



## 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, 2018, 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.



CNGSN & Associates LLP, a Limited Liability Partnership with LLP Identity No.AAC-9402

Offices at : • Chennai -17, Chennai -32 • Vellore • Coimbatore • Hyderabad

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, 2018; and its net Profit for the year ended on that date

### Report on Other Legal and Regulatory Requirements

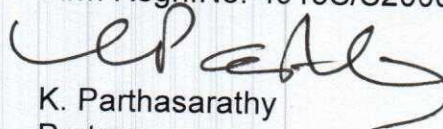
We report that:

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: 25-05-2018



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



K. Parthasarathy  
Partner  
Membership No: 018394

**ARGUS SALUD PHARMA LLP**  
**BALANCE SHEET AS AT MARCH 31, 2018**

	Notes		As at 31-03-2018 Rs.		As at 31-03-2017 Rs.
<b>SOURCES OF FUNDS</b>					
<b>SHARE HOLDERS' FUNDS</b>					
Partners' Capital Account	1				
Caplin Point Laboratories Ltd		99,00,000		99,00,000	
May India Properties P Ltd		10,000		10,000	99,10,000
			99,10,000		
Partners' Share of Profit / (Loss)	2				
Caplin Point Laboratories Ltd		(26,86,169)		463,58,650	
May India Properties P Ltd		7,19,081		27,21,881	490,80,531
			(19,67,088)		
<b>TOTAL</b>			<b>79,42,912</b>		<b>589,90,531</b>
<b>APPLICATION OF FUNDS</b>					
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Sundry Debtors	3		-		451,71,780
Cash & Bank balances	4		58,23,369		88,20,513
Loans, Advances & Deposits	5		21,39,543		73,98,590
			79,62,912		613,90,883
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	6		-		18,38,356
Provisions	7		20,000		5,61,996
			20,000		24,00,352
<b>TOTAL CURRENT ASSETS</b>			<b>79,42,912</b>		<b>589,90,531</b>
<b>TOTAL</b>			<b>79,42,912</b>		<b>589,90,531</b>

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

For and on behalf  
ARGUS SALUD PHARMA LLP

As per our report of even dated attached  
for **CNGSN & Associates**

Chartered Accountants

Firm Registration No: 4915S/ S200036

  
**K. PARTHASARATHY**

Partner

ICAI Membership No: 018394



Place : Chennai

Date : May 25, 2018

  
on behalf of  
May India Property Pvt Ltd  
Designated Partner

  
on behalf of  
Caplin Point Laboratories Ltd  
Designated Partner

**ARGUS SALUD PHARMA LLP**  
**STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

	Notes	For the Year ended	For the Year ended
		31-03-2018	31-03-2017
		Rs.	Rs.
<b>INCOME</b>			
Gross Sales (Less Returns)		-	1711,57,864
Less: Excise Duty		-	-
Net Sales		-	1711,57,864
Export Incentives		-	49,91,709
Other Income	8	32,670	31,52,829
<b>TOTAL</b>		<b>32,670</b>	<b>1793,02,402</b>
<b>EXPENSES</b>			
Cost of Goods Sold	9	-	1012,75,421
Direct Expenses	10	1,76,902	14,01,228
Payments to and Provision for employees	11	37,600	13,07,271
Administrative Expenses	12	25,92,873	132,84,640
Interest and Finance Charges	13	25,152	1,15,928
Selling Expenses	14	-	15,54,543
<b>TOTAL</b>		<b>28,32,527</b>	<b>1189,39,032</b>
<b>PROFIT BEFORE DEPRECIATION AND TAX</b>		<b>(27,99,857)</b>	<b>603,63,370</b>
Depreciation and Amortisation		-	3,55,422
<b>PROFIT BEFORE TAX</b>		<b>(27,99,857)</b>	<b>600,07,948</b>
Provision for Taxation - Current		-	(318,27,283)
- Earlier years		-	-
- Deferred Tax		-	-
Add: MAT credit entitlement		-	-
<b>PROFIT AFTER TAX</b>		<b>(27,99,857)</b>	<b>281,80,665</b>
<b>Balance carried to Partners' Capital a/c</b>		<b>(27,99,857)</b>	<b>281,80,665</b>
Caplin Point Laboratories Ltd		(27,97,057)	281,52,484
May India Properties P Ltd		(2,800)	28,181
		<b>(27,99,857)</b>	<b>281,80,665</b>

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

**For and on behalf**  
**ARGUS SALUD PHARMA LLP**

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

  
**K. PARTHASARATHY**  
 Partner  
 ICAI Membership No: 018394



  
 on behalf of  
 May India Property Pvt Ltd  
 Designated Partner

  
 on behalf of  
 Caplin Point Laboratories Ltd  
 Designated Partner

Place : Chennai  
 Date : May 25, 2018

Notes to the Standalone financial statements for the Year ended March 31, 2018

<b>Note 1 -- PARTNERS' SHARE CAPITAL</b>		<b>As at 31-03-2018 Rs.</b>		<b>As at 31-03-2017 Rs.</b>
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
		99,10,000		99,10,000

<b>Note 2 -- PARTNERS' SHARE of Profit</b>		<b>As at 31-03-2018 Rs.</b>		<b>As at 31-03-2017 Rs.</b>
Caplin Point Laboratories Ltd	Opening	463,58,650		786,75,941
	For the year	(27,97,057)		281,52,484
		435,61,593		1068,28,423
Less: Amount transferred from Partners Current Account		462,47,762	(26,86,169)	604,69,773
May India Properties P Ltd	Opening	27,21,881		26,93,701
	For the year	(2,800)		28,180
		27,19,081		27,21,881
Less: Amount transferred from Partners Current Account		20,00,000		-
		7,19,081		27,21,881
		(19,67,088)		463,58,650

<b>Note 3 -- SUNDRY DEBTORS</b>		<b>As at 31-03-2018 Rs.</b>		<b>As at 31-03-2017 Rs.</b>
(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
Unsecured and Considered Doubtful		-		-
		-		451,71,780

<b>Note 4 -- CASH &amp; BANK BALANCES</b>		<b>As at 31-03-2018 Rs.</b>		<b>As at 31-03-2017 Rs.</b>
(i) Cash on Hand		50,021		50,021
(ii) Balance with banks				
in Current Accounts		56,68,348		85,71,795
in Deposit Accounts		1,05,000		1,98,697
		58,23,369		88,20,513

<b>Note 5 -- LOANS, ADVANCES &amp; DEPOSITS</b>		<b>As at 31-03-2018 Rs.</b>		<b>As at 31-03-2017 Rs.</b>
(Unsecured, considered good unless otherwise stated)				
<b>Advances Recoverable in cash or in kind or for value to be received</b>				
Deposits with Statutory / Govt. Authorities				
Balance with Sales Tax Authorities		9,70,988		17,90,141
Advances - Others		8,76,427		48,69,339
Deposits		2,92,128		7,39,110
		21,39,543		73,98,590

<b>Note 6 -- CURRENT LIABILITIES</b>		<b>As at 31-03-2018 Rs.</b>		<b>As at 31-03-2017 Rs.</b>
Sundry Creditors - Goods				14,84,495
- Expenses		-		3,53,318
- Capital goods		-		-
Sundry Creditors - Others		-		543
		-		18,38,356

<b>Note 7 -- PROVISIONS</b>		<b>As at 31-03-2018 Rs.</b>		<b>As at 31-03-2017 Rs.</b>
Provision for Tax		20,000		5,61,996
		20,000		5,61,996



Notes to the Standalone financial statements for the Year ended March 31, 2018

Notes to the Standalone financial statements for the Year ended March 31, 2018

Note 8 -- INDIRECT INCOME	For the Year ended		For the Year ended	
		31-03-2018		31-03-2017
		Rs.		Rs.
Interest Income				20,96,333
Exchange Fluctuation Income (nett)				8,59,471
Miscellaneous income		32,670		1,97,025
		32,670		31,52,829

Note 9-- COST OF GOODS SOLD	For the Year ended		For the Year ended	
		31-03-2018		31-03-2017
		Rs.		Rs.
Opening Stock:				
Raw Materials	-		30,50,386	
Work-in-Progress	-		35,80,099	
Finished Goods	-		25,41,440	
				91,71,925
Add: Purchases:				
Raw Materials (Less Returns)	-			
Finished Goods	-		921,03,496	
				921,03,496
Less: Closing Stock:				
Raw Materials	-			
Work-in-Progress	-			
Finished Goods	-			
				1012,75,421

Note 10 -- DIRECT EXPENSES	For the Year ended		For the Year ended	
		31-03-2018		31-03-2017
		Rs.		Rs.
Manufacturing Expenses				8,58,597
Power and Fuel		1,76,902		5,42,631
		1,76,902		14,01,228

Note 11--PAYMENTS TO AND PROVISION FOR EMPLOYEES	For the Year ended		For the Year ended	
		31-03-2018		31-03-2017
		Rs.		Rs.
Salaries, Wages & Bonus		-		6,14,227
Contribution to Provident Fund and other funds		-		55,538
Staff Welfare		37,600		6,37,506
		37,600		13,07,271

Note 12 -- ADMINISTRATIVE OVERHEADS	For the Year ended		For the Year ended	
		31-03-2018		31-03-2017
		Rs.		Rs.
Telephone Expenses		8,889		72,318
Donations		-		5,200
Professional and Consultancy		79,825		3,03,781
Rates & Taxes		-		74,931
Bad debts		-		38,50,168
Subscriptions		27,520		20,988
Travelling & Conveyance		2,61,804		6,22,537
Audit fees		20,000		80,000
Insurance		-		1,38,619
Repairs and Maintenance				
- Building		-		-
- Others		6,28,594		4,37,370
Rent & Amenities		53,068		11,57,810
Loss on sale of assets		-		43,44,798
Exchange Fluctuation Income (nett)		13,66,755		-
Sundry Expenses		1,46,418		21,76,120
		25,92,873		132,84,640

Note 13 -- INTEREST AND FINANCE CHARGES	For the Year ended		For the Year ended	
		31-03-2018		31-03-2017
		Rs.		Rs.
Interest - on Term Loans				
- Others		-		233
Bank Charges		25,152		1,15,695
		25,152		1,15,928

Note 14 - SELLING OVERHEADS	For the Year ended		For the Year ended	
		31-03-2018		31-03-2017
		Rs.		Rs.
Advertisement		-		3,200
Freight outwards		-		4,20,526
Other Selling Expenses		-		11,30,817
		-		15,54,543



## ARGUS SALUD PHARMA LLP

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2018

#### 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 31<sup>st</sup> 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. 0/- (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, 2018	In Rs. For the Year ended March 31, 2017
For Statutory Audit	10000	70000
For Tax Audit	10000	10000
<b>Total</b>	<b>20000</b>	<b>80000</b>

### 6. CIF Value of Imports

	In Rs. For the year ended March 31, 2017	In Rs. For the year ended March 31, 2017
Raw materials ,Finished Goods	NIL	NIL
Capital Goods	NIL	NIL

### 7. Earnings in Foreign Exchange (On Accrual basis)

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



8. Value of consumption of imported and indigenous materials and components

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Rs.	%	Rs.	%
Imported	NIL	%	NIL	%
Indigenous	NIL	%	NIL	%

9. Licensed and Installed Capacity and actual production

	Annual Licensed / Installed Capacity	Actual Production	Annual Licensed / Installed Capacity	Actual Production
	2017-18	2017-18	2016-17	2016-17
Tablets	-	-	-	-
Capsules	-	-	-	-
Ointments/Cream	-	-	-	-
Liquids	-	-	-	-

Qty in units in lakhs

10. Details regarding purchase of Traded Goods

Category	2017-18		2016-17	
	Qty	Qty	Qty	Value
	Nos in Lakhs	Nos in Lakhs	Nos in Lakhs	Rs. In Lakhs
Tablets	-	-	315.94	524.43
Capsules	-	-	.59	85.12
Liquids	-	-	2.39	12.46
Injection	-	-	2.23	88.99
Ointments	-	-	1.80	36.89
Softgels	-	-	19.46	24.24
Syrup	-	-	6.10	143.05
Others	-	-	.12	6.03
Total	-	-	354.19	921.21



**11. Sale of Product comprises**

Category	Manufactured Goods				Traded Goods			
	2017-18		2016-17		2017-18		2016-17	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Tablets	-	-	-	-	-	-	315.94	924.05
Capsules	-	-	-	-	-	-	.59	141.86
Liquids	-	-	-	-	-	-	2.39	20.76
Injectables	-	-	-	-	-	-	2.23	148.33
Ointments	-	-	-	-	-	-	1.80	61.48
Softgels	-	-	-	-	-	-	19.46	40.40
Syrup	-	-	-	-	-	-	6.10	250.08
Others	-	-	-	-	-	-	.12	10.05
<b>Total</b>	-	-	-	-	-	-	354.19	1597.04

**12. Details of Closing Stock at**

CATEGORY	MANUFACTURED GOODS				Traded Goods			
	2017-18		2016-17		2017-18		2016-17	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Tablets	-	-	-	-	-	-	-	-
Capsules	-	-	-	-	-	-	-	-
Ointments	-	-	-	-	-	-	-	-
Liquids	-	-	-	-	-	-	-	-
OTHERS	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

**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.53,068/- 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 2018	For the year ended 31st March 2017
Sales to related party	NIL	4,90,33,818/-
Purchase from Related party	NIL	1,11,21,179/-
Share of profit of related party	NIL	2,81,13,845/-

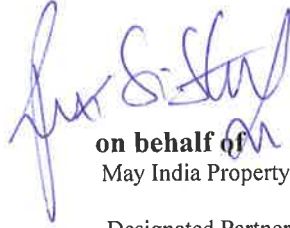
15. The firm's factory unit at Baddi in Himachal Pradesh is having exemption from Income Tax or a period of 10 years from the date of commencement of production (Year 2010 - 2011).
16. The firm operates in one segment only viz., pharmaceutical formulations.
17. Previous year's figures have been regrouped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

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



**K. PARTHASARATHY**  
Partner  
ICAI membership No:018394



on behalf of  
May India Property Private Ltd  
Designated Partner



on behalf of  
Caplin Point Laboratories Ltd  
Designated Partner

Date:25.05.2018  
Place:Chennai

