



CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To

The Partners,
Argus Salud Pharma LLP
Chennai-17.

Report on the Financial Statements

We have audited the accompanying financial statements of Argus Salud Pharma LLP (the LLP), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives true and fair view of the financial position and financial performance of the LLP in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. These procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the LLP's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing opinion on the LLP's internal control.. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

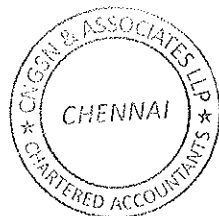
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Limited Liability Partnership Act, 2008 and Limited Liability Partnership Rules, 2009 (As Amended) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the LLP as at March 31, 2016; and its net Profit for the year ended on that date

Report on Other Legal and Regulatory Requirements

We report that:

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion proper books of account as required by law have been kept by the LLP so far as it appears from our examination of those books.
3. The Balance Sheet and the Profit and Loss Account, dealt with by this Report are in agreement with the books of account.
4. In our opinion, the aforesaid financial statements comply with the Accounting Standards issued by ICAI.

Place: Chennai
Date: 10-05-2017



For M/s CNGSN & Associates LLP
Chartered Accountants
Firm Regn. No: 4915S/S200036

B. Ramakrishnan

B. Ramakrishnan
Partner
Membership No: 201023

Argus Salud Pharma LLP
Balance Sheet as at 31st March 2017

	SCH No.		As at 31-03-2017 Rs.		As at 31-03-2016 Rs.
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Partners' Capital Account	1				
Caplin Point Laboratories Ltd		99,00,000		99,00,000	
May India Properties P Ltd		10,000	99,10,000	10,000	99,10,000
Partners' Share of Profit	2				
Caplin Point Laboratories Ltd		463,58,650		786,78,605	
May India Properties P Ltd		27,21,881	490,80,531	26,93,701	813,72,305
TOTAL			589,90,531		912,82,305
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	3	-		206,97,890	
Less: Accumulated Depreciation		-		59,18,824	
Net Block					147,79,066
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	4		-		91,71,925
Sundry Debtors	5		451,71,780		756,79,831
Cash & Bank balances	6		88,20,513		333,46,715
Loans, Advances & Deposits	7		73,98,590		261,36,428
			613,90,883		1443,34,899
CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	8		18,38,356		647,16,858
Provisions	9		5,61,996		31,14,802
			24,00,352		678,31,660
NET CURRENT ASSETS			589,90,531		765,03,240
TOTAL			589,90,531		912,82,305

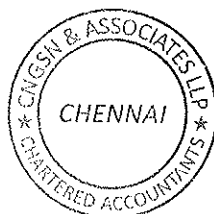
Notes Forming Part of the Accounts and Significant Accounting Policies

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

B. Ramakrishnan

B. RAMAKRISHNAN
Partner
ICAI Membership No: 201023

Place : Chennai
Date : May 10, 2017



For and on behalf
ARGUS SALUD PHARMA LLP

[Signature]
on behalf of
May India Property Pvt Ltd
Designated Partner

[Signature]
on behalf of
Caplin Point Laboratories Ltd
Designated Partner

Argus Salud Pharma LLP
Profit and Loss Account for the Year ended 31st March 2017

	SCHI NO.	For the Year ended 31-03-2017	For the Year ended 31-03-2016
		Rs.	Rs.
INCOME			
Gross Sales (Less Returns)		1711,57,864	2809,25,883
Less: Excise Duty		-	-
Net Sales		1711,57,864	2809,25,883
Export Incentives		49,91,709	41,07,327
Other Income	10	31,52,829	70,34,407
TOTAL		1793,02,402	2920,67,617
EXPENSES			
Cost of Goods Sold	11	1012,75,421	1834,52,190
Direct Expenses	12	14,01,228	50,43,576
Payments to and Provision for employees	13	13,07,271	41,57,138
Administrative Overheads	14	132,84,640	88,90,144
Interest and Finance Charges	15	1,15,928	4,95,866
Selling Overheads	16	15,54,543	18,36,318
TOTAL		1189,39,032	2038,75,232
PROFIT BEFORE DEPRECIATION AND TAX		603,63,370	881,92,385
Depreciation and Amortisation		3,55,422	20,38,494
PROFIT BEFORE TAX		600,07,948	861,53,891
Provision for Taxation - Current		(318,27,283)	(195,89,394)
- Earlier years		-	-
- Deferred Tax		-	-
Add: MAT credit entitlement		-	-
PROFIT AFTER TAX		281,80,665	665,64,497
		-	-
Balance carried to Partners' Capital a/c		281,80,665	665,64,497
		281,52,484	662,97,197
Caplin Point Laboratories Ltd		28,181	2,67,300
May India Properties P Ltd		281,80,665	665,64,497

Notes Forming Part of the Accounts and Significant Accounting Policies

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

B. Ramakrishnan

B. RAMAKRISHNAN
 Partner
 ICAI Membership No: 201023



Place : Chennai
 Date : May 10, 2017

For and on behalf
ARGUS SALUD PHARMA LLP

[Signature]
 on behalf of
 May India Property Pvt Ltd
 Designated Partner

[Signature]
 on behalf of
 Caplin Point Laboratories Ltd
 Designated Partner

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedules forming part of Accounts for the period ended 31st Mar 2017

SCHEDULE 1 -- PARTNERS' SHARE CAPITAL

Caplin Point Laboratories Ltd
May India Properties P Ltd

	As at 31-03-2017 Rs.		As at 31-03-2016 Rs.
99,00,000	99,10,000	99,00,000	99,10,000
10,000		10,000	
	99,10,000		99,10,000

SCHEDULE 2 -- PARTNERS' SHARE of Profit

Caplin Point Laboratories Ltd

May India Properties P Ltd

Less: Amount transferred from Partners Current Account

	As at 31-03-2017 Rs.		As at 31-03-2016 Rs.
Opening	786,75,941	2391,82,891	786,78,605
For the year	281,52,484	662,97,197	
	1068,28,423	3054,80,088	
Less: Amount transferred from Partners Current Account	604,69,773	2268,01,483	
Opening	26,93,701	24,26,401	26,93,701
For the year	28,180	2,67,300	
	27,21,881	26,93,701	
	490,80,531		813,72,305



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedules forming part of Accounts for the period ended 31st Mar 2017

SCHEDULE 4 -- INVENTORIES

(As certified by the Management)

	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
Raw Materials	-	30,50,386
Work-in-Progress	-	35,80,099
Finished Goods	-	25,41,440
	-	91,71,925

SCHEDULE 5 -- SUNDRY DEBTORS

(i) Debts outstanding for a period exceeding six months

Unsecured and Considered Good	-	-
Unsecured and Considered Doubtful	-	-

(ii) Other Debts

Unsecured and Considered Good	451,71,780	756,79,831
Unsecured and Considered Doubtful	-	-

	451,71,780	756,79,831
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SCHEDULE 6 -- CASH & BANK BALANCES

(i) Cash on Hand

	50,021	6,81,924
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(ii) Balance with scheduled banks

in Current Accounts	85,71,795	44,36,991
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in Deposit Accounts	1,98,697	282,27,800
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	88,20,513	333,46,715
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SCHEDULE 7 -- LOANS, ADVANCES & DEPOSITS

(Unsecured, considered good unless otherwise stated)

Advances Recoverable in cash or in kind or for value to be received

Advances - Income tax	-	-
Deposits with Statutory / Govt. Authorities	17,90,141	21,71,834
Balance with Sales Tax Authorities	48,69,339	232,89,672
Advances - Others	7,39,110	6,74,922
Deposits	73,98,590	261,36,428

SCHEDULE 8 -- CURRENT LIABILITIES

Sundry Creditors - Goods

	14,84,495	360,39,844
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- Expenses	3,53,318	285,16,266
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- Capital goods	-	149
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Sundry Creditors - Others	543	1,60,599
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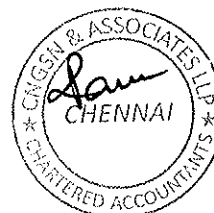
	18,38,356	647,16,858
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SCHEDULE 9 -- PROVISIONS

Provision for Tax

	5,61,996	31,14,802
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	5,61,996	31,14,802
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SCHEDULES FORMING PART OF THE ACCOUNTS

Schedules forming part of Accounts for the period ended 31st Mar 2017

SCHEDULE 10 -- INDIRECT INCOME

Interest Income
Exchange Fluctuation Income (nett)
Miscellaneous income

For the Year ended 31-03-2017 Rs.		For the Year ended 31-03-2016 Rs.	
	20,96,333		25,62,751
	8,59,471		44,71,656
	1,97,025		-
	31,52,829		70,34,407

SCHEDULE 11-- COST OF GOODS SOLD

Opening Stock:
Raw Materials
Work-in-Progress
Finished Goods

Add: Purchases:
Raw Materials (Less Returns)
Finished Goods

Less: Closing Stock:
Raw Materials
Work-in-Progress
Finished Goods

	30,50,386		102,65,620		
	35,80,099		27,02,035		
	25,41,440		1,47,550		
	91,71,925				131,15,204
	-		622,92,390		
	921,03,496		1172,16,521		
	921,03,496				1795,08,911
	-		30,50,386		
	-		35,80,099		
	-		25,41,440		
	-				91,71,926
	1012,75,421				1834,52,190

SCHEDULE 12 -- DIRECT EXPENSES

Manufacturing Expenses
Power and Fuel

	8,58,597		29,27,395
	5,42,631		21,16,181
	14,01,228		50,43,576

Schedules forming part of Accounts for the period ended 31st Mar 2017

SCHEDULE 13--PAYMENTS TO AND PROVISION FOR EMPLOYEES

Salaries, Wages & Bonus
Contribution to Provident Fund and other funds
Staff Welfare

For the Year ended 31-03-2017 Rs.		For the Year ended 31-03-2016 Rs.	
	6,14,227		31,75,285
	55,538		3,35,706
	6,37,506		6,46,147
	13,07,271		41,57,138

SCHEDULE 14 -- ADMINISTRATIVE OVERHEADS

Telephone Expenses
Donations
Professional and Consultancy
Rates & Taxes
Bad debts
Subscriptions
Travelling & Conveyance
Audit fees
Insurance
Repairs and Maintenance
- Building
- Others
Rent & Amenities
Loss on sale of assets
Sundry Expenses

	72,318		2,90,907
	5,200		13,201
	3,03,781		2,31,617
	74,931		99,114
	38,50,168		-
	20,988		24,496
	6,22,537		8,05,920
	80,000		80,000
	1,38,619		1,99,671
	-		2,29,807
	4,37,370		26,79,059
	11,57,810		28,88,508
	43,44,798		-
	21,76,120		13,47,844
	132,84,640		88,90,144

SCHEDULE 15 -- INTEREST AND FINANCE CHARGES

Interest - on Term Loans
- Others
Bank Charges

	-		-
	233		-
	1,15,695		4,95,866
	1,15,928		4,95,866

SCHEDULE 16 - SELLING OVERHEADS

Sales Promotion expense
Advertisement
Freight outwards
Other Selling Expenses

	-		12
	3,200		2,41,488
	4,20,526		8,40,918
	11,30,817		7,53,900
	15,54,543		18,36,318



ARGUS SALUD PHARMA LLP
SCHEDULE 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR
ENDED 31st MARCH 2017

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The accounts are prepared on historical costs convention and in accordance with the accounting principles generally accepted in India comprising the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. The Financial Statements are drawn up on accrual basis.

2. Recognition of Income and Expenditure

The firm adopts mercantile system of accounting and recognizes income and expenditure on accrual basis in accordance with the applicable accounting standards

3. Revenue Recognition

Sale of goods is recognized when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods. Gross sales include excise duty but exclude value added tax/sales tax. Export sales are accounted for on the basis of date of bill of lading.

4. Fixed Assets

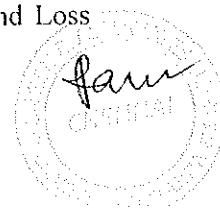
Fixed assets are valued at original cost of acquisition less depreciation. The actual cost capitalized includes freight, installation cost, duties and taxes, and other incidental expenses attributable to bringing the asset to its working condition.

5. Depreciation

- a. Depreciation on Fixed Assets is calculated on Straight Line method at rates prescribed in Schedule XIV of the Companies Act, 1956, on original cost of the asset. Additions to fixed assets costing less than Rs. 5000/- are fully charged off as depreciation in the year of addition.
- b. The cost and accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the Profit and Loss account.
- c. Depreciation has been calculated, on additions, in pro-rata to the number of months for which they have been in existence.

6. Foreign Currency Transactions

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



7. Inventories

- a. Raw material, Packing materials, stores and spares are valued at cost including duties and taxes, exclusive of MODVAT credit. The cost is arrived at FIFO basis.
- b. The finished goods inventories are valued on the principles of cost or net realizable value whichever is lower. The cost includes the cost of raw materials, packing materials and other related expenses.
- c. Work in progress is valued on the same basis as finished goods and is inclusive of their cost of raw materials, packing materials and other related expenses.
- d. Value of closing stock as on 31st March 2017 is as certified by the management.

8. Retirement benefits

a. Defined Contribution Plans

Contributions paid/payable under defined contribution plans are recognized in the Profit and Loss Account each year. Contribution plan is for Provident Fund administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions

b. Short-term employment benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leaves and performance incentives.

9. Leases

Lease of assets where the less or effectively retains all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

10. Contingent liabilities are not provided for, but disclosed in the Notes on Accounts

11. The Company is operating in one segment of "pharmaceutical formulations".



B. NOTES ON ACCOUNTS

1. Contingent Liabilities

- (a) Outstanding Bank Guarantee given to the Customs department and others Rs. 1,47,800/-
(Previous Year Rs. 1,47,800/-)

2. Dues to Micro, Small and Medium Enterprises

The Firm 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 year end together with Interest Paid / Payable under this Act have not been given.

3. Balances with Scheduled banks in deposit accounts includes:

- (a) Deposits under lien towards Bank Guarantee – Rs. 7,49,089/- (Rs. 7,49,089/-)
4. Balances of debtors, loans, advances and deposits, including items which are subject to confirmation, have, in the opinion of the management, a value on realization in the ordinary course of business at least equal to the amount at which they are stated and creditors are stated at the value which they are liable to be paid.

5. Auditors' Remuneration comprises of fees:

	In Rs. For the Year ended March 31, 2017	In Rs. For the Year ended March 31, 2016
For Statutory Audit	70000	70000
For Tax Audit	10000	10000
Total	80000	80000

6. CIF Value of Imports

	In Rs. For the year ended March 31, 2017	In Rs. For the year ended March 31, 2016
Raw materials ,Finished Goods	29231901/-	80215383 /-
Capital Goods	--	--

7. Earnings in Foreign Exchange (On Accrual basis)

FOB Value of Exports – 15,97,04,440 Rs. /- (Previous Year Rs. 188771526 /-)



11. Sale of Product comprises

Category	Manufactured Goods				Traded Goods			
	2016-17		2015-16		2016-17		2015-16	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Tablets	-	-	-	-	315.94	924.05	105.62	123.31
Capsules	-	-	175.95	103.38	.59	141.86	36.23	177.54
Liquids	-	-	-	-	2.39	20.76	4.11	120.12
Injectables	-	-	-	-	2.23	148.33	1.66	36.26
Ointments	-	-	14.83	170.21	1.80	61.48	-	-
Softgels	-	-	-	-	19.46	40.40	-	-
Syrup	-	-	-	-	6.10	250.08	-	-
Others	-	-	-	-	.12	10.05	6.51	48.49
Total	-	-	190.78	273.60	354.19	1597.04	154.17	508.69

12. Details of Closing Stock at

CATEGORY	MANUFACTURED GOODS				Traded Goods			
	2016-17		2015-16		2016-17		2015-16	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Tablets	-	-	-	-	-	-	25.53	8.31
Capsules	-	-	1.72	0.86	-	-	5.76	14.40
Ointments	-	-	0.31	1.71	-	-	-	-
Liquids	-	-	-	-	-	-	-	-
OTHERS	-	-	0.003	0.13	-	-	-	-
Total	-	-	2.06	2.70	-	-	31.29	22.71

13. Operating Leases

The company has entered into cancelable lease agreements for office facilities, office and residential premises of employees. Lease payments recognized in the Profit & Loss Account for the year Rs. 11,57,810/- The Company has not entered into any non cancelable operating leases and finance leases.

14. Disclosure in accordance with the Accounting Standard 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India as identified by the company and relied upon by the auditors.

(a) Related parties and nature of relationship

■ Caplin Point Laboratories Ltd



(b) Key management personnel

- Mr. Manish – Production Executive

(c) Transactions that have taken place during the year with related parties by the company:
In Rs.

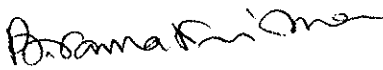
	For the year ended 31st March 2017	For the year ended 31st March 2016
Sales to related party	4,90,33,818/-	92089577/-
Purchase from Related party	1,11,21,179/-	26625170/-
Share of profit of related party	2,81,13,845/-	66299990/-

15. The firm's factory unit at Baddi in Himachal Pradesh is having exemption from Income Tax for a period of 10 years from the date of commencement of production (Year 2010 - 2011).
16. The firm operates in one segment only viz., pharmaceutical formulations.
17. Previous year's figures have been regrouped wherever necessary.

Signatories to Schedules 1 to 17

As per our report of even dated attached
for **CNGSN & Associates**
Chartered Accountants
Firm Registration No. 004915S/S200036

For and on behalf of
ARGUS SALUD PHARMA LLP



B. RAMAKRISHNAN
Partner
ICAI membership No 201023



on behalf of
May India Property Private Ltd
Designated Partner



on behalf of
Caplin Point Laboratories Ltd
Designated Partner

Date: 10.05.2017
Place: Chennai