

## **INDEPENDENT AUDITOR'S REPORT**

**To The Members of Laurus Generics GmbH**

### **Report on the Standalone Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **Laurus Generics GmbH** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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, 2020, 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.

#### **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.

**For R Krishna & Associates**  
**Firm Registration Number: 013658S**  
Chartered Accountants

**M. Rama Krishna**  
**Partner**  
**Membership No.: 221908**

**Place:** Hyderabad  
**Date:** April 23, 2020

UDIN: 20201908AAAADR1323

**Laurus Generics GmbH**  
**Balance Sheet as at March 31, 2020**

	Notes	March 31, 2020 Amount in EURO	March 31, 2019 Amount in EURO	March 31, 2020 Amount in GBP	March 31, 2019 Amount in GBP
<b>CURRENT ASSETS</b>					
Financial Assets					
Trade receivables	2	1,099	20,766	977	17,833
Cash and cash equivalents	3	5,976	2,375	5,312	2,040
Other Current Assets	4	22,812	876	20,279	752
		<b>29,887</b>	<b>24,016</b>	<b>26,568</b>	<b>20,625</b>
<b>Total Assets</b>		<b>29,887</b>	<b>24,016</b>	<b>26,568</b>	<b>20,625</b>
<b>EQUITY and LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	5	50,000	50,000	45,090	45,090
Other Equity					
Retained earnings	6	(113,119)	(52,021)	(99,318)	(45,888)
Other reserves	6	-	-	(1,882)	(938)
<b>Total Equity</b>		<b>(63,119)</b>	<b>(2,021)</b>	<b>(56,110)</b>	<b>(1,736)</b>
<b>Current Liabilities</b>					
Financial Liabilities					
Trade Payables	7	57,974	26,037	51,536	22,361
Other current liabilities	8	35,032	-	31,142	-
		<b>93,006</b>	<b>26,037</b>	<b>82,678</b>	<b>22,361</b>
<b>Total Equity and Liabilities</b>		<b>29,887</b>	<b>24,016</b>	<b>26,568</b>	<b>20,625</b>

Summary of significant accounting policies 2.1

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

**For and on behalf of the Board of Directors**  
**Laurus Generics GmbH**

**M Rama Krishna**  
Partner  
Membership No : 221908

**C. Chandrakanth**  
Director

**Ch. Sita Ramaiah**  
Director

Place: Hyderabad  
Date: April 23, 2020

Place: Hyderabad  
Date: April 23, 2020

**Laurus Generics GmbH**  
**Profit and Loss for the year ended March 31, 2020**

	Notes	For the Year ended March 31, 2020 Amount in EURO	For the Year ended March 31, 2019 Amount in EURO	For the year ended March 31, 2020 Amount in GBP	For the Year ended March 31, 2019 Amount in GBP
<b>INCOME</b>					
I. Revenue from Operations	9	451,656	82,601	394,976	72,862
<b>Total Revenue ( I )</b>		<b>451,656</b>	<b>82,601</b>	<b>394,976</b>	<b>72,862</b>
<b>EXPENSES</b>					
Other Expenses	10	512,661	134,508	448,325	118,649
<b>Total Expenses ( II )</b>		<b>512,661</b>	<b>134,508</b>	<b>448,325</b>	<b>118,649</b>
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)</b>		<b>(61,005)</b>	<b>(51,907)</b>	<b>(53,349)</b>	<b>(45,787)</b>
Finance Expenses	11	93	114	81	101
<b>Profit/ (Loss) Before Tax</b>		<b>(61,098)</b>	<b>(52,021)</b>	<b>(53,430)</b>	<b>(45,888)</b>
Summary of significant accounting policies	2.1				

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Director

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Director

Place: Hyderabad  
Date: April 23, 2020

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## Laurus Generics GmbH

### Cash Flow Statement for the year ended March 31, 2020

Particulars	March 31, 2020 Amount in EURO	March 31, 2019 Amount in EURO	March 31, 2020 Amount in GBP	March 31, 2019 Amount in GBP
<b>Profit Before Tax</b>	(61,098)	(52,021)	(53,430)	(45,888)
<b>Cash Flow from/ (used in) Operating Activities</b>				
<b>Operating Profit Before Working Capital Changes</b>	(61,098)	(52,021)	(53,430)	(45,888)
Foreign currency translation adjustments	-	-	(944)	(938)
<b>Movement In Working Capital:</b>				
Increase in Trade Receivables	19,667	(20,766)	16,857	(17,834)
Increase/ (Decrease) in Other Current Assets	(21,936)	(876)	(19,527)	(752)
Increase/(Decrease) in Trade Payables	31,936	26,038	29,174	22,362
Increase in Other Current Liabilities	35,032	-	31,142	-
<b>Cash Generated From Operations</b>	3,601	(47,625)	3,272	(43,050)
Direct Taxes paid				
<b>Net Cash Flow from/ (used in) Operating Activities (A)</b>	3,601	(47,625)	3,272	(43,050)
<b>Net Cash Flow Used In Investing Activities (B)</b>	-	-	-	-
<b>Cash Flow From Financing Activities</b>				
Proceeds from Issue of Equity Shares	-	-	-	1,410
<b>Net Cash Flow From Financing Activities (C)</b>	-	-	-	1,410
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	3,601	(47,625)	3,272	(41,640)
Cash and Cash Equivalents at the beginning of the year	2,375	50,000	2,040	43,680
<b>Cash and Cash Equivalents at the end of the year</b>	5,976	2,375	5,312	2,040
<b>Notes:</b>				
<b>Components of Cash and Cash Equivalents:</b>				
Balances with banks				
On current accounts	5,976	2,375	5,312	2,040
<b>Total Cash and Cash Equivalents</b>	5,976	2,375	5,312	2,040

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

**For and on behalf of the Board of Directors**  
**Laurus Generics GmbH**

M Rama Krishna  
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**C. Chandrakanth**  
Director

**Ch. Sita Ramaiah**  
Director

Place: Hyderabad  
Date: April 23, 2020

Place: Hyderabad  
Date: April 23, 2020

# Laurus Generics GmbH

## Notes to the financial statements for the year ended March 31, 2020

	March 31, 2020 Amount in EURO	March 31, 2019 Amount in EURO	March 31, 2020 Amount in GBP	March 31, 2019 Amount in GBP
<b>2. Trade Receivables</b>				
Receivable from related parties	1,099	20,766	977	17,833
	<b>1,099</b>	<b>20,766</b>	<b>977</b>	<b>17,833</b>
<b>3. Cash and cash equivalents</b>				
Balances with Banks				
- On Current Accounts	5,976	2,375	5,312	2,040
<b>Total</b>	<b>5,976</b>	<b>2,375</b>	<b>5,312</b>	<b>2,040</b>
<b>4. Other Assets</b>				
Prepayments	10,167	12	9,038	10
Balances with Statutory/Government Authorities	12,645	864	11,241	742
<b>Total</b>	<b>22,812</b>	<b>876</b>	<b>20,279</b>	<b>752</b>
<b>5. Share Capital</b>				
<b>Issued, Subscribed and Paid Up</b>				
500 Equity share of EURO 100 (March 31, 2019 500 Equity shares) each fully paid up	50,000	50,000	45,090	45,090
<b>Total</b>	<b>50,000</b>	<b>50,000</b>	<b>45,090</b>	<b>45,090</b>
<b>6. Retained Earnings</b>				
Opening balance	(52,021)	-	(45,888)	-
Add : Profit for the year	(61,098)	(52,021)	(53,430)	(45,888)
<b>Net surplus in the Statement of profit and loss</b>	<b>(113,119)</b>	<b>(52,021)</b>	<b>(99,318)</b>	<b>(45,888)</b>
<b>Foreign currency translation reserve</b>				
Balance as per last financial statements	-	-	(938)	-
Current year 'Foreign Currency Translation Reserve (FCTNR)	-	-	(944)	(938)
<b>Closing at the end of year</b>	<b>-</b>	<b>-</b>	<b>(1,882)</b>	<b>(938)</b>
<b>Closing at the end of year</b>	<b>(113,119)</b>	<b>(52,021)</b>	<b>(101,200)</b>	<b>(46,826)</b>
<b>7. Trade Payables</b>				
- Outstanding dues to creditors other than micro enterprises and small enterprises	57,974	26,037	51,536	22,361
	<b>57,974</b>	<b>26,037</b>	<b>51,536</b>	<b>22,361</b>
<b>8. Other current liabilities</b>				
Advances from related parties	35,032	-	31,142	-
	<b>35,032</b>	<b>-</b>	<b>31,142</b>	<b>-</b>
<b>9. Revenue from Operations</b>				
Sale of Services	451,656	82,601	394,976	72,862
<b>Revenue from Operations</b>	<b>451,656</b>	<b>82,601</b>	<b>394,976</b>	<b>72,862</b>
<b>10. Other Expenses</b>				
Rent	3,080	2,800	2,693	2,470
Rates and taxes	424,595	110,043	371,311	97,069
Office maintenance	338	22	296	19
Insurance	2,517	2,517	2,201	2,220
Consultancy and other professional charges	81,339	18,571	71,131	16,381
Communication expenses	352	555	308	489
Other selling expenses	440	-	385	-
<b>Total</b>	<b>512,661</b>	<b>134,508</b>	<b>448,325</b>	<b>118,649</b>
<b>11. Finance Expenses</b>				
Bank charges	93	114	81	101
<b>Total</b>	<b>93</b>	<b>114</b>	<b>81</b>	<b>101</b>

# Laurus Generics GmbH

## Notes to the financial statements for the year ended March 31, 2020

### 1. Corporate information

Laurus Generics GmbH (LGGmbH) offers a broad range of Pharmaceutical and related services to the global Pharmaceutical community, situated in Hamburg, Germany, incorporated on April 06th, 2018, under the laws of Germany.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

(a) The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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.

##### (b) 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. The following specific recognition criteria must also be met before revenue is recognised.

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

##### Sale of services

Revenue from contract research operations is recognised in accordance with the terms of the relevant contracts with customers and when the agreed milestones are achieved, which are substantiated by the performance of related service work.

##### (c) Property, plant and equipment

Tangible Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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.

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

Furniture and fixtures	:	10 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 period 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.

##### (d) 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.

##### (e) 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 GmbH

### Notes to the financial statements for the year ended March 31, 2020

(f) **foreign currency translation**

The company converted the standalone Ind AS financial statements for presentation purposes from the relevant currency i.e EURO for the business into the presentation currency (GBP). The average foreign currency rate applied was 0.874506 GBP/EURO for profit and loss account transactions. The closing foreign currency rate applied was 00.888958 GBP/EURO 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.

(g) **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.

(h) **Related Party Transactions**

**Names of related parties and description of relationship**

	March 31, 2020 Amount in EURO	March 31, 2019 Amount in EURO	March 31, 2020 Amount in GBP	March 31, 2019 Amount in GBP
<b>Holding Company</b>				
<b>a) Transactions During the Year</b>				
<b>i) Laurus Holdings Limited</b>				
Proceeds for Issue of shares				
Advance received	35,032	-	31,142	-
<b>ii) Laurus Labs Limited</b>				
Reimbursement expenses	451,656	82,601	394,976	72,862
<b>b) Closing Balances</b>				
<b>i) Laurus Labs Limited</b>				
Disclosed under Trade Receivables	1,099	20,765	977	17,833

**For R Krishna & Associates**  
**Chartered Accountants**

ICAI Firm Registration Number : 013658S

**For and on behalf of the Board of Directors**  
**Laurus Generics GmbH**

**M. Rama Krishna**

Partner

Membership No : 221908

**C. Chandrakanth**

Director

**Ch. Sita Ramaiah**

Director

Place: Hyderabad

Date: April 23, 2020

Place: Hyderabad

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