

INDEPENDENT AUDITOR'S REPORT

To The Members of Laurus Holdings Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of **Laurus Holdings Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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, 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 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



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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.



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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
Chartered Accountants
Firm Registration No. 0013658S




Place: Hyderabad

Date: 25th April, 2019

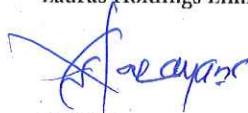
Laurus Holdings Limited
Balance Sheet as at March 31, 2019

	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
ASSETS					
Non Current Assets					
Investments	3	73,354,016	7,558,952	810,760	81,909
		73,354,016	7,558,952	810,760	81,909
Current Assets					
Financial Assets					
Trade receivables	5	2,278,990	-	25,189	-
Cash and cash equivalents	6	2,440,753	4,301,459	26,977	46,611
Other Current Assets	4	673,065	85,133	7,439	923
		5,392,808	4,386,592	59,605	47,533
Total Assets		78,746,824	11,945,544	870,365	129,442
EQUITY and LIABILITIES					
Shareholders' Funds					
Share Capital	7	77,897,649	12,173,234	850,000	135,000
Other Equity					
Retained earnings	8A	547,631	(481,421)	5,671	(5,558)
Other reserves	8B	(1,027,950)	253,731	-	-
Total Equity		77,417,330	11,945,544	855,671	129,442
Current Liabilities					
Trade Payables	9	1,329,494	-	14,695	-
		1,329,494	-	14,695	-
Total Equity and Liabilities		78,746,823	11,945,544	870,365	129,442
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 : 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

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
INCOME					
I.	Revenue from Operations (Gross)	10	21,621,931	-	235,925
	Total Revenue (I)		21,621,931	-	235,925
EXPENSES					
II.	Employee Benefits Expenses	11	18,146,671	-	198,005
	Other Expenses	12	2,359,894	462,960	25,750
	Total Expenses (II)		20,506,565	462,960	223,755
	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		1,115,365	(462,960)	12,170
	Finance Expenses	13	86,314	18,461	942
III	Profit/ (Loss) Before Tax (I-III)		1,029,052	(481,421)	11,228
IV	Profit/ (Loss) for the year		1,029,052	(481,421)	11,228
	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 : 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
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
Profit Before Tax	1,029,052	(481,421)	11,228	(5,558)
Cash Flow from/ (used in) Operating Activities				
Operating Profit Before Working Capital Changes	1,029,052	(481,421)	11,228	(5,558)
Foreign currency translation adjustments	(1,281,681)	253,731	-	-
Movement In Working Capital:				
Increase in Trade Receivables	(2,278,990)	-	(25,189)	-
Increase/ (Decrease) in Other Current Assets	(587,933)	(85,133)	(6,517)	(923)
Increase/ (Decrease) in Trade Payables	1,329,494	-	14,695	-
Cash Generated From Operations	(1,790,058)	(312,823)	(5,783)	(6,480)
Direct Taxes paid				
Net Cash Flow from/ (used in) Operating Activities (A)	(1,790,058)	(312,823)	(5,783)	(6,480)
Cash Flow Used In Investing Activities				
Purchase of Investment	(65,795,063)	(7,558,952)	(728,851)	(81,909)
Net Cash Flow Used In Investing Activities (B)	(65,795,063)	(7,558,952)	(728,851)	(81,909)
Cash Flow From Financing Activities				
Proceeds from Issue of Equity Shares	65,724,415	12,173,234	715,000	135,000
Net Cash Flow From Financing Activities (C)	65,724,415	12,173,234	715,000	135,000
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,860,706)	4,301,459	(19,634)	46,611
Cash and Cash Equivalents at the beginning of the year	4,301,459	-	46,611	-
Effect of exchange differences on cash and cash equivalents	-	-	-	-
Cash and Cash Equivalents at the end of the year	2,440,753	4,301,459	26,977	46,611
Notes:				
Components of Cash and Cash Equivalents:				
Balances with banks				
On current accounts	2,440,753	4,301,459	26,977	46,611
Total Cash and Cash Equivalents	2,440,753	4,301,459	26,977	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 : 0136585



M Rama Krishna
Partner
Membership No : 221908

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

 
Dr. C. Satyanarayana V V Ravi Kumar
Director Director

Place: Hyderabad
Date: April 25, 2019

Place: Hyderabad
Date: April 25, 2019

Laurus Holdings Limited

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

3. Investments

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
-10,000 Equity Shares of USD 100 each fully paid-up in Laurus Generics Inc.	69,274,430	3,397,798	765,670	36,819
- 500 Equity Shares of EURO 100 each fully paid-up in Laurus Generics Gmbh	4,079,586	4,161,154	45,090	45,090
Total	73,354,016	7,558,952	810,760	81,909

4. Financial Assets

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
Current (unsecured, considered good unless otherwise stated)				
Prepayments	390,798	85,133	4,319	923
Balances with Statutory/Government Authorities	282,268	-	3,120	-
Total	673,065	85,133	7,439	923
Less: Provision for doubtful advances				

5. 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	-	-	-	-
Receivable from related parties	2,278,990	-	25,189	-
Total	2,278,990	-	25,189	-

6. 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
Cash and Cash Equivalents				
Balances with Banks				
- On Current Accounts	2,440,753	4,301,459	26,977	46,611
Total	2,440,753	4,301,459	26,977	46,611

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Laurus Holdings Limited

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

7. Share Capital

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
Issued, Subscribed and Paid Up				
8,500 Equity share of GBP 100 each fully paid up	77,897,649	12,173,234	850,000	135,000
Total	77,897,649	12,173,234	850,000	135,000

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

Equity Shares of GBP 100 Each, Fully paid up	March 31, 2018		
	No.	Amount in INR	Amount in GBP
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
Equity Shares of GBP 100 Each, Fully paid up	March 31, 2019		
	No.	Amount in INR	Amount in GBP
Balance as per last financial statements	1,350	12,173,234	135,000
Issued during the year	7,150	65,724,415	715,000
Outstanding at the end of the year	8,500	77,897,649	850,000

8 Other Equity

	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
8A Retained Earnings				
Opening balance	(481,421)	-	(5,558)	-
Add : Profit for the year	1,029,052	(481,421)	11,228	(5,558)
Net surplus in the Statement of profit and	547,631	(481,421)	5,671	(5,558)
8B Foreign currency translation reserve				
Balance as per last financial statements	253,731	-	-	-
Current year 'Foreign Currency Translation	(1,281,681)	253,731	-	-
Closing at the end of year	(1,027,950)	253,731	-	-
Closing at the end of year	(480,319)	(227,690)	5,671	(5,558)

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Laurus Holdings Limited

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

9 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	1,329,494	-	14,695	-
- Outstanding dues to related parties	-	-	-	-
	<u>1,329,494</u>	<u>-</u>	<u>14,695</u>	<u>-</u>

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Laurus Holdings Limited

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
10. Revenue from Operations				
Sale of Services				
Income from Services	21,621,931	-	235,925	-
Revenue from Operations	21,621,931	-	235,925	-
11. Employee Benefits Expenses				
Salaries, allowances and wages	18,134,042	-	197,867	-
Staff welfare expenses	12,629	-	138	-
Total	18,146,671	-	198,005	-
12. Other Expenses				
Rent	1,249,894	-	13,638	-
Office maintenance	-	-	-	-
Insurance	55,209	-	602	-
Printing and stationery	28,299	-	309	-
Consultancy and other professional charges	598,239	462,960	6,528	5,344
Travelling and conveyance	267,854	-	2,923	-
Communication expenses	160,399	-	1,750	-
Total	2,359,894	462,960	25,750	5,344
13. Finance Expenses				
	March 31, 2019 Amount in INR	March 31, 2018 Amount in INR	March 31, 2019 Amount in GBP	March 31, 2018 Amount in GBP
Bank charges	86,314	18,461	942	213
Total	86,314	18,461	942	213

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Laurus Holdings Limited

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

1. Corporate information

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

2. Significant accounting policies

2.1 Basis of preparation

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

2.2 Summary of significant accounting policies

(a) Use of Estimates

The preparation of financial statements in conformity with Indian Accounting Standards requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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

Sale of services

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

(c) Property, plant and equipment

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

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

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

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

(d) Cash and cash equivalents

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

(e) 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.

(f) foreign currency translation

The company converted the standalone Ind AS financial statements for presentation purposes from the relevant currency i.e GBP for the business into the presentation currency (INR). The average foreign currency rate applied was 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.


(g) Related Party Transactions

Names of related parties and description of relationship

	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Amount in INR	Amount in INR	Amount in GBP	Amount in GBP
Holding Company				
i) Laurus Labs Limited				
a) Transactions During the Year				
Business Support Services	21,621,931	-	235,925	-
Advance received				
Receipt of Share Capital	65,724,415	12,173,237	715,000	135,000
b) Subsidiary Companies				
Investment made				
i) Laurus Generics Inc	65,876,632	3,397,798	728,851	36,819
ii) Laurus Generics GmbH	-	4,161,154	-	45,090
c) Closing Balances				
Trade receivable	2,278,990	-	25,189	-

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
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Dr. C. Satyanarayana
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Place: Hyderabad
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