

28th Annual Report 2017-2018

*Innovating & Marching ahead
with Biologicals*



TRANSGENE
BIOTEK LIMITED
INNOVATING FOR LIFE



BOARD OF DIRECTORS

Dr. K. Koteswara Rao	Chairman & Managing Director
Mrs. Sujana Kadiam	Director
Ms. Pardesi Naga Vaishali	Director

Registered Office

Plot Nos. 68, 69 & 70,
Anrich Industrial Area,
IDA Bollaram,
Sangareddy District. T.S. - 502 325.

Factory

Plot Nos. 68, 69 & 70,
Anrich Industrial Area,
IDA Bollaram,
Sangareddy District. T.S. - 502 325.

Auditors

M/s. Lakshmi and Associates
3-6-237, Unit # 602,
Lingapur La Builde,
Himayatnagar,
Hyderabad - 500 029.
Telangana

Bankers

Union Bank of India
Jubilee Hills Branch,
Hyderabad.

Share Transfer Agents

M/s. Bigshares Services Pvt. Ltd.
306, 3rd Floor, Right Wing,
Amrutha Vide, Bhavan Road,
Somajiguda, Hyderabad - 500 082.

NOTICE

Notice is hereby given that the Twenty Eighth (28th) Annual General Meeting of the Members of M/s. TRANSGESNE BIOTEK LIMITED will be held on Thursday, the 20th December, 2018 at 11.00 Hours at 501, SMART PRO, Prashanti Ram Towers, beside Saradhi Studios (above ICICI Direct), Ameerpet, Hyderabad, Telangana State, to transact the following business.

ORDINARY BUSINESS :

1. ADOPTION OF AUDITED ACCOUNTS AND REPORTS

To receive, consider and adopt the Balance Sheet as at 31st March, 2018 including the audited Balance Sheet as at March 31, 2018, the Profit and Loss Account for the year ended as on that date, Directors' Report and Auditors' Report thereon.

2. RE-APPOINTMENT OF DIRECTOR

To appoint a Director in place of Ms. Sujana Kadium who retires by rotation and being eligible offers herself for re-appointment.

3. APPOINTMENT OF AUDITORS

To consider and if thought fit to pass the following resolution with or without modification(s) as Ordinary Resolution:

“Resolved that Pursuant to the provisions of Section 139 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other Rules framed there under, as amended from time to time, the appointment of M/s. Manisha Dubey & Associates, Chartered Accountants as Statutory Auditors of the Company of made pursuant to the resolution passed by the members at the 28th annual General Meeting of the company to be held on 20th December 2018 till the conclusion of the 29th Annual General Meeting of the company to be held in the Year 2019 subject to ratification of their appointment at every Annual General Meeting, to examine and audit the accounts of the Company for the Financial Year 2018-19 at such remuneration to be fixed by the Board of Directors in consultation with the Auditors.”

SPECIAL BUSINESS

4. RE-APPOINTMENT OF DR. K. KOTESWARA RAO (DIN 02287235) AS CHAIRMAN & MANAGING DIRECTOR OF THE COMPANY.

In this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION :

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with



Schedule V to the Companies Act, 2013 and subject to such permissions, consents and approvals from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals, the approval of shareholders of the Company be and is hereby accorded for re-appointment of Dr. K. Koteswara Rao (DIN: 02287235) as Chairman & Managing Director of the Company for a period of 1 (one) year on the terms and conditions set out below in the explanatory statement annexed hereto which shall be deemed to form part hereof.

RESOLVED FURTHER THAT any Director of the Company and/or Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things they may consider necessary, expedient or desirable in order to give effect to this resolution or otherwise considered by them in the best interest of the Company including issue of a certified copy of this resolution whenever necessary.”

The explanatory statement pursuant to Section 102 of the Companies Act, 2013 with regard to the special resolution mentioned above is enclosed.

By the Order Of the Board
For **TRANSGENE BIOTEK LIMITED**

PLACE : HYDERABAD
DATE : 14.11.2018

Sd/-
Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Proxies in order to be effective must be deposited at the registered office of the company at PLOT NO.68, 69 & 70 ANRICH INDUSTRIAL AREA, BOLLARAM, SANGAREDDY - 502 325., T.S. at least 48 hours before the commencement of the meeting.
2. The relevant details of the director(s) seeking appointment under Item Nos 2 as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchange are annexed.3. Register of members and share transfer books of the company will remain closed from 18-12-2018 to 20-12-2018 (both days inclusive). Members / Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
3. Members, who are holding shares in the identical order of names in more than one folio, are requested to write to the Company to enable it to consolidate their holding in one folio.
4. As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members of the Company in respect of shares held by them. The members, who wish to nominate a person, may furnish the required details to the Company in prescribed form.
5. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses. In respect of electronic holdings, with the Depository through their concerned Depository Participants and members who hold shares in physical form are requested to register the same with our RTA, Bigshare Services Pvt Ltd, 306, Right Wing, Amruta Ville, Opp Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad 500082.

5.6. VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of the Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 28th Annual Report of the company and the business may be transacted through e-voting. The company has engaged the services of Central Depository Services Limited (CDSL) as the authorized agency to provide the e-voting facility.

The instructions for shareholders voting electronically are as under:

Mr. M V R Murthy, Membership No. F8522 and CP No. 9552, Practicing Company



Secretary is appointed as scrutinizer to conduct E-voting.

STEPS FOR E-VOTING

- 6.7. The voting period begins on 17th December, 2018 at 9.00 a.m. and ends on 19th December, 2018 at 5.00 P.M. During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 13th December, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 7.8. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on 13th December, 2018.
- 8.9. The shareholders should log on to the e-voting website www.evotingindia.com.

Click on Shareholders.

- i) Now enter your User ID:
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- ii) Next enter the image verification as displayed and Click on Login.
- iii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- iv) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
	<ul style="list-style-type: none"> In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

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Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none">● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).
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- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN No (181128005) for the relevant TRANSGENE BIOTEK LIMITED on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non-Individual Shareholders & Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.



- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Information required to be furnished under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for directors seeking appointment/reappointment in forthcoming annual general meeting:

Information required to be furnished under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for directors seeking appointment/reappointment in forthcoming annual general meeting:

(i)

Name of Director	Ms. Sujana Kadium
Date of Birth	06/02/1983
Date of Appointment	17/04/2015
Qualification	Post Graduate
Expertise	HR Professional
Other directorship	PFL INFOTECH LIMITED CIN : L72200TG1993PLC007005
Chairman/Members of the Committee in other Companies	Nil
No of shares held in the Company	Nil

(ii)

Name of Director	Dr. K. Koteswara Rao
Date of Birth	11/10/1942
Date of Appointment	30/09/2016
Qualification	M.B.B.S., MBIM
Expertise	Medical Practice and Clinical Studies
Other directorship	None
Chairman/Members of the Committee in other Companies	None
No of shares held in the Company	15,211,902

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

Because of several unresolved issues still remaining and requiring critical inputs from Dr. K. Koteswara Rao to bring such issues to a closure in a timely manner, the Board of Directors recommend that Dr K. Koteswara Rao is requested to continue as Managing Director, hence the Board recommends that Dr. K. Koteswara Rao, though he is 76 years old and ailing from a serious medical condition continues to function as Managing Director of the company for another 1 (one) year.

By the Order Of the Board

PLACE : HYDERABAD
DATE : 14.11.2018

Sd/-
Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR



DIRECTORS REPORT

Dear Shareholders

Your Directors submit to you the 28th Annual Report on the business & operations of the Company and Audited Statement of Accounts for the year ended 31st March, 2018 along with the Auditor's Report thereon.

Financial Results

(Rs. in Lakhs)

Particulars	2017-2018	2016-2017
Total Income	749.09	93.84
Operational, Administration and other expenses	222.34	284.19
Gross Operating Profit	526.75	(190.34)
Interest and Financial Charges	102.82	43.00
Forex Gain/Loss	0.0132	0.00
Depreciation	989.14	1752.71
Profit before Tax/Loss	(565.22)	(1986.06)
Provision for Tax	78.61	0.00
Net Profit/Loss	(643.83)	(1986.06)

OPERATIONS

The total income of the company for the year ended 31st March, 2018 amounted to Rs. 749.09 Lakhs as against Rs- 93.84 Lakhs in the previous year. The company incurred a net Loss of Rs. 643.83 Lakhs for the year as against a loss of Rs. 1986.06 Lakhs in the previous year. As can be noticed, the management started the exercise to revise books of accounts and has written off certain accounts after following the standard accounting policies of India and in consultation with the auditors. This revision has resulted in increased operational profit as compared to operational loss in the previous year.

Review and results of operations

The unfortunate incidence of fraud in the form of GDRs and subsequent SEBI order has adversely impacted on the company's operations. However, with prudence and commitment, the management continues to keep the technologies moving forward. Monies raised from sale of unused assets are being utilized to continue the said operations.

It is indeed heartening and provides a boost to the morale of the scientists and the management in general on various and important patents received during the recent past, a testimony of the strengths of technologies that your company possesses.

Transgene is currently working on two technology platforms – Oral delivery of proteins and peptides and AAV.

Although Transgene demonstrated excellent glucose reduction following oral delivery of Insulin certain technical issues have been noted and these are being addressed in the oral delivery of Insulin and its analogues.

The technology has also demonstrated excellent results in the animal studies on oral delivery of Tetanus and other vaccines hitherto possible only through injections.

AAV technology is progressing well and we expect to reach some important milestones during the next one year.

GDR issue

The management hopes that SEBI passes a final order soon giving relief from all sanctions it imposed in the interim order.

On the aspect of GDR funds being siphoned out illegally from the company's accounts, the legal teams in London and Singapore are still in pursuit of recovery of those funds. The management hopes a final resolution may be forthcoming in the next few months.

Intellectual property and patents: We are indeed pleased with receipt and approvals of patents from countries such as USA, UK, France, Germany and Italy etc during the last few months on our flagship oral delivery technology.

Although we believe that our patents provide certain protection from competition, we caution that such patents may not be of substantial protection or of commercial benefit to us and they may not afford us adequate protection from competing products, or they will not be challenged or declared invalid in future.

Employee: With limitation of funding sources, the management has been judicious in maintaining optimal strength of the employees to continue its operations without any interruption.

DIVIDEND

Your Directors are unable to recommend any dividend since the company has not made any profits.

STRATEGIC FOCUS AND FUTURE ORIENTATION:

It is an undeniable fact that GDR issue and the consequent SEBI order has crippled the operations of the company at a most crucial time of the company few years ago. However, undeterred with such challenges, the management continued to fight on all fronts while making sure that the core of the company i.e., its technologies do not get derailed completely. It is particularly noteworthy that various patents filed in various prestigious countries have now been approved even though such patent filings and approvals required significant funds.

With the foresight of the management and with approval from the shareholders the management managed to overcome such challenges on the financial front with the monies raised from the sale of unused assets of the company.

It is with that kind of support your company manages to continue with technologies more particularly on oral anti-diabetic molecules and oral delivery of vaccines. As you may realise, oral delivery of Insulin or its analogues and oral delivery of vaccines hitherto possible only through injections have the potential on the global front. Unfortunately, as mentioned elsewhere our operations have been severely curtailed by GDR issue and SEBI order not only in terms of advancing our exciting



technologies but also in terms of getting strategic partners. The management sincerely hopes that SEBI will relent on its earlier interim order based on the strength and voluminous evidence presented to it. Once this order is vacated, we sincerely hope that it will provide the momentum required to bring in the expected results on the technology front which has been eluding the company for many years.

Subsidiary Company - Transgene Biotek HK Limited

Although no activities have been undertaken at the subsidiary during the last few years including the year 2017-18, the management feels that with the ongoing investigation by the serious fraud investigation team in Singapore and Hong Kong, it is better and prudent to wait for some more period before deciding for its closure. With no operations carried out in the year 2017-18, the management has not found it relevant to have this subsidiary audited.

However, the focus has not been lost regarding the irregularities committed through the account at Standard Chartered Bank, Singapore with efforts continuing for the recovery of funds transferred illegally from its account. A Statement pursuant to Section 129, read with Rule 5 of the Companies (Accounts) Rules, 2014 in Form AOC – 1 is attached as “Annexure –A”

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Report and is annexed hereto as “Annexure B”.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

Your Company has taken adequate steps to adhere to all the stipulations laid down in under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance is included as part of this Annual Report as “Annexure – C”.

Certificate from the Statutory Auditors of the company M/s. Lakshmi & Associates, Chartered Accountants confirming the compliance with the conditions of Corporate Governance as Stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included as part of this report as “Annexure D”

DEMATERIALISATION OF SHARES

86.80% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2018 and balance 13.02 % is in physical form. The Company's Registrars are M/s. Big Share Services Pvt Ltd, 306, Right Wing, 3rd Floor, Amrutha Ville, Opp. Yashoda Hospital, Raj Bhavan Rd, Somajiguda, Hyderabad, Telangana-500 082.

Number of Board Meetings held

The Board of Directors duly met 5 (Five) times during the financial year from 1st April, 2017 to 31st March 2018 the details of which are furnished in the report on Corporate Governance.

Board evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

Appointment of Independent Directors

As was the case last year too, company is having only one Independent Director for the relevant year 2017-18. Although it is supposed to have at least two Independent Directors, keeping in view of the SEBI's directive on GDR issues no one is showing interest to serve the Company as Independent Directors however, we managed to invite and appoint one additional independent Director in May 2018.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- a) In the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the same period;



- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the annual accounts on a going concern basis;
- e) They have laid down internal financial controls in the company that are adequate and were operating effectively.
- f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

Deposits from public

The 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.

RISK MANAGEMENT POLICY OF THE COMPANY

The Company has formulated and adopted a risk management policy at its Board Meeting. As per the policy, the management continues to review and assess the risk and also the steps for mitigating the same.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility does not apply to the company.

Policy on directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of the directors' report.

Internal financial control systems and their adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

Auditors' report and Secretarial auditors' report:

The auditors' report and Secretarial auditors' report contain certain qualifications, reservations or adverse remarks. Report of the secretarial auditor is given as an annexure which forms part of this report – "Annexure – E"

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

- (A) The operations of the company are not power intensive nevertheless the company continues its efforts to minimize energy wherever practicable by economizing on the use of power at the offices

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(B)	Technology absorption	NIL
(C)	Foreign exchange earning	11.82 Lakhs
(D)	Foreign exchange outflow	NIL

RELATED PARTY TRANSACTIONS

There were no transactions which have been entered into with related parties of the Directors or the Key Managerial Personnel of the company.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **"Annexure - F"**

Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere thanks and place on record their appreciation of the continued assistance and co-operation extended to the company by its bankers, government and semi government departments, customers, marketing agents and suppliers and in particular Shareholders for the confidence reposed in the company

Your directors also thank all the employees of the company for their dedicated service without which your company would not have achieved those results.

By the Order Of the Board
For **TRANSGENE BIOTEK LIMITED**

PLACE : HYDERABAD
DATE : 14.11.2018

Sd/-
Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

The subsidiary Transgene Biotek HK Ltd has stopped all activities and its accounts have not been audited since 2014-15. As a result, the following information is a follow-up of its activities as those of the year 2014-15 only. Since the earlier Directors and management of Transgene Biotek HK Ltd are under the investigation by the Hong Kong and Singapore police on receipt of complaint from the management of the parent company, no further information is provided for the current year 2017-18.

S.No	Particulars	Details
1	Name of the subsidiary	Transgene Biotek HK Ltd
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April 2017 to 31st March 2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	US\$ 1 US\$ = Rs.65.0441
4	Share capital	US\$16,952,001
5	Reserves & surplus	(US\$21,069)
6	Total assets	US\$16,948,303
7	Total Liabilities	US\$17,371
8	Investments	Nil
9	Turnover	Nil
10	Profit before taxation	0
11	Provision for taxation	0
12	Profit after taxation	0
13	Proposed Dividend	0
14	% of shareholding	100

Notes : The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations - None
- Names of subsidiaries which have been liquidated or sold during the year. - None

MANAGEMENT DISCUSSION AND ANALYSIS

CAUTION

Shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Further, though utmost care has been taken to ensure that the opinions expressed by the management herein contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Shareholders are hence cautioned not to place undue reliance on these statements and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

(a) Global Pharma Market :

Life sciences sector operates around the issues relating to cost and pricing, clinical and operational innovation, customer and consumer engagement and regulatory compliance and it is expected to have sales growth due to favorable demographic trends and significant unmet medical needs. The global pharmaceutical sales grew by around 3% in the year 2017 compared to the year 2016 and key growth drivers continue to be shift towards use of generic medicines accompanied by patent expiries mainly in the regulated market and higher growth in Pharmerging markets. During 2017, share of United States, Europe and Emerging markets in global pharmaceutical sales remained relatively static compared to 2016.

(b) Oral delivery technologies

Increasing prevalence of chronic diseases, increasing demand for biologics, technological advancements, and new product launches are some of the major factors driving the growth of the drug delivery technology market. Furthermore, self-administration & home care and rising demand for biosimilars and generic drugs offer significant growth opportunities for player operating in the market. On the other hand, risk of needle-stick injuries and side effects of drugs may restraint the growth of the market.

The drug delivery technology market is segmented based on route of administration, facility of use, and region. On the basis of route of administration, the market is segmented into oral, injectable, topical, nasal, ocular, pulmonary, implantable, and transmucosa. The topical drug delivery segment



is expected to register the highest CAGR during the forecast period. The high growth in this segment can primarily be attributed to the factors such as convenience and ease of use, ease of dosage, painlessness, noninvasiveness, and enhanced patient compliance.

Biopharmaceutical oral drug delivery market will be driven by patient compliance of these products. But there remain challenges of bioavailability of these products if given orally. If biopharmaceutical drugs are given orally, they will be degraded by enzymes and acidic environment in stomach and GI. These products cannot cross epithelial barrier of small intestine due to the large size of their molecules. Due to these factors bioavailability of orally induced biopharmaceuticals decreases.

Biopharmaceutical oral drug delivery market is expected to show significant growth. Patient's preference for less invasive route of administration is expected to drive the growth of biopharmaceutical oral drug delivery market. Development of various technology such as Gastrointestinal Permeation Enhancement Technology, Eligen, Oral Antibody Platform and others, facilitating the oral drug delivery and increasing bioavailability will be factors for the growth of this market. Safety & efficacy and capability of these agents to target specific disease will boost the growth of biopharmaceutical market. The focus of pharmaceutical companies towards biotechnology, development of biopharmaceutical products is expected to drive the growth of biopharmaceutical oral drug delivery market. Biopharmaceutical market is expected to be benefited by entry of the new players with innovative technology.

Oral drug delivery platform at Transgene

Transgene's oral drug delivery platform is unique and novel in terms of its application for delivery of large and small sized biomolecules with applications ranging across different clinical needs such as replacement to children's injectable vaccines, replacement to Insulin or its analogues in diabetics to oral delivery of bio-similars in the treatment of cancers, auto-immune diseases etc. Transgene has been exploring various options to overcome hurdles and challenges in accelerating the development of this platform and succeeding though not at a pace the management wishes. Receiving several global patents during the year stands as a testament to such a commitment and uniqueness of this platform.

AAV platform

At Transgene, we have developed a unique recombinant viral delivery platform demonstrating its efficacy in limited animal studies in conditions such as Liver and Breast cancers. Besides, we realized its usefulness in the emerging areas of CRISPR and Gene therapies opening up its utility applicable to many clinical conditions.

Regulatory:

Pharmaceutical companies operate in one of the most regulated environments. Regulatory compliance applies at every stage of the product lifecycle, from pre-clinical research to market authorization and from market authorization to commercialization. To ensure that compliance is maintained at all times companies continuously update repository of regulatory requirements issued by each regulatory agency that's within the operational scope of the business.

CORPORATE GOVERNANCE REPORT

1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company’s philosophy on code of governance is aimed at assisting the management and Board of Directors in efficient conduct of the business and in meeting its obligations to all stakeholders, and is guided by the principles of transparency, fairness, accountability and integrity. The philosophy also includes insistence on strict adherence to the governance mechanism laid down in the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). These practices are intended to achieve balance between enhancement of stakeholder value and achievement of financial objective.

2. BOARD OF DIRECTORS

The strength of the Board of Directors of the Company as on the year end was three. Two directors are non-executive and independent directors. The information on composition and category of directors as well as attendance of each director at the meetings of the Board of Directors held during the year ended on March 31, 2018 and at the last annual general meeting and their directorships in other companies and committee membership in other public companies as of the year-end is as under:

Name of the Director	Category	No. of board meetings attended	Attendance at the last AGM	No. of other Director-ships
Dr. K. Koteswara Rao	Chairman & MD - Promoter	5	Yes	None
Dr Sarang Subhash Puranik	Non-executive Independent	5	Yes	None
Mrs. Sujana Kadiam	Non-executive Independent	4	Yes	One

3. MEETINGS & REVIEW :

The Board of Directors of the company met 5 (Five) times during the last financial year ended on 31st March 2018. These meetings were held on 30th May 2017, 14th August 2016, 13th November 2017, 14th February 2018 and 21st March 2018. The company placed before the Board the annual operating plans and budgets and performance of the company from time to time. Information, which is materially important were placed before the Board Meeting as and when the same takes place. The Company has also laid down system to inform Board members about risk assessment and minimization procedures. The Company places all information, as and when applicable, as specified in Part A of Schedule II of the Listing Regulations before the Board of Directors.

**4. CODE OF CONDUCT**

The Board has laid down the code of conduct for members of the Board and senior management personnel of the Company. Board members and senior management personnel has affirmed compliance with the code and based thereon a declaration by managing director of the Company in this regard has been annexed to this report.

5. RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

There is no relationship between any of the Directors and none of the non-executive directors hold any shares of the Company as on March 31, 2018.

6. AUDIT COMMITTEE

The composition of the Audit Committee complies with the requirement laid down in the Listing Regulations as well as Companies Act, 2013. Mrs. Sujana Kadiam is Chairman of the Audit Committee, while Dr Sarang Subhash Puranik and Dr K. Koteswara Rao are the other members of the Audit Committee. The Audit Committee reviews information specified in Section B of Part C of Schedule II of the Listing Regulations, to the extent applicable.

The terms of reference of the Audit Committee are as per the provisions of Section 177 of the Companies Act, 2013 and the Listing Regulations. The terms of reference are (1) 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; (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company; (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors; (4) Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval; (5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval; (6) Monitoring the end use of funds raised through public offers and related matters; (7) Review and monitor the auditors' independence and performance, and effectiveness of audit process; (8) Valuation of undertakings or assets of the Company, wherever it is necessary; (9) Evaluation of internal financial controls and risk management systems; (10) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; (11) Discussion with internal auditors of any significant findings and follow up there on; (12) 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; (13) 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. (14) Approval or any subsequent modifications of transactions of the Company with related parties as per the Companies Act, 2013 and Listing Regulations; (15) Examination of the financial statements and the auditors' report thereon; and (16) Such other items of business as the Companies Act, 2013, rules made there under and the Listing Agreement for the time being in force requires or may hereinafter require the audit committee to consider, review, evaluate, examine, scrutinise, value, approve, monitor, report, note or otherwise.

During the financial year ended 31st March 2018 five meetings of the Committee were held on 30th May 2017, 14th August 2017, 13th November 2017, 14th February 2018 and 21st March 2018. The attendance of each member of the Committee is given below:

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NAME OF THE DIRECTOR	NO. OF MEETINGS ATTENDED
Dr K Koteswara Rao	5
Mr Sarang Puranik	5
Ms. Sujana Kadium	4

7. SHARE TRANSFER COMMITTEE

The Stakeholders Relationship Committee comprising Dr K Koteswara Rao and Ms.Sujana Kadium, have been assigned the work of redressal of investors/ Shareholders complaints along with approval of share transfer, sub-division/ consolidation of shares, etc. The Committee oversees the performance of Registrar and Share Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Share Transfers / Transmissions approved by the committee are placed at the Board Meeting from time to time. The complaints received from the investors are being regularly attended to and are believed to be resolved to their satisfaction. The status of the investors' complaints is reviewed by the Stakeholders Relationship Committee generally on quarterly basis.

During the year, the Company received 1 investor complaint which has been attended to and believed to have been resolved to the satisfaction of the investors. Thus, no investor grievance was pending at the year-end.

COMPLIANCE OFFICER

Dr K Koteswara Rao, continues to be the Compliance Officer of the company for the year 2017-18.

8. REMUNERATION OF DIRECTORS

The details of remuneration paid to Directors are given below:

NAME OF THE DIRECTOR	RELATIONSHIP WITH OTHER DIRECTORS	SITTING FEE (Rs.)	SALARY & PERKS (Rs.)	TOTAL (Rs.)
Dr K Koteswara Rao	None	0/-	0	0
Mr.Sarang Subhash Puranik	None	0/-	1,080,000/-	1,080,000/-
Mr.Shyam Shankar Das	None	0/-	1,50,000/-	1,50,000/-
Ms. Sujana Kadium	None	30,000/-	0/-	30,000/-
Total		30,000/-	1,230,000/-	1,260,000/-

9. DISCLOSURES

- The Company has not entered into any materially significant related party transaction with any related party that may have potential conflict with the interest of the Company at large.
- During the year, the company has been intimated that Promoter and Promoter group Demat accounts have been frozen for nonpayment of fine levied for Late/Non submission of certain Regulations of SEBI (LODR) Regulations, 2015 for the quarter



ended December 2016. Since the alleged delay occurred due to a serious medical condition of the Managing Director which was intimated to the stock exchange informing about postponement of statutory board meetings to discuss and approve prior to releasing results for the relevant quarter within the stipulated period, the management was aggrieved about a penalty of Rs.17,33,510 being imposed by BSE, the management appealed to SAT pleading to quash and set aside the communication/order from BSE. The Presiding Officer Hon'ble Justice J.P.Devadhar passed an order on 3rd January 2018 stating "If a representation is made within a period of 1 week from today BSE shall consider the same and pass appropriate order thereon in accordance with law as expeditiously as possible." Subsequent to this appeal after submitting the required information sought by BSE, no further demands for payment has been made by BSE.

- To the best of the Company's knowledge, there has been no other incidence of non-compliance with requirement of stock exchange, SEBI or other statutory authority, on matters relating to capital markets during the last one year.
- The Company has complied with all requirements of corporate governance report of sub-paras (2) and (10) of the Part C of Schedule V of the Listing Regulations. The Company has also submitted to the Exchanges periodical compliance reports on corporate governance within the prescribed period.
- During the year, there were no transactions of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of the company.

10. MEANS OF COMMUNICATION

The company publishes its quarterly results in the Regional vernacular News Paper and National Newspaper.

The company has a website www.transgenebiotech.com where all the official news releases and the developments that are taking place in relation to the company are updated and displayed. There is also an email address for receipt of any complaints: info@transgenebiotech.com.

11. AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

A Certificate from the Auditors is enclosed along with this report.

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SHAREHOLDERS' INFORMATION

A	Registered Office	Plot No. 69, 70 & 70A, IDA Bollaram, Sangareddy District. TS.
B	Annual General Meeting Date & Time Venue	20th December 2018, at 11.00 Hours at 501, SMART PRO, Prashanti Ram Towers, beside Saradhi Studios, Ameerpet, Hyderabad. T.S.
C	Financial Calendar Financial Reporting for Quarter ending June 30, 2017 Quarter ending September, 30 2017 Quarter ending December, 31 2018 Quarter ending March 31, 2018 Annual General meeting for FY ended 31st March 2018	14th August 2017 13th November 2017 14th February 2018 28th May 2018 20th December 2018
D	Date of Book Closure	Monday the 17th December 2018 to Wednesday the 19th December 2018
E	Dividend Payment Date	Not Applicable
F	Listing on Stock Exchange	Bombay Stock Exchange Limited P J Towers, Dalal Street Mumbai – 400 001.
G	Stock Code	526139
H	Stock Market Data	The Company's shares are regularly traded on The Bombay Stock Exchange Limited. The 52 week high low has been Rs.3.79 and Rs.1.55 respectively.
I	Stock Market Data	M/S Bigshare Services Pvt. Ltd. 306, 3rd Floor, Right Wing, Amrutha Ville, Bhavan Road Somajiguda, Hyderabad – 500082
J	Share Transfer System	Generally the shares have been transferred and returned in 30 days from the date of receipt, so long as the documents have been clear in all respects.
K	Stakeholders Relationship Committee	The Stakeholders Relationship Committee generally meets once in a fortnight.
L	Investor Relations	The Company has been maintaining good investor relations.


M) Distribution of shareholding as on 31st March 2018

Share Holder or Debenture Holding of nominal Value of			Share Holder or Debenture Holding of nominal Value of		Share / Debenture Amount	
Rs.	Rs.		Number	% of Total	Number	% of Total
(1)			(2)	(3)	(4)	(5)
Upto	-	5000	7172	60.48	1294176	1.71
5001	-	10000	1465	12.35	1291501	1.7
10001	-	20000	1035	8.72	1711195	2.26
20001	-	30000	478	4.03	1260806	1.66
30001	-	40000	238	2.00	875206	1.15
40001	-	50000	315	2.66	1520706	2.00
50001	-	100000	506	4.28	3902714	5.15
100001	and	above	650	5.48	63913696	84.37
			11859	100.00%	75770000	100%

N	Dematerialisation of shares and liquidity	As on 31st March, 2018 out of the total shareholding of 7,57,70,000 equity shares. 6,52,87,506 equity shares representing 86.80% of equity shares are in dematerialised form.
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O Particulars of Past Three AGMs

AGM	Year	Venue	Date	Time
27th	2017	Board Room Hall (1st Floor) of Hotel a Lounge, (above Laxmi Hyundai show room) Madinaguda, Miyapur, Hyderabad	29th September 2017	11.00 A.M.
26th	2016	Plot No. 68 , 69, & 70 Anrich Industrial Area IDA Bollaram, Medak District. A.P.	30th September 2016	11.00 A.M.
25th	2015	Plot No. 68 , 69, & 70 Anrich Industrial Area IDA Bollaram, Medak District. A.P.	30th September 2015	3.30 P.M.
P	Postal Ballot	No resolution requiring a postal ballot under Section 192 A of the Companies Act, 1956 was placed before the last AGM nor is being proposed to be passed at the ensuing AGM.		
Q	Nomina-tion Facility	Shareholders, holding shares in physical form and desirous of making/ changing a nomination in respect of their shareholding in the company as permitted under Section 109A of the Companies Act 1956 are requested to submit to the Compliance Officer in the prescribed form 2B for this purpose, which can be furnished by the company on request.		

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R. SHAREHOLDING PATTERN FOR THE QUARTER ENDED: 31.03.2018

Sl. No.	Category	No. of Shares held	Percentage Of Shareholding
(a)	Promoter's Holding		
1	Promoters		
	Indian Promoters:	16427902	21.68%
	Foreign Promoters:	NIL	NIL
2	Persons acting in concert		
	Sub-Total	16427902	21.68%
(b)	Public Share Holding – Institutions		
3	Institutional investors / Venture Capital Funds	NIL	NIL
4	Mutual Funds and UTI(Govt. Financial Institutions)	NIL	NIL
5	Banking, Financial Institutions/Insurance Companies(Central/ State Government Institutions/Non-Government Institutions)	NIL	NIL
6	Foreign Institutional Investor	NIL	NIL
	Sub-Total	0	0
	Public Share Holding – Non-Institutions		
7	Others		
a.	Private corporate Bodies	1940383	2.27%
b.	Indian Public	50182483	66.41
c.	NRIs/OCBs	835217	1.20%
d.	Any other (Clearing Member)	113345	0.16%
e.	GDR	6270000	8.28
F	Trusts	670	0.00
	Sub-Total	59342098	78.32
	Grand Total	75770000	100.00 %

S) OUTSTANDING GDRS, WARRANTS, OR ANY OTHER CONVERTIBLE INSTRUMENT

The Company has 62,70,000 outstanding GDRs. There are no Warrants or any other convertible instruments or any issue (public issue, right issue, preferential issue etc.) which is likely to have impact on Equity Share Capital of the Company.



T) REGISTERED OFFICE

Plot No. 69, 70 & 70A, IDA Bollaram,
Sangareddy District. TS

U) The shareholders may address their communications/ suggestions/ grievances/ queries to:

TRANSGENE BIOTEK LIMITED

Plot No. 69, 70 & 70A IDA Bollaram,
Sangareddy District, TS
Ph. No: 08458-279744

MANAGEMENT RESPONSIBILITY STATEMENT

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2018 and to the best of our knowledge and belief;
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. 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.
3. We accept responsibility for establishing and maintaining internal control. We have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies and,
4. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s. Lakshmi & Associates, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company.

By the Order Of the Board
For **TRANSGENE BIOTEK LIMITED**

PLACE : HYDERABAD
DATE : 14.11.2018

Sd/-
Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

CODE OF CONDUCT DECLARATION

Pursuant to 15(2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 entered into with the stock exchange, I hereby declare that all the Board members and senior management personnel of the company have affirmed compliance with the code of conduct for the year ended March 31, 2018.

By the Order Of the Board
For **TRANSGENE BIOTEK LIMITED**

PLACE : HYDERABAD
DATE : 14.11.2018

Sd/-
Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR



Independent Auditor's Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To
The Members
M/s. Transgene Biotek Limited

The Corporate Governance Report prepared by Transgene Biotek Limited ("the Company"), contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31st, 2018. This certificate is required by the company for annual submission to the Stock Exchange and to be sent to the shareholders of the Company.

Managements' Responsibility

The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Controls for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Listing Regulations during the year ended March 31, 2018.

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

For **Lakshmi and Associates**

Chartered accountants,
Firm Registration No. 012482S

Place: Hyderabad
Date: 14.11.2018

Sd/-
N. LAKSHMI
Partner
M.No:223790



**ANNEXURE TO THE REPORT OF THE DIRECTORS
AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To
The Members of
TRANSGENE BIOTEK LIMITED

We have examined the compliance with conditions of Corporate Governance of M/s. TRANSGENE Biotech Limited, for the year ended March 31, 2018, as stipulated in Clause 15(2) of SEBI (Listing Obligations and Disclosures Requirements with stock exchanges.

The compliance with conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 15(2) of SEBI (Listing Obligations and Disclosures Requirements.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the company as per the records maintained by the Company.

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

For **LAKSHMI & ASSOCIATES**
CHARTERED ACCOUNTANTS
FRN 0124825

PLACE : HYDERABAD
DATE : 14.11.2018

Sd/-
N. Lakshmi
Partner
Membership No:223790

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018**

FORM NO. MR.3

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

To
The Members,
M/s. Transgene Biotek Limited,
CIN: L85195TG1990PLC011065
Plot No. 68, 69 & 70, Anrich Industrial Area,
BOLLARAM - 502 325.
Sangareddy Dist., Telangana.

1. We have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by M/s. Transgene Biotek Limited (hereinafter called as “the Company”) during the financial year from 1st April, 2017 to 31st March, 2018. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.
2. The company is engaged in the Research & Development of Innovative Molecules and Technologies and possesses a unit for pilot scale / commercial production of Active Pharmaceutical Ingredients (APIs) and different products.
3. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the Financial Year ended 31st March, 2018 complied with 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.
4. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Transgene Biotek Limited (hereinafter called as “the Company”) for the financial year from 1st April 2016 and ended with 31st March, 2018 (“Audit Period”) according to the provisions of :
 - i) The Companies Act, 2013 (the Act) and the Rules made there under;
 - ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under;
 - iii) The Depositories Act, 1996 and the Regulations and bye-laws framed there under;



- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and external Commercial Borrowings;
- 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 Inside Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines 1999.
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - f) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (buyback of Securities) Regulations, 1998;

Subsequent to the earlier interim order, on the prayer from SEBI, Hon'ble Presiding Officer has passed another order on 18th January 2018 extending the earlier passed order by another 4 months stating "SEBI is directed to complete the process and issue show cause notice, if any, by April 30, 2018 failing which from May 1, 2018 the ad interim / confirmatory order would stand vacated against all the appellants herein."

In pursuance of the SAT order SEBI issued notice on 15th February 2018 seeking various clarifications and documents which were duly complied with by the noticees.

While the investigation process at SEBI is underway the management of the company, armed with voluminous evidence in support of its claims, has been relentlessly pursuing its own efforts to recover lost GDR funds through various channels available at its disposal including legal channels in Singapore and London.

i) The following other laws as specifically applicable in the view of the Management.

- (i) Income Tax act, 1961
- (ii) Central Sales Tax Act, 1956

- (iii) Telangana & Andhra Pradesh Value Added Tax
 - (iv) The payment of bonus Act, 1965
 - (v) Telangana & Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987
 - (vi) Customs Act, 1962
 - (vii) Finance Act, 1994 (Service Tax)
 - (viii) Factories Act, 1948
 - (ix) Industrial Disputes Act, 1947
 - (x) Minimum Wages Act, 1948
 - (xi) The Payment of Gratuity Act, 1972
 - (xii) The Payment of Wages Act, 1936
 - (xiii) The Maternity Benefit Act, 1961
 - (xiv) A.P Shops & Establishment Act, 1988
 - (xv) The National and Festival Holidays Act, 1963
 - (xvi) The Employees Provident fund and Miscellaneous provisions act, 1952
 - (xvii) The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1956.
5. We have examined compliance of the applicable Clauses of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. We further report that, during the period under review, the Company has NOT complied with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned below:
- (i) SEBI (ICDR) Regulations, 2009 are not applicable, as there being no further issues of any securities.
 - (ii) SEBI (ESOS & ESOP) Guidelines, 1999 are not applicable, as there being no schemes of the Company under the said Guidelines.
 - (iii) SEBI (Issue and Listing of Debt Securities) Regulations, 2008 are not applicable as there being no debt securities, which are listed on any of the recognized stock exchange.
 - (iv) SEBI (Delisting of Equity Shares) Regulations, 2009 are not applicable, as there being not instances of delisting of equity Shares except de-recognition of Delhi Stock Exchange by the SEBI.
 - (v) SEBI (Buyback of Securities) Regulations, 1998 are not applicable, as there being no instances of buy-back of shares
-



- (vi) The Ministry of Corporate Affairs has not notified applicable Secretarial Standards under the Companies Act 2013, therefore, the same was not considered in the Audit.
- (vii) The compliance of other specific applicable laws as listed in 4 (V) (i) above, were relied on the basis of representations and compliance certificates issued by the Managing Director compliance officers and other officials of respective / concerned Departments of the company.

7. We further report that:

- a. The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company is yet to appoint another Independent Director. The management of the Company has explained that, in spite of its best efforts, no one is willing to join the Company as Independent Director keeping in view the SEBI Investigation on GDR issue and matters incidental to that. However, the management assured that they will keep their efforts constantly to appoint an Independent Director at the earliest.
- b. Adequate Notice is given to all the Directors to Schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance.
- c. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
- d. Majority decision is carried through and there were not instances of dissenting members in the Board of Directors.
- e. It is also noted that the Company has no Internal Audit System to constantly monitor the process for efficient compliances.
- f. Required forms were filed with MCA, additional fee paid wherever required.
- g. Company is in the process of appointing Company Secretary as required under Section 203 of the Companies Act, 2013. Explained that the Company have very minimum operations and income, hence the candidates are not available within the affordability of Company
- 8. We further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- 9. We further report that the Company is not regular in remitting undisputed statutory dues to the exchequer. The Amount(s) of arrears as on March 31st, 2018 are as follows:
 - Income Tax (Asst. Year 2009-2010) - Rs. 07.61 Lakh
 - Income Tax (Asst. Year 2011-2012) - Rs. 03.86 Lakh
 - Income Tax in the nature of TDS - Rs. 10.03 Lakh
 - PF Payable - Rs. 00.65 Lakh

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- ESI Payable - Rs. 01.92 Lakh
- PT Payable - Rs. 00.42 Lakh
- Income Tax Demand (Asst. Year 2009-2010) - Rs. 00.68 Lakh
- Income Tax Demand (Asst. Year 2013-2014) - Rs. 73.36 Lakh

Further to the above, according to the information and explanations given to us, there are no dues of sales tax, income tax and excise duty which have not been deposited on account of any dispute except the following :

Nature of Dues	Amount (Rs.)	Period	Forum where dispute is pending
Customs Duty demand raised for Non-fulfillment of Export Obligation	59.37 lakhs	2002	CESTAT, Chennai.
Service Tax liability due to difference of opinion on classification of service	76.15 lakhs	2011-12	Chief Commissioner of Customs, Excise & Service, Hyderabad.
Service Tax liability due to difference of opinion on classification of service	76.36 lakhs	2010-11	Chief Commissioner of Customs, Excise & Service, Hyderabad.

10. We further report that the case at CESTAT has been closed during the last hearing held in Chennai in February 2017 for the purpose of statistics and making the order clear that the appeals along with stay order / interim orders, if any, will continue before the Tribunal and the matters are closed only for the purpose of statistics. Both the sides are at liberty to file application before the Tribunal to reopen the matter as and when the case is disposed by the Hon'ble High Court or in the case of any change of circumstance.
11. We further report that during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., referred to the above.

M V R MURTHY.
Company Secretary
M # F-8522
CP # 9552

PLACE : HYDERABAD
DATE : 14.11.2018



Annexure to the Secretarial Audit Report

To
M/s. Transgene Biotek Limited,
CIN: L85195TG1990PLC011065
Plot No. 68, 69 & 70, Anrich Industrial Area,
Bollaram - 502 325.
Sangareddy Dist., Telangana.

Our Secretarial Audit Report of even date is to be read along with this letter:

1. It is the responsibility of the management of the Company to maintain Secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. Our responsibility is to express an opinion on these Secretarial records, Standards and procedures followed by the Company with respect to secretarial compliance.
3. 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.
4. Wherever required, we have obtained the management's representations about the compliance of laws, rules and regulations and happening of events etc.
5. The secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

PLACE : HYDERABAD
DATE : 14.11.2018

M V R MURTHY.
Company Secretary
M # F-8522
CP # 9552

**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	L85195TG1990PLC011065
ii.	Registration Date	01-03-1990
iii.	Name of the Company	TRANSGENE BIOTEK LIMITED
iv.	Category / Sub-Category of the Company	Company Limited by shares and Indian Non-Government Company
v.	Address of the Registered office and contact details	Plot No.68, 69 & 70, Anrich Industrial Area, Bollaram, Sangareddy District
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt Ltd. 306, Right Wing, Amrutha Ville, Opp. Yashoda Hospital, Somajiguda, Raj Bhavan Road, Hyderabad. 500082.

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 :-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Transgene Medical Centers	21001	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	Transgene HK Limited	1660959	Subsidiary	100	129

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	6427902	10000000	16427902	21.68	6427902	10000000	16427902	21.65	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):-	16427902	10000000	16427902	21.68	16427902	10000000	16427902	21.65	0
2) Foreign									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	NIL
h) Other-Individuals	0	0	0	0	0	0	0	0	NIL
i) Bodies Corp.	0	0	0	0	0	0	0	0	NIL
j) Banks / FI	0	0	0	0	0	0	0	0	NIL
k) Any Other....	0	0	0	0	0	0	0	0	NIL
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	NIL
b) Banks / FI	0	0	0	0	0	0	0	0	NIL
c) Central Govt	0	0	0	0	0	0	0	0	NIL
d) State Govt(s)	0	0	0	0	0	0	0	0	NIL
e) Venture Capital Funds	0	0	0	0	0	0	0	0	NIL
f) Insurance Companies	0	0	0	0	0	0	0	0	NIL
g) FIs	0	0	0	0	0	0	0	0	NIL
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	NIL
i) Others (specify)	0	0	0	0	0	0	0	0	NIL
Sub-total (B)(1)	0	0	0	0	0	0	0	0	NIL
2. Non Institutions									
a) Bodies Corp.									
(i) Indian									
(ii) Overseas	2946765	0	2946765	3.89	2946765	0	2946765	3.89	(0.66)
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	11315546	96884	10595077	13.98	11315546	97384	11412930	15.06	1.08
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	37211080	703992	37915072	50.04	37516004	385110	37901114	50.02	(00.02)

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c) Others(Specify)									
i) Non Resident Indians	545137	0	545137	0.72	510951	0	510951	0.67	(0.05)
ii) Clearing Members	572714	0	572714	0.76	299688	0	299688	0.40	(0.36)
Trusts	650	0	650	0	650	0	650	0	0
Sub-total (B)(2)	52271222	800876	53072098	70.04	52589604	482494	53072098	70.04	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	58541222	800876	59342098	78.32	58859604	482494	59342098	78.32	0
C. Shares held by Custodian for GDRs & ADRs	6270000	0	6270000	8.28	6270000	0	6270000	8.28	0
Grand Total (A+B+C)	64969124	10800876	75770000	100.00	65287506	10482494	75770000	100.00	0

ii. Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during 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	Shareholder's Name
1.	Dr Koteswara Rao	15211902	20.08	0	15211902	20.08	0	0
2.	Mrs K Nirmala Rao	1192000	1.57	0	1192000	1.57	0	0
3.	Mr K Srinivas	24000	0.03	0	24000	0.03	0	0
	Total	16427902	21.68	0	16427902	21.68	0	0

iii. Change in Promoters' Shareholding (please specify, if there is no change)

S. 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
	At the beginning of the year	16427902	21.68	16427902	21.68
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	16427902	21.68	16427902	21.68


V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	593.40	957.45	-	1487.87
ii) Interest due but not paid	Nil	Nil	-	Nil
iii) Interest accrued but not paid	47.57	Nil	-	47.57
Total (i+ii+iii)	640.97	957.45		1598.42
Change in Indebtedness during the financial year				
- Addition	34.79	Nil		34.79
- Reduction	308.30	342.00		650.30
Net Change	(273.51)	(342.00)		(615.51)
Indebtedness at the end of the financial year				
i) Principal Amount	369.46	615.48		984.94
ii) Interest due but not paid	Nil	Nil		Nil
iii) Interest accrued but not due	Nil	Nil		Nil
Total (i+ii+iii)	369.46	615.48		984.94

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Sarang Subhash – WTD	Shyam Shankar Das - WTD	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	1080000	150000	1230000

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2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...Sitting fee	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
6.	Total (A)	10,80,000	1,50,000	12,30,000
	Ceiling as per the Act			

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of MD/WTd/ Manager		Total Amount
	Independent Directors – Ms. Sujana Kadium ● Fee for attending board committee meetings ● Commission ● Others, please specify	30,000		30,000
	Total (1)			
	Other Non-Executive Directors ● Fee for attending board committee meetings ● Commission ● Others, please specify	Nil		Nil
	Total (2)			
	Total (B)=(1+2)	30,000		30,000
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			

**C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD**

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Not Applicable			
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...	Not Applicable			
5.	Others, please specify				
6.	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made. If any(give details)
A. Company					
Penalty					
Punishment					
Compounding		NIL	NIL	NIL	
B. Directors					
Penalty		NIL	NIL	NIL	
Punishment					
Compounding					
C. Other Officers In Default					
Penalty		NIL	NIL	NIL	
Punishment					
Compounding					

INDEPENDENT AUDITORS' REPORT

To

The Members,

TRANSGENE BIOTEK LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of M/s. Transgene Biotech Limited ("The Company"), which comprise the Balance Sheet as at 31st March, 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 ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 Standalone Ind AS Financial Statements that give a true and fair view of the Financial Position, Financial Performance including Other Comprehensive Income, Cash Flows and the Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 Standalone 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 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 Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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 including the Ind AS, of the financial position of the Company as at 31 March, 2018 and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Emphasis of Matter

1. Attention is brought to Note No.04 to the 'Notes forming part of the Standalone Financial Statements' under the heading "Investments" amounting to Rs.9220.10 Lakhs made in the wholly owned subsidiary company viz. Transgene Biotech HK Limited (1,69,52,001 shares of US \$ 1 each). The accounts of the said subsidiary have not been audited for the FY 2017-18. In the absence of alternative methodologies to independently evaluate the same, we are unable to express an opinion whether the said sum as reflected under the above head is recoverable at the value at which it is stated. Management, as a prudent measure, made full provision in the books of account considering the above development.
2. Attention is also brought to the fact that Securities and Exchange Board of India (SEBI) prima facie concluded on conducting Preliminary Enquiry during previous years that the GDR proceeds have been transferred by the Company, directly or indirectly, through foreign subsidiary for undisclosed purposes under the grab of consideration for technology transfer and consequently passed an interim Order inter alia, refraining the Company from issuing any securities. The Company has appealed against the said Order. We are unable to comment, at this stage, on the impact this Order will have on the Company as a going concern. We are also unable to quantify, at the stage, the financial impact of this Order on the Company, as the Management has informed us that the Company is in the process of taking steps for recovery of amounts raised in the GDR.
3. The findings of the SEBI as per their Order on the utilization/transfer of GDR proceeds for undisclosed purposes point out towards violations of the provisions of the Foreign Exchange Management Act as well as GDR approval conditions, the impact of which we are unable to quantify at this stage.
4. Attention is brought to the fact that there is an outstanding balance of Rs. 2302.00 lakhs which pertains to advance given to a Party out of the proceeds of GDR. Consequent to the order of the SEBI as aforesaid and the contention of the management that the payments were made without Company's authorization or knowledge, we are unable to opine whether this amount is recoverable or not as we are unable to obtain confirmation from the concerned Party. However, the Management as a prudent measure, made full provision for the amount,

in the Books of Accounts considering the above facts.

Report on Other Legal and Regulatory Requirements

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", a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of Written Representation received from the directors as on 31st March 2018, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2018 from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "AnnexureB" to this report; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. There is no requirement for any provision as required by any act or Accounting standards for material for foreseeable losses, if any on long term contracts including derivative contracts.
 - iii. There are no amounts which are required to be transferred to Investor Education and Protection Fund by the Company.

For Lakshmi and Associates

Chartered accountants,
Firm Registration No. 012482S

N.LAKSHMI

Partner
M.No:223790

PLACE : HYDERABAD

DATE : 14.11.2018



ANNEXURE - A TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 and 4 of the Independent Auditor's Report of even date of TRANSGENE BIOTEK LIMITED, Hyderabad on the Standalone Financial Statements for year ended March 31, 2018 :

- 1) In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state the following:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. In case of Technology item, we have been informed that certain balancing components are yet to be received without which the technology is incomplete for the full effective intended usage. Subject to this, the other fixed assets have been physically verified by the management and this revealed no material discrepancies.
 - b) All the assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds/lease deeds of immovable properties included in Property, Plant and Equipment are held in the name of the Company.
- 2) **Inventory:**
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. No material discrepancies were noticed on verification of the physical stocks with the records.
- 3) As informed to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Thus clause (iii) of Companies (Auditor's Report) Order, 2016 is not applicable.
- 4) As informed to us, the Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under section 185 and 186 of the Act. Therefore, clause (iv) of Companies (Auditor's Report) Order, 2016 is not applicable.

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- 5) According to the information and explanations given to us, the Company has not accepted deposits against the terms of directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under. Hence clause (v) of Companies (Auditor's Report) Order, 2018 is not applicable.
- 6) The central government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company. Thus clause (vi) of Companies (Auditor's Report) Order, 2018 is not applicable
- 7) a) The company is not regular in depositing undisputed statutory dues. The amount of arrears, as at 31st March, 2018 outstanding for a period of more than six months from the date they became payable are as mentioned below:

Income tax (Asst year 2009-2010)	Rs. 7.61 lakhs
Income Tax (Asst Year 2011-2012)	Rs. 3.86 lakhs
Income tax in the nature of TDS	Rs. 10.03 lakhs
PF Payable	Rs. 0.65 lakhs
ESI Payable	Rs. 1.92 lakhs
PT Payable	Rs. 0.42 lakhs
Income Tax Demand (Asst year 2009-2010)	Rs. 0.68 lakhs
Income Tax Demand (Asst year 2013-2014)	Rs. 73.36 lakhs

b) According to the information and explanations given to us, there are no dues of sales tax, income tax and excise duty which have not been deposited on account of any dispute except the following:

Nature of Dues	Amount (Rs.)	Period	Forum where dispute is pending
Customs Duty demand raised for Non-fulfillment of Export Obligation.	59.37 lakhs	2002	CESTAT, Chennai
Service Tax liability due to difference of opinion on classification of service.	76.15 lakhs	2011-12	Chief Commissioner of Customs, Excise & Service, Hyderabad.
Service Tax liability due to difference of opinion on, classification of service	7.36 lakhs	2010-11	Chief Commissioner of Customs, Excise & Service, Hyderabad.



- 8) The company does not have any outstanding dues to financial institutions, banks or debenture holders during the year. Thus clause (viii) of Companies (Auditor's Report) Order, 2016 is not applicable.
- 9) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus clause (ix) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year
- 11) According to the information and explanations given to us the company has not provided for any managerial remuneration as mandated under the provisions of Section 197, read with Schedule V of the act.
- 12) As the company is not a Nidhi Company and the Nidhi Rules 2014 are not applicable to it, the provisions of clause (xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- 13) In our opinion and according to the information and explanations given to us, the company has not entered into any transaction with the related parties. Thus clause (xiii) of Companies (Auditor's Report) Order, 2016 is not applicable.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully convertible debentures during the year. Accordingly, the clause (xiv) of Companies (Auditor's Report) Order, 2016 is not applicable.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus clause (xv) of Companies (Auditor's Report) Order, 2018 is not applicable.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For Lakshmi and Associates

Chartered accountants,

Firm Registration No. 012482S

N.LAKSHMI

Partner

M.No:223790

PLACE : HYDERABAD

DATE : 14.11.2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of M/s. TRANSGENE BIOTEK LIMITED as on March 31, 2018 in conjunction with our audit of the Standalone 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified 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 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 Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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.

For **Lakshmi and Associates**

Chartered accountants,

Firm Registration No. 012482S

N.LAKSHMI

Partner

M.No:223790

PLACE : HYDERABAD

DATE : 14.11.2018

TWENTY EIGHT ANNUAL REPORT 2017-18

Standalone Balance sheet as at 31-03-2018

Amount in Rs.

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2018
I ASSETS				
Non-current assets				
Property, plant and equipment	3a	2,63,84,340	3,13,84,706	3,45,89,982
Capital work-in-progress	3a	-	28,90,306	28,90,306
Other intangible assets	3b	48,33,05,399	58,02,52,138	1,37,49,14,446
Intangible assets under development	3b	1,86,76,633	1,74,76,633	31,98,85,401
Non- Current Investment	4	-	-	-
Financial assets				
(a) Loans	5	23,02,04,250	24,20,85,003	24,20,85,003
Other non-current assets	6a	1,94,256	-	-
Total Non - Current Assets		75,87,64,878	87,40,88,786	1,97,43,65,138
Current Assets				
Inventories	7	4,20,911	6,54,043	6,54,043
Financial assets				
(a) Trade receivables	8	-	55,112	1,62,64,468
(b) Cash and cash equivalents	9	10,19,326	5,16,140	2,94,435
Current tax assets	10	5,400	-	-
Other current assets	6b	64,02,254	64,59,269	1,72,77,834
Total Current assets		78,47,891	76,84,564	3,44,90,781
TOTAL ASSETS		76,66,12,769	88,17,73,350	2,00,88,55,919
II. EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	75,77,00,000	75,77,00,000	75,77,00,000
Other equity	12	(40,91,80,999)	(34,47,97,698)	78,88,88,830
Equity attributable to owners of the Company		34,85,19,001	41,29,02,302	1,54,65,88,830
Total Equity		34,85,19,001	41,29,02,302	1,54,65,88,830
Non-current liabilities				
Financial Liabilities				
(a) Borrowings	13	3,84,48,556	5,18,90,130	4,75,98,694
Provisions	14a	23,02,04,250	28,67,76,714	28,67,76,714
Other non-current liabilities	15a	1,22,77,163	1,40,31,044	1,57,84,924
Total Non-current liabilities		28,09,29,970	35,26,97,888	35,01,60,332
Current liabilities				
Financial liabilities				
(a) Borrowings	16	6,00,44,784	9,57,44,699	8,94,47,066
(b) Trade payables	17	54,92,891	53,93,071	84,47,111
(c) Other financial liabilities	18	-	1,24,09,218	1,15,07,781
Provisions	14b	6,99,09,891	-	-
Other current liabilities	15b	17,16,233	26,26,172	27,04,798
Total Current liabilities		13,71,63,799	11,61,73,160	11,21,06,756
Total Equity and liabilities		76,66,12,769	88,17,73,349	2,00,88,55,918
Corporate information and significant accounting policies	1 & 2			
The accompanying notes form an integral part of the Consolidated financial statements				

The Accompanying notes are an integral part of the financial statements.
As per our report of even date.

For and on behalf of the board of Directors

For Lakshmi and Associates

Chartered Accountants

Sd/-

N. Lakshmi

Partner

M. No. 223790

Place : Hyderabad

Date : 14-11-2018

Sd/-

Dr. K. Koteswara Rao
Chairman & Managing Director
DIN : 02287235

Sd/-

Sujana kadiam
Director
DIN : 07167872

**Standalone Statement of Profit and Loss for the year ending 31-03-2018**

Amount in Rs.

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations	19	11,82,406	28,08,468
Other income (net)	20	7,37,26,947	65,76,002
Total income		7,49,09,353	93,84,470
EXPENSES			
Employee benefits expense	21	32,78,712	55,42,300
Cost of materials consumed	22	3,47,382	-
Changes in inventories of finished goods and work-in-progress	23	1,39,715	-
Finance costs	24	1,02,81,689	43,00,721
Depreciation and amortisation expense	25	9,89,14,413	17,52,71,419
Other operating expenses	26	1,84,71,754	2,28,76,821
Total expenses		13,14,33,665	20,79,91,261
Profit before exceptional items and tax		(5,65,24,312)	(19,86,06,792)
Exceptional item (net)		(5,65,24,312)	(19,86,06,792)
Profit/(Loss) before tax			
Tax expense			
Current tax		-	-
Deferred tax		-	-
(Short)/excess provision for earlier years		78,60,849	-
Total tax expense		78,60,849	-
Loss for the year		(6,43,85,161)	(19,86,06,792)
Other comprehensive income			
A Items that will not be reclassified subsequently to profit or loss		-	-
Remeasurement cost of post employment benefits		1,860	-
Total other comprehensive income		1,860	-
Total comprehensive income/(loss) for the year		(6,43,83,301)	(19,86,06,792)
Earnings per equity share			
(Equity shares, par value of Rs. 10 each)		7,57,70,000	7,57,70,000
Basic (in Rs.)		(0.85)	(2.62)
Diluted (in Rs.)		(0.85)	(2.62)
Corporate information and significant accounting policies	1 & 2		
The accompanying notes form an integral part of the			
Consolidated financial statements			

The Accompanying notes are an integral part of the financial statements.
As per our report of even date.

For and on behalf of the board of Directors

For Lakshmi and Associates

Chartered Accountants

Sd/-

N. Lakshmi

Partner

M. No. 223790

Place : Hyderabad

Date : 14-11-2018

Sd/-

Dr. K. Koteswara Rao
Chairman & Managing Director
DIN : 02287235

Sd/-

Sujana kadiam
Director
DIN : 07167872

Standalone Statement of changes in equity for the year ended March 31, 2018

A. Equity Share Capital

Amount in Rs.

Particulars	Number of Shares	Amount
Issued and Paid up Capital at April 1, 2016	7,57,70,000	75,77,00,000
Changes in equity share capital during the year	-	-
Balance at March 31, 2017	7,57,70,000	75,77,00,000
Changes in equity share capital during the year	-	-
Balance at March 31, 2018	7,57,70,000	75,77,00,000

B. Other Equity	Reserves and Surplus				Items of OCI		Total
	Particulars	Securities premium reserve	Warrants Forfeiture reserves	Capital Redemption Reserve	Foreign Currency Translation Reserve	Retained earnings	
Balance at March 31, 2016		1,38,80,92,501	1,22,50,000	89,12,65,401	11,62,88,237	(1,61,90,07,309)	78,88,88,830
Balance at April 1, 2016		1,38,80,92,501	1,22,50,000	89,12,65,401	11,62,88,237	(1,61,90,07,309)	78,88,88,830
Exchange difference arising on translating the foreign operations					(11,62,88,237)		(11,62,88,237)
Additions/(Decrease) during the year				(81,87,91,499)			(81,87,91,499)
Profit/(Loss) for the year						(19,86,06,792)	(19,86,06,792)
Balance at March 31, 2017		1,38,80,92,501	1,22,50,000	7,24,73,902	-	(1,81,76,14,101)	(34,47,97,698)
Profit/(Loss) for the year						(6,43,85,161)	(6,43,83,301)
Balance at March 31, 2018		1,38,80,92,501	1,22,50,000	7,24,73,902	-	(1,88,19,99,262)	(40,91,80,999)

The Accompanying notes are an integral part of the financial statements.
As per our report of even date.

For Lakshmi and Associates
Chartered Accountants

Sd/-

N. Lakshmi

Partner

M. No. 223790

Place : Hyderabad
Date : 14-11-2018

For and on behalf of the board of Directors

Sd/-

Dr. K. Koteswara Rao

Chairman & Managing Director

DIN : 02287235

Sd/-

Sujana kadiam

Director

DIN : 07167872


Standalone Statement of Cash Flows for the year ended 31-03-2018

Amount in Rs.

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		(6,43,85,161)		(19,86,06,792)
Adjustments for:				
Depreciation and amortisation expense	9,89,14,413		17,52,71,419	
Finance costs	1,02,81,689		43,00,721	
Amortisation of government grant	(17,53,880)		(17,53,880)	
Supplier Advances Written off	(4,29,31,960)		9,74,153	
Liabilities / provisions no longer required written back			(43,98,374)	
Bad debts written off	1,51,09,078		1,79,89,758	
Profit or loss on sale of Fixed asset	(2,89,87,107)			
Unrealised forex (gain) / loss				
Operating profit before working capital changes		(1,37,52,928)		(62,22,995)
Changes in working capital : (Refer Note 40)				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	55,112		(17,80,399)	
Ppe				
Other non-current assets	(1,94,256)			
Other assets	57,015		(2,30,391)	
Inventories	2,33,132			
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	99,820		16,50,995	
Provision	6,99,09,891			
Other non-current liabilities	-			
Borrowing	(3,56,99,915)			
Other financial liabilities	3,05,22,742		68,13,784	
Other current liabilities	(9,09,939)			
Provision	(5,65,72,464)			
Cash generated from operations		(62,51,791)		2,30,995
Net income tax paid		-		-
Net cash flow from operating activities (A)		(62,51,791)		2,30,995
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)				
Loan to other parties	(32,28,325)		-	
Proceeds from sale of fixed assets	3,37,06,565		-	
Net cash (used in) / flow from investing activities (B)		3,07,78,240		-
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares				
Finance costs	(75,11,583)		(9,285)	
Proceeds from Borrowings				
Payment of Borrowing	(1,62,11,680)		-	
Net cash flow (used in) financing activities (C)		(2,37,23,263)		(9,285)
Net (decrease) in Cash and cash equivalents (A+B+C)		5,03,187		2,21,710
Cash and cash equivalents at the beginning of the year		5,16,140		2,94,433
Effect of exchange differences on translation of foreign currency Cash and cash equivalents				
Cash and cash equivalents at the end of the year (Refer Note (i) below)		10,19,326		5,16,140
* Comprises:				
Balances with Banks		7,55,830		5,15,032
Others		2,63,497		1,108
		10,19,326		5,16,140

3a. Property, Plant and Equipment

Description of Assets	Freehold land	Buildings	Buildings temporary	Computers	Plant & equipment	Office equipment	Furniture & fixtures	Electrical installations	Vehicles	Total Tangible	CWIP
I. Cost or deemed cost											
Balance as at April 1, 2016	2,008,003	36,291,397	68,163	1,797,885	77,867,443	18,576,575	922,627	10,279,268	635,801	148,447,163	2,890,306
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combination	-	-	-	-	-	-	-	-	-	-	-
Derecognised on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	2,008,003	36,291,397	68,163	1,797,885	77,867,443	18,576,575	922,627	10,279,268	635,801	148,447,163	2,890,306
Additions	-	2,890,306	-	-	-	-	-	-	-	2,890,306	-
Disposals	(789,270)	(5,161,983)	-	-	-	-	-	-	-	(5,951,253)	(2,890,306)
Acquisitions through business combination	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	1,218,733	34,019,720	68,163	1,797,885	77,867,443	18,576,575	922,627	10,279,268	635,801	145,386,216	-
II. Accumulated depreciation											
Balance as at 1 April, 2016	-	20,399,319	64,917	1,711,554	64,326,433	16,342,766	840,859	9,566,581	604,751	113,857,180	-
Depreciation expense for the year	-	324,904	-	-	1,492,912	1,221,152	-	166,308	-	3,205,276	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-
Eliminated on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	20,724,223	64,917	1,711,554	65,819,345	17,563,918	840,859	9,732,889	604,751	117,062,456	-
Depreciation expense for the year	-	289,441	3,246	7,553	1,492,905	88,600	7,154	47,803	2,717	1,939,419	-
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	-	21,013,664	68,163	1,719,107	67,312,250	17,652,518	848,013	9,780,692	607,468	119,001,875	-

Carrying amount	Freehold land	Buildings	Buildings temporary	Computers	Plant & equipment	Office equipment	Furniture & fixtures	Electrical installations	Vehicles	Total Tangible	CWIP
Balance as at 1 April, 2016	2,008,003	36,291,397	68,163	1,797,885	77,867,443	18,576,575	81,768	712,688	31,050	137,434,972	2,890,306
Balance as at March 31, 2017	2,008,003	15,567,174	3,246	1,797,885	77,867,443	18,576,575	81,768	712,688	31,050	31,384,706	2,890,306
Balance as at March 31, 2018	2,008,003	13,006,056	-	78,778	10,555,193	924,057	74,614	498,577	28,333	26,384,340	-

**3b. Intangible Assets**

Amount in Rs.

Description of Assets	Intellectual	Technology	Total Intangible	Intangible Under
I. Cost or deemed cost				
Balance as at April 1, 2016	996,700,000	930,118,554	1,926,818,554	319,885,401
Additions	-	-	-	-
Disposals	(996,700,000)	-	(996,700,000)	(302,408,768)
Acquisitions through business combination	-	-	-	-
Derecognised on disposal of a subsidiary	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2017	-	930,118,554	930,118,554	17,476,633
Additions	28,253	-	28,253	1,200,000
Disposals	-	-	-	-
Additions through business combination	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2018	28,253	930,118,554	930,146,807	18,676,633
II. Accumulated depreciation				
Balance as at 1 April, 2016	299,010,000	252,894,108	551,904,108	-
Depreciation expense for the year	75,093,836	96,972,308	172,066,144	-
Eliminated on disposal of assets	(374,103,836)	-	(374,103,836)	-
Acquisitions through business combinations	-	-	-	-
Eliminated on disposal of a subsidiary	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2017	-	349,866,416	349,866,416	-
Depreciation expense for the year	-	96,972,308	96,972,308	-
Acquisitions through business combinations	2,684	-	2,684	-
Eliminated on disposal of assets	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2018	2,684.00	446,838,724	446,841,408.00	
Carrying Amount				
Balance as at 1 April, 2016	996,700,000	930,118,554	1,926,818,554	319,885,401
Balance as at March 31, 2017	-	580,252,138	580,252,138	17,476,633
Additions	-	-	-	-
Disposals	-	-	-	-
Acquisitions through business combination	-	-	-	-
Depreciation/Amortization expense	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2018	25,569	483,279,830	483,305,399	18,676,633

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Notes forming part of the Standalone financial statements

4. Investments

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
A. Non-current investments (Refer Note 1 below)			
Investment carried at cost			
(i) Equity instruments of Subsidiaries (unquoted)	922,009,728	922,009,728	922,009,728
Provision for Impairment	(922,009,728)	(922,009,728)	(922,009,728)
Total	-	-	-

Note : As per IND AS 110 Consolidated financial statements Subsidiary should either be measured at Cost or FVTPL (Fair Value Through Profit and Loss) Fair value of Investment in transgene HK as on 31st March 18 is valued at zero as there were no transactions since three years.

There are no activities undertaken at the subsidiary during the year 2015-16.

The focus has not been lost regarding the irregularities committed through the account at Standard Chartered Bank, Singapore with efforts continuing for the recovery of funds transferred illegally from its account.

5. Loans

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Non - Current			
Loans to Others	-	1,248,003	1,248,003
Advances to Others (Refer Note below)	230,204,250	240,837,000	240,837,000
Total Non current Loans	230,204,250	242,085,003	242,085,003

Note : Includes payment made to M/s. Symetric Sciences Inc utilized out of GDR proceeds. Also Refer Schedule 13A, where 100% provision is made against such advances paid to the party on account of Non - Recoverability.

6. Other assets

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
6A :Non-current			
Balance with government authority	194,256		
Total non-current assets	194,256	-	-
6B: Current:			
Other Advances			
- Unsecured, considered good (Refer Note Below)	6,402,254	6,459,269	17,277,834
Total current assets	6,402,254	6,459,269	17,277,834

Note : Includes Rs. 62,32,904 paid towards advances to suppliers

**7. Inventories**

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Current Inventories (lower of cost and net realisable value)			
Materials	420,911	654,043	654,043
Total	420,911	654,043	654,043

8. Trade receivables

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Trade receivables - Current			
Unsecured, considered good	-	55,112	16,264,468
Total	-	55,112	16,264,468

9. Cash and Bank Balances

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Balances with Banks			
in current accounts	755,830	515,032	287,375
Cash on hand	263,497	1,108	7,061
Total Cash and cash equivalents	1,019,326	516,140	294,435

10. Current tax assets and liabilities

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Current tax assets			
Current tax assets	5,400		
Total Current tax liabilities	5,400	-	-

11. Equity share capital

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Authorised share capital:			
7,60,00,000 fully paid up equity shares of Rs. 10 each	760,000,000	760,000,000	760,000,000
Issued and subscribed capital :			
7,57,70,000 fully paid up equity shares of Rs. 10 each	757,700,000	757,700,000	757,700,000
Total	757,700,000	757,700,000	757,700,000

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(A) Reconciliation of the number of shares outstanding :

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Current Inventories (lower of cost and net realisable value)			
Materials	420,911	654,043	654,043
Total	420,911	654,043	654,043

(B) Details of shares held by each shareholder holding more than 5% shares

Amount in Rs.

Particulars	As at March 2018		As at March 2017		As at April, 1 2016	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid equity shares						
Dr. K. Koteswara Rao	16,427,902	22%	16,427,902	22%	16,427,902	22%
Polavarapu vikram	8,732,171	12%	8,732,171	12%	8,732,171	12%
The Bank of New york Mellon, DR	6,270,000	8%	6,270,000	8%	6,270,000	8%

(C) Rights, preferences and restrictions attached to equity shares :

The Company has only one class of shares referred to as equity shares having a par value of Rs.10/- each. Each holder of one equity share is entitled to one vote per share.

In the event of the liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exists currently.

The amount distributed will be in proportion to the number of equity shares held by the shareholders.

12. Other Equity

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Retained earnings	(1,881,997,402)	(1,817,614,101)	(1,502,719,072)
Securities premium account	1,388,092,501	1,388,092,501	1,388,092,501
Capital Reserve	72,473,902	72,473,902	891,265,401
Warrants Forfeiture Reserve	12,250,000	12,250,000	12,250,000
Balance at end of year	(409,180,999)	(344,797,698)	788,888,830


13. Non-current borrowings

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured - at amortised cost			
Term loans			
From other parties (Refer Note (i) Below)	1,500,000	-	-
Secured - at amortised cost			
Term loans			
From banks (Refer Note (ii) Below)	-	18,420,739	18,420,739
From other parties (Refer Note (iii) Below)	36,948,556	33,469,391	29,177,955
Total non-current borrowings	38,448,556	51,890,130	47,598,694

Notes :

- (i) Unsecured loans from others includes inter corporates.
- (ii) Term loan from banks included loan from Union Bank of India settled during the year for a consideration of Rs. 2,52,18,322 including interest of Rs. 67,97,583 which have been accordingly treated in the books of account.
- (iii) Term loan from other parties includes Department of Bio Technology (DBT), Ministry of Science and Technology are secured by the whole of movable and immovable properties acquired from the loan sanctioned by "the DBT under SBIRI scheme.

14. Provisions

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Provisions			
14B Current (Refer Note (i) below)	69,909,891	-	-
14A Non - Current (Refer Note (ii) below)	230,204,250	286,776,714	286,776,714
Total	300,114,141	286,776,714	286,776,714

Notes :

- (i) Current Provisions include:
 - Rs. 22,26,171 of Statutory provisions payable to Government authorities.
 - Rs. 74,03,730 on account of IT Demands raised by IT Dept. with respect to AY 2009-10 & AY 2013-14.
 - Rs. 5,66,42,408 of Income tax provisions of earlier years.
- (ii) Non Current Provisions include 100% provision made against payment made to M/s. Symetric Sciences Inc utilized out of GDR proceeds which is also disclosed as Advances to others under Loans in Note No. 5.

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15. Other Liabilities

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
15A Non - Current Government grant	12,277,163	14,031,044	15,784,924
Total	12,277,163	14,031,044	15,784,924
15B Current			
Advance from customers	712,870	-	-
Statutory remittances	1,003,363	2,626,172	2,704,798
Total	1,716,233	2,626,172	2,704,798

16. Current borrowings

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured - at amortised cost			
Loans from Related parties (Refer Note 30)	55,644,784	48,960,414	47,025,709
Loans from Others	4,400,000	46,784,285	42,421,357
Total	60,044,784	95,744,699	89,447,066

17. Trade Payables

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Trade Payables - Current			
Dues to creditors other than micro enterprises and small enterprises	5,492,891	5,393,071	8,447,111
Total	5,492,891	5,393,071	8,447,111

18. Other financial liabilities

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Current			
Current maturities of Long term borrowings (Refer Note Below)	-	12,409,218	11,507,781
Total	-	12,409,218	11,507,781

Notes :

Under Ind AS, certain financial assets and financial liabilities are measured at amortised cost which involves the application of effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability. The interest unwinding is charged through profit and loss in subsequent period.

The company has a SIBRI loan of 10 years with 15% interest rate


19. Revenue from operations

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of services	-	692,028
Other operating revenue	1,182,406	2,116,440
Total	1,182,406	2,808,468

20. Other Income (net)

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Other non-operating income		
Amortisation of government grant	1,753,880	1,753,880
Liabilities no longer required, written back	42,931,960	4,398,122
Miscellaneous income (net)	54,000	424,000
	44,739,840	6,576,002
Other gains and losses		
Gain on disposal of property, plant and equipment	28,987,107	-
	28,987,107	-
Total	73,726,947	6,576,002

21. Employee Benefits Expense

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages, including bonus	3,021,130	5,391,039
Contribution to provident and other funds	247,888	127,829
Staff welfare expenses	7,834	23,432
Actuarial Gain or loss	1,860	
Total	3,278,712	5,542,300

22. Cost of materials consumed

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Opening stock	514,328	514,328
(b) Add: Purchases	253,965	-
(c) Less: Closing stock	420,911	514,328
Total	347,382	-

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23. Changes in inventories of finished goods and work-in-progress

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock:		
Finished goods	139,715	139,715
Work-in-progress		
	139,715	139,715
Closing Stock:		
Finished goods	-	139,715
Work-in-progress		
	-	139,715
Net (increase) / decrease	139,715	-

24. Finance costs

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense		
- Interest on bank overdrafts and loans	7,511,583	723,285
- Other interest expense	2,770,106	3,577,436
Total	10,281,689	4,300,721

25. Depreciation and amortisation expense

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment		
Amortisation of intangible assets	98,914,413	175,271,419
Total	98,914,413	175,271,419

26. Other operating expenses

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Forex Loss	1,320	-
Research & Development	6,000	-
Rates and taxes	428,176	261,980
Insurance	35,941	-
Freight Outwards	2,500	-
Travelling and conveyance	29,006	21,966
Telephone	20,347	60,353
Printing and stationery	15,610	114,051
Power and fuel	602,742	1,160,534
Marketing and advertising expenses	23,000	71,785
Repairs and maintenance		
- Buildings	52,374	-
- Others	39,931	165,038
Directors sitting fees	30,000	15,000



Legal & professional charges	1,310,547	902,454
Trade receivables written off (net)	-	18,968,459
Other Receivables written off	15,109,078	
Auditors' remuneration (Refer Note below)	150,000	150,000
Postage & Courier	139,442	-
Listing Expenses	314,453	379,734
Bank charges	14,969	
Interests & Penalties	1,200	28,343
Miscellaneous expenses	145,119	577,125
Total	18,471,754	22,876,821

NOTE :

Auditors' remuneration(net of service tax) comprises of :

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Company		
For statutory audit	150,000	150,000
For other services	-	-
For services rendered by affiliates of statutory auditors	-	-
Reimbursement of expenses	-	-
Total Auditors' remuneration	150,000	150,000

37. Financial Instruments

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

A. The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018 :

Description of Assets	As at 31 March 2018	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
I. Assets	-	-	-	-
II. Liabilities				
Financial Liabilities				
(a) Borrowings	38,448,556		38,448,556	

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- B. The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018 :

Description of Assets	As at 31 March 2018	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
I. Assets	-	-	-	-
II. Liabilities				
Financial Liabilities				
(a) Borrowings	51,890,130		51,890,130	

- C. The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1 April 2016:

Description of Assets	As at 31 March 2018	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
I. Assets	-	-	-	-
II. Liabilities				
Financial Liabilities				
(a) Borrowings	47,598,694		47,598,694	

**38(a): First-time Ind AS adoption reconciliations :****Effect of Ind AS adoption on balance sheet as at March 31, 2017 and April 1, 2016**

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)			As at April 1, 2016 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non-current assets							
Property, plant and equipment		31,384,706	31,384,706	-	34,589,981	34,589,982	-
Capital work-in-progress		2,890,306	2,890,306	-	2,890,306	2,890,306	-
Intangible assets		580,252,138	580,252,138	-	1,374,914,446	1,374,914,446	-
Intangible assets under development	A		17,476,633	(17,476,633)		319,885,401	(319,885,401)
(a) Investments	B	922,009,728		922,009,728	922,009,728		922,009,728
(b) Loans		242,085,003	242,085,003	-	242,085,003	242,085,003	-
Other non-current assets	A	17,476,633		17,476,633	319,885,401		319,885,401
Total non-current assets		1,796,098,514	874,088,786	922,009,728	2,896,374,865	1,974,365,138	922,009,728
Current Assets							
Inventories		654,043	654,043	-	654,043	654,043	-
Financial Assets				-			-
(a) Trade receivables		55,112	55,112	-	16,264,468	16,264,468	-
(b) Cash and cash equivalents		516,143	516,140	3	294,435	294,435	-
(c) Bank balances other than (iii) above				-			-
(d) Loans	C	6,459,269		6,459,269	17,277,834		17,277,834
(e) Other Financial Assets				-			
Other current assets	C		6,459,269	(6,459,269)		17,277,834	(17,277,834)
Total current assets		7,684,566	7,684,564	3	34,490,781	34,490,781	-
Total assets		1,803,783,080	881,773,350	922,009,731	2,930,865,646	2,008,855,919	922,009,728
Equity							
Equity share capital		757,700,000	757,700,000	-	757,700,000	757,700,000	-
Other equity		(342,974,143)	(344,797,698)	1,823,556	788,888,830	788,888,830	-
Total equity (share holders' funds under previous GAAP)		414,725,857	412,902,302	1,823,556	1,546,588,830	1,546,588,830	-

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Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)			As at April 1, 2016 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non-current liabilities							
Financial Liabilities							
(a) Borrowings	D	64,097,618	51,890,130	12,207,488	63,383,618	47,598,694	15,784,924
(b) Other financial liabilities	B	1,208,786,442	286,776,714	922,009,728	1,208,786,442	286,776,714	922,009,728
Provisions							
Deferred tax liabilities (Net)							
Other non-current liabilities	E		14,031,044	(14,031,044)		15,784,924	(15,784,924)
Total non-current liabilities		1,272,884,060	352,697,888	920,186,173	1,272,170,060	350,160,332	922,009,728
Current liabilities							
Financial Liabilities							
(a) Borrowings		95,438,038	95,744,699	(306,661)	89,447,066	89,447,066	(0)
(b) Trade payables		5,699,731	5,393,071	306,660	8,447,110	8,447,111	(1)
(c) Other financial liabilities	C		12,409,218	(12,409,218)		11,507,781	(11,507,781)
Other current liabilities	C	15,035,391	2,626,172	12,409,219	14,212,579	2,704,798	11,507,781
Provisions							
Current Tax Liabilities (Net)							
Total current liabilities		116,173,160	116,173,160	-	112,106,755	112,106,756	-
Total equity and liabilities		1,803,783,080	881,773,350	922,009,731	2,930,865,646	2,008,855,919	922,009,728


38(b) Effect of Ind AS adoption on the Statement of profit and loss for the year ended March 31, 2017

Amount in Rs.

Particulars	Notes	Year ended March 31, 2017 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to Ind AS	Ind AS
INCOME				
Revenue from operations		2,808,467	2,808,468	0.36
Other income (net)		4,822,122	6,576,002	1,753,880
Total income		7,630,590	9,384,470	1,753,880
EXPENSES				
Employee benefit expense		5,542,300	5,542,300	-
Finance costs		723,285	4,300,721	3,577,436
Depreciation and amortisation expense		175,271,419	175,271,419	-
Other expenses		22,876,821	22,876,821	-
Total expenses		204,413,825	207,991,261	3,577,436
Profit before exceptional items, share of profit from associate & joint venture and tax		(196,783,236)	(198,606,792)	(1,823,556)
Exceptional item (net)				
Profit before share of profit from associate & joint venture and tax		(196,783,236)	(198,606,792)	(1,823,556)
Share of profit of associate		-	-	-
Share of profit of joint venture		-	-	-
Profit before tax		(196,783,236)	(198,606,792)	(1,823,556)
Tax Expense				
Current tax		-	-	-
Deferred tax		-	-	-
Profit/(Loss) for the year		(196,783,236)	(198,606,792)	(1,823,556)
Other comprehensive income				
A Items that will not be reclassified subsequently to profit or loss	-	-	-	-
B Items that may be reclassified to profit or loss		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income/(loss) for the year		(196,783,236)	(198,606,792)	(1,823,556)

Notes to the reconciliations

- A. As per IND AS 38 "Intangible Assets", Intangible Assets under construction should be shown under separate head "Intangible Assets under development".
- B. As per IND AS 109 "Financial Instruments" Financial Assets & Financial liabilities arising out of similar events shall shown with a net effect.
- C. As per IND AS 109 "Financial Instruments" An instrument satisfying the definition of either financial asset or financial liability, shall be disclosed separately under the respective head
- D. As per IND AS 109 "Financial Instruments" Government grants shall be shown at amortized cost.

Notes to the Standalone Financial Statements for the Year ended 31st March, 2018.

1. Corporate information :

M/s. Transgene Biotech Limited is a Public Limited Company ("The Company"). The Company is located in 68, 69 & 70, Anrich Industrial Area, Bollaram, Sangareddy District, India and was incorporated on 1st March 1990 under the provisions of the Companies Act, 2013. The Company is in the business of Research & Development.

2. Significant accounting policies

2.1. Statement of Compliance

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2018 are the first the Company has prepared in accordance with Ind AS.

These financial statements are separate financial statements of the Company (also called standalone financial statements). The Company has prepared financial statements for the year ended March 31, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2017

2.2. Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- i. Certain Non Current& Current financial liabilities measured at amortized cost,

The Company's Financial Statements are presented in Indian Rupees (Rs.), which is also its functional currency.

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 takes 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.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2.



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 entity 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.

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

a. Current V/s. non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- ✦ Expected to be realised or intended to be sold or consumed in normal operating cycle
- ✦ Held primarily for the purpose of trading
- ✦ Expected to be realised within twelve months after the reporting period, or
- ✦ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- ✦ It is expected to be settled in normal operating cycle
- ✦ It is held primarily for the purpose of trading
- ✦ It is due to be settled within 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

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

c. Segment Reporting

The Company is currently operating only in one segment of Bulk Drugs, Segment Wise Reporting is not applicable as per IND AS 108. However, a disclosure has been made showing Segement wise comparison with respect to previous years results. Refer Note No. 32

d. Revenue recognition

Revenue 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, regardless of when the payment is being made.

Sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Rendering of services

Revenue for the company is in the form of Research and Development services to external agencies which is recognised on formal acceptance by the agency which is in consistent with the above mentioned principle of revenue recognition.

e. Government grants

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

f. Property, plant and equipment

Under the previous GAAP (Indian GAAP), Freehold land and buildings (property), other



than investment property, were carried in the balance sheet on the basis of carrying value as per previous GAAP as on date of balance sheet. The Company has elected to regard those values of property as deemed cost.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- ✦ Building 60 years
- ✦ Temporary Building 3 years
- ✦ Computers 3 years
- ✦ Plant and equipment 15 years
- ✦ Electrical Equipments 10 years
- ✦ Furniture 8 years
- ✦ Office Equipment 5 years
- ✦ Vehicles 8 years
- ✦ Lab equipments 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised

development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite i.e. for a period of 10 years.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

h. Research and Development Expenditure

Research and Development Expenditure Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss unless a product's technological and commercial feasibility has been established, in which case such expenditure is capitalised.

i. Finance costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are expensed in the period in which they occur.

j. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- ✦ Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.



- ♦ Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes Cash on hand and other Balances with Banks in Current Accounts that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

l. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

m. Tax Expenses

In view of the current year loss and the losses accumulated in the previous years no liability on income tax is expected. As there is no certainty in utilizing the deferred tax asset, hence, the deferred tax asset has not been recognized in the books of accounts.

n. Employee benefits

i) Short-term employee benefit obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Post employment benefits

Defined Contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a

liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plan

The Company operates a defined benefit gratuity plan and Leave Encashment in India for which provision has been for the year ended 31st March, 2018.

The Company is not in practice of providing any other Defined Benefit Plan to the employees for the year ended 31st March, 2018.

o. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p. Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

q. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



The company has made 100% provision for the investment made in the Transgene Biotech HK Limited (Subsidiary) for Rs. 92,20,09,728/-. Further, 100% provision is made against payment made to M/s. Symetric Sciences Inc utilized out of GDR proceeds. This is without prejudice to the company's claim in this regard.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the financial asset.

Derecognition

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

27. Contingent Liabilities:

- a. Contingent liabilities are not provided for in respect of

Particulars	2017-18	2016-17
(i) Customs duty demands disputed by the company	59,37,000	59,37,000
(ii) Claims against the company not acknowledged as debts	40,00,000	40,00,000



Reference is made about the long standing case at CESTAT, Chennai and the Honourable Member Ms. SulekhaBeevi C.S passed an order on 25th May 2017 stating that "the matter is stayed by the Hon'ble High Court of Madras. Both sides have not been able to submit when the matters are likely to be disposed by the Hon'ble High Court. Viewed in this light, we are of the considered opinion that it would be appropriate and prudent to close the file for the purpose of statistics. Both sides are at liberty to file application before the Tribunal to reopen the matter as and when the case is disposed by the Hon'ble High Court or in the case of change of circumstances." In view of the above order, no provision has been made in the current balance sheet but the management shall keep a cautious eye on the potential developments, if any and will act as per the requirements.

- b. During the year 2014-15 one of the employees of the Company sustained severe burns in a fire incident in the Company. The Company helped him financially for hospitalization and treatment after which he was discharged from the hospital. However, after the discharge, for some unknown reasons he contracted infection and died while being treated for that. His family approached Labour Court claiming an unspecified amount for his death from the Company. The management has been defending the claim hence, no amount is provided for in books of account for the same as the Company is not sure of the liability
- c. During the year 2016-17 the Company had received notice u/s 263 from the Principal Commissioner of the Income Tax for the Assessment year 2012-13 for which the company has filed its arguments. The case has been set aside by the Commissioner and a fresh notice has been served by the department on this regard for which the company is presenting its Arguments and the result is yet to be known
- d. The Department of Biotechnology has sanctioned a loan amount of Rs.4.07 crores under Small Business Innovative Research Initiative (SBIRI) scheme for the novel technology upgradation for Orlistat production, for which a charge against movable and immovable assets acquired from utilization of the said loan amount has been created. An amount of Rs.56,90,879 is demanded by SIBRI towards interest for which a provision has been made.

28. Expenditure in Foreign Currency :

Amount in Rs.

Foreign Exchange:	2017-18	2016-17
Foreign Exchange Inflow	11,82,406	8,66,411
Foreign Exchange Outflow	Nil	Nil

29. Auditor's Remuneration

Amount in Rs.

Particulars	2017-18	2016-17
As Statutory Auditors	1,50,000	1,00,000
For Taxation Matters	-	50,000
Total	1,50,000	1,50,000

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30. Related Party Disclosures

Related Parties:

a) Key Managerial Personnel:

Dr. K. KoteswaraRao: Managing Director

b) Relatives to Key Managerial Personnel:

K. LaxmidharRao: Son of Managing director

K.NirmalaRao: Wife of Managing director

K. SrinivasaRao: Son of Managing Director

c) Subsidiaries

Transgene Biotek HK Limited : Wholly Owned Subsidiary

The following are the transactions made with Key Managerial personnel and related parties :

Dr. K. Koteswara Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		2,30,000.00
Amounts spent on behalf of the company		65,56,217.37
		67,86,217.37

K. Laxmidhar Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		30,100.00
		30,100.00

K. Nirmala Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		1,50,000.00
Amounts spent on behalf of the company		15,375.00
Amount repaid by the company	2,92,322.00	
	2,92,322.00	1,65,375.00

31. Remuneration to Directors for the year ended 31.03.2018

Amount in Rs.

Particulars	2017-18	2016-17
Salaries and Other Allowances		
Mr. Sarang Puranik	10,80,000	18,00,000
Mr. Shyam Shankar Das	1,50,000	10,80,000
Contribution to Provident fund		
Mr. Sarang Puranik	4,000	4,000
Mr. Shyam Shankar Das	4,000	4,000
TOTAL	12,38,000	28,88,000


32. Segment Reporting :

Particulars	Diagnostic Services		CRO Services		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue	-	6,92,000	-	21,16,000	-	28,08,000
Operating Expenses	-	45,000	-	65,57,000	-	72,02,000
Segment Operating Income (A)	-	47,000	-	(44,40,000)	-	(43,93,000)
Other Income (B)	-	-	-	-	7,49,09,353	65,76,002
Total Income (A+B)	-	-	-	-	7,49,09,353	21,83,002
Unallocable expenses	-	-	-	-	(13,92,92,654)	(19,64,23,789)
Profit/(Loss) for the year	-	-	-	-	(6,43,83,301)	(19,86,06,791)

33. Earnings Per Share (EPS) :

Amount in Rs.

Particulars	2017-18	2016-17
a) Profit/(Loss) attributable to equity shareholders	(6,43,83,301)	(19,86,06,791)
b) Weighted average number of equity shares at the end of the year	75,770,000	75,770,000
-Basic	75,770,000	75,770,000
-Diluted		
c) Earnings per Equity Share of Rs.10/- each		
-Basic	(0.85)	(2.62)
-Diluted	(0.85)	(2.62)

34. Standards issued but not effective
IND AS 115, Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from Contracts with Customers', which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to 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. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after April 1, 2018.

The Company intends to adopt Ind AS 115 effective April 1, 2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Company's recognition of revenues.

35. Other Amendments to Indian Accounting Standards:

The Ministry of Corporate Affairs (MCA), on 28 March 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

Ind AS 21, The Effects of Changes in Foreign Exchange Rates - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Ind AS 28, Investments in Associates and Joint Ventures - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

Ind AS 112, Disclosure of Interests in Other Entities - The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.

Ind AS 40, Investment Property - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1 April 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company

36. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The areas involving critical estimates or judgements are :

- Estimated useful life of intangible asset.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances. 39. In the opinion of the Board of Directors of the company the value on realization of Current Assets in the ordinary course of business will not be less than the amount at which they have been stated in the Balance Sheet as on 31st March, 2018.

40. Balances of Creditors, Debtors & Advances as on 31st March 2018 are subject to confirmation from the parties concerned.
41. Previous year figures have been regrouped and rearranged wherever necessary.
42. The figures have been rounded off to the nearest Rupee.

For **Lakshmi and Associates**

Chartered Accountants

Sd/-

N. Lakshmi

Partner

M. No. 223790

Place : Hyderabad

Date : 14-11-2018

For and on behalf of the board

M/s. Transgene Biotek Limited

Sd/-

Dr. K. Koteswara Rao
Chairman & Managing Director
DIN : 02287235

Sd/-

Sujana kadiam
Director
DIN : 07167872

**INDEPENDENT AUDITORS' REPORT (Consolidated)**

To
The Members,
TRANSGENE BIOTEK LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of M/s. Transgene Biotech Limited ("the Holding Company") and its subsidiary, which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated Ind AS of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation and presentation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

We did not audit the financial statements of the subsidiary, whose financial statements reflect their share of total assets of Rs.10,989.04 Lakhs as on 31st March, 2018. Further, an amount of Rs.10,988.19 Lakhs was given as Advances for development of technology by the Overseas Subsidiary Company out of GDR proceeds during the earlier year(s), which was not covered by our audit. During the year the books of Hong Kong branch of the company were not audited by the auditors since the auditors were not appointed for the year. Consequently, we are unable to express an opinion whether the consolidated financial statements, to the extent mentioned above, show a true and fair view of the state of affairs, loss and cash flows respectively.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that we have not obtained any evidence that is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Since we have not received audit report of Transgene Biotech HK Limited we are unable to express an opinion on the consolidated financial statements of Transgene Biotech Limited for the FY 2017-18 .

- a. In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2018;
- b. In the case of the Consolidated Statement of Profit and Loss, the Consolidated Loss of the Company for the year ended on that date.
- c. In the case of the Consolidated Cash Flow Statement, of the Cash Flows and the Statement of Changes in Equity for the year ended on that date.

For **Lakshmi and Associates**
Chartered accountants,
Firm Registration No. 012482S

Sd/-
N. LAKSHMI
Partner
M.No:223790

Place: Hyderabad
Date: 14.11.2018



Consolidated Balance sheet as at 31-03-2018

Amount in Rs.

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2018
I. ASSETS				
Non-current assets				
Property, plant and equipment	3a	2,63,84,340	3,13,84,706	3,45,89,982
Capital work-in-progress	3a	-	28,90,306	28,90,306
Other intangible assets	3b	48,33,05,399	58,02,52,138	1,37,49,14,446
Intangible assets under development	3b	1,86,76,633	1,74,76,633	31,98,85,401
Non- Current Investment	4	-	-	-
Financial assets				
(a) Loans	5	1,32,90,24,004	1,34,09,04,757	1,36,30,07,035
Other non-current assets	6a	1,94,256	-	-
Total Non - Current Assets		1,85,75,84,632	1,9,29,08,540	3,09,52,87,170
Current Assets				
Inventories	7	4,20,911	6,54,043	6,54,043
Financial assets				
(a) Trade receivables	8	84,460	1,39,572	1,63,48,928
(b) Cash and cash equivalents	9	10,19,326	5,16,140	2,94,435
Current tax assets	10	5,400	-	-
Other current assets	6b	64,02,254	64,59,269	1,72,77,834
Total Current assets		79,32,351	77,69,024	3,45,75,241
TOTAL ASSETS		1,86,55,16,983	1,98,06,77,564	3,12,98,62,411
II. EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	75,77,00,000	75,77,00,000	75,77,00,000
Other equity	12	(23,34,12,824)	(16,90,29,523)	98,67,38,325
Equity attributable to owners of the Company		52,42,87,176	58,86,70,477	1,74,44,38,325
Total Equity		52,42,87,176	58,86,70,477	1,74,44,38,325
Non-current liabilities				
Financial Liabilities				
(a) Borrowings	13	3,84,48,556	5,18,90,130	4,75,98,694
Provisions	14a	1,15,22,13,978	1,20,87,86,442	1,20,87,86,442
Other non-current liabilities	15a	1,22,77,163	1,40,31,044	1,57,84,924
Total Non-current liabilities		1,20,29,39,698	1,27,47,07,616	1,27,21,70,060
Current liabilities				
Financial liabilities				
(a) Borrowings	16	6,00,44,784	9,57,44,699	8,94,47,066
(b) Trade payables	17	54,92,891	53,93,071	84,47,111
(c) Other financial liabilities	18	11,26,311	1,35,35,529	1,26,55,051
Provisions	14b	6,99,09,891	-	-
Other current liabilities	15b	17,16,233	26,26,173	27,04,798
Total Current liabilities		13,82,90,110	11,72,99,472	11,32,54,026
Total Equity and liabilities		1,86,55,16,983	1,98,06,77,564	3,12,98,62,411
Corporate information and significant accounting policies	1 & 2			
The accompanying notes form an integral part of the Consolidated financial statements				

The Accompanying notes are an integral part of the financial statements.
As per our report of even date.

For **Lakshmi and Associates**

Chartered Accountants

Sd/-

N. Lakshmi

Partner

M. No. 223790

Place : Hyderabad

Date : 14-11-2018

For and on behalf of the board of Directors

Sd/-

Dr. K. Koteswara Rao
Chairman & Managing Director
DIN : 02287235

Sd/-

Sujana kadiam
Director
DIN : 07167872

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Consolidated Statement of Profit and Loss for the year ending 31-03-2018

Amount in Rs.

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations	19	11,82,406	28,08,468
Other income (net)	20	7,37,26,947	65,76,002
Total income		7,49,09,353	93,84,470
EXPENSES			
Employee benefits expense	21	32,78,712	55,42,300
Cost of materials consumed	22	3,47,382	-
Changes in inventories of finished goods and work-in-progress	23	1,39,715	-
Finance costs	24	1,02,81,689	43,00,721
Depreciation and amortisation expense	25	9,89,14,413	17,52,71,419
Other operating expenses	26	1,84,71,754	2,28,76,821
Total expenses		13,14,33,665	20,79,91,261
Profit before exceptional items and tax		(5,65,24,312)	(19,86,06,792)
Exceptional item (net)		(5,65,24,312)	(19,86,06,792)
Profit/(Loss) before tax			
Tax expense			
Current tax		-	-
Deferred tax		-	-
(Short)/excess provision for earlier years		78,60,849	-
Total tax expense		78,60,849	-
Loss for the year		(6,43,85,161)	(19,86,06,792)
Other comprehensive income			
A Items that will not be reclassified subsequently to profit or loss		-	-
Remeasurement cost of post employment benefits		1,860	-
Total other comprehensive income		1,860	-
Total comprehensive income/(loss) for the year		(6,43,83,301)	(19,86,06,792)
Earnings per equity share			
(Equity shares, par value of Rs. 10 each)		7,57,70,000	7,57,70,000
Basic (in Rs.)		(0.85)	(2.62)
Diluted (in Rs.)		(0.85)	(2.62)
Corporate information and significant accounting policies	1 & 2		
The accompanying notes form an integral part of the Consolidated financial statements			

The Accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **Lakshmi and Associates**

Chartered Accountants

Sd/-

N. Lakshmi

Partner

M. No. 223790

Place : Hyderabad

Date : 14-11-2018

For and on behalf of the board of Directors

Sd/-

Dr. K. Koteswara Rao
Chairman & Managing Director
DIN : 02287235

Sd/-

Sujana kadiam
Director
DIN : 07167872

**Consolidated Statement of changes in equity for the year ended March 31, 2018****A. Equity Share Capital**

Particulars	Amount in Rs.	
	Number of Shares	Amount
Issued and Paid up Capital at April 1, 2016	7,57,70,000	75,77,00,000
Changes in equity share capital during the year	-	-
Balance at March 31, 2017	7,57,70,000	75,77,00,000
Changes in equity share capital during the year	-	-
Balance at March 31, 2018	7,57,70,000	75,77,00,000

B. Other Equity	Reserves and Surplus					Items of OCI		Total
	Particulars	Securities premium reserve	Warrants Forfeiture reserves	Capital Redemption Reserve	Foreign Currency Translation Reserve	Share options outstanding account	Retained earnings	
Balance at March 31, 2016		1,38,80,92,501	1,22,50,000	89,12,65,401	11,62,88,237	-	(1,42,11,57,814)	98,67,38,325
Balance at April 1, 2016		1,38,80,92,501	1,22,50,000	89,12,65,401	11,62,88,237	-	(1,42,11,57,814)	98,67,38,325
Exchange difference arising on translating the foreign operations		-	-	-	(11,62,88,237)	-	-	(11,62,88,237)
Additions/(Decrease) during the year		-	-	(81,87,91,499)	-	-	-	(81,87,91,499)
Profit/(Loss) for the year		-	-	-	-	-	(19,86,06,792)	(19,86,06,792)
Balance at March 31, 2017		1,38,80,92,501	1,22,50,000	7,24,73,902	-	-	(1,64,18,45,926)	(16,90,29,523)
Profit/(Loss) for the year		-	-	-	-	-	(6,43,85,161)	(6,43,83,301)
Balance at March 31, 2018		1,38,80,92,501	1,22,50,000	7,24,73,902	-	-	(1,70,62,31,087)	(23,34,12,824)

The Accompanying notes are an integral part of the financial statements.

As per our report of even date.

Place : Hyderabad
Date : 14-11-2018

For **Lakshmi and Associates**
Chartered Accountants

Sd/-

N. Lakshmi
Partner

M. No. 223790

For and on behalf of the board of Directors

Sd/-

Dr. K. Koteswara Rao
Chairman & Managing Director

DIN : 02287235

Sd/-

Sujana kadiam
Director

DIN : 07167872

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Consolidated Statement of Cash Flows for the year ended 31-03-2018

Amount in Rs.

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		(6,43,85,161)		(19,86,06,792)
Adjustments for:				
Depreciation and amortisation expense	9,89,14,413		17,52,71,419	
Finance costs	1,02,81,689		43,00,721	
Amortisation of government grant	(17,53,880)		(17,53,880)	
Supplier Advances Written off	(4,29,31,960)		9,74,153	
Liabilities / provisions no longer required written back			(43,98,374)	
Bad debts written off	1,51,09,078		1,79,89,758	
Profit or loss on sale of Fixed asset	(2,89,87,107)			
Unrealised forex (gain) / loss				
Operating profit before working capital changes		(1,37,52,928)		(62,22,995)
Changes in working capital : (Refer Note 40)				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	55,112		(17,80,399)	
Ppe				
Other non-current assets	(1,94,256)			
Other assets	57,015		(2,30,391)	
Inventories	2,33,132			
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	99,820		16,50,995	
Provision	6,99,09,891			
Other non-current liabilities	-			
Borrowing	(3,56,99,915)			
Other financial liabilities	3,05,22,742		68,13,784	
Other current liabilities	(9,09,939)			
Provision	(5,65,72,464)			
Cash generated from operations		(62,51,791)		2,30,995
Net income tax paid		-		-
Net cash flow from operating activities (A)		(62,51,791)		2,30,995
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)				
Loan to other parties	(32,28,325)		-	
Proceeds from sale of fixed assets	3,37,06,565		-	
Net cash (used in) / flow from investing activities (B)		3,07,78,240		-
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares				
Finance costs	(75,11,583)		(9,285)	
Proceeds from Borrowings				
Payment of Borrowing	(1,62,11,680)		-	
Net cash flow (used in) financing activities (C)		(2,37,23,263)		(9,285)
Net (decrease) in Cash and cash equivalents (A+B+C)		5,03,187		2,21,710
Cash and cash equivalents at the beginning of the year		5,16,140		2,94,433
Effect of exchange differences on translation of foreign currency Cash and cash equivalents				
Cash and cash equivalents at the end of the year (Refer Note (i) below)		10,19,326		5,16,140
* Comprises:				
Balances with Banks		7,55,830		5,15,032
Others		2,63,497		1,108
		10,19,326		5,16,140

**3a. Property, Plant and Equipment**

Description of Assets	Freehold land	Buildings	Buildings temporary	Computers	Plant & equipment	Office equipment	Furniture & fixtures	Electrical installations	Vehicles	Total Tangible	CWIP
I. Cost or deemed cost											
Balance as at April 1, 2016	2,008,003	36,291,397	68,163	1,797,885	77,867,443	18,576,575	922,627	10,279,268	635,801	148,447,163	2,890,306
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combination	-	-	-	-	-	-	-	-	-	-	-
Derecognised on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	2,008,003	36,291,397	68,163	1,797,885	77,867,443	18,576,575	922,627	10,279,268	635,801	148,447,163	2,890,306
Additions	-	2,890,306	-	-	-	-	-	-	-	2,890,306	-
Disposals	(789,270)	(5,161,983)	-	-	-	-	-	-	-	(5,951,253)	(2,890,306)
Acquisitions through business combination	-	-	-	-	-	-	-	-	-	-	-
Derecognised on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	1,218,733	34,019,720	68,163	1,797,885	77,867,443	18,576,575	922,627	10,279,268	635,801	145,386,216	-
II. Accumulated Depreciation											
Balance as at 1 April, 2016	-	20,399,319	64,917	1,711,554	64,326,433	16,342,766	840,859	9,566,581	604,751	113,857,180	-
Depreciation expense for the year	-	324,904	-	-	1,492,912	1,221,152	-	166,308	-	3,205,276	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-
Eliminated on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	20,724,223	64,917	1,711,554	65,819,345	17,563,918	840,859	9,732,889	604,751	117,062,456	-
Depreciation expense for the year	-	289,441	3,246	7,553	1,492,905	88,600	7,154	47,803	2,717	1,939,419	-
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	-	21,013,664	68,163	1,719,107	67,312,250	17,652,518	848,013	9,780,692	607,468	119,001,875	-

Carrying amount	Freehold land	Buildings	Buildings temporary	Computers	Plant & equipment	Office equipment	Furniture & fixtures	Electrical installations	Vehicles	Total Tangible	CWIP
Balance as at 1 April, 2016	2,008,003	36,291,397	68,163	1,797,885	77,867,443	18,576,575	81,768	712,688	31,050	137,434,972	2,890,306
Balance as at March 31, 2017	2,008,003	15,567,174	3,246	1,797,885	77,867,443	18,576,575	81,768	712,688	31,050	31,384,706	2,890,306
Balance as at March 31, 2018	2,008,003	13,006,056	(0)	78,778	10,555,193	924,057	74,614	498,577	28,333	26,384,340	-

3b. Intangible Assets

Amount in Rs.

Description of Assets	Intellectual	Technology	Total Intangible	Intangible Under
I. Cost or deemed cost				
Balance as at April 1, 2016	996,700,000	930,118,554	1,926,818,554	319,885,401
Additions	-	-	-	-
Disposals	(996,700,000)	-	(996,700,000)	(302,408,768)
Acquisitions through business combination	-	-	-	-
Derecognised on disposal of a subsidiary	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2017	-	930,118,554	930,118,554	17,476,633
Additions	28,253	-	28,253	1,200,000
Disposals	-	-	-	-
Additions through business combination	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2018	28,253	930,118,554	930,146,807	18,676,633
II. Accumulated depreciation				
Balance as at 1 April, 2016	299,010,000	252,894,108	551,904,108	-
Depreciation expense for the year	75,093,836	96,972,308	172,066,144	-
Eliminated on disposal of assets	(374,103,836)	-	(374,103,836)	-
Acquisitions through business combinations	-	-	-	-
Eliminated on disposal of a subsidiary	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2017	-	349,866,416	349,866,416	-
Depreciation expense for the year	-	96,972,308	96,972,308	-
Acquisitions through business combinations	2,684	-	2,684	-
Eliminated on disposal of assets	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2018	2,684.00	446,838,724	446,841,408.00	
Carrying Amount				
Balance as at 1 April, 2016	996,700,000	930,118,554	1,926,818,554	319,885,401
Balance as at March 31, 2017	-	580,252,138	580,252,138	17,476,633
Additions	-	-	-	-
Disposals	-	-	-	-
Acquisitions through business combination	-	-	-	-
Depreciation/Amortization expense	-	-	-	-
Foreign currency translation adjustments	-	-	-	-
Balance as at March 31, 2018	25,569	483,279,830	483,305,399	18,676,633

Notes forming part of the Consolidated financial statements
4. Investments

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
A. Non-current investments (Refer Note 1 below)			
Investment carried at cost			
(i) Equity instruments of Subsidiaries (unquoted)	922,009,728	922,009,728	922,009,728
Provision for Impairment	(922,009,728)	(922,009,728)	(922,009,728)
Total	-	-	-

Note : As per IND AS 110 Consolidated financial statements Subsidiary should either be measured at Cost or FVTPL (Fair Value Through Profit and Loss) Fair value of Investment in transgene HK as on 31st March 18 is valued at zero as there were no transactions since three years.

There are no activities undertaken at the subsidiary during the year 2015-16

The focus has not been lost regarding the irregularities committed through the account at Standard Chartered Bank, Singapore with efforts continuing for the recovery of funds transferred illegally from its account.

5. Loans

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Non - Current			
Loans to Others	-	1,248,003	1,248,003
Capital Advances (Refer Note (i) Below)	1,098,819,757	1,098,819,754	1,120,922,032
Advances to Others (Refer Note (ii) Below)	230,204,250	240,837,000	240,837,000
Total Non current Loans	1,329,024,004	1,340,904,757	1,363,007,035
Total	1,329,024,004	1,340,904,757	1,363,007,035

NOTE :

- Capital Advances refer to amount paid towards deposits and advances with respect to acquisition of Capital assets and Technical Know How
- Includes payment made to M/s. Symetric Sciences Inc utilized out of GDR proceeds. Also Refer Schedule 13A, where 100% provision is made against such advances paid to the party on account of Non - Recoverability.

6. Other assets

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
6A : Non-current			
Balance with government authority	194,256		
Total non-current assets	194,256	-	-
6B: Current :			
Other Advances			
- Unsecured, considered good (Refer Note Below)	6,402,254	6,459,269	17,277,834
Total current assets	6,402,254	6,459,269	17,277,834

Note : Includes Rs. 62,32,904 paid towards advances to suppliers

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7. Inventories

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Current Inventories (lower of cost and net realisable value)			
Materials	420,911	654,043	654,043
Total	420,911	654,043	654,043

8. Trade receivables

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Trade receivables - Current			
Unsecured, considered good	-	55,112	16,264,468
Total	-	55,112	16,264,468

9. Cash and Bank Balances

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Balances with Banks			
in current accounts	755,830	515,032	287,375
Cash on hand	263,497	1,108	7,061
Total Cash and cash equivalents	1,019,326	516,140	294,435

10. Current tax assets and liabilities

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Current tax assets			
Current tax assets	5,400		
Total Current tax liabilities	5,400	-	-

11. Equity share capital

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Authorised share capital:			
7,60,00,000 fully paid up equity shares of Rs. 10 each	760,000,000	760,000,000	760,000,000
Issued and subscribed capital :			
7,57,70,000 fully paid up equity shares of Rs. 10 each	757,700,000	757,700,000	757,700,000
Total	757,700,000	757,700,000	757,700,000

**(A) Reconciliation of the number of shares outstanding :**

Amount in Rs.

Particulars	Number of shares in '000	Amount
Balance at April 1, 2016	7,57,70,000	757,700,000
Issue of shares under the Company's employee share option plan	-	-
Balance at March 31, 2017	7,57,70,000	757,700,000
Issue of shares under the Company's employee share option plan	-	-
Balance at March 31, 2018	7,57,70,000	757,700,000

(B) Details of shares held by each shareholder holding more than 5% shares

Amount in Rs.

Particulars	As at March 2018		As at March 2017		As at April, 1 2016	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid equity shares						
Dr. K. Koteswara Rao	16,427,902	22%	16,427,902	22%	16,427,902	22%
Polavarapu vikram	8,732,171	12%	8,732,171	12%	8,732,171	12%
The Bank of New york Mellon, DR	6,270,000	8%	6,270,000	8%	6,270,000	8%

(C) Rights, preferences and restrictions attached to equity shares: None

The Company has only one class of shares referred to as equity shares having a par value of Rs.10/- each. Each holder of one equity share is entitled to one vote per share.

In the event of the liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However no such preferential amounts exists currently.

The amount distributed will be in proportion to the number of equity shares held by the shareholders.

12. Other Equity

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Retained earnings	(1,706,229,227)	(1,641,845,926)	(1,421,157,814)
Securities premium account	1,388,092,501	1,388,092,501	1,388,092,501
Foreign currency translation reserve	-	-	116,288,237
Capital Reserve	72,473,902	72,473,902	891,265,401
Warrants Forfeiture Reserve	12,250,000	12,250,000	12,250,000
Balance at end of year	(233,412,824)	(169,029,523)	986,738,325

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13. Non-current borrowings

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured - at amortised cost			
Term loans			
From other parties (Refer Note (i) Below)	1,500,000	-	-
Secured - at amortised cost			
Term loans			
From banks (Refer Note (ii) Below)	-	18,420,739	18,420,739
From other parties (Refer Note (iii) Below)	36,948,556	33,469,391	29,177,955
Total non-current borrowings	38,448,556	51,890,130	47,598,694

Notes :

- (i) Unsecured loans from others includes inter corporates.
- (ii) Term loan from banks (Secured) included loan from Union Bank of India settled during the year for a consideration of Rs. 2,52,18,322 including interest of Rs. 67,97,583 which have been accordingly treated in the books of account.
- (iii) Term loan from other parties (Secured) includes Department of Bio Technology (DBT), Ministry of Science and Technology are secured by the whole of movable and immovable properties acquired from the loan sanctioned by "the DBT under SBIRI scheme.

14. Provisions

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Provisions			
14B Current (Refer Note (i) below)	69,909,891		
14A Non - Current (Refer Note (ii) below)	1,152,213,978	1,208,786,442	1,208,786,442
Total	1,222,123,869	1,208,786,442	1,208,786,442

Notes :

- (i) Current Provisions include:
 - Rs. 22,26,171 of Statutory provisions payable to Government authorities.
 - Rs. 74,03,730 on account of IT Demands raised by IT Dept. with respect to AY 2009-10 & AY 2013-14.
 - Rs. 5,66,42,408 of Income tax provisions of earlier years.
- (ii) Non Current Provisions include 100% provision made against payment made to M/s. Symetric Sciences Inc utilized out of GDR proceeds which is also disclosed as Advances to others under Loans in Note No. 5.


15. Other Liabilities

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
15A Non - Current Government grant	12,277,163	14,031,044	15,784,924
Total	12,277,163	14,031,044	15,784,924
15B Current			
Advance from customers	712,870	-	-
Statutory remittances	1,003,363	2,626,172	2,704,798
Total	1,716,233	2,626,172	2,704,798

16. Current borrowings

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured - at amortised cost			
Loans from Related parties (Refer Note 30)	55,644,784	48,960,414	47,025,709
Loans from Others	4,400,000	46,784,285	42,421,357
Total	60,044,784	95,744,699	89,447,066

17. Trade Payables

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Trade Payables - Current			
Dues to micro enterprises and small enterprises			
Dues to creditors other than micro enterprises and small enterprises	5,492,891	5,393,071	8,447,111
Cash-settles share-based payments			
Total	5,492,891	5,393,071	8,447,111

18. Other financial liabilities

Amount in Rs.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Current			
Current maturities of Long term borrowings	-	12,409,218	11,507,781
Other Payables	1,126,311	1,126,311	1,147,270
Total	1,126,311	13,535,529	12,655,051

Under Ind AS, certain financial assets and financial liabilities are measured at amortised cost which involves the application of effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability. The interest unwinding is charged through profit and loss in subsequent period.

The company has a SIBRI loan of 10 years with 15% interest rate

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19. Revenue from operations

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of services	1,182,406	692,028
Sale of products	-	-
Other operating revenue	-	2,116,440
Total	1,182,406	2,808,468

20. Other Income (net)

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Other non-operating income		
Rental income:	54,000	216,000
Amortisation of government grant	1,753,880	1,753,880
Liabilities no longer required, written back	42,931,960	4,398,122
Miscellaneous income (net)	-	208,000
	44,739,840	6,576,002
Other gains and losses		
Gain on disposal of property, Land & Building	18,048,747	-
Gain on disposal of plant and equipment	10,938,360	-
	28,987,107	-
Total	73,726,947	6,576,002

21. Employee Benefits Expense

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages, including bonus	3,021,130	5,391,039
Contribution to provident and other funds	247,888	127,829
Staff welfare expenses	7,834	23,432
Actuarial Gain or loss	1,860	-
Total	3,278,712	5,542,300

22. Cost of materials consumed

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Opening stock	514,328	514,328
(b) Add: Purchases	253,965	-
(c) Less: Closing stock	420,911	514,328
Total	347,382	-

**23. Changes in inventories of finished goods and work-in-progress**

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock:		
Finished goods	139,715	139,715
Work-in-progress	-	-
	139,715	139,715
Closing Stock:		
Finished goods	-	139,715
Work-in-progress	-	-
	-	139,715
Net (increase) / decrease	139,715	-

24. Finance costs

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense		
- Interest on bank overdrafts and loans	7,511,583	723,285
- Other interest expense	2,770,106	3,577,436
Total	10,281,689	4,300,721

25. Depreciation and amortisation expense

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment	1,939,421	3,205,276
Amortisation of intangible assets	96,974,992	172,066,143
Total	98,914,413	175,271,419

26. Other operating expenses

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Forex Loss	1,320	-
Research & Development	6,000	-
Rates and taxes	428,176	261,980
Insurance	35,941	-
Freight Outwards	2,500	-
Travelling and conveyance	29,006	21,966
Telephone	20,347	60,353
Printing and stationery	15,610	114,051
Power and fuel	602,742	1,160,534
Marketing and advertising expenses	23,000	71,785
Repairs and maintenance		
- Buildings	52,374	-
- Others	39,931	165,038
Directors sitting fees	30,000	15,000

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Legal & professional charges	1,310,547	902,454
Trade receivables written off (net)	-	18,968,459
Other Receivables written off	15,109,078	-
Auditors' remuneration (Refer Note below)	150,000	150,000
Postage & Courier	139,442	-
Listing Expenses	314,453	379,734
Bank charges	14,969	-
Interests & Penalties	1,200	28,343
Miscellaneous expenses	145,119	577,125
Total	18,471,754	22,876,821

NOTE :

Auditors' remuneration(net of service tax) comprises of :

Amount in Rs.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Company		
For statutory audit	150,000	150,000
For other services	-	-
Total Auditors' remuneration	150,000	150,000

37. Financial Instruments

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

A. The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Description of Assets	As at 31 March 2018	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
I. Assets	-	-	-	-
II. Liabilities				
Financial Liabilities				
(a) Borrowings	38,448,556		38,448,556	



- B. The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2017 :

Description of Assets	As at 31 March 2018	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
I. Assets	-	-	-	-
II. Liabilities				
Financial Liabilities				
(a) Borrowings	51,890,130		51,890,130	

- C. The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1 April 2016 :

Description of Assets	As at 31 March 2018	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
I. Assets	-	-	-	-
II. Liabilities				
Financial Liabilities				
(a) Borrowings	47,598,694		47,598,694	

**38(a): First-time Ind AS adoption reconciliations :
Effect of Ind AS adoption on balance sheet as at March 31, 2017 and April 1, 2016**

Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)			As at April 1, 2016 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non-current assets							
Property, plant and equipment		31,384,706	31,384,706	-	34,589,982	34,589,982	-
Capital work-in-progress		2,890,306	2,890,306	-	2,890,306	2,890,306	-
Goodwill		-	-	-	-	-	-
Intangible assets		580,252,138	580,252,138	-	1,374,914,446	1,374,914,446	-
Intangible assets under development	A	-	17,476,633	(17,476,633)	-	319,885,401	(319,885,401)
Financial Assets							
(a) Investments	B	-	-	-	-	-	-
(b) Loans		1,340,904,757	1,340,904,757	-	1,363,007,035	1,363,005,337	1,698
(c) Other Financial Assets		-	-	-	-	-	-
Deferred tax assets (net)		-	-	-	-	-	-
Other non-current assets	A	17,476,633	-	17,476,633	319,885,400	-	319,885,400
Total non-current assets		1,972,908,540	1,972,908,540	-	3,095,287,168	3,095,285,472	1,697
Current Assets							
Inventories		654,043	654,043	-	654,043	654,043	-
Financial Assets							
(a) Investments		-	-	-	-	-	-
(b) Trade receivables		139,572	139,572	-	16,350,627	16,350,627	-
(c) Cash and cash equivalents		516,143	516,143	(0)	294,433	294,433	-
(d) Bank balances other than (iii) above		-	-	-	-	-	-
(e) Loans	C	6,459,267	-	6,459,266	17,277,836	-	17,277,836
(f) Other Financial Assets		-	-	-	-	-	-
Other current assets	C	-	6,459,266	(6,459,266)	-	17,277,836	(17,277,836)
Total current assets		7,769,024	7,769,024	-	34,576,939	34,576,939	-
Total assets		1,980,677,565	1,980,677,564	-	3,129,864,107	3,129,862,411	1,697



Particulars	Notes	As at March 31, 2017 (End of last period presented under previous GAAP)			As at April 1, 2016 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Equity							
Equity share capital		757,700,000	757,700,000	-	757,700,000	757,700,000	-
Other equity		(167,205,966)	(169,029,523)	1,823,557	986,738,325	986,738,325	-
Total equity (share holders' funds under previous GAAP)		590,494,034	588,670,477	1,823,557	1,744,438,325	1,744,438,325	-
Non-current liabilities							
Financial Liabilities							
(a) Borrowings	D	64,097,618	51,890,130	12,207,488	63,383,618	47,598,694	15,784,924
(b) Other financial liabilities	B	1,208,786,442	1,208,786,442	-	1,208,786,442	1,208,786,442	-
Provisions	E	-	14,031,044	(14,031,044)	-	15,784,924	(15,784,924)
Deferred tax liabilities (Net)							
Other non-current liabilities							
Total non-current liabilities		1,272,884,060	1,274,707,616	(1,823,555)	1,272,170,060	1,272,170,060	-
Current liabilities							
Financial Liabilities							
(a) Borrowings		95,438,038	95,744,699	(306,661)	89,447,066	89,447,066	-
(b) Trade payables		5,699,731	5,393,071	306,660	8,447,110	8,447,111	-
(c) Other financial liabilities	C	-	13,535,529	(13,535,529)	-	12,655,049	(12,655,049)
Other current liabilities	C	16,161,702	2,626,173	13,535,529	15,361,546	2,704,800	12,656,746
Provisions		-	-	-	-	-	-
Current Tax Liabilities (Net)		-	-	-	-	-	-
Total current liabilities		117,299,471	117,299,472	-	113,255,721	113,254,026	1,697
Total equity and liabilities		1,980,677,565	1,980,677,564	-	3,129,864,107	3,129,862,411	1,697

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38(b) Effect of Ind AS adoption on the Statement of profit and loss for the year ended March 31, 2017

Amount in Rs.

Particulars	Notes	Year ended March 31, 2017 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to Ind AS	Ind AS
INCOME				
Revenue from operations		2,808,467	2,808,468	0.36
Other income (net)		4,822,122	6,576,002	1,753,880
Total income		7,630,590	9,384,470	1,753,880
EXPENSES				
Employee benefit expense		5,542,300	5,542,300	-
Finance costs		723,285	4,300,721	3,577,436
Depreciation and amortisation expense		175,271,419	175,271,419	-
Other expenses		22,876,821	22,876,821	-
Total expenses		204,413,825	207,991,261	3,577,436
Profit before exceptional items, share of profit from associate & joint venture and tax		(196,783,236)	(198,606,792)	(1,823,556)
Exceptional item (net)				
Profit before share of profit from associate & joint venture and tax		(196,783,236)	(198,606,792)	(1,823,556)
Share of profit of associate		-	-	-
Share of profit of joint venture		-	-	-
Profit before tax		(196,783,236)	(198,606,792)	(1,823,556)
Tax Expense				
Current tax		-	-	-
Deferred tax		-	-	-
Profit/(Loss) for the year		(196,783,236)	(198,606,792)	(1,823,556)
Other comprehensive income				
A Items that will not be reclassified subsequently to profit or loss	-	-	-	-
B Items that may be reclassified to profit or loss		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income/(loss) for the year		(196,783,236)	(198,606,792)	(1,823,556)

Notes to the reconciliations

- A. As per IND AS 38 "Intangible Assets", Intangible Assets under construction should be shown under separate head "Intangible Assets under development".
- B. As per IND AS 109 "Financial Instruments" Financial Assets & Financial liabilities arising out of similar events shall shown with a net effect.
- C. As per IND AS 109 "Financial Instruments" An instrument satisfying the definition of either financial asset or financial liability, shall be disclosed separately under the respective head
- D. As per IND AS 109 "Financial Instruments" Government grants shall be shown at amortized cost.

**Notes to the Consolidated Financial Statements for the Year ended 31st March, 2018.****1. Corporate information :**

M/s. Transgene Biotech Limited ("The Holding Company") is a Public Limited Company. The Company is located in 68, 69 & 70, Anrich Industrial Area, Bollaram, Sangareddy District, India and was incorporated on 1st March 1990 under the provisions of the Companies Act, 2013. The Holding Company and its Wholly Owned Subsidiary M/s. Transgene Biotech HK Limited, which is located in HongKong, are together known as (hereinafter) "the Company" or "the Group". The Company is in the business of Research & Development.

The operations in the Subsidiary are being shut down for more than three years (since financial year 2015-16) with no activities of any sort.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on 14th November, 2018.

2. Significant accounting policies**2.1. Statement of Compliance**

For all periods up to and including the year ended 31 March 2017, the Group prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements are separate financial statements of the Group (also called consolidated financial statements). The Group has prepared financial statements for the year ended March 31, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2017.

2.2. Basis of preparation:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- i. Certain Non Current & Current financial liabilities measured at amortized cost,

The Consolidated Financial Statements of the Group are presented in Indian Rupees (Rs.), which is also its functional currency.

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 Group takes 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.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2.

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 entity 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.

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

2.3. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, and its subsidiaries as stated above. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity.

Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances, transactions including unrealised gain/ loss from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

a. Current V/s. non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:



- ✦ Expected to be realised or intended to be sold or consumed in normal operating cycle
- ✦ Held primarily for the purpose of trading
- ✦ Expected to be realised within twelve months after the reporting period, or
- ✦ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- ✦ It is expected to be settled in normal operating cycle
- ✦ It is held primarily for the purpose of trading
- ✦ It is due to be settled within 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

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

Transactions and balances:

Transactions in foreign currencies are initially recorded by each Group entity at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

c. Segment Reporting

The Company is currently operating only in one segment of Bulk Drugs, Segment Wise Reporting is not applicable as per IND AS 108. However, a disclosure has been made showing Segement wise comparison with respect to previous years results. Refer Note No. 32

d. Revenue recognition

Revenue 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, regardless of when the payment is being made.

Sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Rendering of services

Revenue for the company is in the form of Research and Development services to external agencies which is recognised on formal acceptance by the agency which is in consistent with the above mentioned principle of revenue recognition.

e. Government grants

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

f. Property, plant and equipment

Under the previous GAAP (Indian GAAP), Freehold land and buildings (property), other than investment property, were carried in the balance sheet on the basis of carrying value as per previous GAAP as on date of balance sheet. The Group has elected to regard those values of property as deemed cost.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:



- ✦ Building 60 years
- ✦ Temporary Building 3 years
- ✦ Computers 3 years
- ✦ Plant and equipment 15 years
- ✦ Electrical Equipments 10 years
- ✦ Furniture 8 years
- ✦ Office Equipment 5 years
- ✦ Vehicles 8 years
- ✦ Lab equipment's 10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite i.e. for a period of 10 years.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

h. Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss unless a product's technological and commercial feasibility has been established, in which case such expenditure is capitalized.

i. Finance costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

All other borrowing costs are expensed in the period in which they occur.

j. Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- ✦ Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- ✦ Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes Cash on hand and other Balances with Banks in Current Accounts that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

l. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future

cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management. \

m. Tax Expenses

In view of the current year loss and the losses accumulated in the previous years no liability on income tax is expected. As there is no certainty in utilizing the deferred tax asset, hence, the deferred tax asset has not been recognized in the books of accounts.

n. Employee benefits

i) Short-term employee benefit obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Post employment benefits

Defined Contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plan

The Company operates a defined benefit gratuity plan and Leave Encashment in India for which provision has been for the year ended 31st March, 2018.

The Company is not in practice of providing any other Defined Benefit Plan to the employees for the year ended 31st March, 2018.

● Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The company has made 100% provision for the investment made in the Transgene Biotek HK Limited (Subsidiary) for Rs. 92,20,09,728/-. Further, 100% provision is made against payment made to M/s. Symetric Sciences Inc utilized out of GDR proceeds. This is without prejudice to the company's claim in this regard.

q. Earnings per share**i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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. Purchases or sales of financial

assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Derecognition**

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

27. Contingent Liabilities:

- a. Contingent liabilities are not provided for in respect of :

Particulars	2017-18	2016-17
(i) Customs duty demands disputed by the company	59,37,000	59,37,000
(ii) Claims against the company not acknowledged as debts	40,00,000	40,00,000

Reference is made about the long standing case at CESTAT, Chennai and the Honourable Member Ms. SulekhaBeevi C.S passed an order on 25th May 2017 stating that "the matter is stayed by the Hon'ble High Court of Madras. Both sides have not been able to submit when the matters are likely to be disposed by the Hon'ble High Court. Viewed in this light, we are of the considered opinion that it would be appropriate and prudent to close the file for the purpose of statistics. Both sides are at liberty to file application before the Tribunal to reopen the matter as and when the case is disposed by the Hon'ble High Court or in the case of change of circumstances." In view of the above order, no provision has been made in the current balance sheet but the management shall keep a cautious eye on the potential developments, if any and will act as per the requirements.

- b. During the year 2014-15 one of the employees of the Company sustained severe burns in a fire incident in the Company. The Company helped him financially for hospitalization and treatment after which he was discharged from the hospital. However, after the discharge, for some unknown reasons he contracted infection and died while being treated for that. His family approached Labour Court claiming an unspecified amount for his death from the Company. The management has been defending the claim hence, no amount is provided for in books of account for the same as the Company is not sure of the liability



- c. During the year 2016-17 the Company had received notice u/s 263 from the Principal Commissioner of the Income Tax for the Assessment year 2012-13 for which the company has filed its arguments. The case has been set aside by the Commissioner and a fresh notice has been served by the department on this regard for which the company is presenting its Arguments and the result is yet to be known
- d. The Department of Biotechnology has sanctioned a loan amount of Rs.4.07 crores under Small Business Innovative Research Initiative (SBIRI) scheme for the novel technology upgradation for Orlistat production, for which a charge against movable and immovable assets acquired from utilization of the said loan amount has been created. An amount of Rs.56,90,879 is demanded by SIBRI towards interest for which a provision has been made.

28. Expenditure in Foreign Currency :

Amount in Rs.

Foreign Exchange:	2017-18	2016-17
Foreign Exchange Inflow	11,82,406	8,66,411
Foreign Exchange Outflow	Nil	Nil

29. Auditor's Remuneration

Amount in Rs.

Particulars	2017-18	2016-17
As Statutory Auditors	1,50,000	1,00,000
For Taxation Matters	-	50,000
Total	1,50,000	1,50,000

30. Related Party Disclosures
Related Parties:
a) Key Managerial Personnel:

Dr. K. Koteswara Rao: Managing Director

b) Relatives to Key Managerial Personnel:

K. Laxmidhar Rao: Son of Managing director

K.Nirmala Rao: Wife of Managing director

K. Srinivasa Rao: Son of Managing Director

c) Subsidiaries

Transgene Biotek HK Limited : Wholly Owned Subsidiary

The following are the transactions made with Key Managerial personnel and related parties :

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Dr. K. Koteswara Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		2,30,000.00
Amounts spent on behalf of the company		65,56,217.37
		67,86,217.37

K. Laxmidhar Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		30,100.00
		30,100.00

K. Nirmala Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		1,50,000.00
Amounts spent on behalf of the company		15,375.00
Amount repaid by the company	2,92,322.00	
	2,92,322.00	1,65,375.00

31. Remuneration to Directors for the year ended 31.03.2018

Amount in Rs.

Particulars	2017-18	2016-17
Salaries and Other Allowances		
Mr. Sarang Puranik	10,80,000	18,00,000
Mr. Shyam Shankar Das	1,50,000	10,80,000
Contribution to Provident fund		
Mr. Sarang Puranik	4,000	4,000
Mr. Shyam Shankar Das	4,000	4,000
TOTAL	12,38,000	28,88,000

32. Segment Reporting :

Particulars	Diagnostic Services		CRO Services		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue	-	6,92,000	-	21,16,000	-	28,08,000
Operating Expenses	-	45,000	-	65,57,000	-	72,02,000
Segment Operating Income (A)	-	47,000	-	(44,40,000)	-	(43,93,000)
Other Income (B)	-	-	-	-	7,49,09,353	65,76,002
Total Income (A+B)	-	-	-	-	7,49,09,353	21,83,002
Unallocable expenses	-	-	-	-	(13,92,92,654)	(19,64,23,789)
Profit/(Loss) for the year	-	-	-	-	(6,43,83,301)	(19,86,06,791)


33. Earnings Per Share (EPS) :

Amount in Rs.

Particulars	2017-18	2016-17
a) Profit/(Loss) attributable to equity shareholders	(6,43,83,301)	(19,86,06,791)
b) Weighted average number of equity shares at the end of the year	75,770,000	75,770,000
-Basic	75,770,000	75,770,000
-Diluted		
c) Earnings per Equity Share of Rs.10/- each		
-Basic	(0.85)	(2.62)
-Diluted	(0.85)	(2.62)

34. Standards issued but not effective
IND AS 115, Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from Contracts with Customers', which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to 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. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements

Ind AS 115 is effective for annual reporting periods beginning on or after April 1, 2018.

The Company intends to adopt Ind AS 115 effective April 1, 2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Company's recognition of revenues

35. Other Amendments to Indian Accounting Standards:

The Ministry of Corporate Affairs (MCA), on 28 March 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

Ind AS 21, The Effects of Changes in Foreign Exchange Rates - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Ind AS 28, Investments in Associates and Joint Ventures - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

Ind AS 112, Disclosure of Interests in Other Entities - The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.

Ind AS 40, Investment Property - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1 April 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company

36. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The areas involving critical estimates or judgements are:

- Estimated useful life of intangible asset.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

39. In the opinion of the Board of Directors of the company the value on realization of Current Assets in the ordinary course of business will not be less than the amount at which they have been stated in the Balance Sheet as on 31st March, 2018.
40. Balances of Creditors, Debtors & Advances as on 31st March 2018 are subject to confirmation from the parties concerned.
41. Previous year figures have been regrouped and rearranged wherever necessary.
42. The figures have been rounded off to the nearest Rupee.

For **Lakshmi and Associates**
Chartered Accountants

N. Lakshmi
Partner
M. No. 223790

For and on behalf of the board
M/s. Transgene Biotek Limited

Place : Hyderabad
Date : 14-11-2018

Dr. K. Koteswara Rao
Chairman & Managing Director
DIN : 02287235

Sujana kadium
Director
DIN : 07167872



TRANSGENE BIOTEK LIMITED

Regd. Office: Plot No.68, 69 & 70, Anrich Industrial Area, Bollaram, Sangareddy District.

PROXY FORM

Reg. Folio No. DPID - Client ID No.

I/We of in the district of being a member / members of Transgene Biotek Limited hereby appoint of in the district of or failing him/her of in the district of as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on hursday, the 20th December, 2018 at 11.00 Hours at 501, SMART PRO, Prashanti Ram Towers, beside Saradhi Studios (above ICICI Direct), Ameerpet, Hyderabad, Telangana State.

Signed this day of 2018.

Signature

Affix
1 Rupee
Revenue
Stamp

Signature of Shareholder/s

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

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TRANSGENE BIOTEK LIMITED

Regd. Office: Plot No.68, 69 & 70, Anrich Industrial Area, Bollaram, Sangareddy District
(To be handed over at entrance of the Meeting Venue)

ATTENDANCE SLIP

Regd. Folio No. / DPID - Client ID No.

SHAREHOLDER'S NAME :
(in Block Capitals)

In case of Proxy

NAME OF PROXY :
(in Block Capitals)

No. of Shares held

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company held on hursday, the 20th December, 2018 at 11.00 Hours at 501, SMART PRO, Prashanti Ram Towers, beside Saradhi Studios (above ICICI Direct), Ameerpet, Hyderabad, Telangana State.

Signature of Shareholder/s / Proxy

Note: Please bring this Attendance Slip when coming to the Meeting.

TWENTY EIGHT ANNUAL REPORT 2017-18

Form No. MGT- 12

Polling Paper

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: **TRANSGENE BIOTEK LIMITED**

Regd. Office: Plot No.68, 69 & 70, Anrich Industrial Area, Bollaram, Sangareddy District

CIN: L85195TG1990PLC011065

BALLOT PAPER

S. No.	Particulars	Details
1.	Name of the first named shareholder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No./ *Client ID No. (*applicable to investors holding shares in dematerialized form)	
4.	Class of Share	Equity Shares

I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner :

S. No.	Item No.	No of Shares held by me	I assent to the resolution	I dissent from the resolution
1.	Adoption of Audited Accounts and Reports thereon for the financial year ended 31st March 2018.			
2.	Re-Appointment Ms. Sujana Kadiam as director of the Company			
3.	Appointment of M/s. Manisha Dubey & Associates, Chartered Accountants as statutory Auditors of the Company			
4.	Re-Appointment of Dr. K. Koteswara Rao as Chairman and Managing Director of the Company			

Place : Hyderabad

Date:

(Signature of the Shareholder*)

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TRANSGENE
BIOTEK LIMITED
INNOVATING FOR LIFE

Regd. Office : Plot Nos. 68, 69 & 70, Anrich Industrial Area,
IDA, Bollaram, Sangareddy District. T.S. - 502 325.
www.transgenebiotech.com