

# Bashetty & Joshi

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To The Members of Laurus Synthesis Inc

Report on the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying financial statements of **Laurus Synthesis Inc** ("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 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.



H.O: Plot No. 34, Sai Enclave, Road No. 12, Banjara Hills, Hyderabad - 500034

Branch: Door No. 29-1-7, Opp. Santha Cheruvu, Near Durga Temple, Cinema Road, Kakinada - 533001

advisory@bandj.in | www.bandj.in

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.



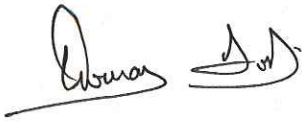
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### 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 BASHETTY & JOSHI  
Firm Registration Number: 013299S  
Chartered Accountants



Gourav Kumar Joshi  
Partner  
Place: Hyderabad  
Date: April 25, 2019



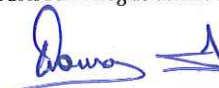
# Laurus Synthesis Inc

Balance Sheet as at March 31, 2019

	Notes	March 31, 2019 USD	March 31, 2018 USD	March 31, 2019 INR	March 31, 2018 INR
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Property, Plant and Equipment	3	743,483	863,531	51,427,691	56,167,601
<b>Financial Assets</b>					
Loans	4A	80,443	80,443	5,564,347	5,232,374
		<u>823,926</u>	<u>943,974</u>	<u>56,992,038</u>	<u>61,399,975</u>
<b>Current Assets</b>					
<b>Financial Assets</b>					
Trade receivables	5A	16,110	70,250	1,114,350	4,569,360
Cash and cash equivalents	5B	81,627	129,302	5,646,246	8,410,317
Other Current Assets	4B	40,561	58,332	2,805,657	3,794,171
		<u>138,298</u>	<u>257,884</u>	<u>9,566,253</u>	<u>16,773,847</u>
<b>TOTAL</b>		<u><u>962,224</u></u>	<u><u>1,201,859</u></u>	<u><u>66,558,291</u></u>	<u><u>78,173,823</u></u>
<b>EQUITY and LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	6	3,000,000	3,000,000	189,259,750	189,259,750
Other Equity		(4,332,593)	(4,290,744)	(281,437,004)	(273,215,003)
		<u>(1,332,593)</u>	<u>(1,290,744)</u>	<u>(92,177,254)</u>	<u>(83,955,253)</u>
<b>Current Liabilities</b>					
<b>Financial Liabilities</b>					
Borrowings	7	1,990,000	1,990,000	137,650,887	129,437,759
Trade Payables	8	3,297	35,790	228,127	2,327,888
Other current financial liabilities	9	2,861	1,637	197,899	106,477
Other current liabilities	10	298,659	465,176	20,658,632	30,256,951
		<u>2,294,817</u>	<u>2,492,603</u>	<u>158,735,545</u>	<u>162,129,075</u>
<b>TOTAL</b>		<u><u>962,224</u></u>	<u><u>1,201,859</u></u>	<u><u>66,558,291</u></u>	<u><u>78,173,823</u></u>

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

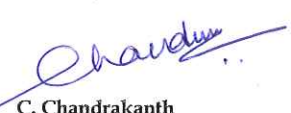
For Bashetty & Joshi  
Chartered Accountants  
ICAI Firm Registration Number : 013299S

  
Gourav Kumar Joshi  
Partner  
Membership No : 225311



For and on behalf of the Board of Directors  
LAURUS SYNTHESIS INC

  
V V Ravi Kumar  
Director

  
C. Chandrakanth  
Director

Place: Hyderabad  
Date: April 25, 2019



Place: Hyderabad  
Date: April 25, 2019

# Laurus Synthesis Inc

## Statement of Profit and Loss for the year ended March 31, 2019

	Notes	For the year ended	For the year ended	For the year ended	For the year ended
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		USD	USD	INR	INR
<b>I. INCOME</b>					
Revenue from Operations	11	2,538,044	2,981,855	177,262,030	192,230,240
Other Income		-	-	-	-
<b>Total Revenue (I)</b>		<b>2,538,044</b>	<b>2,981,855</b>	<b>177,262,030</b>	<b>192,230,240</b>
<b>II. EXPENSES</b>					
Cost of Materials Consumed	12	103,208	212,941	7,208,252	13,727,583
Employee Benefits Expenses	13	1,506,310	2,379,484	105,203,680	153,397,351
Operating and Selling Expenses	14	760,863	845,993	53,140,180	54,538,325
<b>Total Expenses (II)</b>		<b>2,370,381</b>	<b>3,438,417</b>	<b>165,552,112</b>	<b>221,663,259</b>
<b>III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)</b>		<b>167,663</b>	<b>(456,561)</b>	<b>11,709,918</b>	<b>(29,433,019)</b>
Depreciation and Amortisation	3	131,341	129,091	9,173,122	8,322,051
Finance Costs	15	78,171	58,910	5,459,618	3,797,730
<b>IV. Profit/(Loss) Before Tax</b>		<b>(41,849)</b>	<b>(644,562)</b>	<b>(2,922,822)</b>	<b>(41,552,800)</b>
<b>V. Tax Expense</b>					
Current Tax		-	-	-	-
Deferred Tax		-	-	-	-
<b>Total Tax Expense</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. Profit/(Loss) for the year</b>		<b>(41,849)</b>	<b>(644,562)</b>	<b>(2,922,822)</b>	<b>(41,552,800)</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Bashetty & Joshi

Chartered Accountants

ICAI Firm Registration Number : 013299S

*Gourav Kumar Joshi*

Gourav Kumar Joshi

Partner

Membership No : 225311



For and on behalf of the Board of Directors

LAURUS SYNTHESIS INC

*V V Ravi Kumar*

V V Ravi Kumar

Director

*C. Chandrakanth*

C. Chandrakanth

Director

Place: Hyderabad

Date: April 25, 2019



Place: Hyderabad

Date: April 25, 2019

**Laurus Synthesis Inc**  
**Cash Flow Statement for the year ended March 31, 2019**

Particulars	USD	USD	INR	INR
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash Flow from/ (used in) Operating Activities</b>				
Profit Before Tax	(41,849)	(644,562)	(2,922,822)	(41,552,800)
Adjustments for:				
Depreciation and Amortisation	131,341	129,091	9,173,122	8,322,051
Interest Expense	78,171	58,910	5,459,618	3,797,730
<b>Operating Profit Before Working Capital Changes</b>	167,663	(456,561)	11,709,918	(29,433,019)
Foreign currency translation adjustments	-	-	(112,449)	(297,657)
<b>Movement In Working Capital:</b>				
Increase in Trade Receivables	54,140	67,221	3,744,932	4,372,331
Increase/ (Decrease) in Other Non Current Assets	0	-	-	-
Increase/ (Decrease) in Other Current Assets	17,771	21,594	1,229,260	1,404,592
Increase/(Decrease) in Trade Payables	(32,493)	11,046	(2,247,493)	718,428
Increase in Other Current Liabilities	(165,293)	366,846	(11,433,559)	23,861,126
<b>Cash Generated From Operations</b>	41,788	10,146	2,890,610	625,801
Direct Taxes paid	-	-	-	-
<b>Net Cash Flow from/ (used in) Operating Activities (A)</b>	41,788	10,146	2,890,610	625,801
<b>Cash Flow Used In Investing Activities</b>				
Purchase of Tangible Assets, including intangible assets, capital work in progress and capital advances	(11,293)	(20,704)	(781,147)	(1,346,691)
<b>Net Cash Flow Used In Investing Activities (B)</b>	(11,293)	(20,704)	(781,147)	(1,346,691)
<b>Cash Flow From Financing Activities</b>				
Proceeds from Issue of Equity Shares	-	-	-	-
Interest Paid	(78,171)	(58,910)	(5,407,190)	(3,797,730)
<b>Net Cash Flow From Financing Activities (C)</b>	(78,171)	(58,910)	(5,407,190)	(3,797,730)
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	(47,676)	(69,468)	(3,297,727)	(4,518,620)
Cash and Cash Equivalents at the beginning of the year	129,302	198,771	8,410,317	12,888,089
Effect of exchange differences on cash and cash equivalents	-	-	533,656	40,848
<b>Cash and Cash Equivalents at the end of the year</b>	81,627	129,302	5,646,246	8,410,317
<b>Notes:</b>				
<b>Components of Cash and Cash Equivalents:</b>				
Cash on hand	-	-	-	-
Balances with banks				
On current accounts	81,627	129,302	5,646,246	8,410,317
<b>Total Cash and Cash Equivalents</b>	81,627	129,302	5,646,246	8,410,317

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

For Bashetty & Joshi  
Chartered Accountants  
ICAI Firm Registration Number : 013299S

Gourav Kumar Joshi  
Partner  
Membership No : 225311

Place: Hyderabad  
Date: April 25, 2019



For and on behalf of the Board of Directors  
LAURUS SYNTHESIS INC

V V Ravi Kumar  
Director

C. Chandrakanth  
Director

Place: Hyderabad  
Date: April 25, 2019



## a. Equity Share Capital

Equity Shares of \$.100 Each, Fully paid up	March 31, 2019		March 31, 2018	
	No.	USD	No.	Rs.
As at March 31, 2017	30,000	3,000,000	30,000	189,259,750
Issued during the year	-	-	-	-
As at March 31, 2018	30,000	3,000,000	30,000	189,259,750
Issued during the year	-	-	-	-
As at March 31, 2019	30,000	3,000,000	30,000	189,259,750

## b. Other Equity

	Reserves and surplus	Items of Other Comprehensive Income	Total	Reserves and surplus	Items of Other Comprehensive Income	Total
	Retained Earnings	FCTNR		Retained Earnings	FCTNR	
	USD			INR		
At April 01, 2017	(3,646,182)	-	(3,646,182)	(237,782,269)	6,625,019	(231,157,250)
Profit for the year	(644,562)	-	(644,562)	(41,552,800)	(504,952)	(42,057,752)
Received during the year	-	-	-	-	-	-
At March 31, 2018	(4,290,744)	-	(4,290,744)	(279,335,069)	6,120,067	(273,215,002)
Profit for the year	(41,849)	-	(41,849)	(2,922,822)	(5,299,180)	(8,222,002)
Received during the year	-	-	-	-	-	-
At March 31, 2019	(4,332,593)	-	(4,332,593)	(282,257,891)	820,887	(281,437,004)



**Laurus Synthesis Inc**

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

**3. Property, plant and equipment**

Particulars	Plant and Equipment	Furniture and Fixtures	Computers	Total Property, plant and equipment	Plant and Equipment	Furniture and Fixtures	Computers	Total Property, plant and equipment
	USD				INR			
As at March 31, 2017	1,038,706	70,086	86,924	1,195,716	67,348,234	4,544,310	5,636,000	77,528,544
Additions	18,983	-	1,721	20,704	1,234,081	-	111,957	1,346,038
Disposals	-	-	-	-	-	-	-	-
Exchange Difference	-	-	-	-	214,107	14,403	17,863	246,373
As at March 31, 2018	1,057,689	70,086	88,645	1,216,420	68,796,422	4,558,713	5,765,820	79,120,955
Additions	8,962	-	2,331	11,293	636,674	-	78,274	714,948
Disposals	-	-	-	-	-	-	-	-
Exchange Difference	-	-	-	-	4,348,565	289,261	448,794	5,086,620
As at March 31, 2019	1,066,651	70,086	90,975	1,227,713	73,781,661	4,847,974	6,292,887	84,922,522
<b>Depreciation and Impairment</b>								
As at March 31, 2017	174,741	14,845	34,213	223,798	11,329,941	962,530	2,218,298	14,510,769
Charge for the year	104,950	7,009	17,133	129,091	6,765,752	451,824	1,104,475	8,322,051
Disposals	-	-	-	-	-	-	-	-
Exchange Difference	-	-	-	-	96,512	7,098	16,924	120,534
As at March 31, 2018	279,690	21,854	51,345	352,889	18,192,205	1,421,452	3,339,696	22,953,354
Charge for the year	106,971	7,009	17,361	131,341	7,471,078	489,498	1,212,546	9,173,122
Disposals	-	-	-	-	-	-	-	-
Exchange Difference	-	-	-	-	1,082,594	85,494	200,268	1,368,355
As at March 31, 2019	386,661	28,862	68,706	484,230	26,745,877	1,996,444	4,752,510	33,494,831
<b>Net Block</b>								
As at March 31, 2017	863,965	55,241	52,711	971,918	56,018,293	3,581,780	3,417,702	63,017,775
As at March 31, 2018	777,999	48,233	37,300	863,531	50,604,217	3,137,260	2,426,123	56,167,601
As at March 31, 2019	679,990	41,224	22,269	743,483	47,035,784	2,851,529	1,540,377	51,427,691





**Laurus Synthesis Inc**

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

**4. Financial Assets**

	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	USD	USD	INR	INR
<b>4A. Loans</b>				
Non-Current (unsecured, considered good unless otherwise stated)				
Security Deposits	80,443	80,443	5,564,347	5,232,374
<b>Total</b>	<b>80,443</b>	<b>80,443</b>	<b>5,564,347</b>	<b>5,232,374</b>
<b>4B. Other Assets</b>				
Current (unsecured, considered good unless otherwise stated)				
Prepaid Expenses	25,642	40,832	1,773,690	2,655,897
Other Advances	7,500	17,500	518,785	1,138,274
Advances to related parties	7,419	-	513,182	-
<b>Total</b>	<b>40,561</b>	<b>58,332</b>	<b>2,805,657</b>	<b>3,794,171</b>
<b>5A. Trade Receivables</b>				
Unsecured, Considered Good	16,110	70,250	1,114,350	4,569,360
	<b>16,110</b>	<b>70,250</b>	<b>1,114,350</b>	<b>4,569,360</b>
<b>5B. Cash and cash equivalents</b>				
Cash and Cash Equivalents				
Balances with Banks				
-On Current Accounts	81,627	129,302	5,646,246	8,410,317
<b>Total</b>	<b>81,627</b>	<b>129,302</b>	<b>5,646,246</b>	<b>8,410,317</b>



# Laurus Synthesis Inc

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

	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	USD	USD	INR	INR
<b>6. Share Capital</b>				
<b>Authorised</b>				
30,000 Equity shares of \$ 100 each	3,000,000	3,000,000	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
<b>Issued, Subscribed and Paid Up</b>				
30,000 (March 31, 2018 :30,000) Equity share of \$ 100 each fully paid up	3,000,000	3,000,000	189,259,750	189,259,750
<b>Total</b>	<u>3,000,000</u>	<u>3,000,000</u>	<u>189,259,750</u>	<u>189,259,750</u>
<b>6.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>				
<b>Equity Shares of \$ 100 Each, Fully paid up</b>				
	No of Shares	No of Shares	No of Shares	No of Shares
At the beginning of the year	30,000	30,000	30,000	30,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
<b>6.2 Details of Shareholders holding more than 5% shares of the Company:</b>				
<b>Equity Shares of \$ 100 each Held By</b>	% Holding	% Holding	% Holding	% Holding
Laurus Labs Limited (Holding Company)	100	100	100	100



**Laurus Synthesis Inc**

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

	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	USD	USD	INR	INR
<b>7. Short Term Borrowings</b>				
Credit Facility from CITI Bank	1,990,000	1,990,000	137,650,887	129,437,759
	<u>1,990,000</u>	<u>1,990,000</u>	<u>137,650,887</u>	<u>129,437,759</u>
<b>8. Trade Payables</b>				
Trade Payables	3,297	35,790	228,127	2,327,888
<b>Total</b>	<u>3,297</u>	<u>35,790</u>	<u>228,127</u>	<u>2,327,888</u>
<b>9. Other current financial liabilities</b>				
Interest Payable	2,861	1,637	197,899	106,477
<b>Total</b>	<u>2,861</u>	<u>1,637</u>	<u>197,899</u>	<u>106,477</u>
<b>10. Other current liabilities</b>				
Advances from customers	2,100	-	145,260	-
Advance from Holding Company	296,559	465,176	20,513,372	30,256,951
<b>Total</b>	<u>298,659</u>	<u>465,176</u>	<u>20,658,632</u>	<u>30,256,951</u>



**Laurus Synthesis Inc**

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

	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
	USD	USD	INR	INR
<b>11. Revenue from Operations</b>				
Sale of Services	2,538,044	2,981,855	177,262,030	192,230,240
<b>Revenue from Operations (Gross)</b>	<b>2,538,044</b>	<b>2,981,855</b>	<b>177,262,030</b>	<b>192,230,240</b>
<b>12. Cost of Materials Consumed</b>				
<b>Raw Materials Consumed</b>				
Opening stock at the beginning of the year	-	-	-	-
Add: Purchases	103,208	212,941	7,208,252	13,727,583
Less: Closing stock at the end of the year	-	-	-	-
	<b>103,208</b>	<b>212,941</b>	<b>7,208,252</b>	<b>13,727,583</b>
<b>13. Employee Benefits Expenses</b>				
Salaries, allowances and benefits to employees	1,502,803	2,374,590	104,958,744	153,081,858
Staff welfare expenses	3,507	4,894	244,936	315,493
<b>Total</b>	<b>1,506,310</b>	<b>2,379,484</b>	<b>105,203,680</b>	<b>153,397,351</b>
<b>14. Operating and Selling Expenses</b>				
Effluent treatment expenses	11,225	23,978	783,976	1,545,776
Power and Fuel	137,593	146,792	9,609,768	9,463,241
Repairs & maintenance				
Plant and machinery	43,795	43,662	3,058,730	2,814,715
Others	21,303	19,280	1,487,844	1,242,917
Rent	343,794	333,240	24,011,255	21,482,852
Office maintenance	19,913	15,282	1,390,763	985,131
Insurance	21,040	11,468	1,469,475	739,304
Consultancy and other professional charges	11,031	19,639	770,427	1,266,046
Membership and subscription	51,034	52,195	3,564,316	3,364,833
Recruitment and training	-	15,616	-	1,006,711
Travelling and conveyance	80,312	109,408	5,609,149	7,053,186
Communication expenses	9,572	14,921	668,527	961,924
Business Promotion & Advertisement	10,251	40,512	715,950	2,611,688
<b>Total</b>	<b>760,863</b>	<b>845,993</b>	<b>53,140,180</b>	<b>54,538,325</b>
<b>15. Finance Costs</b>				
Interest				
- on working capital loans	75,305	55,832	5,259,451	3,599,271
Bank charges	2,866	3,078	200,167	198,459
<b>Total</b>	<b>78,171</b>	<b>58,910</b>	<b>5,459,618</b>	<b>3,797,730</b>



**Laurus Synthesis Inc**

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

**1. Corporate Information**

Laurus Synthesis Inc (LSI Inc) offers a broad Chemistry, IP Development and related services to the global Pharmaceutical community, situated in the state of Delaware, USA. LSI Inc, is a Corporation, incorporated on December 8th, 2014, under the laws of State of Delaware, USA.

**1 (a). Basis of preparation**

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.

**1 (b). 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. Tangible Fixed Assets**

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 fixed asset 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 fixed assets, 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.

Gains or losses arising from derecognition of fixed assets 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 and loss when the asset is derecognised.

**c. Depreciation on tangible Fixed Assets**

Depreciation on fixed assets is calculated on a straight-line basis based on the useful lives estimated by the management. The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

	Useful lives estimated by the management (years)	Useful lives as per schedule II (years)
Plant and Equipment	5-20	5-20
Furniture and fixtures	10	10
Computers	3-6	3-6

**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. The following specific recognition criteria must also be met before revenue is recognised:

**Sale of Services**

Revenues from contract research operations are recognised as per the terms of the contract with customers when the related services are performed or the agreed milestones are achieved.

**e. Provisions**

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate of the amount required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**f. 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.

**g. 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 (INR). The average foreign currency rate applied was 69.8420 INR/USD for profit and loss account transactions. The closing foreign currency rate applied was 69.1713 INR/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.

**h. 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. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.



Laurus Synthesis Inc

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

i. Related Party Disclosures

Names of related parties and description of relationship

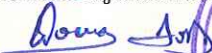
Holding Company

	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	USD	USD	INR	INR
i) Laurus Labs Limited				
a) Transactions During the Year				
Names of related parties and description of relationship				
Holding Company				
i) Laurus Labs Limited				
Revenue from Operations	1,643,484	2,420,993	114,759,462	156,117,563
Contract research service expenses	-	-	-	-
Advance received (net)	296,559	465,176	20,513,343	30,256,933
Loan from holding company	1,100,000	-	78,244,980	-
Loan repaid to holding company	1,100,000	-	77,844,340	-
Purchases	8,050	-	569,251	-
ii) Laurus Generics Inc				
Advance given	7,419	-	513,182	-
b) Closing Balances				
i) Laurus Labs Limited				
Due to Holding Company	296,559	465,176	20,513,372	30,256,933
ii) Laurus Generics Inc	7,419	-	513,182	-

For Bashedty & Joshi

Chartered Accountants

ICAI Firm Registration Number: 013299S



Gourav Kumar Joshi

Partner

Membership No. 225311



For and on behalf of the Board of Directors

LAURUS SYNTHESIS INC

V V Ravi Kumar

Director



C. Chandrakanth

Director

Place: Hyderabad

Date: April 25, 2019



Place: Hyderabad

Date: April 25, 2019