

SHASUN USA, INC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

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, 2017 and 2016 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, 2017 and 2016 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
May 17, 2017

SHASUN USA, INC
BALANCE SHEET

<u>ASSETS</u>	<u>MARCH 31, 2017</u>	<u>MARCH 31, 2016</u>
<u>Current Assets:</u>		
Cash	\$918	\$34,718
Accounts Receivable- Trade	1,222,432	1,658,511
Other Receivable	-	-
Inventory (Net of Provision for obsolence)	-	161,341
Prepaid Expenses	-	1,987
Total Current Assets	1,223,350	1,856,557
<u>Property and Equipment, (Net of Accumulated</u>		
Depreciation of \$ 128,998 and \$ 127,440 respectively)	1,249	2,081
<u>Other Assets:</u>		
Deposits	58,124	58,124
Other Advances	2,500	2,500
Total Other Assets	60,624	60,624
TOTAL ASSETS	1,285,223	1,919,262
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<u>Current Liabilities:</u>		
Accounts Payable-Trade	860,205	1,045,842
Accrued expenses	-	662,892
Corporate Tax Payable	23,996	23,997
Loan- SVADS	3,482,040	3,482,040
Loan SPS Inc.	-	40,000
Other Current Liabilities	7,750	14,000
Total Current Liabilities	4,373,991	5,268,771
<u>Stockholders' Equity:</u>		
Common Stock	15,000	15,000
Retained Earnings	(3,103,768)	(3,364,509)
Dividend Payable	-	-
Total Stockholders' Equity	(3,088,768)	(3,349,509)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,285,223	\$1,919,262

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, 2017</u>	<u>March 31, 2016</u>
Sales	\$161,341	\$898,432
Commission	578,673	687,319
Other income	40,343	1,323
Cost of Goods Sold	<u>(161,341)</u>	<u>(855,220)</u>
Exchange gain	-	680
Gross Profit	<u>619,016</u>	<u>732,534</u>
General, Sales, and Administrative Expenses (Note 9)	357,446	614,393
Depreciation & Amortization	832	1,557
Foreign exchange loss	-	-
Total Operating Expense	<u>358,278</u>	<u>615,950</u>
Income/(Loss) from operations	260,738	116,584
Miscellaneous Income	-	-
Inventory write-Off (Obsolete item)	-	-
Total Profit Before Income Taxes	<u>260,738</u>	<u>116,584</u>
Provision For Income Taxes:		
Current	-	-
Deferred	-	-
Total Provision for Income Taxes	<u>-</u>	<u>-</u>
Net Profit/(Loss)	<u>260,738</u>	<u>116,584</u>
Retained Earnings - Beginning	(\$3,364,509)	(3,481,093)
Prior Year Adjustment	3	-
Retained Earnings - Ending	<u><u>(\$3,103,768)</u></u>	<u><u>(\$3,364,509)</u></u>

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

SHASUN USA INC
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED

	MARCH 31, 2017	MARCH 31, 2016
<u>Cash Flow from Operating activities:</u>		
Net Income/(Loss) for the period	\$260,738	\$116,584
Add: Depreciation	832	1,557
Prior year adjustment	3	-
Changes in assets and liabilities:		
Accounts Receivable	436,079	(881,962)
Other Receivable	-	-
Other Advances	-	-
Inventory	161,341	(161,341)
Deposits	-	(47,959)
Prepaid Expenses	1,987	(780)
Accounts Payable	(185,637)	824,299
Accrued Expenses	(662,892)	133,272
Corporate Tax Payable	(1)	-
Other Current Liabilities	(46,250)	7,000
Net increase(decrease) in cash from Operating activities	(33,800)	(9,330)
<u>Cash Flow from Investing activities:</u>		
Purchase of Fixed Assets	-	-
Net decrease in cash from Investing activities	-	-
<u>Cash Flow from Financing Activities :</u>		
Loan-SVADS	-	-
Dividend Paid	-	-
Net increase in cash from Financing activities	-	-
Net increase in cash	(33,800)	(9,330)
Prior Period Adjustments	-	-
Cash - Beginning	34,718	44,047
Cash - Ending	919	34,718
Supplementary information:		
Income taxes paid	-	-
Interest paid	\$ 130,480	\$ 133,270

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SHASUN USA INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31,2017 and 2016

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 \$ 161,341 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 2016-17, selling commission of \$ 578,673 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, 2017, the outstanding loan balance is \$3,482,040.

See Independent Auditor's Report

SHASUN USA INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

Note 4 - Property and Equipment:

Property and Equipment at March 31, 2017 and 2016 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>(128,998)</u>
Net Assets	<u>\$1,249</u>	<u>\$ 2,081</u>

The depreciation expense for the years ended March 31, 2017 and 2016 is \$ 832 and \$1,557 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 commission accrued from the Parent Company is \$ 5,78,673. 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, 2017 AND 2016**

Note 7 – Cost of Goods Sold

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Beginning Inventory	\$ 161,341	\$ 0
Purchases (Less Returns)	0	1,016,561
Inventory write off		
Other direct costs :		
Customs Duty,		
Freight & Storage charges	<u>0</u>	<u>0</u>
Total Cost of Goods available for sale	0	1,016,561
Less : Ending Inventory	<u>0</u>	<u>(161,341)</u>
Total Cost of Goods sold	\$ <u>161,341</u>	\$ <u>855,220</u>

Note 8 – Subsequent Event

Management has evaluated subsequent events through May 17, 2017, 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, 2017</u>	<u>March 31, 2016</u>
Audit Fees	\$13,600	\$7,000
Automobile Expenses	-	29
Bank Service & Other Charges	120	12,227
Business Promotion	-	11,456
Communication Expenses	3,007	18,253
Corporate State Taxes	3,145	6,907
Salaries	2,808	184,603
Payroll Taxes	-	13,415
Conference	-	-
Postage & Delivery	206	9,070
Insurance	-	-
Rent	-	33,737
Repairs	(31)	1,203
Professional fees	18,580	25,988
Medical Insurance	-	41,067
Office Supplies	1,663	8,040
Travel and Entertainment	7,316	72,068
Bad Debts	38	-
Interest Expenses	130,480	133,270
Laboratory Analysis charges	-	-
Other expenses	176,514	36,060
	<u><u>\$357,446</u></u>	<u><u>\$614,393</u></u>

See Independent Auditor's Report