

INDEPENDENT AUDITOR'S REPORT

To The Members of Laurus Generics Inc

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of **Laurus Generics Inc** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its financial performance, its cash flows and the changes in equity for the year ended on that date. These Audited Financial Statements is issued only for the limited purpose of incorporating in Consolidated Financial Statements and statutory filings.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's 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 standalone financial statements and our auditor's report thereon.

Our Opinion on the standalone Ind As 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 standalone Ind As financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind As 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 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 Ind AS 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 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 statement 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.

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

Auditor's Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 SAs, 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 financial 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 the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

Report on Other Requirements

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 purposes 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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.

- e) With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position in its financial statements
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Limitation

This report is intended solely for the use by Laurus (Laurus Holdings Limited) for the purpose of preparation of its consolidated financial statements for the year ended on 31st March, 2022 and should not be used for any other purpose without prior written consent

For R Krishna & Associates
Chartered Accountants
Firm Regn No. 013658S

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Meda Ramakrishna
Date: 2022.06.10
11:38:35 +05'30'

M. Rama Krishna
Partner

Mno. 221908

UDIN: 22221908AHKZHH1867

Place: Hyderabad

Date: April 20, 2022

Laurus Generics Inc.
Balance Sheet as at March 31, 2022

	Notes	March 31, 2022 Amount in USD	March 31, 2021 Amount in USD	March 31, 2022 Amount in GBP	March 31, 2021 Amount in GBP
ASSETS					
Non Current Assets					
Property, Plant and Equipment	3	14,476	17,636	11,022	12,810
Financial Assets					
Loans	4	28,490	28,490	21,692	20,695
		42,966	46,126	32,714	33,505
Current Assets					
Inventories	5	5,511,861	2,857,503	4,196,770	2,075,687
Financial Assets					
Trade receivables	6	11,375,960	3,643,015	8,661,736	2,646,283
Cash and cash equivalents	7	91,809	516,531	69,904	375,208
Other Current Assets	8	25,846	17,510	19,679	12,719
		17,005,476	7,034,559	12,948,089	5,109,897
Total Assets		17,048,442	7,080,685	12,980,809	5,143,408
EQUITY and LIABILITIES					
Shareholders' Funds					
Share Capital	9	1,970,000	1,610,000	1,499,972	1,169,502
Other Equity					
Retained earnings	10A	(671,096)	(623,378)	(471,486)	(595,156)
Other reserves	10B,C	1,640,000	-	1,209,222	142,339
Total Equity		2,938,904	986,622	2,237,708	716,686
Current Liabilities					
Financial Liabilities					
Borrowings	11	5,000,000	-	3,807,035	-
Trade Payables	12	2,928,599	2,857,250	2,229,855	2,075,503
Other current liabilities	13	6,180,939	3,236,813	4,706,211	2,351,219
		14,109,538	6,094,063	10,743,101	4,426,722
Total Equity and Liabilities		17,048,441	7,080,685	12,980,809	5,143,408

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For R Krishna & Associates

Chartered Accountants

ICAI Firm Registration Number : 013658S

Reg. No:
013658S
Hyderabad

M Rama Krishna

Partner

Membership No : 221908



For and on behalf of the Board of Directors

Laurus Generics Inc

Dr. C. Satyanarayana
Dr. C. Satyanarayana
Director

C. Chandrakanth
C. Chandrakanth
Director

Place: Hyderabad
Date: April 20, 2022

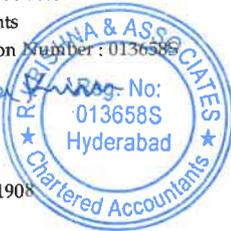
Place: Hyderabad
Date: April 20, 2022

Laurus Generics Inc.
Profit and Loss for the Year ended March 31, 2022

	Notes	For the Year ended March 31, 2022 Amount in USD	For the Year ended March 31, 2021 Amount in USD	For the Year ended March 31, 2022 Amount in GBP	For the Year ended March 31, 2021 Amount in GBP
I. INCOME					
Revenue from Operations (Net)	14	7,601,412	4,751,456	5,565,007	3,639,348
Other Income	15	-	14,698	-	11,258
Total Revenue (I)		7,601,412	4,766,154	5,565,007	3,650,606
II. EXPENSES					
Cost of Materials Consumed	16	2,770,986	300,548	1,850,821	362,896
Employee Benefits Expenses	17	2,673,545	1,320,255	1,957,307	1,011,241
Other Expenses	18	2,160,834	618,067	1,581,950	473,405
Total Expenses (II)		7,605,364	2,238,870	5,390,078	1,847,542
III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		(3,953)	2,527,285	174,929	1,803,064
Depreciation and Amortisation	3	3,161	2,574	2,313	1,943
Finance Expenses	19	40,604	35,310	29,726	27,045
IV. Profit/ (Loss) Before Tax for the Year		(47,718)	2,489,401	142,890	1,774,076
V. Tax Expense		-	-	-	-
VI. Profit/ (Loss) for the Year		(47,718)	2,489,401	142,890	1,774,076

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For R Krishna & Associates
Chartered Accountants
ICAI Firm Registration Number : 013658S
M Rama Krishna
Partner
Membership No : 221908



For and on behalf of the Board of Directors
Laurus Generics Inc
Dr.C.Satyanarayana
Director

C. Chandrakanth
Director

Place: Hyderabad
Date: April 20, 2022

Place: Hyderabad
Date: April 20, 2022

Laurus Generics Inc.

Cash Flow Statement for the Year ended March 31, 2022

Particulars	March 31, 2022 Amount in USD	March 31, 2021 Amount in USD	March 31, 2022 Amount in GBP	March 31, 2021 Amount in GBP
Profit Before Tax	(47,718)	2,489,401	142,890	1,774,076
Adjustments for :				
Depreciation of property, plant and equipment	3,161	2,574	2,313	1,943
Operating Profit Before Working Capital Changes	(44,557)	2,491,975	145,203	1,776,019
Foreign currency translation adjustments	-	-	(219,654)	199,312
Movement In Working Capital:				
Increase in Trade Receivables	(7,732,945)	(1,596,180)	(6,015,453)	(1,037,953)
Increase in Inventories	(2,654,358)	(2,390,351)	(2,121,083)	(1,698,181)
Increase in Short Term Loans and Advances	5,000,000	-	3,807,035	-
Decrease in Other Non Current Assets	-	-	(997)	2,328
Increase/ (Decrease) in Other Current Assets	(8,336)	417,422	(6,960)	338,750
Increase in Trade Payables	71,349	146,754	154,352	(105,459)
Increase in Other Current Liabilities	2,944,126	1,393,552	2,354,992	861,677
Cash Generated From Operations	(2,424,721)	463,172	(1,902,566)	336,493
Direct Taxes paid				
Net Cash Flow from/ (used in) Operating Activities (A)	(2,424,721)	463,172	(1,902,566)	336,493
Cash Flow Used In Investing Activities				
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	-	(1,145)	-	(877)
Net Cash Flow Used In Investing Activities (B)	-	(1,145)	-	(877)
Cash Flow From Financing Activities				
Proceeds from Issue of Equity Shares	2,000,000	-	1,579,177	-
Interest Paid	-	-	-	-
Net Cash Flow From Financing Activities (C)	2,000,000	-	1,579,177	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(424,721)	462,027	(323,389)	335,616
Cash and Cash Equivalents at the beginning of the Year	516,531	54,502	375,208	44,043
Effect of exchange differences on cash and cash equivalents			18,082	(4,453)
Cash and Cash Equivalents at the end of the Year	91,809	516,531	69,904	375,208
Notes:				
Components of Cash and Cash Equivalents:				
Balances with banks				
On current accounts	91,809	516,531	69,904	375,208
Total Cash and Cash Equivalents	91,809	516,531	69,904	375,208

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For R Krishna & Associates
Chartered Accountants
ICAI Firm Registration Number: U30008

M Rama Krishna
M Rama Krishna
Partner
Membership No : 221908



For and on behalf of the Board of Directors
Laurus Generics Inc

Dr. C. Salyanarayana
Dr. C. Salyanarayana
Director

C. Chandrakanth
C. Chandrakanth
Director

Place: Hyderabad
Date: April 20, 2022

Place: Hyderabad
Date: April 20, 2022

Laurus Generics Inc.

Notes to the financial statements for the Year ended March 31, 2022

3. Property, plant and equipment

Particulars	Amount in USD			Amount in GBP		
	Furniture and Fixtures	Computers	Total Property, plant and equipment	Furniture and Fixtures	Computers	Total Property, plant and equipment
As at March 31, 2020	18,700	-	18,700	15,112	-	15,112
Exchange Difference				(1,207)		(1,207)
Acquisition	90,975		90,975	70,682		70,682
Additions		1,145	1,145		877	877
As at March 31, 2021	109,675	1,145	110,821	84,587	877	85,464
Additions						
Disposals						
Exchange Difference						
As at March 31, 2022	109,675	1,145	110,821	84,587	877	85,464
Depreciation						
As at March 31, 2020	4,050	-	4,050	3,274		3,274
Charge for the Year	2,536	38	2,574	1,943	29	1,972
Exchange Difference				115	44	159
Acquisition	86,561		86,561	67,249		67,249
As at March 31, 2021	93,147	38	93,185	72,581	73	72,654
Charge for the Year	2,931	229	3,160	2,146	168	2,313
Disposals						-
Exchange Difference				(493)	(33)	(525)
As at March 31, 2022	96,078	267	96,345	74,234	208	74,442
Net Block						
As at March 31, 2020	14,650	-	14,650	11,838	-	11,838
As at March 31, 2021	16,528	1,107	17,636	12,006	804	12,810
As at March 31, 2022	13,597	878	14,476	10,353	669	11,022



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Laurus Generics Inc.

Notes to the financial statements for the Year ended March 31, 2022

	March 31, 2022 Amount in USD	March 31, 2021 Amount in USD	March 31, 2022 Amount in GBP	March 31, 2021 Amount in GBP
4. Financial Assets				
Loans				
Non-Current (unsecured, considered good unless otherwise stated)				
Security Deposits	28,490	28,490	21,692	20,695
	<u>28,490</u>	<u>28,490</u>	<u>21,692</u>	<u>20,695</u>
5. Inventories				
Closing Stock	5,511,861	2,857,503	4,196,770	2,075,687
	<u>5,511,861</u>	<u>2,857,503</u>	<u>4,196,770</u>	<u>2,075,687</u>
6. Trade Receivables				
Trade receivables	11,248,103	3,455,462	8,564,385	2,510,044
Receivable from related parties	127,857	187,553	97,351	136,239
	<u>11,375,960</u>	<u>3,643,015</u>	<u>8,661,736</u>	<u>2,646,283</u>

Trade Receivables ageing schedule for the year ended March 31,2022:
Amount in USD

Particulars	Not Due	Outstanding from due date of payment		
		Less than 6 months	6 months - 1 Year	Total
i) Undisputed Trade receivables - considered good		11,375,960		11,375,960
ii) Undisputed Trade receivables - which have significant increase in credit risk				-
iii) Undisputed Trade receivables - credit impaired				-
Total	-	11,375,960	-	11,375,960

Trade Receivables ageing schedule for the year ended March 31,2022:
Amount in GBP

Particulars	Not Due	Outstanding from due date of payment		
		Less than 6 months	6 months - 1 Year	Total
i) Undisputed Trade receivables - considered good		8,661,736		8,661,736
ii) Undisputed Trade receivables - which have significant increase in credit risk				-
iii) Undisputed Trade receivables - credit impaired				-
Total	-	8,661,736	-	8,661,736

Trade Receivables ageing schedule for the year ended March 31,2021:
Amount in USD

Particulars	Not Due	Outstanding from due date of payment		
		Less than 6 months	6 months - 1 Year	Total
i) Undisputed Trade receivables - considered good		3,643,015		3,643,015
ii) Undisputed Trade receivables - which have significant increase in credit risk				-
iii) Undisputed Trade receivables - credit impaired				-
Total	-	3,643,015	-	3,643,015

Trade Receivables ageing schedule for the year ended March 31,2021:
Amount in GBP

Particulars	Not Due	Outstanding from due date of payment		
		Less than 6 months	6 months - 1 Year	Total
i) Undisputed Trade receivables - considered good		2,646,283		2,646,283
ii) Undisputed Trade receivables - which have significant increase in credit risk				-
iii) Undisputed Trade receivables - credit impaired				-
Total	-	2,646,283	-	2,646,283

7. Cash and cash equivalents				
Balances with Banks				
- On Current Accounts	91,809	516,531	69,904	375,208
	<u>91,809</u>	<u>516,531</u>	<u>69,904</u>	<u>375,208</u>
8. Other Assets				
Prepayments	25,846	17,510	19,679	12,719
Advances given to related parties		-	-	-
	<u>25,846</u>	<u>17,510</u>	<u>19,679</u>	<u>12,719</u>
9. Share Capital				
Issued, Subscribed and Paid Up				
19,700 Equity share of USD 100 (March 31, 2021 16,100 Equity shares) each fully paid up	1,970,000	1,610,000	1,499,972	1,169,502
	<u>1,970,000</u>	<u>1,610,000</u>	<u>1,499,972</u>	<u>1,169,502</u>



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Laurus Generics Inc.

Notes to the financial statements for the Year ended March 31, 2022

	March 31, 2022 Amount in USD	March 31, 2021 Amount in USD	March 31, 2022 Amount in GBP	March 31, 2021 Amount in GBP
10A. Retained Earnings				
Opening balance	(74,372)	(2,563,773)	(196,359)	(1,970,435)
Add : Profit for the Year	(47,718)	2,489,401	142,890	1,774,076
Amalgamation Adjustment Reserve	2,389,997	2,389,997	1,819,761	1,736,092
LSI Retained Earnings	(2,939,003)	(2,939,003)	(2,237,778)	(2,134,889)
Net surplus in the Statement of profit and loss	(671,096)	(623,378)	(471,486)	(595,156)
Foreign currency translation reserve				
Balance as per last financial statements	-	-	142,339	(58,921)
Current Year 'Foreign Currency Translation Reserve (FCTNR)	-	-	(181,824)	201,260
Closing Balance	-	-	(39,485)	142,339
Closing Balance	(671,096)	(623,378)	(510,971)	(452,816)
10C. Securities Premium				
Opening Balance	-	-	-	-
Additions during the year (3,600 shares @ 455.55 per share)	1,640,000	-	1,248,707	-
Closing Balance	1,640,000	-	1,248,707	-
11. Borrowings				
-Current borrowings				
Borrowing from Banks	5,000,000	-	3,807,035	-
	5,000,000	-	3,807,035	-
12. Trade Payables				
- Outstanding dues to creditors other than micro enterprises and small enterprises	1,781,127	1,318,900	1,356,162	958,047
- Outstanding dues to related parties	1,147,472	1,538,350	873,693	1,117,456
	2,928,599	2,857,250	2,229,855	2,075,503
Trade Payables ageing schedule for the year ended March 31, 2022 - Amount in USD				
Particulars	Not due	Outstanding from due date of payment		
		Less than 1 Year	1-2 Years	Total
i) MSME				-
ii) Others	1,147,472	1,781,127		2,928,599
Total	1,147,472	1,781,127	-	2,928,599
Trade Payables ageing schedule for the year ended March 31, 2022 - Amount in GBP				
Particulars	Not due	Outstanding from due date of payment		
		Less than 1 Year	1-2 Years	Total
i) MSME				-
ii) Others	873,693	1,356,162		2,229,855
Total	873,693	1,356,162	-	2,229,855
Trade Payables ageing schedule for the year ended March 31, 2021 - Amount in USD				
Particulars	Not due	Outstanding from due date of payment		
		Less than 1 Year	1-2 Years	Total
i) MSME				-
ii) Others		2,857,250		2,857,250
Total	-	2,857,250	-	2,857,250
Trade Payables ageing schedule for the year ended March 31, 2021 - Amount in GBP				
Particulars	Not due	Outstanding from due date of payment		
		Less than 1 Year	1-2 Years	Total
i) MSME				-
ii) Others		2,075,503		2,075,503
Total	-	2,075,503	-	2,075,503
13. Other Liabilities				
Current				
Interest accrued	2,661		2,026	
Charge back reserves and rebates	6,178,278	3,236,813	4,704,185	2,351,219
Advances from other related parties	-	-	-	-
Advances from Ultimate Holding company	-	-	-	-
	6,180,939	3,236,813	4,706,211	2,351,219



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Laurus Generics Inc.

Notes to the financial statements for the Year ended March 31, 2022

	March 31, 2022 Amount in USD	March 31, 2021 Amount in USD	March 31, 2022 Amount in GBP	March 31, 2021 Amount in GBP
14. Revenue from Operations				
Sale of Products	5,247,815	1,953,487	3,841,935	1,496,261
Sale of Services	2,353,596	2,797,969	1,723,072	2,143,087
Revenue from Operations (Gross)	7,601,412	4,751,456	5,565,007	3,639,348
15. Other income				
Provision no longer required written back	-	14,698	-	11,258
	-	14,698	-	11,258
16. Cost of Materials Consumed				
Raw Materials Consumed				
Opening stock at the beginning of the Year	2,857,503	467,152	2,075,687	377,506
Add : Purchases	5,425,344	2,690,899	3,971,904	2,061,077
			-	-
Less : Closing stock at the end of the Year	5,511,861	2,857,503	4,196,770	2,075,687
	2,770,986	300,548	1,850,821	362,896
17. Employee Benefits Expenses				
Salaries, allowances and wages	2,673,545	1,320,255	1,957,307	1,011,241
	2,673,545	1,320,255	1,957,307	1,011,241
18. Other Expenses				
Rent	77,265	63,992	56,566	49,014
Storage & distribution charges	993,717	230,507	727,502	176,555
Office maintenance	2,409	67,939	1,764	52,037
Insurance	114,257	44,785	83,648	34,303
Consultancy and other professional charges	300,374	134,960	219,904	103,372
Freight Charges	250,045	70,433	183,058	53,948
Travelling and conveyance	27,330	1,356	20,008	1,039
Communication expenses	31,060	3,701	22,739	2,835
Rates & Taxes	268,894	-	196,858	-
Other selling expenses	89,078	394	65,214	302
Royalty	6,405	-	4,689	-
	2,160,834	618,067	1,581,950	473,405
19. Finance Expenses				
Interest				
- on loans	38,032		27,843	
Bank charges	2,572	35,310	1,883	27,045
	40,604	35,310	29,726	27,045



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Laurus Generics Inc

Notes to the financial statements for the Year ended March 31, 2022

1. Corporate information

Laurus Generics Inc (LGI Inc) offers a broad range of Pharmaceutical and related services to the global Pharmaceutical community, situated in the state of Delaware, USA. LGI Inc, is a Corporation, incorporated under the laws of State of Delaware, USA.

2. Significant accounting policies

2.1 Basis of preparation

- (a) The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS'), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- ▶ Certain financial assets and liabilities measured at fair value.

2.2 Summary of significant accounting policies

(a) Use of Estimates

The preparation of financial statements in conformity with Indian Accounting Standards requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting Year. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities in future Years.

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting Year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting Year

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting Year, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting Year

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Foreign currencies

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that are designated as part of the hedge of the Company's net Investment of A foreign operation. These are recognised in OCI until the net Investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



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Laurus Generics Inc

Notes to the financial statements for the Year ended March 31, 2022

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting Year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

Interest income

For all debt financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter Year, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Export incentives

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Management Yearically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the Year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



A handwritten signature in blue ink, consisting of a stylized 'R' followed by a flourish.

A handwritten signature in blue ink, consisting of the letters 'ch' followed by a horizontal line.

Laurus Generics Inc

Notes to the financial statements for the Year ended March 31, 2022

(f) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital work in progress were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of property as deemed cost at the date of the acquisition since they were broadly comparable to fair value. The Company has also determined that cost of acquisition or construction does not differ materially from fair valuation as at 1 April 2015 (date of transition to Ind AS).

Capital work in progress, Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the Year during which such expenses are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Factory buildings	:	30 Years
Other buildings	:	60 Years
Plant and equipment	:	5 to 20 Years
Furniture and fixtures	:	10 Years
Vehicles	:	5 Years
Computers	:	3 to 6 Years

The Company, based on technical assessment and management estimate, depreciates certain items of plant and equipment and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the Year over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial Year end and adjusted prospectively, if appropriate.

(g) Intangible assets

Computer Software

Costs relating to software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of five Years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial Year of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the Year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(j) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.



Laurus Generics Inc

Notes to the financial statements for the Year ended March 31, 2022

(k) **Measurement of EBITDA**

The Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations and does not include depreciation and amortisation expense, finance costs and tax expense.

(l) **foreign currency translation**

The company converted the standalone Ind AS financial statements for presentation purposes from the relevant currency i.e USD for the business into the presentation currency (GBP). The average foreign currency rate applied was 0.732101762 GBP/USD for profit and loss account transactions. The closing foreign currency rate applied was 0.761407 GBP/USD for Balance sheet items. The equity was translated with a historical foreign currency rate. The resulting translation difference is presented in the retained earnings as a foreign currency translation reserve.

Related Party Transactions

Names of related parties and description of relationship

	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	USD	USD	GBP	GBP
a) Transactions During the Year				
i) Laurus Labs Limited				
Purchases	3,346,585	1,467,917	2,450,041	1,124,342
Service Income	2,274,343	1,043,565	1,665,051	758,045
Advance Received	700,000		532,985	
Share Capital	2,000,000		1,522,814	
ii) Laurus Holding Limited				
Advance given (net)	1,780,604		1,355,764	
b) Closing Balances				
i) Laurus Labs Limited				
Disclosed Under Trade Payables	1,147,472	1,538,350	873,693	1,117,456
Disclosed Under Trade Receivables	127,857	187,553	97,351	136,239
ii) Laurus Holding Limited				
Advance given related party	1,780,604	-	1,355,764	-

For R Krishna & Associates
Chartered Accountants

ICAI Firm Registration Number : 013658S

Reg. No:
013658S
Hyderabad

M. Rama Krishna

Partner

Membership No. : 221908



For and on behalf of the Board of Directors
Laurus Generics Inc

Dr. C. Satyanarayana

Dr. C. Satyanarayana

Director

C. Chandrakanth

C. Chandrakanth

Director

Place: Hyderabad
Date: April 20, 2022

Place: Hyderabad
Date: April 20, 2022