

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHEMO PHARMA LABORATORIES LTD

Report on the Financial Statements

We have audited the accompanying financial statements of **Chemo Pharma Laboratories Ltd** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

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 with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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 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 31st, 2014;
- (b) in the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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.
- (bb) the Company does not have any branch hence section 227(3) (bb) is not applicable.
- (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
- (e) on the basis of written representations received from the directors as on March 31st, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Registration No.: 101048W

Place : Mumbai
Date : 23rd May, 2014

Sd/-
Paresh Chokshi
Partner
Membership No33597

Annexure referred to in our report to the members of Chemo Pharma Laboratories Ltd. (the Company) for the year ended 31 March, 2014.

1. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets. The management during the year has not carried out the physical verification of fixed assets. As per the explanations given to us a substantial portion of fixed assets were not disposed of during the year.
2. In our opinion and as per the explanation given to us there is no inventory at close of the year so sub-clause (a), (b) and (c) of clause ii is not applicable.
3. (a) The Company has granted interest free loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The yearend balance of loans granted was Rs. Nil and the maximum amount involved during the year was Rs. 18,85,000/-.
- (b) The loan granted is repayable on demand. As informed, the Company has not demanded repayment of any such loan during the year, thus there has been no default on the part of the party to whom money has been lent.
- (c) In our opinion and according to the information and explanation given to us the other terms & conditions for such loan are not prime facie prejudicial to the interest of the Company.
- (d) The Company had taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 21,00,000/- and the year end balance of loan taken from such party was Rs. Nil.
- (e) In our opinion and according to information & explanation given to us the terms & conditions of the loan taken is not prime facie prejudicial to the interest of the Company.
4. As the Company has discontinued its operations so the clause in respect of Internal Control System for the purchase of inventory, fixed assets and for the sale of goods and services is not applicable.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding Rs. 5,00,000/- have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. As explained to us, the Company has not entered in to any transactions for sale of goods, materials and services in pursuance to contracts or arrangements as aforesaid.
6. In our opinion and according to the information and explanations given to us, no fixed deposits were accepted during the period to which the provisions of Section 58A and 58AA or any other relevant provisions of the Act as applied.
7. As company's operations are suspended the internal audit is not required.
8. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

9. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information & explanations given to us, the dues in respect of sales tax, income tax, custom duties, wealth tax, excise duty, and cess that have been deposited with the appropriate authorities except in cases where there is a dispute. The details of dispute and the forum where such disputes are pending is given below:

Name of the statute	Nature of the dues	Amount (Rs.)	Forum where dispute is pending
Central Sales Tax Maharashtra Sales Tax	Central sales tax	18,05,093	Appeal before sales tax authority
Income Tax Act	Penalty Tax	60,47,659	Appeal before ITAT

Name of the statute	Nature of the dues	Amount (Rs.)	Forum where dispute is pending
Income Tax Act	Income Tax	31,77,291	Appeal before ITAT
Central Sales Tax Act	Central Sales Tax	1,99,542	Company is in process of filing an appeal against the order in High Court
Maharashtra Sales Tax Act	Sales Tax	9,57,787	Company is in process of filing an appeal against the order in High Court

10. There are accumulated losses at the end of the financial year which are not more than 50% of its net worth. The Company has not incurred cash loss during the year and in the immediately preceding financial year.
11. Based on our audit procedure and as per the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution or bank.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

15. 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 or financial institutions during the period.
16. In our opinion and according to the information and explanations given to us, the Company has not raised any term loans.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, the Company has not raised funds on short-term basis.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the period
21. Based on the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Registration No.: 101048W

Place : Mumbai
Date : 23rd May, 2014

Sd/-
Paresh Chokshi
Partner
Membership No.: 33597