

INDEPENDENT AUDITORS' REPORT

To
The Members of
LR RESEARCH LABORATORIES PRIVATE LIMITED

Report on Financial Statements

We have audited the accompanying Financial Statements of LR RESEARCH LABORATORIES PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then 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 Companies Act, 1956. 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 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 auditors' judgement, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 31, 2014
- (b) in the case of the Statement of Profit and Loss, of the loss 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. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended, Issued by the Department of company affairs, in terms of subsection (4A) of section 227 of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
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;
 - (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 said 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 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place: Hyderabad
Date: 29th May, 2014



for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459 S

V. Raghunandan
(V. Raghunandan)
Partner

Membership No. 026255

LR Research Laboratories Pvt Ltd

Balance Sheet as at 31st March 2014

Rs. Lakhs

Particulars		Note No.	As at 31.03.2014	As at 31.03.2013
I.	EQUITY AND LIABILITIES			
	1 Shareholders' funds			
	Share capital	<u>2</u>	1.00	1.00
	Reserves and surplus	<u>3</u>	(0.77)	(0.47)
	2 Non-current liabilities			
	Long-term borrowings		-	-
	Other Long term liabilities		-	-
	Long-term provisions		-	-
	3 Current liabilities			
	Short-term borrowings		-	-
	Trade payables		-	-
	Other current liabilities	<u>4</u>	0.77	0.47
	Short-term provisions		-	-
	TOTAL		1.00	1.00
II.	ASSETS			
	Non-current assets			
	1 Fixed assets			
	(i) Tangible assets		-	-
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	Non-current investments		-	-
	Long-term loans and advances		-	-
	2 Current assets			
	Inventories		-	-
	Trade Receivables		-	-
	Cash and cash equivalents	<u>5</u>	1.00	1.00
	Short-term loans and advances		-	-
	Other current assets		-	-
	TOTAL		1.00	1.00

Significant Accounting Policies and Notes on Financial Statements

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As per our report attached
For **M. BHASKARA RAO & CO.,**
Chartered Accountants

V. Raghunandan
Partner



for and on behalf of the Board

[Signature]
Director

[Signature]
Director

Place: Hyderabad
Date : 29th May 2014

LR Research Laboratories Pvt Ltd

Statement of Profit and Loss for the year ended 31st March 2014

Rs. Lakhs

	Note No.	For the year ended 31st March 2014	For the year ended 31st March 2013
I. Revenue from operations		-	-
II. Other income		-	-
III. Total Revenue (I + II)		-	-
IV. Expenses:			
Employee Benefits		-	-
Finance costs		-	-
Depreciation and Amortization Expense		-	-
Other expenses	6	0.30	0.47
Preliminary Expenses Written off		-	-
Total expenses		0.30	0.47
Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(0.30)	(0.47)
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		(0.30)	(0.47)
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII- VIII)		(0.30)	(0.47)
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
TOTAL TAX		-	-
XI Profit (Loss) for the period (IX + X)		(0.30)	(0.47)
XII Earnings per equity share:			
(1) Basic		(3.00)	(4.67)
(2) Diluted		(3.00)	(4.67)

Significant Accounting Policies and notes on Financial Statements

1 to 3

As per our report attached

For M. BHASKARA RAO & CO.
Chartered Accountants

V. Raghunandan
Partner



for and on behalf of the Board

[Signature]
Director

[Signature]
Director

Place: Hyderabad
Date : 29th May 2014

LR Research Laboratories Pvt Ltd
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Rs. In Lakhs

Particulars	For the Year ended 31st March 2014		For the Year ended 31st March 2013	
	Amount	Amount	Amount	Amount
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS	(0.30)	(0.30)	(0.47)	(0.47)
Extraordinary items	-	-	-	-
Adjustments for:				
<u>Add:</u>				
Depreciation & Amortisation Expenses				
Foreign Exchange Fluctuations-Unrealised Loss				
Loss on Sale/Discarded of Fixed Assets				
Interest				
<u>Less:</u>				
Foreign Exchange Fluctuations-Unrealised Loss				
Profit on sale of Assets				
Operating profit before working capital changes		(0.30)		(0.47)
Adjustments for:				
<u>Less:</u>				
Increase in Trade Receivables				
Increase in Inventories				
Increase in Other Current Assets				
Increase in Long Term Loans & Advances				
Decrease in Trade Payable				
Decrease in Other Current Liabilities & Short Term Provisions				
Decrease in Long term Liabilities & Provisions				
		(0.30)		(0.47)
<u>Add:</u>				
Decrease in Short Term Loans				
Decrease in Inventories				
Decrease in Trade Receivables				
Increase in Long term Liabilities & Provisions				
Increase in Trade Payable				
Increase Other Current Liabilities & Short Term Provisions				
Cash generated from operations	0.30	0.30	0.47	0.47
<u>Less:</u>				
Taxes paid				
Cash flow before extraordinary items				
NET CASH FROM OPERATING ACTIVITIES				
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Inflow:				
Sale/Retirement of Fixed Assets				
Outflow:				
Investments				
Purchase of Fixed Assets				
Capital Work in progress				
NET CASH USED IN INVESTING ACTIVITIES		(0.00)		
C. CASH FLOW FROM FINANCEING ACTIVITIES				
Proceeds from Long Term / Short Term Borrowings:				
In flow:				
Long Term Borrowings				
Short Term Borrowings				
Outflow:				
Long Term Borrowings				
Short Term Borrowings				
Interest Paid				
Deferred Payment Liabilities				
Corporate Dividend Tax				
Equity Dividend				
NET CASH USED IN FINANCING ACTIVITIES				
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS (A+B+C)		(0.00)		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1.00		1.00
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1.00		1.00

As per our report attached
For M. BHASKARA RAO & CO.
Chartered Accountants

V. Raghunandan
Partner



for and on behalf of the Board

[Signature]
Director

[Signature]
Director

Place: Hyderabad
Date : 29th May 2014

LR Research Laboratories Pvt Ltd

Note No. 2: Share Capital

Rs. Lakhs

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number	Amount	Number	Amount
Authorised				
50,000 Equity Shares of Rs.10/- each (Previous Year 50,000)	50,000	5.00	50,000	5.00
Issued,Subscribed & Paid up				
10,000 Equity Shares of Rs.10/- each (Previous Year 10,000)	10,000	1.00	10,000	1.00
Total	10,000	1.00	10,000	1.00

Notes:

a) Shares in the Company held by each share holders holding more than 5%

Share Capital	% of share holding	As at 31 March 2014		% of share holding	As at 31 March 2013	
		Number	Amount		Number	Amount
Nagarjuna Agrichem Limited	100.00	10,000	1.00	100.00	10,000	1.00

Note No. 3: Reserves & Surplus

Particulars	As at 31st March 2014	As at 31st March 2013
a. Capital Reserves		
Opening Balance	-	-
Transfer	-	-
Utilised	-	-
Closing Balance	-	-
Sub Total (a)	-	-
b. Securities Premium Account		
Opening Balance	-	-
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised	-	-
Closing Balance	-	-
Sub Total (b)	-	-
c. General Reserves		
Opening Balance	-	-
Add: Transferred from surplus	-	-
Deductions during the year	-	-
Closing Balance	-	-
Sub Total (c)	-	-
d. Surplus		
Opening balance	(0.47)	-
Add: Net Profit/(Net Loss) For the current year	(0.30)	(0.47)
Amount available for appropriations	-	-
Less: Interim Dividends	-	-
Less: Final Dividends	-	-
Transferred to General Reserves	-	-
Closing Balance	(0.77)	(0.47)
Sub Total (d)	(0.77)	(0.47)
Total (a to d)	(0.77)	(0.47)

LR Research Laboratories Pvt Ltd

Note No. 4: Other Current Liabilities

Rs. Lakhs

Particulars	As at 31st March 2014	As at 31st March 2013
Provision for Expenses	0.55	0.25
Payable to Holding Company	0.22	0.22
TOTAL	0.77	0.47

Note No. 5: Cash and Cash equivalents

Rs. Lakhs

Particulars	As at 31st March 2014	As at 31st March 2013
Cash and Cash equivalents	1.00	1.00
TOTAL	1.00	1.00

LR Research Laboratories Pvt Ltd

Note No. 6: Other Expenses

Rs. Lakhs

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Auditors' Remuneration		
- Audit Fee	0.25	0.25
- Taxation matters		
- Certification Fees		
- Out of Pocket expenses		
Rates & Taxes (Provision for ROC filing)	0.05	0.03
Prior Period Expenses	-	0.19
TOTAL	0.30	0.47

L R RESEARCH LABORATORIES PRIVATE LIMITED

Significant Accounting Policies and Notes on Financial Statements

Note No.1 : Significant Accounting Policies

A. Accounting Convention:

The financial statements are prepared on the basis of going concern, under the historical cost convention, in accordance with the generally accepted principles and provisions of the Companies Act, 1956, with revenues recognised and expenses accounted on accrual basis unless otherwise stated.

B. Use of Estimates:

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements, the amounts of revenue and expenses during the reported period. Actual results could differ from those of estimates. Any revision to such estimates is recognized in the period the same is determined.

C. Investments:

Investments are stated at cost less any diminution in their value, which is other than temporary.

D. Revenue:

- a) Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

E. Contingencies:

The Company recognizes provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure for Contingent Liabilities is made in the notes to accounts when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

F. Earnings per Share:

Earnings per Share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

G. Segment Reporting:

Segments are identified in line with AS 17 "Segment Reporting" is not applicable to the company.

H. Commitments/ Contingent Liabilities Nil

I. Payments to Auditors:

S.No.	Particulars	2013-14 Rs. Lakhs	2012-13 Rs. Lakhs
1	Statutory Audit *	0.25	0.25
2	Other matters*	-	-
	TOTAL:	0.25	0.25

* excludes service tax

J. Related Party Transactions:

i) Names of related parties and description of relationship.

S. No	Relationship	Party
1.	Holding Company	Nagarjuna Agrichem Limited

ii) Related party transactions during the year

Particulars	2013-14	2012-13
Rates & Taxes	0.05	(0.03)
Prior period expenses	0.00	(0.19)
TOTAL :	0.05	(0.22)

iii) Related party credit balance as on 31.03.2014 - Rs. 0.27 Lakhs.

K. Earnings per Share : The computation of EPS is as follows

(Rs.in Lakhs)

Sl. No.	Particulars	2013-14	2012-13
a)	Profit/(Loss) after tax (Rs.in Lacs) (There are no extra ordinary items)	(0.30)	(0.47)
b)	Earnings available to Equity Shareholders (Rs.in Lacs)	(0.30)	(0.47)
c)	Weighted average No. of Shares taken for computing EPS		
	- Basic	10000	10000
	- Diluted of par value of Rs.10/-	10000	10000
d)	Earnings per Share (Rs.) (b/c)		
	- Basic	(3.00)	(4.67)
	- Diluted	(3.00)	(4.67)

L. Figures are rounded off to the nearest thousands.

Signatures to Notes

As per our report attached
to the Balance Sheet
For M. BHASKARA RAO & CO.
Chartered Accountants

for and on behalf of the Board


V.Raghunandan
Partner




Director


Director

Place: Hyderabad
Date : 29th May, 2014