

**CAPLIN POINT FAR EAST LIMITED**  
(Incorporated in Hong Kong with limited liability)

**REPORT OF THE DIRECTORS**

The Directors hereby presents his report together with the audited financial statements of the Company for the year ended 31st March 2018.

**Principal Activity**

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

**Financial Statements**

The results for the year ended 31<sup>st</sup> March 2018 are set out in the statement of comprehensive income on page 6. The statement of financial position of the Company as at March 31, 2018 is set out in the Balance Sheet on page 7.

**Directors**

The directors who held office during the period beginning with the end of the financial year and ending on the date of this report are as follows:

Mr. Luis Francisco Valladares Barrientos  
Mr. Senthil Kumar Tati Balasubramanian

**Directors' Interest**

No contract of significance to which the Company, was a party and in which the Directors had a material interest subsisted at the end of the year or at any time during the year.

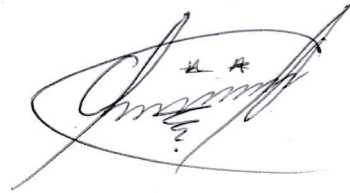
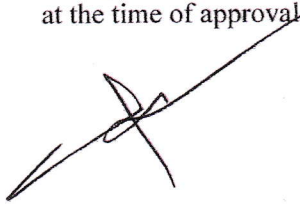
At no time during the year was the Company, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

**Business Review**

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

**Permitted indemnity provisions**

Article 137 of Part I of Table A of the Predecessor Companies Ordinance, which forms part of the Company's Articles, provides that every director for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in relation to the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 358 of the Predecessor Companies Ordinance (equivalent to sections 902 to 904 of the Hong Kong Companies Ordinance) in which relief is granted to him by the Court. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.



**CAPLIN POINT FAR EAST LIMITED**

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**Charitable Donations**

During the financial year, the Company made no charitable donations (2017: Nil).

**Arrangement to purchase shares or debentures**

There did not subsist at the end of the year arrangements to which the company was a party which enabled the directors of the company to acquire benefits by means of acquisition of shares in or debentures of the company or any other body corporate.

**Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

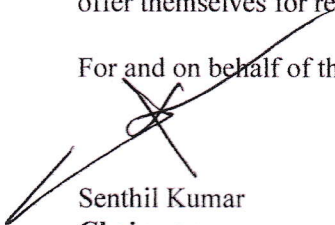
**Equity-linked arrangements**

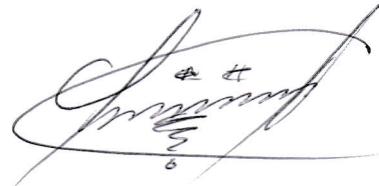
During the financial year, the Company entered into no equity-linked agreement. At the end of the financial year, the Company subsisted of no equity-linked agreement.

**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

  
Senthil Kumar  
Chairman  
8 May 2018



18<sup>th</sup> May 2018

**INDEPENDENT AUDITOR'S REPORT**

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

(Incorporated in Hong Kong with limited liability)

**Report on the Audit of the Financial Statements**

We have audited the financial statements of **CAPLIN POINT FAR EAST LIMITED** ("the Company") set out on pages 6 to 14 which comprise the statement of financial position as at March 31, 2018, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Director and Those Charged with Governance for the Financial Statements**

The director is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA 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.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

In preparing the financial statements, the director 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the 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 HKSA's 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 financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

  
C&N Certified Public Accountants  
Hong Kong






**CAPLIN POINT FAR EAST LIMITED**

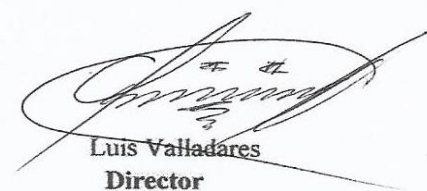
**INCOME STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH 2018**

	<u>NOTE</u>	<u>2018</u> <u>US\$</u>	<u>2017</u> <u>US\$</u>
TURNOVER	4	17883,454	7409,378
COST OF SALES		(9123,792)	(2933,035)
ADMINISTRATIVE EXPENSES		(63,649)	(67,540)
SALES EXPENSES		(183,881)	(577,124)
FINANCE CHARGES		(13,145)	(7,657)
<b>Profit before taxation</b>	5	<b>8498,987</b>	<b>3824,022</b>
PRELIMINARY EXPENSES WRITTEN OFF		-	(213)
TAX EXPENSE	7	-	-
<b>Profit (Loss) after taxation</b>		<b>8498,987</b>	<b>3823,809</b>
<b>Retained Profits carried forward</b>		<b>8498,987</b>	<b>3823,809</b>

Approved by the Board of Directors on 8th May 2018

  
Senthil Kumar  
Director

  
Luis Valladares  
Director

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**

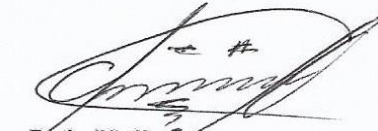
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31ST MARCH 2018**

	<b><u>NOTE</u></b>	<b><u>2018</u></b> <b>US\$</b>	<b><u>2017</u></b> <b>US\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade Receivables		6109,162	3904,200
Deposits and other Receivables		32,294	45,912
Cash and Bank Balances		7741,544	2376,454
		<b>13883,000</b>	<b>6326,566</b>
<b>CURRENT LIABILITIES</b>			
Due to Directors	8	59,027	59,252
Trade and other Payable		3266,908	2431,961
		<b>3325,935</b>	<b>2491,213</b>
<b>NET CURRENT ASSETS</b>		<b>10557,065</b>	<b>3835,353</b>
<b>NET ASSETS</b>		<b>10557,065</b>	<b>3835,353</b>
<b>EQUITY</b>			
Share Capital		11,544	11,544
Retained Profits		10545,521	3823,809
		<b>10557,065</b>	<b>3835,353</b>

Approved by the Board of Directors on 8th May 2018

  
Senthil Kumar  
Director

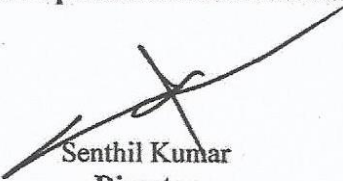
  
Luis Valladares  
Director

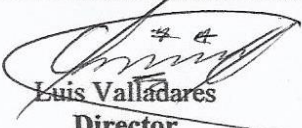
The accompanying Accounting policies and Explanatory notes form an integral part of and should be read in conjunction with these financial statements

**CAPLIN POINT FAR EAST LIMITED**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 2018**

	Note	2018 US\$	2017 US\$
<b><u>Operating activities</u></b>			
<b>Cash flows from operating activities</b>			
Profit after tax		8498,987	3824,022
<b>Adjustment for:</b>			
Finance Charges		13,145	7,657
<b>Operating profit/(loss) before reinvestment of capital</b>		<b>8512,132</b>	<b>3831,679</b>
(Increase)/decrease in accounts receivables		(2204,962)	(3904,200)
(Increase)/decrease in Deposits and other Receivables		13,618	(45,912)
Increase/(decrease) in dues to Directors		(225)	59,252
Increase/(decrease) in Trade and other payables		834,947	2431,961
<b>Net cash from / (used in) operating Tax paid</b>		<b>7155,510</b>	<b>2372,780</b>
<b>Net cash inflow from/(used in) operating activities</b>		<b>7155,510</b>	<b>2372,780</b>
<b><u>Financing activities</u></b>			
Shares Issued During the year		-	10,257
Dividend Paid During the year		(1777,275)	-
Finance Charges		(13,145)	(7,657)
<b>Net cash (used in)/from financing activities</b>		<b>(1790,420)</b>	<b>2,600</b>
<b>Net increase in cash and cash equivalents</b>		<b>5365,090</b>	<b>2375,380</b>
<b>Cash &amp; cash equivalents at beginning of financial year</b>		<b>2376,454</b>	<b>1,074</b>
<b>Cash &amp; cash equivalents at end of financial year</b>		<b>7741,544</b>	<b>2376,454</b>

  
Senthil Kumar  
Director

  
Luis Valladares  
Director

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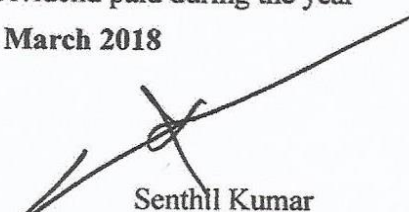
**CAPLIN POINT FAR EAST LIMITED**

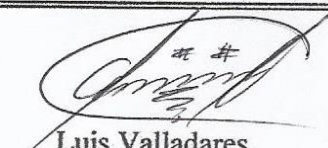
the "Company")

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31ST MARCH, 2018**

	<b>Issued Capital</b>	<b>Retained Profits</b>	<b>Total</b>
	US\$	US\$	US\$
As at 1st April 2016	1,287	-	1,287
Shares Issued during the year 2016-17	10,257		10,257
Profit for the year ended 31st March 2017	-	3823,809	3823,809
<b>As at 31st March 2017</b>	<b>11,544</b>	<b>3823,809</b>	<b>3835,353</b>
Profit for the year ended 31st March 2018	0	8498,987	8498,987
Interim Dividend paid during the year	0	(1777,275)	(1777,275)
<b>As at 31 March 2018</b>	<b>11,544</b>	<b>10545,521</b>	<b>10557,065</b>

  
Senthil Kumar  
Director

  
Luis Valladares  
Director

**CAPLIN POINT FAR EAST LIMITED**  
(Incorporated in Hong Kong with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**1. Reporting Entity**

CAPLIN POINT FAR EAST LIMITED (the 'Company') is incorporated in Hong Kong with limited liability. 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 registered office of the Company is located at 609, 6<sup>th</sup> Floor, Hong Kong Plaza, 188, Connaught Road West, Hong Kong.

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

**2. Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities ("HKFRSPE") issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in Note 3.

These financial statements have been prepared under the accrual basis of accounting and the measurement basis used in the preparation of the financial statements is historical cost modified by stating certain financial instruments, if any, at their fair value as explained in the accounting policies set out below.

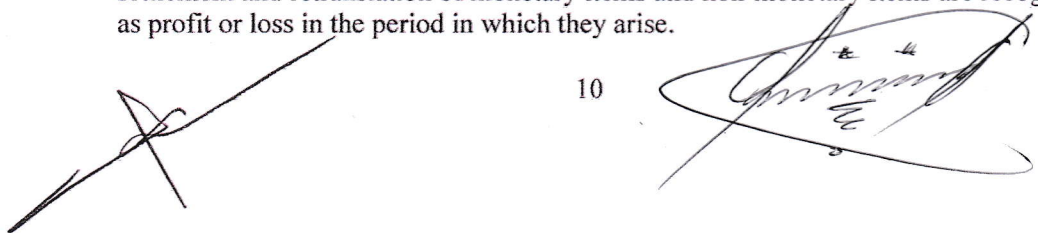
**3. Summary of Significant Accounting Policies**

**a. Revenue**

Revenue is recognised provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably. Interest income from bank deposits/balances is accrued on a time-apportioned basis taking into account the principal outstanding and the rate applicable.

**b. Foreign Exchange Translation**

Foreign currency transactions in currencies other than the functional currency (foreign currencies) are recorded in the functional currency at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences arising on the settlement and retranslation of monetary items and non-monetary items are recognised as profit or loss in the period in which they arise.

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**c. 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.

**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.

**e. 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.

**f. Trade payables**

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

**g. Borrowing costs**

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

**h. Impairment of non-financial assets**

The investment in subsidiary is considered as a non-financial asset. At each reporting date, investment in subsidiary is reviewed to determine whether there is any objective evidence of impairment as result of any event that occurred after the initial recognition of the investment (a 'loss event') and that loss event has an impact on the net assets value of the Subsidiary and that can be reliably estimated. The recoverable amount of the net assets value of the Subsidiary is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carrying amount 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 recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Comprehensive Income.

**i. Related parties**

For the purposes of these financial statements, a party is considered to be related to the Company if:

- i) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the Company ;
  - has an interest in the Company that gives it significant influence over the Company; or
  - has joint control over the Company;
- ii) the party is an associate of the Company;
- iii) the party is a joint venture in which the Company is a venture;
- iv) the party is a member of key management personnel of the Company or its parent;
- v) the party is a close member of the family of any individual referred to in (i) or (iv);
- vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or any entity that is a related party of the Company.

**4. Revenue**

An analysis of the Company's revenue is as follows:

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Turnover	17,883,454	7,409,378

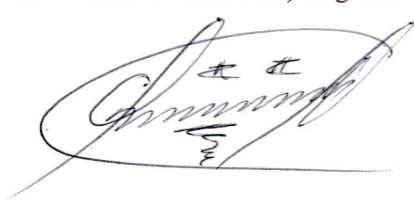
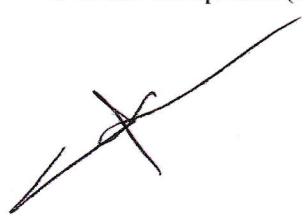
**5. Profit before taxation**

This is stated after charging:

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Auditor's remuneration	<u>2,500</u>	<u>2,000</u>

**6. Director's Remuneration**

The Directors received no remuneration for their services to the Company during the year (2016: Nil). 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.





**7. Income Tax Expense**

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

**8. Amount due to Directors**

The amount is unsecured, interest free and has no fixed repayment term.

**9. Cash and Cash Equivalents**

Cash and cash equivalents included in the statement of financial position comprise the following amounts:

	<u>2018</u>	<u>2017</u>
	US\$	US\$
Bank Balances	7,741,544	2,376,454
Cash and Cash equivalents	<u>7,741,544</u>	<u>2,376,454</u>

**10. Holding Company**

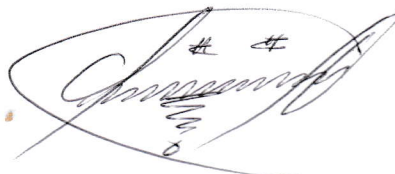
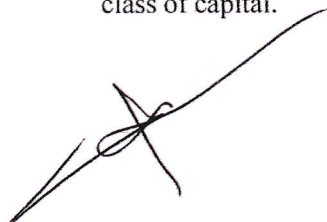
As at March 31, 2018, the Company's Holding Company is "Caplin Point Laboratories Limited", a public limited company incorporated in India and its shares are listed on National Stock Exchange of India.

**11. 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.



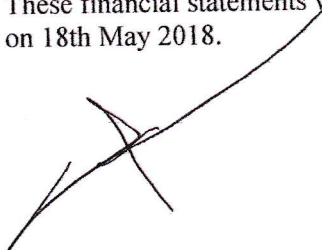
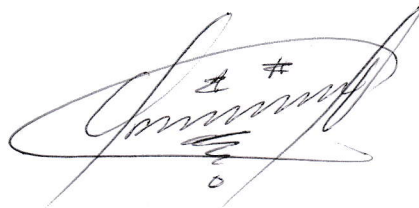
## 12. LIQUIDITY RISK MANAGEMENT

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.

## 13. Approval of Financial Statements

These financial statements were authorised for issue by the Company's Board of Directors on 18th May 2018.

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