

**CATO RESEARCH NEULAND INDIA PRIVATE LIMITED**  
**BALANCE SHEET AS ON MARCH 31, 2015**



Amount in ₹

PARTICULARS	NOTES	AS ON	
		MARCH 31, 2015	MARCH 31, 2014
<b>I EQUITY AND LIABILITIES:</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	51,10,163	51,10,163
(b) Reserves and Surplus	4	(47,90,228)	(42,96,916)
		3,19,935	8,13,247
<b>2 CURRENT LIABILITIES</b>			
(a) Trade Payables	5	28,090	56,180
(b) Other Current Liabilities	6	13,85,573	8,44,808
		14,13,663	9,00,988
<b>TOTAL</b>		<b>17,33,598</b>	<b>17,14,235</b>
<b>II ASSETS:</b>			
<b>1 CURRENT ASSETS</b>			
(a) Cash and Bank Balances	7	17,33,598	17,02,033
(b) Short-term Loans and Advances	8	-	12,202
		17,33,598	17,14,235
<b>TOTAL</b>		<b>17,33,598</b>	<b>17,14,235</b>
SIGNIFICANT ACCOUNTING POLICIES	2		


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

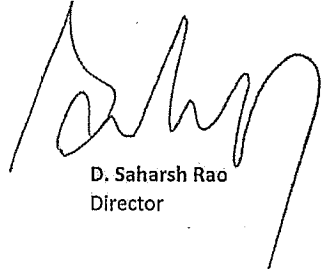
Per our report attached  
 For B. Srinivasa Rao & Co.  
 Chartered Accountants  
 ICAI Firm Regn No.008763S

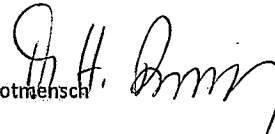
**CH ANAND**  
 Partner  
 Membership No: 222732

Place: Hyderabad  
 Date: May 7, 2015

For and on behalf of the Board

  
**D. Sucheth Rao**  
 Director

  
**D. Saharsh Rao**  
 Director

  
**Henjek Rotmensch**  
 Director

**CATO RESEARCH NEULAND INDIA PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**



Amount in ₹

PARTICULARS	NOTES	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		MARCH 31, 2015	MARCH 31, 2014
<b>INCOME:</b>			
1 Revenue from Operations (Net)	9	-	-
2 Other Income	10	25,008	2,14,302
<b>TOTAL</b>		<b>25,008</b>	<b>2,14,302</b>
<b>EXPENDITURE:</b>			
3 Employee Benefits Expense	11	4,79,265	19,56,665
4 Other Expenses	12	39,055	41,503
<b>TOTAL</b>		<b>5,18,320</b>	<b>19,98,168</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(4,93,312)</b>	<b>(17,83,866)</b>
5 Tax Expense			
(a) Current Tax		-	-
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(4,93,312)</b>	<b>(17,83,866)</b>
6 EARNINGS PER SHARE	15		
Basic Earnings Per Share (in ₹)		(0.97)	(3.49)
Diluted Earnings Per Share (in ₹)		(0.97)	(3.49)
Face Value Per Share (in ₹)		10	10
SIGNIFICANT ACCOUNTING POLICIES	2		

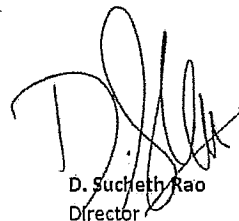
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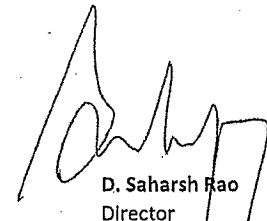
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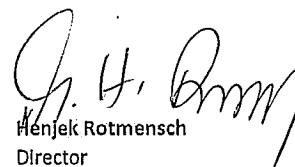
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 Director

**CATO RESEARCH NEULAND INDIA PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**



Amount in ₹

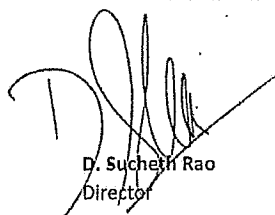
PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2015	FOR THE YEAR ENDED MARCH 31, 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	(4,93,312)	(17,83,866)
Adjustments		-
Less: Interest Income	(25,008)	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(5,18,320)</b>	<b>(17,83,866)</b>
Add / Less : Working Capital Changes		
Loans & Advances	-	48,53,363
Trade Payables and Other Liabilities	5,12,675	(43,21,264)
<b>Cash flow from Operating Activities</b>	<b>(5,645)</b>	<b>(12,51,767)</b>
Add: Income Tax Refund	37,210	33,530
<b>Net Cash from Operating Activities (A)</b>	<b>31,565</b>	<b>(12,18,237)</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>31,565</b>	<b>(12,18,237)</b>
Opening Balance of Cash & Cash Equivalents	17,02,033	29,20,270
Closing Balance of Cash & Cash Equivalents	17,33,598	17,02,033
<i>(Refer Note 7 for details of cash and cash equivalents)</i>		

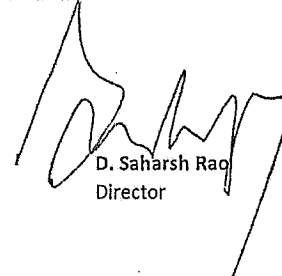
Per our report attached  
 For B. Srinivasa Rao & Co.  
 Chartered Accountants  
 ICAI Firm Regn No.0087635

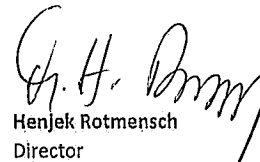
CH ANAND  
 Partner  
 Membership No: 222732

Place: Hyderabad  
 Date: May 7, 2015

For and on behalf of the Board

  
 D. Suchesh Rao  
 Director

  
 D. Saharsh Rao  
 Director

  
 Henjek Rotmensch  
 Director

## **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 organization 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.

3. SHARE CAPITAL

PARTICULARS	Amount in ₹	
	AS ON MARCH 31, 2015	AS ON MARCH 31, 2014
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, 2014 – 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, 2014 – 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, 2014 – 4,23,797 Equity Shares of ₹10 each)	42,37,970	42,37,970
8,72,193 Equity Shares of ₹10 each, ₹ 1 paid up (March 31, 2014 – 8,72,193 Equity Shares of ₹10 each, ₹1 paid up)	8,72,193	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, 2015	MARCH 31, 2014
Number of equity shares outstanding at the beginning of the year	12,95,990	12,95,990
Add / Less: Adjustments during the year	----	----
Number of equity shares outstanding at the end of the year	<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.

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

NAME OF THE SHARE HOLDER	AS ON MARCH 31, 2015		AS ON MARCH 31, 2014	
	NO. OF SHARES	% OF HOLDING	NO. OF SHARES	% OF HOLDING
<i>Equity Shares of ₹10 each</i>				
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, 2015		AS ON MARCH 31, 2014	
	NO. OF SHARES	% OF HOLDING	NO. OF SHARES	% OF HOLDING
<i>Equity Shares of ₹10 each</i>				
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, 2015	AS ON MARCH 31, 2014
1 Deficit		
Balance as per last Financial Statements	(42,96,916)	(25,13,050)
Profit / (Loss) for the year	(4,93,312)	(17,83,866)
Net Deficit	(47,90,228)	(42,96,916)
<b>TOTAL</b>	<b>(47,90,228)</b>	<b>(42,96,916)</b>

5. TRADE PAYABLES

PARTICULARS	Amount in ₹	
	AS ON MARCH 31, 2015	AS ON MARCH 31, 2014
1 Trade Payables	28,090	56,180
	<b>28,090</b>	<b>56,180</b>

6. OTHER CURRENT LIABILITIES

PARTICULARS	Amount in ₹	
	AS ON MARCH 31, 2015	AS ON MARCH 31, 2014
1 Payable to Related Party - Holding Company	13,85,573	8,44,808
	<b>13,85,573</b>	<b>8,44,808</b>

7. CASH AND BANK BALANCES

PARTICULARS	Amount in ₹			
	NON-CURRENT		CURRENT	
	AS ON MARCH 31, 2015	AS ON MARCH 31, 2014	AS ON MARCH 31, 2015	AS ON MARCH 31, 2014
<b>CASH AND CASH EQUIVALENTS</b>				
1 Balances with Scheduled Banks				
- On Current Accounts	-	-	16,97,421	16,60,211
2 Cash on Hand	-	-	36,177	41,822
	-	-	<b>17,33,598</b>	<b>17,02,033</b>

8. LOANS AND ADVANCES

PARTICULARS	Amount in ₹			
	NON-CURRENT		CURRENT	
	AS ON MARCH 31, 2015	AS ON MARCH 31, 2014	AS ON MARCH 31, 2015	AS ON MARCH 31, 2014
1 Advance Payment against Taxes - Income Tax	-	-	-	12,202
	-	-	-	<b>12,202</b>
<b>The above amounts includes</b>				
Secured, Considered Good	-	-	-	-
Secured, Considered Doubtful	-	-	-	-
Unsecured, Considered Good	-	-	-	12,202
Unsecured, Considered Doubtful	-	-	-	-
	-	-	-	<b>12,202</b>



**9. REVENUE FROM OPERATIONS**

PARTICULARS	Amount in ₹	
	FOR THE YEAR ENDED MARCH 31, 2015	FOR THE YEAR ENDED MARCH 31, 2014
Revenue		
Service Fees	-	-
<b>Revenue from Operations (Gross)</b>	-	-
Less: Taxes	-	-
<b>Revenue from Operations (Net)</b>	-	-

**10. OTHER INCOME**

PARTICULARS	Amount in ₹	
	FOR THE YEAR ENDED MARCH 31, 2015	FOR THE YEAR ENDED MARCH 31, 2014
1 Interest Income*	25,008	2,14,302
2 Miscellaneous Income	-	-
	<b>25,008</b>	<b>2,14,302</b>

\* Interest Income includes interest on fixed deposits of earlier year of ₹22,258 (Previous Year ₹Nil)

**11. EMPLOYEE BENEFITS EXPENSE**

PARTICULARS	Amount in ₹	
	FOR THE YEAR ENDED MARCH 31, 2015	FOR THE YEAR ENDED MARCH 31, 2014
1 Deputation Charges	4,79,265	19,49,803
2 Staff Welfare Expenses	-	6,862
	<b>4,79,265</b>	<b>19,56,665</b>

**12. OTHER EXPENSES**

PARTICULARS	Amount in ₹	
	FOR THE YEAR ENDED MARCH 31, 2015	FOR THE YEAR ENDED MARCH 31, 2014
1 Rates & Taxes	7,355	10,324
2 Professional Charges	5,500	6,179
3 Remuneration to Auditors		
(a) Statutory Audit	25,000	25,000
4 Other Expenses	1,200	-
	<b>39,055</b>	<b>41,503</b>

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

#### 14. 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, 2015	For the Year ended March 31, 2014
<b>In the Nature of Reimbursement</b>		
- Deputation Charges	4,79,265	19,49,803
- Rates and Taxes	1,320	-
- Professional Charges	4,000	-
- Other Expenses	-	-
<b>Balance Outstanding Payable</b>	<b>13,85,573</b>	<b>8,44,808</b>

#### 15. EARNINGS PER SHARE (EPS)

Computation of Basic and Diluted Earnings per Share

Description	Amount in ₹	
	For the Year ended March 31, 2015	For the Year ended March 31, 2014
I. Net Profit / (Loss)	(4,93,312)	(17,83,866)
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	(0.97)	(3.49)

#### 16. 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)

**17. 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:

Sl. No.	Description	Amount in ₹	
		For the Year ended March 31, 2015	For the Year ended March 31, 2014
(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.

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

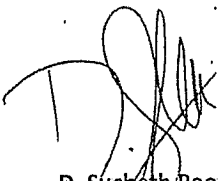
**19. Previous year figures have been regrouped / re-classified wherever necessary.**

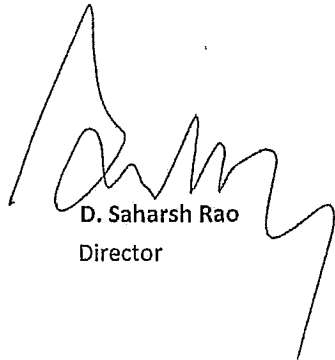
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**CH ANAND**  
 Partner  
 Membership No.: 222732

Place: Hyderabad  
 Date: May 7, 2015

For and on behalf of the Board

  
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