

## INDEPENDENT AUDITORS' REPORT

To  
The Members  
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 31<sup>st</sup> March, 2015, and the Statement of Profit and Loss 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 and financial performance of the Company in accordance with the Accounting Standards referred to in sub section 133 of Companies Act, 2013. 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.

### Auditor's 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 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. 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, 2015;
- (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 paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of section 143 of the Companies Act 2013, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company by virtue of paragraph 1(2)(v) of the Companies (Auditor's Report) Order, 2015.
2. As required by Section 143(3) of the Companies Act 2013, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position as on March 31, 2015.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M. Bhaskara Rao & Co.,  
Chartered Accountants  
Firm Registration No. 0004595



*V. Raghunandan*

V. Raghunandan  
Partner  
Membership No. 26255

Place: Hyderabad,  
Date: 29<sup>th</sup> May, 2015

LR Research Laboratories Pvt Ltd

Balance Sheet as at 31st March 2015

Rs. Lakhs

Particulars		Note No.	As at 31.03.2015	As at 31.03.2014
I.	<b>EQUITY AND LIABILITIES</b>			
	<b>1 Shareholders' funds</b>			
	Share capital	<u>2</u>	1.00	1.00
	Reserves and surplus	<u>3</u>	(0.95)	(0.47)
	<b>2 Non-current liabilities</b>			
	Long-term borrowings		0.00	0.00
	Other Long term liabilities		0.00	0.00
	Long-term provisions		0.00	0.00
	<b>3 Current liabilities</b>			
	Short-term borrowings		0.00	0.00
	Trade payables		0.00	0.00
	Other current liabilities	<u>4</u>	0.95	0.47
	Short-term provisions		0.00	0.00
	<b>TOTAL</b>		<b>1.00</b>	<b>1.00</b>
II.	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	<b>1 Fixed assets</b>			
	(i) Tangible assets		0.00	0.00
	(ii) Intangible assets		0.00	0.00
	(iii) Capital work-in-progress		0.00	0.00
	Non-current investments		0.00	0.00
	Long-term loans and advances		0.00	0.00
	<b>2 Current assets</b>			
	Inventories		0.00	0.00
	Trade Receivables		0.00	0.00
	Cash and cash equivalents	<u>5</u>	1.00	1.00
	Short-term loans and advances		0.00	0.00
	Other current assets		0.00	0.00
	<b>TOTAL</b>		<b>1.00</b>	<b>1.00</b>

Significant Accounting Policies and notes on Financial Statements 1 to 7

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

**V. Raghunandan**  
Partner

for and on behalf of the Board

  
Director

  
Director

Place: Hyderabad  
Date : 29th May 2015

LR Research Laboratories Pvt Ltd

Statement of Profit and Loss for the year ended 31st March 2015

Rs. Lakhs

	Note No.	For the year ended 31st March 2015	For the year ended 31st March 2014
I. Revenue from operations		0.00	0.00
II. Other income		0.00	0.00
III. Total Revenue (I + II)		0.00	0.00
IV. Expenses:			
Employee Benefits		0.00	0.00
Finance costs	6	0.00	0.00
Depreciation and Amortization Expense		0.00	0.00
Other expenses	7	0.48	0.47
Preliminary Expenses Written off		0.00	0.00
<b>Total expenses</b>		<b>0.48</b>	<b>0.47</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>-0.48</b>	<b>-0.47</b>
VI. Exceptional items		0.00	0.00
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		-0.48	-0.47
VIII. Extraordinary Items		0.00	0.00
IX. Profit/(Loss) before tax (VII- VIII)		-0.48	-0.47
X Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
TOTAL TAX		0.00	0.00
XI Profit (Loss) for the period (IX + X)		-0.48	-0.47
XII Earnings per equity share:			
(1) Basic		-4.78	-4.67
(2) Diluted		-4.78	-4.67

Significant Accounting Policies and notes on Financial Statements

1 to 7

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

for and on behalf of the Board

V. Raghunandan  
Partner

  
Director

  
Director

Place: Hyderabad  
Date : 29th May 2015

LR Research Laboratories Pvt Ltd  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

Draft

Rs. In Lakhs

Particulars	For the Year ended 31st March 2015		For the Year ended 31st March 2014	
	Amount	Amount	Amount	Amount
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS</b>	-0.48	-0.48	-0.47	-0.47
<b>Extraordinary items</b>				
Adjustments for:				
<b>Add:</b>				
Depreciation & Amortisation Expenses				
Foreign Exchange Fluctuations-Unrealised Loss				
Loss on Sale/Discarded of Fixed Assets				
Interest				
<b>Less:</b>		0.00		0.00
Foreign Exchange Fluctuations-Unrealised Loss				
Profit on sale of Assets				
		0.00		0.00
Operating profit before working capital changes		-0.48		-0.47
Adjustments for:				
<b>Less:</b>				
Increase in Trade Receivables				
Decrease in Other Current Liabilities & Short Term Provisions				
Decrease in Long term Liabilities & Provisions				
		0.00		0.00
		-0.48		-0.47
<b>Add:</b>				
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	0.48		0.47	
Cash generated from operations		0.48		0.47
		0.00		0.00
<b>Less:</b>				
Taxes paid		0.00		0.00
Cash flow before extraordinary items		0.00		0.00
<b>NET CASH FROM OPERATING ACTIVITIES</b>		0.00		0.00
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflow:</b>				
Sale/Retirement of Fixed Assets		0.00		0.00
<b>Outflow:</b>				
Investments				
Purchase of Fixed Assets				
Capital Work in progress				
		0.00		0.00
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		0.00		0.00
<b>C. CASH FLOW FROM FINANCEING ACTIVITIES</b>				
Proceeds from Long Term / Short Term Borrowings:				
<b>In flow:</b>				
Long Term Borrowings				
Short Term Borrowings				
		0.00		0.00
<b>Outflow:</b>				
Long Term Borrowings				
Short Term Borrowings				
Interest Paid				
Deferred Payment Liabilities				
Corporate Dividend Tax				
Equity Dividend				
		0.00		0.00
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		0.00		0.00
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS (A+B+C)</b>		0.00		0.00
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		1.00		1.00
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		1.00		1.00

For M.BHASKARA RAO & CO.,  
Chartered Accountants

V.Raghunandan  
Partner

for and on behalf of the Board

  
Director

  
Director

Place: Hyderabad  
Date : 29th May 2015

LR Research Laboratories Pvt Ltd

**Note No. 2: Share Capital**

Rs. Lakhs

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
<b>Authorised</b>				
50,000 Equity Shares of Rs.10/- each (Previous Year 50,000)	50,000	5.00	50,000	5.00
<b>Issued,Subscribed &amp; Paid up</b>				
10,000 Equity Shares of Rs.10/- each (Previous Year 10,000)	10,000	1.00	10,000	1.00
<b>Total</b>	<b>10,000</b>	<b>1.00</b>	<b>10,000</b>	<b>1.00</b>

**Notes:**

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

Share Capital	% of share holding	As at 31 March 2015		% of share holding	As at 31 March 2014	
		Number	Amount		Number	Amount
	Nagarjuna Agrichem Limited	100.00	10,000	1.00	100.00	10,000

## LR Research Laboratories Pvt Ltd

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## Note No. 3: Reserves &amp; Surplus

Rs. Lakhs

Particulars	As at 31st March 2015	As at 31st March 2014
<b>a. Capital Reserves</b>		
Opening Balance	0.00	0.00
Transfer	0.00	0.00
Utilised	0.00	0.00
<b>Closing Balance</b>	<b>0.00</b>	<b>0.00</b>
<b>b. Securities Premium Account</b>		
Opening Balance	0.00	0.00
Add : Securities premium credited on Share issue	0.00	0.00
Less : Premium Utilised		
<b>Closing Balance</b>	<b>0.00</b>	<b>0.00</b>
<b>c. General Reserves</b>		
Opening Balance	0.00	0.00
Add: Transferred from surplus	0.00	0.00
Deductions during the year	0.00	0.00
<b>Closing Balance</b>	<b>0.00</b>	<b>0.00</b>
<b>d. Surplus</b>		
Opening balance	-0.47	0.00
Add: Net Profit/(Net Loss) For the current year	-0.48	-0.47
Amount available for appropriations	0.00	0.00
Less: Interim Dividends	0.00	0.00
Less: Final Dividends	0.00	0.00
Transferred to General Reserves	0.00	0.00
<b>Closing Balance</b>	<b>-0.95</b>	<b>-0.47</b>
<b>Total (a to d)</b>	<b>-0.95</b>	<b>-0.47</b>

LR Research Laboratories Pvt Ltd

Note No. 4: Other Current Liabilities

Rs. Lakhs

Particulars	As at 31st March 2015	As at 31st March 2014
Provision for Expenses	0.58	0.25
Payable to Holding Company	0.37	0.22
<b>TOTAL</b>	<b>0.95</b>	<b>0.47</b>

Note No. 5: Cash and Cash equivalents

Rs. Lakhs

Particulars	As at 31st March 2015	As at 31st March 2014
Cash and Cash equivalents	1.00	1.00
<b>TOTAL</b>	<b>1.00</b>	<b>1.00</b>

LR Research Laboratories Pvt Ltd

**Note No. 6: Finance Costs**

Rs. Lakhs

Particulars	For the Year ended 31st March 2015	For the Year ended 31st March 2014
(l) Bank charges	0.00	0.00
<b>Total :</b>	<b>0.00</b>	<b>0.00</b>

**Note No. 7: Other Expenses**

Rs. Lakhs

Particulars	For the Year ended 31st March 2015	For the Year ended 31st March 2014
<b>Auditors' Remuneration</b>		
- Audit Fee	0.25	0.25
- Taxation matters		
- Certification Fees		
- Out of Pocket expenses		
Rates & Taxes	0.23	0.03
Prior Period Expenses	0.00	0.19
<b>TOTAL</b>	<b>0.48</b>	<b>0.47</b>

**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, 2013, 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	2014-15 Rs. Lakhs	2013-14 Rs. Lakhs
1	Statutory Audit *	0.25	0.25
2	Other matters*	-	-
	<b>TOTAL:</b>	-	-

\* 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: 0.22 Lakhs (Credit Balance)

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

**(Rs.in Lakhs)**

Sl. No.	Particulars	2014-15	2013-14
a)	Profit/(Loss) after tax (Rs.in Lacs) (There are no extra ordinary items)	(0.48)	(0.47)
b)	Earnings available to Equity Shareholders (Rs.in Lacs)	(0.48)	(0.47)
c)	<b>Weighted average No. of Shares taken for computing EPS</b>		
	- Basic	10000	10000
	- Diluted of par value of Rs.10/-	10000	10000
d)	<b>Earnings per Share (Rs.) (b/c)</b>		
	- Basic	(4.80)	(4.70)
	- Diluted	(4.80)	(4.70)

L. Figures are rounded off to the nearest thousands.

Signatures to Notes 1 to 7

As per our report attached  
to the Balance Sheet

**For M. BHASKARA RAO & CO.**  
Chartered Accountants

  
**V. Raghunandan**  
Partner

**for and on behalf of the Board**

  
Director

  
Director

Place: Hyderabad  
Date : 29<sup>th</sup> May, 2015