



CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To

The Members

Caplin Steriles Limited, Chennai

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Caplin Steriles Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), the statement of changes in Equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.



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2. 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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2019, and profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Key Audit Matters.

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined that below is the key audit matter to be communicated in our report.

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

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		<p>technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</p>
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Information other than the Financial statements and Auditors' Report Thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our Auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit or loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

10. 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the 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

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fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

12. 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.

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



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Report on Other Legal and Regulatory Requirements

15. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The financial statements dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) We have also audited the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
 - g) As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
 - h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations, if any, as at 31st March 2019 on its financial position in its financial statements
 - ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

for M/s CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

Firm Registration No: 004915S/S200036

B. Ramakrishnan

B. Ramakrishnan

Partner

Membership No: 201023

Place : Chennai

Date : 16th May, 2019



Annexure A - To The Independent Auditors' Report of even date To The Members of Caplin Steriles Limited, on the financial statements for the year ended 31st March 2019

Report on the internal financial controls with reference to the aforesaid financial statements under section 143(3)(i) of the Companies Act,2013

1. We have audited the internal financial controls with reference to financial statements of Caplin Steriles Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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



4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal financial Controls with reference to financial statements

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

for M/s CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

Firm Registration No: 004915S/S200036

B. Ramakrishnan

B. Ramakrishnan

Partner

Membership No: 201023



Place : Chennai

Date : 16th May, 2019

Annexure B - To The Independent Auditors' Report on the financial Statements of Caplin Steriles Limited for the year ended 31 March 2019

(Referred to in paragraph 2 under 'Report On Other Legal and Regulatory Requirements' section of our report Caplin Steriles Limited of even date)

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties included in fixed assets are held in the name of the Company. In respect of immovable properties taken on lease and disclosed as property, plant and equipment in the Ind AS financial statements, the lease agreements are in the name of the Company.
- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order is not applicable to the Company.
- iv) The Company has not granted any loans or provided any security to the parties covered under section 185 and section 186 of the Act.
- v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi) The Company is maintaining Cost Records as required under Rule 3 of the Companies (Cost Records and Audit) Rules, 2014. However, as the Company is exporting in excess

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- of 75 % of their turnover, Cost Audit under section 148 is not applicable. Hence, reporting under clause 3(VI) of the Order is not applicable.
- vii) a) The Company is regular in depositing undisputed statutory dues with appropriate authorities like Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues, as applicable , with the appropriate authorities. Further no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- b) There are no amounts outstanding due to disputes with any of the statutory authorities.
- viii) The Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institutions or government and has not issued any debentures.
- ix) Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order is not applicable to the Company.
- x) In our opinion and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The Company did not pay any remuneration to its directors during the year and hence reporting under Section 197 read with Schedule V to the Act is not applicable.
- xii) The Company is not a Nidhi Company and hence, reporting under clause 3(xii) is not applicable.
- xiii) All the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian Accounting Standards.
- xiv) The Company has allotted 3,59,22,993 Compulsorily Convertible Preference shares at a face value of Rs.10 and with a premium of Rs. 19.229 to Eight Road Ventures India III LP on 7th March 2019 through private placement/ preferential allotment for which the company has obtained the approval of the Shareholders vide special resolution passed by the shareholders at their Extra Ordinary General Meeting held February 26,2019. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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- The Company has not entered into non-cash transactions with its directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

for M/s CNGSN & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

Firm Registration No: 004915S/S200036

B. Ramakrishnan

Place : Chennai

Date : 16th May, 2019



B. Ramakrishnan

Partner

Membership No: 201023

CAPLIN STERILES LIMITED

BALANCE SHEET AS AT MARCH 31, 2019

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

Particulars	Notes	As at March 31, 2019
ASSETS		
(1) Non-Current Assets		
(a) Property, plant and equipment		8,854.26
(b) Capital work-in-progress	2	108.36
(c) Other intangible assets		51.68
(d) Financial assets		
(i) Loans	3	78.35
(e) Deffered Tax Assets (net)	4	491.72
Sub-total-Non current assets		9,584.37
(2) Current Assets		
(a) Inventories	5	683.99
(b) Financial assets		
(i) Trade receivables	6	202.05
(ii) Cash and cash equivalents	7	2,664.26
(iii) Bank balances other than (ii) above	8	5,750.00
(iv) Loans	9	971.73
(c) Other current assets	10	16.56
Sub-total-Current assets		10,288.59
Total		19,872.96
EQUITY AND LAIBILITIES		
(1) Equity		
Equity share capital	11	9,339.98
Other equity	12	9,223.43
Sub-total-Total Equity		18,563.41
(2) Liabilities		
(A) Non-Current Liabilities		
(a) Other long term liabilities	13	358.14
Sub-total-Non current liabilities		358.14
(B) Current Liabilities		
(a) Financial liabilities		
(i) Trade payables	14	567.90
(ii) Other current liabilities	15	371.40
(b) Provisions	16	12.11
Sub-total-Current liabilities		951.42
Total		19,872.96

As per our report of even date attached

for CNGSN & Associates LLP

Chartered Accountants

Firm Registration No : 4915S/ S200036



B. Ramakrishnan

Partner

ICAI Membership No. 201023

Place : Chennai

Date : MAY 16, 2019

For and on behalf of the Board of Directors of Caplin Steriles Limited



Whole Time Director

M Sathya Narayanan

Chief Financial Officer



Director

Vinod Kumar S

Company Secretary



CAPLIN STERILES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM DECEMBER 12, 2018 TO MARCH 31, 2019

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

Particulars	Notes	For the period ended March 31, 2019
I . INCOME		
(a) Revenue from Operations	17	207.20
(b) Other income	18	19.59
Total Income		226.79
II . EXPENSES		
(a) Cost of Materials Consumed	19	60.22
(b) Changes in inventories of Finished Goods including Stock-in-Trade and Work-in-Progress	20	3.56
(c) Employee benefits expense	21	482.76
(d) Depreciation and Amortisation Expenses	22	255.68
(e) Research and Development Expenses	23	411.99
(f) Other expenses	24	701.17
Total Expenses		1,915.38
III . Profit before exceptional items and tax		(1,688.59)
IV. Exceptional Items		-
V . Profit before tax		(1,688.59)
VI . Provision for taxation		
- Current Tax		-
- MAT Credit Entitlement		-
- Deferred tax (Benefits)/Charge		(491.72)
VII . Profit After Tax for the Year		(1,196.87)
VIII. Other comprehensive income (net of tax) - Items that will not be reclassified to profit or loss:		
(i) Remeasurement of Defined Benefit Plans		12.50
IX.Total comprehensive income for the Year		(1,209.37)
Earning Per equity Share (Nominal value per share Rs.10/-)		
Basic		(1.93)
Diluted		(1.81)

As per our report of even date attached
for CNGSN & Associates LLP

Chartered Accountants

Firm Registration No : 4915S/ S200036



B.Ramakrishnan

Partner

ICAI Membership No. 201023

Place : Chennai

Date : MAY 16, 2019

For and on behalf of the Board of Directors of Caplin
Steriles LimitedWhole Time
DirectorM Sathya Narayanan
Chief Financial Officer

Director


Vinod Kumar S
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD DECEMBER 12, 2018 TO MARCH 31, 2019

(All amounts are in ₹ lakhs)

Particulars	For the period ended March 31, 2019
A. Cash Flow from Operating Activities	
Profit before tax	(1,688.59)
<u>Adjustments for:</u>	
Depreciation and Amortisation	255.68
Govt Grant	(1.98)
Employee Stock option Scheme Expense	53.71
Unrealised Foreign Exchange Fluctuation Loss (Gain)	12.77
Interest Income	(16.69)
Operating Profit before Working Capital changes	(1,385.10)
<u>Adjustments for :</u>	
(Increase) / Decrease in inventories	(310.53)
(Increase) / Decrease in Trade receivables	178.76
(Increase) / Decrease in Loans	(227.83)
(Increase) / Decrease in Other Non Current Assets	(0.03)
Increase/(Decrease) in Trade payables ,Current Liabilities & Provisions-Long and Short Term	262.79
CASH GENERATED FROM OPERATIONS*	(1,481.94)
Income tax Paid	-
Net Cash inflow / (outflow) from Operating activities	(1,481.94)
B. Cash Flow from Investing Activities	
Interest received	0.13
Purchase of property, plant and equipment*	(513.13)
Net Cash inflow / (outflow) from Investing activities	(513.00)
C. Cash Flow from Financing Activities	
Issuance of Compulsorily Convertible Preference Shares	3,592.30
Increase in Securities Premium	6,907.70
Issuance of Equity Share Capital for Cash*	10.00
Fees paid for increasing Authorised Share Capital	(120.95)
Net Cash inflow / (outflow) from Financing activities	10,389.05
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	8,394.11
Cash and Cash Equivalents as at the beginning of the year	20.15
Net Cash and Cash Equivalents as at the end of the year (A +B+C)	8,414.26

Notes:

a) Reconciliation of Cash And Cash Equivalents
 Cash And Cash Equivalents As Per Note 7 2,664.26
 Other Bank Balances As Per Note 8 5,750.00
 Total Cash And Cash Equivalents As Per Balance Sheet 8,414.26

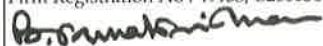
b) Net Cash and Cash Equivalents as at the end of the year includes bank deposits classified under other bank balance considering that such bank deposits are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, however, deposit under lien has been excluded.

*Excluding all Business Transfer related non-cash transactions as per BTA entered into by the Company with Caplin Point Laboratories on 18th Jan' 2019

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind AS - 7) " Statement of Cash Flow

As per our report of even date attached
 for CNGSN & Associates LLP
 Chartered Accountants

Firm Registration No : 49155/ S200036



B. Ramakrishnan
 Partner
 ICAI Membership No. 201023

Place: Chennai
 Date : **MAY 16, 2019**

For and on behalf of the Board of Directors of Caplin Steriles Limited



Whole Time Director

M Sathya Narayanan
 Chief Financial Officer

Director

Vinod Kumar S
 Company Secretary



NOTE 1 DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

1A. Company Overview:

Caplin Steriles Limited ("Caplin Steriles" or "the Company") incorporated in 2018, headquartered and having its registered office in Chennai, Tamil Nadu, India. The Company is into the business of pharmaceuticals - producing, developing and marketing wide range of generic formulations and branded products and exporting to overseas market. The Company's principal research and development facilities are located in Tamil Nadu, India; its principal manufacturing facilities are located in Tamil Nadu, India.

1B. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of accounting and preparation of Financial Statements:

Basis of accounting

i) These financial statements of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India. These financial statements were authorized for issue by the Company's Board of Directors on May 16, 2019.

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

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

Functional and Presentation Currency

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

Use of Estimates and Judgments

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



Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable.

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

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

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

b) Property, Plant and Equipment:

I. Recognition and Measurement

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

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



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

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

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

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

II. Subsequent Expenditure

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

III. Depreciation

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

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

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

Asset Category	Estimated Useful life (Years)
Factory Building	30
Building other than factory building	60
Plant & Machinery	5 -15
Furniture & Fixtures	10
Office Equipment	5
Computers	3
Electrical Fittings and Installation	10
Motor Vehicles	6
Motor Cycle	10



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

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

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

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

c) Intangible Assets:

I. Recognition and Measurement

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

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

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

II. Subsequent Expenditure

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

III. Amortisation

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

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

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



d) Research and Development:

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

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

e) Impairment of Assets:

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

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

f) Foreign Currency Transactions / Translations:

i) Transactions denominated in foreign currency are recorded at exchange rates prevailing at the date of transaction or at rates that closely approximate the rate at the date of the transaction.

ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not restated.

iii) Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were recorded on initial recognition during the period or in previous financial statements are recognized in the Statement of Profit and Loss in the period in which they arise.

g) Financial Instruments:

I. Financial Assets



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Classification

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

Initial recognition and measurement

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

Financial assets at amortised cost

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

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

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

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

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

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

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



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

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- i) the Company has transferred substantially all the risks and rewards of the asset, or
- ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

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

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

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

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

II. Financial Liabilities



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Classification

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

Initial recognition and measurement

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

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

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

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



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Derecognition

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

Offsetting of financial instruments

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

h) Income tax:

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

Current tax

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

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

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

Deferred tax

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

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

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



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

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

Deferred tax assets and liabilities are offset only if:

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

i) Inventories:

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

j) Revenue Recognition:

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

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

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

Interest income is recognized on time proportionate basis with reference to the Effective Interest Rate method.



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Dividend from investments is recognised as revenue when right to receive is established.

k) Employee Benefits:

Short term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

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

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The



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obligation is measured on the basis of a periodical independent actuarial valuation using the projected unit credit method. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

l) Share-based payment transactions:

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

m) Leases:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in net profit in the Statement of Profit and Loss over the lease term.

n) Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in the Notes to the Financial Statements. Contingent liabilities are disclosed for:

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

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

o) Borrowing costs:

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



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

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

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

p) Government Grants and Assistance:

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

- In case of capital grants, they are then recognised in Statement of Profit and Loss as other income on a systematic basis over the useful life of the asset.

- In case of grants that compensate the Company for expenses incurred are recognised in Statement of Profit and Loss on a systematic basis in the periods in which the expenses are recognised.

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

q) Earnings per share:

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

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



r) Insurance claims:

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

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

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

t) Segment reporting:

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

u) Operating cycle:

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

v) Cash Flow Statement:

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

w) Applicability of New/amendment on existing Indian Accounting Standards (Ind AS)

New standard and amendments to existing standard has been published and is mandatory for the Company' accounting periods beginning after April 1, 2019 or later periods but have not been early adopted by the Company.

a) New standards issued

Title of the new Ind AS	Ind AS 116: Leases
The nature of the impending change or changes in accounting policy	Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. In respect of the accounting requirements



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	from the point of view of the lessor, Ind AS 116 substantially conforms to Ind AS 17.
The date by which application of Ind AS is required	Effective from April 1, 2019
The date as at which it plans to apply Ind AS initially	This will be implemented from the effective date of April 1, 2019, as applicable
Impact to the Group	No Material impact foreseen. Appropriate disclosures would be complied with.

b) Amendments to existing Ind AS

Amendment to existing Ind AS that are not yet effective are not expected to have a material impact on the Group in the future reporting periods.

Title of amendment to existing Ind AS	The nature of the impending change or changes in accounting policy
Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'	This appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.
Long-term Interests in Associates and Joint Ventures - Amendments to Ind AS 28, 'Investment in Associates and Joint Venture'	Amendments to Ind AS 28 clarify that the long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using Ind AS 109.
Prepayment Features with Negative Compensation - Amendments to Ind AS 109, 'Financial Instruments'	Amendments to Ind AS 109 enable companies to measure at amortised cost some prepayable financial assets with negative compensation.
Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, 'Employee Benefits'	The net defined benefit liability is remeasured to determine past service cost, or the gain or loss on curtailment or settlement, current service cost and net interest for the remainder of the period are remeasured using the same assumptions and the same fair value of plan assets
Ind AS 103, 'Business Combination'	The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should remeasure its previously held interest in the joint operation at fair value at the



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	acquisition date.
Ind AS 111, 'Joint Arrangements'	The amendments clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. In such cases, previously held interests in the joint operation are not remeasured.
Ind AS 12, 'Income Taxes'	The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
Ind AS 23, 'Borrowing Cost'	Paragraph 14 of Ind AS 23 required an entity to exclude borrowings made specifically for the purpose of obtaining a qualifying asset. The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.



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NOTE 2
FIXED ASSETS

Particulars	Gross block			Depreciation Reserve			Net Block		
	As at 12-12-2018	Additions during the year*	Deletions during the year	As at 31-03-2019	As at 01-04-2018	Additions during the year	Deletions	As at 31-03-2019	As at 31-03-2018
I A) Tangible Assets									
Land	-	104.94	-	104.94	-	-	-	-	104.94
Factory Buildings	-	3,675.59	-	3,675.59	-	27.70	-	27.70	3,647.90
Plant & Machinery	-	3,187.24	-	3,187.24	-	119.98	-	119.98	3,067.25
Air Conditioner	-	133.30	-	133.30	-	2.07	-	2.07	131.23
Furniture & Fixtures	-	310.64	-	310.64	-	8.96	-	8.96	301.68
Office Equipment	-	60.36	-	60.36	-	7.55	-	7.55	52.81
Computers	-	50.70	-	50.70	-	5.89	-	5.89	44.81
Electrical Fittings	-	306.88	-	306.88	-	10.26	-	10.26	296.62
Motor Vehicles	-	32.41	-	32.41	-	2.37	-	2.37	30.04
Lab Equipment	-	1,244.20	-	1,244.20	-	67.22	-	67.22	1,176.98
Total Tangible Assets	-	9,106.36	-	9,106.26	-	252.00	-	252.00	8,854.26
I B) Intangible Assets									
Computer Software	-	55.34	-	55.34	-	3.66	-	3.66	51.68
Total Intangible Assets	-	55.34	-	55.34	-	3.66	-	3.66	51.68
TOTAL (A + B)	-	9,161.60	-	9,161.60	-	255.66	-	255.66	8,905.94
I C) Capital Work in Progress									
									108.36

*Current year Additions include assets worth ₹ 8,694.93 transferred as result of Business Transfer Agreement with Caplin Point Laboratories dated 18th January 2019

Capital Work-in-Progress

Particulars	As at March 31, 2019
Opening Balance	81.98
Additions	500.61
Less: Capitalisation	474.24
Closing Balance	108.36



CAPLIN STERILES LIMITED	
Notes to the financial statements for the period December 12, 2018 to March 31, 2019	
(All amounts are in ₹ lakhs except share data unless otherwise stated)	
NOTE 3	As at March 31, 2019
LOANS	
Unsecured, considered good	
Other Deposits	78.35
Total	78.35

NOTE 4	As at March 31, 2019
DEFERRED TAX ASSETS (Net)	
Deferred Tax Asset on account of timing differences	491.72
Total	491.72

NOTE 5	As at March 31, 2019
INVENTORIES (Lower of cost or Net realisable value)	
Raw Materials	173.59
Packing Materials	188.94
Work-in-Progress	46.64
Finished Goods	1.84
Stores and Spares	272.97
Total	683.98

NOTE 6	As at March 31, 2019
TRADE RECEIVABLES	
(Unsecured considered good unless otherwise stated)	
Considered good	202.05
Total	202.05

NOTE 7	As at March 31, 2019
CASH AND CASH EQUIVALENTS	
Cash on Hand	1.34
Balance with Banks	
- Current accounts	262.92
In Bank Deposit Accounts	
- Bank Deposit accounts less than 3 months maturity	2,400.00
Total	2,664.26



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CAPLIN STERILES LIMITED
Notes to the financial statements for the period December 12, 2018 to March 31, 2019
 (All amounts are in ₹ lakhs except share data unless otherwise stated)

NOTE 8	As at March 31, 2019
OTHER BANK BALANCES	
In Bank Deposit Accounts	
- Bank Deposit accounts maturity (more than 3 months but less than 12 months)	5,750.00
Total	5,750.00

NOTE 9	As at March 31, 2019
LOANS	
Unsecured, considered good	
Advances recoverable in cash or kind for the value to be received	298.99
Advance for Capital expenditure	343.54
Export Incentives Receivable	20.87
Balance with GST/ Excise/ Sales Tax Authorities	308.33
Total	971.73

NOTE 10	As at March 31, 2019
OTHER CURRENT ASSETS	
Interest Accrued on Deposits	16.56
Total	16.56

NOTE 11	As at March 31, 2019
SHARE CAPITAL	
AUTHORISED	
10,00,00,000 Equity Shares of ₹ 10/- each	10,000.00
6,00,00,000 Series A Compulsorily Convertible Preference Shares of ₹ 10/- each	6,000.00
ISSUED, SUBSCRIBED AND PAID UP	
1,00,000 equity shares of ₹ 10/- each fully paid up issued for cash & 9,32,99,782 equity shares of ₹ 10/- each fully paid up issued for consideration other than cash	9,339.98
Total	9,339.98

a) Reconciliation of equity shares outstanding at the beginning and at the end of the Year	As at March 31, 2019
Equity shares outstanding at the beginning of the Year*	-
Add: Equity shares allotted during the year	933.99
Less Equity shares bought back during the Year	-
Equity shares outstanding at the end of the Year	933.99



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b) Rights, preference & restrictions attached to shares

Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share, Each holder of equity share is entitled to one Vote per Share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, The distribution will be in proportion to the number of equity shares held by the shareholders.

Preference Shares

During the period ended 31st March 2019, pursuant to the approval granted by members at the Extra ordinary General Meeting held on 26th February 2019, the company has issued and allotted 3,59,22,993 Series A Compulsorily Convertible Preference Shares of face value of ₹ 10/- and a premium of Rs. 19.23/- each to M/s. Eight Road Ventures India III LP carrying a coupon rate of 0.001% p.a. having a term of 19 years from the date of allotment.

c) Details of shares in the company held by each shareholder holding more than 5% shares:	
Name of Shareholder	No. of Equity Shares Held as on March 31, 2019
Caplin Point Laboratories Limited and its nominees, Holding company (100% Holding)	9,33,99,776

NOTE 12	As at March 31, 2019
Other Equity	
a) Capital Reserve	
Opening and closing balance as per last balance sheet	-
b) Securities Premium Account	
Opening balance as per last balance sheet	-
Add: Additions during the year/period	6,907.70
Balance at the end of the Year/Period	6,907.70
c) Surplus in the Statement of Profit & Loss	
Balance at the beginning of the Period	-
Add : Profit/(Loss) during the Period	(1,196.87)
Balance at the end of the Year/Period	(1,196.87)
d) Other Comprehensive Income	
i) Actuarial Gain/ (Loss) on employee benefit obligation	
Opening balance as per last balance sheet	-
Add/(Less); Additions during the Year/Period	(12.50)
Balance at the end of the Year/Period	(12.50)
e) Other Equity-ESOP	
Opening balance as per last balance sheet	-
Add/(Less); Additions during the year/period	53.71
Balance at the end of the Year/Period	53.71
f) Cost of Equity Transactions	
Preference share Capital	
Series A Compulsorily Convertible Preference Shares of ₹ 10/- each fully paid up	3,592.30
Total	9,223.43



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CAPLIN STERILES LIMITED

Notes to the financial statements for the period December 12, 2018 to March 31, 2019

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

NOTE 13	As at March 31, 2019
Other Long term liabilities	
Govt Grant	170.03
Others	172.06
Gratuity Fund Net of Provision	16.05
Total	358.14

Note 14	As at March 31, 2019
TRADE PAYABLES	
Trade Payables for Goods and Services	567.90
Total	567.90

Note 15	As at March 31, 2019
OTHER CURRENT LIABILITIES	
Statutory Dues payable	51.81
Creditors for Capital Goods	137.24
Salary and bonus payable	182.35
Total	371.40

Note 16	As at March 31, 2019
SHORT TERM PROVISIONS	
Provision for Employee Benefits	12.11
Total	12.11

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CAPLIN STERILES LIMITED	
Notes to the financial statements for the period December 12, 2018 to March 31, 2019	
(All amounts are in ₹ lakhs except share data unless otherwise stated)	
NOTE 17	For the period ended March 31, 2019
REVENUE FROM OPERATIONS	
Revenue from Operations	201.95
Sale of products	158.41
Service income	43.54
Other operating revenues	
Export Incentives	5.25
Total	207.20

NOTE 18	For the period ended March 31, 2019
OTHER INCOME	
Interest Income	16.69
Govt Grant	1.98
Miscellaneous Income	0.92
Total	19.59

NOTE 19	For the period ended March 31, 2019
COST OF MATERIALS CONSUMED	
Opening Stock	148.37
Add : Purchases (Net)	274.38
Less Closing Stock	362.53
Total	60.22

NOTE 20	For the period ended March 31, 2019
CHANGES IN INVENTORIES OF FINISED GOODS INCLUDING STOCK - IN-TRADE AND WORK-IN-PROGRESS	
Inventories at the end of the year	
Work in Progress	46.64
Finished Goods	1.84
	(A)
	48.48
Inventories at the beginning of the year	
Work in Progress	52.04
Finished Goods	-
	(B)
	52.04
Net (Increase) / Decrease in Inventories (B- A)	3.56



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CAPLIN STERILES LIMITED**Notes to the financial statements for the period December 12, 2018 to March 31, 2019**

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

NOTE 21	For the period ended March 31, 2019
EMPLOYEE BENEFITS EXPENSE	
Salaries, wages, bonus and allowances	380.88
Contribution to Provident and Other funds	19.84
Employee share based expense	53.71
Staff Welfare Expenses	28.33
Total	482.76

NOTE 22	For the period ended March 31, 2019
DEPRECIATION AND AMORTISATION	
Depreciation on property, plant and equipment (Refer note: 2)	252.02
Amortisation of Intangible Assets	3.66
Total	255.68

NOTE 23	For the period ended March 31, 2019
RESEARCH AND DEVELOPMENT EXPENSES	
R & D Expenses	411.99
Total	411.99

NOTE 24	For the period ended March 31, 2019
OTHER EXPENSES	
Power and Fuel	141.13
Other Manufacturing Expenses	19.69
Communication Expenses	2.53
Donations	0.02
Professional and Consultancy charges	55.97
Rates & taxes including ANDA Application fees	394.64
Subscriptions	0.64
Travelling Expenses	2.18
Auditor's Remuneration	1.00
Insurance	4.10
Exchange Fluctuation Loss (Net)	14.35
Repairs and Maintenance	36.95
a) Plant and Machinery	2.40
b) Building	5.99
c) Others	4.32
Rent & Amenities	0.06
Freight outwards	0.10
Bank charges	0.86
Other Selling Expenses	0.69
Software maintenance charges	13.55
Sundry Expenses	701.17
Total	701.17



25 Commitment (to the extent not provided for)

Particulars	₹ lakhs As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital contracts	483.72
Other Commitments (Raw material, Packing Material, Consumables and Other services)	968.01

26 Dues to Micro, Small and Medium Enterprises

The Company has not received information from Vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosure relating to amount unpaid as at the Financial Year end together with Interest Paid / Payable under this Act has not been provided.

27 Balances with Scheduled banks in deposit accounts includes:

Bank Deposit Accounts under Note no: 8 for the current year include ₹ 5,750 lakhs in various fixed deposits with scheduled banks.

28 Employee Benefits

(i) Defined Contribution Plan:

The Company makes monthly contribution for qualifying employees towards provident / retirement fund administered and managed by the Government of India under defined contribution plans .

The Company recognized ₹ 13.95 lakhs towards provident and pension fund contributions in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

The Company makes contributions to the group gratuity scheme administered by the LIC, a funded defined benefit plan for qualifying employees.

The following table sets out the status of the gratuity plan and reconciliation of opening and closing balances of the present value of defined benefit obligation.



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Particulars	₹. In Lakhs	
	As at	31.03.2019
i) Reconciliation in present value of obligations ('PVO') - defined benefit obligation:		
Current service cost		6.73
Past service cost		-
Interest cost		1.74
Actuarial loss/ (gain)		7.59
Benefits paid		-
Acquisition/Business Combination/Divestiture		136.67
PVO at the beginning of the year		-
PVO at the end of the year		152.73
ii) Change in fair value of plan assets:		
Expected return on plan assets		-
Interest Income		2.24
Contribution by the employer		2.67
Benefits paid		-
Actuarial loss/ (gain)		(4.91)
Acquisition/Business Combination/Divestiture		136.67
Fair Value of the plan assets at the beginning of the year		-
Fair Value of the plan assets at the end of the year		136.67
Reconciliation of PVO and fair value of plan assets:		
PVO at the end of the year		152.73
Fair Value of plan assets at the end of the year		136.67
Funded status		(16.05)
Un recognised actuarial gain/ (loss)		-
Net Asset/(liability) recognised in the balance sheet		(16.05)
iv) Expense recognised in the Statement of Profit and Loss:		
Current Service cost		6.73
Past Service cost		-
Interest cost		(0.50)
Total expense recognised in the Statement of Profit and loss		6.23
v) Other Comprehensive Income:		
Actuarial loss/ (gain)		
- Due to demographic assumption		-
- Due to finance assumption		-
- Due to experience assumption		7.59
Return on plan assets (excluding net interest)		4.91
Total amount recognised as OCI		12.50
vi) Category of assets as at the end of the year:		
Insurer Managed Funds		100%
<i>Fund is managed by Life Insurance Corporation of India as per IRDA guidelines, category-wise composition of the plan assets is not available</i>		
vii) Actual Return on plan Assets:		
Interest Income on Plan Assets		2.24
Remeasurements on Plan Assets		(4.91)
Actual Return on plan Assets		(2.67)
viii) Assumption used in accounting for the gratuity plan		
Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2012-14	
Discount Rate (%)		7.73%
Salary Escalation Rate		7.00%
Employee Attrition Rate (%)		7.00%



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Caplin Steriles Limited

Notes to the Financial Statements for the Financial Year ended March 31, 2019

29 Income taxes:

Particulars	₹. In Lakhs Year Ended 31.03.2019
a Tax expenses recognised in profit and loss:	
Current Tax Expense for the year	-
Deferred income tax liability/ (asset), net	(491.72)
Tax expense for the year	(491.72)
b Reconciliation of effective tax rate:	
Profit before Tax	(1,688.59)
Tax using the Company's domestic tax rate (March 31, 2019: 29.12%)	(392.81)
Tax effect of:	
Tax impact - timing difference book and tax depreciation and others	(98.90)
Current and Deferred Tax expenses as per note (a) above	(491.72)

c Movement in deferred tax balances

Particulars	As at 12.12.2018		Recognised in Statement of profit or loss for the year ended 31st March 2019	As at 31.03.2019	
	Deferred tax asset	Deferred tax liability		Deferred tax asset	Deferred tax liability
Property, plant and equipment	-	-	(98.90)	(98.90)	-
Total	-	-	(98.90)	(98.90)	-

30 Remuneration to Managing Director/Whole-time Directors

Particulars	₹. In Lakhs	
	<i>For the Financial Year ended March 31, 2019</i>	
Salaries	-	-
Contribution to provident and other funds	-	-
Employee stock option benefits granted as debited to P&L account	-	-
Total	-	-

31 Operating Leases

Operating lease commitments - Company as lessee

Operating leases are mainly in the nature of lease of office premises and staff accommodation with no restrictions and are renewable / cancellable at the option of either of the parties.

There are no sub-leases. There are no restrictions imposed by lease arrangements. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss is ₹17.79 Lakhs

The Company has entered into longterm leasing arrangements for land which are in the nature of finance lease. These arrangements do not involve any material recurring payments.

32 Research and Development Expenditure

Particulars	(Rs. In Lakhs)	
	<i>For the Financial Year ended March 31, 2019</i>	
Capital expenditure included in Fixed Assets	7.44	-
Revenue expenditures incurred during the Financial Year	411.99	-

33 Auditors' Remuneration comprises of fees: (Excluding applicable tax)

Particulars	Rs. In Lakhs	
	<i>For the Financial Year ended March 31, 2019</i>	
For Statutory Audit	1.00	-
For Tax Audit	0.25	-
For Others (Secretarial Audit)	0.75	-
Total	2.00	-

34 CIF Value of Imports

Particulars	Rs. In Lakhs	
	<i>For the Financial Year ended March 31, 2019</i>	
Raw materials, Stock in Trade and Finished Goods	-	-
Capital Goods	-	-

35 Earnings in Foreign Exchange (On Accrual basis)

FOB Value of Exports - ₹220.21 Lakhs



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36 Expenditure in Foreign Currency (On Accrual basis)

Rs. In Lakhs

(a)

Particulars

For the Financial Year ended
March 31, 2019

Travelling Expenses	-
Commission on export sales	-
Other Expenses	0.65
Total	0.65

37 Value of consumption of imported and indigenous materials and components

Particulars

For the Financial Year ended March 31, 2019

	Rs.in Lakhs	%
Imported	-	-
Indigenous	-	-
Total	-	-

38 Earnings per Share is calculated as under

Basic

(Rs. In Lakhs)

For the Financial Year ended
March 31, 2019

Particulars	
Net Profit attributable to Equity Shareholders (₹ in Lakhs)	(1,196.87)
Weighted average number of equity shares of ₹ 10/- each outstanding during the year (in Nos.)	620.17
Earnings per share (in Rs)	(1.93)

Diluted

For the Financial Year ended
March 31, 2019

Particulars	
Net Profit attributable to Equity Shareholders (₹ in Lakhs)	(1,196.87)
Weighted average number of equity shares of ₹10/- each outstanding during the year (in Nos.)	660.11
Earnings per share (in Rs)	(1.81)

39 Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below.

(a) Related parties and nature of relationship

Name of the Related parties	Nature of Relationship	Percentage of Shares held as at March 31, 2019
Caplin Point Laboratories Limited	Holding Company	100.00%
Ashvich Infotek Private Limited	Common Directors	Not Applicable

(b) Key managerial personnel

Mr. C.C. Paarthipan	- Director from 12-12-2018
Mr. Vivek Siddarth	- Director from 12-12-2018
Mr. D Muralidharan	- Director from 12-12-2018
Mr. Prem Venkatachalam Pavoov	- Nominee Director from 07-03-2019
Mr. Vinod Kumar S	- Company Secretary from 11-01-2019

(c) Details of Transactions that have taken place during the Financial Year with Key Management Personnel:

Rs. in Lakhs

For the Financial Year ended
March 31, 2019

Particulars	
Remuneration*	
Mr. C.C. Paarthipan	-
Mr. Vivek Siddarth	-
Mr. D Muralidharan	-
Mr. Prem Venkatachalam Pavoov	-
Mr. Vinod Kumar S*	-

(d) Outstanding Balances

Rs. in Lakhs

As at March 31, 2019

Particulars	
Amount receivable (Dr) / Payable(Cr) from Caplin Point Laboratories Limited	-



46. Financial Instruments:

Financial Instruments - Fair value and risk management

A. Financial risk management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The Company's board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management framework. The Company's risk management policies are established to set appropriate risk limits and to monitor risks and adherence to limits, risk management policies and systems are reviewed periodically to reflect changes in market condition and the Company's activities. The Company through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i. Credit Risk:

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of business.

Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants the credit terms in the normal course of business.

₹ in Lakhs

Summary of the Company's exposure to credit	As at March 31, 2019
Neither past due nor impaired	236.63
Total	236.63

Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timelines of payments, available information, etc) and applying experienced credit judgement.

Exposures to the customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses, if any. Historical trends of impairment of trade receivables reflects no credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of "no credit loss" to continue.

No allowance for impairment in respect trade and other receivables was provided during the year and immediate preceding year.

Cash and cash equivalents

As at the year end, the Company held cash and cash equivalents of ₹ 2,664.26 lakhs. The cash and cash equivalents are held with banks with good credit rating.

Other Bank balances

Other bank balances are held with bank with good credit rating.

i. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has not availed any fund based working capital facilities from banks and financial institutions. The Company has obtained non-fund based working capital lines from banks. The Company invests its surplus funds in bank fixed deposit which carry no/low mark to market risks.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

₹ in Lakhs

As at March 31, 2019	Carrying Amount	Contractual Cash Flow				
		Total	0-12 months	1-2 years	2-3 years	3-5 years
Non - derivative financial liabilities						
Non - current borrowing	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-
Current borrowings	-	-	-	-	-	-
Trade payables	567.90	567.90	567.90	-	-	-
Other current Financial Liabilities	371.40	371.40	371.40	-	-	-
Total	939.30	939.30	939.30	-	-	-



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(ii) Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivable and payable. We are exposed to market risk primarily related to foreign exchange rate risk as the Company's product is exported to various countries and a certain portion of its export is sourced through import. Thus our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs. The Company does not use any derivative to manage market risk since certain degree of a natural hedge available in the form of foreign currency realised from exports are paid against imports.

Currency risk

The Company is exposed to currency risk on account of its export and import of pharmaceuticals and import of raw material, capital goods, etc. The functional currency of the Company is Indian Rupee, where as majority of its export and imports are settled through USD(\$).

Exposure to Currency risk

Following is the currency profile of non-derivative financial assets and financial liabilities

Particulars	As at March 31, 2019		Decrease	Increase	Increase
	USD in Lakhs	₹ in Lakhs			
Export Debtors	3.42	236.59			
Total	3.42	236.59	236.01	235.67	236.35
Creditors and Advance from Customers	3.76	260.40			
Total	3.76	260.40	259.35	258.97	259.72
Net statement of financial position exposure	(0.34)	(23.80)			

Sensitivity analysis

A reasonable strengthening (weakening) of the Indian Rupee against US dollars as at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales & purchases.

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the profit before taxes by approximately ₹ 0.50 Lakhs for the year ended March 31, 2019

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/ borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

As on 31 March 2019, the Company has not availed any long term borrowings. Further, the Company has not availed any fund based working capital loans

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit or loss.

Commodity rate risk

The Company's operating activity involve purchase of Active Pharmaceutical Ingredients (API) and other direct materials, whose prices are exposed to the risk of fluctuation over short period of time. The commodity price risk exposure is evaluated and managed through procurement and other related operating policies. As on 31 March 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

41 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on the capital as well as the level of dividends to ordinary shareholders.

As on date the Company has no borrowings.

42 The Company operates in one segment only viz, pharmaceutical formulations.

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

As per our report of even date attached for CNGSN & Associates LLP

Chartered Accountants
 Firm Registration No. 49155/S200036

B. Ramakrishnan
 B. Ramakrishnan

Partner
 ICAI Membership No. 201023

Place : Chennai
 Date : MAY 16, 2019



For and on behalf of the Board of Directors of
 Caplin Steriles Limited

[Signature]

Whole
 Time Director
[Signature]
 M. Sathya Narayanan
 Chief Financial Officer

[Signature]
 Director

[Signature]
 Vinod Kumar S
 Company Secretary