

**CATO RESEARCH NEULAND INDIA PRIVATE LIMITED**  
**BALANCE SHEET AS ON MARCH 31, 2014**



Amount in ₹

PARTICULARS	NOTES	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013
<b>I EQUITY AND LIABILITIES:</b>			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	3	51,10,163	51,10,163
(b) Reserves and Surplus	4	(42,96,916)	(25,13,050)
		8,13,247	25,97,113
2 CURRENT LIABILITIES			
(a) Trade Payables	5	56,180	27,247
(b) Other Current Liabilities	6	8,44,808	51,95,005
(c) Short-term Provisions	7	-	1,03,809
		9,00,988	53,26,061
<b>TOTAL</b>		<b>17,14,235</b>	<b>79,23,174</b>
<b>II ASSETS:</b>			
1 CURRENT ASSETS			
(a) Cash and Bank Balances	8	17,02,033	76,75,831
(b) Short-term Loans and Advances	9	12,202	1,49,541
(c) Other Current Assets	10	-	97,802
		17,14,235	79,23,174
<b>TOTAL</b>		<b>17,14,235</b>	<b>79,23,174</b>
SIGNIFICANT ACCOUNTING POLICIES	2		

The accompanying notes form an integral part of the Financial Statements.

Per our report attached  
For K. S. Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn No.100186W

*Sachin A. Negandhi*

**SACHIN A. NEGANDHI**  
Partner  
Membership No: 112888

For and on behalf of the Board

*D. Sucheth Rao*  
**D. Sucheth Rao**  
Director

*D. Saharsh Rao*  
**D. Saharsh Rao**  
Director

*Henjek Rotmensch*  
**Henjek Rotmensch**  
Director



Place: Hyderabad  
Date: May 8, 2014

**CATO RESEARCH NEULAND INDIA PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**



Amount in ₹

PARTICULARS	NOTES	FOR THE YEAR ENDED MARCH 31, 2014	FOR THE YEAR ENDED MARCH 31, 2013
<b>INCOME:</b>			
1 Revenue from Operations (Net)	11	-	-
2 Other Income	12	2,14,302	5,16,783
<b>TOTAL</b>		<b>2,14,302</b>	<b>5,16,783</b>
<b>EXPENDITURE:</b>			
3 Employee Benefits Expense	13	19,56,665	19,10,559
4 Other Expenses	14	41,503	69,413
<b>TOTAL</b>		<b>19,98,168</b>	<b>19,79,972</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(17,83,866)</b>	<b>(14,63,189)</b>
5 Tax Expense		-	-
(a) Current Tax		-	-
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(17,83,866)</b>	<b>(14,63,189)</b>
6 EARNINGS PER SHARE			
Basic Earnings Per Share (in ₹)		(3.49)	(2.86)
Diluted Earnings Per Share (in ₹)		(3.49)	(2.86)
Face Value Per Share (in ₹)		10	10
SIGNIFICANT ACCOUNTING POLICIES	2		

The accompanying notes form an integral part of the Financial Statements.

Per our report attached  
For K. S. Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn No.100186W

*Sachin A. Negandhi*

**SACHIN A. NEGANDHI**  
Partner  
Membership No: 112888

For and on behalf of the Board

*D. Sucheth Rao*

**D. Sucheth Rao**  
Director

*D. Saharsh Rao*

**D. Saharsh Rao**  
Director

*Henjek Rotmensch*

**Henjek Rotmensch**  
Director



Place: Hyderabad  
Date: May 8, 2014

**CATO RESEARCH NEULAND INDIA PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**



Amount in ₹

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2014	FOR THE YEAR ENDED MARCH 31, 2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	(17,83,866)	(14,63,189)
Adjustments	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(17,83,866)</b>	<b>(14,63,189)</b>
Add / Less : Working Capital Changes		
Loans & Advances	48,53,363	(4,04,630)
Trade Payables and Other Liabilities	(43,21,264)	18,63,067
<b>Cash flow from Operating Activities</b>	<b>(12,51,767)</b>	<b>(4,752)</b>
Less: Income Tax Refund	33,530	-
<b>Net Cash from Operating Activities (A)</b>	<b>(12,18,237)</b>	<b>(4,752)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	-	-
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(12,18,237)</b>	<b>(4,752)</b>
Opening Balance of Cash & Cash Equivalents	29,20,270	29,25,022
Closing Balance of Cash & Cash Equivalents	17,02,033	29,20,270
<i>(Refer Note 8 for details of cash and cash equivalents)</i>		

Per our report attached  
For K. S. Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn No.100186W

*Sachin A. Negandhi*

**SACHIN A. NEGANDHI**  
Partner  
Membership No: 112888

For and on behalf of the Board

*D. Sucheth Rao*  
**D. Sucheth Rao**  
Director

*D. Saharsh Rao*  
**D. Saharsh Rao**  
Director

*Henjek Rotmensch*  
**Henjek Rotmensch**  
Director



Place: Hyderabad  
Date: May 8, 2014



## 1. CORPORATE INFORMATION

Cato Research Neuland India Private Limited ("the Company") is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is formed as a joint venture between Neuland Laboratories Limited (70%) and Cato Research Israel Limited (30%). Neuland Laboratories Limited is based in Hyderabad, India whereas Cato Research Israel Limited is situated in Israel. The main object of the Company is to provide contract research organisation services to customer in the following areas.

- (i) Consulting services relating to drug discovery and development services;
- (ii) Design, conduct and manage phase I through phase IV clinical studies;
- (iii) Data processing and data management activities; and
- (iv) Regulatory affairs relating to the intellectual property rights.

## 2. SIGNIFICANT ACCOUNTING POLICIES:

### A. Basis of Accounting and use of estimates

- (i) Financial statements are prepared under the historical cost convention, on accrual basis of accounting in accordance with the accounting principles generally accepted in India and in compliance with the provisions of Companies Act 1956, and comply with the mandatory accounting standards specified in Companies (Accounting Standard) Rules 2006 (which continue to be applicable in respect Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
- (ii) The preparation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### B. Revenue Recognition

Service revenue is recognised on the basis of set milestones by the Company. The Company recognises service revenue when the following conditions are fulfilled:

- (i) Definite understanding / arrangement for providing service(s) exist.
- (ii) Agreed service(s) has been delivered to the client.
- (iii) The client acknowledges the receipt of service(s) and the flow of income is fixed or established.

### C. Foreign currency Transactions

Transactions in foreign exchange are accounted for at the average exchange rate for the month of transaction. Foreign currency monetary items are reported using exchange rates prevailing at the close of the year and exchange difference arising there from is charged/credited to the Statement of Profit & Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### D. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year



attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

E. Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets pertaining to carried forward losses and unabsorbed depreciation are recognized only to the extent that there is a virtual certainty that these assets are realized. The deferred tax assets pertaining to other items are recognized to the extent that there is a reasonable certainty that the same can be realized.

F. Contingencies and Provisions

A provision is recognized when the Company has a present obligation as a result of past events. Provisions are not discounted to present value and are determined based on the best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent liabilities are disclosed after careful examination of the facts and legal aspects of the matter involved.

*Gopin*

**3. SHARE CAPITAL**

PARTICULARS	Amount in ₹	
	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013
1 AUTHORISED 30,00,000 Equity Shares of ₹10 each	3,00,00,000	3,00,00,000
2 ISSUED 12,95,990 Equity Shares of ₹10 each, fully paid (March 31, 2013 – 12,95,990 Equity Shares of ₹10 each)	1,29,59,900	1,29,59,900
3 SUBSCRIBED CAPITAL 12,95,990 Equity Shares of ₹10 each, fully paid (March 31, 2013 – 12,95,990 Equity Shares of ₹10 each)	1,29,59,900	1,29,59,900
4 PAID UP CAPITAL 4,23,797 Equity Shares of ₹10 each fully paid up (March 31, 2013 – 4,23,797 Equity Shares of ₹10 each) 8,72,193 Equity Shares of ₹10 each, ₹ 1 paid up (March 31, 2013 – 8,72,193 Equity Shares of ₹10 each, ₹ 1 paid up)	42,37,970 8,72,193	42,37,970 8,72,193
	<b>51,10,163</b>	<b>51,10,163</b>

**a. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

PARTICULARS	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013
Number of equity shares outstanding at the beginning of the year	12,95,990	12,95,990
Add / Less: Adjustments during the year	----	----
<b>Number of equity shares outstanding at the end of the year</b>	<b>12,95,990</b>	<b>12,95,990</b>

**b. Terms / Rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

*Sachin*



c. Details of Shareholders holding more than 5% shares in the Company

NAME OF THE SHARE HOLDER	AS ON MARCH 31, 2014		AS ON MARCH 31, 2013	
	NO. OF SHARES	% OF HOLDING	NO. OF SHARES	% OF HOLDING
<b>Equity Shares of ₹10 each</b>				
1 Neuland Laboratories Limited ( 35,000 equity shares fully paid up and 8,72,193 equity shares ₹ 1 paid up)	9,07,193	70.00	9,07,193	70.00
2 Cato Research Israel Limited	3,88,797	30.00	3,88,797	30.00

d. Shareholding by Holding Company

NAME OF THE SHARE HOLDER	AS ON MARCH 31, 2014		AS ON MARCH 31, 2013	
	NO. OF SHARES	% OF HOLDING	NO. OF SHARES	% OF HOLDING
<b>Equity Shares of ₹10 each</b>				
1 Neuland Laboratories Limited ( 35,000 equity shares fully paid up and 8,72,193 equity shares ₹ 1 paid up)	9,07,193	70.00	9,07,193	70.00

4. RESERVES AND SURPLUS

PARTICULARS	Amount in ₹	
	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013
1 Deficit		
Balance as per last Financial Statements	(25,13,050)	(10,49,861)
Profit / (Loss) for the year	(17,83,866)	(14,63,189)
Net Deficit	(42,96,916)	(25,13,050)
<b>TOTAL</b>	<b>(42,96,916)</b>	<b>(25,13,050)</b>

5. TRADE PAYABLES

PARTICULARS	Amount in ₹	
	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013
1 Trade Payables	56,180	27,247
	<b>56,180</b>	<b>27,247</b>

*Signature*

**6. OTHER CURRENT LIABILITIES**

PARTICULARS	Amount in ₹	
	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013
1 Payable to Related Party - Holding Company	8,44,808	51,95,005
	<b>8,44,808</b>	<b>51,95,005</b>

**7. SHORT TERM PROVISIONS**

PARTICULARS	Amount in ₹	
	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013
1 Provision for Income Tax	-	1,03,809
	<b>-</b>	<b>1,03,809</b>

**8. CASH AND BANK BALANCES**

PARTICULARS	Amount in ₹			
	NON-CURRENT		CURRENT	
	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013	AS ON MARCH 31, 2014	AS ON MARCH 31, 2013
<b>CASH AND CASH EQUIVALENTS</b>				
1 Balances with Scheduled Banks				
- On Current Accounts	-	-	16,60,211	28,59,015
2 Cash on Hand	-	-	41,822	61,255
	<b>-</b>	<b>-</b>	<b>17,02,033</b>	<b>29,20,270</b>
3 Other Bank Balances				
- Fixed Deposit Accounts with original maturity of more than 3 months and less than 12 months	-	-	-	47,55,561
	<b>-</b>	<b>-</b>	<b>17,02,033</b>	<b>76,75,831</b>

*Signature*



9. LOANS AND ADVANCES

PARTICULARS	NON-CURRENT		CURRENT	
	AS ON	AS ON	AS ON	AS ON
	MARCH 31, 2014	MARCH 31, 2013	MARCH 31, 2014	MARCH 31, 2013
1 Advance Payment against Taxes - Income Tax	-	-	12,202	1,49,541
	-	-	12,202	1,49,541
<b>The above amounts includes</b>				
Secured, Considered Good	-	-	-	-
Secured, Considered Doubtful	-	-	-	-
Unsecured, Considered Good	-	-	12,202	1,49,541
Unsecured, Considered Doubtful	-	-	-	-
	-	-	12,202	1,49,541

10. OTHER ASSETS

PARTICULARS	NON-CURRENT		CURRENT	
	AS ON	AS ON	AS ON	AS ON
	MARCH 31, 2014	MARCH 31, 2013	MARCH 31, 2014	MARCH 31, 2013
1 Interest Accrued on Deposits	-	-	-	97,802
	-	-	-	97,802

*gaf*

**11. REVENUE FROM OPERATIONS**

PARTICULARS	Amount in ₹	
	FOR THE YEAR	FOR THE YEAR
	ENDED MARCH 31, 2014	ENDED MARCH 31, 2013
Revenue		
Service Fees	-	-
<b>Revenue from Operations (Gross)</b>	-	-
Less: Taxes	-	-
<b>Revenue from Operations (Net)</b>	-	-

**12. OTHER INCOME**

PARTICULARS	Amount in ₹	
	FOR THE YEAR	FOR THE YEAR
	ENDED MARCH 31, 2014	ENDED MARCH 31, 2013
1 Interest Income	2,25,910	3,99,694
2 Miscellaneous Income*	-	1,17,089
	<b>2,25,910</b>	<b>5,16,783</b>

\* Miscellaneous Income includes excess provisions no longer required written back aggregating to ₹Nil  
(Previous Year ₹1,17,089)

**13. EMPLOYEE BENEFITS EXPENSE**

PARTICULARS	Amount in ₹	
	FOR THE YEAR	FOR THE YEAR
	ENDED MARCH 31, 2014	ENDED MARCH 31, 2013
1 Deputation Charges	19,49,803	19,10,559
2 Staff Welfare Expenses	6,862	-
	<b>19,56,665</b>	<b>19,10,559</b>

**14. OTHER EXPENSES**

PARTICULARS	Amount in ₹	
	FOR THE YEAR	FOR THE YEAR
	ENDED MARCH 31, 2014	ENDED MARCH 31, 2013
1 Rates & Taxes	10,324	37,572
2 Professional Charges	6,179	6,741
3 Remuneration to Auditors		
(a) Statutory Audit	25,000	25,000
4 Other Expenses	-	100
	<b>41,503</b>	<b>69,413</b>

15. In the opinion of the Board, all the assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the financial statements.



## 16. RELATED PARTY TRANSACTIONS

Disclosure as required by the Accounting Standard – 18 are given below:

### (a) Particulars of related parties, which control or are under common control with the Company

- (i) **Name of the Company** : Neuland Laboratories Limited  
**Nature of Relationship** : Holding Company  
**Description of Transactions**

Description	Amount in ₹	
	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>In the Nature of Reimbursement</b>		
- Deputation Charges	19,49,803	19,10,559
- Rates and Taxes	-	5,492
- Professional Charges	-	6,741
- Other Expenses	-	-
<b>Balance Outstanding Payable</b>	<b>8,44,808</b>	<b>51,95,005</b>

## 17. EARNINGS PER SHARE (EPS)

Computation of Basic and Diluted Earnings per Share

Description	Amount in ₹	
	For the Year ended March 31, 2014	For the Year ended March 31, 2013
I. Net Profit / (Loss)	(17,83,866)	(14,63,189)
II. Weighted average number of equity shares for computation of earnings per share		
- Basic and Diluted	5,11,016	5,11,016
III. Earnings per Share		
- Basic and Diluted	(3.49)	(2.86)

## 18. Contingent Liabilities & Capital Commitment

- (a) Contingent Liabilities: ₹ Nil (Previous year ₹ Nil)
- (b) Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) - ₹ Nil (Previous Year ₹ Nil)





**19. Disclosure required by Micro, Small and Medium Enterprises (Development) Act, 2006.**

As per requirement of Section of 22 of Micro, Small & Medium Enterprises Development Act, 2006 following information is disclosed:

<i>Amount in ₹</i>			
Sl. No.	Description	For the Year ended March 31, 2014	For the Year ended March 31, 2013
(i)	Principal amount remaining unpaid to any supplier as at the end of each accounting year.	-	-
(ii)	Interest due on (i) above remaining unpaid.	-	-
(iii)	Amounts paid beyond the appointed day during the accounting year	-	-
(iv)	Interest paid on (iii) above	-	-
(v)	Interest due and payable on (iii) above	-	-
(vi)	Interest accrued and remaining unpaid at the end of the accounting year.	-	-
(vii)	Interest remaining unpaid of the previous years for the purpose of disallowance under the Income Tax Act, 1961	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**20. Additional Information pursuant to the provisions of Paragraph 5 (viii) of Schedule VI to the Companies Act, 1956 - NIL**

**21. Previous year figures have been regrouped / re-classified wherever necessary.**

Per our report attached  
For **K. S. Aiyar & Co.**  
Chartered Accountants  
ICAI Firm Regn No. 100186W

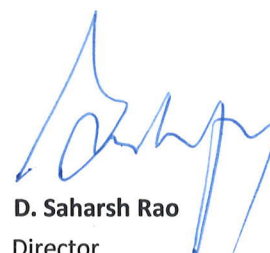


**SACHIN A. NEGANDHI**  
Partner  
Membership No.: 112888

For and on behalf of the Board



**D. Sucheth Rao**  
Director



**D. Saharsh Rao**  
Director



**Henjek Rotmensch**  
Director



Place: Hyderabad  
Date: May 8, 2014