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, 2021, 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, 2021, 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, 2021

Laurus Generics Inc.
Balance Sheet as at March 31, 2021

	Notes	March 31, 2021 Amount in USD	March 31, 2020 Amount in USD	March 31, 2021 Amount in GBP	March 31, 2020 Amount in GBP
ASSETS					
Non Current Assets					
Property, Plant and Equipment	**3**	17,636	14,650	12,810	11,839
Financial Assets					
Loans	**4**	28,490	28,490	20,695	23,023
		46,126	**43,140**	**33,505**	**34,862**
Current Assets					
Inventories	**5**	28,57,503	4,67,152	20,75,687	3,77,506
Financial Assets					
Trade receivables	**6**	36,43,015	19,90,258	26,46,283	16,08,330
Cash and cash equivalents	**7**	5,16,531	54,502	3,75,208	44,043
Other Current Assets	**8**	17,510	4,34,932	12,719	3,51,469
		70,34,559	**29,46,844**	**51,09,897**	**23,81,348**
Total Assets		**70,80,685**	**29,89,984**	**51,43,408**	**24,16,211**
EQUITY and LIABILITIES					
Shareholders' Funds					
Share Capital	**9**	16,10,000	10,00,000	11,69,502	7,65,670
Other Equity					
Retained earnings	**10A**	(6,23,378)	(25,63,773)	(5,95,156)	(19,70,435)
Other reserves	**10B**	-	-	1,42,339	(58,921)
Total Equity		**9,86,622**	**(15,63,773)**	**7,16,686**	**(12,63,686)**
Current Liabilities					
Financial Liabilities					
Trade Payables	**11**	28,57,250	27,10,496	20,75,503	21,90,354
Other current liabilities	**12**	32,36,813	18,43,261	23,51,219	14,89,543
		60,94,063	**45,53,757**	**44,26,722**	**36,79,897**
Total Equity and Liabilities		**70,80,685**	**29,89,984**	**51,43,408**	**24,16,211**

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

Place: Hyderabad
Date: April 23, 2021

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

Dr.C.Satyanarayana
Director

C. Chandrakanth
Director

Place: Hyderabad
Date: April 23, 2021

Laurus Generics Inc.

Profit and Loss for the year ended March 31, 2021

		Notes	For the year ended March 31, 2021 Amount in USD	For the year ended March 31, 2020 Amount in USD	For the year ended March 31, 2021 Amount in GBP	For the year ended March 31, 2020 Amount in GBP
I.	**INCOME**					
	Revenue from Operations (Net)	**13**	47,51,456	20,12,046	36,39,348	15,83,123
	Other Income	**14**	14,698	-	11,258	-
	Total Revenue (I)		**47,66,154**	**20,12,046**	**36,50,606**	**15,83,123**
II.	**EXPENSES**					
	Cost of Materials Consumed	**15**	3,00,548	19,02,400	3,62,896	14,74,456
	Employee Benefits Expenses	**16**	13,20,255	6,60,043	10,11,241	5,19,337
	Other Expenses	**17**	6,18,067	10,99,000	4,73,405	8,64,718
	Total Expenses (II)		**22,38,870**	**36,61,443**	**18,47,542**	**28,58,511**
III.	**Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)**		**25,27,285**	**(16,49,397)**	**18,03,064**	**(12,75,388)**
	Depreciation and Amortisation	**3**	2,574	1,874	1,943	1,514
	Finance Expenses	**18**	35,310	1,322	27,045	1,040
IV.	**Profit/ (Loss) Before Tax for the year**		**24,89,401**	**(16,52,593)**	**17,74,076**	**(12,77,942)**
V.	Tax Expense		-	-	-	-
VI.	**Profit/ (Loss) for the year**		**24,89,401**	**(16,52,593)**	**17,74,076**	**(12,77,942)**

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 Inc

M Rama Krishna
Partner
Membership No : 221908

Dr.C.Satyanarayana
Director

C. Chandrakanth
Director

Place: Hyderabad
Date: April 23, 2021

Place: Hyderabad
Date: April 23, 2021

Laurus Generics Inc.
Cash Flow Statement for the year ended March 31, 2021

Particulars	March 31, 2021 Amount in USD	March 31, 2020 Amount in USD	March 31, 2021 Amount in GBP	March 31, 2020 Amount in GBP
Profit Before Tax	24,89,401	(16,52,593)	17,74,076	(12,77,942)
Cash Flow from/ (used in) Operating Activities				
Adjustments for :				
Depreciation of property, plant and equipment	2,574	1,874	1,943	1,514
Operating Profit Before Working Capital Changes	**24,91,975**	**(16,50,719)**	**17,76,019**	**(12,76,428)**
Foreign currency translation adjustments	-	-	1,99,312	(62,770)
Movement In Working Capital:				
Increase in Trade Receivables	(15,96,180)	(8,06,796)	(10,37,953)	(7,03,538)
Increase/ (Decrease) in Inventories	(23,90,351)	38,110	(16,98,181)	8,782
Increase/ (Decrease) in Other Non Current Assets	-	-	2,328	(1,241)
Increase/ (Decrease) in Other Current Assets	4,17,422	(4,19,544)	3,38,750	(3,39,704)
(Increase)/Decrease in Trade Payables	1,46,754	16,92,927	(1,05,459)	14,12,391
Increase in Other Current Liabilities	13,93,552	9,91,211	8,61,677	8,38,125
Cash Generated From Operations	**4,63,172**	**(1,54,811)**	**3,36,493**	**(1,24,383)**
Direct Taxes paid				
Net Cash Flow from/ (used in) Operating Activities (A)	**4,63,172**	**(1,54,811)**	**3,36,493**	**(1,24,383)**
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)	(720)
Net Cash Flow Used In Investing Activities (B)	**(1,145)**		**(877)**	**(720)**
Cash Flow From Financing Activities				
Proceeds from Issue of Equity Shares	-		-	
Interest Paid	-	-	-	-
Net Cash Flow From Financing Activities (C)	**-**		**-**	**-**
Net Increase/ (Decrease) in Cash and Cash Equivalents **(A+B+C)**	4,62,027	(1,54,811)	3,35,616	(1,25,103)
Cash and Cash Equivalents at the beginning of the year	54,502	2,09,313	44,043	1,60,026
Effect of exchange differences on cash and cash equivalents			(4,453)	9,120
Cash and Cash Equivalents at the end of the year	**5,16,531**	**54,502**	**3,75,208**	**44,043**
Notes:				
Components of Cash and Cash Equivalents:				
Balances with banks				
On current accounts	5,16,531	54,502	3,75,208	44,043
Total Cash and Cash Equivalents	**5,16,531**	**54,502**	**3,75,208**	**44,043**

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

Place: Hyderabad
Date: April 23, 2021

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

Dr.C.Satyanarayana
Director

C. Chandrakanth
Director

Place: Hyderabad
Date: April 23, 2021

Laurus Generics Inc.

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

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, 2019	18,700	-	18,700	14,298	-	14,298
Additions						
Disposals						
Exchange Difference	-			814		814
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	**1,09,675**	**1,145**	**1,10,821**	**84,587**	**877**	**85,464**
<u>Depreciation</u>						
As at March 31, 2019	2,176		2,176	1,665		1,665
Charge for the year	1,874		1,874	1,514		1,514
Exchange Difference				95		95
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**
<u>Net Block</u>						
As at March 31, 2019	16,524	-	16,524	12,633	-	12,633
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**

Laurus Generics Inc.
Notes to the financial statements for the year ended March 31, 2021

		March 31, 2021 Amount in USD	March 31, 2020 Amount in USD	March 31, 2021 Amount in GBP	March 31, 2020 Amount in GBP
4.	**Financial Assets**				
	Loans				
	Non-Current (unsecured, considered good unless otherwise stated)				
	Security Deposits	28,490	28,490	20,695	23,023
		28,490	**28,490**	**20,695**	**23,023**
5.	**Inventories**				
	Closing Stock	28,57,503	4,67,152	20,75,687	3,77,506
		28,57,503	**4,67,152**	**20,75,687**	**3,77,506**
6.	**Trade Receivables**				
	Trade receivables	34,55,462	19,90,258	25,10,044	16,08,330
	Receivable from related parties	1,87,553		1,36,239	
		36,43,015	**19,90,258**	**26,46,283**	**16,08,330**
7.	**Cash and cash equivalents**				
	Balances with Banks				
	- On Current Accounts	5,16,531	54,502	3,75,208	44,043
		5,16,531	**54,502**	**3,75,208**	**44,043**
8.	**Other Assets**				
	Prepayments	17,510	10,137	12,719	8,192
	Advances given to related parties	-	4,24,795	-	3,43,277
		17,510	**4,34,932**	**12,719**	**3,51,469**
9.	**Share Capital**				
	Issued, Subscribed and Paid Up				
	16,100 Equity share of USD 100 (March 31, 2020 10,000 Equity shares) each fully paid up	16,10,000	10,00,000	11,69,502	7,65,670
		16,10,000	**10,00,000**	**11,69,502**	**7,65,670**
10A.	**Retained Earnings**				
	Opening balance	(25,63,773)	(9,11,180)	(19,70,435)	(6,92,493)
	Add : Profit for the year	24,89,401	(16,52,593)	17,74,076	(12,77,942)
	Amalgmation Adjustment Reserve	23,89,997		17,36,092	
	LSI Retained Earnings	(29,39,003)		(21,34,889)	
	Net surplus in the Statement of profit and loss	**(6,23,378)**	**(25,63,773)**	**(5,95,156)**	**(19,70,435)**
10B.	**Foreign currency translation reserve**				
	Balance as per last financial statements	-	-	(58,921)	(5,271)
	Current year 'Foreign Currency Translation Reserve (FCTNR)	-	-	2,01,260	(53,650)
	Closing at the end of year	**-**	**-**	**1,42,339**	**(58,921)**
	Closing at the end of year	**(6,23,378)**	**(25,63,773)**	**(4,52,816)**	**(20,29,356)**
11.	**Trade Payables**				
	- Outstanding dues to creditors other than micro enterprises and small enterprises	13,18,900	14,66,968	9,58,047	11,85,458
	- Outstanding dues to related parties	15,38,350	12,43,528	11,17,456	10,04,896
		28,57,250	**27,10,496**	**20,75,503**	**21,90,354**
12.	**Other Liabilities**				
	Current				
	Advances from customers	-		-	
	Charge back reserces and rebates	32,36,813	18,43,261	23,51,219	14,89,542
	Advances from other related parties			-	-
	Advances from Ultimate Holidng company	-		-	
		32,36,813	**18,43,261**	**23,51,219**	**14,89,543**

Laurus Generics Inc.

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

13.	**Revenue from Operations**				
	Sale of Products	19,53,487	20,12,046	14,96,261	15,83,123
	Sale of Services	27,97,969	-	21,43,087	-
	Revenue from Operations (Gross)	**47,51,456**	**20,12,046**	**36,39,348**	**15,83,123**
14.	**Other income**				
	Provision no longer required written back	14,698	-	11,258	-
		14,698	**-**	**11,258**	**-**
15.	**Cost of Materials Consumed**				
	Raw Materials Consumed				
	Opening stock at the beginning of the year	4,67,152	5,05,262	3,77,506	3,85,097
	Add : Purchases	26,90,899	18,64,290	20,61,077	14,66,865
				-	
	Less : Closing stock at the end of the year	28,57,503	4,67,152	20,75,687	3,77,506
		3,00,548	**19,02,400**	**3,62,896**	**14,74,456**
16.	**Employee Benefits Expenses**				
	Salaries, allowances and wages	13,20,255	6,60,043	10,11,241	5,19,337
		13,20,255	**6,60,043**	**10,11,241**	**5,19,337**
17.	**Other Expenses**				
	Rent	63,992	72,383	49,014	56,953
	Storage & distribution charges	2,30,507	8,19,471	1,76,555	6,44,778
	Office maintenance	67,939	4,906	52,037	3,860
	Insurance	44,785	45,624	34,303	35,898
	Consultancy and other professional charges	1,34,960	57,145	1,03,372	44,963
	Freight Charges	70,433		53,948	
	Travelling and conveyance	1,356	42,888	1,039	33,745
	Communication expenses	3,701		2,835	-
	Other selling expenses	394	56,583	302	44,521
		6,18,067	**10,99,000**	**4,73,405**	**8,64,718**
18.	**Finance Expenses**				
	Bank charges	35,310	1,322	27,045	1,040
		35,310	**1,322**	**27,045**	**1,040**

Laurus Generics Inc

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

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 provisons 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 period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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 period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

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 period.

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 period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest

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 periodically 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.

(f) **Property, plant and equipment**
Under the previous GAAP (Indian GAAP), property, plant and equipment and capital wok 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 period 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 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.

(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 period 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 period 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.

Laurus Generics Inc

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

(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.

(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 0.765943816 GBP/USD for profit and loss account transactions. The closing foreign currency rate applied was 0.726399 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, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
	USD	**USD**	**GBP**	**GBP**
a) Transactions During the Year				
i) Laurus Labs Limited				
Purchases (Net of Credit Notes)	14,67,917	17,53,264	11,24,342	13,79,507
Service Income	10,43,565	-	7,58,045	-
ii) Laurus Synthesis Inc				
Advance given (net)	-	4,24,795	-	3,43,277
b) Closing Balances				
i) Laurus Labs Limited				
Disclosed Under Trade Payables(net of credit note)	15,38,350	12,43,528	11,17,456	10,04,896
Disclosed Under Trade Receivables (Net Of Adv)	1,87,553		1,36,239	
ii) Laurus Synthesis Inc				
Advance given related party	-	4,24,795	-	3,43,277

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

M. Rama Krishna
Partner
Membership No. : 221908

Place: Hyderabad
Date: April 23, 2021

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

Dr.C.Satyanarayana
Director

C. Chandrakanth
Director

Place: Hyderabad
Date: April 23, 2021