Independent Auditors' Report

To
The Members
Caplin Steriles Limited
Chennai

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Caplin Steriles Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, 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.

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 including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31st March 2021, and its loss , total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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 audit opinion on the financial statements.

Key Audit Matters

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. We have determined the following to be the key audit matters to be communicated in our report.

S.No	Key Audit Matter	How was the matter addressed in our audit
1.	***Accuracy of recognition, measurement, Presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 "Revenue from Contracts with Customers" (revenue recognition standard)*** The application of the revenue accounting standard involves certain key judgements 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.	***<u>Principal Audit Procedures</u>*** We assessed the Company's process to identify the impact of the revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: ➢ Evaluated the design of internal controls relating to implementation of the 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, reperformance and inspection of evidence in respect of operation of these controls. Tested the relevant information 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.
2.	*Impact of Covid-19 pandemic on the Company's operations*	➢ We assessed the Company's process to identify, assess, and respond to risks of material misstatement considering the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results for the year under consideration. We have designed, planned and performed audit procedures including verification of the source and completeness of data provided for audit. We have considered management's adjustments or disclosures, which includes the impact of the changes in the environment on the recognition and measurement of account balances and transactions in the financial statements or other specific disclosures.

Information other than the financial statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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 during the course of our 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

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 financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of 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.

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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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.

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 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 system 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.

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.

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. 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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2015;

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 2021 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting 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 over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

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 31 March 2021 on its financial position in its financial statements.
ii. The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

2. 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, to the extent applicable.

for **M/s CNGSN & Associates LLP**
Chartered Accountants
Firm's Registration No: 04915S/S200036

Place : Chennai
Date : 05th May 2021

K Parthasarathy
Partner
Membership No: 018394
UDIN: 21018394AAAAEU2018

Annexure "A" – To The Independent Auditors' Report on the Financial Statements of Caplin Steriles Limited for the year ended 31 March 2021

Report on the internal financial controls over Financial Reporting under section 143(3) (i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Caplin Steriles Limited ("the Company")** as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 Companies Act,2013.

Auditors' Responsibility

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.

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.

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 system over financial reporting.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control over financial reporting 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

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

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial control over financial reporting 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's Registration No: 04915S/S200036

Place : Chennai
Date : 05th May 2021

K Parthasarathy
Partner
Membership No: 018394
UDIN: 21018394AAAAEU2018

Annexure “B “ –To The Independent Auditors’ Report on the Financial Statements of Caplin Steriles Limited for the year ended 31 March 2021

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

i. In respect of the Company’s fixed assets:

   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b. The Company has a regular program of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner, which in our opinion, is reasonable having regard to the Size of the company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification. According to the information and explanations given to us, 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. According to the information and explanation given to us, 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. In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable.

v. In our opinion and according to information and explanation given to us, 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. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the same.

   a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, CESS and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate Authorities.
   According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, CESS and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
   b) There are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes.

vii. In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable.

viii. 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.

ix. 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.

x. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xi. The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company.

xii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiii. The Company has allotted;

a. 70 Equity Shares of face value of ₹ 10/- at a premium of approximately Rs. 19.23/- each to M/s. Eight Road Ventures India III LP and 30 Equity Shares of face value of Rs.10 at a premium of approximately Rs. 19.23 each to M/s. F-Prime Capital Partners Life Sciences Fund VI LP on 1st April, 2020 by way of preferential allotment for which the company has obtained the approval of the Shareholders at their Extra Ordinary General Meeting held on March 12, 2020.

xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **M/s CNGSN & Associates LLP**
Chartered Accountants
Firm's Registration No: 04915S/S200036

Place: Chennai
Date : 05th May 2021

K Parthasarathy
Partner
Membership No: 018394
UDIN: 21018394AAAAEU2018

CAPLIN STERILES LIMITED
BALANCE SHEET AS AT MARCH 31, 2021
(All amounts are in Rs. Lakhs unless otherwise stated)

Particulars	Notes	As at Mar 31, 2021	As at March 31, 2020
ASSETS			
(1) Non-Current Assets			
(a) Property, plant and equipment		10,893.92	8,987.23
(b) Capital work-in-progress	2	1,246.39	1,634.51
(c) Other intangible assets		282.94	122.86
(d) Financial assets			
(i) Investments	3	-	22.50
(ii) Loans and Advances	4	439.15	265.71
(e) Income Tax Assets (net)		108.59	69.37
(f) Deffered Tax Assets (net)	5	1,981.48	1,202.70
Sub-total-Non current assets		**14,952.47**	**12,304.88**
(2) Current Assets			
(a) Inventories	6	3,686.13	1,464.66
(b) Financial assets			
(i) Trade receivables	7	2,661.63	1,597.39
(ii) Cash and cash equivalents	8	6,428.48	10,401.05
(iii) Bank balances other than (ii) above	9	126.72	4,825.66
(iv) Loans and Advances	10	3,186.68	2,142.48
(c) Other current assets	11	24.14	278.01
Sub-total-Current assets		**16,113.78**	**20,709.25**
Total		**31,066.25**	**33,014.13**
EQUITY AND LAIBILITIES			
(1)Equity			
Equity share capital	12	10,537.42	10,537.41
Other equity	13	18,444.09	20,514.94
Sub-total-Equity		**28,981.51**	**31,052.35**
(2) Liabilities			
(A) Non-Current Liabilities			
(a) Other long term liabilities	14	651.68	444.25
Sub-total-Non current liabilities		**651.68**	**444.25**
(B) Current Liabilities			
(a) Financial liabilities			
(i) Trade payables	15	1,055.01	918.96
(ii) Other current liabilities	16	367.58	595.01
(b) Provisions	17	10.47	3.56
Sub-total-Current liabilities		**1,433.06**	**1,517.53**
Total		**31,066.25**	**33,014.13**

The accompanying notes 1 to 43 are an integral part of the financial statements

As per our report of even date attached

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

for CNGSN & Associates LLP
Chartered Accountants
Firm Registration No : 4915S/ S200036

K. Parthasarathy
Partner
ICAI Membership No. 018394

Vivek Partheeban
Director
DIN: 02507289

N Subramanian
Whole Time Director
DIN: 07146352

Place : Chennai
Date : 05/05/2021

M Sathya Narayanan
Chief Financial Officer

CAPLIN STERILES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(All amounts are in Rs. Lakhs unless otherwise stated)

Particulars		Notes	For the Year ended March 31, 2021	For the year ended March 31, 2020
I . INCOME				
(a)	Revenue from Operations	**18**	8,487.36	6,468.34
(b)	Other income	**19**	680.55	808.62
	Total Income		**9,167.91**	**7,276.96**
II . EXPENSES				
(a)	Cost of Materials Consumed	**20**	1,051.74	690.80
(b)	Changes in inventories of Finished Goods including Stock-in-Trade and Work-in- Progress	**21**	(102.21)	(22.31)
(c)	Employee benefits expense	**22**	3,210.44	2,988.58
(d)	Depreciation and Amortisation Expenses	**23**	1,252.75	1,145.17
(e)	Research and Development Expenses	**24**	3,427.78	2,863.62
(f)	Other expenses	**25**	3,394.48	2,723.06
	Total Expenses		**12,234.98**	**10,388.92**
III . Profit before exceptional items and tax			(3,067.07)	(3,111.96)
IV. Exceptional Items			-	-
V . Profit before tax			(3,067.07)	(3,111.96)
VI . Tax Expense				
	- Current Tax		(4.53)	4.53
	- Deferred tax (Benefits)/Charge		(778.79)	(705.82)
VII . Profit After Tax for the Year			**(2,283.76)**	**(2,410.67)**
VIII. Other comprehensive income (net of tax) - Items that will not be reclassified to profit or loss:				
(i) Remeasurement of Defined Benefit Plans - (gain)/loss			(6.64)	36.93
IX.Total comprehensive income for the Year			**(2,277.12)**	**(2,447.60)**
Earning Per equity Share (Nominal value per share Rs.10/-)				
Basic (annualized)			**(2.17)**	**(2.58)**
Diluted (annualized)			**(1.61)**	**(2.04)**

The accompanying notes 1 to 43 are an integral part of the financial statements

As per our report of even date attached

for CNGSN & Associates LLP

Chartered Accountants

Firm Registration No : 4915S/ S200036

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

K. Parthasarathy
Partner
ICAI Membership No. 018394

Vivek Partheeban
Director
DIN: 02507289

N Subramanian
Whole Time Director
DIN: 07146352

Place : Chennai
Date : 05/05/2021

M Sathya Narayanan
Chief Financial Officer

STATEMNET OF CHNAGES IN EQUITY for the year ended March 31, 2021

A. EQUITY SHARE CAPITAL (Refer Note 12)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of Equity Shares of ₹ 10/- each	Amount ₹ in lakhs	No of Equity Shares of ₹ 10/- each	Amount ₹ in lakhs
Balance at the beginning of the reporting period	105,374,114	10,537.41	93,399,783	9,339.98
Changes in equity share capital during the year	100	0.01	11,974,331	1,197.43
Balance at the end of the reporting period	105,374,214	10,537.42	105,374,114	10,537.41

B. OTHER EQUITY (Refer Note 13)

Amount ₹ in lakhs

Particulars	Reserves and Surplus							Total Other Equity
	Capital Reserve	Series A Compulsorily Convertible Preference Shares	Securities Premium Reserve	General Reserve	Employee Stock Option Outstanding (Net)	Cost of Equity Transactions	Retained Earnings	
Balance as at 31 March 2019	-	3,592.30	6,907.70	-	53.71	(120.95)	(1,209.37)	9,223.43
Profit for the year							(2,410.67)	(2,410.67)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation							(36.93)	(36.93)
Movement in Series A Compulsorily Convertible Preference Shares		3,865.99						3,865.99
Movement in security premium			9,736.55					9,736.55
Movement in cost of equity						(22.50)		(22.50)
Share- based payment expenses (Net)					159.09			159.09
Balance as at 31 March 2020	-	7,458.29	16,644.25	-	212.80	(143.45)	(3,656.97)	20,514.94
Profit for the year							(2,283.76)	(2,283.76)
Movement in the comprehensive income for the year - actuarial gain/(loss) on employee benefit obligation							6.64	6.64
Movement in Series A Compulsorily Convertible Preference Shares		-						-
Movement in security premium			0.02					0.02
Movement in cost of equity						-		-
Share- based payment expenses (Net)					206.27			206.27
Balance as at 31 March 2021	-	7,458.29	16,644.27	-	419.07	(143.45)	(5,934.09)	18,444.09

As per our report of even date attached

for CNGSN & Associates LLP
Chartered Accountants
Firm Registration No : 4915S/ S200036

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

K. Parthasarathy
Partner
ICAI Membership No. 018394

Vivek Partheeban
Director
DIN: 02507289

N Subramanian
Whole Time Director
DIN: 07146352

Place : Chennai
Date : 05/05/2021

M Sathya Narayanan
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(All amounts are in Rs. Lakhs unless otherwise stated))

Particulars	For the year ended Mar 31, 2021	For the year ended Mar 31, 2020
A. Cash Flow from Operating Activities		
Profit before tax	**(3,067.07)**	**(3,111.96)**
Adjustments for:		
Depreciation and Amortisation	1,252.75	1,145.17
Govt Grant	(25.85)	(21.87)
Employee Stock option Scheme Expense	206.27	159.08
Unrealized Foreign Exchange Fluctuation Loss (Gain)	5.18	(55.40)
Gain on Mutual funds	-	(11.40)
Loss on Sale of Property, Plant & Equipment	8.82	-
Interest income	(594.36)	(597.16)
Operating Profit before Working Capital changes	**(2,214.27)**	**(2,493.54)**
Adjustments for :		
(Increase) / Decrease in inventories	(2,221.47)	(780.67)
(Increase) / Decrease in Trade receivables	(1,064.24)	(1,347.92)
(Increase) / Decrease in Loans & Advances	(1,026.70)	(1,244.71)
(Increase) / Decrease in Other Non Current Assets	-	(2.36)
Increase/(Decrease) in Trade payables ,Current Liabilities & Provisions-Long and Short Term	263.52	563.14
CASH GENERATED FROM OPERATIONS	**(6,263.16)**	**(5,306.06)**
Income tax Paid	-	-
Net Cash inflow / (outflow) from Operating activities	**(6,263.16)**	**(5,306.06)**
B. Cash Flow from Investing Activities		
Interest received	848.23	335.71
Proceeds from Sale of Equity Shares / (Investment in Equity Shares)	22.50	(22.50)
Sale/(Purchase) of property, plant and equipment (including CWIP)	(3,273.90)	(2,960.11)
Net Cash inflow / (outflow) from Investing activities	**(2,403.17)**	**(2,646.90)**
C. Cash Flow from Financing Activities		
Issuance of Compulsorily Convertible Preference Shares	-	3,865.99
Increase in Securities Premium	0.02	9,736.55
Issuance of Equity Share Capital for Cash	0.01	1,197.43
Application money received for allotment of Equity Shares	(0.03)	0.03
Fees paid for increasing Authorized Share Capital	-	(22.50)
Net Cash inflow / (outflow) from Financing activities	**0.00**	**14,777.50**
Effect of exchange rate changes on cash and cash equivalents **(D)**	(5.18)	(12.09)
Net increase / (decrease) in cash and cash equivalents during the year (E= A+B+C+D)	(8,671.51)	6,812.45
Cash and Cash Equivalents as at the beginning of the year (F)	**15,226.71**	**8,414.26**
Cash and Cash Equivalents as at the end of the year (G=E +F)	**6,555.20**	**15,226.71**
Less: Deposit under Lien (H)	**460.46**	**413.04**
Net Cash and Cash Equivalents as at the end of the year (I=G -H)	**6,094.74**	**14,813.67**
Notes:		
a) Reconciliation of Cash And Cash Equivalents		
Cash And Cash Equivalents As Per Note 8	6,428.48	10,401.05
Other Bank Balances As Per Note 9	126.72	4,825.66
Total Cash And Cash Equivalents As Per Balance Sheet	**6,555.20**	**15,226.71**
Less: Deposit under Lien	460.46	413.04
Total Cash And Cash Equivalents As Per The Statement Of Cash Flows	**6,094.74**	**14,813.67**

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.

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"

The accompanying notes 1 to 43 are an integral part of the financial statements

As per our report of even date attached

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

for CNGSN & Associates LLP
Chartered Accountants
Firm Registration No : 4915S/ S200036

K. Parthasarathy
Partner
ICAI Membership No. 018394

Vivek Partheeban
Director
DIN: 02507289

N Subramanian
Whole Time Director
DIN: 07146352

Place: Chennai
Date : 05/05/2021

M Sathya Narayanan
Chief Financial Officer

Notes to the Financial Statements for the year ended March 31, 2021
(All amounts are in ₹ lakhs unless otherwise stated)

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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 AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:

a) Basis of accounting and preparation of Financial Statements:

i) Basis of accounting

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 05, 2021.

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.

ii) Current / Non-Current Classification:

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability is expected to be realized/settled in the Company’s normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

iii) Functional and Presentation Currency

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.

iv) Use of Estimates and Judgments

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 recognised 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 ‘l’)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer note ‘n’)
- Recognition of deferred tax assets (Refer note ‘i’)
- Useful lives of property, plant, equipment and Intangibles (Refer note ‘b & c’)
- Impairment of Assets (Refer note ‘f’)
- Impairment of financial assets (Refer note ‘h’)

v) ***Application*** of New Accounting Pronouncements:

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, had notified Ind AS 116 Leases which replaced the existing lease standard, Ind AS 17 Leases, and other interpretations. The Company had adopted the same and the same is detailed in note (d) below.

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 comprise***s***

- 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.

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.

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 capitalized 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 amortization period are reviewed at the end of each financial year and the amortization 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 available 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%.

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.

IV. Derecognition:

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

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 under development 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.

IV. *Derecognition***:**

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

d) Lease Accounting (Right of Use Assets and Lease Liabilities):

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

e) 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.

f) 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.

g) Foreign Currency Transactions / Translations:

Initial *Recognition*:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Nonmonetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

h) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Financial Assets

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.

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; andeither:

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*

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.

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 one net basis, to realise the assets and settle the liabilities simultaneously.

i) 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 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 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.

j) 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.

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

l) 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.

Post-*Employment* Benefits:

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 (assets) 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 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 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.

m) 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.

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.

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.

Caplin Steriles Limited

NOTE 2: Property, Plant & Equipment

₹ in lakhs

	Particulars	Gross block				Depreciation Reserve				Net Block	
		As at 1-04-2020	Additions during the year	Deletions during the year	As at 31-03-2021	As at 01-04-2020	Additions during the year	Deletions	As at 31-03-2021	As at 31-03-2021	As at 31-03-2020
[A]	**Tangible Assets**										
	Land	110.51	-		110.51	-			-	110.51	110.51
	Factory Buildings	3,928.42	81.35		4,009.77	177.70	153.46		331.16	3,678.60	3,750.72
	Plant & Machinery Refer Note (1)	3,609.89	2,356.19	3.00	5,963.08	569.03	499.17	1.52	1,066.68	4,896.41	3,040.86
	Air Conditioner	148.38	0.35		148.73	13.07	11.38		24.45	124.29	135.31
	Furniture & Fixtures	326.88	14.04		340.92	54.45	46.42		100.87	240.05	272.43
	Office Equipment	121.98	13.89		135.87	32.42	26.57		58.99	76.88	89.56
	Computers	97.89	14.78		112.67	36.77	32.26		69.03	43.64	61.12
	Electrical Fittings	435.06	10.39		445.45	66.93	65.57		132.50	312.95	368.13
	Motor Vehicles	80.85	53.01	22.53	111.33	12.87	17.38	8.04	22.21	89.15	67.98
	Lab Equipment	1,500.24	611.57	22.99	2,088.82	409.64	363.75	6.00	767.39	1,321.44	1,090.61
	Total Tangible Assets	**10,360.10**	**3,155.57**	**48.52**	**13,467.15**	**1,372.88**	**1,215.96**	**15.56**	**2,573.28**	**10,893.92**	**8,987.23**
[B]	**Intangible Assets**										
	Computer Software	146.43	196.88		343.31	23.57	36.79	-	60.36	282.94	122.86
	Total Intangible Assets	**146.43**	**196.88**	**-**	**343.31**	**23.57**	**36.79**	**-**	**60.36**	**282.94**	**122.86**
	TOTAL (A + B)	**10,506.53**	**3,352.45**	**48.52**	**13,810.46**	**1,396.45**	**1,252.75**	**15.56**	**2,633.64**	**11,176.86**	**9,110.09**
[C]	**Capital Work in Progress**									**1,246.39**	**1,634.51**

Note:

(i) Gross Block for 31st March 2021 includes Rs. 428.41 Lacs (PY: Rs. 194.59 Lacs) of government grant in the nature of waiver of duty on purchase of plant and machinery & lab equipment. Accumulated Depreciation for Plant & Machinery as at 31st March 2021 includes Rs. 76.72 Lacs (PY: Rs. 50.37 Lacs) on such government grant.

₹ lakhs

	Particulars	Gross block				Depreciation Reserve				Net Block	
		As at 31-03-2019	Additions during the year	Deletions during the year	As at 31-03-2020	As at 01-04-2019	Additions during the year	Deletions	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
[A]	**Tangible Assets**										
	Land	104.94	5.56	-	110.51	-	-	-	-	110.51	104.94
	Factory Buildings	3,675.59	252.83	-	3,928.42	27.70	150.00	-	177.70	3,750.72	3,647.90
	Plant & Machinery	3,187.24	422.66	-	3,609.89	119.98	449.05	-	569.03	3,040.86	3,067.25
	Air Conditioner	133.30	15.08	-	148.38	2.07	10.99	-	13.07	135.31	131.23
	Furniture & Fixtures	310.64	16.24	-	326.88	8.89	45.56	-	54.45	272.43	301.68
	Office Equipment	60.36	61.61	-	121.98	7.55	24.87	-	32.42	89.56	52.81
	Computers	50.70	47.20	-	97.89	5.89	30.88	-	36.77	61.12	44.81
	Electrical Fittings	306.88	128.17	-	435.06	10.26	56.66	-	66.93	368.13	296.62
	Motor Vehicles	32.41	48.44	-	80.85	2.37	10.49	-	12.87	67.98	30.04
	Lab Equipment	1,244.20	283.59	27.54	1,500.24	64.56	346.76	1.68	409.64	1,090.61	1,176.98
	Total Tangible Assets	**9,106.28**	**1,281.38**	**27.54**	**10,360.10**	**249.27**	**1,125.26**	**1.68**	**1,372.88**	**8,987.23**	**8,854.26**
[B]	**Intangible Assets**										
	Computer Software	55.34	91.09	-	146.43	3.65	19.91	-	23.57	122.86	51.68
	Total Intangible Assets	**55.34**	**91.09**	**-**	**146.43**	**3.65**	**19.91**	**-**	**23.57**	**122.86**	**51.68**
	TOTAL (A + B)	**9,161.61**	**1,372.47**	**27.54**	**10,506.53**	**252.92**	**1,145.17**	**1.68**	**1,396.45**	**9,110.09**	**8,905.94**
[C]	**Capital Work in Progress**									**1,634.51**	**108.36**

Capital Work-in-Progress

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	1,634.51	108.36
Additions	2,730.51	2,898.62
Less:		
Capitalization	3,118.63	1,372.47
Closing Balance	**1,246.39**	**1,634.51**

CAPLIN STERILES LIMITED
Notes to the financial statements for the year ended March 31, 2021
(All amounts are in Rs. Lakhs unless otherwise stated)

NOTE 3	As at March 31, 2021	As at March 31, 2020
NON-CURRENT INVESTMENTS		
Investment in Equity Share of Mytrah Vayu Manjira	-	22.50
(2,25,000 Equity Shares of Rs.10/- each sold during the year)		
	-	**22.50**

NOTE 4	As at March 31, 2021	As at March 31, 2020
LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Security Deposits	6.49	2.36
Other Deposits	82.57	78.35
Advance for Capital expenditure	350.09	185.00
Total	**439.15**	**265.71**

NOTE 5	As at March 31, 2021	As at March 31, 2020
DEFERRED TAX ASSETS (Net)		
Deferred Tax Asset (Net) (Refer Note-31c)	1,981.48	1,202.70
Total	**1,981.48**	**1,202.70**

NOTE 6	As at March 31, 2021	As at March 31, 2020
INVENTORIES (Lower of cost or Net realizable value)		
Raw Materials	1,193.90	333.22
Packing Materials	1,667.46	717.62
Work-in-Progress	150.99	53.46
Finished Goods	22.01	17.33
Stores and Spares	651.77	343.03
Total	**3,686.13**	**1,464.66**

NOTE 7	As at March 31, 2021	As at March 31, 2020
TRADE RECEIVABLES		
(Unsecured considered good unless otherwise stated)		
Trade Receivables	2,661.63	1,597.39
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
Less: Allowance for doubtful trade receivables	-	-
Total	**2,661.63**	**1,597.39**

NOTE 8	As at March 31, 2021	As at March 31, 2020
CASH AND CASH EQUIVALENTS		
Cash on Hand	0.53	1.34
Balance with Banks		
- Current accounts	630.41	307.70
- Bank Deposit accounts less than 3 months maturity	5,797.54	10,092.02
Total	**6,428.48**	**10,401.05**

(All amounts are in Rs. Lakhs unless otherwise stated)

NOTE 9	As at March 31, 2021	As at March 31, 2020
OTHER BANK BALANCES		
In Bank Deposit Accounts		
- Bank Deposit accounts maturity (more than 3 months but less than 12 months)	2.63	4,773.53
- Bank Deposit accounts maturity (more than 12 months)	124.09	52.13
Total	**126.72**	**4,825.66**

NOTE 10	As at March 31, 2021	As at March 31, 2020
SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or kind for the value to be received	733.31	527.66
Export Incentives Receivable	167.92	159.28
Balance with Statutory Authorities	2,285.45	1,455.54
Total	**3,186.68**	**2,142.48**

NOTE 11	As at March 31, 2021	As at March 31, 2020
OTHER CURRENT ASSETS		
Interest Accrued on Deposits	24.14	278.01
Total	**24.14**	**278.01**

NOTE 12	As at March 31, 2021	As at March 31, 2020
SHARE CAPITAL		
AUTHORISED		
11,00,00,000 (31st March 2020: 11,00,00,000) Equity Shares of ₹ 10/- each	11,000.00	11,000.00
8,00,00,000 (31st March 2020: 8,00,00,000) Series A Compulsorily Convertible Preference Shares of ₹ 10/- each	8,000.00	8,000.00
ISSUED, SUBSCRIBED AND PAID UP		
1,20,74,431 (31st March 2020: 1,20,74,331) equity shares of ₹ 10/- each fully paid up issued for cash & 9,32,99,782 (31st March 2020 9,32,99,782) equity shares of ₹ 10/- each fully paid up issued for consideration other than cash	10,537.42	10,537.41
Total	**10,537.42**	**10,537.41**

a) Reconciliation of equity shares outstanding at the beginning and at the end of the Year	As at March 31, 2021	As at March 31, 2020
Equity shares outstanding at the beginning of the Year	105,374,113	93,399,782
Add: Equity shares allotted during the year	100	11,974,331
Less Equity shares bought back during the Year	-	-
Equity shares outstanding at the end of the Year	**105,374,213**	**105,374,113**

(All amounts are in Rs. Lakhs unless otherwise stated)

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.

Pursuant to the Investment Agreement dated 18th January 2019, the Board of Directors in its meeting dated 27th March' 2020 approved and allotted 1,19,74,331 Equity Shares of face value of ₹ 10/- at a premium of Rs. 19.23/- each to Caplin Point Laboratories Ltd (Holding Company) by way of rights issue.

Pursuant to the Investment Agreement dated 18th January 2019 and the approval granted by members at the Extra ordinary General Meeting held on 12th March 2020, the company had issued and allotted 70 Equity Shares of face value of ₹ 10/- at a premium of Rs. 19.23/- each to M/s. Eight Road Ventures India IIILP and 30 Equity Shares of face value of ₹ 10/- at a premium of Rs. 19.23/- each to M/s. F-Prime Capital Partners Life Sciences Fund VI LLP on 1st April'2020 by way of Preferential allotment

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

Pursuant to the approval granted by members at the Extra ordinary General Meeting held on 26th February 2019, the company had issued and allotted 3,59,22,993 Series A Compulsorily Convertible Preference Shares of face value of ₹ 10/- at a premium of Rs. 19.23/- each to M/s. Eight Road Ventures India IIILP carrying a coupon rate of 0.001% p.a. on 7th March 2019 and allotted 1,53,95,568 Series A Compulsorily Convertible Preference Shares of face value of ₹ 10/- at a premium of Rs. 19.23/- each to M/s. F-Prime Capital Partners Life Sciences Fund VI LP carrying a coupon rate of 0.001% p.a. on 23rd April, 2019 both having a term of 19 years from the date of allotment

As at 31st March 2020, pursuant to the approval granted by members at the Extra ordinary General Meeting held on 12th March 2020, the company had issued and allotted 1,62,85,020 Series A Compulsorily Convertible Preference Shares of face value of ₹ 10/- at a premium of Rs. 19.23/- each to M/s. Eight Road Ventures India IIILP carrying a coupon rate of 0.001% p.a. on 27th March' 2020 and allotted 69,79,294 Series A Compulsorily Convertible Preference Shares of face value of ₹ 10/- at a premium of Rs. 19.23/- each to M/s. F-Prime Capital Partners Life Sciences Fund VI LP carrying a coupon rate of 0.001% p.a. on 27th March' 2020, both 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 Mar 31, 2021	No. of Equity Shares Held as on Mar 31, 2020
Caplin Point Laboratories Limited and its nominees (Holding company)	105,374,113	105,374,113

NOTE 13	As at March 31, 2021	As at March 31, 2020
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	16,644.25	9,868.14
Add: Additions during the year	0.02	6,776.11
Balance at the end of the Year	16,644.27	16,644.25
c) Surplus in the Statement of Profit & Loss		
Balance at the beginning of the year	(3,607.54)	(1,196.87)
Add : Profit/(Loss) during the year	(2,283.76)	(2,410.67)
Balance at the end of the Year	(5,891.30)	(3,607.54)
d) Other Comprehensive Income		
i)Actuarial Gain/ (Loss) on employee benefit obligation		
Opening balance as per last balance sheet	(49.43)	(12.50)
Add/(Less); Additions during the Year	6.64	(36.93)
Balance at the end of the Year	(42.79)	(49.43)

CAPLIN STERILES LIMITED

Notes to the financial statements for the year ended March 31, 2021

(All amounts are in Rs. Lakhs unless otherwise stated)

e) Other Equity-ESOP		
Opening balance as per last balance sheet	212.80	53.71
Add/(Less); Additions during the year	206.27	159.09
Balance at the end of the Year	419.07	212.80
f) Cost of Equity Transactions		
Opening balance as per last balance sheet	(143.45)	(120.95)
Add/(Less); Additions during the year	-	(22.50)
Balance at the end of the Year	(143.45)	(143.45)
Preference share Capital		
Series A Compulsorily Convertible Preference Shares of ₹ 10/- each fully paid up	7,458.29	7,458.29
Total	**18,444.09**	**20,514.94**

NOTE 14	**As at March 31, 2021**	**As at March 31, 2020**
Other Long term liabilities		
Share Application Money (100 Equity Shares issued during the year)	-	0.03
Govt Grant Refer Note-2(i)	351.68	144.22
Others	300.00	300.00
Total	**651.68**	**444.25**

Note 15	**As at March 31, 2021**	**As at March 31, 2020**
TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises (Refer Note-28)	38.84	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,016.17	918.96
Total	**1,055.01**	**918.96**

Note 16	**As at March 31, 2021**	**As at March 31, 2020**
OTHER CURRENT LIABILITIES		
Statutory Dues payable	69.66	174.16
Creditors for Capital Goods	53.60	222.19
Salary and bonus payable	121.21	94.44
Gratuity Provision (Net of assets)	123.11	104.22
Total	**367.58**	**595.01**

Note 17	**As at March 31, 2021**	**As at March 31, 2020**
SHORT TERM PROVISIONS		
Provision for Employee Benefits	10.47	3.56
Total	**10.47**	**3.56**

CAPLIN STERILES LIMITED
Notes to the financial statements for the year ended March 31, 2021
(All amounts are in Rs. Lakhs unless otherwise stated)

NOTE 18	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
REVENUE FROM OPERATIONS		
Revenue from Operations	**8,346.95**	**6,330.04**
Sale of products	4,887.66	3,317.78
Service income	3,459.29	3,012.26
Other operating revenues		
Export Incentives	140.41	138.30
Total	**8,487.36**	**6,468.34**

NOTE 19	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
OTHER INCOME		
Interest Income	594.36	597.16
Gain on sale of financial instruments	-	11.40
Govt Grant	25.85	21.87
Foreign exchange gain (net)	54.43	173.68
Miscellaneous Income	5.91	4.52
Total	**680.55**	**808.62**

NOTE 20	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
COST OF MATERIALS CONSUMED		
Opening Stock	1,050.84	362.53
Add : Purchases (Net)	2,862.26	1,379.11
Less Closing Stock	2,861.36	1,050.84
Total	**1,051.74**	**690.80**

NOTE 21	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
CHANGES IN INVENTORIES OF FINISED GOODS INCLUDING STOCK -IN-TRADE AND WORK-IN-PROGRESS		
Inventories at the end of the year		
Work in Progress	150.99	53.46
Finished Goods	22.01	17.33
(A)	**173.00**	**70.79**
Inventories at the beginning of the year		
Work in Progress	53.46	46.64
Finished Goods	17.33	1.84
(B)	**70.79**	**48.48**
Net (Increase) / Decrease in Inventories (B- A)	**(102.21)**	**(22.31)**

CAPLIN STERILES LIMITED
Notes to the financial statements for the year ended March 31, 2021
(All amounts are in Rs. Lakhs unless otherwise stated)

NOTE 22	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus and allowances	2,591.14	2,447.90
Contribution to Provident and Other funds	186.89	162.73
Employee share based expense	206.27	159.08
Staff Welfare Expenses	226.14	218.87
Total	**3,210.44**	**2,988.58**

NOTE 23	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
DEPRECIATION AND AMORTISATION		
Depreciation on property, plant and equipment (Refer note: 2)	1,215.96	1,125.30
Amortisation of Intangible Assets	36.79	19.88
Total	**1,252.75**	**1,145.17**

NOTE 24	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
RESEARCH AND DEVELOPMENT EXPENSES		
R & D Expenses	3,427.78	2,863.62
Total	**3,427.78**	**2,863.62**

NOTE 25	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
OTHER EXPENSES		
Power and Fuel	814.70	679.40
Other Manufacturing Expenses	930.59	798.80
Communication Expenses	17.79	18.71
Professional and Consultancy charges	105.54	116.35
Rates & taxes including ANDA Application fees	831.21	537.13
Subscriptions	0.15	0.09
Travelling Expenses	11.59	21.24
Auditor's Remuneration (Refer note-35)	7.10	7.13
Insurance	48.61	25.69
Loss on Sale of Property, Plant & Equipment	8.82	-
Repairs and Maintenance		
a) Plant and Machinery	330.54	255.68
b) Building	23.37	43.89
c) Others	30.44	35.17
Rent & Amenities	41.51	38.68
Freight outwards	22.84	11.17
Bank charges	16.19	6.91
Other Selling Expenses	10.11	6.13
Software maintenance charges	46.92	59.88
Sundry Expenses	96.46	60.99
Total	**3,394.48**	**2,723.06**

26 **Commitment (to the extent not provided for)**

₹. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account	420.68	1,269.01
Other Commitments (Raw material, Packing Material, Finished Goods, Other services)	1,333.31	1,576.66

27 **Contingent Liabilities (to the extent not provided for)**

Name of the statute	Nature of dues	As at March 31, 2021	As at March 31, 2020	*Forum where dispute is pending*
	NIL	-	-	NIL

28 **Dues to Micro, Small and Medium Enterprises**
DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE YEAR 2020-21, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE "SUPPLIERS" REGARDING THEIR STATUS UNDER THE ACT

₹. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year		
Principal amount due to micro and small enterprise	38.84	-
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

29 **Balances with Scheduled banks in deposit accounts includes:**
Bank Deposit Accounts under Note no: 8 for the current year include ₹460.46 lakhs (as at 31.03.2020 ₹413.04 lakhs) earmarked as lien towards Margin for Letter of Credit and Bank Guarantee.

30 **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 ₹174.09 lakhs (previous year ₹146.76 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 of India, 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.

₹. In Lakhs

	Particulars	*As at 31.03.2021*	*As at 31.03.2020*
i)	**Reconciliation in present value of obligations ('PVO') - defined benefit obligation:**		
	Current service cost	70.71	48.03
	Past service cost	-	-
	Interest cost	17.58	13.26
	Actuarial loss/ (gain)		
	-' Due to demographic assumption	-	-
	-' Due to finance assumption	(8.67)	21.32
	-' Due to experience assumption	(6.54)	19.33
	Benefits paid	(22.68)	(20.16)
	Acquisition/Business Combination/Divestiture	-	-
	PVO at the beginning of the year	234.50	152.73
	PVO at the end of the year	284.91	234.50
ii)	**Change in fair value of plan assets:**		
	Actuarial Gains/(Losses)	(8.58)	(1.44)
	Interest Income	8.77	10.56
	Contribution by the employer	54.00	4.64
	Benefits paid	(22.68)	(20.16)
	Acquisition/Business Combination/Divestiture	-	-
	Fair Value of the plan assets at the beginning of the year	130.28	136.67
	Fair Value of the plan assets at the end of the year	161.79	130.28
iii)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at the end of the year	284.91	234.50
	Fair Value of plan assets at the end of the year	161.79	130.28
	Funded status	(123.11)	(104.22)
	Un recognised actuarial gain/ (loss)	-	-
	Net Asset/(liability) recognised in the balance sheet	(123.11)	(104.22)

iv)	**Expense recognised in the Statement of Profit and Loss:**		
	Current Service cost	70.71	48.03
	Past Service cost	-	-
	Net Interest cost	8.81	2.69
	Total expense recognised in the Statement of Profit and loss	79.53	50.72
v)	**Other Comprehensive Income:**		
	Actuarial loss/ (gain)		
	-' Due to demographic assumption	-	-
	-' Due to finance assumption	(8.67)	21.32
	-' Due to experience assumption	(6.54)	19.33
	Return on plan assets excluding net interest	8.58	1.44
	Total amount recognised as OCI	(6.64)	42.09
vi)	**Category of assets as at the end of the year:**		
	Insurer Managed Funds (100%)	161.79	130.28
	(Fund is managed by Life Insurance Corporation of India as per IRDA guidelines, category-wise composition of the plan assets is not available)		
vii)	**Actual Return on plan Assets:**	0.19	9.12
viii)	**Assumption used in accounting for the gratuity plan**		
	Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2012-14	
	Discount Rate (%)	7.03%	6.73%
	Salary Escalation Rate	7.00%	7.00%
	Employee Attrition Rate (%)	7.00%	7.00%

31 **Income taxes:**

a Tax expenses recognised in profit and loss: **₹. In Lakhs**

Particulars	**Year Ended 31.03.2021**	**Year Ended 31.03.2020**
Current Tax Expense for the year	(4.53)	4.53
Deferred income tax liability/ (asset), net	(778.79)	(705.82)
Tax expense for the year	(783.32)	(701.29)

b Reconciliation of effective tax rate:

Profit before Tax	(3,067.07)	(3,111.96)
Tax using the Company's domestic tax rate @ 25.168%	(771.92)	(783.28)
Others	(6.87)	77.46
Tax effect of :		
Reversal of tax expense provision of previous year	(4.53)	4.53
Current and Deferred Tax expenses as per note (a) above	(783.32)	(701.29)

c Movement in deferred tax balances **₹. In Lakhs**

Deferred Tax Asset/(Liability)	**As at 31st March' 2020**	**For the year ended 31st March 2021**	**As at 31st March' 2021**
Depreciation on Property, plant and equipment	(147.33)	(33.88)	*(181.21)*
Business Loss	1,350.03	812.67	*2,162.69*
Total	**1,202.70**	**778.79**	**1,981.48**

32 **Remuneration to Managing Director/Whole-time Directors** **₹. In Lakhs**

Particulars	**For the Financial Year ended March 31, 2021**	**For the Financial Year ended March 31, 2020**
Salaries	83.91	70.06
Contribution to provident and other funds	7.04	1.26
Total *	**90.95**	**71.32**

* Refer note 41 (C)

33 **Operating Leases**

Transition to IND AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Company as a Lessee (Operating Leases)

Effective April 01,2019 the company had adopted Ind AS 116 "Leases" and applied the same to the lease contracts existing on April 01,2019 using the modified retrospective approach. This has resulted in recognizing Right of Use Assets and Lease Liability as on 1st April, 2020 to the extent of Rs. NIL, as there are no contracts which fall under this criteria. The adoption of this Standard does not have any impact on the opening retained earnings on adopting this approach. The Company has used a single discount rate to a portfolio of leases with similar characteristics. Operating leases are mainly in the nature of lease of office premises 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 the lease arrangements.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred, if any. The right-of-use assets is subsequently measured at cost less any accumulated depreciation and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

34 **Research and Development Expenditure**

₹. In Lakhs

Particulars	***For the Financial Year ended March 31, 2021***	***For the Financial Year ended March 31, 2020***
Capital expenditure included in Property, Plant & Equipment	311.51	402.85
Revenue expenditures incurred during the Financial Year	3,427.78	2,863.62
Total	**3,739.29**	**3,266.47**

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

₹. In Lakhs

Particulars	***For the Financial Year ended March 31, 2021***	***For the Financial Year ended March 31, 2020***
For Statutory Audit	5.00	5.00
For Tax Audit	2.00	2.00
For others	0.10	0.13
Total	**7.10**	**7.13**

36 **CIF Value of Imports**

₹. In Lakhs

Particulars	***For the Financial Year ended March 31, 2021***	***For the Financial Year ended March 31, 2020***
Raw materials , Stock in Trade and Finished Goods	1,532.84	981.49
Capital Goods	2,103.59	1,017.02

37 **Earnings in Foreign Exchange (On Accrual basis)**

FOB Value of Exports – ₹7,434,89 Lakhs. (Previous Financial year – ₹6,321.78 Lakhs)

38 **Earnings per Share is calculated as under**

Basic

₹. In Lakhs

Particulars	***For the Financial Year ended March 31, 2021***	***For the Financial Year ended March 31, 2020***
Net Profit attributable to Equity Shareholders (₹ in Lakhs)	*(2,283.76)*	*(2,410.67)*
Weighted average number of equity shares of ₹10/- each outstanding during the year (in Nos.)	*105,374,213*	*93,531,008*
Earnings per share (in Rs)	*(2.17)*	*(2.58)*

Diluted

₹. In Lakhs

Particulars	***For the Financial Year ended March 31, 2021***	***For the Financial Year ended March 31, 2020***
Net Profit attributable to Equity Shareholders (₹ in Lakhs)	*(2,283.76)*	*(2,410.67)*
Weighted average number of equity shares of ₹10/- each outstanding during the year (in Nos.)	*141,854,935*	*118,324,679*
Earnings per share (in Rs.)	(1.61)	(2.04)

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, 2021**	**Percentage of Shares held as at March 31, 2020**
Caplin Point Laboratories Limited	Holding Company	99.999%	100.00%
Argus Salud Pharma LLP	Subsidiary LLP of Holding Company	Not Applicable	Not Applicable
Ashvich Infotek Private Limited	Director/Director's Relatives are Interested	Not Applicable	Not Applicable

(b) Key Managerial Personnel

Mr. M Panjatcharam	– Whole Time Director from 03-04-2019 to 31-10-2019
Mr. Subramanian Narayanaswamy	– Whole Time Director from 01-02-2020
Mr. M Sathya Narayanan	– Chief Financial Officer from 04-04-2019
Mr. Vinod Kumar Srinivasan	– Company Secretary from 11-01-2019 to 05-02-2021

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

₹. In Lakhs

Particulars	***For the Financial Year ended March 31, 2021***	***For the Financial Year ended March 31, 2020***
Remuneration*		
Mr. M Panjatcharam (appointed as Whole Time Director on 3rd April 2019 & resigned on 31st Oct 2019)	-	56.72
Mr. Subramanian Narayanaswamy (appointed as Whole Time Director w.e.f. 1st Feb' 2020)	90.95	14.59
Mr. M Sathya Narayanan	60.03	58.30
Mr. Vinod Kumar Srinivasan**	-	-

* Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

** Paid remuneration in Caplin Point Laboratories Ltd (Holding Company) & no separate remuneration is paid here

(d) Details of Transactions that have taken place during the Financial Year with Related Parties:

₹. In Lakhs

Particulars	For the Financial Year ended March 31, 2021	For the Financial Year ended March 31, 2020
Rent paid & sale of asset to Ashvich Infotek Private Limited	117.00	71.22
Corporate Office common expenses sharing and reimbursement for Complex R&D expense to Caplin Point Laboratories Limited	52.12	631.28
Purchase of Assets and Materials from Caplin Point Laboratories Limited	64.84	51.52
Sale of Assets and Materials to Caplin Point Laboratories Limited	64.33	30.99
MEIS License purchase from Caplin Point Laboratories Limited	66.32	82.41
MEIS License purchase from Argus Salud Pharma LLP	-	8.38

(e) Outstanding balances:

₹. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Amount receivable / (Payable) to Caplin Point Laboratories Limited	-	-
Amount receivable / (Payable) to Ashvich Infotek Private Limited@	(5.95)	(5.10)
Amount receivable / (Payable) to Argus Salud Pharma LLP	-	-

40 FINANCIAL INSTRUMENTS:

Financial Instruments - Fair value and risk management

A. Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

₹. In Lakhs

Particulars	As at 31 March 2021			As at 31 March 2020		
	Carrying Amount			Carrying Amount		
	FVTPL	Amortized Cost	Total	FVTPL	Amortized Cost	Total
Financial Assets						
Trade Receivable	-	2,661.63	2,661.63	-	1,597.39	1,597.39
Cash and Cash Equivalents	-	6,428.48	6,428.48	-	10,401.05	10,401.05
Other Bank Balances other than Cash and Cash Equivalents	-	126.72	126.72	-	4,825.66	4,825.66
Other Current Assets	-	24.14	24.14	-	278.01	278.01
Total	**-**	**9,240.97**	**9,240.97**	**-**	**17,102.11**	**17,102.11**
Financial Liabilities						
Trade Payables	-	1,055.01	1,055.01	-	918.96	918.96
Other Current Liabilities	-	367.58	367.58	-	595.01	595.01
Total	**-**	**1,422.59**	**1,422.59**	**-**	**1,513.97**	**1,513.97**

B. 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 31.03 2021	As at 31.03 2020
Neither past due nor impaired	2,661.63	1,597.39
Total	**2,661.63**	**1,597.39**

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 judgment.

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 ₹ 6,555.20 lakhs (31.03.2020 ₹ 15,226.71 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.

Investment in mutual funds

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non - performance by these counter-parties.

Other financial asset

Other financial assets are neither past due nor impaired.

ii. 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 and liquid and liquid plus schemes of mutual funds which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintain financial flexibility.

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 31 March 2021	Carrying amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
Non - derivative financial liabilities							
Trade payables	1,055.01	1,055.01	1,038.27	6.69	9.84	0.21	-
Other current Financial Liabilities	367.58	367.58	362.34	1.53	0.72	3.00	-
Total	**1,422.59**	**1,422.59**	**1,400.61**	**8.22**	**10.56**	**3.21**	**-**

₹. In Lakhs

As at 31 March 2020	Carrying amount	Contractual cash flow					
		Total	0-12 months	1-2 years	2-3 Years	3-5 Years	More than 5 Years
Non - derivative financial liabilities							
Trade payables	918.96	918.96	908.05	10.70	0.11	0.11	-
Other current Financial Liabilities	595.01	595.01	591.42	0.59	3.00	-	-
Total	**1,513.97**	**1,513.97**	**1,499.47**	**11.28**	**3.11**	**0.11**	**-**

iii) 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 thorough 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 realized 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, 2021*		*As at March 31, 2020*	
	USD in Lakhs	**₹ in Lakhs**	**USD in Lakhs**	**₹ in Lakhs**
Export Debtors	25.17	1,848.71	20.95	1,579.32
Cash and cash equivalents	7.54	553.60	4.43	334.02
Total	***32.71***	***2,402.31***	***25.38***	***1,913.34***
Creditors	0.87	64.10	4.64	350.07
Total	***0.87***	***64.10***	***4.64***	***350.07***
Net statement of financial position exposure	**33.58**	**2,466.41**	**30.02**	**2,263.41**

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 and purchases.

1% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in increase / decrease in the profit before taxes by approximately ₹ 24.66 Lakhs for the year ended March 31, 2021 (₹ 22.63 Lakhs for the year ended March 31, 2020)

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 2021 and 31 March 2020, the Company has not availed any long term borrowings except for loans on certain vehicles on fixed rate basis. Further, the Company has not availed any fund based working capital lines.

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 2021 and 31 March 2020, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

Risk due to outbreak of COVID 19 pandemic

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories and investments. In developing the assumptions relating to the possible future uncertainities in the global economic conditions because of this pandemic, the Company has used internal and external sources of information and based on the current estimates arrived at using the said assumptions, the Company expects to recover the carrying amount of receivables, inventories and investments. As the outbreak continues to evolve, the company will continue to closely monitor any material changes to future economic conditions.

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.

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

43 Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

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. 4915S/ S200036

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

K. Parthasarathy
Partner
ICAI Membership No. 018394

Vivek Partheeban
Director
DIN: 02507289

N Subramanian
Whole Time Director
DIN: 07146352

Place : Chennai
Date : 05/05/2021

M Sathya Narayanan
Chief Financial Officer