

INDEPENDENT AUDITORS' REPORT ON FINANCIALS STATEMENTS

To

The Board of Directors

M/s.LAURUS SYNTHESIS INC

We have audited the accompanying Financial Statements of **LAURUS SYNTHESIS INC**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement of the company for the period ended, reported in US Dollars Currency and a summary of significant accounting policies and other explanatory information. The objective of audit is to determine whether these Financials Statement have been prepared in conformity with Generally Accepted Accounting Principles.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that are reported in US Dollars Currency. This responsibility includes the design, implementation, maintenance of internal control's relevant to the financial statements that are free from material misstatement, whether due to fraud or error and prepared in accordance "Generally Accepted Accounting Principles".

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit.

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 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 circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements of **LAURUS SYNTHESIS INC** for the period ended March 31, 2016 are prepared, in all material respects, in accordance and in conformity with Generally Accepted Accounting Principles.

For **BASNETTY & JOSHI**
Firm Registration Number: 013299S
Chartered Accountants



Gourav Kumar Joshi
Partner
Place: Hyderabad
Date: April 21, 2016



Laurus Synthesis Inc

Balance Sheet as at March 31, 2016

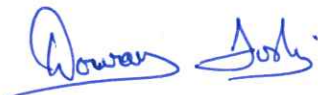
(All amounts in USD except for share data as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
EQUITY and LIABILITIES			
Shareholders' Funds			
Share Capital	2	3,000,000	1,900,000
Reserves and Surplus	3	(2,469,045)	(865,736)
		<u>530,955</u>	<u>1,034,264</u>
Current Liabilities			
Short Term Borrowings	4	1,990,000	-
Trade Payables	5	467,053	114,225
Other Current Liabilities	6	51,800	51,800
		<u>2,508,853</u>	<u>166,025</u>
TOTAL		<u><u>3,039,808</u></u>	<u><u>1,200,289</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	7	1,065,382	75,002
Capital Work in Progress		-	385,890
		<u>1,065,382</u>	<u>460,892</u>
Other Non Current Assets	8A	133,600	130,600
		<u>1,198,982</u>	<u>591,492</u>
Current Assets			
Trade Receivables	9	1,135,416	-
Cash and Bank Balances	10	574,940	507,331
Other Current Assets	8B	130,470	101,466
		<u>1,840,826</u>	<u>608,797</u>
TOTAL		<u><u>3,039,808</u></u>	<u><u>1,200,289</u></u>

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Bashetty & Joshi
Chartered Accountants
ICAI Firm Registration Number : 013299S



Gourav Kumar Joshi
Partner
Membership No : 225311



Place: Hyderabad
Date: April 21, 2016

For and on behalf of the Board of Directors
LAURUS SYNTHESIS INC



V V Ravi Kumar
Director



C. Chandrakanth
Director

Place: Hyderabad
Date: April 21, 2016



Laurus Synthesis Inc

Statement of Profit and Loss for the year ended March 31, 2016

(All amounts in USD except for share data as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
I. INCOME			
Revenue from Operations (Net)		3,335,320	-
Other Income			
Total Revenue (I)		3,335,320	-
II. EXPENSES			
Cost of Materials Consumed		576,050	
Other Manufacturing Expenses	11	244,604	
Employee Benefits Expenses	12	2,737,957	471,615
Operating and Selling Expenses	13	1,277,316	392,061
Total Expenses (II)		4,835,927	863,676
Earnings before Interest, Tax, Depreciation and Amortisation			
III. (EBITDA) (I-II)		(1,500,607)	(863,676)
Depreciation and Amortisation	7	93,597	2,043
Finance Costs	14	9,105	17
IV. Profit/(Loss) Before Tax		(1,603,309)	(865,736)
V. Tax Expense			
Current Tax		-	-
Deferred Tax		-	-
Total Tax Expense		-	-
VI. Profit/(Loss) for the period		(1,603,309)	(865,736)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Bashedty & Joshi

Chartered Accountants

ICAI Firm Registration Number : 013299S

Gourav Kumar Joshi

Partner

Membership No : 225311



For and on behalf of the Board of Directors

LAURUS SYNTHESIS INC

V V Ravi Kumar

Director

C. Chandrakanth

Director

Place: Hyderabad

Date: April 21, 2016

Place: Hyderabad

Date: April 21, 2016

Laurus Synthesis Inc

Cash Flow Statement for the year ended March 31, 2016

(All amounts in USD except for share data as otherwise stated)

Particulars	March 31, 2016	March 31, 2015
Cash Flow from/ (used in) Operating Activities		
Profit Before Tax	(1,603,309)	(865,736)
Adjustments for :		
Depreciation and Amortisation	93,597	2,043
Interest Expense	9,105	-
Operating Profit Before Working Capital Changes	(1,500,607)	(863,693)
Foreign currency translation adjustments		
Movement In Working Capital:		
Increase in Trade Receivables	(1,135,417)	-
Increase/ (Decrease) in Other Non Current Assets	(3,000)	(130,600)
Increase/ (Decrease) in Other Current Assets	(29,004)	(101,466)
Increase in Trade Payables	352,828	114,225
Increase in Other Current Liabilities	-	51,800
Cash Generated From Operations	(2,315,199)	(929,734)
Direct Taxes paid	-	-
Net Cash Flow from/ (used in) Operating Activities (A)	(2,315,199)	(929,734)
Cash Flow Used In Investing Activities		
Purchase of Tangible Assets, including intangible assets, capital work in progress and capital advances	(698,086)	(462,935)
Net Cash Flow Used In Investing Activities (B)	(698,086)	(462,935)
Cash Flow From Financing Activities		
Proceeds from Issue of Equity Shares	1,100,000	1,900,000
Proceeds from Short - Term Borrowings (Net)	1,990,000	-
Interest Paid	(9,105)	-
Net Cash Flow From Financing Activities (C)	3,080,895	1,900,000
Foreign Currency Translation Reserve (FCTNR) (D)		
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C+D)	67,609	507,331
Cash and Cash Equivalents at the beginning of the year	507,331	-
Effect of exchange differences on cash and cash equivalents		
Cash and Cash Equivalents at the end of the year	574,940	507,331
Notes:		
Components of Cash and Cash Equivalents:		
Balances with banks		
On current accounts	574,940	507,331
Total Cash and Cash Equivalents	574,940	507,331

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Bashetty & Joshi

Chartered Accountants

ICAI Firm Registration Number : 013299S



Gourav Kumar Joshi

Partner

Membership No : 225311



Place: Hyderabad

Date: April 21, 2016

For and on behalf of the Board of Directors

LAURUS SYNTHESIS INC



V V Ravi Kumar

Director



C. Chandrakanth

Director

Place: Hyderabad

Date: April 21, 2016

Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

(All amounts in USD except for share data as otherwise stated)

	March 31, 2016	March 31, 2015
2. Share Capital		
Authorised		
30,000 Equity shares of \$ 100 each	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>
Issued, Subscribed and Paid Up		
30,000 (March 15,2015 :19,000) Equity share of \$ 100 each fully paid up	3,000,000	1,900,000
Total	<u>3,000,000</u>	<u>1,900,000</u>
2.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Equity Shares of \$ 100 Each, Fully paid up	No of Shares	No of Shares
At the beginning of the period	19,000	-
Issued during the period	11,000	19,000
Outstanding at the end of the period	<u>30,000</u>	<u>19,000</u>
2.2 Details of Shareholders holding more than 5% shares of the Company:		
Equity Shares of \$ 100 each Held By	% Holding	% Holding
Laurus Labs Private Limited (Holding Company)	100	100
3. Reserves and Surplus		
Surplus/ (deficit) in the Statement of profit and loss		
Balance as per last financial statements	(865,736)	-
Add : Profit/(Loss) for the period	(1,603,309)	(865,736)
Net surplus in the Statement of profit and loss (A)	<u>(2,469,045)</u>	<u>(865,736)</u>

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Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

(All amounts in USD except for share data as otherwise stated)

	March 31, 2016	March 31, 2015
4. Short Term Borrowings		
Credit Facility from CITI Bank	1,990,000	-
	<u>1,990,000</u>	<u>-</u>
5. Trade Payables		
Trade Payables	467,053	114,225
Total	<u>467,053</u>	<u>114,225</u>
6. Other Current Liabilities		
Advances from customers	31,800	31,800
Advance from Holding Company	20,000	20,000
Total	<u>51,800</u>	<u>51,800</u>

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Laurus Synthesis Inc				
Notes to financial statements for the year ended March 31, 2016				
(All amounts in USD except for share data as otherwise stated)				
7. Fixed Assets				
	Tangible Assets			
Particulars	Plant & Machinery	Furniture and Fixtures	Computers	Total Tangible Assets
Gross Block				
Opening Balance				
Additions	-	39,363	37,682	77,045
Disposals/ Adjustments				-
As at March 31, 2015	-	39,363	37,682	77,045
Additions	1,002,290	30,723	50,963	1,083,976
Disposals/ Adjustments	-	-	-	-
As at March 31, 2016	1,002,290	70,086	88,645	1,161,021
Depreciation/Amortisation				
Opening Balance				
Charge for the year	-	842	1,201	2,043
Disposals/ Adjustments				-
As at March 31, 2015	-	842	1,201	2,043
Charge for the year	71,155	6,702	15,739	93,597
Disposals/ Adjustments	-	-	-	-
As at March 31, 2016	71,155	7,544	16,940	95,640
Net Block				
As at March 31, 2015	-	38,521	36,481	75,002
As at March 31, 2016	931,135	62,543	71,704	1,065,382

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Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

(All amounts in USD except for share data as otherwise stated)

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
8 Other Assets		
A) Other Non Current Assets		
Non Current Deposits	133,600	130,600
Total	<u>133,600</u>	<u>130,600</u>
B) Other Current Assets		
Prepaid Expenses	92,970	27,746
Other Advances	37,500	73,720
Total	<u>130,470</u>	<u>101,466</u>
9. Trade Receivables		
Outstanding for a period exceeding six months from the due date		
Usecured, Considered Good	1,135,416	-
	<u>1,135,416</u>	<u>-</u>
10. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks		
-On Current Accounts	574,940	507,331
Total	<u>574,940</u>	<u>507,331</u>

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Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

(All amounts in USD except for share data as otherwise stated)

	For the year ended March 31, 2016	For the year ended March 31, 2015
11. Other Manufacturing Expenses		
Effluent treatment expenses	19,944	-
Power and Fuel	148,509	-
Repairs & maintenance		
Plant and machinery	47,207	-
Others	28,945	-
Total	244,604	-
12. Employee Benefits Expenses		
Salaries, allowances and benefits to employees	2,720,901	462,743
Staff welfare expenses	17,056	8,871
Total	2,737,957	471,615
13. Operating and Selling Expenses		
Rent	324,086	47,817
Office maintenance	26,639	70,174
Insurance	6,629	940
Consultancy and other professional charges	307,839	16,524
Membership and subscription	46,480	2,688
Recruitment and training	91,250	51,250
Travelling and conveyance	308,162	145,390
Communication expenses	23,584	6,506
Business Promotion & Advertisement	142,646	50,773
Total	1,277,316	392,061
14. Finance Costs		
Interest		
- on working capital loans	8,492	-
Bank charges	613	17
Total	9,105	17

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INDEPENDENT AUDITORS' REPORT ON FINANCIALS STATEMENTS

To

The Board of Directors

M/s.LAURUS SYNTHESIS INC

We have audited the accompanying Financial Statements of **LAURUS SYNTHESIS INC**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information. The objective of audit is to determine whether these Financial Statements have been prepared in conformity with Generally Accepted Accounting Principles in India ("Indian GAAP").

Management's Responsibility for the Financial Statements

Management is responsible for 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 "Generally Accepted Accounting Principles in India (Indian GAAP)". This responsibility includes the design, implementation and maintenance of internal control's relevant to the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.



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 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 circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

For BASHETTY & JOSHI

Firm Registration Number: 013299S

Chartered Accountants



Gourav Kumar Joshi

Partner

Place: Hyderabad

Date: April 21, 2016



Laurus Synthesis Inc

Balance Sheet as at March 31, 2016


(All amounts in Rupees except for share data as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
EQUITY and LIABILITIES			
Shareholders' Funds			
Share Capital	2	189,259,750	119,133,000
Reserves and Surplus	3	(154,039,969)	(54,397,551)
		<u>35,219,781</u>	<u>64,735,449</u>
Current Liabilities			
Short Term Borrowings	4	132,002,471	-
Trade Payables	5	30,981,005	7,149,467
Other Current Liabilities	6	3,436,044	3,242,203
		<u>166,419,520</u>	<u>10,391,670</u>
TOTAL		<u><u>201,639,301</u></u>	<u><u>75,127,119</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	7	70,669,851	4,694,448
Capital Work in Progress		-	24,153,155
		<u>70,669,851</u>	<u>28,847,603</u>
Other Non Current Assets	8A	8,862,089	8,174,358
		<u>79,531,940</u>	<u>37,021,961</u>
Current Assets			
Trade Receivables	9	75,315,436	-
Cash and Bank Balances	10	38,137,459	31,754,257
Other Current Assets	8B	8,654,466	6,350,901
		<u>122,107,361</u>	<u>38,105,158</u>
TOTAL		<u><u>201,639,301</u></u>	<u><u>75,127,119</u></u>
<hr/>			
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date


For **Bashetty & Joshi**
Chartered Accountants
ICAI Firm Registration Number : 013299S



Gourav Kumar Joshi
Partner
Membership No : 225311



Place: Hyderabad
Date: April 21, 2016

For and on behalf of the Board of Directors
LAURUS SYNTHESIS INC


V V Ravi Kumar
Director


C. Chandrakanth
Director

Place: Hyderabad
Date: April 21, 2016



Laurus Synthesis Inc

Statement of Profit and Loss for the year ended March 31, 2016

(All amounts in Rupees except for share data as otherwise stated)

	Notes	March 31, 2016	March 31, 2015
I. INCOME			
Revenue from Operations (Net)		217,874,093	-
Other Income		-	-
Total Revenue (I)		217,874,093	-
II. EXPENSES			
Cost of Materials Consumed		37,629,498	-
Other Manufacturing Expenses	11	15,978,354	-
Employee Benefits Expenses	12	178,852,408	29,525,157
Operating and Selling Expenses	13	83,438,476	24,544,742
Total Expenses (II)		315,898,736	54,069,899
Earnings before Interest, Tax, Depreciation and Amortisation			
III. (EBITDA) (I-II)		(98,024,643)	(54,069,899)
Depreciation and Amortisation	7	6,114,056	127,897
Finance Costs	14	594,780	1,049
IV. Profit/(Loss) Before Tax		(104,733,478)	(54,198,845)
V. Tax Expense			
Current Tax		-	-
Deferred Tax		-	-
Total Tax Expense		-	-
VI. Profit/(Loss) for the period		(104,733,478)	(54,198,845)

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Bashetty & Joshi

Chartered Accountants

ICAI Firm Registration Number : 013299S

Gourav Kumar Joshi

Partner

Membership No : 225311



For and on behalf of the Board of Directors

LAURUS SYNTHESIS INC

V V Ravi Kumar

Director

C. Chandrakanth

Director

Place: Hyderabad

Date: April 21, 2016

Place: Hyderabad

Date: April 21, 2016

Laurus Synthesis Inc
Cash Flow Statement for the year ended March 31, 2016
(All amounts in Rupees except for share data as otherwise stated)

Particulars	March 31, 2016	March 31, 2015
Cash Flow from/ (used in) Operating Activities		
Profit Before Tax	(104,733,478)	(54,198,845)
Adjustments for :		
Depreciation and Amortisation	6,114,056	127,897
Interest Expense	594,780	-
Operating Profit Before Working Capital Changes	(98,024,643)	(54,070,948)
Foreign currency translation adjustments	1,315,235	(198,706)
Movement In Working Capital:		
Increase in Trade Receivables	(75,315,436)	-
Increase/ (Decrease) in Other Non Current Assets	(198,999)	(8,174,358)
Increase/ (Decrease) in Other Current Assets	(1,923,865)	(6,350,901)
Increase in Trade Payables	23,404,131	7,149,439
Increase in Other Current Liabilities	-	3,242,203
Cash Generated From Operations	(150,743,577)	(58,403,271)
Direct Taxes paid	-	-
Net Cash Flow from/ (used in) Operating Activities (A)	(150,743,577)	(58,403,271)
Cash Flow Used In Investing Activities		
Purchase of Tangible Assets, including intangible assets, capital work in progress and capital advances	(46,306,142)	(28,975,472)
Net Cash Flow Used In Investing Activities (B)	(46,306,142)	(28,975,472)
Cash Flow From Financing Activities		
Proceeds from Issue of Equity Shares	70,126,750	119,133,000
Proceeds from Short - Term Borrowings (Net)	132,002,471	-
Interest Paid	(594,780)	-
Net Cash Flow From Financing Activities (C)	201,534,441	119,133,000
Foreign Currency Translation Reserve (FCTNR) (D)		
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C+D)	4,484,720	31,754,257
Cash and Cash Equivalents at the beginning of the year	31,754,257	-
Effect of exchange differences on cash and cash equivalents	1,898,482	-
Cash and Cash Equivalents at the end of the year	38,137,459	31,754,257
Notes:		
Components of Cash and Cash Equivalents:		
Balances with banks		
On current accounts	38,137,459	31,754,257
Total Cash and Cash Equivalents	38,137,459	31,754,257

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Bashetty & Joshi
Chartered Accountants
ICAI Firm Registration Number : 013299S



Gourav Kumar Joshi
Partner
Membership No : 225311



Place: Hyderabad
Date: April 21, 2016

For and on behalf of the Board of Directors
LAURUS SYNTHESIS INC



V V Ravi Kumar
Director



C. Chandrakanth
Director

Place: Hyderabad
Date: April 21, 2016

Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees except for share data as otherwise stated)

	<u>March 31, 2016</u>	<u>March 31, 2015</u>		
2. Share Capital				
Authorised				
30,000 Equity shares of \$ 100 each	189,259,750	187,772,400		
	<u>189,259,750</u>	<u>187,772,400</u>		
Issued, Subscribed and Paid Up				
30,000 (March 15,2015 :19,000) Equity share of \$ 100 each fully paid up	189,259,750	119,133,000		
Total	<u>189,259,750</u>	<u>119,133,000</u>		
2.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Equity Shares of \$ 100 Each, Fully paid up				
	<u>No</u>	<u>Rs</u>	<u>No</u>	<u>Rs</u>
At the beginning of the period	19000	119,133,000	-	-
Issued during the period	11000	70,126,750	19,000	119,133,000
Outstanding at the end of the period	<u>30,000</u>	<u>189,259,750</u>	<u>19,000</u>	<u>119,133,000</u>
2.2 Details of Shareholders holding more than 5% shares of the Company:				
Equity Shares of \$ 100 each Held By		<u>% Holding</u>		<u>% Holding</u>
Laurus Labs Private Limited (Holding Company)		100		100
3. Reserves and Surplus				
Surplus / (deficit) in the Statement of profit and loss				
Balance as per last financial statements		(54,198,845)		-
Add : Profit/(Loss) for the period		(104,733,478)		(54,198,845)
Net surplus in the Statement of profit and loss (A)		<u>(158,932,323)</u>		<u>(54,198,845)</u>
Foreign currency translation reserve				
Balance as per last financial statements		(198,706)		-
Current year Foreign Currency Translation Reserve (FCTNR)		5,091,060		(198,706)
Closing at the end of year (B)		<u>4,892,354</u>		<u>(198,706)</u>
Total Reserves and Surplus(A+B)		<u>(154,039,969)</u>		<u>(54,397,551)</u>

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Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees except for share data as otherwise stated)

	March 31, 2016	March 31, 2015
4. Short Term Borrowings		
Credit Facility from CITI Bank	132,002,471	-
	<u>132,002,471</u>	<u>-</u>
5. Trade Payables		
Trade Payables	30,981,005	7,149,433
Total	<u>30,981,005</u>	<u>7,149,433</u>
6. Other Current Liabilities		
Advances from customers	2,109,386	1,990,387
Advance from Holding Company	1,326,658	1,251,816
Total	<u>3,436,044</u>	<u>3,242,203</u>

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Laurus Synthesis Inc**Notes to financial statements for the year ended March 31, 2016**

(All amounts in Rupees except for share data as otherwise stated)

Particulars	Tangible Assets			Total Tangible Assets
	Plant & Machinery	Furniture and Fixtures	Computers	
7. Fixed Assets				
Gross Block				
Opeing Balance				
Additions	-	2,463,762	2,358,583	4,822,345
Disposals/ Adjustments				-
As at March 31, 2015	-	2,463,762	2,358,583	4,822,345
Additions	66,484,811	2,037,978	3,380,500	71,903,289
Other Adjutments				
- Exchange Difference	-	147,300	141,010	288,311
Disposals/ Adjustments				
As at March 31, 2016	66,484,811	4,649,040	5,880,093	77,013,944
Depreciation/Amortisation				
Opeing Balance				
Charge for the year	-	52,697	75,200	127,897
Disposals/ Adjustments	-			-
As at March 31, 2015	-	52,697	75,200	127,897
Charge for the year	4,648,106	437,797	1,028,153	6,114,056
Disposals/ Adjustments				
Other Adjutments				
- Exchange Difference	71,839	9,917	20,385	102,140
As at March 31, 2016	4,719,945	500,411	1,123,737	6,344,093
Net Block				
As at March 31, 2015	-	2,411,065	2,283,383	4,694,448
As at March 31, 2016	61,764,866	4,148,629	4,756,356	70,669,851

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Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees except for share data as otherwise stated)

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
8 Other Assets		
A) Other Non Current Assets		
Non Current Deposits	8,862,089	8,174,358
Total	<u>8,862,089</u>	<u>8,174,358</u>
B) Other Current Assets		
Prepaid Expenses	6,166,982	1,736,691
Other Advances	2,487,484	4,614,209
Total	<u>8,654,466</u>	<u>6,350,901</u>
9. Trade Receivables		
Outstanding for a period exceeding six months from the due date	-	-
Unsecured, Considered Good	75,315,436	-
	<u>75,315,436</u>	<u>-</u>
10. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks		
-On Current Accounts	38,137,459	31,754,257
Total	<u>38,137,459</u>	<u>31,754,257</u>

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Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees except for share data as otherwise stated)

	For the year ended March 31, 2016	For the year ended March 31, 2015
11. Other Manufacturing Expenses		
Effluent treatment expenses	1,302,790	-
Power and Fuel	9,701,078	-
Repairs & maintenance		
Plant and machinery	3,083,702	-
Others	1,890,783	-
Total	15,978,354	-
12. Employee Benefits Expenses		
Salaries, allowances and benefits to employees	177,738,255	28,969,769
Staff welfare expenses	1,114,154	555,388
Total	178,852,408	29,525,157
13. Operating and Selling Expenses		
Rent	21,170,340	2,993,568
Office maintenance	1,740,134	4,393,212
Insurance	433,009	58,848
Consultancy and other professional charges	20,109,091	1,034,459
Membership and subscription	3,036,252	168,249
Recruitment and training	5,960,751	3,208,476
Travelling and conveyance	20,130,167	9,102,024
Communication expenses	1,540,596	407,282
Business Promotion & Advertisement	9,318,136	3,178,623
Total	83,438,476	24,544,742
14. Finance Costs		
Interest		
- on working capital loans	554,756	-
Bank charges	40,024	1,049
Total	594,780	1,049

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Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

1. Corporate Information

Laurus Synthesis Inc (LSI Inc) offers a broad Chemistry, IP Development and related services to the global Pharmaceutical community, situated in the state of Delaware, USA. LSI Inc, Is a Corporation, incorporated on December 8th, 2014, under the laws of State of Delaware, USA.

1 (a). Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

1 (b). Summary of significant accounting policies

a. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities in

b. Tangible Fixed Assets

Tangible Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

c. Depreciation on tangible Fixed Assets

Depreciation on fixed assets is calculated on a straight-line basis based on the useful lives estimated by the management. The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

	Useful lives estimated by the management (years)	Useful lives as per schedule
Plant and Equipment	5-20	5-20
Furniture and fixtures	10	10
Computers	3	3

d. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Services

Revenues from contract research operations are recognised as per the terms of the contract with customers when the related services are performed or the agreed milestones are achieved.

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Laurus Synthesis Inc

Notes to financial statements for the year ended March 31, 2016

e. Foreign currency translation

The assets and liabilities of non-integral foreign operations are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operations, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss.

When there is a change in the classification of foreign operations, the translation procedures applicable to the revised classification are applied from the date of the change in the classification. Foreign currency monetary items are reported using the closing rate. 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. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

f. Provisions

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate of the amount required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

g. Cash and Cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

h. Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

i. Related Party Disclosures

Names of related parties and description of relationship

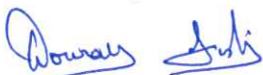
Holding Company

	March 31,2016	March 31,2015
i) Laurus Labs Private Limited		
a) Transactions During the Year		
Proceeds for Issue of shares	70,126,750	119,133,000
Revenue from Operations	173,239,888	-
Contract research service expenses	16,351,654	-
Advance received	-	1,251,816
b) Closing Balances		
Due to Holding Company	13,26,658	1,251,816
Disclosed under Trade Receivables	63,758,586	-
Disclosed under Trade Payables	16,742,092	-

For Bashedty & Joshi

Chartered Accountants

ICAI Firm Registration Number : 013299S



Gourav Kumar Joshi

Partner

Membership No. 225311

For and on behalf of the Board of Directors

LAURUS SYNTHESIS INC



V V Ravi Kumar

Director



C. Chandrakanth

Director

Place : Hyderabad
Date : April 21, 2016

Place : Hyderabad
Date : April 21, 2016