

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHEMSYNTH LABORATORIES PRIVATE LIMITED**

1. Report on the Financial Statements

We have audited the attached financial statements of **M/s. Chemsynth Laboratories Private Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2016 and the Statement of Profit and Loss for the then year ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls systems over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016; and
- b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As require by the Companies (Auditor's Report) Order 2015 ("the order"), issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent possible.

As required by Section 143 (3) of the Act, 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 appears from our examination of those books.
- c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :
- i. The Company has no pending litigations affecting its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Chennai

Date : April 29, 2016

For R. SUNDARARAMAN & CO.,
Chartered Accountants
(Registration No : 004219S)



S. SRIRAM
Partner

Membership No : 202813



ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements"
Section of our report of even date)**

- 1) In respect of fixed assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- 2) In our opinion and according to the information and explanations given to us, the Company does not hold any stock of inventory and therefore the provisions of this clause of the Companies (Auditors Report) Order 2015 is not applicable.
- 3) The Company has not granted loans, both secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weaknesses have been observed in the internal controls.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.
- 6) We were informed that the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013, in respect of the activities carried on by the Company.



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- 7) In respect of statutory dues.
- a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty, cess, service tax and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, custom duty, excise duty, service tax and cess were in arrears, as at 31st March, 2016 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no amounts payable in respect of income tax, sales tax, custom duty, excise duty, service tax and cess, which have not been deposited on account of any dispute.
 - d) According to the information and explanations given to us, there are no amounts required to be transferred to Investor Education and Protection Fund.
- 8) The Company has accumulated losses as at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- 9) According to the information and explanations given and the records examined by us, the Company does not have any borrowings from banks, financial institutions, banks or debenture holders.
- 10) In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks and Financial Institutions.
- 11) As per the records of the Company and information and explanations given to us, the Company has not taken any term loans.
- 12) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit that causes the financial statements to be materially misstated.

Place : Chennai

Date : April 29, 2016

**For R. SUNDARARAMAN & CO.,
Chartered Accountants
(Firm Registration No : 004219S)**



**S. SRIRAM
Partner
M. No : 202813**

M/s. CHEMSYNTH LABORATORIES PRIVATE LIMITED.,

Balance sheet as at 31st March, 2016

PARTICULARS	Note No.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	68,627,450	68,627,450
Reserves and surplus	3	-10,934,198	-2,844,459
		57,693,252	65,782,991
Non-Current Liabilities			
Other non-current liabilities	4	23,039,051	22,536,886
Current Liabilities			
Trade payables	5	7,500	-
Other current liabilities	6	40,976	23,612
Short-term provisions	7	-	-
		48,476	23,612
TOTAL		80,780,778	88,343,489
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets			
Capital Work in Progress	8	65,982,084	65,982,084
Deferred tax asset (net)		11,760,083	11,760,083
		649,138	561,636
Long-term loans and advances	9	-	7,361,626
Other non-current assets	10	1,064,884	1,597,325
		79,456,189	87,262,754
Current assets			
Trade receivables	11	665,581	665,581
Cash and bank balances	12	27,054	148,371
Short-term loans and advances	13	631,954	266,782
		1,324,589	1,080,734
TOTAL		80,780,778	88,343,489
Significant Accounting policies	1		

As per our Report of even date attached

For and on behalf of the Board

For R. SUNDARARAMAN & CO
Chartered Accountants


S. SRIRAM
Partner
M. No. 202813




(Anil Kumar)
Director



(Sunil Kumar)
Director

Place: Chennai
Date: 29/4/2016

M/s. CHEMSYNTH LABORATORIES PRIVATE LIMITED.,
Statement of profit and loss for the year ended 31st March, 2016

(In Rs.)

PARTICULARS	Note No.	Year Ended 31st March 2016	Year Ended 31st March 2015
REVENUE			
Revenue from operations	14	-	-
Other income	15	-	11,241
Total Revenue		-	11,241
EXPENSES			
Cost of materials consumed	16	-	-
Employee Benefits expenses	17	90,000	55,162
Finance costs	18	-	67,491
Depreciation		-	-
Other expenses	19	8,087,241	1,778,418
Total Expenses		8,177,241	1,901,071
Profit/(loss) before tax		-8,177,241	-1,889,830
Tax expense			
Current tax		-	-
Deferred tax liability / (asset)		-87,501	-249,221
Total tax expenses		-87,501	-249,221
Profit/(Loss) for the year		-8,089,740	-1,640,609
Earnings per equity share - Basic (Rs.)		-1.18	-0.24
Earnings per equity share - Diluted (Rs.)		-1.18	-0.24
Weighted average number of equity shares		6,862,745	6,862,745
Significant Accounting policies	1		

As per our Report of even date attached
For R. SUNDARARAMAN & CO
Chartered Accountants

For and on behalf of the Board


S. SRIRAM
Partner
M. No. 202813




(Anil Kumar)
Director


(Sunil Kumar)
Director

Place: Chennai
Date: 29/4/2016

(in rupees)

Note No.	Particulars	As at 31st March,2016	As at 31st March,2015
2	SHARE CAPITAL :		
	Authorised : 70,00,000 Equity shares of Rs. 10/- each	70,000,000	70,000,000
	Issued : 68,62,745 Equity shares of Rs. 10/- each	68,627,450	68,627,450
	Subscribed and paid up : 68,62,745 Equity shares of Rs. 10/- each	68,627,450	68,627,450
	Total	68,627,450	68,627,450

Reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	6,862,745	68,627,450	6,862,745	68,627,450
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	6,862,745	68,627,450	6,862,745	68,627,450

The details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of shares held	% of holding	No. of shares held	% of holding
Mr. Mohan Reddy Enaganuri	966250	14.08%	966250	14.08%
Mr. Vijender Medamoni	1567500	22.84%	1567500	22.84%
Mr. Pullinti Giridhara Gopal	966250	14.08%	966250	14.08%
Shasun Pharmaceuticals Ltd	3362745	49.00%	3362745	49.00%
Total	6862745	100.00%	6862745	100.00%

Note No.	Particulars	As at 31 st March,2016	As at 31 st March,2015
3	RESERVES AND SURPLUS :		
	Balance in Statement of Profit & Loss :		
	Balance as per last financial statements	(2,844,459)	(1,203,850)
	Add : Profit/(loss) as per Statement of Profit and loss	(8,089,740)	(1,640,609)
		(10,934,198)	(2,844,459)



M/s. CHEMSYNTH LABORATORIES PRIVATE LIMITED.,
Notes to Financial Statements for the year ended 31.03.2016

(in rupees)

Note No.	Particulars	As at 31st March,2016	As at 31st March,2015
4	OTHER NON-CURRENT LIABILITIES:		
	Creditors for Capital goods	23,039,051	22,536,886
		23,039,051	22,536,886
5	TRADE PAYABLES :		
	Dues of enterprises other than Micro and Small enterprises	7,500	-
		7,500	-
6	OTHER CURRENT LIABILITIES :		
	Other payables	40,976	23,612
		40,976	23,612
7	SHORT-TERM PROVISIONS :		
	Provision for taxation	-	-
		-	-



M/s. CHEMSYNTH LABORATORIES PRIVATE LIMITED.,
Notes to Financial Statements for the year ended 31.03.2016

8. FIXED ASSETS:

(in rupees)

Particulars	Rate	Gross Block				Depreciation			Net Block	
		As at 01.04.15	Additions during the year	Deletions during the year	As at 31.03.16	As at 01.04.15	For the year	Deletions	As at 31.03.16	As at 31.03.15
Tangible assets										
Land & Development	0.00%	65,982,084	-	-	65,982,084	-	-	-	65,982,084	65,982,084
Total		65,982,084	-	-	65,982,084	-	-	-	65,982,084	65,982,084
Previous year total		62,247,924	3,734,160	-	65,982,084	-	-	-	65,982,084	62,247,924



M/s. CHEMSYNTH LABORATORIES PRIVATE LIMITED.,
Notes to Financial Statements for the year ended 31.03.2016

(in rupees)

Note No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
9	LONG-TERM LOANS AND ADVANCES :		
	Capital Advance	7,361,626	7,361,626
	Less: Provision for doubtful advances	-	-
		-	7,361,626
10	OTHER NON-CURRENT ASSETS :		
	Miscellaneous Expenses not written off	1,064,884	1,597,325
		1,064,884	1,597,325
11	TRADE RECEIVABLES :		
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months form the date they became due for payment	665,581	665,581
	Others	-	-
		665,581	665,581
12	CASH AND BANK BALANCES :		
	Cash and cash equivalents :		
	Cash on hand	3,733	3,733
	Balances with banks :		
	In current accounts	23,321	144,638
		27,054	148,371
13	SHORT-TERM LOANS AND ADVANCES :		
	(Unsecured, considered good)		
	Loans and advances	431,873	66,701
	Rent deposit	25,000	25,000
	Advance Tax / TDS	149,998	149,998
	MAT Credit entitlement	25,083	25,083
		631,954	266,782



M/s. CHEMSYNTH LABORATORIES PRIVATE LIMITED.,
Notes to Financial Statements for the year ended 31.03.2016

(in Rupees)

Note No.	Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
14	REVENUE FROM OPERATIONS		
	Sale of products		-
	Less : Excise duty	-	-
		-	-
15	OTHER INCOME		
	Interest income	-	11,241
	Consultancy service Income	-	-
	Unclaimed Liabilities written back	-	-
		-	11,241
16	COST OF MATERIALS CONSUMED		
	Opening inventory	-	-
	Add : Purchases during the year	-	-
		-	-
	Less : Closing inventory	-	-
		-	-
17	EMPLOYEE BENEFIT EXPENSES		
	Salaries, wages and other allowances	90,000	55,162
	Directors Remuneration	-	-
		90,000	55,162
18	FINANCE COSTS		
	Interest - Others	-	67,491
	Bank charges	-	-
		-	67,491
19	OTHER EXPENSES		
	Travelling expenses	54,248	79,769
	Miscellaneous expenses	-	4,000
	Office expenses	50,407	18,059
	Auditors remuneration	39,836	28,090
	Professional fees	-	595,509
	Rates, Fees and Taxes	33,400	483,360
	Filing Fees	15,283	37,190
	Provision for doubtful advances	7,361,626	-
	Pre-operative Expenses written off	532,441	532,441
		8,087,241	1,778,418



M/s. CHEMSYNTH LABORATORIES PRIVATE LIMITED.,
Notes to Financial Statements for the year ended 31st March, 2016

STATEMENT OF DEFERRED TAXES

Particulars		Amount
Deferred tax Liability		
	Net block of Fixed assets as per companies act	-
	WDV of Fixed Assets as per Income tax act	-
A		-
Deferred tax asset		
	Business Losses AY 2012-13	616,067
	Business Losses AY 2014-15	394,989
	Business Losses AY 2015-16	806,538
	Business Losses AY 2016-17	283,174
		2,100,768
B		649,137
	Balance as on 31.03.2016 (DTA)	649,137
B-A	Balance as on 01.04.2015 (DTA)	561,636
	Net deferred tax asset debited to statement of profit and loss	87,501
	Already recognised	73,663
	To be recognised	13,838



M/s. Chemsynth Laboratories Private Limited
Notes to Financial Statements for the year ended 31.03.2016

1. Significant accounting policies:

a. Method of Accounting:

The financial statements are prepared under the historical cost convention, on accrual basis, in conformity in all material aspects with the generally accepted accounting principles and in compliance with the accounting standards specified in Section in 211 (3c) of Companies Act, 1956.

The company generally follows mercantile system of accounting and recognizes significant of income and expenditure on accrual basis.

b. Use of Accounting Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires the company to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses during the period of account. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c. Fixed Assets:

Fixed assets are stated at cost, less accumulated depreciation and amortization. Direct costs inclusive of inward freight, duties and taxes and incidental expenses including interest relating to acquisition and cost of improvements thereon are capitalized until fixed assets are ready for use.

d. Revenue recognition:

Revenue from sale of goods is recognised when significant risks and rewards in respects of ownership of products are transferred to customers. Revenue is recognized on dispatch of products to the customers from factory premises or go downs. Revenue from sales is treated exclusive of returns and trade discounts.

e. Research and development:

Research and development costs are charged as an expense in the year in which they are incurred.



f. **Employee benefits:**

Defined Contribution Plan:

The number of employees employed by the company is less than statutory minimum; the company has not contributed any amounts towards provident fund.

Defined Benefit Plan:

No Gratuity was provided as none of the employees are eligible for gratuity as on the date of Balance sheet.

Other benefits:

Other long term benefits are recognized on actual payment.

g. **Taxes on Income:**

Deferred tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods.

h. **Miscellaneous Expenditure:**

Miscellaneous expenditure comprising pre-operative expenses are written off over a period of 5 years.

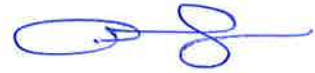


S. SRIRAM
Partner
M.No: 202813



Place: Chennai

Date: 29/4/2016



(Anil Kumar)
Director



(Sunil Kumar)
Director