

INDEPENDENT AUDITOR'S REPORT

To The Members of Laurus Holdings Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of **Laurus Holdings Limited** ("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

Place: Hyderabad
Date: April 24, 2020

UDIN: 20221908AAAADS6638

Laurus Holdings Limited
Balance Sheet as at March 31, 2020

	Notes	March 31, 2020 Amount in GBP	March 31, 2019 Amount in GBP	March 31, 2020 Amount in INR	March 31, 2019 Amount in INR
ASSETS					
Non Current Assets					
Investments	3	810,760	810,760	73,354,016	73,354,016
		810,760	810,760	73,354,016	73,354,016
Current Assets					
Financial Assets					
Trade receivables	4	26,284	25,189	2,433,273	2,278,990
Cash and cash equivalents	5	9,887	26,977	915,301	2,440,753
Other Current Assets	6	40,277	7,439	3,728,692	673,065
		76,448	59,605	7,077,266	5,392,808
Total Assets		887,208	870,365	80,431,282	78,746,824
EQUITY and LIABILITIES					
Shareholders' Funds					
Share Capital	7	850,000	850,000	77,897,649	77,897,649
Other Equity					
Retained earnings	8A	19,553	5,671	1,798,724	547,631
Other reserves	8B	-	-	(899,524)	(1,027,950)
Total Equity		869,553	855,671	78,796,849	77,417,330
Current Liabilities					
Financial Liabilities					
Trade Payables	9	14,143	14,695	1,309,305	1,329,494
Income tax liabilities	10	3,512	-	325,128	-
		17,655	14,695	1,634,433	1,329,494
Total Equity and Liabilities		887,208	870,365	80,431,282	78,746,824

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 Holdings Limited

M Rama Krishna
Partner
Membership No : 221908

Dr.C.Satyanarayana
Director

V V Ravi Kumar
Director

Place: Hyderabad
Date: April 24, 2020

Place: Hyderabad
Date: April 24, 2020

Laurus Holdings Limited
Profit and Loss for the year ended March 31, 2020

	Notes	For the year ended March 31, 2020 Amount in GBP	For the year ended March 31, 2019 Amount in GBP	For the year ended March 31, 2020 Amount in INR	For the year ended March 31, 2019 Amount in INR	
INCOME						
I.	Revenue from Operations (Gross)	11	365,159	235,925	32,909,381	21,621,931
	Total Revenue (I)		365,159	235,925	32,909,381	21,621,931
EXPENSES						
	Employee Benefits Expenses	12	305,112	198,005	27,497,740	18,146,671
	Other Expenses	13	40,496	25,750	3,649,638	2,359,894
	Total Expenses (II)		345,608	223,755	31,147,378	20,506,565
	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		19,551	12,170	1,762,003	1,115,366
	Finance Expenses	14	1,083	942	97,604	86,314
	Profit/ (Loss) Before Tax		18,468	11,228	1,664,399	1,029,052
IV.	Tax Expense					
V.	Current Tax		4,586	-	413,306	-
	Income tax expense /(Credit)		4,586		413,306	
	Profit/ (Loss) for the year		13,882	11,228	1,251,093	1,029,052
	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 Holdings Limited

M Rama Krishna
Partner
Membership No : 221908

Dr.C.Satyanarayana
Director

V V Ravi Kumar
Director

Place: Hyderabad
Date: April 24, 2020

Place: Hyderabad
Date: April 24, 2020

Laurus Holdings Limited
Cash Flow Statement for the year ended March 31, 2020

Particulars	March 31, 2020 Amount in GBP	March 31, 2019 Amount in GBP	March 31, 2020 Amount in INR	March 31, 2019 Amount in INR
Profit Before Tax	18,468	11,228	1,664,399	1,029,052
Cash Flow from/ (used in) Operating Activities				
Operating Profit Before Working Capital Changes	18,468	11,228	1,664,399	1,029,052
Foreign currency translation adjustments	-	-	80,282	(1,281,681)
Movement In Working Capital:				
Increase in Trade Receivables	(1,095)	(25,189)	(154,283)	(2,278,990)
Increase/ (Decrease) in Other Current Assets	(32,838)	(6,517)	(3,055,627)	(587,933)
Increase/(Decrease) in Trade Payables	(552)	14,695	(20,189)	1,329,494
Cash Generated From Operations	(16,017)	(5,783)	(1,485,418)	(1,790,058)
Direct Taxes paid	(1,073)	-	(96,702)	-
Net Cash Flow from/ (used in) Operating Activities (A)	(17,090)	(5,783)	(1,582,120)	(1,790,058)
Cash Flow Used In Investing Activities				
Purchase of Investment	-	(728,851)	-	(65,795,063)
Net Cash Flow Used In Investing Activities (B)	-	(728,851)	-	(65,795,063)
Cash Flow From Financing Activities				
Proceeds from Issue of Equity Shares	-	715,000	-	65,724,415
Net Cash Flow From Financing Activities (C)	-	715,000	-	65,724,415
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(17,090)	(19,634)	(1,582,120)	(1,860,706)
Cash and Cash Equivalents at the beginning of the year	26,977	46,611	2,440,753	4,301,459
Effect of exchange differences on cash and cash equivalents	-	-	56,668	-
Cash and Cash Equivalents at the end of the year	9,887	26,977	915,301	2,440,753
Notes:				
Components of Cash and Cash Equivalents:				
Balances with banks				
On current accounts	9,887	26,977	915,301	2,440,753
Total Cash and Cash Equivalents	9,887	26,977	915,301	2,440,753

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 Holdings Limited

M Rama Krishna
Partner
Membership No : 221908

Dr.C.Satyanarayana
Director

V V Ravi Kumar
Director

Place: Hyderabad
Date: April 24, 2020

Place: Hyderabad
Date: April 24, 2020

Laurus Holdings Limited

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

	March 31, 2020 Amount in GBP	March 31, 2019 Amount in GBP	March 31, 2020 Amount in INR	March 31, 2019 Amount in INR
3. Investments				
- 10,000 Equity Shares of USD 100 each fully paid-up in Laurus Generics Inc.	765,670	765,670	69,274,430	69,274,430
- 500 Equity Shares of EURO 100 each fully paid-up in Laurus Generics Gmbh	45,090	45,090	4,079,586	4,079,586
Total	810,760	810,760	73,354,016	73,354,016
4. Trade Receivables				
Receivable from related parties	26,284	25,189	2,433,273	2,278,990
Total	26,284	25,189	2,433,273	2,278,990
5. Cash and cash equivalents				
Cash and Cash Equivalents				
Balances with Banks				
- On Current Accounts	9,887	26,977	915,301	2,440,753
Total	9,887	26,977	915,301	2,440,753
6. Financial Assets				
Other Assets				
Current (unsecured, considered good unless otherwise stated)				
Prepayments	4,488	4,319	415,482	390,798
Balances with Statutory/Government Authorities	3,771	3,120	349,105	282,267
Advances given to related parties	32,018	-	2,964,105	-
Total	40,277	7,439	3,728,692	673,065
7. Share Capital				
Issued, Subscribed and Paid Up				
8,500 Equity share of GBP 100 (March 31, 2019 8,500) Equity shares)each fully paid up	850,000	850,000	77,897,649	77,897,649
Total	850,000	850,000	77,897,649	77,897,649
8. Other Equity				
8A. Retained Earnings				
Opening balance	5,671	(5,557)	547,631	(481,421)
Add : Profit for the year	13,882	11,228	1,251,093	1,029,052
Net surplus in the Statement of profit and loss	19,553	5,671	1,798,724	547,631
8B. Foreign currency translation reserve				
Balance as per last financial statements	-	-	(1,027,950)	253,731
Current year Foreign Currency Translation Reserve (FCTNR)	-	-	128,426	(1,281,681)
Closing at the end of year	-	-	(899,524)	(1,027,950)
Closing at the end of year	19,553	5,671	899,200	(480,319)
9. Trade Payables				
- Outstanding dues to creditors other than micro enterprises and small enterprises	14,143	14,695	1,309,305	1,329,494
- Outstanding dues to related parties			-	
Total	14,143	14,695	1,309,305	1,329,494
10. Income tax liabilities				
Provision for taxes (net)	3,512	-	325,128	-
Total	3,512	-	325,128	-
11. Revenue from Operations				
Sale of Services				
Income from Services	365,159	235,925	32,909,381	21,621,931
Revenue from Operations	365,159	235,925	32,909,381	21,621,931
12. Employee Benefits Expenses				
Salaries, allowances and wages	305,112	197,867	27,497,740	18,134,042
Staff welfare expenses	-	138	-	12,629
Total	305,112	198,005	27,497,740	18,146,671
13. Other Expenses				
Rent	17,364	13,638	1,564,903	1,249,894
Rates and taxes	6,189	-	557,774	-
Insurance	698	602	62,906	55,209
Printing and stationery	824	309	74,262	28,299
Consultancy and other professional charges	8,259	6,528	744,329	598,239
Travelling and conveyance	4,929	2,923	444,218	267,854
Communication expenses	2,233	1,750	201,246	160,399
Total	40,496	25,750	3,649,638	2,359,894
14. Finance Expenses				
Bank charges	1,083	942	97,604	86,314
Total	1,083	942	97,604	86,314

Laurus Holdings Limited

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

1. Corporate information

Laurus Holding Limited offers wide range of business support services in the fields of Pharmaceuticals and related services to the global Pharmaceutical community, incorporated under the Companies Act 2006 as a private company, that the company is limited by shares, and the situation of its registered office is in England and Wales.

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.

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 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) 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.

(d) 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.

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:

Plant and equipment	:	5 to 20 years
Furniture and fixtures	:	10 years
Computers	:	3 to 6 years

(e) Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(f) 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.

(g) foreign currency translation

The company converted the standalone Ind AS financial statements for presentation purposes from the relevant currency i.e GBP for the business into the presentation currency (INR). The average foreign currency rate applied was 90.12343 INR/GBP for profit and loss account transactions. The closing foreign currency rate applied was 92.57621 INR/GBP 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.

Laurus Holdings Limited

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

(h) Related Party Transactions

Names of related parties and description of relationship

	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Amount in INR	Amount in INR	Amount in GBP	Amount in GBP
Holding Company				
i) Laurus Labs Limited				
a) Transactions During the Year				
Business Support Services	32,909,381	21,621,931	365,159	235,925
Receipt of Share Capital	-	65,724,415	-	715,000
b) Subsidiary Companies				
Investment made				
i) Laurus Generics Inc		65,876,632		728,851
Advance given				
i) Laurus Generics GmbH	2,964,105	-	32,018	-
c) Closing Balances				
Trade receivable	2,433,273	2,278,990	26,284	25,189

For R Krishna & Associates

Chartered Accountants

ICAI Firm Registration Number : 013658S

M Rama Krishna

Partner

Membership No : 221908

Place: Hyderabad

Date: April 24, 2020

For and on behalf of the Board of Directors

Laurus Holdings Limited

Dr.C.Satyanarayana

Director

V V Ravi Kumar

Director

Place: Hyderabad

Date: April 24, 2020