribution plans .

The Company recognized Rs. 302.39 lakhs (previous year Rs. 181.87 Lakhs) towards provident and pension fund contributions in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

The Parent Company and the Indian subsidiary makes contributions to the group gratuity scheme administered by the LIC, a funded defined benefit plan for qualifying employees. The other subsidiaries have unfunded gratuity plans

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 36 Employee Benefits (Contd.)

The following table sets out the status of the funded gratuity plan and reconciliation of opening and closing balances of the present value of defined benefit obligation.

Particulars	Rs. In Lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Reconciliation in present value of obligations ('PVO') - defined benefit obligation:		
Current service cost	113.10	72.50
Past service cost	-	-
Interest cost	31.35	21.59
Actuarial loss/(gain)		
- Due to demographic assumption	-	-
- Due to finance assumption	43.57	44.43
- Due to experience assumption	30.55	27.94
Benefits paid	(58.24)	(30.77)
	-	-
PVO at the beginning of the year	362.62	226.90
PVO at the end of the year	522.94	362.62
ii) Change in fair value of plan assets:		
Actuarial Gains/(Losses)	(8.22)	(12.03)
Interest Income	26.96	26.20
Contribution by the employer	11.12	76.45
Benefits paid	(58.24)	(30.77)
Fair Value of the plan assets at the beginning of the year	349.33	289.48
Fair Value of the plan assets at the end of the year	320.95	349.33
iii) Reconciliation of PVO and fair value of plan assets:		
PVO at the end of the year	522.95	362.62
Fair Value of plan assets at the end of the year	320.95	349.33
Funded status	(201.99)	(13.29)
Unrecognised actuarial gain/(loss)	-	-
Net Asset/(liability) recognised in the balance sheet	(201.99)	(13.29)
iv) Expense recognised in the Statement of Profit and Loss:		
Current Service cost	113.10	72.00
Past Service cost	-	-
Net Interest cost	4.39	(4.11)
Total expense recognised in the Statement of Profit and loss	117.48	67.89

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 36 Employee Benefits (Contd.)

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
v) Other Comprehensive Income:		
Actuarial loss/(gain)		
- Due to demographic assumption		
- Due to finance assumption	43.57	44.43
- Due to experience assumption	30.55	32.85
Return on plan assets excluding net interest	8.22	7.13
Total amount recognised as OCI	82.34	84.41
vi) Category of assets as at the end of the year:		
Insurer Managed Funds (100%)	320.95	349.33
(Fund is managed by Life Insurance Corporation of India as per IRDA guidelines, category-wise composition of the plan assets is not available)		
vii) Actual Return on plan Assets:	18.74	14.17
viii) Assumption used in accounting for the gratuity plan		
Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2012-14	Rates stipulated in Indian Assured Lives Mortality 2012-14
Discount Rate (%)	6.73	7.73
Salary Escalation Rate (%)	7	7
Employee Attrition Rate (%)	7	7

Note 37 Income taxes**a) Tax expenses recognised in profit and loss**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax Expense for the year	6,183.93	5,485.70
Deferred income tax liability/ (asset), net	(746.05)	(453.62)
Tax expense for the year	5,437.88	5,032.08

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 37 Income taxes (Contd.)

b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before Tax	26,946.25	22,687.62
Tax using the Company's domestic tax rate (March 31, 2020: 25.17%, March 31, 2019: 34.94%)	6,781.83	7,927.05
Tax effect of :		
Incremental deduction allowed for Research and Development costs	-	(403.13)
Impact of foreign dividend taxed at special rate	253.18	287.91
Differences in tax rates of subsidiary companies	(1,069.72)	(1,838.11)
Tax incentive on additional employment	(12.58)	(18.07)
Tax impact on fair value of Mutual fund	(21.11)	(119.73)
Tax impact - timing difference on R&D capital asset, book and tax depreciation and other	(493.72)	(1,831.83)
Capital gain tax on Slump sale	-	1,028.00
Current and Deferred Tax expenses as per note (a) above	5,437.88	5,032.08

The tax rate used for reconciliation above is the corporate tax rate of 25.168% (Previous Year 34.944%) payable by corporate entities in India on taxable profits under Indian tax law. During the year, the Parent Company and its Indian subsidiary have opted for lower tax rate under section 115BAA of the Income Tax Act, 1961 inserted vide Taxation Laws (Amendment) Act, 2019.

c) Movement in deferred tax balances

Particulars	As at 31.03.2019		Recognised in Statement of profit or loss for the year ended 31st March 2020		As at 31.03.2020	
	Deferred tax asset	Deferred tax liability	Liability	Asset	Deferred tax asset	Deferred tax liability
Property, plant and equipment						
Deferred tax expense for current year		(2,353.06)	(631.72)		-	(2,984.79)
Deferred tax (impact)/benefit pertaining to prior years			(77.46)	630.63	630.63	(77.46)
Unabsorbed Losses	590.62			824.59	1,415.21	-
Deferred Tax Asset on OCI	-	-		5.16	5.16	-
Total	590.62	(2,353.06)	(709.18)	1,460.38	2,051.00	(3,062.24)

Note 38 Remuneration to Managing Director/Whole-Time Directors of the Parent Company

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries	58.30	106.70
Contribution to provident and other funds	2.71	0.64
Employee stock option benefits granted as debited to P&L account	-	45.20
Total *	61.01	152.54

* Refer note 44(C)

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 39 Operating Leases**Transition to IND AS 116**

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Company as a Lessee (Operating Leases)

Effective April 01, 2019 the company has adopted Ind AS 116 “Leases” and applied the same to the lease contracts existing on April 01, 2019 using the modified retrospective approach. This has resulted in recognizing Right of Use Assets and Lease Liability as on 1st April, 2019 to the extent of Rs. 1.10 Crs each. The adoption of this Standard does not have any material impact on the financial results for the year and there is no impact on the opening retained earnings on adopting this approach. The Company has used a single discount rate to a portfolio of leases with similar characteristics. Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable / cancellable at the option of either of the parties. There are no sub-leases. There are no restrictions imposed by the lease arrangements.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

Company as a Lessee (Finance Leases)

The Company has entered into longterm leasing arrangements for land which are in the nature of finance lease. These arrangements do not involve any material recurring payments.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 40 Research and Development Expenditure

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Capital expenditure included in Fixed Assets	3,232.76	4,233.51
Revenue expenditures incurred during the Financial Year	5,301.43	2,818.62
Total	8,534.19	7,052.13

Note 41 Auditors' Remuneration comprises of fees: (Excluding applicable tax)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
For Statutory Audit	31.35	14.36
For Tax Audit	5.50	3.50
For Others	4.42	5.72
Total	41.27	23.58

Note 42 Earnings per Share is calculated as under

Basic

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit attributable to Equity Shareholders (Rs. in Lakhs)	21,500.80	17,655.54
Weighted average number of equity shares of Rs. 2/- each outstanding during the year (in Nos.)	75,642,750	75,607,958
Earnings per share (in Rs.)	28.42	23.35

Diluted

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit attributable to Equity Shareholders (Rs. in Lakhs)	21,500.80	17,655.54
Weighted average number of equity shares of Rs. 2/- each outstanding during the year (in Nos.)	76,234,250	75,992,958
Earnings per share (in Rs.)	28.20	23.23

Note 43 Amount Due to Investor Education and Protection fund

The due amount of Rs. 16.48 lakhs (PY : Rs. 12.97 lakhs) were duly credited to investor education and protection fund during the year and there is no outstanding due amount to be credited to investor education and protection fund as at the end of the Financial Year.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 44 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below.**(a) Related parties and nature of relationship**

Name of the Related parties	Nature of Relationship	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2020	Percentage of Shares held by Caplin point laboratories limited as at March 31, 2019
Mr. Vivek Siddharth,	Relative of Chairman	Not Applicable	Not Applicable
Argus Salud Pharma LLP, (India)	Subsidiary LLP	99.90%	99.90%
Caplin Point Laboratories Colombia SAS, (Colombia)	Subsidiary Company	83.33%	80.69%
Caplin Point Far East Limited, (Hong Kong)	Wholly owned Subsidiary Company	100.00%	100.00%
Caplin Steriles Limited, (India)	Wholly owned Subsidiary Company	100.00%	100.00%
Caplin Point (S) Pte. Ltd., Singapore*	Wholly owned Subsidiary Company	100.00%	-
Caplin Point El Salvador, S.A. DE C.V., (El Salvador)	Subsidiary of Caplin Point Far East Ltd, HK	99.96%	99.96%
Nuevos Eticos Neo Ethicals S.A - Guatemala	Subsidiary of Caplin Point Far East Ltd, HK (w.e.f. 31st March, 2020)	69.00%	-
Neoethicals CIA.LTDA - Ecuador	Subsidiary of Caplin Point Far East Ltd, HK (w.e.f. 1st Feb, 2020)	99.00%	-
Drogueria Saimed de Honduras S.A.	Subsidiary of Caplin Point Far East Ltd, HK (w.e.f. 30th Sep, 2019)	99.996%	-
Neo Ethicals S.A - Nicaragua	Subsidiary of Caplin Point Far East Ltd, H (w.e.f. 22nd Apr, 2019)	98.00%	-
Ashvich Infotek Private Limited	Members of the Company are Directors	Not Applicable	Not Applicable
Hainan Jointown Caplin point Pharmaceutical Company Limited, (China)	Associate	39.00%	39.00%

* Incorporated during the Financial Year 2019-20

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 44 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below. (Contd.)

(b) Key managerial personnel

Dr. Sridhar Ganesan	– Managing Director from 28.03.2015
Dr. B. Philip Ashok Karunakaran	– Whole Time Director from 07.08.2017 to 10.04.2019
Mr. D Muralidharan	– Chief Financial Officer from 19.02.2016
Mr. Vinod Kumar S	– Company Secretary from 13.04.2015

(c) Details of Transactions that have taken place during the Financial Year with Key Management Personnel/Related Party:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration*		
Salary paid to Mr.Vivek Siddharth	18.66	18.77
Salary paid to Dr. Sridhar Ganesan (i)	56.86	102.10
Salary paid to Dr. B. Philip Ashok Karunakaran (ii)	4.15	50.44
Salary paid to Mr. D Muralidharan	38.31	26.52
Salary paid to Mr. Vinod Kumar S	9.44	7.94

* Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

(i). Includes stock compensation expense of Rs. NIL and Rs. 45.20 Lakhs for the year ended March 31, 2020 and for year ended March 31, 2019, respectively.

(ii). Dr. B. Philip Ashok Karunakaran, Whole-time Director, resigned w.e.f. 10.04.2019

(d) Details of related party transactions during the year ended 31st March, 2020:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent Paid & sale of asset to Ashvich Infotek Private Limited by Caplin Steriles Ltd.	71.22	11.58
Rent & Consultancy charges paid to Ashvich Infotek Private Limited by Caplin Point Laboratories Ltd	227.20	106.54

Note:- Transactions & Balances with companies own subsidiaries are eliminated on consolidation.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 45 Financial Instruments

Financial Instruments - Fair value and risk management

A. Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Carrying Amount			Carrying Amount		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
Financial Assets						
Non - Current Investments - Mutual fund and equity	55.54	-	55.54	33.30	-	33.30
Non - Current Loans			-			-
- Security Deposit	-	104.40	104.40	-	29.30	29.30
- Others	-	171.86	171.86	-	159.89	159.89
Current Investments	6,022.98	-	6,022.98	6,962.31	-	6,962.31
Trade Receivable	-	22,896.49	22,896.49	-	15,980.60	15,980.60
Current Loans	-	6,829.98	6,829.98	-	7,287.67	7,287.67
Cash and Cash Equivalents	-	4,992.91	4,992.91	-	4,932.21	4,932.21
Other Bank Balances other than Cash and Cash Equivalents	-	17,349.98	17,349.98	-	10,366.51	10,366.51
Other Current Assets	-	337.62	337.62	-	95.01	95.01
Total	6,078.52	52,683.24	58,761.76	6,995.61	38,851.19	45,846.80
Financial Liabilities						
Non - Current Borrowings	-	1.52	1.52	-	28.68	28.68
Non - Current Lease Liability		128.48	128.48			
Trade Payables	-	6,413.62	6,413.62	-	6,047.17	6,047.17
Current -Lease Liability	-	84.81	84.81	-	-	-
Current Borrowings		3,646.29	3,646.29		25.44	25.44
Other Current Liabilities	-	4,196.89	4,196.89	-	2,394.31	2,394.31
Total	-	14,471.62	14,471.62	-	8,495.60	8,495.60

(i) The Company estimates that the fair value of these investments are not materially different as compared to its cost

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 45 Financial Instruments (Contd.)

B. Measurement of fair values:

Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Non - Current Financial Assets (other than investments in mutual fund) and Liability measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt /payment discounted using appropriate discounting rate	Not applicable	Not applicable

C. Financial risk management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The Company's board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management framework. The Company's risk management policies are established to set appropriate risk limits and to monitor risks and adherence to limits. risk management policies and systems are reviewed periodically to reflect changes in market condition and the Company's activities. The Company through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i. Credit Risk:

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of business.

Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants the credit terms in the normal course of business.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 45 Financial Instruments (Contd.)

Summary of the Company's exposure to credit	As at March 31, 2020	As at March 31, 2019
Neither past due nor impaired	22,896.49	15,980.60
Total	22,896.49	15,980.60

Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timelines of payments, available information, etc) and applying experienced credit judgement.

Exposures to the customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses, if any. Historical trends of impairment of trade receivables reflects no credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of "no credit loss" to continue.

No allowance for impairment in respect trade and other receivables was provided during the year and immediate preceding year.

Cash and cash equivalents

As at the year end, the Company held cash and cash equivalents of Rs. 4,992.91 lakhs (31.03.2019 Rs. 4,932.21 lakhs). The cash and cash equivalents are held with banks with good credit rating.

Other Bank balances

Other bank balances are held with bank with good credit rating.

Investment in mutual funds

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non - performance by these counter-parties.

Other financial asset

Other financial assets are neither past due nor impaired.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has not availed any fund based working capital facilities from banks and financial institutions. The Company has obtained non-fund based working capital lines from banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintain financial flexibility.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 45 Financial Instruments (Contd.)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

As at 31 March 2020	Carrying amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
Non - derivative financial liabilities							
Non - current borrowing	1.52	1.52	1.52				
Interest Payable		0.02	0.02				
Non - Current Lease Liability	128.48	128.48	79.19	49.30			
Trade payables	6,413.62	6,413.62	6,413.62				
Current -Lease Liability	84.81	84.81	84.81				
Current Borrowings	3,646.29	3,646.29	3,646.29				
Other current liabilities	4,196.89	4,196.89	4,196.89				
Total	14,471.62	14,471.64	14,422.34	49.30			

As at 31 March 2019	Carrying amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
Non - derivative financial liabilities							
Non - current borrowing	28.68	28.68		27.85	0.83	-	-
Interest Payable	-	5.46	3.93	1.51	0.02	-	-
Trade payables	6,047.17	6,047.17	6,047.17	-	-	-	-
Current Borrowings	25.44	25.44	25.44				
Other current liabilities	2,394.31	2,394.31	2,394.31	-	-	-	-
Total	8,495.61	8,501.07	8,470.85	29.36	0.85	-	-

iii) Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivable and payable. We are exposed to market risk primarily related to foreign exchange rate risk as the Company's product is exported to various countries and a certain portion of its export is sourced through import. Thus our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs. The Company does not use any derivative to manage market risk since certain degree of a natural hedge available in the form of foreign currency realised from exports are paid against imports.

Currency risk

The Company is exposed to currency risk on account of its export and import of pharmaceuticals and import of raw material, capital goods, etc. The functional currency of the Company is Indian Rupee, where as majority of its export and imports are settled through USD(\$).

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 45 Financial Instruments (Contd.)**Exposure to Currency risk**

Following is the currency profile of non-derivative financial assets and financial liabilities

Particulars	As at March 31, 2020		As at March 31, 2019	
	USD in Lakhs	Rs. in Lakhs	USD in Lakhs	Rs. in Lakhs
Export Debtors	303.72	22,896.49	231.03	15,980.60
Cash and cash equivalents	20.01	1,508.53	42.91	2,968.12
Total	323.73	24,405.02	273.94	18,948.72
Creditors and Advance to Creditors	12.89	972.09	35.31	2,442.18
Total	12.89	972.09	35.31	2,442.18
Net statement of financial position exposure	310.84	23,432.93	238.63	16,506.54

Sensitivity analysis

A reasonable strengthening (weakening) of the Indian Rupee against US dollars as at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

1% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the profit before taxes by approximately Rs. 234.33 Lakhs for the year ended March 31, 2020 (Rs. 165.06 Lakhs for the year ended March 31, 2019)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/ borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

As on 31 March 2020 and 31 March 2019, the Company has not availed any long term borrowings except for loans on certain vehicles on fixed rate basis. Further, the Company has not availed any fund based working capital lines.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit or loss.

Commodity rate risk

The Company's operating activity involve purchase of Active Pharmaceutical Ingredients (API) and other direct materials, whose prices are exposed to the risk of fluctuation over short period of time. The commodity price risk exposure is evaluated and managed through procurement and other related operating policies. As on 31 March 2020 and 31 March 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

Risk due to outbreak of COVID-19 pandemic

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information and based on the current estimates arrived at using the said assumptions, the Company expects to recover the carrying amount of receivables, inventories and investments. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 46 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on the capital as well as the level of dividends to ordinary shareholders.

As on date the Company has no borrowings except for certain vehicle loans.

Note 47

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

Note 48 Business Combination

Acquisition of Subsidiaries by Caplin Point Far East Limited, Hong Kong during the year ended 31st March' 2020

During the year ended 31st March' 2020, the Company's wholly owned subsidiary Caplin Point Far East Limited, Hong kong, acquired the company's channel partners in the countries of Guatamala, Honduras, Nicaragua and Ecuador which were its major markets in Latin America. These acquisitions will strengthen the company's presence in these countries and will enable a much better control on the stocks and the sales in these markets and will provide the capability to cater to the next level of growth in these markets. The details of the acquisition is as mentioned below:

Fair Value of Net Assets as at date of acquisition

Particulars	Nuevos Eticos Neo Ethicals S.A - Guatemala	Drogueria Saimed de Honduras S.A.	Neo Ethicals S.A - Nicaragua	Neoethicals CIA. LTDA - Ecuador
	Acquired on 31st Mar 2020	Acquired on 30th Sep 2019	Acquired on 22nd Apr 2019	Acquired on 1st Feb 2020
Fixed Asset(Net)	706.42	245.67	331.87	138.82
Non Current Asset (Net)	(226.92)	186.91	(195.27)	194.83
Current Assets (Net)*	2,180.03	(437.25)	610.87	(304.29)
Net Assets	2,659.53	(4.67)	747.47	29.36
% Stake acquired by the Company	69.0%	99.6%	98.0%	99.0%
Fair Value of Net Assets Proportionate to % stake acquired by the Company (A)	1,835.08	(4.65)	732.52	29.07
Consideration for the Acquisition (B)	1,827.58	0.71	569.54	0.85
(Goodwill)/Capital Reserve (A-B)	7.50	(5.37)	162.98	28.22

* Includes Cash And Cash Equivalents of Rs. 954.41 lakhs & bank borrowing of Rs. 3615.22 lakhs

Net Cash outflow on acquisition

	Nuevos Eticos Neo Ethicals S.A - Guatemala	Drogueria Saimed de Honduras S.A.	Neo Ethicals S.A - Nicaragua	Neoethicals CIA. LTDA - Ecuador	Total:
Gross cost of Acquisition	1,827.58	0.71	569.54	0.85	2,398.69
Less: Acquisition date Cash And Cash Equivalents	511.35	63.80	220.42	158.84	954.41
Net Cost of Acquisition	1,316.23	(63.09)	349.13	(157.99)	1,444.28
Less: Advance paid in previous year	-	-	525.79	-	525.79
Less: Consideration remaining payable	1,827.58	0.71	-	0.85	1,829.14
Net consideration paid in the year 19-20	(511.35)	(63.80)	(176.66)	(158.84)	(910.65)

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

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

Note 49**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**

Particulars	Net Assets, i.e., total assets minus total liabilities				Share in Profit / (Loss)			
	As % of consolidated net assets		Amount Rs. Lakhs		As % of consolidated profit/ Loss		Amount Rs. Lakhs	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Parent								
Caplin Point Laboratories Limited	62.71	68.25	59,990.54	43,204.49	91.89	83.92	19,763.85	14,816.65
Subsidiaries								
Indian								
1. Argus Salud Pharma LLP	0.08	0.12	78.92	76.58	0.01	0.00	2.34	0.65
2. Caplin Steriles Limited	32.46	29.33	31,052.35	18,563.41	(11.21)	(6.78)	(2,410.67)	(1,196.87)
Foreign subsidiaries								
1. Caplin Point Far East Limited (Refer Note)	19.64	17.41	18,782.41	11,017.19	43.33	32.65	9,319.36	5,764.90
2. Caplin Point laboratories Colombia, SAS	(0.02)	0.04	(15.21)	27.70	(0.33)	(0.46)	(71.52)	(80.57)
3. Caplin Point (S) PTE. LTD*	(0.00)	-	(1.13)	-	(0.02)	-	(4.89)	-
Foreign Associate								
1. Hainan Jointown Caplin point Pharmaceuticals Co Ltd	0.19	0.26	178.13	166.09	0.06	(0.04)	12.30	(7.54)
Minority interest in subsidiary	0.90	0.01	865.69	7.88				
Total Eliminations/Consolidation Adjustments	(15.97)	(15.43)	(15,274.59)	(9,764.52)	(23.73)	(9.30)	(5,102.40)	(1,641.68)
	100.00	100.00	95,657.11	63,298.82	100.00	100.00	21,508.37	17,655.54

* Incorporated during FY 19-20

Note: Represents details as per consolidated financial statements of Caplin Point Far East Limited which includes the financial statements of its subsidiaries Caplin Point El Salvador, S.A. De C.V., Drogueria Saimed de Honduras S.A (acquired on 30th Sep'2019) , Neoethicals CIA.LTDA - Ecuador (acquired on 1st Feb' 2020), Neo Ethicals S.A - Nicaragua (acquired on 22nd Apr' 2019) & Nuevos Eticos Neo Ethicals S.A - Guatemala (acquired on 31st March' 2020).

Note 50

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date attached.

For **CNGSN & Associates LLP**

Chartered Accountants

Firm Registration No : 4915S/S200036

B. Ramakrishnan

Partner

ICAI Membership No. 201023

Place: Chennai

Date: June 18, 2020

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

CAPLIN POINT LABORATORIES LIMITED

CIN: L24231TN1990PLC019053

Regd. Office: "Ashvich Towers" 3rd Floor, No.3, Developed Plots Industrial Estates,
Perungudi, Chennai-600 096

PH: 044 2496 8000

E-mail: info@caplinpoint.net, website: www.caplinpoint.net

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting ("AGM") of the members of Caplin Point Laboratories Limited ("the Company") will be held on Monday, September 28, 2020 at 10.00 AM through Video Conferencing ("VC") or other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS

To receive, consider and adopt audited Standalone and Consolidated financial statements of the Company for the financial year ended March 31, 2020, including audited Balance Sheet as at March 31, 2020 and Statement of Profit and Loss of the Company for the year ended as on that date along with the reports of the Board of Directors and Auditors thereon.

2. DECLARATION OF FINAL DIVIDEND AND RATIFICATION OF INTERIM DIVIDEND

To declare a final dividend of Rs. 0.40 paise (20%) per equity share of Rs. 2/- each and to confirm and ratify interim dividend of Rs. 2.10 paise (105%) per equity share of Rs. 2/- each, already paid during the year, (aggregating to Rs. 2.50 paise (125%) for the financial year ended March 31, 2020.

3. APPOINTMENT OF MR D P MISHRA AS A DIRECTOR LIABLE TO RETIRE BY ROTATION

To appoint a Director in place of Mr D P Mishra (DIN: 02032818), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. RE-APPOINTMENT OF DR SRIDHAR GANESAN AS A MANAGING DIRECTOR

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to 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 a Managing Director of the Company for the period of two years with effect from August 25, 2020, at a remuneration recommended by the Nomination & Remuneration Committee as set out below:-

1. Salary: Rs. 55,20,000 per annum
2. Allowances and Perquisites

As may be determined by the Nomination and Remuneration Committee.

3. Retirement benefits

Contribution to Provident fund, superannuation fund and gratuity as per the rules of the fund/scheme in force from time to time.

4. 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 NRC, 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 employees of the Company.
- vi) Dr Sridhar Ganesan will be liable to retire by rotation, in terms of relevant provisions of Section 152 of the Companies Act,2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and 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.

5. APPOINTMENT OF DR C K GARIYALI AS A NON-EXECUTIVE INDEPENDENT DIRECTOR.

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 section 149, 152, Schedule IV and the Companies (Appointment and Qualification of Directors) Rules,2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Companies Act,2013, if any and pursuant to Regulation 16(1)(b) and 17 including Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 and as recommended by Nomination and

Remuneration Committee, Dr C K Gariyali (DIN :08711546) who was appointed as a Non-Executive (Additional) Independent Director of the Company by the Board of Directors with effect from March 04,2020, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Non-Executive Independent Director of the Company for a term of three consecutive years i.e. from March 04,2020 to March 03,2023 and she shall not be liable to retire by rotation.

6. APPROVAL FOR RELATED PARTY TRANSACTIONS

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 188 of the Companies Act,2013 read with rule 15 of Companies (Meetings of the Board and Its power)Rules,2014, as amended and other applicable provisions of the Companies Act,2013, if any, and Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, approval of members be and is hereby accorded to the Board of Directors of the Company to enter into contracts/ arrangements/ transactions with related parties as mentioned in the below table within the meaning of Section2(76) of the Companies Act,2013 and 2(1)(zb) of SEBI (Listing Obligations and Disclosure Requirements)Regulations,2015 on such terms and conditions as the Board may deem fit, for the Financial year 2020-21, provided that the said contract/ arrangements/ transactions shall be so carried out on Arm's length basis and in normal course of business.

Name of the related party	Nature of Transactions	Duration	Maximum value of Transactions per Annum
Neo Ethicals S.A Nicaragua	Sale of Goods	01.04.2020 to 31.03.2021	Rs. 200 Crores

Drogueria Saimed De Honduras	Sale of goods	01.04.2020 to 31.03.2021	Rs. 200 Crores
Nuevos Eticos NeoEthicals S.A-Guatemala	Sale of goods	01.04.2020 to 31.03.2021	Rs. 450 Cores
Neo Ethicals Cia.Ltda- Ecuador	Sale of goods	01.04.2020 to 31.03.2021	Rs. 200 crores
Caplin Point El Salvador S.A DE,CV El Salvador	Sale of goods	01.04.2020 to 31.03.2021	Rs. 200 Crores

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.

For and on behalf of the Board
C C PAARTHIPAN
 Chairman

REGISTERED OFFICE:

“Ashvich Towers” 3rd Floor,
 No.3, Developed Plots Industrial Estates,
 Perungudi,Chennai -600 096
 CIN : L24231TN1990PLC019053

Place : Chennai

Date : August 10,2020

NOTES:

1. 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.
2. In view of the situation arising due to COVID-19, Ministry of Corporate Affairs (“MCA”) vide its Circular No. 20/2020 dated May 05, 2020 w.r.t. clarification on holding of Annual General Meeting (“AGM”) through video conferencing (“VC”) or other audio visual means (“OAVM”) read with Circular No.14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 w.r.t. Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 - Covid-19 pandemic (“SEBI Circular”), permitted the holding of the AGM through video conferencing (“VC”) or other audio visual means (“OAVM”) and dispensed personal presence of the Members at the common venue during AGM. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), MCA Circulars and SEBI Circular, the AGM of the Company shall thus be held through VC/OAVM. Hence, the Members can attend and participate in the ensuing AGM through VC/OAVM. The deemed venue for 29th AGM shall be the Registered Office of the Company.
3. A proxy is allowed to be appointed under section 105 of the Companies Act, 2013 to attend and to vote at general meeting on behalf of a Member who is not able to attend personally. However, in compliance with the MCA Circulars and SEBI Circular, there is no

requirement of appointment of proxy for this AGM, since for the AGM under this framework physical attendance of the Members in any case has been dispensed with. Hence, instructions related to proxy and proxy form are not provided in this Notice. However, in pursuance of section 112 and section 113 of the Companies Act, 2013, the representatives of the Corporate Members may be appointed for the purpose of voting through remote e-voting or for participation at the AGM held through VC/OAVM.

4. The Register of Members and Share Transfer Books of the Company will be closed from September 22,2020 to September 28,2020 for the purpose of Annual General Meeting and final dividend.
5. The final dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or before October 25, 2020 to those members, whose names appear in the Register of Members on September 21, 2020 and in respect of shares held in dematerialized form, dividend will be paid to 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 dividend.
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 under the section 'Investor'.
10. 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.
11. As per the green initiative taken by the Ministry of Corporate Affairs, 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.
12. Brief resume, details of Directors shareholding and Directors inter-se relationship of Directors seeking appointment and re-appointment as required under Regulation 36 (3) of SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) are provided as Annexure to this Notice
13. The Board has appointed Mr. G. Ramachandran, (FCS 9687 CoP 3056) Practicing Company Secretary as the scrutinizer for conducting the e-voting in a fair and transparent manner. The scrutinizer will submit the report to the Chairman of the Company or to any person authorized by the Chairman after completing the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM. The results declared along with the Scrutinizer's report shall be communicated to the stock exchanges,

NSDL, and RTA and also be displayed on the Company's website www.caplinpoint.net.

14. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, and pursuant to Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility to its Members to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means in respect of the businesses to be transacted at the AGM, through the remote e-Voting platform provided by National Securities Depository Limited (NSDL).
15. In view of the situation arising due to COVID-19, owing to difficulties involved in printing and dispatching of physical copies of Annual Report for FY 2019-20 & Notice of 29th AGM and pursuant to MCA Circulars and SEBI Circular, the Annual Report for FY 2019-20 along with the Notice of the 29th AGM is being sent to the Members of the Company only by email. Further, the Members holding shares in physical form or other Members who have not registered their email address with the Company can get the same registered by approaching the Registrar and Transfer Agents (RTA) 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, e-mail: corpserv@integratedindia.in. Members holding shares in demat form are requested to update their email address with their Depository Participants. Annual Report for the FY 2019-20 will be available on Company's website for download and the Notices and Annual Report can be accessed from Stock Exchange websites (i.e) BSE Limited and National Stock Exchange of India Limited at www.bseindia.com. and www.nseindia.com.
16. The attendance of the members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013, hence, attendance slip is not provided here.
17. The Members can join the AGM in the VC/OAVM mode 15 minutes before (weblink will be kept open 15 minutes before and after the meeting) and after the scheduled time of the commencement of the AGM by following the procedure mentioned in this Notice in note no. 22. The facility of participation at the AGM through VC/OAVM will be made available atleast to 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee

and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

18. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available electronically for inspection by the members at the AGM.
19. Since the AGM shall be held through VC/ OAVM, the requirement of providing the Route Map and Landmark for the venue of the AGM in the notice does not apply to this AGM.
20. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request in advance i.e. at least 7 days prior to date of AGM mentioning their name, demat account number/folio number, email id, mobile number at investor@caplinpoint.net. The Members who do not wish to speak during the AGM but have queries on financial statements and/or operations of the Company or on any resolution as proposed in the Notice may send their queries in advance i.e. at least 7 days prior to date of AGM mentioning their name, demat account number/folio number, email id, mobile number at investor@caplinpoint.net. These queries will be replied to by the Company suitably by email. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- 21. VOTING THROUGH ELECTRONIC MEANS**
 - I. In Compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 29th Annual General Meeting of the Company by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
 - II. The remote e-voting period commences on September

25,2020 (9.00 AM) and ends on September 27, 2020 (5.00 PM). During this period members of the Company, holding the shares either in physical form or in dematerialised form, as on the cut of date of September 21, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on the resolution is cast by the member, the member shall not be allowed to change it subsequently.

- III. The Company is also offering the facility of e-voting at the AGM. Only those Members, who are present in the AGM through VC/ OAVM facility and have not casted their vote on the businesses as specified in the Notice through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM. The procedure for e-voting on the day of the AGM is same as the instructions mentioned for remote e-voting.
- IV. The procedure to login to e-voting website consists of two steps as detailed hereunder:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to ramgcs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to corpserv@intergratedindia.net

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) corpserv@intergratedindia.net

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

22. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice:

ITEM NO.4

Dr Sridhar Ganesan was re-appointed as a Managing Director for a period of three years w.e.f. August 25, 2017 to August 24, 2020 in accordance with the approval of the members at their 26th Annual General Meeting held on September 21, 2017.

Considering his dedicated services and significant contribution for the overall growth of the Company, Nomination and Remuneration Committee and the Board of Directors at their meeting held on June 18, 2020 have approved to re-appoint him as Managing Director for a period of two years with effect from August 25, 2020, subject to the approval of shareholders. The terms of contract of services are set out in resolution of this notice.

The terms and conditions of re-appointment may also be read and treated as disclosure in compliance with requirements of Section 190 of the Companies Act, 2013.

The Board of Directors, therefore, recommend this ordinary resolution as set out in Item no.4 of this notice 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 this resolution.

ITEM NO.5

Pursuant to the recommendation of the Nomination and Remuneration Committee of Board, the Board of Directors of the Company, approved the appointment of Dr C K Gariyali, as a Non-Executive (Additional) Independent Director of the Company for a period of three consecutive years, with effect from March 04, 2020 to March 03, 2023. Pursuant to the provisions of Section 161 of the Companies Act, 2013, she continues to hold office as a (Additional) Non-Executive Independent Director of the Company upto the date of this Annual General Meeting.

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 have proposed to appoint her for a term of three years. The Company has received disclosures from Dr C K Gariyali under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing obligations and Disclosure Requirements) Regulations,

2015 that she meets the criteria of Independence .

In the opinion of the Board, Dr C K Gariyali fulfils the conditions as specified in the Companies Act, 2013 and rules made there under and under SEBI listing obligations for her appointment as an Independent Director of the Company. The Board also considers that her association/support would be beneficial to the Company and is desirable to avail her services as an Independent Director. The Board also opined that she is independent of the management. Dr C K Gariyali will not be liable to retire by rotation. The Company has also received a notice on writing under Section 160 of the Companies Act, 2013, from a Member proposing her candidature for the office of Director. Dr C K Gariyali is aged about 72 years, during tenure of her office, she would attain 75 years of age. Hence, Special Resolution is being passed for her appointment pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors, therefore, recommend this special resolution as set out in Item no.5 of this notice for the approval of the members.

Except Dr C K Gariyali, none of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in this Resolution.

ITEM No.6:

Pursuant to Section 188 of the Companies Act, 2013, and the applicable Rules framed thereunder and pursuant to Regulation 23 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provide that all material Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to or exceeds 10 % of the Annual consolidated turnover of the listed entity as per the last audited financial statements of listed entity

The transactions to be entered with related parties as set out in the resolutions are within the ambit of Section 188 of the Companies Act, 2013 read with rule 15 of Companies (Meetings of the Board and Its power) Rules, 2014 and Regulation 23 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Accordingly, prior approval of the shareholders of the Company is sought for the proposed material related party transactions to be entered with Caplin Point Laboratories Limited for the financial year 2020-21.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with related parties as set out in the resolution are as follows:

Particulars	Remarks				
	Name of the Related Party	Neo Ethicals SA Nicaragua	Drogueria Saimed De Honduras	Nuevos Eticos NeoEthicals S.A- Guatemala	Neo Ethicals Cia. Ltda-Ecuador
Name of the Director who is related	None of the Directors of the Company is related				
Nature of Relation Ship	Step down subsidiaries				
Nature, material terms, monetary value and particulars of the contract or arrangement	Sale of goods for an aggregate value of Rs. 200 crores FY 2020-21	Sale of goods for an aggregate value of Rs. 200 crores FY 2020-21	Sale of goods for an aggregate value of Rs. 450 crores FY 2020-21	Sale of goods for an aggregate value of Rs. 200 crores for FY 2020-21	Sale of goods for an aggregate value of Rs. 200 crores for FY 2020-21
Any other information relevant or important for the members to take a decision on the proposed resolution	NIL	NIL	NIL	NIL	NIL

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, financially or otherwise, in the above resolution.

The Board of Directors, therefore, recommend this ordinary resolution as set out in Item no.6 of this notice for the approval of members.

For and on behalf of the Board
C C PAARTHIPAN
 Chairman

REGISTERED OFFICE:

“Ashvich Towers” 3rd Floor,
 No.3, Developed Plots Industrial Estates,
 Perungudi, Chennai -600 096
 CIN : L24231TN1990PLC019053

Place : Chennai
 Date : August 10, 2020

ANNEXURE TO NOTICE

Details of Directors seeking appointment and re-appointment and whose remuneration is being revised at the ensuing Annual General Meeting [in pursuance to Regulation 36 (3) of the Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings – SS2]

Name of the Director	Dr Sridhar Ganesan	Dr C K Gariyali	Mr D P Mishra
DIN	06819026	08711546	02032818
Date of birth	23.03.1955	01.05.1948	13.12.1955
Date of Appointment on the Board	25.08.2014	04.03.2020	31.01.2008
Qualifications	MS in pharmaceuticals and Doctorate in Homeopathic Medicines	IAS	Post Graduate
Expertise in Specific functional Area	Dr Sridhar Ganesan has more than 40 years of experience in the pharma industry. Effective leadership skills for setting higher goals and objectives for the Company and driving the team to achieve new goals .	Dr C K Gariyali has served 28 years as an Indian Administrative Officer under Government of India. During, her service as an IAS officer, she has held various positions including the District Collector of Madras and South Arcot , secretary to Honorable Chief Minister of Tamil Nadu, Principal Secretary to His Excellency the Governor Of Tamil Nadu. She has a very rich experience in the field of Administration.	Mr D P Mishra has about three decades rich and in-depth experience in the pharma Industry
Number of Shares held in the Company	80,250	NIL	NIL
List of Directorship or other position held in other Listed Companies	NIL	NIL	NIL
chairman/member in the committees of the boards of other listed companies in which he/she is a Director*	Chairman: NIL Member : NIL	Chairman: NIL Member : NIL	Chairman: NIL Member : NIL
Relationships, if any, with other Directors and KMP	None	None	None

*Other than Caplin Point Laboratories Limited



CAPLIN POINT LABORATORIES LIMITED

CIN: L24231TN1990PLC019053

Regd. Office: "Ashvich Towers" 3rd Floor, No.3, Developed Plots Industrial Estates,
Perungudi, Chennai-600 096

PH: 044 2496 8000

E-mail: info@caplinpoint.net, website: www.caplinpoint.net

FORM FOR ECS MANDATE

To

M/S. Integrated Registry Management Services Private Limited.

Unit: CAPLIN POINT LABORATORIES LIMITED

11nd Floor, Kences Towers,
No.1, Ramakrishna Street,
North Usman Street, T Nagar
Chennai - 600 017

Dear Sirs,

Sub. : Payment of Dividend through ECS (ECS Mandate Form) - Caplin Point Laboratories Ltd

I/We hereby give my/our mandate to credit my/our Dividend on the shares held by me/us under the undermentioned Folio number directly to my/our Bank Account through Electronic Clearing Service (ECS). The details of the Bank Account are given below:

1	Name of 1st Registered holder (in Block Letters)	
2	Folio / DP ID / Client ID	
3	Name of the Bank	
4	Name of the Branch	
5	Account No. (as appearing on the cheque book)	
6	Account Type (Savings / Current / Cash / Credit)	
7	9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank.	
	[Please attach a photocopy of a cheque for verifying the accuracy of the MICR code no.]	

Date: _____

Signature of shareholder

Corporate information

Board of Directors

Mr. C. C. Paarthipan, *Chairman*
Dr. Sridhar Ganesan, *Managing Director*
Mr. D P Mishra, *Director*

Independent Directors

Mr. V Thirumalai
Mr. R Viswanathan
Dr. R Ravichandran
Dr. K C John
Dr. C K Gariyali
Mr. D Sathyanarayanan

Chief Financial Officer

Mr. D Muralidharan

Company Secretary

Mr. Vinod Kumar S

Statutory Auditors

M/s. CNGSN & Associates LLP
Chartered Accountants,

Swathi Court, Flat C & D, No.43,
Vijayaraghava Road, T. Nagar,
Chennai - 600 017.

Bankers

The Catholic Syrian Bank Ltd
No. 826, Tarapore Towers,
Mount Road, Chennai - 600 002.

Registered Office

3rd Floor, "Ashvich Towers",
No.3, Developed Plots Industrial
Estate, Perungudi,
Chennai - 600 096.

Factories

UNIT I

85/3, Suthukeny Village,
Mannadipet Commune
Panchayat,
Puducherry - 605 502.

UNIT II

No. 19, Chinnapuliyur Village,
Sirupuzhalpettai (Post),
Gummidipoondi Taluk,
Tamil Nadu - 601 201.

R&D

UNIT III

Plot No.44,8th Avenue Domestic
Traiff Area, Mahindra World
city, Chengalpattu Taluk,
Chengalpattu - 603 004

UNIT VI

4th Floor, Plot No. 95 & 96,
Road no.9,
ALEAP Industrial Estates,
Gajularamm Village,
Qutbullapur Mandal,
Hyderabad - 500 090.

UNIT VII

Module no.307 & 308, 3rd Floor,
Ticel Park, Phase II,
CSIR Road, Taramani,
Chennai - 600 113.

Subsidiaries

Caplin Steriles Limited

3rd Floor, "Ashvich Towers",
No.3, Developed Plots
Industrial Estate, Perungudi,
Chennai - 600 096

Factory and R&D

UNIT IV

Guruvarajakandigai Village,
Sirupuzhalpettai (Post),
Gummidipoondi Taluk,
Tamil Nadu - 601 201.

UNIT V

Ashvich Towers
1st Floor and 2nd Floor
No. 3, Developed Plots Industrial
Estate, Perungudi,
Chennai - 600 096.

Argus Salud Pharma LLP

'NARBAVI',
No. 3, Lakshmanan Street,
T Nagar, Chennai - 600 017.

Caplin Point Far East limited

609, 6th Floor,
Hong Kong Plaza,
188 Connaught Road West,
Hong Kong

Caplin Point Laboratories Colombia SAS

CR 15 No. 93-75 Oficine 408
Colombia

Caplin Point (S) PTE. Ltd, Singapore

7500A Beach Road, #11-303, The
Plaza, Singapore - 199591.

Stock Exchanges where shares of the Company are listed

National Stock Exchange of
India Limited (NSE)
BSE Limited (BSE)

Registrar and Transfer Agent

M/s. Integrated Registry Management Services Private Limited

Unit: Caplin Point
Laboratories Ltd.
II Floor, "Kences Towers" No.1
Ramakrishna Street,
North Usman Road,
T Nagar, Chennai - 600 017.

Phone: 044 2814 0801 - 803

Fax: 044 2814 2479

E-mail: csdstd@integratedindia.in

Website & E-mail

www.caplinpoint.net
investor@caplinpoint.net
info@caplinpoint.net

Corporate Identification Number (CIN)

L24231TN1990PLC019053

Disclaimer

Statements in management discussion and analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operation include among others, economic conditions affecting demand/supply and price conditions, variation in prices of raw materials, changes in governmental regulations, tax regimes, economic developments and other incidental factors.



Registered Office

3rd Floor, "Ashvich Towers",
No.3, Developed Plots Industrial Estate,
Perungudi, Chennai - 600 096
Phone: 044 2496 8000