

**CAPLIN POINT FAR EAST LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2017**

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## CAPLIN POINT FAR EAST LIMITED

### REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31st March 2017.

#### **DIRECTORS**

The Directors who held office during the year were :

1. Parthipan Chengleput Chellappan ( Ceased to be a director on 22nd November 2016)
2. Prasanna Mishra Durga ( Ceased to be a director on 16th February 2017)
3. Luis Francisco Valldares Barrientos ( Appointed as a director on 22nd November 2016)
4. Senthil Kumar Tati Balasubramanian ( Appointed as a director on 22nd November 2016)

The last two are the directors on the date of this report.

#### **PRINCIPAL ACTIVITY**

The principal activity of the business is dealing in Pharmaceutical Products..

#### **PERMITTED INDEMNITY PROVISION**

Article 31(1) of the Company's Articles [Schedule 2 to the Companies (Model Articles) Notice (Cap 622H)] provides that a director or former director of the Company may be indemnified out of the Company's assets against any liability incurred by the director to a person other than the Company or an associated company of the Company in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or associated company (as the case may be). This Article only applies if the indemnity does not cover the liability set out in Article 31(2) of the Company's Articles. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.

#### **MANAGEMENT CONTRACT**

At no time during the financial year or at the end of the financial year was the Company or its parent company, or fellow subsidiaries a party to any arrangements or shadow directors, if any, to enable the Directors or shadow directors, if any, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

In the opinion of the Directors, no directors or shadow directors, if any, had material interests in those significant transactions, arrangements or contracts in relation to the Company's business entered into by the Company, its parent company, or fellow subsidiaries in the financial year or subsisted at any time in the financial year.

#### **BUSINESS REVIEW**

The Company is a wholly owned subsidiary of another body corporate. Accordingly, the Company is exempted from preparing a business review.

#### **CHARITABLE DONATIONS**

During the financial year, the Company made no charitable donations (2016: Nil).

#### **EQUITY-LINKED ARRANGEMENTS**

During the financial year, the Company entered into no equity-linked agreement. At the end of the financial year, the Company subsisted of no equity-linked agreement.



**REPORT OF THE DIRECTORS - CONTINUED**

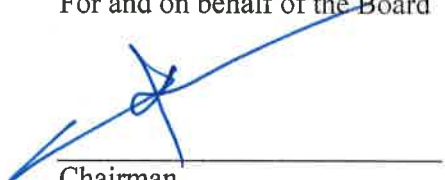
**RECOMMENDED DIVIDENDS**

The Directors do not recommend the payment of dividend for the financial year.

**AUDITORS**

The Company's auditors, C&N Certified Public Accountants, now retire and, being eligible, offer themselves for re-appointment

For and on behalf of the Board

A handwritten signature in blue ink, appearing to be 'Senthil Kumar', is written over a horizontal line. The signature is stylized and slanted upwards to the right.

Chairman  
8th May 2017

**SENTHIL KUMAR**

8th May 2017

**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDER OF CAPLIN POINT FAR EAST LIMITED**

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of CAPLIN POINT FAR EAST LIMITED ("the Company") set out on pages 5 to 15, which comprise the statement of financial position as at 31<sup>st</sup> March 2017, and the statement of Comprehensive Income, statement of changes in Equity and statement of Cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

**Directors' responsibility for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

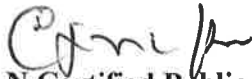
Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true 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 an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, 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 our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31<sup>st</sup> March, 2017 and of its Profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



**C&N Certified Public Accountants**  
**Hong Kong**

**CAPLIN POINT FAR EAST LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31st MARCH 2017**

	<b><u>NOTE</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
		<b>US\$</b>	<b>US\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade Receivables		3904,200	
Deposits and other Receivables		45,912	
Cash and Bank Balances		2376,454	1,074
		<u>6326,566</u>	<u>1,074</u>
<b>CURRENT LIABILITIES</b>			
Due to Directors	7	59,252	
Trade and other Payable		2431,961	
		<u>2491,213</u>	-
<b>NET CURRENT ASSETS</b>		<u>3835,353</u>	<u>1,074</u>
<b>NET ASSETS</b>		<u>3835,353</u>	<u>1,074</u>
<b>EQUITY</b>			
Share Capital		11,544	1,287
Retained Profits		3823,809	-
Preliminary Expenses		-	(213)
		<u>3835,353</u>	<u>1,074</u>

Approved by the Board of Directors on 8th May 2017

  
Director  
**SENTHIL KUMAR**

  
Director  
**LUIS VALLADARES**

The accompanying Accounting policies and Explanatory notes form an integral part of and should be read in conjunction with these financial statements

**CAPLIN POINT FAR EAST LIMITED**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 31st MARCH 2017**

	<u>NOTE</u>	<u>2017</u> <u>US\$</u>
<b>TURNOVER</b>	<b>3</b>	7409,378
COST OF SALES		<u>(2933,035)</u>
GROSS PROFIT		4476,343
ADMINISTRATIVE EXPENSES		(67,540)
SALES EXPENSES		(577,124)
FINANCE CHARGES		<u>(7,657)</u>
<b>Profit before taxation</b>	<b>4</b>	<b>3824,022</b>
PRELIMINARY EXPENSES WRITTEN OFF		(213)
TAX EXPENSE	<b>5</b>	-
<b>Profit (Loss) after taxation</b>		<u><b>3823,809</b></u>
<b>Retained Profits carried forward</b>		<u><u>3823,809</u></u>

  
Director  
**SENTHIL KUMAR**

  
Director  
**LUIS VALLADARES**

The accompanying Accounting policies and Explanatory notes form an integral part of and should be read in conjunction with these

**CAPLIN POINT FAR EAST LIMITED**

the "Company")

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31st March, 2017**

	<b>Issued Capital</b>	<b>Retained</b>	<b>Total</b>
	<b>US\$</b>	<b>Profits</b>	<b>US\$</b>
		<b>US\$</b>	<b>US\$</b>
As at 1st April 2015 and 1st April 2016	<b>1,287</b>	-	<b>1,287</b>
Shares Issued during the year 2016-17	<b>10,257</b>		<b>10,257</b>
Profit for the year ended 31st March 2017	-	<b>3,823,809</b>	<b>3,823,809</b>
<b>As at 31st March 2017</b>	<b>11,544</b>	<b>3,823,809</b>	<b>3,835,353</b>



**CAPLIN POINT FAR EAST LIMITED**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2017**

	Note	2017 US\$
<b><u>Operating activities</u></b>		
<b>Cash flows from operating activities</b>		
Profit after tax		3824,022
<b>Adjustment for:</b>		
Finance Charges		7,657
<b>Operating profit/(loss) before reinvestment of capital</b>		<b>3831,679</b>
(Increase)/decrease in accounts receivables		(3904,200)
(Increase)/decrease in Deposits and other Receivables		(45,912)
(Increase)/decrease in dues to Directors		59,252
Increase/(decrease) in Trade and other payables		2431,961
<b>Net cash from/(used in) operating</b>		<b>2372,780</b>
Tax paid		-
<b>Net cash inflow from/(used in) operating activities</b>		<b>2372,780</b>
<b><u>Financing activities</u></b>		
Shares Issued During the year		10,257
Finance Charges		(7,657)
<b>Net cash (used in)/from financing activities</b>		<b>2,600</b>
Net increase in cash and cash equivalents		2375,380
Cash & cash equivalents at beginning of financial yea		1,074
<b>Cash &amp; cash equivalents at end of financial year</b>		<b>2376,454</b>

The accompanying Accounting policies and Explanatory notes form an integral part of and should be read in conjunction with these financial statements



**CAPLIN POINT FAR EAST LIMITED**  
the "Company")

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

Accounting policies and explanatory notes to the financial statements for the year ended 31st March 2017.

**1. General information**

Caplin Point Far East Limited (the Company) is a limited company incorporated in Hong Kong. Its holding company is Caplin Point Laboratories Limited, a public limited company incorporated in India and its shares are listed on National Stock Exchange of India. The address of the registered office of the Company 609, 6<sup>th</sup> Floor, Hong Kong Plaza, 188, Connaught Road West, Hong Kong .

The Company is engaged in the business is dealing in Pharmaceutical Products..

**2. Basis of preparation and accounting policies**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, as modified by the revaluation of investment property at fair value.

*Foreign currency translation*

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in United States Dollars, which is the Company's functional and the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other income" or "other expenses".

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.



**CAPLIN POINT FAR EAST LIMITED**  
the "Company")

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

**2. Basis of preparation and accounting policies (cont'd)**

**Trade receivables**

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Intangible assets**

Intangible assets are purchased computer software that is stated at cost less accumulated amortisation and any accumulated impairment losses. It is amortised over its estimated life of five years using the straight-line method. If there is an indication that there has been a significant change in the amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

**Borrowings**

Borrowings are recognised initially at the transaction price and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

**Trade payables**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income and retained earnings because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.



**CAPLIN POINT FAR EAST LIMITED**  
the "Company")

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

**2. Basis of preparation and accounting policies (cont'd)**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets 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. However, the measurement of deferred tax liabilities associated with an investment property measured at fair value does not exceed the amount of tax that would be payable on its sale to an unrelated market participant at fair value at the reporting date. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**Employee benefit obligations**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

CAPLIN POINT FAR EAST LIMITED  
the "Company")

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

**2. Basis of preparation and accounting policies (cont'd)**

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**Impairment of non-financial assets, other than inventories**

At each reporting date, property, plant and equipment, intangible assets, and investments in a subsidiary and an associate are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or Company of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or Company of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (Company of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates, returns, sales-related taxes .

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, as follows:

Revenue from the sale of goods is recognized when the goods are delivered and the risks and rewards of ownership have been passed to the customers.

**Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Research and development costs**

All research and development costs are recognised as an expense unless they form part of the cost of another asset that meets the recognition criteria.



**CAPLIN POINT FAR EAST LIMITED**  
the "Company")

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

**2. Basis of preparation and accounting policies (cont'd)**

**Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

**Related parties**

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) is a member of the key management personnel of the Company or of a parent of the Company;
  - (ii) has control over the Company; or
  - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) Either entity is an associate or joint venture of the other entity (or of a member of a Company of which the other entity is a member).
  - (iii) Both entities are joint ventures of a third entity.
  - (iv) Either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant voting power in the entity.



**CAPLIN POINT FAR EAST LIMITED**  
(the "Company")

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

**3. Revenue**

Revenue, which is also the Company's turnover, represents the net invoiced value of goods after allowances trade discounts .

	<u>2017</u> US\$
Sale of Goods	<u>7,409,378</u>

**4. Profit before tax**

The following items have been recognised as expenses / (income) in determining profit before tax:

	<u>2017</u> US\$
Auditors' Remuneration	<u>2,000</u>

**5. Directors' remuneration, loans and other material interests**

The Directors received no remuneration for their services to the Company during the year. There are no loans, quasi-loans and other dealings in favour of directors (including shadow directors) of the Company and its holding company . This is disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulations

**6. Tax Expense**

Hong Kong Profits Tax has not been provided as the entire activities are off-shore and the Profits will be exempt.

**7. Dues to Directors**

The amounts due to the Directors are unsecured.



**CAPLIN POINT FAR EAST LIMITED**  
(the "Company")

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

**8. Holding Company**

At 31 March 2017, the Company's holding company is Caplin Point Laboratories Limited, a public limited company incorporated in India and its shares are listed on National Stock Exchange of India. This entity produces financial statements available for public use.

**9. Capital Risk Management**

The Company management manage its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of cash and cash equivalents, debt and equity attributable to equity holders of the Company, comprising issued share capital, share premium and accumulated profit.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

**10. LIQUIDITY RISK MANAGEMENT**

In the management of the liquidity risk, the Company monitor and maintain a level of cash and cash equivalents considered adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The contractual maturity of the Company's trade and other payables are all due within one year and the amounts due to related parties are all repayable on demand.

