

INDEPENDENT AUDITOR'S REPORT

To the Members of
Laurus Holdings Limited

We have audited the accompanying standalone financial statements of Laurus Holdings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, reported in GBP Currency and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements which are reported in GBP Currency, 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.

This responsibility also includes maintenance of adequate accounting records for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit of the financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor



R Krishna & Associates

Chartered Accountants

considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

For R Krishna & Associates
Chartered Accountants



M Rama Krishna
Partner
M.no: 221908

Place: Hyderabad

Date: 02/05/2018

Laurus Holdings Limited
Balance Sheet as at March 31, 2018

	Notes	March 31, 2018 Amount in INR	March 31, 2018 Amount in GBP
ASSETS			
Non Current Assets			
Investments	3	7,558,952	81,909
		<u>7,558,952</u>	<u>81,909</u>
Current Assets			
Financial Assets			
Cash and cash equivalents	5	4,301,459	46,611
Other Current Assets	4	85,133	923
		<u>4,386,592</u>	<u>47,533</u>
Total Assets		<u><u>11,945,544</u></u>	<u><u>129,442</u></u>
EQUITY and LIABILITIES			
Shareholders' Funds			
Share Capital	6	12,173,234	135,000
Other Equity			
Retained earnings	7A	(481,421)	(5,558)
Other reserves	7B	253,731	-
		<u>11,945,544</u>	<u>129,442</u>
Total Equity		<u><u>11,945,544</u></u>	<u><u>129,442</u></u>
Total Equity and Liabilities		<u><u>11,945,544</u></u>	<u><u>129,442</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

M Rama Krishna
Partner
Membership No : 221908

Place: Hyderabad
Date: May 02, 2018



For and on behalf of the Board of Directors
Laurus Holdings Limited

Dr. C. Satyanarayana

Dr.C.Satyanarayana
Director

V V Ravi Kumar

V V Ravi Kumar
Director

Place: Hyderabad
Date: May 02, 2018

Laurus Holdings Limited
Profit and Loss for the year ended March 31, 2018

	Notes	For the year ended March 31, 2018 Amount in INR	For the year ended March 31, 2018 Amount in GBP
INCOME			
I. Revenue from Operations (Gross)		-	-
Other Income		-	-
Total Revenue (I)		-	-
EXPENSES			
II. Cost of Materials Consumed		-	-
Employee Benefits Expenses		-	-
Other Expenses	8	462,960	5,344
Total Expenses (II)		462,960	5,344
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		(462,960)	(5,344)
Depreciation and Amortisation		-	-
Finance Expenses	9	18,461	213
Profit/ (Loss) Before Tax		(481,421)	(5,558)
Tax Expense		-	-
V. Current Tax		-	-
Minimum Alternate Tax credit entitlement		-	-
Deferred Tax Charge/ (Credit)		-	-
Income tax expense /(Credit)		-	-
Profit/ (Loss) for the year		(481,421)	(5,558)
VI. OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on employee defined benefit plans		-	-
Income tax effect		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		(481,421)	(5,558)
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

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Partner
Membership No : 221908



Place: Hyderabad
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For and on behalf of the Board of Directors
Laurus Holdings Limited

Dr. C. Satyanarayana
Dr.C.Satyanarayana
Director

V V Ravi Kumar
V V Ravi Kumar
Director

Place: Hyderabad
Date: May 02, 2018

Laurus Holdings Limited
 Statement of Changes in Equity for the year ended March 31, 2018
 (All amounts in Rupees except for share data or as otherwise stated)

a. Equity Share Capital

Equity Shares of GBP 100 Each, Fully paid up

As at March 31, 2017

Issued during the year

As at March 31, 2018

	Amount in INR	Amount in GBP
As at March 31, 2017	-	-
Issued during the year	12,173,234	135,000
As at March 31, 2018	12,173,234	135,000

b. Other Equity

	Reserves and surplus	Items of Other Comprehensive Income	
	Retained Earnings	FVTOCI reserve	Total OCI (B)
At March 31, 2017	-	-	-
Profit for the year	(481,421)		
Received during the year			
At March 31, 2018	(481,421)	-	-



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Laurus Synthesis Inc
Cash Flow Statement for the year ended March 31, 2018

Particulars	March 31, 2018 Amount in INR	March 31, 2017 Amount in GBP
Profit Before Tax	(481,421)	(5,558)
Cash Flow from/ (used in) Operating Activities		
Operating Profit Before Working Capital Changes	(481,421)	(5,558)
Foreign currency translation adjustments	253,731	-
Movement In Working Capital:		
Increase/ (Decrease) in Other Current Assets	(85,133)	(923)
Cash Generated From Operations	(312,823)	(6,480)
Direct Taxes paid		
Net Cash Flow from/ (used in) Operating Activities (A)	(312,823)	(6,480)
Cash Flow Used In Investing Activities		
Purchase of Investment	(7,558,952)	(81,909)
Net Cash Flow Used In Investing Activities (B)	(7,558,952)	(81,909)
Cash Flow From Financing Activities		
Proceeds from Issue of Equity Shares	12,173,234	135,000
Interest Paid	-	-
Net Cash Flow From Financing Activities (C)	12,173,234	135,000
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	4,301,459	46,611
Cash and Cash Equivalents at the beginning of the year	-	-
Effect of exchange differences on cash and cash equivalents	-	-
Cash and Cash Equivalents at the end of the year	4,301,459	46,611
Notes:		
Components of Cash and Cash Equivalents:		
Balances with banks		
On current accounts	4,301,459	46,611
Total Cash and Cash Equivalents	4,301,459	46,611

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

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Director

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Director

Place: Hyderabad
Date: May 02, 2018

Laurus Holdings Limited

Notes to the financial statements for the year ended March 31, 2018

3. Investments

	March 31, 2018 Amount in INR	March 31, 2018 Amount in GBP
- 500 Equity Shares of USD 100 each fully paid-up in Laurus Generics Inc.	3,397,798	36,819
- 500 Equity Shares of EURO 100 each fully paid-up in Laurus Generics Gmbh	4,161,154	45,090
Total	7,558,952	81,909

4. Financial Assets

Other Assets

	March 31, 2018 Amount in INR	March 31, 2018 Amount in GBP
Current (unsecured, considered good unless otherwise stated)		
Prepayments	85,133	923
Total	85,133	923

5. Cash and cash equivalents

	March 31, 2018 Amount in INR	March 31, 2018 Amount in GBP
Cash and Cash Equivalents		
Balances with Banks		
- On Current Accounts	4,301,459	46,611
Total	4,301,459	46,611



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Laurus Holdings Limited

Notes to the financial statements for the year ended March 31, 2018

6. Share Capital

	March 31, 2018 Amount in INR	March 31, 2018 Amount in GBP
Issued, Subscribed and Paid Up		
1,350 Equity share of GBP 100 each fully paid up	12,173,234	135,000
Total	12,173,234	135,000

6.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2018		
	No.	Amount in INR	Amount in GBP
Equity Shares of GBP 100 Each, Fully paid up			
Balance as per last financial statements	-	-	-
Issued during the year	1,350	12,173,234	135,000
Outstanding at the end of the year	1,350	12,173,234	135,000

7. Other Equity

	March 31, 2018 Amount in INR	March 31, 2018 Amount in GBP
7A Retained Earnings		
Opening balance		
Add : Profit for the year	(481,421)	(5,558)
Net surplus in the Statement of profit and loss	(481,421)	(5,558)
7B Foreign currency translation reserve		
Balance as per last financial statements		
Current year Foreign Currency Translation	253,731	-
Closing at the end of year	253,731	-
Closing at the end of year	(227,690)	(5,558)



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Laurus Holdings Limited

Notes to the financial statements for the year ended March 31, 2018

	For the year ended March 31, 2018 Amount in INR	For the year ended March 31, 2018 Amount in GBP
8. Other Expenses		
Consultancy and other professional charges	462,960	5,344
Business Promotion and Advertisement	-	-
Total	462,960	5,344
9. Finance Expenses		
	For the year ended March 31, 2018	For the year ended March 31, 2018
Interest		
- on working capital loans	-	-
Bank charges	18,461	213
Total	18,461	213



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Laurus Holdings Limited

Notes to financial statements for the year ended March 31, 2018

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 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) and guidelines issued by Securities and Exchange Board of India (SEBI). 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) Current versus non-current classification

The Company 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 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.

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).



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Laurus Holdings Limited

Notes to financial statements for the year ended March 31, 2018

(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 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 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



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Laurus Holdings Limited

Notes to financial statements for the year ended March 31, 2018

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.

(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.

(g) **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.

(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 Company's cash management.

(i) **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.

(j) **Related Party Transactions**

Names of related parties and description of relationship

	March 31, 2018	
	Amount in INR	Amount in GBP
Holding Company		
i) Laurus Labs Limited		
a) Transactions During the Year		
Receipt of Share Capital	12,173,237	135,000
b) Subsidiary Companies		
Investment made		
i) Laurus Generics Inc	3,397,798	36,819
ii) Laurus Generics GmbH	4,161,154	45,090

For R Krishna & Associates

Chartered Accountants

ICAI Firm Registration Number : 013658S

M Rama Krishna

Partner

Membership No : 221908

Place: Hyderabad

Date: May 02, 2018



For and on behalf of the Board of Directors

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