



# Laurel Organics Ltd.

Regd. Office/Works : Village Bhondsi, Tehsil Sohna, Distt. Gurugram (Haryana)  
Telephone : 91 (0124) 2979014, 2979015  
E-mail : laurelorganicslimited@gmail.com, Web : www.laurel.co.in  
CIN NO.: L24239HR1993PLC032120

12<sup>th</sup> October, 2018

To  
The Manager (Listing)  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001

**Scrip Code: 530313**

**Subject: Annual Report of Laurel Organics Limited ('Company') for the Financial Year 2017-18 under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**


Dear Sir/Ma'am,

In compliance with the requirements of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report of the Company to the Stock Exchange within 21 working days of its being approved and adopted in its 25<sup>th</sup> Annual General Meeting as per the provisions of the Companies Act, 2013, held on Friday, 28<sup>th</sup> September 2018.

Please take the same on your record.

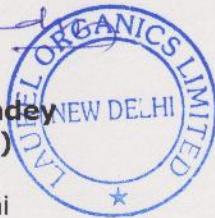
Thanking You,

For **LAUREL ORGANICS LIMITED**

  
**Abhishek Kumar Pandey**  
**(Company Secretary)**

M No. : A31218

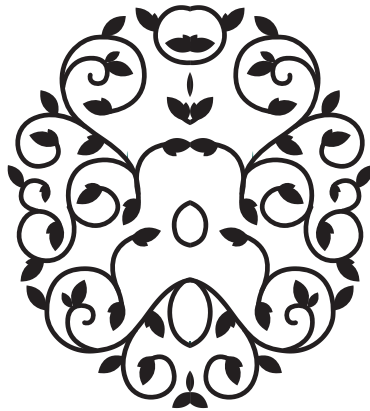
Place : New Delhi



**Encl: a/a**

**TODAY'S AGENDA-QUALITY**

# ***Laurel Organics Limited***



**25th  
Annual Report  
Financial Year 2017-18**

## BOARD OF DIRECTORS

1. **MR. SAMEER GOEL**
2. **MR. SACHIN GOEL**
3. **MR. JAGDEEP DHAWAN**
4. **MRS. RICHA GUPTA**

**Managing Director**  
**Non Executive Director**  
**Independent Director**  
**Independent Director**

## AUDITORS

M/s Singhi & Co.  
Chartered Accountants  
(FRN: 302049E)

## LISTED WITH STOCK EXCHANGE:

Bombay Stock Exchange Limited  
1st Floor, Rotunda Building, PJ Towers,  
Dalal Street, Fort Mumbai 400001

## REGISTERED OFFICE:

Vill. Bhonsdi, Tehsil Sohna Distt.,  
Gurgaon-122012, Haryana  
Email: laurelorganicslimited@gmail.com

## BANKER :

HDFC Bank Limited  
Corporation Bank  
State Bank of India

## CORPORATE OFFICE:

974, Aggarwal Millennium  
Tower-II, Netaji Subhash Place, Pitampura  
New Delhi-110034

## REGISTRAR & SHARE TRANSFER AGENT:

Beetal Financial & Computer Services (P) Limited,  
Beetal House, 3rd Floor, 99 Madangir,  
New Delhi-110062

## SECRETARIAL AUDITORS:

M/s VLA & Associates  
Company Secretaries, New Delhi

## MS. PRATIBHA ANAND

Company Secretary  
(From 10-11-2016 till date)

## MR. RAMAN KUMAR THAKUR

Chief Financial Officer(we.f.17.05.2016)  
Resigned on 04.04.2017

## MR. SANJAY GUPTA

Chief Financial Officer  
(Appointed on 29-09-2017)

## CONTENTS

<b>Notice</b>	<b>1-8</b>
<b>Director's Report</b>	<b>9-18</b>
<b>Annexure to Director's Report</b>	<b>19-38</b>
<b>Auditors Report</b>	<b>39-43</b>
<b>Balance Sheet alongwith Notes</b>	<b>44-73</b>

# Laurel Organics Ltd.

## Laurel Organics Limited

Registered Office: Village Bhondsi Tehsil Sohna Distt., Gurgaon-122102, Haryana, India,  
Tel: 011-29535650, Fax : 011-47063601, CIN No. L24239HR1993PLC032120  
Website: www.laurel.co.in Email ID: laurelorganicslimited@gmail.com

### NOTICE

NOTICE is hereby given that the 25th Annual General Meeting (AGM) of the members of Laurel Organics Limited will be held on Friday, 28th September, 2018 at 12.30 p.m. at the registered office of the Company at Village Bhondsi, Tehsil Sohna Distt., Gurgaon-122102 (Haryana) to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Financial Statements of the Company as at 31st March, 2018 including the Audited Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sachin Goel (DIN: 00161762), who retires by rotation, and being eligible offers himself for re-appointment.
3. Ratification of Appointment of M/s. Singhi & Co, Chartered Accountants, (Firm Registration Number: 302049E) as Statutory Auditors of the Company.

To consider and if thought fit, to pass, the following resolution as Ordinary Resolution:

**"RESOLVED THAT** pursuant to approval of Members in the Annual General Meeting held on September 28, 2017, for appointment of M/s. Singhi & Co, Chartered Accountants, (Firm Registration Number: 302049E), the Statutory Auditors of the Company, for a term of five consecutive years, which was subject to ratification at every Annual General Meeting, consent of the Members of the Company be and is hereby accorded to continue the appointment of M/s. Singhi & Co, Chartered Accountants, (Firm Registration Number: 302049E) as statutory auditors of the Company for the remaining of term without any further ratification by the members in terms of the provisions of the Companies Act, 2013, on such remuneration as may be decided by the Board of Directors of the Company in consultation with Statutory Auditors."

#### SPECIAL BUSINESS:

4. To approve variation in the remuneration of Mr. Sameer Goel, Managing Director of the company as an Ordinary resolution, with or without modification(s):

"RESOLVED that pursuant to the provisions of Sections 196, 197 and any other applicable provisions, if any, of the Companies Act, 2013 (Act) read together with the provisions of the Rules framed thereunder and read with Schedule V to the Act and further read with any other provisions of law, as applicable for the time being, consent of the members be and is hereby accorded for varying the remuneration payable to Shri Sameer Goel, Managing Director with effect from 1st October, 2018 till his remaining term i.e. upto 28.03.2021, in view of providing revised pay scale, as applicable for the Executives and Assistants of the Company, in the manner as set out in the letter addressed to him by the Company, a copy whereof was placed before the meeting."

5. To approve the remuneration of Cost auditor M/s Mahesh Singh & Co, Cost Accountants for Financial Year 2018-19 as an Ordinary resolution with or without modification(s):

**"RESOLVED that** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the consolidated remuneration of Rs. 40,000/- (Rupees Forty Thousand only) plus out-of-pocket expenses payable to Messrs. Mahesh Singh & Co, Cost Accountants (Firm's Registration No. 100441) who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending on 31st March, 2019."

By order of the Board

Place: New Delhi  
Date: 24-08-2018

Sd/-  
SAMEER GOEL  
Managing Director  
DIN No. : 00161786  
Corp Off: 974,9th Floor, Aggarwal Millenium  
Tower-2, Netaji Subhash Place,  
New Delhi-110034

## ANNEXURE TO NOTICE OF AGM

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### ITEM NO. 2

#### **Details of Directors seeking Re-appointment at the Annual General Meeting pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Statement provided under Secretarial Standards on general meetings (SS-2)**

Mr. Sachin Goel, (DIN: 00161762), aged 45 years, S/o Sh. Ved Prakash Goel, R/o C-52, Rohit Kunj, Pitampura, Delhi 110034, a Delhi University Commerce graduate, holds strong multi-dimensional capabilities in the areas of Business Development, Product Development, Strategic Marketing and Operations Management, with total experience of around 27 years. He heads Biotavia group from last 12 years, which deals in pharmaceutical products. He is responsible for providing overall leadership in achieving business & product development goals and formation of strategic partnerships in Business. He is a co-promoter of Kimia Biosciences Ltd, the holding company of Laurel Organics Ltd.

The Board of Directors in its meeting held on 29th March 2016 had appointed Mr. Sachin Goel as Whole-time Director effective from 29th March, 2016, subject to the approval of shareholder in ensuing General Meeting but due to pre occupation, he resigned from the position of whole time director and continues to act as a non-executive director w.e.f 17th May, 2016, duly received the consent of shareholders in AGM held on 30th September, 2016.

As per his terms of appointment, he does not withdraw any remuneration from the Company, liable to retire by rotation. He retires by rotation at this 25th AGM of the Company and being eligible, offers himself for re-appointment.

He does not hold shares in the Company. He has attended all the meetings of the Board during the financial year 2017-18.

Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Brother of Mr. Sameer Goel (Managing Director of the Company)
Other Directorships, Membership/Chairmanship of Committees of other Boards	Kimia Biosciences Limited (Holding Company of Laurel Organics Limited)
	Biotavia Pharm Limited
	Biotavia Buildcon Private Limited
	Biotavia Labs Private Limited
	Zeneses Biosciences Private Limited
	Synthergy Pharma Private Limited
*Chairmanships/ Memberships of Committees in other Public Limited Companies in India.	NIL

\*Committees considered for the purpose are those prescribed in Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, viz. Audit Committee and Stakeholders' Relationship Committee.

#### ITEM NO. 4

The salary structure of Shri Sameer Goel, Managing Director was earlier fixed by the shareholders vide resolution dated 16th August, 2016 read with resolution dated 22nd July, 2015.

During the year under the leadership of and due to his constant hard work, performed well. The company has done remarkable well under his guidance and leadership and consequently generated a profit of Rs. 405.63 lakhs during the year. Considering these facts, the Nomination and Remuneration Committee of the Board (NR Committee) and the Board of Directors of the Company (the Board) in their respective meetings held on 24th August, 2018, the Board on the recommendation of the NR Committee, subject to the approval of the members of the Company, decided to revise the remuneration of Shri Sameer Goel, Managing Director with effect from 1st October, 2018.



The revised terms and conditions of appointment are set out below:

## Remuneration :

- (a) Salary:
  - i) Basic Salary at Rs. 2,00,000/- per month with annual increment of 5% p.a.
  - ii) Dearness Allowance - As per Company Rules.
  - iii) Housing - Company Accommodation or HRA @ 50% of Basic Salary.
- (b) Commission: Nil
- (c) Stock Option: As per Employee Benefit Scheme, as framed and upto such limit as may be declared and implemented from time to time.
- (d) Perquisites & Allowances: As per company rules & subject to Income Tax rules.
  - i) Electricity, etc. : As per Company Rules
  - ii) Leave Travel Concession : As per Company Rules
  - iii) Club Fees : As per Company Rules
  - iv) Motor Car : As per Company Rules
  - v) Telephone : Free telephone facilities at residence. Personal long distance calls on telephone will be recoverable by the Company.
  - vi) Leave : As per Company Rules
  - vii) Voucher Payments : As may be applicable on actual basis.
  - viii) Medical Reimbursement : As per Company Rules
- (e) Superannuation Benefits:
  - i) Provident Fund - As per Company Rules.
  - ii) Gratuity - As per provision of The Payment of Gratuity Act, 1975, as amended.
  - iii) Pension Fund - As per Company Rules.
  - iv) Post Retirement medical reimbursement - As per Company Rules

In computing monetary ceilings on perquisites the Company's contribution to Provident Fund, Pension Fund and Gratuity shall not be taken into account.

## Minimum Remuneration :

Where in any financial year during the currency of the tenure of appointment, the Company has no profit or its profits are inadequate, the Company will take, the aforesaid remuneration by way of salary, perquisites and other benefits payable to Shri Sameer Goel as Minimum Remuneration subject to the requisite approvals.

"Information as required under Secretarial Standards -2 and SEBI (LODR) Regulations 2015 in respect of the aforesaid director is provided below:

S. No.	Particular	Details
	Remuneration last drawn	48 Lakh from Kimia Biosciences Ltd.
	Shareholding in the company held either by them or on a beneficial basis for any other persons	NIL
	Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Brother of Mr. Sachin Goel
	The number of meetings of the Board attended during the year and	Nine Board Meeting has been attended by him during the financial year, 2017-18.
	Other Directorships, Membership/ Chairmanship of Committees of other Boards	He is Director on Board of Synthergy Pharma Private Limited, Kimia Biosciences Limited, SG Bullion Impex Private Limited, Nova Transbuild Solutions Private Limited, Biotavia Buildcon Private Limited and Sky India Infrapromoters Private Limited. There are no Un-listed companies in which he holds Chairmanship/ Membership of Committees of the board. There are no listed companies in which he holds directorship and the membership of Committees of the board except of Laurel Organics Limited

The Board considers that the proposed resolution is in the interest of the Company and recommends the same for your approval.

The letter depicting the aforesaid revision is available for inspection by the members of the Company between hours of 11 a.m. and 1 p.m. on any working day except and other public holiday till 28th September, 2018 and will also be available at the meeting.

No person, as specified under Section 102(1)(a) of the Act, other than Mr. Sameer Goel and Mr. Sachin Goel being Brother of Mr. Sameer Goel is in any way concerned or interested in this Resolution proposed to be passed.

## ITEM NO. 5

The Company is required under Section 148 of the Companies Act, 2013 (Act) read with Companies (Cost Records and Audit) Amendment Rules, 2016 to have the audit of its cost records conducted by a Cost Accountant in practice. The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of Messrs. Mahesh Singh & Co, Cost Accountants (Firm's Registration No. 100441) to conduct audit of cost records of the Company for products covered under the Companies (Cost Records and Audit) Amendment Rules, 2016 for the financial year ending on 31st March, 2019, at a remuneration of Rs. 40000/- (Rupees Forty Thousand only) plus reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the said Rules, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the Members of the Company.

Accordingly, the consent of the Members is sought by way of passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on 31st March, 2019.

The Board of Directors of your company considers that the proposed Ordinary Resolution is in the interest of the Company and recommends the same for your approval.

No person, as specified under Section 102(1)(a) of the Companies Act, 2013, is in any way concerned or interested in this Resolution proposed to be passed.

## NOTES:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), setting out the material facts concerning the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/ HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY**
3. Proxies, in order to be effective should be duly stamped, completed, signed and must be sent to the Company so as to receive at its Registered Office not later than 48 hours before the commencement of the Annual General Meeting (AGM).
4. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting ('AGM').
5. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company and Corporate Office of the Company during normal business hours on all days except Saturdays and Sunday, up to and including the date of the Annual General Meeting.
6. Members can inspect the register of directors and key managerial personnel and their shareholding, required to be maintained under section 170 of the Companies Act, 2013 and register of contracts or arrangements in which the directors are interested, to be maintained under section 189 of the Companies Act, 2013 during the course of the meeting at the venue.
7. Members are requested to bring their copies of Annual Report and attendance slip at the Meeting and Members who wish to obtain information on the Financial Statements for the year ended March 31, 2018, may send their queries at least seven days before the Annual General Meeting to the Compliance Officer & Company Secretary at the registered/ or corporate office of the Company or by way of email on laurelorganicslimited@gmail.com

8. Electronic Copy of Notice of AGM along-with the Annual Report for the financial year 2017-18 is being sent to all the Members whose email IDs are registered with the Company / Depository Participants(s) for communication. For Members who have not registered their email address, physical copies of Notice of AGM along-with the Annual Report for 2017-18 is being sent by the permitted mode.  
  
Members may also note that Notice along-with Annual Report will also be placed on the Company's official website i.e. [www.laurel.co.in](http://www.laurel.co.in) and physical copies thereof will also be available at the Company's Registered Office for inspection during normal business hours on working days.
9. The Company has appointed M/s Beetal Financial and Computer Services Private Limited, Delhi as the Registrar and Share Transfer Agents with effect from January 1, 2016. Members are requested to register/update/notify immediately about any change in their address/e-mail address /bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to M/s Beetal Financial and Computer Services Private Limited, Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, Delhi 110062 either physically or by sending mail on [beetalrta@gmail.com](mailto:beetalrta@gmail.com).
10. Members who are still holding shares in physical form are advised to Dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading is permitted only in dematerialized form, electronic transfer, savings in stamp duty, prevention of forgery, etc.
11. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act are requested to write to the Company's RTA.
12. Subject to receipt of requisite number of votes, the resolution(s) at item no. 1 to 5 in Notice of AGM shall be deemed to be passed at the 25th Annual General Meeting of the Company scheduled to be held on Friday, 28th September, 2018.
13. The Company has decided to close the Register of Members and the Share Transfer Register on September 22, 2018 in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Cut-off date to record the entitlement of shareholders for the purpose of e-voting is September 21, 2018.
14. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company/ RTA.
15. Members, who have not registered their e-mail addresses so far, are requested to register their email address with the Company/ Depository Participant for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
16. A Route Map along with the Prominent Landmark for easy location of the Venue of AGM and attendance slip is annexed with the Notice and also available on website of Company i.e. [www.laurel.co.in](http://www.laurel.co.in).
17. Voting through electronic means:
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.



IV. The remote e-voting period commences on 25th September, 2018 (9:00 am) and ends on 27th September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-voting are as under:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical

Your User ID is:

a) For Members who hold shares in demat account with NSDL.

8 Character DP ID followed by 8 Digit Client ID  
For example if your DP ID is IN300\*\*\* and Client ID is 12\*\*\*\*\* then your user ID is IN300\*\*\*12\*\*\*\*\*.

b) For Members who hold shares in demat account with CDSL.

16 Digit Beneficiary ID  
For example if your Beneficiary ID is 12\*\*\*\*\* then your user ID is 12\*\*\*\*\*

c) For Members holding shares in Physical Form.

EVEN Number followed by Folio Number registered with the company  
For example if folio number is 001\*\*\* and EVEN is 101456 then user ID is 101456001\*\*\*

5. Your password details are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

b) Physical User Reset Password? (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders:**

1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [navneet@lexempresa.com](mailto:navneet@lexempresa.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21st September, 2018.
- VIII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 21st September, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [beetalrta@gmail.com](mailto:beetalrta@gmail.com)/ [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com).
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- IX. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- X. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Ms. Navneet Kaur, Proprietor of M/s N. K. Chandok & Associates (Company Secretaries), has been appointed as Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" or "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company viz. [www.laurel.co.in](http://www.laurel.co.in) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

By order of the Board

Place: New Delhi  
Date: 24-08-2018

Sd/-  
SAMEER GOEL  
Managing Director  
DIN No. : 00161786

Corp Off: 974,9th Floor, Aggarwal Millenium  
Tower-2, Netaji Subhash Place,  
New Delhi-110034

# Laurel Organics Ltd.

## DIRECTORS' REPORT

To,  
The Shareholders,  
The Directors have the pleasure of presenting the Twenty Fifth (25th) Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2018.

### FINANCIAL SUMMARY

	Year Ended March 31, 2018	(Rs. In lacs) Year Ended March 31, 2017
Net Sales/ Income from operation	5886.55	146.0
Other Income	21.35	59.18
	-----	-----
Total Income	5907.91	205.18
Cost of Raw Material Consumed	5144.81	0.00
Employee Benefit Expense	423.99	83.13
Other expenses	450.55	125.56
Depreciation	57.39	34.75
Finance Charges	19.93	26.90
Change in Inventory/ Stock in trade	-594.40	0.00
Purchases of Stock -in -Trade	-	35.40
	-----	-----
Total Expenditure	5502.27	305.74
	-----	-----
Profit/ (Loss) for the year (A)	405.63	(92.95)
Other comprehensive income for the year(B)	(1.32)	(1.30)
Total Comprehensive income for the year(A=B)	404.31	(94.25)
	-----	-----
<b>Earnings per Share (Basic)</b>	<b>5.49</b>	<b>(1.26)</b>
<b>Earnings per Share (Diluted)</b>	<b>5.43</b>	<b>(1.26)</b>
	-----	-----

### STATE OF COMPANY'S AFFAIRS

The Company has been consistently practising prudent finance and working capital management. The strong focus on working capital and liquidity management has helped timely generation of sufficient internal cash flow to invest in long term strategic objectives of the Company.

Company has upgraded its Plant in accordance with Good Manufacturing Practice (GMP) Standards for pharmaceutical productions and has received GMP certificate dated 25-07-2017 valid upto 06-04-2022, from the office of State Drugs Controller, Haryana, Food and Drugs Administration, Haryana, Panchkula.

The Company has obtained Manufacturing License from State Drugs Controller-cum-Licensing Authority, Food and Drugs Administration, Haryana on 07-04-2017, in order to manufacture final product Bulk Drugs - Active Pharmaceutical Ingredients (APIs).

- Brief details of the license obtained- Grant of Manufacturing License on Form 25 and 28 for manufacturing of Biological and Non- Biological Drugs.
- Relevance of such license to the listed entity- The Company shall initiate the process of manufacturing final product bulk drugs - Active Pharmaceutical Ingredients (APIs);
- Period for which such license is valid- 5 years i.e. upto 06-04-2022.

Company has Research & Development (R&D) at its plant located at Village Bhondsi, Tehsil Sohna, Distt. Gurgaon, Haryana-122102.

### CAPITAL

There has been no change in the Share Capital of the Company. Paid-up Share Capital of the Company stood at 11,38,50,000/-, comprising of 73,85,000 Equity Shares of Rs 10/- each and 40,00,000 Preference Shares of Rs 10/- each. The said RNCPS are not listed on any Stock Exchange.

# Laurel Organics Ltd.

During the year, the Company has issued 26,20,000 (Twenty Six Lakhs and Twenty Thousand) Fully Convertible Warrants ("Warrants") having Face Value of Rs. 10/- each, for cash at an issue price of Rs. 30/- (Rupees Thirty Only) per Warrant (including a premium of Rs. 20/- per Warrant) ("Warrant Issue Price"), to the persons belonging to the Promoter and Non-Promoter Category ("Proposed Warrant Allottees"), each convertible into, or exchangeable for, at an option of the Proposed Warrant Allottee, upon the Scheme of arrangement becoming effective and subject to a maximum tenure of eighteen months from the date of their allotment, in one or more tranches, Ten Equity Shares of face value of Re.1/- (Rupee One only) each on such terms and conditions as may be determined by the Board. After conversion in to equity capital and capital of Company will be increased by Rs. 7,86,00,000, consisting of 18,00,000 warrant @ Rs. 30 each to promoter group and 8,20,000 warrant @ Rs. 30 each to public category.

## **SCHEME OF ARRANGEMENT WITH KIMIA BIOSCIENCES LIMITED**

Board of Directors of the Company approved the Scheme of Arrangement for Amalgamation of the Company with M/s Kimia Biosciences Limited ("Kimia") in meeting held on August 02, 2016. 'Kimia is engaged in the business of manufacturing of pharmaceutical products specifically bulk drugs, having facilities at Derabassi, Punjab, Bhiwadi, and R&D unit at the plant located in Gurgaon.' Company received 'No Adverse Observation' dated January 23, 2017 from Bombay Stock Exchange and filed first motion petition to National Company Law Tribunal (NCLT), Chandigarh.

During the year under review, meetings of shareholders and creditors were duly convened on November 26, 2017 at the registered office of the Company, pursuant to NCLT Judgement dated 11-10-2017 which was delivered on September 26, 2017.

Company also filed second motion petition to National Company Law Tribunal (NCLT), Chandigarh for further proceedings and attended hearings during the year w.r.t the proposed scheme of arrangement for amalgamation of Kimia Biosciences Ltd (Transferor Company) with Laurel Organics Ltd (Transferee Company) with appointed date April 01, 2016 pursuant to section 391 - 394 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 (to the extend notified). It shall also be deemed to be the approval under section 100 to 105 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 (to the extend notified) for reduction and cancellation of shares of the Company.

Board is pleased to inform that the scheme of arrangements of Kimia Biosciences Ltd. with Laurel Organics Limited has been approved by the honourable NCLT Chandigarh vide its order date 21.08.2018. However the copy of the formal order has yet not been received by the company. The company will implement the scheme in due course.

## **HOLDING, SUBSIDIARY, ASSOCIATE COMPANIES**

The Company does not have any Subsidiary. Kimia Biosciences Limited is the Holding Company having 37,28,100 Equity Shares (50.48%) of Rs. 10/- each of the Company and is covered under the category of 'Promoter and Promoter Group' of the Company.

## **DIVIDEND**

Your Company does not recommend Dividend in view of inadequate profits during the year.

Further, there were no amounts of unclaimed dividend to be transferred to Investor Education & Protection Fund (IEPF) as per the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

## **TRANSFER TO GENERAL RESERVES**

During the Financial Year ended on March 31, 2018, the Company has not transferred any amount to the General Reserves.

## **PUBLIC DEPOSITS**

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

## **LOANS, GUARANTEES AND INVESTMENTS**

In compliance with provisions of Section 134(3)(g) of the Act, particulars of loans, guarantees, investments and securities given under Section 186 of the Act are given in the notes to the Financial Statements forming part of this Annual Report.



## **CORPORATE GOVERNANCE REPORT & MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations), the Equity Capital of the Company Rs. 7,38,50,000 (Rupees Seven Crores Thirty Eight Lacs and Fifty Thousand only) and the Net worth of the Company does not exceed Rs. 25 crores as on March 31, 2018. Thus, Company is not required to submit the Corporate Governance Report.

Management Discussion and Analysis- In compliance with Regulation 34(3) read with Schedule V(B) of SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis, forms part of this report as Annexure-I.

## **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) and 134(3)(a) of the Companies Act, 2013 ('the Act') and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return in Form MGT-9 is annexed as Annexure-II.

## **STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS**

In the 24th Annual General Meeting held on 28th September, 2017, M/s. Singhi & Co., Chartered Accountants, New Delhi (FRN 302049E) had been appointed as Statutory Auditors of the Company for a period of five (5) years in place of retiring auditors M/s A. K. Jalan & Associates, Chartered Accountants, (Registration No. 500107N), to hold the office from the conclusion of 24th Annual General Meeting (AGM) until the conclusion of 29th Annual General Meeting subject to ratification at every Annual General Meeting in line with the recommendation of Audit Committee.

However, pursuant to the amendment of Section 139 of the Companies Act, 2013 effective from 7th May, 2018, the requirement related to ratification of appointment of Statutory Auditors by the members of the Company at every AGM is omitted. Therefore, it is proposed to have ratification, of appointment of Statutory Auditors, done by the members for the entire unexpired period.

The report of the Statutory Auditors along with Notes on Standalone Financial Statements for the year ended March 31, 2017 is enclosed with this report, which is self explanatory and do not call for any further comments. There is no qualified opinion in Audit Report.

Further, during the year, the Auditors' has not reported any fraud u/s 143(12) of the Companies Act, 2013 and rules made there under.

## **INTERNAL AUDITOR**

M/s. Jitendra K Agarwal & Associates, Chartered Accountants, (FRN No. 318086E), are the Internal Auditors of the Company for the Financial Year 2017-18

## **SECRETARIAL AUDITOR**

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, M/s. VLA & Associates, Practicing Company Secretaries, New Delhi has been appointed as Secretarial Auditors of the Company for the financial year 2017-18.

The report of the Secretarial Auditors for the year ended March 31, 2018 is enclosed as Annexure-III to this report. The report is self-explanatory and do not call for any further comments.

## **INTERNAL FINANCIAL CONTROLS**

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company. Your Company continuously invests in strengthening the internal control processes and systems. The internal control process and systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies. Procedures to ensure conformance with the policies, processes and standards have been put in place covering all activities.

The processes and financial activities are subjected to independent audits by internal as well as statutory auditors. Implementations of recommendations from various audit reports are regularly monitored by the senior management. Internal and statutory audit reports and findings, including comments by the management, if any, are periodically placed before the Audit Committee of the Board of Directors.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance with the provisions of Section 134 (3)(C) read with Section 134 (5) of the Companies Act, 2013, your Directors confirm:

- (a) that in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the directors had 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 profits/ losses of the company for that period;
- (c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis;
- (e) that the directors had laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) that 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.

## **RELATED PARTY TRANSACTIONS**

All the related party transactions entered into by the Company during the year were on arm's length basis and in the ordinary course of business. During the year, no transaction was entered into by the company with its Key Managerial Personnel. The details of all transactions with related parties are placed before the Audit Committee periodically, with justification wherever required.

No material transaction has been entered into by the Company with related parties that may have a potential conflict with interest of the Company. The details of related party transactions have been given in Financial Statements.

In compliance with Regulation 46(2)(g) of the Listing Regulations, the policy on dealing with Related Party Transactions as approved by the Board has been hosted on the Company's website <http://laurel.co.in/docs/Related-Party-Policy.pdf>

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of Section 152 of the Companies Act ('Act'), Mr. Sachin Goel, Director of the Company, retires by rotation at the forthcoming Annual General Meeting (AGM) and is eligible for re-appointment.

During the year under review, there has been no change in the composition of Board. Mr. Jagdeep Dhawan and Mrs. Richa Gupta, Independent Directors of the Company have given declarations that they meet the criteria of independence prescribed by Section 149(6) of the Act in compliance with the provisions of Section 149(7) of the Act.

Mr. Raman Kumar Thakur, Chief Financial Officer (CFO) served resignation on 04th April, 2017 and subsequently Mr. Sanjay Gupta was appointed in the Company as Chief Financial Officer (CFO) on 29th September, 2017 under the provisions of Section 203 of the Act. Ms. Pratibha Anand continues to be the Company Secretary and Compliance Officer of the Company.

During the year, Nine Board Meetings were held on May 30, 2017, August 10, 2017, August 23, 2017, September 29, 2017, December 05, 2017, December 21, 2017, February 09, 2018, February 15, 2018 and March 12, 2018.

The Board of Directors ("Board") comprises of optimum number of Executive, Non-Executive, and Independent Directors as required under applicable legislations. As on date of this Report, the Board consists of four (4) Directors comprising one (1) Managing Director and one (1) Non-Executive Director. There are two (2) Independent Directors in the Company including one (1) Independent Woman Director as required under Section 149 of the Companies Act, 2013 & rules made thereunder and Regulation 17 of the Listing Regulations.

# Laurel Organics Ltd.

Details of the composition of the Board, the Board meetings held during the year, attendance of Directors at Board meetings and other related matters are as under:

Name of Director	Designation/ Category	Number of other directorship held	Number of other Board Committees of which member/ chairperson	Number of Board Meetings held during the tenure	Board Meetings attended	Attendance at the last AGM
Mr. Sameer Goel	Chairman, Managing Director/ED	8	NIL	9	9	Yes
Mr. Sachin Goel	Director/ NED	6*	NIL	9	9	Yes
Mr. Jagdeep Dhawan	Independent Director	6*	NIL	9	9	Yes
Mrs. Richa Gupta	Independent Director	NIL	NIL	9	9	Yes

\*Number of Directorship includes the directorship in Public and Private Limited Companies.

Notes:

Except Mr. Sameer Goel and Mr. Sachin Goel, who are related to each other as brothers, none of the other Directors are related to any other Director on the Board in term of definition of 'relative' as per the Companies Act, 2013.

Mr. Sachin Goel is liable to retire by rotation at the forthcoming Annual General Meeting (AGM) and being eligible, has offered himself for re-appointment. Relevant details pertaining to Mr. Sachin Goel are provided in the notice of the AGM.

All IDs of the Company have furnished declarations that they qualify the conditions of being independent as per Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. These were placed before the Board.

The IDs of the Company met on March 31, 2018 under the chairmanship of Mr. Jagdeep Dhawan without the presence of Non-Independent Directors or management personnel to review the performance of Non-Independent Directors, the Board, Committees and the Chairperson. The meeting also reviewed the quality, quantity and timeliness of flow of information between the Company and the Board. The terms and conditions of appointment of Independent Directors have been placed on the website of the Company [www.laurel.co.in](http://www.laurel.co.in). The details of familiarization programmes for Independent Directors have been provided in the Directors' Report and posted on the website of the Company and can be accessed at the web link: <http://www.laurel.co.in>.

## COMMITTEES OF BOARD

During the year under review and as on date, the composition of Committees i.e. Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, remained unchanged. All recommendations made by the Audit Committee during the year, were accepted by Board.

Details of number of meetings, attendance of members and other terms of reference are as follows:

## AUDIT COMMITTEE

The constitution of the Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. During the year under review, six meetings of the Committee were held on May 30, 2017, August 10, 2017, August 23, 2017, December 05, 2017, February 09, 2018 and March 12, 2018.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation	Category of Directorship	Qualification	No. of meetings held during the tenure	No. of meetings attended
Mr. Jagdeep Dhawan	Ind. Director	Graduate	6	6
Mrs. Richa Gupta	Ind. Director	Graduate	6	6
Mr. Sameer Goel	MD	Graduate	6	6

The Chairman of the Committee attended the last AGM of the Company. The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors, Internal Auditors, Secretarial Auditors and other related functional executives of the Company also attended the meeting when required. Further, the Board has accepted all the recommendation of Audit Committee during the period.

The principal terms of reference of the Committee as approved by the Board and as revised / updated from time to time by the Board are:

#### Financial Information Review

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To examine the financial statement and the auditors' report thereon;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- To review and recommend the appointment, removal and terms of remuneration of Auditors of Company.

#### Internal Controls and Policies for Maintaining Vigil

- Scrutiny of inter-corporate loans and investments.
- Valuation of undertaking's or assets of the company, wherever it is necessary.
- Evaluation of Internal Financial Controls and Risk Management systems.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower (Vigil) mechanism.
- To approve the appointment of Chief Financial Officer (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate and recommend to the Board.
- Investigate any activity within its terms of reference and any matters referred to it by the Board.
- Reviewing with the Auditors and Management, if required, about internal control systems, the scope of audit, including the observations of the Auditors and review of financial statement before their submission to the Board and any related issues there with.

#### Relationship with Statutory, Internal and Secretarial Auditors

- Recommend to the Board for appointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payments to Statutory Auditors for any other services rendered by them.
- Review and monitor the Auditor's independence and performance and effectiveness of audit process.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Discussion with Internal Auditors of any significant findings and follow up there on.

## Risk Management

- Review procedures for risk assessment and minimization for informing the same to the Board.
- Framing, recommending to the Board and reviewing the Risk Management Policy and Plan from time to time.

## Related Party Transactions

- Approval or any subsequent modification of transactions of the Company with related parties.
- To lay down the criteria for granting the omnibus approval in line with the policy on related party transactions.
- To review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

## STAKE HOLDERS RELATIONSHIP COMMITTEE

The Securities Transfer & Stakeholders Relationship Committee considers and oversees resolution of grievances of security holders and investors of the Company.

During the year, the Committee met four times on May 30, 2017, August 10, 2017, December 05, 2017, February 09, 2018. Company effectuated all requests for transfer of shares, consolidation and issue of duplicate share certificate, within prescribed time limits.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation	Category of Directorship	Qualification	No. of meetings held during the tenure	No. of meetings attended
Mr. Jagdeep Dhawan	Ind. Director	Graduate	4	4
Mrs. Richa Gupta	Ind. Director	Graduate	4	4
Mr. Sameer Goel	MD	Graduate	4	4

Company Secretary provided secretarial support to the Committee.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee recommends the appointment of Directors and remuneration of such Directors other than Independent Directors. During the year under review, four meetings of the Committee were held on May 30, 2017, August 23, 2017, September 29, 2017 and March 12, 2018.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation	Category of Directorship	Qualification	No. of meetings held during the tenure	No. of meetings attended
Mr. Jagdeep Dhawan	Ind. Director	Graduate	4	4
Mrs. Richa Gupta	Ind. Director	Graduate	4	4
Mr. Sameer Goel	MD	Graduate	4	4

Company Secretary provided secretarial support to the Committee.

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, Nomination and Remuneration Committee has the following principal terms of reference:

- To evaluate and recommend the composition of the Board of Directors and committees thereof.
- To identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- To formulate a criteria for performance evaluation of Directors and the Board and to carry out evaluation of every Director's performance.



5. Devising a Policy on Board Diversity.
6. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
7. To recommend a Policy to the Board relating to the remuneration for the Directors, KMPs and other employees, for its approval.
8. To note information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
12. To undertake related activities, functions and duties as the Board of Directors may from time to time, after deliberations, prescribe or as may be required to be undertaken in terms of any statutory or regulatory provisions.

## **NOMINATION AND REMUNERATION POLICY**

In compliance with Section 178(3) of the Act and Regulation 19(3) of Listing Regulations and on the recommendation of Nomination and Remuneration Committee, the Board framed a "Nomination, Remuneration and Evaluation Policy" on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director.

The said policy may be accessed at Company's website and forms part of this report as Annexure-IV.

## **PARTICULARS OF EMPLOYEES**

The information as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) & (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company forms part of this report as Annexure-V.

## **BOARD EVALUATION**

In compliance with the provisions of Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014, the Board carried out annual evaluation of its own performance, that of its Committees and individual directors.

The performance of the Board and its committees and individual directors were evaluated by the Board after seeking inputs from all the Directors on the basis of criteria, such as composition and structure of the Board, quality of deliberations, effectiveness of the procedures adopted by the Board, participation of the Board and committee meetings and governance reviews etc. Pursuant to Regulation 17(10) of Listing Regulations, the Board carried out performance evaluation of Independent Directors without the participation of the director being evaluated.

As per Schedule IV to the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of Independent Directors was held on March 31, 2018, where Independent Directors, reviewed the performance of Non-Independent Directors, the Board as a whole, and the Chairman of the Company.

**Familiarization Programme of Independent Directors-** The Independent Directors of the Company have been updated with their roles, rights and responsibilities in the company to enable them to familiarize with Company's procedures and practices.

The Company endeavors to familiarize the Independent Directors with the strategy, operations and functioning of the Company and also with changes in the regulatory environment having significant impact on the operations of company and the Pharmaceutical Industry as a whole.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

At present, the provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

## **MATERIAL CHANGES AND COMMITMENT**

There is no material changes and commitments affecting the financial position of the Company between the end of financial year of the Company and the date of this report.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

Board is pleased to inform that the scheme of arrangements of Kimia Biosciences Ltd. with Laurel Organics Limited has been approved by the honourable NCLT Chandigarh vide its order date 21.08.2018. However the copy of the formal order has yet not been received by the company. The company will implement the scheme in due course.

No other significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

## RISK MANAGEMENT POLICY

- a. **DEVELOPMENT OF RISK MANAGEMENT POLICY:** In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, the Company has developed and implemented the Risk Management Policy and the Audit Committee of the Company reviews the same periodically.
- b. **IMPLEMENTATION OF RISK MANAGEMENT POLICY:** The Company recognizes that risk is an integral and unavoidable component of business and hence is committed to managing the risk in a proactive and effective manner. The Risk Management Policy approved by the Board has been effectively implemented. The Company's Management systems, organizational structures, processes, standards, code of conduct and behaviors together form the Risk Management System of the Company and are managed accordingly.
- c. **IDENTIFICATION OF KEY RISKS WHICH MAY THREATEN THE EXISTENCE OF THE COMPANY AND RISK MITIGATION:** The common risks faced by the Company include Raw Material Procurement Risk, Environment & Safety Risk, Market Risk, Technology risk, Business Operational Risk, Reputation Risk, Regulatory & Compliance Risk, Human Resource Risk Working Capital and Business continuity Risk. Your Company has well defined processes and systems to identify, assess & mitigate the key risks. A platform for exception reporting of violations is in place which is reviewed regularly and remedial measures are being undertaken immediately.

## VIGIL MECHANISM/ WHISTLEBLOWER POLICY

In compliance with the provisions of Section 177(9) & (10) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 22 of Listing Regulations, Company formulated a vigil Mechanism for Directors and employees to report concerns including any unethical behavior, actual or suspected frauds taking place in the Company for appropriate action thereon.

The Whistleblower policy has been hosted on Company's website viz. [www.laurel.co.in](http://www.laurel.co.in).

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

The Policies on Code of Conduct and Prevention of Workplace Harassment is displayed on company's website viz. [www.laurel.co.in](http://www.laurel.co.in) to create and provide an environment that is free from discrimination, intimidation, abuse & harassment, especially to protect the integrity and dignity of woman employees. Nil complaints were received during the year under review.

## DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 by your Company are explained as under:

### (A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy
- (ii) the steps taken by the company for utilising alternate sources of energy
- (iii) the capital investment on energy conservation equipments

The Company has pharmaceutical manufacturing unit for Bulk Drug Intermediates, APIs formulations, requires normal consumption of electricity. The Company takes all necessary steps to reduce the consumption of energy.

### (B) Technology absorption-

- (i) the efforts made towards technology absorption
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - (a) the details of technology imported;
  - (b) the year of import;
  - (c) whether the technology been fully absorbed;
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) the expenditure incurred on Research and Development

The Company is engaged in the process of updating latest Technology(ies).

No expenditure was incurred on Research and Development during the year under review.

## (C) Foreign exchange earnings and Outgo-

The total foreign exchange used and the total foreign exchange earned during the year as compared to the previous financial year has been provided hereunder:

Foreign Exchange Earnings & Outgo	Current Year (2017-18)	Previous Year (2016-17)
Inflow	35.05 lacs (USD 54446)	NIL
Outflow	1654.02 lacs (USD 2515154, EURO 11826)	Rs. 32.71 lacs (USD 48000)

## HUMAN RESOURCES

Your Company firmly believes that human resources are invaluable assets of the Company. Over the time, Laurel has changed to adapt and evolve with the changing economic landscape, while keeping its core value firmly entrenched. The Human Resource Department of the organization has strategic and functional responsibilities for all of the Human Resource disciplines in the changing scenario.

On the Industrial front, the Company continued to foster cordial Industrial Relations with its workforce during the year.

## COMPLIANCE WITH SECRETARIAL STANDARDS

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on Board and General Meetings. The Company has complied with all the applicable provisions of the Secretarial standards.

## ACKNOWLEDGEMENT

Your Directors record their appreciation for the co-operation received from the Employees, Customers and last but not least the shareholders for their unstinted support, during the year under review.

**For and on behalf of the Board  
For Laurel Organics Limited**

**Sameer Goel**  
**(Managing Director)**  
**(DIN: 00161786)**

**Sachin Goel**  
**(Director)**  
**(DIN: 00161762)**

**Place: New Delhi**  
**Date : 24 August, 2018**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### Global Economy

Global economic growth in 2018 is estimated at 3.9% up from 3.8% in 2017 with a notable rebound in global trade. Growth in advanced economies increased from 1.7% in 2017 to 2.3% in 2018 and emerging economies increased from 4.4% in 2017 to 4.8% in 2018. Resurgent investment spending in advanced economies continued strong growth in emerging Asia, a notable upswing in Europe and signs of recovery in several commodity exporters led to an upswing in global economic growth in 2018. In advanced economies, stronger gross fixed capital formation, acceleration in stock building along with accommodative monetary policy and an improved outlook contributed to the pickup in investment and revival of demand for capital goods.

Global growth is projected to further strengthen to 3.9% in 2018 and 2019. This short term growth is anticipated in advanced economies by positive macroeconomic effects of the December 2017 US tax reform and stronger prospects in euro market countries and in emerging market and developing economies by improved prospects for commodity exporters, stronger private consumption and investment and nation-wide implementation of the goods and service tax in India.

#### Global Pharma Market:

The global pharmaceutical industry revenue is forecasted to reach an estimated \$1,226.0 billion by 2018, with good growth over the next five years (2013-2018). The industry is expected to register growth led by aging population, changing lifestyles, hectic daily activities, unhealthy eating habits, increasing incidence of chronic diseases across the entire global population providing growth opportunities for the industry players.

The industry is engaged in discovery, development, manufacture, and marketing of prescription drugs. Industry products include ethical drugs and consumer healthcare but animal healthcare drugs are not included.

The global pharmaceutical market faces major challenge from increasing investment and strict regulation. Changing lifestyles and the fast socio-demographic shift due to urbanization in both developed and growth markets globally are expected drive the demand. The ability to create new technology and innovative drugs is a key driver for success in this market.

North America is projected to lead the pharmaceutical industry. Vaccine industry is expected to record the highest growth during the forecast period. ROW industry is expected to witness the highest growth during 2013-2018. Government initiatives in Brazil to encourage drugs industries by providing free pricing policies and special financial investment options will attract the industry players. APAC holds good growth potential for the future.

This study provides an overview of the global pharmaceutical industry by tracking 13 market segments of that industry in four geographic regions. Thus, a total of 52 segments of the global pharmaceutical industry are tracked. The report studies manufacturers of bone, respiratory, immunology and dermatology, cardiovascular, diabetes & obesity, urinary/kidney diseases, gastrointestinal, neurosciences, infectious diseases, ophthalmology, oncology, women's health/ endocrine, vaccines, consumer health/OTC, and others providing a five-year (2007-2012) annual trend analysis that highlights market size, profit and cost structure for NA, Europe, APAC, and ROW. The report also provides a forecast, addressing market opportunities for next five years (2013-2018) for each of these regions.

**R&D** -During the 2008-2015 period, the compound annual growth rate of global R&D spending was 1.7%; during the 2016-2022 period, the rate will grow at 2.8%. The year-over-year increase, however, will remain around 3%, versus some dramatic jumps seen in 2013, 2014 and 2015.

The global spending on medicines is forecasted to reach close to US\$ 1.5 trillion by 2021, an increase of about 33% over the 2016 level, growing at 4 to 7% only slightly slower than 6.2% growth over prior five years. Developed market spending growth will be driven by original brands and innovation in specialty medicines while Pharma emerging markets will continue to be driven by off patent generic products. Innovation in specialty medicines will continue lifting the share of global spending from 30% in 2016 to 35% in 2021 driven by the adoption of new breakthrough medicines.

#### Domestic Pharmaceuticals Market

The pharmaceutical sector was valued at US\$ 33 billion in 2017. The country's pharmaceutical industry is expected to expand at a CAGR of 22.4 per cent over 2015-20 to reach US\$ 55 billion. India's pharmaceutical exports stood at US\$ 17.27 billion in 2017-18 and are expected to reach US\$ 20 billion by 2020.

Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US\$ 70-80 billion US generics market.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected to grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US\$ 1.89 billion).

## **OVERSEAS MARKETS**

The development of the business in overseas markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including volatile economic conditions, IP issues, developed market compliance standards, inadvertent breaches of local/ international law and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls. However, the Company carefully monitors the business scenarios of these markets, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

In US, there is a continuing trend towards consolidation of certain customer groups such as wholesale drug distribution and retail pharmacies as well as emergence of large buying groups. The consolidation may result into these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures. Additionally, the emergence of large buying groups representing independent retail pharmacies, prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on the Company's products. The result of such developments could affect the sales volumes and price realizations of the Company's products on an overall basis.

## **CURRENCY FLUCTUATION RISKS**

Currency risks mainly arise out of overseas operations and financing activities. Exchange rate fluctuations could significantly impact earnings and net equity because of invoicing in foreign currencies, expenditure in foreign currencies, foreign currency borrowings and translation of financial statements of overseas subsidiaries into Indian rupees. The Company has a defined foreign exchange risk management framework to manage these risks excluding translation risks.

**New technologies' impact on pharma:** An ongoing issue for the pharmaceutical industry is how new technologies, particularly digital-related technologies, will impact drug development and commercialization. The Company reports emerging technologies in healthcare as a whole, such as artificial intelligence, 3D printing and their impacts on business models, operations, workforce needs and cyber security risks as well as the positive impact of a digitized supply chain in reducing manufacturing costs.

## **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

The Company has received GMP certificate on Form 25 & 28 dated 25-07-2017 for manufacturing for sale or distribution of Bulk Drugs (APIs) formulations, under the provisions of Schedule 'M' of Drugs & Cosmetic Rules, 1945.

During the year under review, manufacturing operation has been started, and practices for manufacturing, Research & Development (R&D) segment of the organization, were followed at the plant located at Village Bhondsi, Tehsil Sohna, Distt. Gurgaon, Haryana -122102.

## **OUTLOOK**

The Company has commenced building new formulations and APIs manufacturing facility and the capacities are built in anticipation of demands.

### Government Initiatives:

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.

The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Union Minister of Chemicals and Petrochemicals, has announced setting up of chemical hubs across the country, early environment clearances in existing clusters, adequate infrastructure, and establishment of a Central Institute of Chemical Engineering and Technology.

GST is effective from 01st July, 2017, and would merge all significant taxes currently applicable to the Company's business operations (except taxes relating to profit/income) into a single tax. While this is expected to bring in greater transparency across all the economic activities and reduce multiple tax levies and administration, there is likely to be a significant short-term impact on the operations of the Company, on account of lack of clarity and differences in interpretations by various stakeholders.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company's internal control framework is designed specifically to ensure effectiveness and efficiency of operations, reliability of financial reporting and compliance of laws and regulations. A proper and extensive



system of internal control is practiced by the Company, to ensure that all its assets are safeguarded and protected, and that transactions are authorized, recorded and reported properly.

Internal Audit and control system evaluates adequacy of internal controls, adherence of processes and procedures, compliances of regulatory & legal requirements. The Internal Audit programme is periodically reviewed by Audit Committee in order to keep preventive checks on compliance risks. The Company is also following procedures in all its departments with special emphasis on manufacturing and quality assurance activities.

#### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The sale of manufactured goods done by company is 5886.30 lacs for the year 2017-18 in comparison 48.50 lacs for the year 2016-17.

#### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

In the context of people employed, there have been increase 28% in workforce employed during the financial year 2017-18 as compared to the previous year when there was change in management of the Company viz-a-vis a new set of Directors was appointed.

#### **CERTIFICATE PURSUANT TO REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

We, Mr. Sameer Goel, Managing Director and Mr. Sanjay Gupta, Chief Financial Officer of the Company do hereby certify to the Board that: -

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2018 and that to the best of our knowledge and belief: -
  - (i) the said statements do not contain any materially untrue statements or omit any material fact, or contain statements that might be misleading;
  - (ii) the said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee: -
  - (i) significant changes in internal control over financial reporting during the year, if any;
  - (ii) significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Laurel Organics Limited**  
**SAMEER GOEL**  
Managing Director  
Delhi, May 25, 2018

**For Laurel Organics Limited**  
**SANJAY GUPTA**  
Chief Financial Officer

---

#### **DECLARATION FOR COMPLIANCE WITH THE CODES OF CONDUCT**

I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Codes of Conduct as applicable to them for the year ended March 31, 2018.

Delhi, May 25, 2018

**For Laurel Organics Limited**

**SAMEER GOEL**  
Managing Director  
DIN: 00161786

**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March, 2018

[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   | - L24239HR1993PLC032120  |
| ii) Registration Date  | - 27th September 1993  |
| iii) Name of the Company   | - LAUREL ORGANICS LIMITED  |
| iv) Category/Sub-Category of the Company   | - Public Company / Company Limited by shares/ Indian Non-Govt.   |
| v) Address of the Registered Office and contact details                              | - Vill Bhondsi, Tehsil Sohna, Dist Gurgaon-122102, Haryana.<br>Tel: +91-01242267351<br>Email ID: laurelorganicslimited@gmail.com<br>Website: www.laurel.co.in    |
| vi) Whether listed company (Yes/No)  | - Yes  |
| vii) Name, Address and Contact details of Registrar and Share Transfer Agent, if any | - Beetal Financial & Computer Services (P) Limited, Beetal House, 3rd Floor, 99 Madangir, New Delhi-110062<br>Tel: 011-29961281<br>Email ID: beetalrta@gmail.com |

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

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

S. No.	Name and Description of main products/services	NIC Code of the product /service	% to total turnover of the Company
1	Chemical & Pharmaceutical Products (Bulk Drug Intermediates, APIs manufacturing)	99623700	100%

**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
1	KIMIA BIOSCIENCES LIMITED* (Formerly known as Kimia Biosciences Pvt. Ltd) Corp Off: 974, Aggarwal Millenium Tower-2, Netaji Subhash Place, Pitampura, Delhi-110034	U24233HR2007PLC069240	Holding	50.48%	Section 2(87) of the Companies Act, 2013

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category-wise Share Holding

S. No.	Category of Shareholders	No. of shares held at the beginning of the year (01.04.2017)				No. of shares held at the end of the year (31.03.2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1	Indian									
a)	Individual	0	0	0	0	0	0	0	0	0
b)	Huf	0	0	0	0	0	0	0	0	0
c)	Central Govt /state Govt/ President Of India	0	0	0	0	0	0	0	0	0
d)	Financial Inst/banks	0	0	0	0	0	0	0	0	0
e)	Any other	0	0	0	0	0	0	0	0	0
	KIMIA BIOSCIENCES LIMITED	3728100	0	3728100	50.48	3728100	0	3728100	50.48	0.00
	Sub-total (A) (1):-	3728100	0	3728100	50.48	3728100	0	3728100	50.48	0.00
2	Foreign									
a)	NRIs- Individuals	0	0	0	0	0	0	0	0	0
b)	Other-Individuals	0	0	0	0	0	0	0	0	0
c)	Bodies Corporate	0	0	0	0	0	0	0	0	0
d)	Banks/FI	0	0	0	0	0	0	0	0	0
e)	Any Other	0	0	0	0	0	0	0	0	0
	Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	3728100	0	3728100	50.48	3728100	0	3728100	50.48	0.00
B.	Public shareholding									
1	Institutions									
a)	Mutual Funds	0	181100	181100	2.45	0	181100	181100	2.45	0.00
b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0	0
c)	Alternate Investment Funds	0	0	0	0.00	0	0	0	0	0
d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0	0
e)	Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0	0
f)	Financial Inst/banks	0	0	0	0.00	0	0	0	0	0
g)	Insurance Companies	0	0	0	0.00	0	0	0	0	0
h)	Provident Funds/ Pension Fund	0	0	0	0.00	0	0	0	0	0
i)	Any other	0	0	0	0.00	0	0	0	0	0
	Sub-total (B) (1):-	0	181100	181100	2.45	0	181100	181100	2.45	0.00

2	<b>Non- Institutions</b>									
	<b>a) Bodies Corporate</b>									
	i) Indian	22800	127900	150700	2.04	24900	112000	136900	1.85	-0.19
	ii) Overseas	0	100000	100000	1.35	0	100000	100000	1.35	0.00
	<b>b) Individuals</b>									
	i) Individual shareholders holding nominal share capital upto Rs. 2 Lakh	94400	2470700	2565100	34.73	262700.00	2299100	2561800	34.69	-0.04
	ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakh	59700	60000	119700	1.62	96800	60000	156800	2.12	0.50
	<b>c) Others (specify)</b>									
	I. Clearing Members	0	0	0	0.00	1500	0	1500	0.00	0.00
	II. NRI's	0	531900	531900	7.20	200	506600	506800	6.86	-0.34
	III. HUF	5000	3400	8400	0.11	8600	3400	12000	0.16	0.05
	IV. Unclaimed Shares Suspense Account- Clause 5A	0	0	0	0	0	0	0	0.00	0.00
	<b>Sub-total (B) (2):-</b>	<b>181900</b>	<b>3293900</b>	<b>3475800</b>	<b>47.07</b>	<b>394700</b>	<b>3081100</b>	<b>3475800</b>	<b>47.07</b>	<b>0.00</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)]</b>	<b>0</b>	<b>3475000</b>	<b>3656900</b>	<b>49.52</b>	<b>394700</b>	<b>3262200</b>	<b>3656900</b>	<b>49.52</b>	<b>0.00</b>
	<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Grand Total (A+B+C)</b>	<b>3910000</b>	<b>3475000</b>	<b>7385000</b>	<b>100.00</b>	<b>4122800</b>	<b>3262200</b>	<b>7385000</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Kimia Biosciences Limited (Formerly known as Kimia Biosciences Pvt. Ltd)	3728100	50.48	0	3728100	50.48	0	0
<b>Total</b>		<b>3728100</b>	<b>50.48</b>	<b>0</b>	<b>3728100</b>	<b>50.48</b>	<b>0</b>	<b>0.00</b>

(iii) **Change in Promoters' Shareholding - Nil**

No.	Particulars	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
KIMIA BIOSCIENCES LIMITED					
At the beginning of the year		3728100	50.48	3728100	50.48
Date wise Increase / (Decrease) in Promoters Shareholding during the year pursuant to Shares Transfers/ purchases through open offer		0	0.00	0	0.00
At the end of the year		3728100	50.48	3728100	50.48



(iv) **Shareholding Pattern of top ten Shareholders**  
(other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name		Shareholding at the beginning of the year		Date on which change happened <sup>§</sup>	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Satish Chander Shah	Beginning of the Year	102500	1.39	01.04.2017	0	-	102500	1.39
		End of the Year	102500	1.39	31.03.2018	0		102500	1.39
2	SOPTX DEVELOPMENTS LIMITED	Beginning of the Year	100000	1.35	01.04.2017	0	-	100000	1.35
		End of the Year	100000	1.35	31.03.2018	0		100000	1.35
3	INDIAN BANK A/C INDIAN BANK MUTUAL FUND	Beginning of the Year	94700	1.28	01.04.2017	0	-	94700	1.28
		End of the Year	94700	1.28	31.03.2018	0		94700	1.28
4	SOUTHERN INDIA DEPOSITORY SERVICES P LTD	Beginning of the Year	81100	1.10	01.04.2017	0	-	81100	1.10
		End of the Year	81100	1.10	31.03.2018	0		81100	1.10
5	M J GEORGE	Beginning of the Year	36700	0.5	01-04-17	0	-	36700	0.5
		End of the Year	36700	0.5	31-03-18	0		36700	0.5
6	PARVEEN KUMAR GUPTA	Beginning of the Year	33000	0.42	01-04-17	0	-		0
		During the year	-1000	-0.01	13-10-17	-1000	Sell	32000	0.43
		During the year	-1000	-0.01	22-12-17	-1000	Sell	31000	0.42
		End of the Year	31000	0.42	31-03-18	0	-	31000	0.42
7	MAHENDRA J SHAH	Beginning of the Year	30000	0.41	01.04.2017	0	-	30000	0.41
		End of the Year	30000	0.41	31.03.2018	0		30000	0.41
8	HITESH J SHAH	Beginning of the Year	30000	0.41	01.04.2017	0	-	30000	0.41
		End of the Year	30000	0.41	31.03.2018	0		30000	0.41
9	NARENDRA K BANSAL	Beginning of the Year	30000	0.41	01.04.2017	0	-	30000	0.41
		End of the Year	30000	0.41	31.03.2018	0		30000	0.41
10	ARWA UMESH	Beginning of the Year	16500	0.22	01-04-17	0	-		
		During the year	2200	0.03	28-04-17	2200	Buy	18700	0.25
		During the year	100	0	05-05-17	100	Buy	18800	0.25
		During the year	300	0	19-05-17	300	Buy	19100	0.26
		During the year	1000	0.01	26-05-17	1000	Buy	20100	0.27
		During the year	300	0	13-10-17	300	Buy	20400	0.28
		During the year	3500	0.05	24-11-17	3500	Buy	23900	0.32
		During the year	5200	0.07	08-12-17	5200	Buy	29100	0.39

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

Sl. No.	Name		Shareholding at the beginning of the year (01.04.2017)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
NIL shares are held by Directors and KMP									

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	96	883.39	0	<b>979.39</b>
ii) Interest due but not paid	58.15	0	0	<b>58.15</b>
iii) Interest Accrued but not due	0	0	0	<b>0</b>
<b>Total (i+ii+iii)</b>	<b>154.15</b>	<b>883.39</b>	<b>0</b>	<b>1037.54</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0	1005.11	0	<b>1005.11</b>
Reduction	153.23	0	0	<b>153.23</b>
<b>Net Change</b>	<b>-153.23</b>	<b>1005.11</b>	<b>0</b>	<b>851.88</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	1888.5	0	1888.5
ii) Interest due but not paid	0.92	0	0	0.92
iii) Interest Accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0.92</b>	<b>1888.5</b>	<b>0</b>	<b>1889.42</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of Managing Director/ Wholetime Director/ Manager	Total Amount (in Rs.)
		Mr. Sameer Goel (Managing Director)	
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission	Nil	Nil
	- as % of profit	Nil	Nil
	- Others, specify	Nil	Nil
5	Others, please specify	Nil	Nil
	<b>Total(A)</b>	-	-
	<b>Ceiling as per Companies Act, 2013*</b>	-	-

\* Due to inadequate profits in the Company, Managing Director did not withdraw any remuneration during the year

### B. Remuneration to Other Directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (in Rs.)
		Mr. Sachin Goel	Mr. Jagdeep Dhawan	Mrs. Richa Gupta	
1	Independent Directors				
	-Fees for attending Board/ Committee Meetings	Nil	Nil	Nil	Nil
	-Commission	Nil	Nil	Nil	Nil
	-Others, please specify	Nil	Nil	Nil	Nil
	<b>Total(1)</b>	Nil	Nil	Nil	Nil
2	Other Non-executive Directors				
	-Fees for attending Board/ Committee Meetings	Nil	Nil	Nil	Nil
	-Commission	Nil	Nil	Nil	Nil
	-Others, please specify	Nil	Nil	Nil	Nil
	<b>Total(2)</b>	Nil	Nil	Nil	Nil
	<b>Total(B)=(1+2)</b>	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	-	-	-	-
	<b>Overall Ceiling as per the Companies Act, 2013**</b>	<b>9,00,000</b>	<b>23,00,000</b>	<b>23,00,000</b>	<b>55,00,000</b>

Note: \*\* Overall Ceiling of Remuneration for other directors includes only maximum remuneration payable for sitting fees for attending Board & Committee meetings.

**C. Remuneration to key managerial personnel other than MD/Manager/WTd**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (in Rs.)
		Chief Executive Officer(CEO)	Chief Financial Officer (CFO)	Company Secretary (CS)	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	889,780	4,41,300	13.31.080
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	0	0	0
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	Nil	Nil	Nil
3	Sweat Equity	-	Nil	Nil	Nil
4	Commission	-	Nil	Nil	Nil
	- as % of profit	-			
	- Others, specify	-			
5	Others, please specify	-	-	-	0
<b>Total</b>		-	889,780	4,41,300	13.31.080

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

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding /Compounding fees imposed		Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY - NIL						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
B. DIRECTORS - NIL						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT - NIL						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board of Directors of  
**LAUREL ORGANICS LIMITED**

Place : New Delhi  
Date : 24th August, 2018

SAMEER GOEL  
Managing Director  
DIN: 00161786

SACHIN GOEL  
Director  
DIN: 00161762

**Form MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Laurel Organics Limited**  
(CIN: U63002DL1999PLC101942)  
Village Bhondsi, Tehsil Sohna  
Distt. Gurgaon, Haryana-122102

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

Based on the verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also on 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 31st March, 2018, complied with all the 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, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder to the extent of Regulation 55A.
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not applicable to the Company during the audit period.
- 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, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable to the Company during the audit period.
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the Company during the audit period.
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client to the extent of securities issued;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the audit period.
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company during the audit period.

(vi) The other laws as applicable specifically to the industry to which Company belongs, as identified by the management, that is to say:-

1. The Drug and Cosmetics Act, 1940;
2. The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954; and
3. The Drug and Price Control Order, 2013.

vii. I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs; and
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under the review, the Company has made delay in intimation to the stock exchange where the securities of the Company are listed w.r.t. intimation of outcome of Board Meeting dated 30th May, 2017 under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**I further report that :**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

Majority decision is carried through and there were no dissenting members' on any resolution.

**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 taken the following major decision:-

1. The Company has made allotment of 26,20,000 (Twenty Six Lakh Twenty Thousand) Fully Convertible Warrants ("Warrants") of face value of Rs. 10/- each, for cash at an issue price of Rs. 30/- (Rupees Thirty Only) per warrant (including premium of Rs. 20/- per Warrant) to the persons belonging to Promoter and Non-Promoter Category in the board meeting dated 15th February, 2018.
2. The Company has held the meeting duly convened by National Company Law Tribunal ("NCLT") w.r.t. to the Composite Scheme of Arrangement between Kimia Biosciences Limited ("Transferor Company") and the Company ("Transferee Company") and the process of amalgamation is on the verge of completion.

\*This report is to be read with my letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

**For VLA & Associates  
Company Secretaries**

**Vishal Lochan Aggarwal  
(Proprietor)  
FCS No.: 7241  
C P No.: 7622**

Date: 20th August, 2018  
Place : New Delhi



To,  
The Members,  
**Laurel Organics Limited**  
(CIN: U63002DL1999PLC101942)  
Village Bhondsi, Tehsil Sohna  
Distt. Gurgaon, Haryana-122102

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records and other records under the scope/ambit of Secretarial Audit (hereinafter called "Record") is the responsibility of the management of the Company. My responsibility is to express an opinion on these records based on my audit.
2. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

**Auditor's Responsibility:-**

3. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer:-**

6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For VLA & Associates  
Company Secretaries**

**Vishal Lochan Aggarwal  
(Proprietor)  
FCS No.: 7241  
C P No.: 7622**

Date: 20th August, 2018  
Place : New Delhi

### NOMINATION AND REMUNERATION POLICY

#### 1. INTRODUCTION

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with applicable rules thereto and Regulation 19 of SEBI (LODR) Regulation, 2015 as amended from time to time.

The Board of Directors ("Board") of Laurel Organics Limited ("Company") has adopted the following policy for nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other Employees.

This Policy will be applicable with effect from 01st April, 2014 and has been formulated in accordance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and Rules made thereunder and the Listing Agreement.

#### 2. POLICY OBJECTIVE

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to Directors, key managerial personnel and senior management involves a balance short and long-term performance objectives appropriate to the working of the company and its goals.
  - a. To lay down criteria for identifying persons who are qualified to become Directors and who may be appointed in Senior Management of the Company in accordance with the criteria laid down by the Nomination and Remuneration Committee and recommend to the Board their appointment and removal.
  - b. To lay down criteria to carry out evaluation of every Director's /KMP/ other employees performance.
  - c. To formulate criteria for determining qualification, positive attributes and Independence of a Director;

#### 3. DEFINITIONS

- i. "Board of Directors" means the "Board of Directors" of Simbhaoli Sugars Limited, as constituted from time to time.
- ii. "Company" means Laurel Organics Limited
- iii. "Independent Director" means a Director of the Company, not being a Managing or Whole-Time Director or a Nominee Director and who is neither a Promoter nor belongs to the Promoter Group of the Company and who satisfies the criteria of independence as prescribed under the provisions of the Companies Act 2013 (including the rules prescribed thereunder) and the Listing Agreement with the Stock Exchanges under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iv. "Key Managerial Personnel" or KMP means key managerial personnel as defined under the Companies Act, 2013 and includes:-
  - I. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
  - II. Company Secretary;
  - III. Chief Financial Officer; and
  - IV. Such other officer as may be prescribed by the Central Government.
- v. "Nomination and Remuneration Committee" means "Nomination and Remuneration Committee" constituted by the Board of Directors of the Company from time to time under the provisions of the Companies Act 2013 and the Listing Agreement with the Stock Exchanges.
- vi. "Policy" means the Nomination and Remuneration Policy.

- vii. "Other employees" means, Senior Management Personnel of the Company.
- viii. "Senior Management Personnel" means, the personnel of the Company, who are members of its core management team excluding Board of Directors and KMPs, comprising of all the members of management one level below the Whole Time Directors including the functional heads.

### 3. CONSTITUTION

- a. The Board has constituted the Nomination and Remuneration Committee.
- b. The Committee shall comprise of at least three non- executive directors, of which not less than one-half shall be the independent directors.
- c. Chairman of the Committee shall be an Independent Director.
- d. The Company Secretary shall act as Secretary to the Committee.
- e. The Chairperson of the Company may be appointed as member of Nomination and Remuneration Committee but shall not chair the Committee.

### 4. POLICY

This policy is divided into three parts:

#### 4.1 Appointment and Removal

- a. Criteria for identifying persons, who are qualified to be appointed as a Director / KMP / Senior Management Personnel / Other Employees of the Company:
  - i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
  - ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement with the Stock Exchange under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.
  - iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement with the Stock Exchange under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.
  - iv. The other employees shall be appointed and removed as the per the policy and procedure of the Company.
- b. **Term / Tenure:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder and Listing agreement with the Stock Exchange under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The Term/Tenure of the KMP's/Senior Management Personnel and other employees shall be as per the Company's prevailing Human resource policy.
- c. **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground or the result of the performance appraisal, the Committee may recommend to the Board for removal of Director(s).

The removal of KMP's, Senior Management Personnel or other employees shall be as per the Company's prevailing Human resource policy.
- d. **Retirement:**

The director, KMP, senior management and other employees shall retire as per the relevant provisions of the Companies Act, 2013 along with the rules made thereunder and the prevailing policy of the Company, as may be applicable.

## 4.2 Remuneration

The level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMP's, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMP's, Senior Management and other employees of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

### 1. Director/ Managing Director

Besides the above Criteria, the Remuneration/ Compensation/ Commission / Incentive / Bonus etc. to be paid to Director/ Managing Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

### 2. Non-Executive Independent Directors

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. In addition, the Independent Directors shall not be entitled to stock options.

### 3. Senior Management Personnel / KMPs

The Remuneration to be paid to Senior Management Personnel / KMP's shall be based on the experience, qualification and expertise of the related personnel and shall be decided by the Managing Director of the Company in consonance with the limits, if any, prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force or Company's prevailing Human resource policy.

### 4. Other Employees

The power to decide structure of remuneration for other employees has been delegated to the Managing Director of the Company or any other employee that the Managing Director may deem fit.

## 4.3 Evaluation

### 1. Criteria for evaluation of Executive and Non-Executive Director(s):

The performance evaluation of the Executive and Non-Executive Director(s) shall be done by the Nomination and Remuneration Committee and also by the Independent Directors in their separate meetings.

The Executive and Non-Executive Directors (excluding Independent Directors) shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the Company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) assist the Company in implementing the best corporate governance practices;
- (f) strive to attend all meetings of the Board of Directors, the Committees and the general meetings of the Company;

- (g) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (h) keep themselves well informed about the Company and the external environment in which it operates;
- (i) do not unfairly obstruct the functioning of the Board or Committee of the Board of Directors;
- (j) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest;
- (k) abide by Company's Memorandum and Articles of Association, Companies Act, 2013 rules made thereunder and Listing agreement, company's policies and procedures including code of conduct, insider trading guidelines etc;
- (l) safeguarded the confidentiality;
- (m) any other factor that the Independent Director(s) / Board of Directors may consider necessary for such evaluation.

In addition to the evaluation criteria as above-said, Whole Time Director(s) shall also be evaluated on the basis of targets / Financial Performance of the Company / any other criteria as may be given to them by the Board of Directors from time to time.

## **2. Criteria for evaluation of Independent Directors:**

The performance evaluation of the Independent Directors shall be carried out by the Nomination and Remuneration Committee and also by the entire Board of Directors excluding the Director being evaluated.

In addition to the evaluation criteria as above-said at Para No. 4.3 Clause 1, an Independent Directors shall also be evaluated on the basis of the following criteria i.e. whether they:

- (a) refrain from any action that would lead to loss of independence,
- (b) inform the Board immediately when they lose their independence.

## **3. Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel:**

The performance evaluation of KMP's and Senior Management Personnel shall be done by their respective reporting heads based on the KRA's given to them at the beginning of the year and in time with the prevailing policies of the Company.

## **4. Criteria for evaluating performance of Other Employees:**

The performance evaluation of other employees shall be done by the Managing Director of the Company or any other employee that the Managing Director may deem fit, based on the KRA's given to them at the beginning of the year and in time with the prevailing policies of the Company.

## **5. DISCLOSURES**

The Policy shall be disclosed in the Board's report of the Company.

## **6. AMENDMENT(s)**

The Board of Directors may review or amend this policy, in whole or in part, from time to time, after taking into account the recommendations from the Nomination and Remuneration Committee.

## PARTICULARS OF REMUNERATION

The information required under Section 197(12) of the Act and the Rules made thereunder, in respect of employees of the Company is as follows:

- (a) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Non- Executive Directors	Ratio to Median Remuneration
Mr. Sachin Goel	N.A.
Mr. Jagdeep Dhawan	N.A.
Mrs. Richa Gupta	N.A.
Executive Directors	
Mr. Sameer Goel	N.A.

Note : Directors did not withdraw any remuneration, due to inadequate profits in the Company during the year ended on March 31, 2018.

- (b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;

Name of Person	% increase in remuneration
Mr. Sameer Goel	NIL
Mr. Sachin Goel	NIL
Mr. Jagdeep Dhawan	NIL
Mrs. Richa Gupta	NIL
*Mr. Raman Kumar Thakur, Chief Financial Officer	NIL
Ms. Pratibha Anand	NIL
*Mr. Sanjay Gupta, Chief Financial Officer	NIL

\* Mr. Raman Kumar Thakur, Chief Financial Officer (CFO) of the Company resigned on 04th April, 2017 and Mr. Sanjay Gupta was appointed as such w.e.f 29th September, 2017.

- (c) the percentage increase in the median remuneration of employees in the financial year 2017-18. NIL%

- (d) the number of permanent employees on the rolls of Company:

The number of employees on the payroll of the Company as on 31st March, 2018 was 123, as compared to number 96, as at 31st March, 2017.

- (e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average increase in salaries of employees other than managerial personnel in 2017-18 was NIL%. Percentage increase in the managerial remuneration for the year was NIL.

Note: Bonus at an average rate of 8.33% was provided to all the employees of Company during the year under review.

- (f) affirmation that the remuneration is as per the remuneration policy of the Company

The remuneration is as per the Nomination, Remuneration and Evaluation Policy for Directors, Key Managerial Personnel and other employees of the Company to whom it applies.

- (g) Particulars of Employees pursuant to provisions of section 197 of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are hereby attached with this report as Annexure - VA

For and on behalf of the Board  
LAUREL ORGANICS LIMITED

Place : New Delhi  
Date : 24th August, 2018

**SAMEER GOEL**  
Managing Director  
(DIN: 00161786)

**SACHIN GOEL**  
Director  
(DIN: 00161762)



### PARTICULARS OF EMPLOYEES

Pursuant to provisions of section 197 of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration of the employees are given below:

(a) **Top 10 Employee in terms of remuneration who were Employed throughout the financial year:**

Sr. No.	Name	Designation	Remuneration (Amt. in Rs.)	Nature of employment (whether contractual or otherwise)	Qualification	Experience (No. of Years)	Date of Commencement of employment	Age (years)	If employee is relative of any Director or manager, provide the name of such Director of Manager	Last employment before joining the Company	% of Equity Capital held
1	Mr. RAMESH CHANDRA DUBEY	Sr. Manager	110197	Payroll	M.Sc	29 Years	01-Jun-16	56	No	Indophyto Chem Ltd.	0
2	SHRI NIVAS	Assistant Manager-	666870	Payroll	B.Sc	16	07-Nov-16	46	No	Vitalife Laboratories Ltd.	0
3	Mr. ANAND PRATAP SINGH	Shift Incharge	666870	Payroll	B.Sc	17	02-Dec-16	46	No	Teva API India Limited	0
4	RAKESH KUMAR JANGID	Assistant Manager-	554633	Payroll	B. Tech	4	17-Oct-99	28	No	Sharp Mint Ltd.	0
5	ANURAG DAHIYA	AM	543976	Payroll	B.A.	10	26-Oct-16	32	No	NSDS Consultants Pvt. Ltd.	0
6	PRATIBHAA ANNAND	Company Sec.	512733	Payroll	C.S.	2.5	05-Dec-16	31	No	BLB Commodities Limited	0
7	MAHENDRA SINGH	Executive	480034	Payroll	B.Sc	16	26-Aug-16	41	No	Indophyto Chem Ltd.	0
8	SHER SINGH	Facility Manager	458716	Payroll	Graduate	27	17-Oct-16	51	No	YEPME.COM	0
9	BHUPENDRA KUMAR	Sr. Executive	429025	Payroll	MBA	10	01-Mar-17	32	No	AMD Industries Limited	0
10	RAJPAL SINGH	Shift Officer	415867	Payroll	B.Sc	19	01-Jan-07	46	No	NA	0

(b) Employees who were in the receipt of remuneration aggregating Rs. 1,02,00,000 or more per annum : **None**

(c) Employed for part of the financial year and was in receipt of remuneration not less than Rs. 8,50,000 per month : **None**

(d) Employee who was in receipt of remuneration in excess of that drawn by the Managing Director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company : **None**

**Note:**

1. There were no employee in the Company, throughout the financial year or part of the year, who were in receipt of remuneration aggregating Rs. 1,02,00,000 or more per annum or Rs. 8,50,000 per month.

## **INDEPENDENT AUDITOR'S REPORT**

To

**The Members,  
M/s Laurel Organics Limited**

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Laurel Organics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS 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 Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS 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 Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of Matter**

We draw attention to Note No 39 and 40 regarding Arrangements of Amalgamation ("the scheme") of Kimia Biosciences Ltd. (the Holding Company) with the Company with effect from appointed date April 01, 2016, which is pending for approval from National Company Law Tribunal ("NCLT"). Therefore, no effect of the scheme has been given in financial statements and consequent to this, interest Rs 154.64 Lakhs (including for previous Rs 40.11 Lakhs) on unsecured borrowings received from the Holding Company has not been accounted for.

Our opinion is not modified in respect of the above matter.

## Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- As required by the Companies' (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A statements on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
  - (a) 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- In our opinion, the aforesaid Ind-AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- The matters about pending effect of the scheme and non accounting of interest payable to holding company as described under the emphasis of matters paragraph above, in our opinion, shall have no adverse effect on the functioning of the Company.
- On the basis of written representations received from the directors as on 31st March'2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- 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 does not have any pending litigations which would impact its financial position.
  - The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - There is no amount which is required to be transferred, to the Investor Education and Protection Fund by the Company.

## Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued financial statements prepared in accordance with the Accounting Standards referred in section 133 of the Companies Act'2013 audited by the previous auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated 30th May'2017 and 30th May'2016 respectively expressed an modified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

**For Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

Place: New Delhi  
Date: 25th May, 2018

B. K. Sipani  
Partner  
Membership No. 088926

## Annexure-A to the Auditor's Report

### Annexure referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re:Laurel Organics Limited)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of plant, property and equipment however the same is in process of updation.
- (b) The Company has a regular programme of physical verification of its plant, property and equipment by which plant, property and equipment are verified in a phased manner over a period of three years. In accordance with this programme, fixed assets were not physically verified during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The management has conducted physical verification of inventories during the year at reasonable interval and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loan to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies' Act, 2013. Therefore, the provisions of clause 3(iii) of the Order are not applicable.
- (iv) The Company has no transaction with respect to loan, investment, guarantee and security covered under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of clause 3(iv) of the Order are not applicable.
- (v) The Company has not accepted any deposits covered under section 76 of the Companies Act'2013 during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of the Company's products to which the said rules are applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (vii) a. According to the records of the Company, the Company is regular in depositing amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Service Tax, Duty of customs, Duty of excise, Value Added Tax, Cess and other material statutory dues with the appropriate authorities. There was no undisputed outstanding statutory dues as at the yearend for a period of more than six months from the date they became payable.
- b. According to the records of the Company there are no dues outstanding on account of Income-tax, Sales-tax, Value Added Tax, Service Tax, Duty of customs, Duty of excise and Cess on account of any dispute.
- (viii) The Company has not defaulted in repayment of dues to bank. The Company did not have any borrowing from any financial institution or Government and dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Further in our opinion and explanations given to us, term loans were applied for the purpose for which loans were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers and employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has made private placement of fully convertible warrants during the year and requirements of section 42 of the Companies Act'2013 in this respect have been complied with. Amount raised on private placement of fully convertible warrants has been used for the purpose for which funds were raised. The Company has not made any preferential allotment of equity shares and has not issued fully or partly convertible debentures.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with directors. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

Place: New Delhi  
Date: 25th May, 2018

B. K. Sipani  
Partner  
Membership No. 088926

## **Annexure - B to the Auditor's Report**

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

We have audited the internal financial controls over financial reporting of Laurel Organics Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind-AS financial statements of the Company for the year ended on that date.

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

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind-AS financial statements, whether due to fraud or error.

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

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

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

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India however same needs to be further strengthened.

**For Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

Place: New Delhi  
Date: 25th May, 2018

B. K. Sipani  
Partner  
Membership No. 088926



# Laurel Organics Ltd.

## BALANCE-SHEET AS AT 31st MARCH 2018

Amount in Rupees in Lacs

Particulars	Note No.	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)	As at 01.04.2016
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	'3'	805.03	666.38	320.43
Capital Work-in-Progress		245.54	307.36	-
Other Intangible assets	'4'	0.03	0.03	0.03
<b>Financial Assets</b>				
a. Other Non Current Financial Assets	'5'	11.64	12.65	13.11
Deferred Tax Assets (Net)	'6'	57.53	0.68	-
<b>Total non-current assets</b>		<b>1,119.77</b>	<b>987.10</b>	<b>333.57</b>
<b>Current Assets</b>				
Inventories	'7'	851.58	59.41	7.38
<b>Financial Assets</b>				
a. Trade Receivables	'8'	2,516.27	7.54	9.10
b. Cash and Cash Equivalents	'9'	43.21	5.21	1.16
c. Bank balances other than (b) above	'10'	1.75	1.75	1.75
d. Other Current Financial Assets	'11'	15.92	60.62	17.23
Current Tax Assets (Net)	'12'	5.44	30.43	25.46
Other Current Assets	'13'	24.50	23.21	15.28
<b>Total Current assets</b>		<b>3,458.67</b>	<b>188.17</b>	<b>77.36</b>
<b>Total Assets</b>		<b>4,578.44</b>	<b>1,175.27</b>	<b>410.93</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	'14'	738.50	738.50	738.50
Money received against share warrants	'15'	196.50	-	-
Other Equity		(795.65)	(1,199.91)	(1,105.66)
		<b>139.35</b>	<b>(461.41)</b>	<b>(367.16)</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
a. Borrowings	'16'	1,888.50	883.39	674.76
Long Term Provisions	'17'	39.97	29.42	26.32
Deferred Tax Liabilities (Net)	'6'	-	-	7.57
<b>Total Non-Current Liabilities</b>		<b>1,928.47</b>	<b>912.81</b>	<b>708.65</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
a. Trade Payables	'18'	1,861.19	48.87	1.57
b. Other Financial Liabilities	'19'	576.83	668.51	66.68
Other Current Liabilities	'20'	4.68	0.23	0.23
Short Term Provisions	'21'	1.48	5.23	0.96
Current Tax Liabilities	'22'	66.45	1.03	-
<b>Total Current Liabilities</b>		<b>2,510.62</b>	<b>723.87</b>	<b>69.44</b>
<b>Total Liabilities</b>		<b>4,439.09</b>	<b>1,636.68</b>	<b>778.09</b>
<b>Total Equity and Liabilities</b>		<b>4,578.44</b>	<b>1,175.27</b>	<b>410.93</b>
Summary of significant accounting policies and other notes on Financial Statements	"1 to 42"			

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date

For Singh & Co.

Chartered Accountants

Firm Reg. No. 302049 E

B. K. Sipani

Partner

Membership No. 088926

Place : New Delhi

Date: May 25, 2018

For and on behalf of the Board

Sameer Goel  
Managing Director

Sachin Goel  
Director

Pratibha Anand  
Company Secretary

Sanjay Gupta  
Chief Financial Officer

# Laurel Organics Ltd.

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

Amount in Rupees in lacs

Particulars	Note- No.	YEAR ENDED 31.03.2018 (Rs.)	YEAR ENDED 31.03.2017 (Rs.)
Revenue from operations	'23'	5,886.55	146.00
Other income	'24'	21.35	59.18
<b>Total Income</b>		<b>5,907.91</b>	<b>205.18</b>
<b>Expenses:</b>			
Cost of Materials Consumed		5,144.81	-
Purchases of Stock-in-Trade		-	35.40
Change in inventories of finished goods, work-in-progress and Stock-in-trade	'25'	(594.40)	-
Employee benefit expense	'26'	423.99	83.13
Finance costs	'27'	19.93	26.90
Depreciation and amortization expense		57.39	34.75
Other expenses	'28'	450.55	125.56
<b>Total Expenses</b>		<b>5,502.27</b>	<b>305.74</b>
<b>Profit/(Loss) before Tax</b>		<b>405.63</b>	<b>(100.56)</b>
Tax Expense			
- Current Tax		55.07	-
- Deferred Tax Charge / (Credit)		(55.07)	(7.61)
<b>Profit/(Loss) for the year(A)</b>		<b>405.63</b>	<b>(92.95)</b>
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(1.71)	(1.94)
Tax relating to remeasurement of defined benefit plans		0.39	0.64
<b>Total Other Comprehensive income for the year (B)</b>		<b>(1.32)</b>	<b>(1.30)</b>
<b>Total Comprehensive income for the year (A+B)</b>		<b>404.31</b>	<b>(94.25)</b>
Earnings Per Equity Share (of Rs. 10 each)	'29'		
(1) Basic		5.49	(1.26)
(2) Diluted		5.42	(1.26)
Summary of significant accounting policies and other notes on Financial Statements	1 to 42'		

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date

For Singh & Co.

Chartered Accountants

Firm Reg. No. 302049 E

B. K. Sipani

Partner

Membership No. 088926

For and on behalf of the Board

Sameer Goel  
Managing Director

Sachin Goel  
Director

Pratibha Anand  
Company Secretary

Sanjay Gupta  
Chief Financial Officer

Place : New Delhi

Date: May 25, 2018

# Laurel Organics Ltd.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018 Amount in Rupees in lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
	Gratuity	EL liability	Gratuity	EL liability
<b>(a) Equity share capital</b>				
	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
Balance at the beginning of the reporting year	73,850,000	7,385.00	73,850,000	7,385.00
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting year	<u>73,850,000</u>	<u>7,385.00</u>	<u>73,850,000</u>	<u>7,385.00</u>
<b>(b) Other equity</b>				
	<b>Reserves and Surplus</b>	<b>Other Comprehensive Income</b>	<b>Total</b>	
	<b>Retained earnings</b>	<b>Remeasurement of defined benefit plans</b>		
<b>Restated balance Balance at April 1, 2016</b>	<b>(1,105.66)</b>	<b>-</b>	<b>(1,105.66)</b>	
Profit / (Loss) for the year	(92.95)	-	(92.95)	
Other comprehensive income/ (loss) for the year		(1.30)	(1.30)	
<b>Total comprehensive income for the year</b>	<b>(92.95)</b>	<b>(1.30)</b>	<b>(94.25)</b>	
Balance at March 31, 2017	(1,198.61)	(1.30)	(1,199.91)	
Profit for the year	405.63	-	405.63	
Other comprehensive income / (loss) for the year		(1.32)	(1.32)	
<b>Total comprehensive income for the year</b>	<b>405.63</b>	<b>(1.32)</b>	<b>404.31</b>	
		-	-	
<b>Balance at March 31, 2018</b>	<b><u>(793.04)</u></b>	<b><u>(2.61)</u></b>	<b><u>(795.65)</u></b>	

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date

For Singh & Co.

Chartered Accountants

Firm Reg. No. 302049 E

B. K. Sipani

Partner

Membership No. 088926

Place : New Delhi

Date: May 25, 2018

For and on behalf of the Board

Sameer Goel  
Managing Director

Sachin Goel  
Director

Pratibha Anand  
Company Secretary

Sanjay Gupta  
Chief Financial Officer

# Laurel Organics Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018 Amount in Rupees in lacs

DESCRIPTION	YEAR ENDED 31.03.2018 (Rs.)	YEAR ENDED 31.03.2017 (Rs.)
<b>A Cash flow from operating activities :</b>		
Net Profit before tax	405.63	(100.56)
Adjustment for :		
Depreciation and amortization expense	57.39	34.75
Profit on sale/discard of property, plant and equipment (net)	(1.14)	15.60
Finance costs	19.93	26.90
Interest Income	(6.69)	(0.19)
<b>Operating Profit Before Working Capital Changes</b>	<b>475.12</b>	<b>(23.50)</b>
Movements in working capital :-		
(Increase )/ Decrease in Inventories	(792.17)	(52.03)
(Increase)/ Decrease in Trade and Other receivables	(2,463.88)	(49.12)
Increase/ (Decrease) in Trade and Other Payables	1,950.44	54.52
<b>Cash Generated From Operations</b>	<b>(830.49)</b>	<b>(70.13)</b>
Less : Income Tax Paid (net of refunds)	34.56	(3.94)
<b>Net Cash From Operating Activities</b>	<b>(795.93)</b>	<b>(74.07)</b>
<b>B Cash Flow from investing activities :</b>		
Interest received	6.25	0.02
Purchases of Property, Plant and Equipments (including capital advance)	(202.34)	(632.54)
Proceeds from sales of Property, plant & Equipements	1.58	9.37
<b>Net Cash Used In Investing Activities</b>	<b>(194.51)</b>	<b>(623.15)</b>
<b>C Cash flow from financing activities :</b>		
Net proceeds/(Repayment) of Long Term Borrowings	909.11	304.63
Money received against share warrants	196.50	-
Issuance of 0.1% Redeemable Non-Convertible Cumulative Preference Shares	-	400.00
Finance Costs	(77.16)	(3.36)
<b>Net Cash Used in Financing Activities</b>	<b>1,028.45</b>	<b>701.27</b>
<b>Net Increase/( Decrease ) in Cash and Cash Equivalents</b>	<b>38.01</b>	<b>4.05</b>
Cash and Cash Equivalents at the beginning of the year*	5.21	1.16
Cash and Cash Equivalents at the end of the year *	43.21	5.21
* Refer Note 9 for details.		

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the Statement of Cash Flows.

The accompanying notes are an integral part of these financial statements

As per our Report of even date attached.

For Singh & Co.

Chartered Accountants

Firm Reg. No. 302049 E

B. K. Sipani

Partner

Membership No. 088926

Place : New Delhi

Date: May 25, 2018

For and on behalf of the Board

Sameer Goel  
Managing Director

Sachin Goel  
Director

Pratibha Anand  
Company Secretary

Sanjay Gupta  
Chief Financial Officer

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 1 Reporting Entity

Laurel Organics Limited referred to as "the Company" is domiciled in India. The registered office of the Company is at Village Bhonsdi, Tehsil Sohna, Distt. Gurgaon - 122012, Haryana, India. Equity shares of the Company are listed in India on the Bombay stock exchange.

The Company has own manufacturing of Bulk Drugs-APIs at its plant located at Village Bhonsdi, Tehsil Sohna, Distt. Gurgaon-122102, Haryana in accordance with Good Manufacturing Practices (GMP) Standards for pharmaceutical production. The Company has obtained Manufacturing License from the State Drugs Controller-cum-Licensing Authority, Food and Drugs Administration, Haryana on April 7, 2017 in order to manufacture final product Bulk Drugs active Pharmaceutical - (APIs).

The financial statements of the company for the year ended 31st March 2018 were authorized for issue in accordance with a resolution of the directors on May 28, 2018.

### 2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

#### 2.1 Basis of preparation

The standalone financial statements of Laurel Organics Limited ("the Company") comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other accounting principles generally accepted in India.

The financial statement up to year ended 31 March, 2017 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with Paragraph 7 of The Companies (Accounts) Rules, 2014.

The Company followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e 1st April 2016 and transitional adjustment were recognized directly through retained earnings

(Refer Note No. 36).

#### 2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis and the following items, which are measured on following basis on each reporting date:

- Certain financial assets and liabilities that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.3 Functional and presentation currency

These financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

#### 2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual

results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

## Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

## Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of Property, Plant and Equipments.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

## 2.5 Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset/liabilities is treated as current when it is:

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

## 2.6 Property, Plant and Equipment

### Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment.

### Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is an increase in the future economic benefits associated with the expenditure will flow to the Company.

### Depreciation

Depreciation is calculated on Straight Line Method using the rates arrived at on the basis of estimated useful lives given in Schedule II of the Companies Act, 2013.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure.

Leasehold improvements are being amortised over the period of 5 to 10 years.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase.

#### **Capital work-in-progress**

Expenditure incurred during the construction period, including all expenditure direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment.

#### **De-recognition**

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

### **2.7 Intangible assets**

Intangible Assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 5 years.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

### **2.8 Non-current assets held for sale**

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### **2.9 Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

### **2.10 Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.



## 2.11 Foreign currency transactions

Transactions in foreign currencies are recorded by the Company entities at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

## 2.12 Employee benefits

Short term employee benefits

Short-term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Employee benefits in the form of Provident Fund are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

### Defined benefit plans

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest)), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other equity and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### Other long-term employee benefits

The company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

## 2.13 Revenue Recognition

The Company recognises revenue from sale of goods when;

- i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) the amount of revenue can be measured reliably;
- iii) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Claim on insurance companies, interest and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc.

Interest income are recognised on an accrual basis using the effective interest method.

## 2.14 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of finished goods and stock in process is determined by taking cost of purchases, material consumed, labour and related overheads. Cost of raw materials and stores & spare parts is computed on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale. Material and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.

## 2.15 Provisions, Contingent Liabilities and Contingent Assets

Bases on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

## 2.16 Measurement of fair value

### a) Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

## 2.17 Financial instruments

### Financial Assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Classifications

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

#### Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

#### Financial assets at fair value through profit and loss (FVTPL)

Any Financial assets, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a Financial assets, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

## **Equity Instruments**

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

## **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

## **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial Liabilities measured at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the profit.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

## Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

## 2.18 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

## 2.19 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the percentage value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## 2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

## 2.21 Standard issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

### Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' and Ind AS 115, 'Revenue from Contracts with Customers.' The amendments are applicable to the Company from April 1, 2018.

#### (a) Amendment to Ind AS 21

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

#### (b) Amendment to Ind AS 115

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

### 3. Property, plant and equipment

Amount in Rs.  
in lacs

Particulars	Gross Block				Depreciation				Net Block	
	April 1 2017	Additions	Deletions	March 31 2018	April 1 2017	For the year	Deletions	March 31 2018	March 31 2017	March 31 2018
<b>(i) Tangible Assets</b>										
Freehold land	47.46	-	-	47.46	-	-	-	-	47.46	47.46
Building	182.12	32.18	-	214.30	6.32	10.49	-	16.81	175.80	197.49
Plant and Machinery	458.06	152.89	-	610.95	22.63	44.27	-	66.90	435.43	544.05
Vehicles	0.74	0.04	0.74	0.04	0.24	0.10	0.30	0.04	0.50	-
Furniture and fixtures	2.87	4.53	-	7.39	0.34	0.58	-	0.92	2.53	6.47
Office equipments	5.77	6.85	-	12.62	1.11	1.95	-	3.06	4.66	9.56
<b>Total</b>	<b>697.01</b>	<b>196.49</b>	<b>0.74</b>	<b>892.76</b>	<b>30.63</b>	<b>57.39</b>	<b>0.30</b>	<b>87.72</b>	<b>666.38</b>	<b>805.03</b>
<b>Particulars</b>	<b>April 1 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>March 31 2017</b>	<b>April 1 2016</b>	<b>For the year</b>	<b>Deletions</b>	<b>March 31 2017</b>	<b>March 31 2016</b>	<b>March 31 2017</b>
<b>(i) Tangible Assets</b>										
Freehold land	47.46	-	-	47.46	-	-	-	-	47.46	47.46
Building	70.79	111.33	-	182.12	-	6.32	-	6.32	70.79	175.80
Plant and Machinery	186.27	289.29	17.50	458.06	-	24.60	1.97	22.63	186.27	435.43
Vehicles	12.23	-	11.49	0.74	-	2.36	2.12	0.24	12.23	0.50
Furniture and fixtures	2.07	0.86	0.07	2.87	-	0.36	0.02	0.34	2.07	2.53
Office equipments	1.60	4.18	0.02	5.77	-	1.11	-	1.11	1.60	4.66
<b>Total</b>	<b>320.42</b>	<b>405.66</b>	<b>29.08</b>	<b>697.01</b>	<b>-</b>	<b>34.75</b>	<b>4.11</b>	<b>30.63</b>	<b>320.42</b>	<b>666.38</b>
<b>4. Other Intangible Assets</b>										
<b>Particulars</b>	<b>April 1 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>March 31 2017</b>	<b>April 1 2016</b>	<b>For the year</b>	<b>Deletions</b>	<b>March 31 2017</b>	<b>March 31 2016</b>	<b>March 31 2017</b>
<b>Intangible Assets</b>										
Software	0.03	-	-	0.03	-	-	-	-	0.03	0.03
<b>Total</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>0.03</b>
<b>Particulars</b>	<b>April 1 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>March 31 2018</b>	<b>April 1 2017</b>	<b>For the year</b>	<b>Deletions</b>	<b>March 31 2018</b>	<b>March 31 2017</b>	<b>March 31 2018</b>
<b>Intangible Assets</b>										
Software	0.03	-	-	0.03	-	-	-	-	0.03	0.03
<b>Total</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03</b>	<b>0.03</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

**Laurel Organics Ltd.**



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

		AS AT 31.03.2018	AS AT 31.03.2017	Amount in Rs. in lacs AS AT 01.04.2016			
5.	Other Non current Financial asstes (Unsecured, Considered Good)						
	Security Deposits	11.64	12.65	13.11			
		11.64	12.65	13.11			
6.	Deferred Tax Liabilities (Net)						
	A. Movement in deferred Tax balances						
		As at March 31, 2017	Recognized in P&L	Recognized INOCI	As at March 31, 2018		
	Deferred Tax Assets						
	MAT Credit Entitlement	-	55.07	-	55.07		
	Remeasurements of defined benefit liability	0.68		0.39	2.46		
	Sub- Total (a)	0.68	55.07	0.39	57.53		
	Deferred Tax Liabilities	-	-	-	-		
	Net Deferred Tax Liability / (Assets) (b)-(a)	(0.68)	(55.07)	(0.39)	(57.53)		
		As at March 31, 2016	Recognized in P&L	Recognized INOCI	As at March 31, 2017		
	Deferred Tax Assets						
	Remeasurements of defined benefit liability	0.04		0.64	0.68		
		0.04		0.64	0.68		
	Deferred Tax Liabilities						
	Depreciation	7.61	-7.61	-	-		
	Sub Total	7.61	(7.61)	-	-		
	Net Deferred Tax Liability / (Assets) (b)-(a)	7.57	(7.61)	(0.64)	(0.68)		
	B. Amounts recognised in profit or loss						
			For the year ended March 31, 2018	For the year ended March 31, 2017			
	Current tax expense		-	-			
	Deferred tax Charge / (Credit)		-	(7.61)			
			-	(7.61)			
	C. Amounts recognised in Other Comprehensive Income						
			For the year ended March 31, 2018	For the year ended March 31, 2017			
		Before Tax	Tax (Expense)/ Income	Net Of Tax	Before Tax	Tax (Expense)/ Income	Net Of Tax
	Remeasurements of defined benefit liability	(1.71)	0.39	(1.32)	(1.94)	0.64	(1.30)
		(1.71)	0.39	(1.32)	(1.94)	0.64	(1.30)
	D. Reconciliation of effective tax rate						
			For the year ended March 31, 2018	For the year ended March 31, 2017			
	Profit / (Loss) before tax		405.63	(100.56)			
	Tax using the Company's domestic tax rate @ 25.75% (March 31, 2017: 30.90%)		104.45	-			
	Tax effect of:						
	Tax Losses of earlier year adjusted		104.45	-			
	Depreciation		-	7.61			

Income tax expenses reported in the statement of profit and loss

Effective Tax Rate

0%

0%

E. The Company has concluded that the deferred tax assets on MAT Credit Entitlement will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The Company is expected to generate taxable income in near future. The MAT Credit Entitlement can be carried forward as per local tax regulations and the Company expects to recover the same in due course.

F. The Company has not recognised deferred tax assets on unabsorbed depreciations of Rs. 608.25 and carried forward tax losses of Rs. 625.18, has been carried forward under the Income Tax Act, 1961.

	As at March 31, 2016	As at March 31, 2017	As at April 1, 2016
<b>7. Inventories</b>			
(Valued at lower of cost or net realisable value except waste at net realisable value)			
Raw Materials	234.30	29.88	4.90
Work-in-Progress	30.55	-	-
Finished Goods	563.85	-	-
Stores and Spares	22.88	29.53	2.48
	<b>851.58</b>	<b>59.41</b>	<b>7.38</b>
<b>8. Trade Receivables</b>			
Unsecured			
Considered Good*	2,516.27	7.54	9.10
Less: Provision for Credit losses	-	-	-
	<b>2,516.27</b>	<b>7.54</b>	<b>9.10</b>
* For receivables are due from directors or other officers of the Company either severally or jointly with any other person, Refer Note 34. Also Refer Note 37			
<b>9. Cash and Cash Equivalents</b>			
Balance with Banks :			
- In Current Accounts	41.70	5.15	1.02
Cash on hand	1.51	0.06	0.14
	<b>43.21</b>	<b>5.21</b>	<b>1.16</b>
<b>10. Other Bank Balances</b>			
Earmarked			
Fixed Deposit Account (Pledged with Govt. Authorities)	1.75	1.75	1.75
	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>
<b>11. Other Current Financial Assets</b> (Unsecured, Considered Good)			
Interest Accrued on Fixed Deposits	1.19	0.75	0.58
Loans to Employees	3.30	0.36	-
Refund Receivable	6.21	35.14	1.42
Capital Subsidy Receivable	-	15.00	15.00
Others	5.22	9.37	0.23
	<b>15.92</b>	<b>60.62</b>	<b>17.23</b>
Also Refer Note 37			
<b>12. Current Tax Assets (Net)</b>			
Advance Current Tax (Net of Provision)	5.44	30.43	25.46
	<b>5.44</b>	<b>30.43</b>	<b>25.46</b>
<b>13. Other Current Assets</b>			
Prepaid Expenses	6.35	7.02	2.01
Advances to Suppliers	18.15	13.36	13.27
Others	-	2.83	-
	<b>24.50</b>	<b>23.21</b>	<b>15.28</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

	Amount in Rs. in lacs		
	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
<b>14. SHARE CAPITAL</b>			
<b>AUTHORISED :</b>			
73,85,000 (Previous Period 73,85,000) Equity Shares of Rs.10/- each.	738.50	738.50	738.50
40,00,000 (Previous Period 40,00,000) 0.1% Redeemable Non-Convertible Cumulative Preference Shares of Rs. 10 each	400.00	400.00	400.00
	<b>1,138.50</b>	<b>1,138.50</b>	<b>1,138.50</b>
<b>Issued:</b>			
73,85,000 (Previous Period 73,85,000) Equity Shares of Rs.10/- each.	738.50	738.50	738.50
40,00,000 (Previous Period 40,00,000) 0.1% Redeemable Non-Convertible Cumulative Preference Shares of Rs. 10 each (Refer Note 19)	400.00	400.00	-
	<b>1,138.50</b>	<b>1,138.50</b>	<b>738.50</b>

### a. Terms, Rights and Restrictions attached to Equity Shares

The Company has only one class of Equity Share having face value of Rs.10 each and each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However same other than interim dividend, is subject to the approval of the shareholders in the Annual General Meeting.

### b. Reconciliation of number of shares outstanding at the beginning and end of the year :

	Number of Shares	Amount
<b>Outstanding as at April 1, 2016</b>	<b>7,385,000</b>	<b>73,850,000</b>
<b>Outstanding as at March 31, 2017</b>	<b>7,385,000</b>	<b>73,850,000</b>
<b>Outstanding as at March 31, 2018</b>	<b>7,385,000</b>	<b>73,850,000</b>

### c. Shareholders holding more than 5 percent Equity shares of the Company:

	As at 31.03.2018		As at 31.03.2017		As at 31.03.2017	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Kimia Biosciences Ltd. (Holding Company)	3,728,100	50.48%	3,728,100	50.48%	-	-
K. S. Varma	-	-	-	-	3,010,600	41.00%
Bijwasan Agro Ltd.	-	-	-	-	508,400	7.00%

### Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- actuarial gains and losses
- the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
15. Money received against share warrants			
Money received against Equity share warrants	196.50	-	-
	<b>196.50</b>	<b>-</b>	<b>-</b>

Amount in Rupees in lacs

# Laurel Organics Ltd.

During the year the Company has issued 26,20,000 (Twenty Six Lakhs and Twenty Thousand) Fully Convertible Warrants ("Warrants") having Face Value of Rs. 10/- each, for cash at an issue price of Rs. 30/- (Rupees Thirty Only) per Warrant (including a premium of Rs. 20/- per Warrant) ("Warrant Issue Price"), to the existing equity shareholders ("Proposed Warrant Allottees"), each convertible into, or exchangeable for, at an option of the Proposed Warrant Allottee, upon the Scheme of arrangement becoming effective and subject to a maximum tenure of eighteen months from the date of their allotment i.e. January 31, 2018, in one or more tranches, Ten Equity Shares of face value of Re.1/- (Rupee One only) each on such terms and conditions as may be determined by the Board. Till March 31, 2018, the Company has called an amount equivalent 25% of the Warrant Issue Price fixed per Warrant and balance 75% shall be payable by the Proposed Warrant Allottee at the time of conversion of the Warrants.

## 16. Non-Current Borrowings

	(Amount in Rs. in Lacs)		
	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
(i) Secured			
Term Loans from Holding Company	-	96.00	291.00
(ii) Unsecured			
From Bodies Corporate	1,799.50	883.39	383.76
From Directors	89.00	-	-
	<b>1,888.50</b>	<b>979.39</b>	<b>674.76</b>
Less : Current Maturity of Long term Debts	-	(96.00)	-
(Total i+ii)	1,888.50	883.39	674.76
a. Securities			
The Company has taken secured borrowings to the tune of Rs. 291.00 in previous years from holding company as per agreement with changes in tenure with Rate of interest 9% p.a. (previous period 9% and 11%) against creation of respective charge on immovable property of the Company.			
b. Repayment Schedule			
Loans availed from Bodies Corporate and directors are payable on demand after 31st March, 2019.			
c. Also refer Note 34			
17. Long Term Provisions			
Provision for Employee Benefits	39.97	29.42	26.32
	<b>39.97</b>	<b>29.42</b>	<b>26.32</b>
18. Trade Payables *			
Trade Payables	1,861.19	48.87	1.57
	<b>1,861.19</b>	<b>48.87</b>	<b>1.57</b>

\* The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Hence the necessary disclosure required under MSME Act, 2006 can not be made.

Also Refer Note 37

## 19. Other Financial Liabilities

Current Maturity of Long term debts	-	96.00	-
40,00,000 (Previous Year Nil)	400.00	400.00	-
0.1% Redeemable Non-Convertible Cumulative Preference Shares of Rs. 10 each (Refer Note 19.1)			
Capital Creditors	12.83	80.49	-
Interest Accrued	0.92	58.15	34.61
Statutory Dues	113.19	6.79	7.43
Others	49.89	27.08	24.64
	<b>576.83</b>	<b>668.51</b>	<b>66.68</b>

**Note 19.1**

(Amount in Rs. in Lacs)

a. Terms, Rights and Restrictions attached to Preference Shares

Each preference share holder is eligible for equal amount of dividend, in case dividend is declared by the company on other class of shares as proposed by the Board of Directors which is subject to the approval of the shareholders in the ensuing Annual General Meeting. Preference Shares shall rank senior to all present and future preference shares and/or equity shares issued by the Company. At the option of the issuer, at any time within a period not exceeding ten years from the date of allotment on 17.05.2016 as per the provisions of the Act.

b. The Company has issued all RPS to M/s Utsav Securities Pvt. Ltd. in previous year 2016-17.

**20. Other Current Liabilities**

Customers' Credit Balances and Advances against orders	4.68	0.23	0.23
	<b>4.68</b>	<b>0.23</b>	<b>0.23</b>

**21. Short Term Provisions**

Provision for Employee Benefits	1.48	5.23	0.96
	<b>1.48</b>	<b>5.23</b>	<b>0.96</b>

**22. Current Tax Liabilities**

Income Tax Payable	66.45	1.03	-
	<b>66.45</b>	<b>1.03</b>	<b>-</b>

**23. Revenue from Operations:**

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Manufactured goods	5,886.30	48.50
Processing Charges	0.25	97.50
<b>Revenue from Operations</b>	<b>5,886.55</b>	<b>146.00</b>

**24. Other Income:**

Interest Income	6.69	0.19
Gain on Foreign Currency Transactions and Translations	6.57	58.99
Net Profit on sale of Plant, Property and Equipment	1.14	-
Unspent Liabilities written back	1.91	-
Miscellaneous Income	5.04	-
	<b>21.35</b>	<b>59.18</b>

**25. Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress Inventories as at March 31, 2018**

Stock-in-Trade	-	-
Work-in-Progress	30.55	-
Finished Goods	563.85	-
<b>Total (A)</b>	<b>594.40</b>	<b>-</b>

**Inventories as at March 31, 2017**

Stock-in-Trade	-	-
Work-in-Progress	-	-
Finished Goods	-	-
Total (B)	-	-
Total (B-A)	<b>(594.40)</b>	<b>-</b>

**26. Employee Benefit Expenses**

Salaries, Wages and Bonus	396.96	71.81
Contribution to Provident and Other Funds	23.15	8.62
Staff welfare expenses	26.38	2.70
	446.49	83.13
Less: Capitalized/ Transferred to CWIP	22.50	-
	<b>423.99</b>	<b>83.13</b>

<b>27. Finance Costs</b>			(Amount in Rs. in Lacs)
Interest		19.93	26.90
		<b>19.93</b>	<b>26.90</b>
<b>28. Other Expenses</b>			
Consumption of Stores and Spares		6.14	2.42
Job Charges		6.92	0.17
Power & Fuel Expenses		181.84	17.48
Rent		18.78	-
Rates & Taxes		6.97	35.15
Repair and Maintenance			
Buildings		-	0.42
Machinery		32.30	14.05
Others		4.47	-
Travelling and conveyance		7.32	3.82
Legal and professional		20.81	18.75
Advertisement & Business Promotion		19.87	0.69
Loss on sale/discard of Fixed Assets (Net)		-	15.60
Excise Duty paid		15.63	-
Auditor's Remuneration			
As Auditors		3.00	2.30
For Limited Review		1.50	-
For Tax Audit		1.00	-
Reimbursement of Expenses		0.16	-
Bad debts & Advances written off		16.38	0.34
Miscellaneous Expenses		107.46	14.37
		<b>450.55</b>	<b>125.56</b>
<b>29. Earnings per share</b>			
Basic and Diluted Earning per share			
Profit/(Loss) for the year		405.63	(92.95)
Less: Preference Share Dividend		0.40	-
Profit attributable to Equity Shareholders		405.23	(92.95)
Weighted Average Number of Equity Shares	Numbers	7,385,000	7,385,000
Basic Earnings Per Share of Rs. 10 each	Rs.	<b>5.49</b>	<b>(1.26)</b>
Weighted Average Number of Equity Shares	Numbers	7,385,000	7,385,000
Add: Potential equity shares (Equity Share Warrants)	Numbers	89,726	-
Total Weighted average Number of Equity Shares		<b>7,474,726</b>	<b>7,385,000</b>
Profit attributable to Equity Shareholders		405.23	(92.95)
Weighted Average Number of Equity Shares	Numbers	7,474,726	7,385,000
Diluted Earnings Per Share of Rs. 10 each	Rs.	5.42	(1.26)
	<b>AS AT</b>	<b>AS AT</b>	<b>AS AT</b>
	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>01.04.2016</b>
<b>30. Contingent liabilities, contingent assets and commitments</b>			
<b>A. Contingent Liabilities not acknowledged as debts and provided for:</b>			
<b>B. Commitments</b>			
'Estimated amount of Contracts remaining to be executed on Capital Account[Net of Advances]	4.15	13.36	-
<b>31. Leases</b>			
<b>Operating lease</b>			
The Company's significant leasing arrangements are in respect of operating leases of premises for offices and guesthouses. These leasing arrangements, which are cancellable, are typically for a period of 11 months and are usually renewable on mutually agreeable terms. The Company has recognised expense amounting to Rs. 18.78 (Previous year Rs. Nil)			

32. Foreign exchange derivatives and exposures outstanding at the year-end: (Amount in Rs. in Lacs)

(a) Open Exposure			
i. Receivable (USD)	14.00	-	-
ii. Payable (USD)	748.48	-	-
(b) Derivatives	-	-	-

33. Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. During the year the Company has contributed to Government Provident Fund Rs. 14.71 (Previous year Rs. 3.01).

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	March 31, 2018	March 31, 2017	April 1, 2016
Net defined benefit liability/ asset	33.64	30.08	23.76
Liability for Gratuity			
Non-current	32.95	29.44	23.12
Current	0.69	0.64	0.64

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) /liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) /liability
Balance as at 1 April	30.08	-	30.08	23.76	-	23.76
Included in profit or loss		-			-	
Service costs	6.17	-	6.17	3.71	-	3.71
Interest cost / (income)	2.27	-	2.27	1.90	-	1.90
	8.44	-	8.44	5.61	-	5.61
Other						
Contributions paid by the employer		-	-		-	-
Benefits paid	(6.59)	-	(6.59)	(1.92)	-	(1.92)
Acquisition adjustment	-	-	-	-	-	-
	(6.59)	-	(6.59)	(1.92)	-	(1.92)
Balance as at 31 March	33.64	-	33.64	30.08	-	30.08

C. Plan assets

The Company has no Plan assets.

March 31, 2018      March 31, 2017      April 1, 2016

**D. Actuarial assumptions**

(Amount in Rs. in Lacs)

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Discount rate	7.73%	7.54%	8.00%
Expected rate of future salary increase	5.50%	5.50%	5.50%
Mortality	100% of IALM (2006 - 08)		

Assumptions regarding future mortality have been based on published statistics and mortality tables.

**E. Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Change in Discount rate (0.5% movement)	(1.69)	1.82	(1.63)	1.76
Change in Salary increase (0.5% movement)	1.85	(1.73)	1.79	(1.67)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**F. Description of Risk Exposures:**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

**34. Related parties Disclosure**

**A. Related parties and their relationships**

**i. Holding Company:**

Name	Country	Relationship	% of share held
Kimia Biosciences Limited	India	Holding Company	50.48%

**ii. Key Managerial Personnel (KMP) and their relatives**

Name	Relationship
Sameer Goel	Managing Director
Sachin Goel	Director
Jagdeep Dhawan	Director
Richa Gupta	Director

iii. Enterprise over which KMP and their relatives exercise significant influence and with whom transactions have taken place during the year

Biotavia Labs Pvt Ltd  
Zeneses Biosciences Pvt Ltd  
Biotavia Pharm Limited  
Salutem Pharmaceuticals Pvt Ltd

B. Transactions with the above in the ordinary course of business

(Amount in Rs. in Lacs)

		For the year ended	
		'March 31, 2018	'March 31, 2017
Name	Nature		
Kimia Biosciences Limited	Loan Taken/(Repaid)	820.11	102.63
Kimia Biosciences Limited	Interest on Loan	5.76	25.13
Kimia Biosciences Limited	Job Income received	0.25	97.50
Kimia Biosciences Limited	Other Income received	3.00	31.62
Kimia Biosciences Limited	Purchase of Goods	2,396.28	29.88
Kimia Biosciences Limited	Sale of Traded goods	534.18	48.50
Sameer Goel	Unsecured Loan taken	49.00	-
Sachin Goel	Unsecured Loan taken	40.00	-
Sameer Goel	Share Warrant Application Money	95.70	-
Sachin Goel	Share Warrant Application Money	39.30	-

b. With Enterprises over which Key Management Personnel or his relative are able to exercise significant influence/ common directors are as under

Biotavia Labs Pvt Ltd	Sale	12.30	-
	Purchase	217.06	-
Zeneses Biosciences Pvt Ltd	Purchase	96.57	-
Biotavia Pharm Limited	Sale	9.46	-
Salutem Pharmaceuticals Pvt Ltd	Sale	5.66	-

	As at	
C. Closing Balance	March 31, 2018	March 31, 2017

a. With Enterprises over which Key Management Personnel or his relative are able to exercise significant influence are as under

Kimia Biosciences Limited	Payable	581.20	29.88
	Receivable	-	0.11
	Unsecured Loan	1,597.50	681.39
	Secured Loan	-	96.00
Salutem Pharmaceuticals Pvt Ltd	Receivable	6.67	-
Zeneses Biosciences Pvt Ltd	Payable	113.95	-
Sameer Goel	Unsecured Loan : Payable	49.00	-
Sachin Goel	Unsecured Loan : Payable	40.00	-

35. Financial instruments

I. Fair value measurements

Fair value of financial assets and liabilities measured at amortised cost

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Trade receivables	2,516.27	2,516.27	7.54	7.54	9.10	9.10
Cash and cash equivalents	43.21	43.21	5.21	5.21	1.16	1.16
Other Bank balances	1.75	1.75	1.75	1.75	1.75	1.75
Others						
Non Current	11.64	11.64	12.66	12.66	13.11	13.11
Current	15.92	15.92	60.62	60.62	17.23	17.23
	2,588.79	2,588.79	87.78	87.78	42.35	42.35

Financial liabilities	(Amount in Rs. in Lacs)					
Borrowings	1,888.50	1,888.50	883.39	883.39	674.76	674.76
Trade payables	1,861.19	1,861.19	48.87	48.87	1.57	1.57
Other current financial liabilities	576.83	576.83	668.51	668.51	66.68	66.68
	4,326.51	4,326.51	1,600.77	1,600.77	743.01	743.01

The management considers that the carrying amount of financial assets and financial liabilities carried as amortised cost approximates their fair value.

## II. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

## II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of properly defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.



The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

## Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback and past financials, if they are available.

The Company has started manufacturing facility in current year. The company is dealing with the customers having good credit worthiness, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

Ageing of Trade Receivables (net of loss allowances) are as under:- (Amount in Rs. in Lacs)

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at March 31, 2018	2,505.30	5.00	5.97	2,516.27
As at March 31, 2017	7.54	-	-	7.54
As at April 1, 2016	9.10	-	-	9.10

A default on a financial asset is when counterparty fails to make payments within 90 days when they fall due.

## iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at corporate office of the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

### (a) Financing arrangements

During the year, the banker of the Company has sanctioned total working capital exposure of Rs. 600 (approx). which is subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in indian rupee and have an average maturity within a year. The banker of the Company has also sanctioned term loan and other facilities of Rs. 1365 (approx).

### (b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

		Contractual cash flows			(Amount in Rs. in Lacs)	
	Carrying Amounts	Total	0-1 Year	1-3 Years	3-5 Years	More than 5 Years
March 31, 2018						
Non-derivative financial liabilities						
Borrowings	1,888.50	1,888.50	-	1,888.50	-	-
Trade payables	1,861.19	1,861.19	1,861.19	-	-	-
Other current financial liabilities	576.83	576.83	576.83	-	-	-
<b>Total non-derivative liabilities</b>	<b>4,326.51</b>	<b>4,326.51</b>	<b>2,438.02</b>	<b>1,888.50</b>	-	-
Contractual cash flows						
	Carrying Amounts	Total	0-1 Year	1-3 Years	3-5 Years	More than 5 Years
March 31, 2017						
Non-derivative financial liabilities						
Borrowings	883.39	979.39	96.00	883.39	-	-
Trade payables	48.87	40.88	40.88	-	-	-
Other current financial liabilities	668.51	580.50	580.50	-	-	-
<b>Total non-derivative liabilities</b>	<b>1,600.77</b>	<b>1,600.77</b>	<b>717.38</b>	<b>883.39</b>	-	-
Contractual cash flows						
	Carrying Amounts	Total	0-1 Year	1-3 Years	3-5 Years	More than 5 Years
April 1, 2016						
Non-derivative financial liabilities						
Borrowings	674.76	674.76	-	674.76	-	-
Trade payables	1.57	1.57	1.57	-	-	-
Other current financial liabilities	66.68	66.68	66.68	-	-	-
<b>Total non-derivative liabilities</b>	<b>743.01</b>	<b>743.01</b>	<b>68.25</b>	<b>674.76</b>	-	-

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

#### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives like forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

#### v. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency ("Rs."). The risk is measured through a forecast of highly probable foreign currency cash flows.

The Currency risks related to the principal amounts of the Company's foreign currency receivables and payables, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Trade receivables	Trade Payables	Trade receivables	Trade Payables	Trade receivables	Trade Payables
In USD	14.00	748.48	-	-	-	-
<b>Total financial exposure</b>	<b>14.00</b>	<b>748.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Interest rate risk

In view of pending amalgamation (Refer Note-39), interest on unsecured borrowings received from holding company and others have not been accounted in the books.

The Company's interest rate risk arises from borrowings with fixed rates, which does not expose to cash flow interest rate risk.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

## 36. First Time Adoption of Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS statement of financial position at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

## Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

### A. Ind AS optional exemptions

#### i. Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### ii. Lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provide an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected this exemption for such contracts / arrangements.

## B. Ind AS mandatory exceptions

## i. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

## ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

## C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

## Reconciliation of equity

(Amount in Rs. in Lacs)

		As at April 1, 2016			As at March 31, 2017		
Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, Plant and Equipment	A(i)	320.43	-	320.43	666.38	-	666.38
Capital work-in-progress	A(i)	-	-	-	307.36	-	307.36
Other Intangible Assets	A(i)	0.03	-	0.03	0.03	-	0.03
Financial assets							
(i) Other Financial assets	B(ii)	13.11	-	13.11	12.65	-	12.65
Deferred Tax assets (net)	D(2)	-	-	-	-	0.68	0.68
Current assets							
Inventories		7.38	-	7.38	59.41	-	59.41
Financial assets							
(i) Trade receivables	B(ii)	9.10	-	9.10	7.54	-	7.54
(ii) Cash and cash equivalents	B(ii)	1.16	-	1.16	5.21	-	5.21
(iii) Bank balances other than (ii) above	B(ii)	1.75	-	1.75	1.75	-	1.75
(iv) Other current financial assets	B(ii)	17.23	-	17.23	60.62	-	60.62
Current Tax Assets (Net)		25.46	-	25.46	30.43	-	30.43
Other Current Assets		15.30	-	15.30	23.21	-	23.21
TOTAL ASSETS		410.95	-	410.95	1,174.59	0.68	1,175.27
EQUITY AND LIABILITIES							
Equity							
Equity share capital		738.50	-	738.50	1,138.50	(400.00)	738.50
Other equity	D(3,4)	(1,126.41)	20.77	(1,105.64)	(1,221.32)	21.41	(1,199.91)
LIABILITIES							
Non-current liabilities							
Financial liabilities							
(i) Borrowings	B(ii)	674.76	-	674.76	883.39	-	883.39
Provisions		26.32	-	26.32	29.42	-	29.42
Deferred tax liabilities (net)	D(2)	28.34	(20.77)	7.57	20.74	(20.74)	-

Current liabilities				(Amount in Rs. in Lacs)			
Financial Liabilities							
(i) Trade payables	B(ii)	1.57	-	1.57	48.87	-	48.87
(ii) Other financial liabilities	B(ii)	66.68	-	66.68	268.51	400.00	668.51
Other current liabilities		0.23	-	0.23	0.23	-	0.23
Current Tax Liabilities (Net)		-	-	-	1.03	-	1.03
Short Term Provisions	D(1)	0.96	-	0.96	5.23	-	5.23
TOTAL EQUITY AND LIABILITIES		410.95	-	410.95	1,174.60	0.67	1,175.27

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Reconciliation of total comprehensive income for the year ended March 31, 2017

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Revenue				
Revenue from operations		146.00	-	146.00
Other income		59.18	-	59.18
Total income		205.18	-	205.18
Expenses				
Purchase of stock-in-trade		35.40	-	35.40
Employee benefits expense	D(1)	75.07	8.06	83.13
Finance costs		26.90	-	26.90
Depreciation and amortization expense		34.75	-	34.75
Other expenses		135.57	(10.00)	125.57
Total Expenses		307.69	(1.95)	305.75
Profit/ (loss) before tax		(102.51)	1.95	(100.57)
Tax expense:				
Deferred tax charge / (Credit)	D(2)	(7.61)		(7.61)
Profit/ (loss) for the period (A)		(94.90)	1.94	(92.96)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Premeasurement of defined benefit plans	D(1)	-	(1.95)	(1.95)
Income tax relating to premeasurement of defined benefit plans	D(2)	-	0.64	0.64
Total other comprehensive income/(loss) for the year (B)		-	(1.31)	(1.31)
Total comprehensive income for the year (comprising Profit/(Loss) and other comprehensive income for the year)(A + B)		(94.90)	0.63	(94.27)

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	Notes to first-time adoption	31 March 2017	1st April 2016
Total equity (shareholder's funds) as per previous GAAP		(82.83)	(387.91)
Adjustments:			
Reclass of Preference Shares	B(ii)	(400.00)	-
Deferred tax liabilities adjusted	D(2)	21.40	20.77
Total equity as per Ind AS		(461.43)	(367.14)

Reconciliation of total comprehensive income for the year ended March 31, 2017 (Amount in Rs. in Lacs)

Particulars	Notes to first-time adoption	Amount
Profit/(loss) for the period as per previous GAAP		(94.90)
Actuarial Gain / (Loss) on defined benefit plan (Net of Deferred Tax)	D(1)	1.94
Profit after tax as per Ind AS		(92.96)

Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2017

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities		(74.07)	-	(74.07)
Net cash flow from investing activities		(623.15)	-	(623.15)
Net cash flow from financing activities		701.27	-	701.27
Net increase/(decrease) in cash and cash equivalents		4.05	-	4.05
Cash and cash equivalents as at April 1, 2016		1.16	-	1.16
Cash and cash equivalents as at March 31, 2017		5.21	-	5.21

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## D. Notes to first-time adoption:

### 1. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2017 increased by Rs. 1.95 (Net of tax Rs. 1.31) There is no impact on the total equity as at 31 March 2017.

### 2. Deferred Tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

### 3. Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

### 4. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.

### 5. Redeemable Preference shares

Redeemable Preference shares have been discounted using 6.67% (with firmware data 6.48%) rate of interest. Present value of redeemable Preference shares has been unwinded over the period of preference shares and interest expenses has been booked.

37. Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.

### 38. Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz.

# Laurel Organics Ltd.

"Pharmaceuticals" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable.

39. The Board of Directors of the Company has approved a Scheme of Arrangement between the Company and the Holding Company, Kimia Biosciences Ltd. (Transferor Company) and their respective shareholders ("the Scheme") for the amalgamation under section 391 to 394 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 with effect from appointed date i.e. 1st April 2016. The Scheme has been filed before National Company Law Tribunal for necessary approval. The Scheme will be made effective by the Board of Directors of the Company upon receipt of the approvals from the National Company Law Tribunal. Pending approval of the scheme, no accounting treatment under Ind AS 103 ("Business Combination") has been given.
40. In view of pending approval of proposed amalgamation as refer note 39, interest on unsecured borrowings received from M/s Kimia Bioscience Ltd. (Holding and Transferor Company) Rs 114.53 (previous Rs 40.11) has not been accounted for.
41. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Company :

Particulars	31.03.2018	(Amount in Rs. in Lacs)	
		31.03.2017	01.04.2016
Equity Share Capital	738.50	738.50	738.50
Money received against share warrants	196.50	-	-
Other Equity	(795.64)	(1,199.90)	(1,105.66)
Total Equity	139.36	(461.40)	(367.16)
Non-Current Borrowings	1,888.50	883.39	674.76
Current maturities of Non-Current Borrowings	-	96.00	-
Total Debts	1,888.50	979.39	674.76
Less: Cash & Cash Equivalents	44.96	6.96	2.91
Net Debts	1,843.54	972.43	671.85
Capital & Net Debts	1,982.90	511.03	304.69
Debt Equity Ratio	13.55	(2.12)	(1.84)
Capital Gearing Ratio	93%	190%	221%

42. Previous year's figures have been regrouped/ recasted wherever necessary to conform to the current year's Classification.

The accompanying notes are an integral part of these financial statements

As per our Report of even date attached.

For Singh & Co.

Chartered Accountants

Firm Reg. No. 302049 E

B. K. Sipani

Partner

Membership No. 088926

Place : New Delhi

Date: May 25, 2018

For and on behalf of the Board

Sameer Goel

Managing Director

Pratibha Anand

Company Secretary

Sachin Goel

Director

Sanjay Gupta

Chief Financial Officer

# Laurel Organics Ltd.

## ROUTE MAP FOR THE VENUE OF THE ANNUAL GENERAL MEETING :

(In terms of requirement of the Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India).





# Laurel Organics Ltd.

Laurel Organics Limited

CIN No. L24239HR1993PLC032120

Registered Office: Village Bhondsi, Tehsil Sohna, Distt. Gurgaon, Haryana-122102, India,

Tel: 011-29535650, Fax: 011-47063601

W: www.laurel.co.in E: laurelorganicslimited@gmail.com

## PROXY FORM

(Form No. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013  
and Rule 19(3) of the Companies

(Management and Administration) Rules, 2014]

Name of Member(s) :

Registered address :

Folio No. / Client ID :

DP ID :

E-mail Id :

I/We, being the member(s) of Laurel Organics Limited, holding \_\_\_\_\_ Shares of the Company, hereby appoint:

- (1) Name : ..... Email Id : .....  
Address : .....  
Signature : ....., or failing him
- (2) Name : ..... Email Id : .....  
Address : .....  
Signature : ....., or failing him
- (3) Name : ..... Email Id : .....  
Address : .....  
Signature : ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on **Friday, the 28th day of September, 2018 at 12:30 PM** at Village Bhondsi, Tehsil Sohna, Distt. Gurgaon, Haryana-122102 or any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description of Resolutions	Assent	Dissent
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended on March 31st, 2018 along with the Directors' and Auditors' Report thereon.		
2.	Appointment of Director in place of Mr. Sachin Goel (DIN: 00161762), who retires by rotation and, being eligible, offers himself for re-appointment.		
3.	Ratification of appointment of M/s Singhi & Co., Chartered Accountants as Statutory Auditor of the Company.		
4.	To approve variation in the remuneration of Mr. Sameer Goel, Managing Director of the company		
5.	To approve the remuneration of Cost auditor M/s Mahesh Singh & Co, Cost Accountants for Financial Year 2018-19		

Affix One  
Rupee  
Revenue  
Stamp

Signed on this.....day of .....2018.

Signature of Member(s) .....Signature of Proxyholder(s).....

### Notes:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy. However, such person shall not act as proxy for any other shareholders.
- 3) Shareholders may give their assent or dissent against each Resolution.
- 4) Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

# Laurel Organics Ltd.

## Laurel Organics Limited

CIN No. L24239HR1993PLC032120

Registered Office: Village Bhondsi, Tehsil Sohna, Distt. Gurgaon, Haryana-122102, India,

Tel: 011-29535650, Fax: 011-47063601

W: [www.laurel.co.in](http://www.laurel.co.in) E: [laurelorganicslimited@gmail.com](mailto:laurelorganicslimited@gmail.com)

### Attendance Slip

25th ANNUAL GENERAL MEETING

Friday, 28th September, 2018 at 12:30 PM

Folio No. / DP ID Client ID No.	
Name of First named Member/Proxy/ Authorised Representative	
Name of Joint Member(s), if any:	
No. of Shares held	

I certify that I am a member/proxy/authorized representative for the member, of the Company.

I hereby record my presence at the 25th Annual General Meeting of the Company at Village Bhondsi, Tehsil Sohna, Distt. Gurgaon, Haryana-122102 on Friday, 28th September, 2018.

.....

Signature of the member/proxy

#### Notes :

- a) Only member/proxy can attend the meeting. No minors would be allowed at the meeting.
- b) Member/proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.
- c) Member/proxy should bring his/her copy of the Annual Report for reference at the meeting.