

**INDEPENDENT AUDITOR'S REPORT**

**To The Members of Laurus Holdings Limited**

**Report on the Consolidated Ind AS Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Laurus Holdings Limited** ("the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year 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 Group as at March 31, 2019, 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 Holding 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 Holding 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 Group 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 Group 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Group'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 Group 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 Group'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 Group to cease to continue as a going concern.



# R Krishna & Associates

Chartered Accountants

- 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 Group 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  
Chartered Accountants  
Firm Registration No. 00136588

*li. Ramakrishna*  
Reg. No: 0136965  
Hyderabad  
M. Ramakrishna  
Partner  
M No. 221908

Place: Hyderabad  
Date: 25<sup>th</sup> April, 2019

# Laurus Holdings Limited

Consolidated Balance Sheet as at March 31, 2019

	Notes	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Property, Plant and Equipment	3	1,143,015	1,098,187	12,633	11,900
<b>Financial Assets</b>					
Loans	4A	1,970,721	1,456,989	21,782	15,788
		<u>3,113,736</u>	<u>2,555,176</u>	<u>34,415</u>	<u>27,688</u>
<b>Current Assets</b>					
<b>Financial Assets</b>					
Inventory		34,949,631	2,619,129	386,288	28,381
Trade receivables	5A	85,754,166	1,898,387	947,815	20,571
Cash and cash equivalents	5B	17,103,767	8,718,495	189,043	94,474
Other Current Assets	4B	1,805,542	449,426	19,956	4,870
		<u>139,613,105</u>	<u>13,685,437</u>	<u>1,543,102</u>	<u>148,296</u>
<b>Total Assets</b>		<u><u>142,726,841</u></u>	<u><u>16,240,614</u></u>	<u><u>1,577,517</u></u>	<u><u>175,984</u></u>
<b>EQUITY and LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	6	77,897,649	12,173,234	850,000	135,000
<b>Other Equity</b>					
Retained earnings	7A	(66,856,452)	(5,080,613)	(732,710)	(58,651)
Other reserves	7B	(991,078)	(62,011)	(6,209)	(165)
<b>Total Equity</b>		<u>10,050,119</u>	<u>7,030,610</u>	<u>111,080</u>	<u>76,184</u>
<b>Current Liabilities</b>					
<b>Financial Liabilities</b>					
Trade Payables	8	73,739,328	2,705,784	815,020	29,320
Other current liabilities	9	58,937,394	6,504,219	651,418	70,480
		<u>132,676,722</u>	<u>9,210,003</u>	<u>1,466,438</u>	<u>99,800</u>
<b>Total Equity and Liabilities</b>		<u><u>142,726,841</u></u>	<u><u>16,240,613</u></u>	<u><u>1,577,518</u></u>	<u><u>175,984</u></u>
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



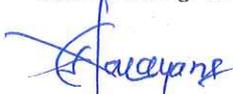
M Rama Krishna

Partner

Membership No : 221908

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 25, 2019

Place: Hyderabad

Date: April 25, 2019

# Laurus Holdings Limited

Consolidated Profit and Loss for the year ended March 31, 2019

	Notes	For the year ended March 31, 2019 Amount in INR	For the year ended March 31, 2018 Amount in INR	For the year ended March 31, 2019 Amount in GBP	For the year ended March 31, 2018 Amount in GBP
<b>INCOME</b>					
I. Revenue from Operations	10	47,742,618	1,882,090	520,938	21,727
<b>Total Revenue ( I )</b>		<b>47,742,618</b>	<b>1,882,090</b>	<b>520,938</b>	<b>21,727</b>
<b>EXPENSES</b>					
II. Cost of Materials Consumed	11	17,515,897	85,845	191,123	991
Employee Benefits Expenses	12	47,139,517	-	514,357	-
Other Expenses	13	44,531,909	6,846,106	485,904	79,032
<b>Total Expenses ( II )</b>		<b>109,187,322</b>	<b>6,931,951</b>	<b>1,191,384</b>	<b>80,023</b>
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)</b>		<b>(61,444,705)</b>	<b>(5,049,861)</b>	<b>(670,446)</b>	<b>(58,296)</b>
Depreciation and Amortisation	3	147,826	3,898	1,613	45
Finance Expenses	14	183,309	26,854	2,000	310
<b>Profit/ (Loss) Before Tax</b>		<b>(61,775,839)</b>	<b>(5,080,613)</b>	<b>(674,059)</b>	<b>(58,651)</b>
Tax Expense					
V. Current Tax					
Minimum Alternate Tax credit entitlement					-
Deferred Tax Charge/ (Credit)					-
<b>Income tax expense/(Credit)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/ (Loss) for the year</b>		<b>(61,775,839)</b>	<b>(5,080,613)</b>	<b>(674,059)</b>	<b>(58,651)</b>
<b>VI. OTHER COMPREHENSIVE INCOME (OCI)</b>					
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>					
Re-measurement gains / (losses) on employee defined benefit plans					-
Income tax effect					-
<b>Total other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(61,775,839)</b>	<b>(5,080,613)</b>	<b>(674,059)</b>	<b>(58,651)</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

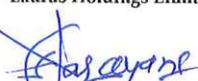
For R Krishna & Associates  
Chartered Accountants  
ICAI Firm Registration Number : 013658S



M Rama Krishna  
Partner

Membership No : 221908

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 25, 2019

Place: Hyderabad  
Date: April 25, 2019

**Laurus Holdings Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2019**

Particulars	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
<b>Profit Before Tax</b>	(61,775,839)	(5,080,613)	(674,059)	(58,651)
<b>Cash Flow from/ (used in) Operating Activities</b>				
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	147,826	3,898	1,613	45
Interest Expense	183,309	26,854	2,000	310
<b>Operating Profit Before Working Capital Changes</b>	(61,444,705)	(5,049,861)	(670,446)	(58,296)
Foreign currency translation adjustments	(929,067)	(62,011)	(6,044)	(165)
<b>Movement In Working Capital:</b>				
Increase in Trade Receivables	(83,855,779)	(1,898,387)	(927,244)	(20,571)
Increase in Inventories	(32,330,502)	(2,619,129)	(357,907)	(28,381)
Increase/ (Decrease) in Other Non Current Assets	(513,732)	(1,456,989)	(5,994)	(15,788)
Increase/ (Decrease) in Other Current Assets	(1,356,116)	(449,426)	(15,086)	(4,870)
Increase/ (Decrease) in Trade Payables	71,033,543	2,705,784	785,700	29,320
Increase in Other Current Liabilities	52,433,176	6,504,219	580,938	70,480
<b>Cash Generated From Operations</b>	(56,963,180)	(2,325,800)	(616,084)	(28,271)
Direct Taxes paid				
<b>Net Cash Flow from/ (used in) Operating Activities (A)</b>	(56,963,180)	(2,325,800)	(616,084)	(28,271)
<b>Cash Flow Used In Investing Activities</b>				
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(192,654)	(1,102,085)	(2,346)	(11,945)
<b>Net Cash Flow Used In Investing Activities (B)</b>	(192,654)	(1,102,085)	(2,346)	(11,945)
<b>Cash Flow From Financing Activities</b>				
Proceeds from Issue of Equity Shares	65,724,415	12,173,234	715,000	135,000
Interest Paid	(183,309)	(26,854)	(2,000)	(310)
<b>Net Cash Flow From Financing Activities (C)</b>	65,541,106	12,146,380	713,000	134,690
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	8,385,272	8,718,495	94,570	94,474
Cash and Cash Equivalents at the beginning of the year	8,718,495	-	94,474	-
Effect of exchange differences on cash and cash equivalents	-	-	-	-
<b>Cash and Cash Equivalents at the end of the year</b>	<b>17,103,767</b>	<b>8,718,495</b>	<b>189,043</b>	<b>94,474</b>
<b>Notes:</b>				
<b>Components of Cash and Cash Equivalents:</b>				
Balances with banks				
On current accounts	17,103,767	8,718,495	189,043	94,474
<b>Total Cash and Cash Equivalents</b>	<b>17,103,767</b>	<b>8,718,495</b>	<b>189,043</b>	<b>94,474</b>

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 : 0136585



M Rama Krishna  
Partner  
Membership No : 221908

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 25, 2019

Place: Hyderabad  
Date: April 25, 2019

# Laurus Holdings Limited

Consolidated Notes to the financial statements for the year ended March 31, 2019

## 3. Property, plant and equipment

Particulars	Amount in INR	Amount in GBP
	Furniture and Fixtures	Furniture and Fixtures
<b>As at April 01, 2017</b>		
Additions	1,102,155	11,943
Disposals	-	-
Exchange Difference	-	-
<b>As at March 31, 2018</b>	<b>1,102,155</b>	<b>11,943</b>
Additions	121,465	1,343
Disposals	-	-
Exchange Difference	69,966	1,012
<b>As at March 31, 2019</b>	<b>1,293,586</b>	<b>14,298</b>
<b><u>Depreciation and Impairment</u></b>		
<b>As at April 01, 2017</b>		
Charge for the year	3,869	45
Disposals	-	-
Exchange Difference	99	(2)
<b>As at March 31, 2018</b>	<b>3,968</b>	<b>43</b>
Charge for the year	1,613	1,613
Disposals	-	-
Exchange Difference	144,990	9
<b>As at March 31, 2019</b>	<b>150,571</b>	<b>1,664</b>
<b><u>Net Block</u></b>		
<b>As at March 31, 2017</b>		
<b>As at March 31, 2018</b>	<b>1,098,187</b>	<b>11,900</b>
<b>As at March 31, 2019</b>	<b>1,143,015</b>	<b>12,633</b>

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**Laurus Holdings Limited**

Consolidated Notes to the financial statements for the year ended March 31, 2019

**4. Financial Assets**

**A Loans**

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
<b>Non-Current (unsecured, considered good unless otherwise stated)</b>				
Security Deposits	1,970,721	1,456,989	21,782	15,788
<b>Total</b>	<b>1,970,721</b>	<b>1,456,989</b>	<b>21,782</b>	<b>15,788</b>

**B Other Assets**

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
<b>Current (unsecured, considered good unless otherwise stated)</b>				
Prepayments	1,456,133	449,426	16,094	4,870
Balances with Statutory/Government Authorities	349,409	-	3,862	-
<b>Total</b>	<b>1,805,542</b>	<b>449,426</b>	<b>19,956</b>	<b>4,870</b>

**5. Inventories**

Closing Stock	34,949,631	2,619,129	386,288	28,381
	<b>34,949,631</b>	<b>2,619,129</b>	<b>386,288</b>	<b>28,381</b>

**5A. Trade Receivables**

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
Trade receivables	81,861,615	1,898,387	904,792	20,571
Receivable from related parties	3,892,551	-	43,023	-
	<b>85,754,166</b>	<b>1,898,387</b>	<b>947,815</b>	<b>20,571</b>

**5B. Cash and cash equivalents**

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
<b>Cash and Cash Equivalents</b>				
Balances with Banks	-	-	-	-
- On Current Accounts	17,103,767	8,718,495	189,043	94,474
<b>Total</b>	<b>17,103,767</b>	<b>8,718,495</b>	<b>189,043</b>	<b>94,474</b>

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**Laurus Holdings Limited**

Consolidated Notes to the financial statements for the year ended March 31, 2019

6. Share Capital		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Amount in INR	Amount in INR	Amount in GBP	Amount in GBP
<b>Issued, Subscribed and Paid Up</b>					
8,500 Equity share of GBP 100 each fully paid up		77,897,649	12,173,234	850,000	135,000
<b>Total</b>		<b>77,897,649</b>	<b>12,173,234</b>	<b>850,000</b>	<b>135,000</b>
<b>7 Other Equity</b>					
<b>7A Retained Earnings</b>					
Opening balance		(5,080,613)	-	(58,651)	-
Add : Profit for the year		(61,775,839)	(5,080,613)	(674,059)	(58,651)
<b>Net surplus in the Statement of profit and loss</b>		<b>(66,856,452)</b>	<b>(5,080,613)</b>	<b>(732,710)</b>	<b>(58,651)</b>
<b>7B Foreign currency translation reserve</b>					
Balance as per last financial statements		(62,011)		2,824	
Current year Foreign Currency Translation		(929,067)	(62,011)	(9,034)	-
<b>Closing at the end of year</b>		<b>(991,078)</b>	<b>(62,011)</b>	<b>(6,209)</b>	<b>-</b>
<b>Closing at the end of year</b>		<b>(67,847,530)</b>	<b>(5,142,624)</b>	<b>(738,920)</b>	<b>(58,651)</b>

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8 Trade Payables

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
- Outstanding dues micro enterprises and small enterprises				
- Outstanding dues to creditors other than micro enterprises and small enterprises	24,164,810	-	267,087	-
- Outstanding dues to related parties	49,574,517	2,705,784	547,932	29,320
	<u>73,739,328</u>	<u>2,705,784</u>	<u>815,020</u>	<u>29,320</u>

9 Other Liabilities

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
<b>Current</b>				
Charge back reserves and rebates	58,424,197		645,745	
Advances from other related parties	513,198		5,672	
Advances from Holding company	-	6,504,219	-	70,480
<b>Total</b>	<u>58,937,394</u>	<u>6,504,219</u>	<u>651,418</u>	<u>70,480</u>

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## Laurus Holdings Limited

Consolidated Notes to the financial statements for the year ended March 31, 2019

	For the Year ended March 31, 2019 Amount in INR	For the Year ended March 31, 2018 Amount in INR	For the Year ended March 31, 2019 Amount in GBP	For the Year ended March 31, 2018 Amount in GBP
<b>10. Revenue from Operations</b>				
Sale of Services	28,299,578	1,882,090	308,787	21,727
Sale of Products	19,443,039	-	212,150	-
<b>Revenue from Operations (Gross)</b>	<b>47,742,618</b>	<b>1,882,090</b>	<b>520,938</b>	<b>21,727</b>
<b>11. Cost of Materials Consumed</b>				
<b>Raw Materials Consumed</b>				
Opening stock at the beginning of the year	2,747,233	-	29,976	-
Add : Purchases	50,061,840	2,682,500	546,244	30,967
Less : Closing stock at the end of the year	35,293,177	2,596,656	385,097	29,976
	<b>17,515,897</b>	<b>85,845</b>	<b>191,123</b>	<b>991</b>
<b>12. Employee Benefits Expenses</b>				
Salaries, allowances and wages	47,126,888	-	514,219	-
Staff welfare expenses	12,629	-	138	-
<b>Total</b>	<b>47,139,517</b>	<b>-</b>	<b>514,357</b>	<b>-</b>
<b>13. Other Expenses</b>				
Rent	6,233,500	1,263,851	68,016	14,590
Rates and taxes	8,896,163	-	97,069	-
Storage & Title distribution charges	12,110,478	-	132,142	-
Office maintenance	144,544	15,592	1,577	180
Insurance	1,874,102	-	20,449	-
Consultancy and other professional charges	7,868,621	4,199,295	85,857	48,477
Membership and subscription	-	-	-	-
Travelling and conveyance	3,283,142	-	35,824	-
Communication expenses	287,881	-	3,141	-
Other selling expenses	-	1,367,367	-	15,785
Business Promotion and Advertisement	3,833,480	-	41,829	-
<b>Total</b>	<b>44,531,909</b>	<b>6,846,106</b>	<b>485,904</b>	<b>79,032</b>
<b>14. Finance Expenses</b>				
Interest				
- on working capital loans	-	-	-	-
Bank charges	183,309	26,854	2,000	310
<b>Total</b>	<b>183,309</b>	<b>26,854</b>	<b>2,000</b>	<b>310</b>

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## Laurus Holdings Limited

Notes to Consolidated financial statements for the period ended March 31, 2019

### 1. Corporate information

The consolidated financial statements comprise financial statements of Laurus Holdings Limited (LHL 'the Company') and its subsidiaries (collectively, the Group) for the period ended March 31, 2019. The Company 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 Group 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.

#### 2.2 Summary of significant accounting policies

##### (a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- 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 Group 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 Group has identified twelve months as its operating cycle.

The Group has following investments in subsidiaries :

Name of Entity	Principal place of business and Country of Incorporation	Investee relationship	Proportion of ownership interest
Laurus Generics Inc*	USA	Subsidiary	100%
Laurus Generics GmbH**	Germany	Subsidiary	100%

\* w.e.f. July 10, 2017 \*\* w.e.f. April 06, 2018

#### Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- b) Eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.
- d) When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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## Laurus Holdings Limited

Notes to Consolidated financial statements for the period ended March 31, 2019

### (d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group 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.

#### 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.

### (e) 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 Group 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 Group 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 Group 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.

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## Laurus Holdings Limited

Notes to Consolidated financial statements for the period ended March 31, 2019

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 Group, 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.

(f) **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) **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 Group's cash management.

(i) **Measurement of EBITDA**

The Group 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 Group measures EBITDA on the basis of profit/ (loss) from continuing operations and does not include depreciation and amortisation expense, finance costs and tax expense.

**foreign currency translation**

The company converted the Consolidated 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 91.6475 INR/GBP for profit and loss account transactions. The closing foreign currency rate applied was 90.4756 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.

(j) **Related Party Transactions**

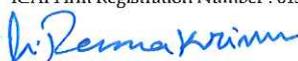
**Names of related parties and description of relationship**

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
<b>Holding Company</b>				
i) Laurus Labs Limited				
a) Transactions During the Year				
Proceeds for Issue of shares	-	65,724,415	715,000	135,000
Purchases	50,061,840	2,612,480	546,244	30,967
Business Support Services	21,621,931	-	-	-
Advance received from Parent Group	-	6,504,219	-	70,480
b) Closing Balances				
Due to Parent Company	-	6,504,219	-	70,480
Disclosed under Trade Payables	49,574,517	2,705,784	547,932	29,320
Disclosed under Trade Receivables	-	-	-	-

For R Krishna & Associates

Chartered Accountants

ICAI Firm Registration Number : 0136585



M Rama Krishna

Partner

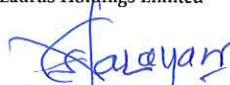
Membership No : 221908

Place: Hyderabad

Date: April 25, 2019

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 25, 2019