

## Laurel Organics Limited

Regd. Office: Vill. Bhondsi, Tehsil Sohna  
Distt. Gurgaon (Haryana) - 122102  
E-mail : info@laurel.co.in • Web. : www.laurel.co.in

### NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the members of Laurel Organics Limited will be held on Tuesday, the 29th September, 2015 at 12.30 P.M. at the registered office of the company at Vill. Bhondsi, Tehsil Sohna, Distt. Gurgaon (Haryana) to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2015, the Profit & Loss Account for the year ended on that date and the report of the Directors and the Auditors thereon.
2. To re-appoint Mrs. Vandana Varma, who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit to pass with or without modifications the following resolution as an ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and The Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. A.K.Jalan & Associates, Chartered Accountants (Firm Registration No. - 500107N), who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of The Companies (Audit and Auditors) Rules, 2014, be and are hereby re-appointed as Statutory Auditors of the Company to hold from the conclusion of this Annual General Meeting (AGM) until the conclusion of next Annual General Meeting (AGM) of the Company on such remuneration as shall be fixed by the Board of Directors of the Company upon recommendation of the Audit Committee."

#### SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification the following resolution as Special resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013, if any, read with Companies (Incorporation) Rules, 2014 (including any statutory modifications (s) or re-enactment thereof, for the time being in force), a new set of Articles of Association as placed before the members and initialed by the Chairman for identification thereof, be and is hereby adopted and substituted in place of the existing Articles of Association of the company.

RESOLVED FURTHER THAT the Board of Directors and of the Company be and is hereby authorized to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company."

5. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendations of the Audit Committee, M/s Mahesh Singh & Co, Cost Auditor (Registration No. M - 6875), to conduct the audit of the cost records of the Company for the Financial year ending 31st March, 2016, be paid a remuneration of Rs 20,000 (Rupees Twenty Thousand only) per annum plus out of pocket expenses, if any, at actual.

"RESOLVED FURTHER THAT the Board of Directors and of the Company be and is hereby authorized to do, all such acts, matters, deeds and things, settle any queries/difficulties/ doubts arise from it, as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company"

6. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modifications (s) or re-enactment thereof, for the time being in force) and provisions of revised Clause 49-VII of Listing Agreement the approval/ratification of the shareholders be and is hereby accorded to the Board of Directors for continuing the existing related party transactions for FY 2014-15.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, and execute such addendum contracts/arrangements/transactions, documents and writings and make such changes to the terms and conditions of these contracts/arrangements/transactions as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company."

Place: Bhondsi,  
August 20, 2015.  
CIN : L24239HR1993PLC032120

**Registered Office:**  
Vill. Bhondsi, Tehsil Sohna  
Distt. Gurgaon (Haryana)

By order of the Board

Sd/-  
(Abhishek S. Varma)  
Director  
DIN:00161942

## NOTES:

1. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC. MUST BE ACCOMPANIED BY APPROPRIATE RESOLUTION/AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE NOMINATING ORGANIZATION.
2. PURSUANT TO THE PROVISIONS OF SECTION 105 OF THE COMPANIES ACT, 2013 A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. CORPORATE MEMBERS INTENDING TO SEND THEIR AUTHORIZED REPRESENTATIVE(S) TO ATTEND THE MEETING ARE REQUESTED TO SEND TO THE COMPANY A CERTIFIED COPY OF THE BOARD RESOLUTION AUTHORIZING THEIR REPRESENTATIVE(S) TO ATTEND AND VOTE ON THEIR BEHALF AT THE MEETING.
4. The Members/Proxies are requested to bring the copy of the Annual Report to the Annual General Meeting and hand over the attendance slip at the entrance of the meeting venue along with their Registered Folio No./Client ID and DP ID Numbers for easy identification.
5. The Shareholders are requested to notify any change in their address immediately. In case the Shareholders find that the address mentioned in the correspondence address by the company is incorrect/ incomplete please intimate your correct address immediately clearly indicating the post pin code number.
6. If the shares are held by the Shareholders in more than one folio, please get the same consolidated.
7. In compliance with the provisions of Section 108 of the Companies Act 2013 and Rules framed there under the Members are provided with the facility to exercise their vote at the 22nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL)
8. The Ministry of Corporate Affairs has taken a "Green initiatives in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail address, so far, are requested to register their e-mail address by sending written signed request to the Company.

9. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting is annexed hereto. Information under Clause 49 of the listing agreement relating to Directors proposed to be appointed/reappointed is provided in Annexure to this Notice
10. Particulars required for Re-appointment of Directors pursuant to Clause 49 of the Listing Agreement:  
  
In terms of Section 149 & 152 of the Companies Act, 2013, Mrs Vandana, director liable to retire by rotation at ensuring meeting and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.
11. The Shareholders are requested to bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
12. The Register of Members & Share transfer books of the company will remain closed from 24rd September'15 to 29th September'15 (both days inclusive) in compliance with Section 91 of the Companies Act, 2013.

#### **EXPLANATORY STATEMENT:**

##### **1. In respect of Item No. 4:**

The Articles of Association ("AoA") of the Company currently in force were originally adopted when the Company was incorporated under the Companies Act, 1956.

With the introduction of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletions. It is therefore considered and proposed by the Board, that it is expedient to replace the existing AoA with the entirely new set of AoA. The substitution of the existing AoA with the new AoA is proposed to align the AoA of the Company with the provisions of the Companies Act, 2013.

A copy of the proposed set, Articles of Association, of the Company would be available for inspection at the registered office of the Company during the business hours on any working day, up to the date of Annual General Meeting and during the Annual General Meeting.

None of the Directors/ Key Managerial Personnel of the Company / their relatives is, in any way, Concerned or interested, financially or otherwise, in the special resolution. The Board recommends passing of the resolution as a Special Resolution.

##### **In respect of Item No. 5 :**

The Board, on the recommendation of the Audit Committee has approved the re-appointment of the Cost Auditor M/s Mahesh Singh & Co, to conduct the Audit of the cost records of the Company for the financial year 2015-16.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration of the Cost Auditor needs approval of the members. Accordingly consent of the members is sought by passing of the Ordinary Resolution as set out in item 6 of the notice, for approval of the remuneration payable to the Cost Auditor for the year ending 31st March, 2016.

None of the Directors/Key Managerial Personnel/ their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution for approval of the members.

## **In respect of Item No. 6**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings with the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement with the related party, the Company shall obtain prior approval of the Board of Directors and prior approval of the shareholders by way of an Ordinary Resolution, if the said transactions are not, in the ordinary course of business and at arm's length price or exceeding the prescribed limits. Although we are in prescribed limit, but to have more transparency in related parties' transactions the Board is seeking shareholders' approval for the said transactions.

In the light of provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed transactions along with annual limit as mentioned under proposed resolution that your Company may enter into with the related parties (as defined under section 2(76) of the Companies Act, 2013). Pursuant to explanation of Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, relevant details of contracts / arrangements entered by the company so far are mentioned in AOC - 2 as a part of Annexure to Directors Report.

None of the Directors/Key Managerial Personnel/ their relatives except Mrs. Vandana Varma, Mr. Kumar Sahay Varma and Mr. Abhishek Sahay Varma is in any way, concerned or interested, financially or otherwise, in this resolution The Board recommends this special resolution for your approval.

## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the 22nd Annual Report on the business and operations of the Company together with the Audited Statements of Accounts along with the Report of the Auditors for the year ended 31st March, 2015.

### Financial Results

	<b>2014-15</b>	<b>2013-14</b>
	(Rs. In lacs)	(Rs. In lacs)
Net sales/income from operation	193.19	644.60
Other Income	51.14	3.49
	-----	-----
Total Income	244.34	648.09
	-----	-----
Cost of Raw Material Consumed	56.84	31.82
Staff Cost	198.07	297.28
Other Expenses	111.02	343.58
Depreciation	43.57	44.65
Finance Charges	4.04	8.44
Change in Inventory/Stock in Trade	0.53	1.57
	-----	-----
Total expenditure	414.09	727.34
	-----	-----
Profit / (Loss) for the year	(169.75)	(79.25)
Add/(Less):		
Deferred Tax	(0.52)	0.77
	-----	-----
Balance carried to Balance Sheet	(170.28)	(78.48)
	-----	-----
<b>Earning Per Equity Share (Basic/diluted) (Rs.)</b>	<b>(2.31)</b>	<b>(1.06)</b>

### OPERATIONAL REVIEW

During the year under review, the operations were adversely affected due to lower level of capacity utilization by RLL, sluggish and competitive market and overall economic recession.

The gross-receipts/turnover of the Company has fallen by 70% which is Rs.193.19 lacs as compared to previous year of Rs.644.60 Lacs. Despite of best efforts being made by the company in reducing the finance cost by 52%, which is Rs.4.05 lacs as compared to previous year of Rs. 8.44 lacs, Other Manufacturing Expenses by 67% which is 111.02 lacs as compared to previous year of Rs 343.57 lacs, the Company has not able to recover its operating costs and has, therefore, incurred a loss of Rs.169.75 lacs as compared to loss of Rs. 79.24 lacs in previous year.

During the current year the company has not sufficient orders in hand to run the plant at full capacity, therefore, the company had to slow/close down entire manufacturing operations during first two quarter of the year and on the other hand fixed cost continued to be same during the period, thus, finally had increased the losses of the company.

Your directors are exploring the possibilities for manufacturing the drugs. The Company is in advance stage negotiating with strategic partners who will bring fund to the company and manufacture drugs.

## **CHANGE IN NATURE OF BUSINESS**

There had been no change in the nature of business of the Company.

## **CONTRACT MANUFACTURING**

Your company has been operating on contract manufacturing basis for RLL, GFL SRF etc, . The operation has shown declining trend due to less capacity utilization by RLL as compared to previous year. The management of your company is presently working on alternative strategy to improve the job work revenue and also manufacture on its own account at micro level. It is believed that the efforts of management significantly contribute for the overall improvement in the operation of the company in future.

The Company is presently carrying out contract manufacturing activity for M/s Sun Pharma Ltd, (previously named M/s Ranbaxy Lab Ltd) a reputed pharmaceutical company for the past 10 years and the contract was further extended on 01/01/2013 for further period of five years for manufacturing Bulk Drug intermediates as per their specification and requirement.

Taking advantage of this growing segment, your company is exploring all possibilities to expand further and intends to enter into such agreement with other companies within and outside India. The experience of your company in efficiently manufacturing and supplying about 45 different products to M/S SPL during the past several years.

## **GOOD MANUFACTURING PRACTICE (GMP)**

Since last year we are also focusing on written standard operating procedures in all working of the departments and focusing on Good Manufacturing Practice (GMP). This gives your company a sense of confidence that it would be able to handle the offshore business opportunities very well in future.

## **PLANT CAPACITY**

Since the Company has manufactured so many different types of intermediates of almost all therapeutic groups, it has resulted in building up a capacity which extremely flexible which can handle all type of reactions relevant in the pharmaceutical manufacturing. This has helped the company being way ahead of its competitors in terms of plant flexibilities which has helped to cater to higher demand, increase in yields and steady costs thus maintaining reasonable steady growth in the past. However, due to lesser capacity utilization during the FY 2014-15, growth has been showing declining trend.

## **DIVIDEND**

In view of accumulated losses of the company your directors do not recommend any dividend.

## **NETWORTH**

The net worth of the company has remained in negative direction during the FY 2014-15. Therefore, brought forward accumulated loss has increased as compared to previous year.

## **FIXED DEPOSIT**

Your company has not accepted fixed deposits from the members or public, by public invitation during the year.

## **DIRECTORS**

As per the provisions of Section 149 and 152 of the Companies Act, 2013, the shareholders at their 21st Annual General Meeting held on 29th September, 2014, had approved the appointment of all the existing independent directors of the Company for tenure of up to five consecutive years. None of the independent directors are liable to retire by rotation.

None of the directors or key managerial personnel have been appointed or resigned from the Company, during the year under review.

In accordance with the provisions of the Section 149 (7) of the Companies Act, 2013, each independent director had confirmed to the Company that they meets the criteria of Independence laid down in the Section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Pursuant to Section 149 of the Companies Act, 2013, Mrs. Vandana Verma, who retire at the ensuing Annual General Meeting and being eligible, seek re-appointment.

## **Training of Independent Directors**

The Familiarization Programme for Independent Directors aims to familiarize them with the Company, their roles, rights, and responsibilities in the Company, nature of industry, and business model of the Company etc., to enable to take sound decisions and contribute towards the overall growth of the company. The Independent Directors have complete access to the information within the Company. The Company regularly conducts training sessions for the Independent Directors where specific presentations were provided to them about the Company's strategy, business model, operations, markets, organization structure, product offerings, finance, risk management framework, competitor's analysis and various other factors affecting the company's business. Moreover interactive meets are organized from time to time where they get opportunity to interact with Senior Management, Head of departments and other key personnel of the organization. All important corporate communications/announcements are forwarded to all the Independent Directors on regular basis to keep them abreast with what is happening in the company. Independent Directors have the freedom to interact with the Company's management as and when required. The Appointment letters issued to Independent Directors also includes the roles, duties and responsibilities in the Company.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at:- [•]

## **AUDITORS**

M/s A K Jalan & Associates, Chartered Accountants, retires as Auditors of the company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. M/s A K Jalan & Associates, Chartered Accountants were appointed as auditors in the last annual general meeting of the Company for a term of [3] years. The company has received certificate from them under section 139 read with Section 141 of the Companies Act, 2013.

Based on the recommendation of the Audit Committee, the Board of Director of the company proposes the re-appointment of M/s A.K.Jalan, Delhi, and Chartered Accountants as Statutory Auditors of the Company from the date of ensuring Annual General Meeting till conclusion of the next Annual General Meeting subject to approval of the members.

No frauds have been reported by the auditors in its report.

## **COST AUDIT**

The Cost Auditor, M/s Mahesh Singh & Co., re-appointed by the Company under Section 148 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 attended the Audit Committee Meeting, where Cost Audit Report was discussed.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2014 was September 30,2014 and further extended. The Cost Audit Reports were filed by the Cost Auditor on August 19, 2014 within extended time period. The due date for filing the Cost Audit Reports for the financial year ended March 31, 2015 is September 30, 2015.

## **SECRETARIAL AUDITOR:**

The Board had appointed CS S K Hota of S K Hota & Associates, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.



## **INTERNAL AUDITOR:**

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of The Companies (Accounts) Rules, 2014, the Board of Directors on recommendation of Audit Committee has appointed M/s. SRB & Co, Practicing Chartered Accountants, to undertake the Internal Audit of the Company.

## **VIGIL MECHANISM**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the persons covered under the policy are free to report misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected.. The reportable matters may be disclosed to the vigilance officer which operates under the supervision of the Audit Committee. Persons covered under the Policy may also report to the Chairman of the Audit Committee.

During the year under review, no employee was denied access to the Audit Committee.

The Policy on vigil mechanism or whistle blower policy may be accessed on the Company's website at the link: [•]

## **BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

Criteria laid down by Nomination and remuneration Committee for Performance evaluation of directors to be disclosed in this report.

## **POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

The current Policy is to have appropriate mix of executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As on the date of this Board Report the Board consist of 7 members, out of which, three are executive directors and four are non-executive independent directors. The Board periodically evaluates the need for change in its composition and size.

The Policy of the Company on Directors appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of director and other matters provided under Sub-section (3) of the Section 178 of the Companies Act, 2013, is included in the Nomination and Remuneration Policy adopted by the Board, forms part of this Annual Reportas Annexure - [•]. We affirm that the remuneration paid to directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

## **NUMBER OF BOARD MEETINGS :**

The Board of Directors, during the year 2014-2015 duly met 5 times on (1) 15th May, 2014 (2)14th August, 2014 (3)15th November, 2014 (4)14th February, 2015 (5) 30th March, 2015 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

## **RELATED PARTY TRANSACTIONS**

All related party transactions made during the financial year 2014-15 were on arm's length basis and were in the ordinary course of business.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which cannot be foreseen and are of repetitive nature.

A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of transactions.

The details of related party transactions are provided in the accompanying financial statements and thus, no disclosure is annexed in Form AOC 2 to this Board's Report.

## **DISCLOSURE OF REMUNERATION**

As per the provisions of Section 197 read with rule 5(1) and (2) of the Companies (Appointment and Managerial Personnel) Rules, 2014, statement with regard to disclosure of remuneration paid to the directors and employees, is annexed hereto and forms part of the Board Report as Annexure-III.

As per the provisions of Section 136 of the Companies Act, 2013 read with amended Clause 32 of the Listing Agreement with the Stock Exchanges, the annual report is being sent to all shareholders of the Company excluding particulars of employees as required under Section 197 of the Companies Act, 2013 read with 5(2) & (3) of the Companies (Appointment and Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining such particulars may inspect the aforesaid particulars at the registered office of the Company during business hours for a period starting twenty days before the date of the annual general meeting or may also write to the Company for obtaining a copy of the same.

No director, of the Company who is receiving commission from the Company is in receipt of any remuneration or commission from any holding company or subsidiary company of the Company.

## **SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material Orders passed by regulators or courts or tribunals impacting the going concern status and Company's future Operations.

## **INTERNAL FINANCIAL CONTROL**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of business, including adherence to the 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 timely preparation of reliable financial disclosures.

## **CORPORATE GOVERNANCE**

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance prescribed under the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance along with the certificate of the auditors confirming compliance with the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is annexed.

## **BUSINESS RISK MANAGEMENT**

During the year under review, the Company has identified and evaluated elements of business risk. Business risk, inter-alia, further includes Raw Material Procurement Risk, Environmental & Safety Risk, Working Capital Risk, Market Risk and Business Operations Risk. The Company has a Risk Management Policy in its place which clearly defines the risk management approach of the Company and includes periodic review of such risk and also documentation, mitigating controls and reporting mechanism of such risks. The Board of

Directors and senior management team currently assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

## **CORPORATE SOCIAL RESPONSIBILITY:**

Sustainability is a complex concept incorporating a wide range of social, environmental and economic issues. We recognize the holistic nature of a sustainable approach. As such, this commitment is about our people, the communities where we work, our suppliers and partners and the clients we work with. Since the company is incurring huge losses in last two years, therefore corporate social responsibility is kept under temporary hold.

## **HEALTH AND SAFETY**

The Company continues to accord high priority to health and safety of employees. During the year under review, a health & safety week was organized several times in its factory and the training programme and workshop for safety, awareness was also conducted for all employees at the plant. The comprehensive health check up of the employees was also carried out at the plant.

## **ENVIRONMENT**

The plant is maintained strictly in compliance with the provisions of the Pollution Control Act. All the Effluents either of water or Air being generated during the manufacturing process are released after proper treatment strictly as per the Pollution Control Regulations and Rules.

## **INSURANCE OF ASSETS:**

All the fixed assets, finished goods, semi-finished goods, raw materials, packing materials and other goods and assets of the Company have been insured against fire, burglary, transit, riots, strike, malicious damage and allied risks.

## **LISTING OF SHARES**

Your Company equity shares are listed with Bombay Stock Exchange Limited. However, the scrip is under temporary suspension from trading. The Company has been putting its best possible efforts to recommence the trading at the earliest. In the matter, it is worth mentioning that your Company had issued 885,000 equity shares of Rs 10/- each at par in repayment of dues to IDBI in partial modification of sanctioned rehabilitation scheme by Hon'ble BIFR in March, 2004. However, Hon'ble BIFR has now approved the issue of equity shares to IDBI and condoned the delay in taking approval for the same. The BIFR order was submitted to the BSE and follow-up is on to ensure early regularization of listing of shares.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required u/s. 134(3)(c) of the Companies Act, 2013, your Directors hereby state that

- a) in the preparation of the Annual Accounts for the financial year ended March 31, 2015, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared Annual Accounts on a going concern basis;

- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Separate report on Management Discussion & Analysis is appended herewith.

## **STATUTORY PARTICULARS**

The company had no employee of the category specified in sub section 217(2A) of the Companies Act, 1956 read with the companies (particulars of employees) Rules, 1975. The statement showing particulars of foreign exchanges earning and outgo is annexed hereto and form part of this report.

## **AUDITORS & THEIR REPORT**

With reference to the observation and remarks of the Auditors in their report, which are self-explanatory and have been suitably covered in the Notes to Accounts.

### **Reply to adverse remark of statutory auditors in regards to going concern.**

The Company is taking various measures such as cost optimisation, renegotiation of contracts with the customers, improving operating efficiency, sale of surplus assets so as to improve company's operating margins & cash flows. The Management believes that these measures together with expected growth in Pharma Sector and overall turnaround in economy will have positive impact on the company's business operations and will generate improved margins and cash flows.

## **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

In terms of the requirement of clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, the particulars with respect to "Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo" is annexed and forms a part of this report.

## **INDUSTRIAL RELATIONS**

Industrial relations continued to be cordial during the year under review.

## **STATEMENT UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **ACKNOWLEDGEMENTS**

Your Directors acknowledge the vital role played by hard working employees of the Company at all levels towards its overall success, other stakeholders, bankers and business associates, who have continued to lend their valuable support to the Company in its efforts to success. The Directors take this opportunity to record their appreciation in this regard.

For and on behalf of the Board

Place: Bhondsi.  
Date: August 20, 5

Sd/-  
(Abhishek Sahay Varma)  
(Director)  
DIN:00161942

## ANNEXURES TO THE DIRECTORS' REPORT:

### ANNEXURE-1

INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND RULE 8(3) OF COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE REPORT OF THE DIRECTORS.

#### A. Conservation of energy:

- a) Energy conservation measure taken : - Cold water re-circulation system was adopted to reduce energy loss.  
- Old Chiller has been replaced with new energy efficient chiller.  
- Existing one F.O. fired boiler was Modified to permit the use of alternate cheaper fuel in place of F.O.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy : -NIL-
- c) Impact of measure at (a) & (b) above : As a result of the measure at (a) above the consumption of diesel and electricity has been rationalized.
- d) Energy consumption particulars :

#### FORM – A

#### Form for Disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption	Current Year 2014-15	Previous Year 2013-14		
<b>1. Electricity:</b>				
(a) Purchased:				
Unit KWH'000	341.352	1040.059		
Total amount (Rs in lacs)	31.66	86.01		
Rate per unit (Rs.)	9.28	8.27		
(b) Own generation:				
Through Diesel Generator				
Units KWH'000	94.185	456.444		
Unit per ltr of diesel/oil	2.87	3.23		
Cost per unit (Rs.)	19.50	16.88		
<b>2. Furnace Oil/HSD &amp; Coal/Petcoke/Ors. used in Boiler/Thermopac etc. :</b>				
	F.O./HSD	Coal/Petcoke/ors	F.O./HSD	Coal/Petcoke
Quantity (K.ltrs/Kg.)	0.185	165.694	3.685	385.80
Total cost (Rs in lacs)	0.0987	14.352	1.84	36.10
Average rate (Rs.)	53.34	8.66	49.93	9.36
<b>3. Consumption per unit of Production:</b>				
Production (in MT)	9.393		40.474	
Electricity per MT KWH'000	46.37		36.97	
Furnace oil/HSD per MT (K.ltrs)	21.15		9.62	

**Note:** Figures for the year are not exactly comparable with last year, since the figures pertain to Jobwork involving multiple processes for ever changing different products, requiring less/more time and less/more steps to reach the final products.

#### B. Technology absorption:

-NIL- (Previous year -NIL-)

#### C. Foreign exchange earnings and outgo:

- a) Activities relating to export initiatives taken to increase exports, development of new Products and services, and export plan: NIL
- b) Total foreign exchange used and earned: Used Rs.-NIL- (P.Y. Rs. NIL)  
Earnings NIL (P.Y. - NIL)

## Annexure II SECRETARIAL AUDIT REPORT

For the Financial Year ended on March 31, 2015

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members  
**LAUREL ORGANICS LIMITED (The Company)**  
**Vill. Bhondsi, Tehsil Sohna, Dist. Gurgaon**  
**Haryana-122102**

I have conducted, the Secretarial Audit of compliance of applicable statutory provisions and adherence to good corporate practices, by M/s. Laurel Organics Limited (**hereinafter referred as 'Company'**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and accordingly expressing my opinion thereupon.

Based on my verification of books, papers, minutes books, forms and returns filed and other records maintained by Laurel Organics Limited and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company, has during the audit period covering the financial year ended on 31.03.2015 complied with various Statutory provisions listed hereunder and also that the Company has proper Board - Processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the Year ended 31.03.2015 according to the provisions of the following, to the extent these are applicable :-

- (i) The Companies Act, 2013 (to the extent applicable) and Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye - Laws framed there under ;
- (iv) The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. Not Applicable
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2009: Not Applicable to the Company During Audit Period
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: Not Applicable to the Company During Audit Period
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: Not Applicable to the Company During Audit Period
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: Not Applicable to the Company During Audit Period
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: Not Applicable to the Company During Audit Period

I have also examined the compliances of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India - Since the Secretarial Standards issued by the Institute of Company Secretaries of India have not become mandatory during the period under review.
- (j) The Listing Agreement entered into by the Company with the Stock Exchanges namely Bombay Stock Exchange Limited, Delhi Stock Exchange Associations Limited, Madras Stock Exchange Limited, Ahmadabad Stock Exchange Limited and Jaipur Stock Exchange Limited.

During the period under review the Company has been regular in complying with various applicable provisions of the Act, rules, regulations, Guidelines and Standards etc. which are subject matter of present Audit Report, stated here in above.

**It is further reported that :**

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non - Executive Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to the members of the Board generally at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has not carried out any major strategic action warranting compliance of specific/special nature, except transactions (originating either on Company's action or otherwise) as hereunder :

- a. During the year the Board of Directors of the Company (Board) was re-constituted as follows:
  - i. On 9th August, 2014, Mr. Kumar Sahay Varma was re-appointed as Chairman and Managing Director (CMD) of the Company for a period of 5 years.
  - ii. On 9th November, 2014, Mr. Abhishek Sahay Varma was re-appointed as Whole Time Director (WTD) of the company for a period of five years.
  - iii. Mr Sandeep Gupta, Mr Prabhat C Jha and Mr Binod Roy were appointed as Independent Directors for a period of Five years.

**For S. K. Hota & Associates  
Company Secretaries**

Susanta Kumar Hota  
Proprietor  
Membership No: ACS 16165  
CP No. 6425

Date: August 20, 2015  
Place: New Delhi

*Disclaimer: This is Secretarial Audit as required to be carried out pursuant to provisions of Section 204 of the Companies Act, 2013, read with applicable rules, and has been carried accordingly, hence must be construed and interpreted accordingly.*

**Annexure - III : Form No. MGT - 9**

**Extract of Annual Return**

**as on the financial year ended on 31st March, 2015**

**[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS**

i)	CIN No	L24239HR1993PLC032120
ii)	Registration Date	27th September 1993
iii)	Name of the Company	Laurel Organics Limited
iv)	Category / Sub-Category of the Company	
v)	Address of the Registered Office and contact details	Vill Bhondsi, Tehsil Sohna, Dist Gurgaon, Haryana 122 102: +91.1242267351 Email: info@laurelorganics.co.in Website: www.laurelorganics.co.in
vi)	Whether Listed company	Yes. BSE, ASE, DSE, NSE, JSE
vii)	Name, Address and contact details Of Registrar and Transfer Agent	Abhipra Capitals Ltd

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All business activities contribution 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Bulf Drug Pharmaceutical		95.61
2.	Services & Others	NA	4.39

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
	NIL				

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	3021100	3021100	40.91	-	3021100	3021100	40.91	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	608400-	608400-	8.24-	-	608400-	608400-	8.24-	-
e) Bank/Financial Institution	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	-	<b>3629500</b>	<b>3629500</b>	<b>49.15</b>	-	<b>3629500</b>	<b>3629500</b>	<b>49.15</b>	-
<b>(2) Foreign</b>									
a) NRI-Individuals	-	0	0	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Bank/Financial Institution	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)</b>									
<b>(A)=(A)(1)+(A)(2)</b>	-	3629500	3629500	49.15	-	3629500	3629500	49.15	-



## B. Public Shareholding

### (1) Institution

a) Mutual Funds	-	100000-	100000-	1.35-	-	100000-	100000-	1.35-	-
b) Banks/Financial Institution	-	-	--	-	-	-	-	-	-
c) Central Govt.(s)	-	-	--	-	-	-	-	-	-
d) State Govt.(s)	-	-	--	-	-	-	-	-	-
e) Venture Capital Funds	-	-	--	-	-	-	-	-	-
f) Insurance Cos.	-	-	0	-	-	0	-	--	-
g) Foreign Institutional Investor(FII)	-	723300-	723300	9.79	-	723300-	723300	9.79	-
h) Foreign Capital Funds	-	-	--	-	-	-	-	-	-
i) Others (Specify)	-	-	--	-	-	-	-	-	-
Sub-total (B)(1)	-	823300	823300	11.15	-	823300	823300	11.15	-
(2) Non-Institution									
a) Bodies Corporate									
i) Indian	-	311500-	311500-	4.22	-	311500-	311500-	4.22	311500-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual									
i) Individual shareholders holding nominal share upto Rs. 1 lakh	-	2456500	2456500	33.26	-	2456500	2456500	33.26	2456500
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	164200	164200	2.22	-	164200	164200	2.22	164200
c) Others (specify)	-	-	--	-	-	-	-	-	-
Total Public Shareholding (B)	-	2932200	2932200	39.7	-	2932200	2932200	39.7	2932200
(B)=(B)(1)+(B)(2)									
Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	-	7385000	738500	100	-	7385000	7385000	100	0

### (ii) Shareholding of Promoters

Sl	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding
		No. of Shares	% of total Shares of Company	% of shares Pledged /Encumbered of Total shares	No. of Shares	% of total Shares of /Encumbered of Total shares	% of shares Pledge during the year	
1	Kumar Sahay Varma	3010600	40.77	Nil	3010600	40.77	Nil	Nil
2	Vandana Varma	10500	0.14	Nil	10500	0.14	Nil	Nil
3	Bijwasan Agro Ltd	508400	6.88	Nil	508400	6.88	Nil	Nil
4	Agora Agro Private Ltd	100000	1.35	Nil	100000	1.35	Nil	Nil
<b>TOTAL</b>		<b>3629500</b>	<b>49.15</b>	<b>Nil</b>	<b>3517000</b>	<b>3629500</b>	<b>49.15</b>	

### (iii) Change in Promoters Shareholding (please specify if there is no change)

Sl	Shareholders Name	Shareholding at the beginning of the year			Cumulative Shareholding during the year		% change in shareholding
		No. of Shares	% of total Shares of Company	No. of Shares	% of total Shares of		
There is no Change							

### (iv) Shareholding Pattern of top Five Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	a) Satish Chander Shah	102500	1.39	102500	1.39
	b) At the Beginning of the year	-	-	-	-
	c) At the end of the year	-	-	-	-
2	a) Soptex Developments Ltd	100000	1.35	100000	1.35
	b) At the Beginning of the year	-	-	-	-
	c) At the end of the year	-	-	-	-

# Laurel Organics Ltd.

3	a) Southern India Depository Service P Ltd				
	At the Beginning of the year	81100	1.1	81100	1.1
	b) Changes during the year	-			
	c) At the end of the year				
4	a) Indian Bank A/C Indian Bank Mutual Fund				
	At the Beginning of the year	94700	1.28	94700	1.28
	b) Changes during the year	-			
	c) At the end of the year				
5	a) Atul Pravinbhai	91700	1.24	91700	1.24
	b) At the Beginning of the year				
	b) Changes during the year	-			
	c) At the end of the year				

## (v) Shareholding of Directors and Key Managerial Personnel

Sl	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	a) Kumar Sahay Varma MD	3010600	40.77	3010600	40.77
	b) At the Beginning of the year				
	b) Changes during the year				
	c) At the end of the year				
2	a) Vandana Varma , WTD	10500	0.14	10500	0.14
	b) At the Beginning of the year				
	b) Changes during the year				
	c) At the end of the year				
	a) At the end of the year				

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Rs. in lakhs			
	Secured Loan excluding Deposits	Unsecured Loan	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year i.e. on 01.04.2014</b>				
i) Principal Amount	645580	569318	-	1214898
ii) Interest due but not paid	0	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	645580	569318	-	1214898
Change in Indebtedness during the Financial Year				
Addition(Utilization)		-	-	
Reduction		-	-	
Net Change				
<b>Indebtedness at the beginning of the Financial Year i.e. on 31.03.2015</b>				
j) Principal Amount	385966	845828	-	1234794
ii) Interest due but not paid	0	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	385966	845828	-	1234794

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A Remuneration to Managing Director, Wholetime Director and/or Manager:

Sl No.	Particulars of Remuneration	Name of the Managing Director Shri Kumar Sahay Varma	Name of the Managing Director Shri Abhishek Sahay Varma	Name of the Managing Director Shri Vandana Varma	Total Amount Rs.
1	Gross Salary Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 Value of perquisites u/s 17(2) of the Income Tax Act, 1961 Profit in lieu of salary under section 17(3) of the Income Tax Act, 1961	12	13.2	8.4	Rs. 33.6

		5.34	0.46	1.17	6.98
2	Stock Option	Nil			Nil
3	Sweat Equity	Nil			Nil
4	Commission – As a % of Profit Others, specify	Nil			Nil
5	Less :Waived/forgo as per consent	9.11	11.38	6.26	26.76
	TOTAL (A)	8.22	2.28	3.3	13.82

**B. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

There is No Remuneration Paid to Key Managerial Personnel other than MD & W.T.D.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding Fees imposed	Authority RD/NCLT/COURT	Appeals made if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

## CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereafter the Code) through Clause 49 of the listing agreement executed by the Company with stock exchanges. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the Corporate. While most of the practices laid down in clause 49 require mandatory compliance, few are recommendatory in nature. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2014-15:

### Company's Philosophy on Corporate Governance

In present corporate scenario as well as rising awareness among investors, stakeholders and other interested agencies, excellence is adjudged by corporate management, which is guided by code of corporate governance. Its essence lies in company's effort to strive for higher level of accountability, full disclosure, and fairness in operations, more transparency, appropriate composition and size of the Board, with composite goal of maximizing shareholders value along with other compliance.

Your company's philosophy on corporate governance is aimed at enabling the management to establish an effective mechanism for overseeing the affairs, to ensure effectiveness of the Board, to ensure truthful and factual presentation of the company's financial position, conducting the company's business effectively keeping in view the stakeholders' interest.

### Board of Directors

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company and as trustee of stake holders.

### Composition and Status of Directors

The present strength of the Board of your company is Seven directors. There are three Executive directors and four non-executive directors.

During the year under review, five Board meetings were held during the year 2014-15. The dates on which the Board meetings held are as follows:

15th May, 2014, 14th August, 2014, 15th November, 2014, 14th February, 2015 and 30th March, 2015.

The composition of Board of Directors, attendance of Directors at Board meetings, and at the last Annual General Meeting, as also the number of directorship and committee membership held by them in other companies are given below:

Name of Directors	Category of Director	No of BOD meetings attended	Attendance at last AGM	No of Director -ship in other companies	No. of other Committee Memberships
Mr. K S Varma	Executive	5	Yes	1	Nil
Mrs Vandana Varma	Executive	5	Yes	1	Nil
Mr Abhishek S Varma	Executive	5	Yes	1	Nil
Mr Sandeep Gupta	Non Exe./Indep.	1	Yes	Nil	Nil
Mr. Prabhat C Jha.	Non Exe./Indep.	2	Yes	Nil	Nil
Mr Binod Roy	Non Exe./Indep.	5	Yes	Nil	Nil
Mrs. Shakuntala Prasad	Non Exe./Indep.	5	Yes	Nil	Nil

### COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE

The company has constituted Audit committee as stipulated under clause 49 of of Listing agreement with stock exchanges and to meet requirement of Section 292A of the Companies Act, 1956 as introduced by the Companies (amendment) Act, 2000.

The terms of reference specified by the Board to the Audit committee are as contained in Clause 49 of the listing agreement and under Section 292A of the Companies Act, 1956, and it also undertakes such other matters as may be delegated by the Board from time to time. The primary function of Audit committee is to periodically interact with internal auditors to review their reports, and discuss adequacy of internal control system, meet with statutory auditors to discuss their observations and suggestion on accounts and accounting policies. The audit committee also reviews with the management the quarterly and annual statements before submission to the Board.

The Audit committee of the company comprises of three independent non-executive directors, viz. Mr. Prabhat C Jha (Chairman), Mr. Binod Roy & Mrs. Shakuntala Prasad. The Managing Director, Head of Finance and other functional managers are invitees to the Audit Committee as and when necessary. The constitution of the committee meets the requirement of section 292A of the Companies Act, 1956.

During the year under review 2 meetings of the Audit committee were held.

## **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee of the Board comprises of Mr. Binod Roy (Chairman of the Committee), Mr. Sandeep Gupta, Mrs. Shakuntala Prasad. The function of the Committee inter-alia include to lay down, review and revise remuneration of the managerial personnel, to give recommendations to the Board of Directors on the matter concerning the managerial remuneration, to deal with any other matter related or incidental to the above or as may be delegated by the Board from time to time. During the year under review, one Nomination and Remuneration committee meeting was held.

The details of remuneration paid to Executive Directors during the year 2014-15 are given below:

Name of Executive Directors	Salary (Rs.)	Perquites and allowances (Rs.)	Waived/ Forgo (Rs.)	Total
1. Mr. K S Varma*	1200000	534734	(911957)	822777
2. Mrs. Vandana Varma*	840000	117670	(626699)	330971
3. Mr. Abhishek S Varma*	1320000	46500	(1138227)	228273

\*Since the company is incurring huge losses in last 2 years and considering cash flow situation of the company, our directors have forgo their outstanding salary of previous year and for the FY 2014-15, hence these liabilities are no longer required written back.

## **SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE**

The Board of Directors of the Company has constituted a shareholders/ investors grievance committee comprising of Mr. Binod Roy (Chairman) , Mrs. Sakuntala Prasad & Mr. Prabhat C Jha, members.

The function of the committee inter-alia includes approval/rejection of transfers, transmission of shares, issue of fresh/ duplicate certificate upon split/consolidation/renewal/mutilation/loss or otherwise, monitor the matters of litigation related to shareholders and take decisions relating thereto, consider, review and monitor the matters related to shareholders grievances.

During the year under review, 3 meetings of shareholders committee were held on, 15th May, 2014, 14th August, 2014 and 31st March, 2014. The meetings were attended by all the members of the committee.

## **EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure- to the Board Report.

## **ANNUAL GENERAL MEETINGS**

Location and time for last 3 Annual General Meetings were as follows:

Year	Location	Date	Time
2011-2012	Village-Bhondsi, Tehsil-Sohna, Gurgaon	28.09.2012	12.30 P.M
2012-2013	Village-Bhondsi, Tehsil-Sohna, Gurgaon	27.09.2013	12.30 P.M
2013-2014	Village-Bhondsi, Tehsil-Sohna, Gurgaon	29.09.2014	12.30 P.M

During the year ended 31st March'2015 there were no resolution passed by the Company's shareholders through postal ballot. At the ensuing Annual general meeting there is no resolution proposed to be passed by postal ballot.

## **DISCLOSURES**

At present the company's revenue generation is from job work activity, hence no transaction of material nature were entered into by the Company with its Promoters, the Directors or Management, their subsidiary or relatives etc., that may have a potential conflict with the interest of the Company.

There were no penalties imposed on the Company by Stock Exchanges or Securities Exchange Board of India (SEBI) or by any regulatory authority for non-compliance of applicable laws.

Non Mandatory Requirements of Listing Agreement :

The Company has complied with mandatory requirements as discussed in this report as per Clause 49. The non-mandatory requirements complied with have been disclosed at the relevant places.

## **MEANS OF COMMUNICATION**

Quarterly Results are published in the newspapers and are not sent to each shareholder. The results are usually published in the following newspapers:

- i) Pioneer
- ii) Hari bhumi

## GENERAL SHAREHOLDER INFORMATION

### 22nd ANNUAL GENERAL MEETING

Date & Time : Tuesday, 29th September, 2015 at 12.30 PM.

Venue : Village Bhondsi, Tehsil Sohna, Distt.Gurgaon, Haryana.

### BOOK CLOSURE DATE

24th September'15 to 29th September'15.

### DIVIDEND PAYMENT DATE

Since your company is having accumulated losses, dividend payment was not made since inception.

### LISTING OF SHARES ON STOCK EXCHANGES

The shares of your company are listed on the following stock exchanges.

#### NAME OF THE STOCK EXCHANGE

The Bombay Stock Exchange Limited,  
Delhi Stock Exchange Associations Limited,  
Madras Stock Exchange Ltd, Chennai.  
Ahmedabad Stock Exchange Ltd, Ahmedabad  
Jaipur Stock Exchange Ltd.

#### STOCK CODE

530313  
Stock Exchanges not in operation

### STOCK MARKET DATA

#### Bombay Stock Exchange(BSE)

Since the company's script was suspended by Bombay Stock Exchange, there is no trading of the shares of the company, therefore, no data was available for the financial year. However the Company's application has been pending with Bombay Stock Exchange for revocation of suspension since last year and required compliances for revocation of suspension has been made by the company and the same is subject to approval of listing committee of BSE. The management is putting constant efforts to start early trading of the shares.

#### Delhi Stock Exchange(DSE)

The company has filed an application under stock exchange amnesty scheme along with payment of listing fee to DSE. The DSE has been asked for ISIN No of the Company. Since the company doesn't have ISIN No. the trading of securities with DSE is under hold.

### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2015.

Nominal Value	No. of Holder	%to Total	No. of Share.	% to Total
UP TO 5,000	12342	99.45	2641000	35.76
5,000 TO 10,000	39	0.31	301700	4.08
10000 TO 20000	16	0.13	215900	2.92
20000 TO 30000	5	0.04	137300	1.86
30000 TO 40000	1	0.01	36100	0.49
40000 TO 50000	0	0	0	0
50000 TO 60000	0	0	0	0
60000 TO 70000	0	0	0	0
70000 TO 80000	0	0	0	0
80000 TO 90000	1	0.01	81100	1.10
90000 TO 100000	3	0.02	286400	3.88
ABOVE 1,00,000	3	0.02	3685500	49.90
<b>TOTAL</b>	<b>12410</b>	<b>100</b>	<b>7385000</b>	<b>100.00</b>

### DEMATERIALISATION OF SHARES

The Company's application has been rejected several times by NSDL due to negative net worth and certificate of continuous listing. During the year under review your company has been able to achieve positive net worth based on the financial result of 31st March, 2015. A fresh application has been made to NSDL for dematerialization of shares last year. The Company is following up on regular basis and will be done as soon as possible.

### REGISTRAR AND SHARE TRANSFER AGENT

The Company has already appointed M/s Abhipra Capitals Limited, as registrar & share transfer agent, the agreement between the Company and the respective RTA was on hold, awaiting clearance from NSDL/CDSL.

### SHARE TRANSFER SYSTEM

Presently the share transfers which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the validity and completeness of the transfer documents in all respect. The authority for transfer of shares has been delegated by the BOD to the Whole time Director for transfer

of upto 10000 equity shares under one folio at a time, beyond which the matter is placed before the shareholders committee, which meets as and when, required.

## **SECRETARIAL AUDIT**

As stipulated by SEBI, a qualified Company Secretary in practice M/s S. Behera & Co, conducts the secretarial Audit of the Company. The Company Secretary in Practice conducts their Secretarial Audit in every quarter and issues a Secretarial Audit Certificate to cover all specified aspects under applicable regulations to the Company.

## **PLANT LOCATION**

Village- Bhondsi, Tehsil - Sohna, Distt. - Gurgaon, Haryana 122102.

## **ADDRESS FOR CORRESPONDENCE**

Investors correspondence: Village-Bhondsi, Tehsil- Sohna, Distt. Gurgaon, Haryana-122102  
Tel : 0124-3259517, laurelorganicslimited@gmail.com.

Any query on Annual report: Village-Bhondsi, Tehsil- Sohna, Distt. Gurgaon, Haryana-122102  
Tel : 0124-3259517, laurelorganicslimited@gmail.com.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure & Developments**

The recovery of the Indian economy seems to be on track with GDP predicted to grow to higher levels. Industrial recovery has also gathered momentum in recent months. The government is expected to adopt a gradual approach while withdrawing policy stimulus measures so that the recovery is not hampered.

The Indian pharmaceutical industry maintained its momentum and registered growing trends, according to ORG-IMS statistics.

The dynamics of the Indian pharmaceutical industry is undergoing significant changes. Multinational corporations are working to entrench themselves as evidenced by the recent buyouts of the domestic business of major Indian pharmaceutical organizations. In the coming years, the industry may witness a significant shift and a consolidation phase. All the major players are trying to reach out to emerging rural markets in order to expand their reach.

Taking advantage of this growing segment, your company is exploring all possibilities to expand further and intends to enter into such agreement with other companies within and outside India. The experience of your company in efficiently manufacturing and supplying about 45 different products to M/S RLL during the past several years

### **Opportunities and challenges**

With the core promoters/management including technocrats, the Company has been healthy on technical side which is reflected in its ability to manufacture wide range of Bulk drug products in a cost effective manner by regularly evaluating alternate processes, inputs, sources etc. Technical competency has also helped the Company to continuously update and upgrade its technology and improvement in processes, increased yields and value additions in association with M/s Ranbaxy Lab Ltd.

### **Segment-wise or product-wise performance**

Since the company's operations restricted to contract manufacturing during the year, therefore no product wise or segment wise performance can be provided.

However, in the context of Contract manufacturing, the increased revenue from job work reflects the production performance of the company.

### **Outlook**

Your Company's overall earnings presently depend on the job work of pharmaceutical products. Because pharmaceutical business is global in nature and also the company is doing job work for an Indian MNC (now a global MNC), its volume of business depends on overall global economic outlook & global demand and supply scenario.

As a diversification and to secure future profitability, your company is in continuous efforts for creating solvent recovery facility/plant and business generations from other major pharmaceutical companies. Further initiatives have been taken for up-gradation of the plant to GMP standards & obtaining license/approvals from the Drug authorities to start own production.

### **Risks and concerns**

Though the pharmaceutical products, and particularly bulk drug intermediates, which can be manufactured by the company, are internationally traded, but at present the company has no production of its own. It is dependent on contract manufacturing on the job basis. Therefore, there are no risk areas like market fluctuations or import tariffs, but the major risk is job order itself.

As a part of its overall risk management strategy, the company has carried its operations based on a manufacturing Contract for five years with M/s Ranbaxy Laboratories Ltd., duly renewed for another five years w.e.f. 01/01/2013 for manufacturing Bulk Drug intermediates as per their specification and requirements on variable charges per KG basis.

# Laurel Organics Ltd.

Company is also looking for business from other major pharma/chem. player like SRF, Jubilant & Celeste. Therefore, the risk depends on the volume of job work being provided, which is further depending on the overall market situation.

## Internal control system and their adequacy

A proper and extensive system of internal control is practiced by your company, to ensure that all its assets are safeguarded and protected, and that transactions are authorized, recorded and reported properly.

An adequate programme of internal audits, reviews by management and documented policies, guidelines and procedures, supplement the internal control system, which is designed to ensure reliability of financial and all other records, ultimately based on which periodical financial statements and other data are prepared and to maintain accountability for safeguarding of assets.

During the year the Company has appointed M/s SRB & Co, Chartered Accountant to conduct internal audit of the company. Top management and audit committee of the Board reviews the findings and recommendation of internal auditors.

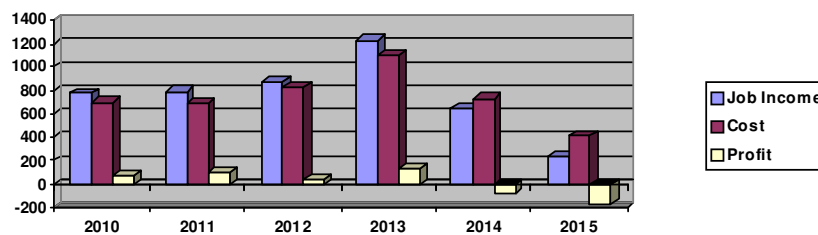
The company is also following written procedures in all its departments with special emphasis in manufacturing and Quality Assurance activities.

## Financial Risk :

Dues to unsecured creditors have been cleared during this year. To mitigate the risk of vendor payment, the company is looking forward for arrangement of working capital and term loans in near future. In the mean time, the company was meeting its requirement from its operating cash flows.

Financial performance with respect to operational performance :

The Job work done by the company for the year 2014-15 is Rs. 193.19 lacs in comparison to the year 2012-13 which was Rs. 644.60 lacs . The details are in below:



## Development in human resources/Industrial relations front, including number of people employed:

In the context of people employed, there have been no significant changes in workforce employed during 2014-15 compared to the previous year.

## Transfer to Reserve

There is no transfer of any amount to the General Reserve.

Place: Bhondsi.  
Date: August 20, 2015

For and on behalf of the Board

Sd/-  
(Abhishek Sahay Varma)  
(Director)



**Annexure -**

**CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA**

**CERTIFICATE**

To the Shareholders,

We have examined the compliance of conditions of Corporate Governance by Laurel Organics Ltd. for the year ended on 31st March'2015, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except non-payment of listing fees.

We state that in respect of investor grievances received during the year ended 31st March, 2015, no investor grievances are pending against the company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For A K Jalan & Associates

Chartered Accountants  
(FRN No.500107N)

Place: New Delhi

Date: August 20, 2014

(CA A K Jalan, FCA), Partner

M.No.052776

## INDEPENDENT AUDITOR'S REPORT

To

The Members ,  
M/s Laurel Organics Limited

Dear Members ,

### i) Report on the Financial Statements

We have audited the accompanying financial statements of LAUREL ORGANICS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended March 31, 2015, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### ii) Management's Responsibility for the Financial Statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy of the accounting records, 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.

### iii) Auditor's 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 thereunder.

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 that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place and adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, 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.

### iv) Basis of qualified opinion

**The Company has eroded almost completely its equity during the year. Business of the Company remained suspended for major part of the financial year, Company was unable to discharge statutory liabilities, employee dues and current liabilities including creditors and it was incurring cash losses during the year as well as past year, affecting seriously the going concern assumption.** The appropriateness of the assumption of 'going concern' is dependent upon Companies ability to raise required resources/ generate cash flows in future to meet its obligations. Management of the Company has, though, expressed positive hope in this regard.

### v) Qualified Opinion

Subject to the basis of our qualified opinion and impact of the same on the financial statement referred to here-in, 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:

- 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 March 31, 2015; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended March 31, 2015.

### vi) Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order 2015' ("The Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.

2. As required by section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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;
  - 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;
  - 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;
  - On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
  - With respect to the other matters to be included in the Auditors' 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:
    - the Company has disclosed the impact of pending litigations, if any, on its financial position in its financial statements - Refer note 25(i)(xii)(xiii)(xxx);
    - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - there were no amounts which were required to be transferred to the investor education and protection fund by the Company.

**For A K Jalan & Associates**  
Chartered Accountants  
(FRN 500107N)

Place: New Delhi-5  
Date : 20/08/2015

Sd/-  
(CA A K Jalan, FCA), Partner  
Membership No. 052776

## **Annexure to the Auditors' Report**

**Referred to in sub-paragraph 1 of paragraph (vi) 'Report on other Legal and Regulatory Requirements' section of the Independent Auditors' Report of even date to the members of Laurel Organics Limited on the Financial Statements as of and for the year ended 31st March, 2015)**

### **01. In respect of its Fixed Assets:**

- The company has maintained records showing particulars, including quantitative details and situation of its Fixed Assets on computer assisted system.
- As per information and explanations given to us, the Fixed Assets of the Company have been physically verified by the management during the year and it seems that the procedure of physical verification employed was reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were found on such verification.
- In our opinion, and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year, excepting certain machinery for a valuable consideration;

### **02. In respect of its inventories:**

- The inventory (own inventory and stock of inventory belonging to principal manufacturer) have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory were not material as compared to the book records in relation to the operation of the Company.

### **03. Loans taken/Advanced by the Company:**

Based on the audit procedures applied and according to the information and explanations given to us, the company has neither granted nor taken loans in the nature of loans, secured or unsecured, to/from Companies, Firms or other parties covered in the register maintained u/s 189 of the Companies Act, 2013. Therefore, paragraph 3(iii) of the Order is not applicable.

### **04. Internal Control Procedures:**

In our opinion and according to the information and explanation given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase/procurement of

inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

**05. Acceptance of Deposits:**

In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits from the public and accordingly paragraph 3 (v) of the Order is not applicable.

**06. Maintenance of Cost Records:**

The Central Govt. has prescribed Rules for the maintenance of the cost records u/s 148(1) of the Companies Act, 2013. Company has appointed Cost Audit for the Financial Year 2014-15. As per explanations received and records broadly reviewed, the Company has been engaged in processing of drug intermediates for other major pharmaceutical Company on Job Charges basis. The cost data for major component of drugs manufactured is not available, therefore, could not be verified.

**07. In respect of Statutory Dues:**

(a) According to the information and explanation given to us and on the basis of our examination of records of the Company, the Company has delayed deposit of the undisputed statutory dues relating to Income Tax Deducted at Source, PF, ESI, Labor Welfare Fund contribution, Service Tax and sales tax amounts, which have not been paid in time due to various reasons including financial sickness. However, in other cases the Company is generally regular in depositing the undisputed statutory dues as applicable with appropriate authorities in India. The delay in deposit was more than six months in several cases, details are as below:

- (i) EPF dues : Delay for more than 6 months Rs.695723/-  
(Total dues as on 31/03/2015 Rs.10,37,809/-, paid on 19/05/2015 )
- (ii) ESI dues : Delay for more than 6 months i.e. FY 2013-14 Rs.561759/- , for FY2014-15 Rs.429627/-  
(Total dues Rs.1604968/-, not paid as yet)
- (iii) TDS dues : Delay for More than 6 months as below:  
Section 194 C of the Income Tax Act,1961 Rs. 7,434/-  
Section 194 I of the Income Tax Act,1961 Rs. 44,158/-  
Section 194 J of the Income Tax Act,1961 Rs. 40,063/-  
Section 194 A of the Income Tax Act,1961 Rs. 18,189/-
- (iv) Labour welfare fund dues: Delay for more than 6 months Rs.23800/-

(b) According to the information and explanation given to us and the records of the Company examined by us, no disputed statutory dues were outstanding for payments before any forum for relief or otherwise.

(c) According to the information and explanations given to us, the Company did not have any dues on account of investor education and protection fund.

**08. Cash Losses:**

The accumulated losses as at March 31, 2015 of the Company stand at Rs. 721.12 lacs (Last year Rs.550.84 lacs), which is 97.64 % of the Company's net worth as at the end of the Financial year. The Company has also incurred cash losses of Rs.126.18 lacs in the current financial year and in the immediately preceding financial year of Rs. 34.50 lacs.

09. Company has not raised any term loans from Banks/Financial Institutions during the year under audit. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers.

10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year, except the undertaking given for personal loan raised by employee against salary/terminal benefits from Corporation Bank.

11. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment, and vice versa.

12. According to the information and explanations given to us and based on the audit procedures performed and representation obtained from the management, we report that no fraud on or by the Company, having material misstatement on the financial statements has been noticed or reported during the year under audit.

Place: New Delhi-5  
Date : 20/08/2015

**For A K Jalan & Associates**  
Chartered Accountants  
(FRN 500107N)

Sd/-  
(CA A K Jalan, FCA), Partner  
Membership No.052776

## BALANCE-SHEET AS AT 31st MARCH 2015

	Particulars	Note No.	As at 31.03.2015 (Rs.)	As at 31.03.2014 (Rs.)
<b>I.</b>	<b>EQUITY &amp; LIABILITIES :</b>			
	<b>1 Shareholder's Fund:</b>			
	(a) Share Capital	1	73,850,000	73,850,000
	(b) Reserves and Surplus/(Loss)	2	(72,111,938)	(55,083,759)
			<u>1,738,062</u>	<u>18,766,241</u>
	<b>2 Non-current Liabilities</b>			
	(a) Long-term borrowings	3	976,744	1,214,898
	(b) Deferred tax liabilities (Net)			
	(c) Deferred tax liabilities (Net)	4	2,742,475	2,690,149
	(c) Other Long-term liabilities	5	2,174,781	4,594,605
	(d) Long-term provisions	6	4,021,529	4,107,422
			<u>9,915,529</u>	<u>12,607,073</u>
	<b>3 Current Liabilities</b>			
	(a) Short-term borrowings		-	-
	(b) Trade payables	7	10,552,318	9,191,000
	(c) Other current liabilities	8	24,017,880	14,524,582
	(d) Short-term provisions	9	-	-
			<u>34,570,198</u>	<u>23,715,581</u>
	<b>TOTAL</b>		<u>46,223,789</u>	<u>55,088,895</u>
<b>II.</b>	<b>ASSETS</b>			
	<b>1. Non-current Assets</b>			
	(a) Fixed Assets	10		
	(i) Tangible assets		34,109,126	38,577,166
	(ii) Intangible assets		3,604	8,625
	(iii) Capital work-in-progress		-	105,518
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Long-term loans and advances	11	1,273,317	1,236,428
	(d) Other non-current assets	12	1,675,000	1,550,000
			<u>37,061,047</u>	<u>41,477,737</u>
	<b>2. Current Assets</b>			
	(a) Current Investments		-	-
	(b) Inventories	13	772,333	675,465
	(c) Trade receivables	14	2,726,671	3,830,374
	(d) Cash and cash equivalents	15	30,850	168,967
	(e) Short-term loans and advances	16	4,707,732	5,297,085
	(f) Other current assets	17	925,156	3,639,268
			<u>9,162,742</u>	<u>13,611,159</u>
	<b>Total</b>		<u>46,223,789</u>	<u>55,088,895</u>

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date

For A K Jalan & Associates

Chartered Accountants

(FRN 500107N)

Sd/-

CA A K Jalan, FCA

Partner

M. No. 052776

New Delhi, August 20, 2015

For and on behalf of the Board

Sd/-

(K S Varma)

C M D

Sd/-

(Abhishek S Varma)

Director

Bhondsi, August 20, 2015

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

	Particulars	Note- No.	YEAR ENDED 31.03.2015 (Rs.)	YEAR ENDED 31.03.2014 (Rs.)
I.	Revenue from operations	18	17,468,274	64,460,351
II.	Other income	19	<u>6,965,812</u>	<u>348,836</u>
III.	<b>Total Revenue ( I + II )</b>		<b><u>24,434,086</u></b>	<b><u>64,809,187</u></b>
IV.	<b>Expenses:</b>			
	Cost of raw material consumed		5,684,181	3,181,518
	Change in inventories of finished goods, work-in-progress and Stock-in-trade	20	53,541	157,068
	Employee benefit expense	21	19,807,791	29,728,334
	Finance costs	22	404,465	844,375
	Depreciation and amortization expense	10	4,357,684	4,464,790
	Other expenses	23	<u>11,102,276</u>	<u>34,357,726</u>
	<b>Total Expenses</b>		<b><u>41,409,938</u></b>	<b><u>72,733,811</u></b>
V.	<b>Profit before exceptional and extraordinary items and tax ( III - IV )</b>		<b>(16,975,852)</b>	<b>(7,924,624)</b>
VI.	Exceptional Items		-	-
VII.	<b>Profit before extraordinary items and tax ( V - VI )</b>		<b>(16,975,852)</b>	<b>(7,924,624)</b>
VIII.	Extraordinary Items		-	-
IX.	<b>Profit before tax ( VII - VIII )</b>		<b>(16,975,852)</b>	<b>(7,924,624)</b>
X.	Tax Expense:			
	- Current Tax		-	-
	- Deferred Tax	4	<u>(-52,326)</u>	<u>(77,187)</u>
XI.	<b>Profit for the year from continuing operations ( VII - VIII )</b>		<b>(17,028,178)</b>	<b>(7,847,437)</b>
XII.	Profit from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	<b>Profit from Discontinuing operations (after tax) ( XII - XIII )</b>		<b>-</b>	<b>-</b>
XV.	<b>Profit for the period ( XI + XIV )</b>		<b>(17,028,178)</b>	<b>(7,847,437)</b>
XVI.	<b>Earnings per equity share (Basic/Diluted) (Rs.) :</b>		<b>(2.31)</b>	<b>(1.06)</b>

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date

For A K Jalan & Associates

Chartered Accountants

(FRN 500107N)

Sd/-

CA A K Jalan, FCA

Partner

M. No. 052776

New Delhi, August 20, 2015

For and on behalf of the Board

Sd/-

(K S Varma)

C M D

Sd/-

(Abhishek S Varma)

Director

Bhondsi, August 20, 2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

DESCRIPTION	YEAR ENDED 31.03.2015 (Rs.)	YEAR ENDED 31.03.2014 (Rs.)
<b>A Cash flow from operating activities :</b>		
Net profit before tax from continuing operation	(16,975,852)	(7,924,624)
Adjustments for:		
Depreciation	4,357,684	4,464,790
Amortisation	-	(10,000)
Finance Costs	404,465	844,375
Interest Income	(19,599)	(17,006)
Loss on assets discarded	115,377	-
<b>Operating profit before Working Capital Changes</b>	<b>(12,117,925)</b>	<b>(2,642,464)</b>
<b>Adjustment for Changes in Working Capital :</b>		
(Increase)/Decrease in Trade Receivables	1,103,703	10,109,993
(Increase) in Other Current Assets	2,714,112	(3,299,741)
(Increase) in Long Term Loans & Advances	(36,890)	19,577
(Increase)/decrease in Other non-current Assets	(125,000)	98,815
(Increase)/decrease in Inventories	(96,868)	603,258
(Increase)/decrease in Short Term Loans & Advances	589,353	(2,352,299)
Increase/(Decrease) in Trade Payables	1,361,319	1,974,113
(Decrease) in Long Term liabilities	(2,419,824)	465,985
Increase/(Decrease) in Other current liabilities	9,493,298	667,423
Increase in Long term provisions	(85,893)	748,903
Increase in Short term provisions	-	(733,615)
<b>Net Cash from operating activities (A)</b>	<b>379,385</b>	<b>5,659,947</b>
<b>B Cash Flow from investing activities :</b>		
Purchase of Fixed Assets	-	(4,518,526)
Capital Work in Progress	105,518	-
Interest Received	19,599	17,006
Preliminary Expenses	-	10,000
<b>Net Cash (Used in) investing activities (B)</b>	<b>125,117</b>	<b>(4,491,521)</b>
<b>C Cash flow from financing activities :</b>		
Payments to Long Term Borrowings	(238,154)	(398,353)
Finance costs paid	(404,465)	(844,375)
<b>Net Cash (Used in) financing activities (C)</b>	<b>(642,619)</b>	<b>(1,242,728)</b>
<b>Net Increase in cash and equivalents (A+B+C)</b>	<b>(138,117)</b>	<b>(74,302)</b>
Cash & Cash equivalents (opening balance)	168,967	243,268
<b>Cash &amp; Cash equivalents at the end of the year</b>	<b>30,850</b>	<b>168,967</b>

Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

In terms of our attached report of even date

For A K Jalan & Associates

Chartered Accountants

(FRN 500107N)

Sd/-

CAAK Jalan, FCA

Partner

Regn. No. 052776

New Delhi, August 20, 2015

For and on behalf of the Board

Sd/-

(K S Varma)

CMD

Sd/-

(Abhishek S Varma)

Director

Bhondsi, August 20, 2015

# Laurel Organics Ltd.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

	AS AT 31.03.2015		Amount in Rs. AS AT 31.03.2014	
<b>1. SHARE CAPITAL</b>				
<b>AUTHORISED :</b>				
Equity Shares - 90,00,000 of Rs. 10 each (Previous Year - 90,00,000 of Rs. 10 each)	90,000,000		90,000,000	
	<u>90,000,000</u>		<u>90,000,000</u>	
<b>Issued, Subscribed and paid up :</b>				
Equity Shares - 73,85,000 of Rs. 10 each fully paid up (Previous Year 73,85,000 of Rs. 10 each)	73,850,000		73,850,000	
	<u>73,850,000</u>		<u>73,850,000</u>	
<b>i) Reconciliation of the number of shares outstanding</b>				
	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Rs.	No. of Shares	Rs.
Issued, Subscribed and paid-up shares				
At the beginning of the year	7,385,000	73,850,000	7,385,000	73,850,000
Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding as at the end of the year	<u>7,385,000</u>	<u>73,850,000</u>	<u>7,385,000</u>	<u>73,850,000</u>
<b>ii) Details of each shareholder holding more than 5% shares</b>				
	As at 31.03.2015		As at 31.03.2014	
	No. of Shares held	% Holding	No. of Shares Held	% Holding
Mr. K S Varma	3,010,600	41%	3,010,600	41%
Bijwasan Agro Ltd.	608,400	8%	508,400	7%
<b>iii)</b> There is no change in the Issued, Paid up Share Capital during the year and no Bonus/Right, Buy-back of shares in the preceding five years. However, the Authorised share capital has been reclassified by conversion of 564000 -10% COCPS into Equity shares by increasing the Authorised equity shares capital to 90,00,000 of Rs.10-each during previous year 2012-13.				
<b>iv)</b> Shares issued/boughtback during the year: -NIL-				
<b>v)</b> Further disclosures - please refer Note 25 (ii) .				
<b>2. RESERVE AND SURPLUS/(LOSSES)</b>				
<b>(i) Detail of Surplus/(Defecit) in Profit and Loss Statement:</b>				
Profit/(Loss) in Profit and Loss Statement from Previous Year	(55,083,759.44)		-47236323	
Profit / (Loss) for the year	(17,028,178)		-7847437	
Transfer to General Reserve	-		-	
Surplus/(Defecit) in Profit and Loss Statement carried to Balance sheet	<u>(72,111,938)</u>		<u>-55083759</u>	
<b>3. LONG TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Vehicle Loans from corporarion bank (Payable in 60 monthly installments with interest @11% p.a. reducing at monthly rests)	385,966		645,580	
	<u>385,966</u>		<u>645580</u>	
<b>UNSECURED LOANS</b>				
Other Loans from Bodies Corporate & individuals (Payable in 36 monthly installments from F.Y. 2012-13, 2013-14, 2014-15 with bank Financing rates)	590,778		569,318	
	<u>590,778</u>		<u>569318</u>	
<b>Total</b>	<u>976,744</u>		<u>1214898</u>	
<b>i)</b> Vehicle Loans are secured against hypothecation of respective cars. Relevant charge has, however, been created in respect of loan from Corporation Bank.				
<b>ii)</b> Due to business exigencies and non availability of funds otherwise from banks/financial institutions, company had agreed with the Director of the company to borrow in personal capacity from Private lending institutions for company's business purposes namely Barklays Investment & Loans (I) Ltd. & Fullerton India Credit Ltd. amounting to Rs. 7.50 lacs payable in 36 monthly installments at interest payable @20% p.a. monthly reducing & Rs.10.00 lacs				



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

payable in 48 monthly installments at interest payable @19.93% p.a. monthly reducing respectively. The said amount has been received by the company in earlier years as unsecured loan through the Director concerned. Company is paying the principal amount with interest as and when the same becoming due.

- iii) To meet urgent short term funds requirements of the company, it has taken unsecured loans in the name of three Senior employees namely Anil Kr. Singh, Rakesh Kr. Verma & M D Joshi, Rupees two lacs each from Corporation Bank at interest rate of 14.5% p.a. repayable in 36 monthly installments. Company is paying the principal amount with interest as and when due for payment on monthly rests.

	AS AT 31.03.2015	Amount in Rs. AS AT 31.03.2014
<b>4. DEFERRED TAX LIABILITIES (NET)</b>		
<b>i) Deferred Tax Liabilities on account of timing difference</b>		
-Depreciation	3,746,236	3,999,026
<b>Total (i)</b>	<u>3,746,236</u>	<u>3,999,026</u>
<b>ii) Deferred Tax Asset on account of timing differences</b>		
-Provision for employees long term benefits (Gratuity/EL)	975,394	1,215,387
-Provision for Doubtful debts	-	-
-Others	28,367	93,490
<b>Total (ii)</b>	<u>1,003,761</u>	<u>1,308,877</u>
<b>Total Net Liabilities/(Assets) (i-ii)</b>	<u>2,742,475</u>	<u>2,690,149</u>
iii) Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing laws.		
iv) Debts becoming bad has been written off against which tax benefits accruing to the company during the year therefore, deferred tax assets have reduced during the year.		
<b>5. OTHER LONG TERM LIABILITIES</b>		
Unsecured Borrowings-Non Current (Due, pending for payments)	2,000,000	2,900,000
Trade Payables	-	1,399,073
Others:		
- Advances received	174,781	295,532
	<u>2,174,781</u>	<u>4,594,605</u>
<b>6. LONG TERM PROVISIONS</b>		
Provision for employee long term benefits (refer Note 25-xxii)	4,021,529	4,107,422
	<u>4,021,529</u>	<u>4,107,422</u>
<b>7. TRADE PAYABLES</b>		
Due to Micro & small enterprises	-	-
Others	10,069,525	8,723,021
Cheques issued from Current A/c (in excess)	482,793	467,978
	<u>10,552,318</u>	<u>9,191,000</u>
<b>8. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term debt:		
-Secured	313,640	287,058
-Unsecured	451,623	662,583
Loans/adv. From Directors	4,612,473	-
Advance from Customers	1,176,538	127,552
Other Payables:		
-Employee related liabilities	7,741,087	6,766,647
-Statutory dues payables	4,862,408	4,191,092
-Expenses payables	4,860,111	2,489,650
-Other payables	-	-
	<u>24,017,880</u>	<u>14,524,582</u>
<b>9. SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits	-	-
Others:		
- Provision for Payables (refer Note 25-xx)	-	-
	<u>-</u>	<u>-</u>

**10. FIXED ASSETS**

Particulars	Gross Block at cost				Depreciation				Net Block	
	As at 31.03.14	Additions	Sales/Cap. Adjustment	As at 31.03.15	Upto 31.03.14	For the year	Sales/ Adjustment	Upto 31.03.15	As at 31.03.15	As at 31.03.14
<b>(i) Tangible Assets</b>										
Land	4745884			4745884					4745884	4745884
Building	18592785			18592785	10424481	544,617		10969098	7623687	8168304
Plant & Machinery	77840463		1	77840462	61896614	1,083,599		62980213	14860249	15943849
Office Equipment	783563			783563	381974	285,752		667725	115837	401589
Lab Equipment	8830936			8830936	2678887	1,419,929		4098815	4732120	6152049
Weigh Bridge	498883			498883	396210	36,940		433150	65733	102673
Motor Vehicles	4094191		274090	3820101	1759269	677,320	158714	2277874	1542226	2334922
Cycle	2887			2887	2135	608		2743	144	752
Furniture & Fixtures	1180613			1180613	899569	36,574		936143	244470	281044
Electric Installation	1693970			1693970	1487022	122,250		1609272	84699	206948
Computer	895557			895557	656406	145,075		801482	94076	239151
<b>Total</b>	<b>119,159,732</b>	<b>-</b>	<b>274,091</b>	<b>118885641</b>	<b>80,582,566</b>	<b>4,352,664</b>	<b>158,714</b>	<b>84,776,515</b>	<b>34,109,126</b>	<b>38,577,166</b>
<b>(ii) Intangible Assets</b>										
Computer Software	98,861			98861	90,236	5,021	-	95,257	3,604	8,625
<b>Total</b>	<b>98,861</b>	<b>-</b>	<b>-</b>	<b>98861</b>	<b>90,236</b>	<b>5,021</b>	<b>-</b>	<b>95,257</b>	<b>3,604</b>	<b>8,625</b>
<b>(iii) Capital work in progress</b>	105,518		105,518					-	-	105,518
<b>Total</b>	<b>119,364,111</b>	<b>-</b>	<b>379,609</b>	<b>118984502</b>	<b>80,672,802</b>	<b>4,357,684</b>	<b>158,714</b>	<b>84,871,772</b>	<b>34,112,730</b>	<b>38,691,309</b>
<b>Previous Year</b>	<b>114,845,585</b>	<b>4,518,526</b>	<b>-</b>	<b>119364111</b>	<b>76,208,012</b>	<b>4,464,790</b>	<b>-</b>	<b>80,672,802</b>	<b>38,691,309</b>	<b>38,637,573</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

	AS AT 31.03.2015	Amount in Rs. AS AT 31.03.2014
<b>11. LONG TERM LOANS &amp; ADVANCES</b>		
Unsecured, considered good, unless otherwise stated:		
Security Deposits	1,217,920	1,217,920
Advances recoverable in cash or in kind or for value to be received (provided for)	-	-
Prepaid Expenses (licensing)	55,397	18,508
	<u>1,273,317</u>	<u>1,236,428</u>
Less: Provision For Doubtful Debts/advances	-	-
	<u>1,273,317</u>	<u>1,236,428</u>
<b>12. OTHER NON - CURRENT ASSETS</b>		
Unsecured, considered good, unless otherwise stated:		
Deposits (TDR) with banks	175,000	50,000
Receivables for asset discarded	-	-
Capital Investment subsidy	1,500,000	1,500,000
Misc. Expenditures (to the extent not written off)	-	10,000
	<u>1,550,000</u>	<u>-</u>
Less: Provision For Doubtful Debts	-	-
	<u>1,675,000</u>	<u>1,550,000</u>
<b>13. INVENTORIES (At lower of cost and market value)</b>		
Raw Materials	204,832	-
Work-in-Process	-	-
Finished Goods	-	-
Stock-in-trade (Refer Note-24-vi)	42,531	96,072
Consumables Stores and Spares	524,970	579,393
	<u>772,333</u>	<u>675,465</u>
<b>14. TRADE RECEIVABLES</b>		
Unsecured, unless otherwise stated, considered good:		
Trade receivables over six months		
- Considered good	-	-
- Considered doubtful	-	-
Others debts :		
- Considered good	2,354,252	-
- Considered good (unbilled receivables)	372,419	3,830,374
	<u>2,726,671</u>	<u>3,830,374</u>
Less: Provision For Doubtful Debts	-	-
	<u>2,726,671</u>	<u>3,830,374</u>
<b>15. CASH &amp; CASH EQUIVALENTS</b>		
Balances with Banks		
- on Current Accounts	29,936	26,521
- on Deposit Account	-	125,000
Cash in hand	914	17,446
	<u>30,850</u>	<u>168,967</u>
<b>16. SHORT TERM LOANS &amp; ADVANCES (Considered Good)</b>		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	70,129	19,104
- Considered doubtful	-	-
Excise PLA balance	-	1,391
Advance to Suppliers (Revenue)	61,684	100,573
Advance to Suppliers (Capital items)	740,000	740,000
Advance tax & tax deducted at source	3,835,919	3,888,562
VAT	-	219
Cenvat Credit/Service Tax Receivable	-	547,237
	<u>4,707,732</u>	<u>5,297,085</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

	AS AT 31.03.2015	Amount in Rs. AS AT 31.03.2014
<b>17. OTHER CURRENT ASSETS</b>		
Interest accrued on Fixed Deposits	35,301	26,037
Prepaid Expenses (licensing)	-	551,241
Receivable against Excise liability (Ranbaxy Lab.Ltd.)	-	2,172,135
DHBVN Ltd. (Advance)	889,855	889,855
	<u>925,156</u>	<u>3,639,268</u>
<b>18. REVENUE FROM OPERATIONS</b>		
Sales (including deemed sales)	10,021,778	8,201,133
Job/Processing Charges	7,446,496	56,259,218
	<u>17,468,274</u>	<u>64,460,351</u>
<b>19. OTHER INCOME</b>		
Miscellaneous Income	365,966	304,317
Interest income on fixed deposits with bank/ others	19,599	17,006
Income from Sale of Capital Goods	1,850,999	
Liability no longer required w/back	4,729,248	27,513
	<u>6,965,812</u>	<u>348,836</u>
<b>20. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Closing value	42,531	96,072
Less: Opening value	96,072	253,140
Increase/(Decrease) in Stocks	<u>(53,541)</u>	<u>(157,068)</u>
<b>21. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Bonus	17,373,913	25,998,869
Contribution to Provident and other Funds	1,491,767	1,710,641
Gratuity/EL provisions (refer Note 25-xxii)	375,116	1,059,818
Staff Welfare	566,995	959,006
	<u>19,807,791</u>	<u>29,728,334</u>
<b>22. FINANCE COST</b>		
Interest Expenses	390,534	789,472
Bank Charges	13,931	54,903
	<u>404,465</u>	<u>844,375</u>
<b>23. OTHER EXPENSES</b>		
Consumables store & spares consumed/billed	872,635	2,456,894
Power, Fuel & water Charges	6,643,507	20,093,564
Repairs and maintenance		
- Plant & Machinery	669,173	4,100,822
- Building	123,868	591,793
- Others	76,402	126,466
Freight & Cartage	26,740	157,232
Laboratory Expenses	412,794	2,728,419
Lease Rent (Machinery)/storage facility charges	107,865	168,532
EHS/ETP expenses	130,091	800,203
Travelling & conveyance expenses	408,967	838,258
Printing and stationery	155,854	386,270
Postage & courier expenses	129,881	103,107
Communication/telephone exp.	237,651	283,704
Legal and professional charges	534,824	672,573
Rates, taxes & Fees	220,514	285,169
Insurance expenses	181,083	282,236
Advertisement & Business Promotion expenses	100,613	253,028
Directors Fees	46,668	46,668
Miscellaneous expenses	23,146	232,115
Prior period adjustments (Net)	-	(249,327)
	<u>11,102,276</u>	<u>34,357,726</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 24. SIGNIFICANT ACCOUNTING POLICIES:

#### i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

- (i) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP). GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- (ii) The Financial Statements of the Company are prepared under the historical cost convention and as going concern in accordance with applicable accounting standards. Mercantile system of accounting is followed in preparation of the accounts.
- (iii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle to be 12 months for the purpose of current and non-current classification of assets and liabilities.
- (iv) **Use of Estimates:** - The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure thereof as on the relevant date of the financial statements and the reported amounts of revenue and expenses during the accounting period under consideration. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

#### ii) Revenue Recognition:

All the items of cost/expenditure and revenue/income have been accounted for on accrual basis.

#### iii) Fixed Assets:

- (i) All the fixed assets are stated at cost less accumulated depreciation using the historical cost concept. The costs of respective assets comprising purchase price/cost of construction and directly attributable cost of bringing the assets to working condition for its intended use.
- (ii) Modification cost of Plant & Machinery of enduring nature has been capitalized in the respective plant & machinery A/c.
- (iii) Worn-out/discarded assets are identified periodically and removed from the respective assets block.

#### iv) Depreciation:

Fixed Assets are depreciated on Straight line method on pro-rata basis from the date on which each asset is put to use. Schedule II to the Companies Act, 2013 has been applied for the year and necessary changes in the process of charging depreciation according to the said Schedule - II to the CA2013 has been implemented to charge depreciation on the basis of useful life concept instead of percentage of depreciation.

#### v) Impairment of Assets:

Company has assessed as at the balance sheet date whether there was any indication of impairment in its cash generating units (CGU) and losses, if any, were recognized, wherever carrying amount of assets of CGU exceeded their recoverable amount.

#### vi) Inventories are valued as follows :

- (i) Raw Materials, store & Spares, components and consumables are valued at cost on FIFO method.
- (ii) Finished goods are valued at cost or realizable value whichever is lower. Processed stocks are valued at direct raw material cost and appropriate share of overheads.
- (iii) Solvents/spents, part & partial of stock considered as stock in trade are valued at the price at which these are procured from the principal.
- (iv) Raw materials and store items found damaged/expired on physical verification are written off and charged to revenue a/c.

#### vii) Excise Duty:

- i) Excise Duty payable on finished goods is accounted for on clearance of goods from the factory premises, if any.
- ii) On Goods dispatched under Job work challans, no excise is payable as raw materials received and manufactured goods sent back on delivery Challans for and on behalf of the Principals only.
- iii) Manufactured goods under direct job work for and on behalf of principal was dispatched/ transferred on payment of excise duty. Excise Duty paid in discharge of liability on clearance of manufactured goods by the company, net of CENVAT credit, was reimbursed by the principal manufacturer, hence has not been shown in the revenue account.

#### viii) Research and Development:

Research & Development expenditure of revenue nature is written off in the year in which it is incurred.

#### ix) Sales:

- a) Sales, is recognized at the point of dispatch of goods to the customers and is reported net of sales tax but inclusive of excise duty. However, utilization of consumables and indirect raw materials for carrying out contract manufacturing is recognized as deemed sales, net of Sales Tax.
- b) Sale (deemed) of recovered/spent solvent, netted off with conversion charges of some of products, taken as stock in trade and, recognized at the point of dispatch of such goods to the customers.

#### x) Job work charges:

- a) Job charges are recognized as per Job Invoices raised during the year, on per Kg conversion Charges basis.
- b) Revenue has been recognized on unbilled fully processed, approved goods as at the end of the accounting year as per agreed per Kg. job charges basis. Terms of Gain/efficiency on account of higher yield against standard consumption norms agreed in

previous year, not extended by the principal (RLL), not considered in revenue account. However, deductions made and/or likely debit on account of excess consumption/yield loss, if any, provided in revenue of the year.

**xi) Miscellaneous Expenditure:**

Miscellaneous Expenditure comprises of preliminary expenses are amortized equally over a period of ten years.

**xii) Employee Benefits:**

(i) Provisions for Gratuity & Earned Leave encashment on actuarial valuation by independent actuaries by using Projected Unit Credit (PUC) method has been made for the employees continuing their services as on the Balance sheet date. Accumulation of Earned leave is restricted to 30 days for availing in future only, excluding Sr. Managerial staff. However, encashment allowed for employees separated, retrenched and retired & accounted on payment basis. (Previous year also accounted for on Actuarial valuation basis).

(ii) Gratuity liability was fully provided during the year in compliance of AS-15(revised) of the ICAI.

(iii) Provident fund, ESIC contributions and other short term employee benefits recognized as an expense and charged to profit & loss account on accrual basis.

**xiii) Taxation:**

a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

b) Deferred Tax is recognized subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax assets are not recognized unless there is "virtual certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realized.

**xiv) Earnings per share:**

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amount computed after adjusting the effects of all dilutive potential on equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that decrease profit per share are included.

**xv) Cash and Cash Equivalents:**

In the cash flow statement, cash and cash equivalent includes cash in hand, demand deposits with banks, if 6 months or less maturity only, other short term highly liquid investments with original maturities of six months or less.

**xvi) Provision and Contingent Liabilities and contingent assets:**

The company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or present obligation that the likely hood of outflow of resources is remote, no provision/disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements.

**25. GENERAL NOTES:**

**i) Contingent Liabilities not acknowledged as debts and provided for:**

Labour cases: In four labour cases compensation claimed amounting to Rs.2.25 lacs approx. have not been acknowledged and provided for. (Previous year Rs.2.25lacs).

PF/ESIC: (i) E.S.I.C. has not claimed/quantified additional demand of interest/damages on delayed deposit/payment of ESI dues during earlier periods yet, hence not acknowledged/provided for.

(ii) Company has not provided for additional demand of Interest/damages on delayed deposit/ payment of P.F. dues during earlier periods raised by concerned authorities after balance sheet date Rs.13.81 lacs. Management has decided to contest the demand . Company may be required to account for/provide on acceptance of liability in next financial year.

Electricity demand: (i) DHBVN Ltd., state owned electricity company, supplying power to the company has demanded a sum of Rs.17.98 lacs as charges for slow running of meter. Company has provided unbilled amount included in the said amount of Rs.5.35 lacs. However, company has filed a petition against the unlawful demand raised by DHBVNL before the Hon'ble Civil Courts at Gurgaon. The Hon'ble court has directed to pay 50% of demand so raised and accepted the company's petition. Amount so paid as 50% Rs.8.89 lacs in protest has been accounted for under short term advances. Company may be held liable for the demand so raised on final order from the courts, hence acknowledged it as contingent liability.

(ii) Electricity addnl. Charges, interest, penalty etc. Rs.12.57 lacs were demanded for reconnection/resumption of power supply in May,2015, which was disconnected in December,2014. Management decided to contest the demand so raised, though paid under protest on 08/05/2015 and power supply was resumed to the Company in May,2015. However, appropriate provision for outstanding liability was not made in FY 2014-15, as management considered the demand as excessive and not payable for the FY. However, the demand may be required to be provided to revenue in next FY as the same has already been paid, though under protest.

**ii) Disclosure relating to Share Capital:**

Rights, Preferences and Restrictions attached to the Equity Shares:

The company has only one class of shares referred to as equity shares having at par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, to be proposed by the Board of Directors is subject to approval

of the shareholders in Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

Nil equity shares have been allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the date as at which the Balance Sheet is prepared. However, company had issued 885000 equity shares of Rs. 10 each at par in part payment of dues to IDBI in accordance with final OTS sanctioned. Though, the allotment was made in partial modification of Sanctioned Rehabilitation Scheme by BIFR, sanction to such modification to the approved scheme from BIFR could not be obtained by IDBI, the monitoring agency, in time. Therefore, the Company had approached Hon'ble BIFR for ratification of issue of the said equity shares. Now, the BIFR has approved/ratified issuance of such shares, for which necessary documents are filed with Bombay stock exchange by the company for listing.

- iii) In the opinion of the management the realizable value of non-current and current assets, loans & advances in the ordinary course of business would be, at least, equal to the amount at which they are stated in the balance sheet.
- iv) Trade Payables and Trade receivable balances are subject to reconciliation and confirmation from the parties concerned.
- v) As per AS-22 issued by ICAI, deferred tax asset and liability has been recognized and necessary effects were given in profit & loss account during the year. Detail break-up of accumulated deferred tax assets and liability after adjustment as on 31.03.2015 is given in Note No.4.

**vi) Particulars of the consumption of Materials:**

Company has been manufacturing goods for a pharmaceutical Company M/s Ranbaxy Laboratory Limited (RLL) and others on Job charges/outright basis in during the year. Raw materials supplied by the principal manufacturer as per requirements of products manufactured were received on excise invoices as stock transfers or otherwise as well and finished goods manufactured by the company were again transferred/ dispatched back on excise invoices as stock transfers/outright sale as well. Stock transfer case, therefore, was not forming part of company's own manufacturing and, hence, details of raw materials consumed and goods manufactured etc. were not pertaining to the company directly, hence not given herein below to the extent. However, small quantities manufactured on own account for which cost of direct raw materials consumed is given below. In addition, the raw materials/items consumed for carrying out the direct job manufacturing activity by the company out of its own stock were mainly of consumable in nature and, therefore, had been billed as deemed sales to the principal Company on cost basis.

Description	Year ended 31.03.2015		Year ended 31.03.2014	
	Value (Rs. lacs)	%age	Value (Rs. lacs)	%age
(a) Raw Material Imported/Indigenous	56.84	100	31.82	100
(b) Stores, Spares & consumables Indigenous (For job work)	8.73	100	24.57	100

- vii) During the year company has carried its operation based on a manufacturing Contract for five years with M/s Ranbaxy Laboratories Ltd., executed in 2008 and extended on 01/01/2013 for further period of five years there from for manufacturing Bulk Drug intermediates as per their specification and requirements. Accordingly, revenue for the year has been accounted for on a/c of the qty. manufactured/ dispatched on per kg basis. Due to change in management of M/s RLL, the job volumes reduced during the year. However, company has manufactured and supplied goods to other pharma cos. i.e. M/s SRF Ltd., Jubilant Life Sciences Ltd., Gujarat Flurochem Ltd. etc. during the year either on job charges basis and/or outright sale basis. Accordingly, transactions for the FY have been accounted for in accounts.
- viii) Sales include a sum of Rs.96.50 lacs for the goods manufactured & sold on company's own account. Which further include Deemed Sales amounting to Rs. 3.72 lacs, comprising of Rs. 2.98 lacs on account of sale of saleable by products i.e. recovered non-usable solvents & Rs.0.74 lacs of reimbursements and bills raised for use of consumables and indirect raw materials in job manufacturing processes for the principal manufacturer during the year on cost basis and on which CST/VAT has been charged & paid and the same has been treated in accounts accordingly. Procurement cost of materials has been shown in Profit & Loss a/c.
- ix) Company has accounted for deemed sales, opening and closing stock except the petroleum products and purchases net of sales tax/ vat component thereon, which was kept in separate account head and from where input vat available was adjusted and balance liability was paid.
- x) Travelling, conveyance and vehicle running expenses include Rs.1.73 lacs (Previous Year Rs. 5.20 lacs) spent by the directors for business trips undertaken by them.
- xi) Company has provided for bonus @8.33% for all employees of the Company covered under the provisions of the Payment of Bonus Act. Accordingly an amount of Rs.5.14 lacs has been provided during the year in revenue account.
- xii) Interest on outstanding inter corporate deposits of Rs. 20.00 lacs have not been provided in view of the continuing understanding for waiver of interest with ICD lenders. Liability of Rs. 9-lacs balance lying outstanding for more than 15 yrs to M/s Legend Finvest Pvt. Ltd., not claimed, hence considered time barred during the year and according written back by crediting to revenue a/c for the year. No whereabouts of the said company found as on balance sheet date, even got delisted from ROC records.
- xiii) Funds provided/arranged for during earlier years by the Directors and/or companies in which directors are interested amounting to Rs.1.75 lacs have been shown as unsecured long term liability not bearing interest in view of an understanding to this effect with the

- respective parties. Further, a sum of Rs.46.12 lacs has also been received during the year as unsecured loans from promoters/directors, repayable on demand to meet urgent cash requirements of the Company were also agreed to be bearing no interest thereon.
- xiv) Repairs and maintenance expenses of Plant and Machinery amounting to Rs. 6.69 lacs as per Note No.-23 include cost of repairs, replacement of partial worn out assets and cost incurred for minor modifications of revenue nature.
- xv) Laboratory Expenses amounting to Rs.4.13 lacs as per Note No.-23 include HPLC /GC spares/column and accessories and reagents/solvents/consumable, which are consumed for carrying out lab testing of products and raw materials.
- xvi) Company has taken insurance cover for fire on building, plant & machinery, inventories of the company as well as against Public Liability amounting to Rs.1437- lacs & 1500-lacs respectively. Adequacy of risk cover is justified by the management on the basis of risk assessment carried out by them based on internal inputs made available in the matter. Insurance cover towards inventory of raw materials, work-in-progress and finished goods etc. belonging to the principal manufacturer i.e. M/s Ranbaxy Lab Ltd., were taken by them, for which no risk and responsibility lies on the company.
- xvii) Company has sold certain capital assets (i.e. plant & Machinery) for a sum of 18.51 lacs during the year. The surplus on the same has been accounted for in the revenue account of the year in other incomes.
- xviii) The works of the company were covered by ESIC with effect from June'08. All the workers having salary within the limit of ESIC are covered under ESIC scheme and the company has complied with the provisions of the ESIC Act regularly. Contribution payable for the year provided in accounts and outstanding payables are shown under current liabilities.
- xix) A sum of Rs.48.62 lacs was outstanding liability towards the Statutory dues as at the close of the financial year. The liability included, Excise duty Rs.1.17 lacs , P.F. Rs.18.77 lacs, ESIC Rs.13.65 lacs and TDS Rs.11.37 lacs. As per practice, all these current statutory dues are paid within the time allowed under the relevant laws and/or the Income Tax Act,1961 generally, excepting certain liability, specifically stated otherwise,if any.
- xx) Accounting Standard (AS-15) on Employee Benefits**  
 (a) Contributions are made to Employees Provident Fund, Family Pension Fund, ESIC and other Statutory Funds which covers all regular employees as per provision of these respective Acts. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as an expense in respect of these defined contribution plans are as under:

(Rs. Lacs)

	Year ended 31.03.2015	Year ended 31.03.2014
Contribution to Provident & Family Pension Fund	10.37	11.11
Contribution to ESIC including EDLI	4.30	5.71
Contribution to Labour Welfare Fund	0.25	0.29

**However, certain sums remained outstanding/unclaimed for more than 3 years on account of Bonus Rs.0.43 lacs, wages Rs. 0.24 lacs and medical allowance Rs. 0.13 lacs, now considered non payable, hence written back to revenue of the year.**

- (b) Provision for Gratuity and Earned leave liability is based on actuarial valuation done by an independent actuary as at the end of the year. Based on the actuarial valuation, provision (accumulated) is made for a sum of Rs.41.07 lacs and it covers all regular employees. Major drivers in actuarial assumptions are, years of service and employee compensation. Commitments are actuarially determined using "Projected Unit Credit" method. Gains and Losses on changes in actuarial assumptions are accounted for in the Statement of Profit & Loss, details are as under:

(Rs. Lacs)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Gratuity	EL liability	Gratuity	EL liability
<b>Reconciliation of liability recognised in the Balance Sheet</b>				
Present value of commitments (as per Actuarial Valuation)	36.63	4.80	36.28	4.8
Fair value of plan assets	-	-	-	-
Net Liability in th Balance Sheet	36.63	4.80	36.28	4.8
<b>Movement in net Liability recognised in the Balance Sheet</b>				
Net Liability as at the beginning of the year	36.28	4.8	27.71	5.87
Net expense recognised in the Statement of Profit & Loss	3.97	-0.22	11.19	-0.59
Contribution/paid during the year	-3.62	-0.99	-2.62	-0.48
Net Liability as at the end of the year	36.63	3.59	36.28	4.8
<b>Expense recognised in the Statement of Profit &amp; Loss</b>				
Current service cost	3.32	0.59	3.83	1.14
Interest cost	3.08	0.41	2.22	0.47
Expected return on plan asset	0	0	0	0
Actuarial Loss/(Gain)	-2.43	-1.22	5.14	-2.2
Expense charged to the Statement of Profit & Loss	3.97	-0.22	11.19	-0.59
<b>Return on plan assets</b>				



Expected return on plan asset	-	-	-	-
Actuarial gain	-	-	-	-
Actual return on plan assets	-	-	-	-
<b>Reconciliation of defined-benefit commitments</b>				
Commitments as at the beginning of the year	36.28	4.8	27.71	5.87
Current service cost	3.32	0.59	3.83	1.14
Interest cost	3.08	0.41	2.22	0.47
Paid benefits	-3.62	-0.99	-2.62	-0.48
Actuarial loss	-2.43	-1.22	5.14	-2.2
Commitments as at the end of the year	36.63	3.59	36.28	4.8
<b>Reconciliation of Plan Assets</b>				
Plant assets as at the beginning of the year	-	-	-	-
Expected return on plan asset	-	-	-	-
Contribution during the year	-	-	-	-
Paid benefits	-	-	-	-
Actuarial gain	-	-	-	-
Plant assets as at the end of the year	-	-	-	-
<b>Principal actuarial assumptions as at the Balance Sheet date</b>				
Discount rate	8	8	8.5	8.5
Estimated rate of return on plan assets	-	-	-	-
Expected rate of salary increase	5.5	5.5	6	6
Attrition rate %	2 & 3	2 & 3	2 & 3	2 & 3
Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)

xxi) Income/Expenditure in Foreign Currency: -Nil- (P.Y. -Nil-).

**xxii) Auditors Remuneration :**

Legal & Professional expenses includes Auditors' Remuneration amounting to Rs.1.69 lacs to Statutory Auditors and Rs.,0.30 lacs towards cost & internal Auditors.

**xxiii) Information regarding primary segment reporting as per AS-17 for the year ended 31/03/2015:**

The Company is engaged in the primary business segment of Bulk drug and drug intermediate manufacturing on job charges basis only. Hence, there is single segment assets and liabilities only. There was no geographical segment.

**xxiv) Accounting Standard (AS-20) on Earnings Per Share:**

As required by Accounting Standards 20 issued by the Institute of Chartered Accountants of India, the earning per share (EPS) is calculated by dividing the profit attributable to the equity share holders by the average number of equity shares outstanding during the year and is ascertained as follows:

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Profit/(Loss) available to the equity shares	Rs. (17028178)	(7847437)
Weighted average no. of equity shares	7385000	7385000
Nominal value of equity shares	Rs. 10	10
Earning per share of Rs.10 each (basic/diluted)	Rs. (2.31)	(1.06)

xxv) The company has not received intimation from suppliers regarding their status under the micro, small and medium enterprises and hence disclosure, if any, relating to balance outstanding including interest thereon, if any, as at the Balance Sheet date could not be ascertained, hence has not been furnished. Company has undertaken steps to prepare a panel of such suppliers and seek all the relevant information, so as to classify and monitor relevant information in future. A sum of Rs.12.62 lacs liability against supplies made due for more than 3 years & other minor amounts, considered non payable, as no claims were received from these parties, written back during the year to revenue accounts.

xxvi) A sum of Rs.38.36 lacs is receivable on account of TDS deducted on Job charges from the Income Tax department for the F.Y. 2012-13, 2013-14 and 2014-15. Income tax returns for the year 12-13 & 13-14 have already been filed within time and refunds are under process. However, TDS for 14-15 would be refundable/ claimed from the Department on filing of ITR for the year concerned. These will be adjusted, as and when returns are processed and orders/refunds are received by the Company.

xxvii) Cenvat/Service Tax Input credit taken/ paid on input cost/services, availed against goods manufactured and under reverse charge obligation of the Company during the year.

**xxviii) Related Party disclosure:**

List of related parties with whom transactions have taken place during the year:

1. Related Parties where common control exists:  
Bijwasan Agro Ltd.  
Agora Agro Pvt. Ltd.
2. Key Management Personnel:

# Laurel Organics Ltd.

Mr. K S Varma, CMD  
Mr. Abhishek S Varma, Wholetime Director  
Mrs. Vandana Varma, Wholetime Director

3 Transactions:	2014-15	2013-14
Outstanding balance Payable		(Rs.lacs)
Bijwasan Agro Ltd.	1.75	2.96
Agora Agro Pvt. Ltd.	0.00	0.36
Remuneration to Key Managerial Personnel:		
Remuneration -CMD & Wholetime Directors	33.60	40.32
Less: Waived off as per consent received	26.77	0.00
Net amount charged to P&L A/C	6.83	40.32
Outstanding Balance-Remuneration Payable	0.00	28.98
Rent paid to Mrs. V. Varma (Net of waiver 3.78 lacs)	0.42	4.20
(included in remuneration above)		

- xxix) **Waiver and Write back to revenue:** (i) Based on financial conditions of the company, the Sr. Managerial officers have also consented to waive off 50% their outstanding salaries payable to them amounting to Rs.6.10 lacs, for which written consents from the respective manager/employee have been received. Necessary adjustment effect to the revenue account has been made for the FY 2014-15. (ii) Due to heavy losses, current year salary and other emoluments payable to the whole time directors could not be paid, hence, considering financial health of the company, the directors have consented to the company and have waived off their outstanding dues upto the FY 2014-15 amounting to Rs.55.08 lacs, including lease rents agreed to be paid by them. Company has received written consent from these directors which are placed on records. Therefore, the charges to the revenue account of the year has accordingly adjusted.
- xxx) Previous year figures have been regrouped/re-arranged wherever necessary to correspond with the current year's classification/ disclosure and rounded off to nearest one rupee.
- xxxi) Notes 1 to 25 form an integral part of the statement of accounts of the company comprising Balance Sheet as on 31st March'2015 and the Profit & Loss Statement for the year ended on that date.

**Signed for identification.**

For A K Jalan & Associates  
Chartered Accountants  
FRN 500107N

For and on behalf of the Board

Sd/-  
CAA K Jalan  
FCA, Partner  
M. No. 052776  
Place : New Delhi, August 20, 2015

Sd/-  
(K S Varma)  
CMD  
Bhondsi, August 20, 2015

Sd/-  
(Abhishek S Varma)  
Director

**Laurel Organics Limited**

**Regd. Office: Vill. Bhondsi, Tehsil Sohna  
Distt. Gurgaon (Haryana) - 122102**

**PROXY FORM**

Folio No.....

No. of Shares.....

I/we.....  
of.....in the district of.....  
being a member/members of Laurel Organics Limited hereby appoint.....  
.....in the district of.....  
of falling him/her.....of.....  
as my/ our proxy to attend and to vote for me/us behalf at the 22nd Annual General Meeting of the Company to be held on Tuesday, the 29th September, 2015 Vill. Bhondsi, Tehsil Sohna, Distt. Gurgaon (Haryana) at 12.30 P.M. and at any adjournment thereof.

Signed this.....day of.....2015

**Note :** The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.  
A Proxy need not be a member.

**Laurel Organics Limited**

**Regd. Office: Vill. Bhondsi, Tehsil Sohna  
Distt. Gurgaon (Haryana) - 122102**

**ATTENDANCE SLIP**

Name of the attending Member .....

(in Block Letter) .....

Member's Folio Number .....

Name of Proxy(s) (in Block Letters) .....

(to be filled in, if a Proxy attends instead of the Members) .....

No. of Shaers .....

I hereby record my presence at the 22nd Annual General Meeting held at Regd. Office : Vill, Bhondsi, Tehsil, Sohna Distt. Gurgaon (Harayana) Tuesday, the 29th September, 2015 at 12.30 P.M.

**MEMBER/PROXY'S SIGNATURE  
(TO BE SIGNED AT THE TIME OF  
HANDING OVER THIS SLIP)**





## BOARD OF DIRECTORS

- |                           |                                |
|---------------------------|--------------------------------|
| 1. Mr. K S Varma          | Chairman cum Managing Director |
| 2. Mr. Abhishek S. Varma  | Whole Time Director            |
| 3. Mrs. Vandana Varma     | Whole Time Director            |
| 4. Mr. Sandeep Gupta      | Director                       |
| 5. Mr. Prabhat C Jha      | Director                       |
| 6. Mr Binod Roy           | Director                       |
| 7. Mrs. Shakuntala Prasad | Director                       |

## BANKERS

Allahabad Bank  
Corporation Bank  
HDFC Bank

## AUDITORS

A. K. Jalan & Associates  
Chartered Accountants  
New Delhi

## REGISTERED OFFICE/WORKS

Vill. Bhondsi, Tehsil Sohna.  
Distt. Gurgaon (Haryana)-122102  
Te1. : 0124-3259517  
E-mail : laurelorganicslimited@gmail.com

## ADMINISTRATIVE OFFICE :

C-111, Paryavaran Complex,  
Near Saket, New Delhi-30  
Tel. : 011-29535433

## Contents

Notice	1
Director's Report	6
Corporate Governance	20
Auditors Report	26
Balance Sheet	29
Statement of Profit & Loss	30
Cash Flow Statment	31
Notes to Financial Statements	32