

**SHASUN USA, INC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2016 AND 2015**

**SUBMITTED BY**  
**RAVI VENKATARAMAN, CPA LLC**

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**SHASUN USA, INC**

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Board of Directors  
Shasun USA, Inc  
East Brunswick, New Jersey

**INDEPENDENT AUDITOR'S REPORT**

**Report on the Financial Statements:**

We have audited the accompanying Balance Sheet of Shasun USA, Inc. as of March 31, 2016 and 2015 and the related statements of income and retained earnings and statement of cash flows for the years then ended.

**Management's Responsibility for the Financial Statements.**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

**Opinion:**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shasun USA, Inc as of March 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*R. Venkataraman*

Ravi Venkataraman, CPA

Princeton, NJ

April 26, 2016

**SHASUN USA, INC  
BALANCE SHEET**

<u>ASSETS</u>	<u>MARCH 31, 2016</u>	<u>MARCH 31, 2015</u>
<b><u>Current Assets:</u></b>		
Cash	\$34,718	\$44,047
Accounts Receivable- Trade	1,658,511	776,549
Other Receivable	-	-
Inventory (Net of Provision for obsolence)	161,341	-
Prepaid Expenses	1,987	1,207
<b>Total Current Assets</b>	<b>1,856,557</b>	<b>821,803</b>
<b><u>Property and Equipment, (Net of Accumulated</u></b>		
Depreciation of \$ 128,998 and \$ 127,440 respectively)	2,081	3,639
<b><u>Other Assets:</u></b>		
Deposits	58,124	10,165
Other Advances	2,500	2,500
<b>Total Other Assets</b>	<b>60,624</b>	<b>12,665</b>
<b>TOTAL ASSETS</b>	<b>1,919,262</b>	<b>838,107</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts Payable-Trade	1,045,842	221,543
Accrued expenses	662,892	529,620
Corporate Tax Payable	23,997	23,997
Loan- SVADS	3,482,040	3,482,040
Loan SPS Inc.	40,000	40,000
Other Current Liabilities	14,000	7,000
<b>Total Current Liabilities</b>	<b>5,268,771</b>	<b>4,304,200</b>
<b><u>Stockholders' Equity:</u></b>		
Common Stock	15,000	15,000
Retained Earnings	(3,364,509)	(3,481,093)
Dividend Payable	-	-
<b>Total Stockholders' Equity</b>	<b>(3,349,509)</b>	<b>(3,466,093)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$1,919,262</b>	<b>\$838,107</b>

*See Independent Auditor's Report and Notes to the Financial Statements*

**SHASUN USA, INC**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED**

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Sales	\$898,432	\$240,000
Commission	687,319	1,290,303
Other income	1,323	1,701
Cost of Goods Sold	<u>(855,220)</u>	<u>(222,400)</u>
Exchange gain	680	-
Gross Profit	<u>732,534</u>	<u>1,309,604</u>
General, Sales, and Administrative Expenses (Note 9)	614,393	1,214,118
Depreciation & Amortization	1,557	1,421
Foreign exchange loss	-	6,125
Total Operating Expense	<u>615,950</u>	<u>1,221,664</u>
Income/(Loss) from operations	116,584	87,940
Miscellaneous Income	-	-
Inventory write-Off (Obsolete item)	-	-
Total Profit Before Income Taxes	<u>116,584</u>	<u>87,940</u>
Provision For Income Taxes:		
Current	-	3,000
Deferred	-	-
Total Provision for Income Taxes	<u>-</u>	<u>3,000</u>
Net Profit/(Loss)	<u>116,584</u>	<u>84,940</u>
Retained Earnings - Beginning	(3,481,093)	(3,566,033)
Retained Earnings - Ending	<u><u>(\$3,364,509)</u></u>	<u><u>(\$3,481,093)</u></u>

*See Independent Auditor's Report and Notes to the Financial Statements*

**SHASUN USA INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED**

	<u>MARCH 31, 2016</u>	<u>MARCH 31, 2015</u>
<b><u>Cash Flow from Operating activities:</u></b>		
Net Income/(Loss) for the period	\$116,584	\$84,940
Add: Depreciation	1,557	1,421
Changes in assets and liabilities:		
Accounts Receivable	(881,962)	(67,896)
Other Receivable	-	-
Other Advances	-	4,849
Inventory	(161,341)	111,200
Deposits	(47,959)	-
Prepaid Expenses	(780)	(1,207)
Accounts Payable	824,299	(309,907)
Accrued Expenses	133,272	142,339
Corporate Tax Payable	-	999
Other Current Liabilities	7,000	(2,881)
Net increase(decrease) in cash from Operating activities	(9,330)	(36,143)
<b><u>Cash Flow from Investing activities:</u></b>		
Purchase of Fixed Assets	-	(3,374)
Net decrease in cash from Investing activities	-	(3,374)
<b><u>Cash Flow from Financing Activities :</u></b>		
Loan-SVADS	-	-
Dividend Paid	-	-
Net increase in cash from Financing activities	-	-
Net increase in cash	(9,330)	(39,517)
Prior Period Adjustments	-	-
Cash - Beginning	44,047	83,564
<b>Cash - Ending</b>	<b>34,718</b>	<b>44,047</b>
Supplementary information:		
Income taxes paid	-	3,000
Interest paid	\$ 133,270	\$ 142,339

*See Independent Auditor's Report and Notes to the Financial Statements*



**SHASUN USA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31,2016 and 2015**

**Note 1 - Summary of Significant Accounting Policies:**

**A. General**

Shasun USA Inc was incorporated in 1997 as a wholly owned subsidiary of Strides Shasun Limited (SSL) with a paid-up capital of \$ 15,000.00. The subsidiary is a trading outfit of SSL. The main business of the Company is to stock and sell finished products of SSL and also do marketing for SPL's existing as well as new products. It also assists SSL in procurement of reference standards and other regulatory related activities with the end customers.

**B. Inventory**

Inventory is carried at lower of cost or market value.

**C. Property and Equipment / Depreciation**

Property and equipment are stated at cost. Depreciation is provided on the straight line method over the estimated useful lives of the respective assets.

**Note 2 – Revenue Recognition:**

Revenue is recognised only when it is probable that any future economic benefit associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability. Shasun USA Inc earns its revenue from sale of products and also as commission by marketing products of Strides Shasun Limited (SSL). Revenue from sale of pharmaceutical products is recognised when all significant risks and rewards have been transferred to the buyer. During the year \$ 898,432 has been recognised as revenue from sale of pharmaceutical products. Selling Commission has been recognised as revenue @ 5% on FOB sales value on sales made by Strides Shasun Limited to Amneal Pharmaceuticals of NY LLC. During the FY 2015-16, selling commission of \$ 687,319 has been recognised.

**Note 3 - Loan from SVADS Holding SA**

On August 14th 2011, Shasun USA Inc. entered into a loan agreement with SVADS Holdings, SA. The maximum loan available is \$6,000,000. The interest rate on the loan is 5.75%. The loan has to be repaid upon written demand from SVADS.or upon termination of the agreement. As of March 31, 2016, the outstanding loan balance is \$3,482,040.

***See Independent Auditor's Report***



**SHASUN USA INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**Note 4 - Property and Equipment:**

Property and Equipment at March 31, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Office Equipment	\$ 11,599	\$11,599
Computers	48,728	48,728
Furnitures	25,436	25,436
Other Assets	36,082	36,082
Telephone	<u>9,234</u>	<u>9,234</u>
Total Assets	131,079	131,079
Less: Accumulated Depreciation	<u>128,998</u>	<u>(127,440)</u>
Net Assets	<u>\$2,081</u>	<u>\$ 3,639</u>

The depreciation expense for the years ended March 31, 2016 and 2015 is \$ 1,557 and \$1,421 respectively.

The depreciation rates used for Property and Equipment are as follows:

Office Equipments	13.91%
Computers	40%
Furniture	18.10%
Other Assets	20%
Telephone	13.91%

**Note 5 – Security Deposits:**

The amount represents utility and rent deposits for New Jersey office. Located at 2, Tower Centre Blvd., East Brunswick, NJ 08816.

**Note 6 – Related Party transactions**

Shasun USA Inc is a 100% subsidiary of Strides Shasun Limited (SSL). During the year, the total purchases from the Parent Company is \$ 1,016,561. Shasun USA Inc. secured a loan of \$3,482,040 from SVADS Holding SA which is a 100 % subsidiary of SSL.

*See Independent Auditor's Report*

**SHASUN USA INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015**

**Note 7 – Cost of Goods Sold**

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Beginning Inventory	\$ 0	\$ 0
Purchases (Less Returns)	1,016,561	222,400
Inventory write off		
Other direct costs :		
Customs Duty,		
Freight & Storage charges	<u>0</u>	<u>0</u>
Total Cost of Goods available for sale	1,016,561	222,400
Less : Ending Inventory	<u>(161,341)</u>	<u>(0)</u>
 Total Cost of Goods sold	 \$ <u>855,220</u>	 \$ <u>222,400</u>

**Note 8 – Commitments**

The Corporation entered into a lease agreement on October 16, 2009 for the property at 197 Route 18, East Brunswick, NJ 08816. The lease is renewable annually. The current lease expired on October 31, 2015. The rent is \$ 3,765.00 per month for the term of the lease. Rent includes base rent of \$ 3,388.50 plus all additional charges. The rent expense for the years ended March 31, 2016 and 2015 were \$ 33,737 and \$50,791 respectively. On October 31, 2015, the Corporation moved to a new location at 2, Tower Centre Blvd, East Brunswick, NJ 08816.

**Note 9 – Subsequent Event**

Management has evaluated subsequent events through April 26, 2016, the date the financial statements were available to be issued.

*See Independent Auditor's Report*

**SHASUN USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR YEARS ENDED**

**Notes 10- Selling, General and Administrative expenses**

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Audit Fees	\$7,000	\$7,000
Automobile Expenses	29	1,894
Bank Service & Other Charges	12,227	12,349
Business Promotion	11,456	70,137
Communication Expenses	18,253	26,978
Corporate State Taxes	6,907	622
Salaries	184,603	632,576
Payroll Taxes	13,415	46,753
Conference	-	824
Postage & Delivery	9,070	6,626
Insurance	-	-
Rent	33,737	50,971
Repairs	1,203	1,027
Professional fees	25,988	32,997
Medical Insurance	41,067	36,180
Office Supplies	8,040	3,459
Travel and Entertainment	72,068	99,941
Bad Debts	-	2,057
Interest Expenses	133,270	142,339
Laboratory Analysis charges	-	11,950
Other expenses	36,060	27,438
	<u><u>\$614,393</u></u>	<u><u>\$1,214,118</u></u>

*See Independent Auditor's Report*