

**INDEPENDENT AUDITOR'S 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 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's 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 Accounting Standards referred to under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation 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 the Company Auditor's 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 on the Financial Statements.



**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

**Report on other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act and the Rules made there under, 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, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
  - g) in respect of matters referred to in Rule 11 of Companies (Audit and Auditors) Rules, 2014, according to the information and explanations given to us, we state that:
    - The company had no pending litigation as on March 31, 2017 requiring disclosure in the financial statements.
    - The company did not, as at March 31, 2017 have any material foreseeable losses, relating to long term contracts including derivative contracts.
    - There are no amounts to be transferred to Investor Education and Protection Fund during the year under report.
    - The Company has provided disclosures in Note M as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 and December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance



with the books of accounts maintained by the Company and as produced to us by the management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



For M. Bhaskara Rao & Co.,  
Chartered Accountants  
(Firm's Registration No. 000459S)

*V. Raghunandan*

(V. Raghunandan)  
Partner

(Membership No. 026255)

Place: Hyderabad  
Date: 26<sup>th</sup> May, 2017

**Annexure to the Auditors' Report**  
**(Statement referred to in paragraph 3 of our report of even date)**

- i) According to the information and explanations given to us, the Company did not hold any fixed assets. Hence reporting under clause (i) (a), (b) and (c) of paragraph 3 of the Companies (Auditor's Report) Order 2016, does not arise for the year under report.
- ii) According to the information and explanations given to us, the Company did not held any inventory during the year. Hence reporting under clause (ii) of paragraph 3 of the Companies (Auditor's Report) Order 2016 does not arise for the year under report.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Hence reporting under Clause (iii) (a), (b) and (c) of paragraph 3 of the Companies (Auditor's Report) Order 2016, does not arise for the year under report.
- iv) According to the information and explanations given to us, the Company has not made any investments, nor granted any loans, guarantees or provided any security against loan to others, to which the provisions of section 185 and 186 of the Companies Act, 2013 apply.
- v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- vi) According to the information and explanations given to us, the Company is not required to maintain the cost records as prescribed by central government under sub section (1) of Section 148 of the Companies Act, 2013. Hence reporting under Clause (VI) of paragraph 3 of the Companies (Auditor's Report) Order 2016, does not arise for the year under report.
- vii) (a) According to the information and explanations given to us, the company has been generally regular in depositing the undisputed statutory dues in respect of Income Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues with the appropriate authorities, and there were no such amounts outstanding as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Value Added Tax, Customs Duty, Service Tax, Excise Duty or Cess, which have not been deposited on account of their being disputed by the company, as at 31<sup>st</sup> March 2017.
- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.



- ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for any managerial remuneration during the year
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under paragraph 3(xii) of the Order does not arise.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Hyderabad  
Date: 26<sup>th</sup> May, 2017



For M. Bhaskara Rao & Co.  
Chartered Accountants  
(Firm's Registration No. 0004595)

*V. Raghunandan*

(V. Raghunandan)  
Partner  
(Membership No. 026255)

**Annexure A to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of LR Research Laboratories Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" ("The Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act 2013 to the extent applicable to an audit of internal financial controls.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For M. Bhaskara Rao & Co.,  
Chartered Accountants  
(Firm's Registration No. 000459S)

A handwritten signature in blue ink, appearing to read "V. Raghunandan", written over a horizontal line.

(V. Raghunandan)  
Partner

(Membership No. 026255)

Place: Hyderabad  
Date: 26<sup>th</sup> May 2017

LR Research Laboratories Pvt Ltd

Balance Sheet as at 31<sup>st</sup> March 2017

₹ in Lakhs

Particulars		Note No.	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	Share capital	<u>2</u>	1.00	1.00
	Reserves and surplus	<u>3</u>	(3.26)	(0.40)
<b>2</b>	<b>Non-current liabilities</b>			
	Long-term borrowings		-	-
	Other Long term liabilities		-	-
	Long-term provisions		-	-
<b>3</b>	<b>Current liabilities</b>			
	Short-term borrowings		-	-
	Trade payables		-	-
	Other current liabilities	<u>4</u>	12.33	7.31
	Short-term provisions		-	-
	<b>TOTAL</b>		<b>10.07</b>	<b>7.91</b>
<b>II.</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	Fixed assets			
	(i) Tangible assets		-	-
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	Long-term loans and advances		-	-
<b>2</b>	<b>Current assets</b>			
	Inventories		-	-
	Trade Receivables		-	-
	Cash and cash equivalents	<u>5</u>	0.93	1.75
	Short-term loans and advances		-	-
	Other current assets	<u>6</u>	9.14	6.16
	<b>TOTAL</b>		<b>10.07</b>	<b>7.91</b>

Significant Accounting Policies and notes on Financial Statements 1 to 10

As per our report attached

For **M. BHASKARA RAO & CO.,**

Chartered Accountants

Firm Regn No: 000459S



**V. Raghunandan**

Partner

(Membership No. 026255)

*V. Raghunandan*

for and on behalf of the Board

**V. Vijay Shankar**

Director

(DIN:00015366)

*V. Vijay Shankar*

*N. Vijayaraghavan*

**N. Vijayaraghavan**

Director

(DIN:02491073)



Place: Hyderabad

Date : May 26, 2017

LR Research Laboratories Pvt Ltd

Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2017

₹ in Lakhs

Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2017	For the year ended 31 <sup>st</sup> March 2016
I. Revenue from operations		-	-
II. Other income	7	60.84	30.52
III. Total Revenue (I + II)		60.84	30.52
IV. Expenses:			
Employee Benefits	8	63.40	28.78
Finance costs	9	0.00	0.00
Depreciation and Amortization Expense		-	-
Other expenses	10	0.30	0.40
Preliminary Expenses Written off		-	-
Total expenses		63.70	29.18
Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(2.86)	1.34
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		(2.86)	1.34
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII- VIII)		(2.86)	1.34
X Tax expense:			
(1) Current tax		-	0.49
(2) Deferred tax		-	-
Total Tax		-	0.49
XI Profit (Loss) for the period (IX + X)		(2.86)	0.85
XII Earnings per equity share:			
(1) Basic		(28.63)	8.53
(2) Diluted		(28.63)	8.53

Significant Accounting Policies and notes on Financial Statements

1 to 10


As per our report attached  
For M.BHASKARA RAO & CO.,  
Chartered Accountants  
Firm Regn No: 000459S



V. Raghunandan  
Partner  
(Membership No. 026255)

for and on behalf of the Board

  
V. Vijay Shankar  
Director  
(DIN:00015366)

  
N. Vijayaraghavan  
Director  
(DIN:02491073)

Place: Hyderabad  
Date : May 26, 2017

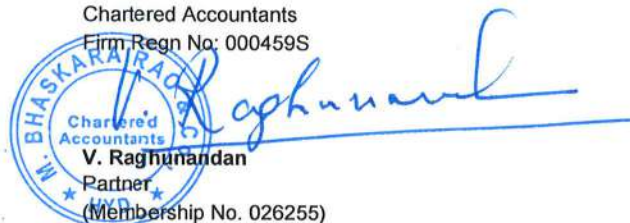


CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017

₹ in Lakhs

Particulars	For the Year ended 31 <sup>st</sup> March 2017		For the Year ended 31 <sup>st</sup> March 2016	
	Amount	Amount	Amount	Amount
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS</b>		(2.86)		1.34
Extraordinary items				
Adjustments for:				
<b>Add:</b>				
Depreciation & Amortisation Expenses		-		-
Interest		-		-
<b>Less:</b>				
Foreign Exchange Fluctuations-Unrealised Loss		-		-
Profit on sale of Assets		-		-
Operating profit before working capital changes		(2.86)		1.34
<b>Adjustments for:</b>				
<b>Less:</b>				
Increase in Trade Receivables	-		-	
Increase in Other Current Assets	2.97		6.16	
Decrease in Long term Liabilities & Provisions	-		-	
		2.97		6.16
		(5.83)		(4.83)
<b>Add:</b>				
Decrease in Short Term Loans	-		-	
Increase in Trade Payable	-		-	
Increase Other Current Liabilities & Short Term Provisions	5.02		6.06	
Cash generated from operations		5.02		6.06
		(0.82)		1.24
<b>Less:</b>				
Taxes paid	-		0.49	0.49
Cash flow before extraordinary items		(0.82)		0.75
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(0.82)</b>		<b>0.75</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflow:</b>				
Sale/Retirement of Fixed Assets		-		-
<b>Outflow:</b>				
Investments		-		-
Capital Work in progress		-		-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>-</b>		<b>-</b>
<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		-		-
<b>Outflow:</b>				
Long Term Borrowings		-		-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>-</b>		<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS (A+B+C)</b>		<b>(0.82)</b>		<b>0.75</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>1.75</b>		<b>1.00</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>0.93</b>		<b>1.75</b>

As per our report attached  
For M. BHASKARA RAO & CO.,  
Chartered Accountants  
Firm Regn No: 000459S



for and on behalf of the Board

V. Vijay Shankar  
Director  
(DIN:00015366)

N. Vijayaraghavan  
Director  
(DIN:02491073)



Notes on Financial Statements

LR Research Laboratories Pvt Ltd

Note No. 2: Share Capital

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	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 <sup>st</sup> March 2017		% of share holding	As at 31 <sup>st</sup> March 2016	
		Number	Amount		Number	Amount
Nagarjuna Agrichem Limited	100.00	10,000	1.00	100.00	10,000	1.00



LR Research Laboratories Pvt Ltd

Note No. 3: Reserves & Surplus

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>a. Capital Reserves</b>		
Opening Balance	-	-
Transfer	-	-
Utilised	-	-
<b>Closing Balance</b>	<b>Sub Total (a)</b>	
	-	-
<b>b. Securities Premium Account</b>		
Opening Balance	-	-
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised	-	-
<b>Closing Balance</b>	<b>Sub Total (b)</b>	
	-	-
<b>c. General Reserves</b>		
Opening Balance	-	-
Add: Transferred from surplus	-	-
Deductions during the year	-	-
<b>Closing Balance</b>	<b>Sub Total (c)</b>	
	-	-
<b>d. Surplus</b>		
Opening balance	(0.40)	(1.25)
Add: Net Profit/(Net Loss) For the current year	(2.86)	0.85
Amount available for appropriations	-	-
Less: Interim Dividends	-	-
Less: Final Dividends	-	-
Transferred to General Reserves	-	-
<b>Closing Balance</b>	<b>Sub Total (d)</b>	
	(3.26)	(0.40)
<b>Total (a to d)</b>	<b>(3.26)</b>	<b>(0.40)</b>



LR Research Laboratories Pvt Ltd

**Note No. 4: Other Current Liabilities**

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Salary payable	2.89	4.11
Provision for Expenses	4.30	1.41
Payable to Holding Company	2.99	-
TDS Payable	1.66	1.30
Provision for Income Tax	0.49	0.49
<b>TOTAL</b>	<b>12.33</b>	<b>7.31</b>

**Note No. 5: Cash and Cash equivalents**

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Balance with Banks	0.93	1.75
<b>TOTAL</b>	<b>0.93</b>	<b>1.75</b>

**Note No. 6: Other Current Assets**

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
Receivable from Holding Company	-	3.11
TDS Receivable	9.14	3.05
<b>TOTAL</b>	<b>9.14</b>	<b>6.16</b>



LR Research Laboratories Pvt Ltd

Note No. 7: Other Income

₹ in Lakhs

Particulars	For the Year ended 31 <sup>st</sup> March 2017	For the Year ended 31 <sup>st</sup> March 2016
Income from Service	60.84	30.52
<b>Total :</b>	<b>60.84</b>	<b>30.52</b>

Note No. 8: Other Expenses

₹ in Lakhs

Particulars	For the Year ended 31 <sup>st</sup> March 2017	For the Year ended 31 <sup>st</sup> March 2016
Salaries & Wages	60.40	28.78
Performance Bonus	3.00	-
<b>TOTAL</b>	<b>63.40</b>	<b>28.78</b>

Note No. 9: Finance Costs

₹ in Lakhs

Particulars	For the Year ended 31 <sup>st</sup> March 2017	For the Year ended 31 <sup>st</sup> March 2016
Bank charges	0.00	0.00
<b>Total :</b>	<b>0.00</b>	<b>0.00</b>

Note No. 10: Other Expenses

₹ in Lakhs

Particulars	For the Year ended 31 <sup>st</sup> March 2017	For the Year ended 31 <sup>st</sup> March 2016
Auditors' Remuneration		
- Audit Fee	0.25	0.25
- Taxation matters	-	-
- Certification Fees	-	-
- Out of Pocket expenses	-	-
Rates & Taxes	0.05	0.15
<b>TOTAL</b>	<b>0.30</b>	<b>0.40</b>



## LR RESEARCH LABORATORIES PRIVATE LIMITED

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### Significant Accounting Policies and Notes on Financial Statements

#### Corporate Information

LR RESEARCH LABORATORIES PRIVATE LIMITED is established to promote, run, maintain research and development laboratories and conduct supportive research for ongoing commercial activities in relation to agrochemicals of all kinds.

#### 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:

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. Income Taxes :

Tax expenses comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred tax reflects the effect in the current period of timing differences originating and reversing between taxable income and accounting income for the period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available, except that deferred tax assets in case of unabsorbed depreciation or losses under tax laws, are recognised only if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

##### F. 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.



### G. 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.

### H. Segment Reporting:

Segments are identified in line with AS 17 "Segment Reporting" and segment information is disclosed if any required in accordance with the standard.

I. Commitments/ Contingent Liabilities Nil

### J. Payments to Auditors:

S.No.	Particulars	2016-17 ₹ Lakhs	2015-16 ₹ Lakhs
1	Statutory Audit *	0.25	0.25
2	Other matters*	-	-
	<b>TOTAL:</b>	<b>0.25</b>	<b>0.25</b>

\* excludes service tax

### K. 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: ₹ 2.98 Lakhs (Credit Balance)

iii) Consultancy charges ₹ 60.84 Lakhs during the year (Previous year ₹ 30.52 Lakhs)

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

(₹ in Lakhs)

Sl. No.	Particulars	2016-17	2015-16
a)	Profit/(Loss) after tax (₹ in Lacs) (There are no extra ordinary items)	(2.86)	0.85
b)	Earnings available to Equity Shareholders (₹ in Lacs)	(2.86)	0.85
c)	<b>Weighted average No. of Shares taken for computing EPS</b>		
	- Basic	10,000	10,000
	- Diluted of par value of ₹ 10/-	10,000	10,000
d)	<b>Earnings per Share (₹) (b/c)</b>		
	- Basic	(28.63)	8.53
	- Diluted	(28.63)	8.53



**M. Disclosure on Specified Bank Notes (SBNs)**

Specified Bank Notes (SBN) and other denomination notes on hand as defined in the MCA notification G.S.R. 308(E) dated 31 March, 2017 on the details of SBN held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016.

(₹ in Lakhs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8-11-2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30-12-2016	Nil	Nil	Nil

N. Figures are rounded off to the nearest thousands.

Signatures to Notes 1 to 10

As per our report attached  
to the Balance Sheet  
**For M. BHASKARA RAO & CO.**  
Chartered Accountants  
Firm Registration No: 000459S

for and on behalf of the Board



*Raghunandan*  
**V. Raghunandan**  
Partner  
(Membership No. 026255)

*V. Vijay Shankar*  
**V. Vijay Shankar**  
Director  
(DIN:00015366)

*N. Vijayaraghavan*  
**N. Vijayaraghavan**  
Director  
(DIN:02491073)



Place: Hyderabad  
Date : May 26, 2017