

**29th Annual Report
2018-2019**

*Innovating & Marching ahead
with Biologicals*



TRANSGENE
BIOTEK LIMITED
INNOVATING FOR LIFE



BOARD OF DIRECTORS

Dr. K. Koteswara Rao	Chairman & Managing Director
Mrs. Sujana Kadium	Director
Ms. Pardesi Naga Vaishali	Director
Mrs. Ankita Jain (From 24-05-2019)	Company Secretary
Sri Chowdari Prasad (From 24-05-2019)	Chief Financial Officer

Registered Office

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

Factory

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

Auditors

M/s. Manisha Dubey & Associates
Chartered Accountants
Firm Registration No. 010114S
Hyderabad

Bankers

IndusInd Bank,
Madhapur Branch
Hyderabad.

Share Transfer Agents

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

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NOTICE

Notice is hereby given that the Twenty Nine (29th) Annual General Meeting of the Members of M/s. TRANSGESNE BIOTEK LIMITED will be held on Monday, 30th September, 2019 at 11.00 Hours at ICSI Centre of Excellence, Survey No. 1, UDA Uppal, Genpact Software Company Road, Uppal, Hyderabad 500 039, 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, 2019 including the audited Balance Sheet as at March 31, 2019, 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. Pardesi Naga Vaishali 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 Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification (s) or re-enactment (s) thereof, for the time being in force), the Company hereby ratifies the appointment of M/s. Manisha Dubey & Associates, Chartered Accountants as Statutory Auditors of the Company made pursuant to the resolution passed by the members at the 28th Annual General Meeting of the company held on 20th December 2018 until the conclusion of the 29th Annual General Meeting, be and are hereby ratified to hold the office from the conclusion of this Annual General Meeting of the Company until the conclusion of the 30th Annual General Meeting of the Company to be held in the year 2020 to examine and audit the accounts of the Company for the Financial Year 2019-20 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 AS CHAIRMAN & MANAGING DIRECTOR OF THE COMPANY.

Re-appointment of Dr K. Koteswara Rao (DIN No: 02287235) as Chairman and Managing Director of the Company.



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

Dr. K. Koteswara Rao wishes to resign as Managing Director of the company due to his advancing age beyond 77 years and his ongoing health reasons. However, due to some critical issues remaining unresolved and continuation of Dr K. K. Rao's services as Managing Director is of paramount importance at least till such time a suitable replacement is found, the Board of Directors recommend that Dr K. Koteswara Rao is requested to continue as Managing Director till a suitable person is appointed to the post of Managing Director.

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 the Board of Directors 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."

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

Sd/-

Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 28-08-2019

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. The relevant details of the directors 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 27-09-2019 to 29-09-2019 (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 26th 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 27th September, 2019 at 9.00 a.m. and ends on 29th September, 2019 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 23rd September, 2019 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 23rd September, 2019.
- 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 (190903100) 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



TRANSGENE BIOTEK LIMITED

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:

(i)

Name of Director	Ms. Sujana Kadium (DIN 07167872)
Date of Birth	06/02/1983
Date of Appointment	20/12/2018
Qualification	Post Graduate
Expertise	HR Professional
Other directorship CIN : L72200TG1993PLC007005	PFL INFOTECH LIMITED
Chairman/Members of the Committee in other Companies	Nil
No of shares held in the Company	Nil

(ii)

Name of Director	Ms. Paradesi Naga Vaishali (DIN 08164756)
Date of Birth	06/02/1983
Date of Appointment	28/05/2018
Qualification	Post Graduate
Expertise	HR Professional
Other directorship	Nil
Chairman/Members of the Committee in other Companies	Nil
No of shares held in the Company	Nil

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(ii)

Name of Director	Dr. K. Koteswara Rao (DIN 02287235)
Date of Birth	11/10/1942
Date of Appointment	20/12/2018
Qualification	M.B.B.S., MBIM
Expertise	Medical Practice and Clinical Studies
Other directorships	None
Chairman/Members of the Committee in other Companies	None
No of shares held in the Company	15,211,902

**DIRECTORS REPORT**

Dear Shareholders

Your Directors submit to you the 29th Annual Report on the business & operations of the Company and Audited Statement of Accounts for the year ended 31st March, 2019 along with the Auditor's Report thereon.

Financial Results

(Rs. in Lakhs)

Particulars	2018-2019	2017-2018
Total Income	210.90	749.09
Operational, Administration and other expenses	75.69	222.34
Gross Operating Profit	135.80	526.75
Interest and Financial Charges	25.05	102.82
Forex Gain/Loss	-	0.0132
Depreciation	989.42	989.14
Profit before Tax/Loss	(879.27)	(565.22)
Provision for Tax	-	78.61
Net Profit/Loss	(879.27)	(643.83)

OPERATIONS

The total turnover of the company for the year ended 31st March, 2019 amounted to Rs. 210.90 Lakhs as against Rs. 749.09 Lakhs in the previous year. The company incurred a net Loss of Rs. 879.27 Lakhs for the year as against a loss of Rs. 643.83 Lakhs in the previous year. As can be noticed, the management continued to revise books of accounts and has written off certain accounts wherever possible after following the standard accounting policies of India and in consultation with the auditors. This revision has resulted in increased operating loss from the previous year.

AUDITORS' COMMENTS

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 August, 2019.

REVIEW AND RESULTS OF OPERATIONS

During the year, SEBI hearing on GDR matter has not yet been concluded, hence the company's ability to raise required funds to advance its technologies continues to be curtailed. But the management with the help of funds raised through strategic sale of unused assets and with the help of promoter's funds as and when required, continued to advance the TrabiORAL platform and in the process received patent approvals in various countries.

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The scientists of Transgene have finally achieved the required breakthrough in TrabiORAL technology that has hitherto raised certain uncertainties in the minds of the potential strategic partners.

TrabiORAL has now demonstrated its deliverability of various protein and peptide molecules of varying sizes covering different clinical applications such as Diabetes, Vaccines, Cancer drugs, Inflammatory Bowel Diseases etc.

GDR issue

SEBI hearing on GDR matter has not yet been concluded. The management is waiting to receive various documents sought by our legal team of M/s L. S. Shetty & Associates from SEBI that may play a crucial role in defense of our case at SEBI.

Pertaining to the recovery of GDR funds, the legal teams in London and Singapore are still pursuing to recover the funds but not yet reached a conclusive stage but the management hopes a final resolution may be forthcoming during the current year.

EMPLOYEE

As stated above, with limited resources the management has been judiciously maintaining required strength of 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

As reported during the previous year, GDR issue and the consequent SEBI order have severely curtailed the management's ability to undertake all the technologies it has at its disposal. Undeterred with such challenges, the management continued to survive and withstand various hurdles in its quest to come out with success on its TrabiORAL platform, a real tribute to the dedicated work of team of scientists.

SUBSIDIARY COMPANY - TRANSGENE BIOTEK HK LIMITED

It is note worthy to point out that with revelation of certain crucial information by one of the persons operating from Singapore to the Ministry of Singapore during the course of investigation, Transgene Biotek HK Ltd has not been audited for the current year 2018-19 too. However, the management is seeking the opinion of few experts in this regard as to exact course of action to be initiated on the prospects of closing this company altogether.

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

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming part of the Annual Report 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. Manisha Dubey & 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"

DEMATERIALIZATION OF SHARES

86.21% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2019 and balance 13.79% 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 4 (Four) times during the financial year from 1st April, 2018 to 31st March 2019 the details of which are furnished in the report on Corporate Governance.

BOARD EVALUATION

The evaluation of all the Directors including the Chairman, the Independent Directors and the Managing Director, Board committees and the Board as a whole was carried out based on the criteria and framework approved by the Nomination and Remuneration Committee 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 Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors

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.

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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 the board as a whole and performance of the Chairman was evaluated. 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.

INDEPENDENT DIRECTORS AND DECLARATION

Our Independent Directors meet the baseline definition of Independent Directors under the Act and the Listing Regulations. At the beginning of each financial year, the Independent Directors submit a self-declaration confirming their independence and compliance under section 149(6), Schedule IV of the Act and Regulation 16(1)(b) of the Listing Regulations, 2015 [Listing regulations]. All such declarations are placed before the Board for information and noting. Based on the declarations received, the Board also confirms that the Independent Directors fulfil the independence criteria under the Listing Regulations and are independent of the management.

Generally, the Independent Directors meet before each board meeting. During FY 18-19 the independent Directors met four times i.e. on 28th May 2018, 14th August 2018, 14th November 2018 and, 14th February 2019. The Independent Directors inter alia discuss matters arising out of Board and Board Committee agendas, company performance and various other board-related matters, identify areas where they need clarity or information from management and to review the performance of Independent Directors, the Chairman and the Board as a whole and assess the effectiveness and promptness of the information flow.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- In the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;



- They have prepared the annual accounts on a going concern basis;
- They have laid down internal financial controls in the company that are adequate and were operating effectively.
- 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 do 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	7.12 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 : 28-08-2019

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 and also, from the Monetary Authority of Singapore on receipt of complaint from the management of the parent company, no further information is provided for the current year 2018-19.

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 2018 to 31st March 2019
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	US\$ 1 USD = Rs. 66.1428
4	Share capital	US\$16,952,001
5	Reserves & surplus	(US\$21069)
6	Total assets	US\$16,948,303
7	Total Liabilities	US\$17371
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:

As per a recent IQVIA report, the global medicine spending is expected to reach nearly USD 1.5 trillion by 2023, representing 3-6% CAGR over the next five years. The increase in spending will be driven by net price increases on patented products, focus on new specialty drugs and expansion of access to healthcare services through government reforms on insurance in various emerging markets including India. On the other hand, the loss of exclusivity and launch of generic versions in Diabetology, Oncology, Cardiology and Autoimmune will continue to be key therapeutic areas driving the increased spending. These therapeutic areas are of relevance and likely to provide the impetus for Transgene's oral delivery platform and AAV platform.

(b) Oral delivery technologies

The Global Drug Delivery Technologies Market is poised to grow at a CAGR of around 7.9% over the next decade to reach approximately \$2,222 billion by 2025.

The prevalence of diabetes is increasing throughout the world. The International Diabetes Federation estimated 366 million people had diabetes in 2011 and is expected rise to 552 million by 2030. Though type 2 diabetes mellitus (T2DM) accounts for 85-95% of diabetes, the prevalence of T1DM has increased by 2-3% in certain parts of Europe and USA. Thus, diabetes has become one of the most common noncommunicable diseases worldwide. India, China and the United States will have the highest number of patients suffering from diabetes.

Fueled by the growing prevalence of diabetes and the progressive nature of the disease, the



insulin market has grown at a healthy 7% annual rate by volume during the past decade. Meanwhile, global insulin sales reached \$16.7 billion in 2011. According to The Insulin Intelligence Center, the global human insulin drugs market is expected to register a CAGR of 4.93% during the forecast period (2018-2023), and is valued at USD 24 billion by 2018.

The global monoclonal antibodies (mAbs) market accounted for USD 85.4 billion in 2015 and is expected to exhibit a growth rate of 5.7% with expected sales reaching to USD 140 billion by 2024.

TrabiORAL with its demonstrable versatility in oral delivery of small molecule like Insulin (5.8 kD) and large molecule such as mAbs (150 kD) is well poised to take advantage of these markets.

AAV platform

At Transgene, soon after reaching a conclusive milestone in aligning strategic partnership for TrabiORAL, the management plans to move in reactivating its AAV platform, another unique and exciting technology that fits in with the emerging cutting technologies such as CRISPR and Gene therapies apart from delivery of miRNAs with wide ranging clinical applications such as Cancers, inflammatory bowel diseases, auto-immune diseases etc.

Internal Auditing and Controls

Internal auditing and controls cover the aspects of reviewing with the management, performance of internal auditors and, adequacy of the internal control systems. It covers:

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, scope of internal audit, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- Review with the management letters of internal control weaknesses issued by the internal auditors.
- Evaluation of internal financial controls and risk management systems.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The corporate governance philosophy at Transgene stems from the set of principles and framework embedded in its values since the year 1992 adhering to the best practices possible.

Our ethical framework focuses on long-term shareholder value creation through responsible decision making. Transgene's corporate governance framework is founded on the following pillars:

Accountability

For us, accountability is about holding ourselves firmly responsible for what we believe in and for delivering what we have promised. We ensure this by promoting a mind-set of ownership throughout the organization. By means of openness and transparency, we consider ourselves accountable to our stakeholders, our employees, shareholders, vendors and, government agencies.

Competent leadership and management

We believe that a dynamic and diverse board and we endeavor to maintain a board composition that brings healthy balance of skills, knowledge and, independence.

Sustainability

At Transgene, sustainability is about effectively managing the day to day and long term challenges covering the financial, social and technical aspects, whilst focusing on business continuity. We are committed to pursuing our vision and reaching the set goals.

Compliance and risk management

We firmly believe in full adherence to all regulatory and statutory requirements in letter and spirit. Our operating environment is characterized by several risks, which can potentially impact our current and future goals. We believe that effective compliance and risk management activities will drive the sustainability of corporate performance. Our philosophy is imbibed 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").

2. BOARD OF DIRECTORS & GOVERNANCE STRUCTURE

The Board of Directors (the Board) is responsible for strategic supervision, overseeing the management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgement and plays a vital role in the oversight of the Company's affairs. The Board also ensures adherence to the standards of Corporate Governance and transparency in the Company's functioning.

The responsibility for identifying and evaluating a suitable candidate for the Board is delegated to the Nomination and Remuneration Committee (NRC). While selecting a candidate, the NRC reviews and evaluates the Board's composition and diversity to ensure that the Board and its committees have the appropriate mix of skills, experience, independence and knowledge for continued effectiveness.



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, 2019 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 Directorships
Dr. K. Koteswara Rao	Chairman & MD - Promoter	4	Yes	None
Ms. Pardesi Naga Vyshali	Non-executive Independent	3	Yes	None
Mrs. Sujana Kadiam	Non-executive Independent	4	Yes	One

3. MEETINGS & REVIEW:

The Board of Directors is the apex body constituted by shareholders and is vested with the powers of governance, control, direction and management of affairs of the Company. The Board provides strategic direction and guidance to the Company, and has been steering the Company towards achieving its objectives. Driven by the principles of corporate governance philosophy, the Board strives hard to work in best interest of the Company and its stakeholders.

The Board of Directors of the company met 4 (Four) times during the last financial year ended on 31st March 2019. These meetings were held on 28th May 2018, 14th August 2018, 14th November 2018 and, 14th February 2019. The company placed before the Board:

- quarterly and annual consolidated and standalone results & financial statements of the Company;
- Minutes of meetings of the Board and Board Committees, resolutions passed by circulation, and information pertaining to the subsidiary company;
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;
- Quarterly compliance certificates which includes noncompliance, if any, of regulatory, statutory nature or listing requirements and shareholders service;
- Appointment, remuneration and resignation of Directors;
- Formation/re-constitution of Committees;
- Disclosures received from Directors;

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- Proposals requiring strategic guidance and approval of the Board;
- Related party transactions;
- Regular business / function updates;
- Significant changes in accounting policies and internal controls;
- Report on action taken on previous Board meeting decisions and;
- Reviewing and guiding the corporate strategy and;
- 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, 2019.

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 Ms. Pardesi Naga Vyshali 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:

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval;



TRANSGENE BIOTEK LIMITED

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Monitoring the end use of funds raised through public offers and related matters;
- Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- 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;
- Approval or any subsequent modifications of transactions of the Company with related parties as per the Companies Act, 2013 and Listing Regulations;
- Examination of the financial statements and the auditors' report thereon; and
- 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, scrutinize, value, approve, monitor, report, note or otherwise.

During the financial year ended 31st March 2019 four meetings of the Committee were held on 28th May 2018, 14th August 2018, 14th November 2018 and, 14th February 2019. The attendance of each member of the Committee is given below:

NAME OF THE DIRECTOR	NO. OF MEETINGS ATTENDED
Ms. Sujana Kadium	4
Ms. Pardesi Naga Vyshali	3
Dr. K. Koteswara Rao	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

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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

Since it has been extremely difficult to appoint a full time Company Secretary who can also function as Compliance Officer, Dr K Koteswara Rao, continued to be the Compliance Officer of the company for the year 2018-19. However, we are happy to inform that Mrs. Ankita Jain has been appointed as Company Secretary and Compliance Officer with effect from 30th May 2019 on recommendations made by the Nomination and Remuneration Committee and approved by the Board of Directors of Transgene Biotek Ltd ("Company") at their meeting held on 24th May 2019.

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
Ms. Pardesi Naga Vyshali	None	10,000/-	0	10,000/-
Ms. Sujana Kadium	None	15,000/-	0	15,000/-
Total		25,000/-	0	25,000/-

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, with an intention to economise and reduce the power bills the company sought for deration of power from TSSPDCL. However, after approving for deration ADE of TSSPDCL raised a red flag stating that since Transgene has been indulging in Research and Development activities, the power tariffs were increased from HT II to HT III category and further, an amount of Rs.8,05,731/- has been billed under 'Short Billing' calculated from August 2017 to March 2019. The management has challenged this 'unfair' order from TSSPDCL at all relevant forums including the Honourable High Court of Telangana.



- 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.transgenebiotek.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@transgenebiotek.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, IDA Bollaram, Sangareddy District. TS.
B	Annual General Meeting Date & Time Venue	30th September 2019, at 11.00 am ICSI Centre of Excellence Survey No.1, IDA Uppal, Genpact Software Company Road, Near Mallikajuna Swamy Temple, Uppal Hyderabad - 500039. Tele 040-27177722, Telangana State
C	Financial Calendar Financial Reporting for Quarter ending June 30, 2018 Quarter ending September, 30 2018 Quarter ending December, 31 2018 Quarter ending March 31, 2019 Annual General meeting for FY ended 31st March 2019	14th August 2018 14th November 2018 14th February 2019 24th May 2019 30th September 2019
D	Date of Book Closure	27th September 2019 to 29th September 2019
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.6.08 and Rs.1.92 respectively.
I	Registrar and Share Transfer Agents	M/S Bigshare Services Pvt. Ltd. 306, 3rd Floor, Right Wing, Amrutha Ville, Bhavan Road Somajiguda, Hyderabad - 500 082.
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.

**TRANSGENE BIOTEK LIMITED****M) Distribution of shareholding as on 31st March 2019**

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	6756	61.28	1190955	1.57
5001	- 10000	1338	12.14	1177846	1.55
10001	- 20000	929	8.43	1515669	2.00
20001	- 30000	423	3.84	1114623	1.47
30001	- 40000	220	1.99	804880	1.06
40001	- 50000	316	2.87	1518971	2.00
50001	- 100000	447	4.05	3454164	4.56
100001	and above	595	5.40	64992892	85.78
		11024	100.00%	75770000	100%

N	Dematerialisation of shares and liquidity	As on 31st March, 2019 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
28th	2018	501, SMART PRO, Prashanti Ram Towers, Ameerpet, Hyderabad, TS	20th December 2018	11.00 A.M.
27th	2017	Board Room Hall -Hotel Lounge, Madinaguda, Miyapur, Hyderabad	29th September 2016	11.00 A.M.
26th	2016	Plot No. 68, 69, & 70 Anrich Industrial Area IDA Bollaram, Medak District, TS	30th September 2016	11.00 A.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: 31.03.2019

Sl. No.	Category	No. of Shares held	Percentage Of Shareholding
(a)	Promoter's Holding		
1	Promoters Indian Promoters: Foreign Promoters:	16427902 NIL	21.68% 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	2100799	2.77%
b.	Indian Public	49821142	65.75%
c.	NRIs/OCBs	786909	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.



TRANSGENE BIOTEK LIMITED

T) REGISTERED OFFICE

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

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

TRANSGENE BIOTEK LIMITED

Plot No. 69 & 70 IDA Bollaram,
Sangareddy District, TS
Ph. No. 08458-279744
Email: info@transgenebiotek.com

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DIRECTORS RESPONSIBILITY STATEMENT

1. We report that the case at CESTAT closed in the year 2017 is reported to be opened for getting the stay order vacated at the Hon'ble High Court of Hyderabad.
2. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2019 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. Manisha Dubey & Associates, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company.

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

Sd/-

Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 28-08-2019

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, 2019.

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

Sd/-

Dr. K. KOTESWARA RAO
CHAIRMAN & MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 28-08-2019



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, 2019. 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.

We have complied with the relevant applicable requirements of the Standard on Quality Control

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(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, 2019.

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 **Manisha Dubey & Associates**
Chartered accountants,
Firm Registration No. 010114S

Sd/-
Manisha Dubey
Proprietor
M.No. : 212664

Place: Hyderabad
Date: 28-08-2019



TRANSGENE BIOTEK LIMITED

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 BIOTEK LIMITED, for the year ended March 31, 2019, 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 **Manisha Dubey & Associates**
Chartered accountants,
Firm Registration No. 010114S

Sd/-
Manisha Dubey
Proprietor
M.No. : 212664

Place: Hyderabad
Date: 28-08-2019

**FORM MR-3
SECRETARIAL AUDIT REPORT**

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

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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, 2018 to 31st March, 2019. 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, 2019 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 2018 and ended with 31st March, 2019 ("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;
 - i) The following other laws as specifically applicable in the view of the Management.
- Income Tax act, 1961

As the Company is not having sufficient no. of Workers/ employees to attract other Industrial and Labour laws compliance was not verified.

The Company has no full-time company secretary appointed during the period under review (ie., April 1st, 2018 to March 31st, 2019) and a chief financial officer. However, the Company has appointed both of them before the date of issue of this report i.e., with effective from 24.05.2019.

SEBI hearing on GDR matter has not yet been concluded. The management is waiting to receive various documents sought by the legal team of M/s L. S. Shetty & Associates from SEBI that may play a crucial role in defense of our case at SEBI.

Pertaining to the recovery of GDR funds, the legal teams in London and Singapore are still pursuing to recover the funds but not yet reached a conclusive stage but the management hopes a final resolution may be forthcoming during the year 2019-20.

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5. We have also examined compliance of:

- a. the applicable Clauses of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and
- b. the applicable Secretarial Standards

The company has no proper formation of necessary committees due to the lack of required number of Directors for the formation of Committees as required under SEBI LODR regulations 6,13, 19, 20, 22, and 23 etc., and the Company's is advised to constitute all required committees

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 notified applicable Secretarial Standards under the Companies Act 2013, therefore, the same was considered in the Audit.

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. Also, the management has not constituted required committees due to lack of sufficient numbers directors and their compositions. However, the management has assured us that they will keep their efforts constantly to appoint an Independent Director at the earliest.
- b. Adequate notices were 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.



TRANSGENE BIOTEK LIMITED

- 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. The Company is yet to file its annual return and balance sheet for FY 2016-17 and annual return for FY 2018-19.
- g. Company has not appointed a full-time Company Secretary during the financial under review (i.e, 2018-19). However, it has appointed effective 24.05.2019.
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, 2019 are as follows:
- Income Tax (Asst. Year 2009-2010) - Rs. 07.61 Lakh
 - Income Tax (Asst. Year 2011-2012) - Rs. 03.11 Lakh
 - Income Tax in the nature of TDS - Rs. 10.03 Lakh
 - ESI Payable - Rs. 00.38 Lakh
 - PT Payable - Rs. 00.55 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.

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10. 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.

PLACE : HYDERABAD
DATE : 28-08-2019

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



Annexure to the Secretarial Audit Report

To

M/s. Transgene Biotek Limited,
CIN: L85195TG1990PLC011065
Plot No. 69 & 70, Anrich Industrial Area,
BOLLARAM - 503325.
Medak 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 : 28-08-2019

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

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ANNEXURE - F**Form No. MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
31ST MARCH 2019**

[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.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

Principal activities of the company during the year 2018-19 revolved around production and oral formulation of different proteins using TrabiORAL technology.

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.	2946765	0	2946765	3.89	2946765	0	2946765	3.89	(0.66)
(i) Indian									
(ii) Overseas									
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	
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	369.46	615.48	-	987.94
ii) Interest due but not paid	Nil	Nil	-	Nil
iii) Interest accrued but not paid	Nil	Nil	-	Nil
Total (i+ii+iii)	369.46	615.48		984.94
Change in Indebtedness during the financial year				
- Addition	25.05	96.77		121.82
- Reduction	Nil	Nil		Nil
Net Change	25.05	96.77		121.82
Indebtedness at the end of the financial year				
i) Principal Amount	394.54	518.71		913.25
ii) Interest due but not paid	Nil	Nil		Nil
iii) Interest accrued but not due	Nil	Nil		Nil
Total (i+ii+iii)	394.54	518.71		913.25

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
		K. Koteswara Rao - MD	
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	Nil	Nil

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

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Sujana Kadium	Pardesi Naga Vyshali	Total Amount
	<ul style="list-style-type: none"> ● Fee for attending board meetings ● Committee Meetings ● Others, please specify 	15,000 Nil Nil 15,000	10,000 Nil Nil 10,000	25,000 25,000
	Total (1)	15,000	10,000	25,000
	Other Non-Executive Directors			
	<ul style="list-style-type: none"> ● Fee for attending board committee meetings ● Commission ● Others, please specify 	Nil		Nil
	Total (2)			
	Total (B)=(1+2)			25,000
	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	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					

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STANDALONE INDEPENDENT AUDITOR'S REPORT

To
The Members,
TRANSGENE BIOTEK LIMITED

Report on the Standalone Ind AS Financial Statements

Opinion

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, 2019, 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").

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, 2019 and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's responsibilities for the audit of the Standalone financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Standalone financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.



The Key Audit Matters	How our Audit addressed the key audit matter
SEBI ENQUIRY & ITS STATUS	
<p>Securities and Exchange Board of India (SEBI) had conducted preliminary inquiry on receiving certain complaints on the matter of GDRs issued by the Company and its utilization thereof, basically on the angle of protection of Investors' interest. SEBI prima facie conducted that the GDR proceeds have been transferred by the Company, directly or indirectly, through foreign subsidiary for undisclosed purposes under the garb of consideration for technology transfer and consequently passed an interim order inter alia, restraining the Company from issuing any securities. The Company has appealed against the said order.</p> <p>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 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.</p>	<p>Principal Audit procedures performed :</p> <ul style="list-style-type: none"> ❖ The documents made available to us, the management is seriously pursuing to recover GDR money. In this process they have appointed Lawyers internationally wherever the alleged parties involved in GDR scam are present. The case is forwarding in good speed. ❖ Further on November 06th, 2018 SEBI has issued an order against ref SEBI/WTM/MPB/EFDI-DRA-4/SB/2018 revoking its ban on 3 entities out of 7. However in these 3 entities the company is not listed, hence the ban shall continue on the company. ❖ As the case is under investigation, and the interim order is under appeal from the company side, we are unable to comment at this stage as to what impact it could have on the financial statements of the company.
GDR Issue :	
<p>There is an outstanding balance of Rs.2302.00 lakhs which pertains to advance given to a party out of the proceeds of GDR. The contention of the management is that the payments were made without Company's authorization or knowledge, the same was submitted to SEBI during their investigations. However, the Management as a prudent measure, made full provision for the amount, in the Books of Account considering the facts.</p>	<ul style="list-style-type: none"> ❖ The company has been trying to recover this amount along with GDR proceeds from various parties as discussed above. ❖ In our Audit procedure, we have verified the documents as relating the case and its advancement and assessed management's claim on the same. ❖ However we are unable to opine whether this amount is recoverable or not as we are unable to obtain confirmation from the concerned party.
INVESTMENTS :	
<p>Under the head Investment, an amount of Rs. 9220.10 Lakhs is made in Wholly owned subsidiary company viz. Transgene Biotek HK Limited.</p>	<ul style="list-style-type: none"> ❖ 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.

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<p>As the subsidiary is not in operations, the books of accounts have not been audited since many years along with FY 2018-19.</p> <p>As this amount may not be recoverable, as a prudent measure, management made full provision in the books of account considering the above development.</p>	
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Information Other than the Standalone Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including annexures thereto, Business Responsibility Report, Governance and shareholder's information but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also include maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error,

In preparing the Standalone financial statements, management is responsible for assessing the company ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



The Board of Directors is responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial

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statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the Magnitude of misstatements in the standalone financial statements, that individually or in aggregate, makes it probable that the economic decisions of a reasonably Knowledgeable user of the financial statements may be influenced, We consider quantitative materiality and qualitative matters in (i) planning the scope of our audit work and in evaluating the result of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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.

- a. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- b. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained.
- c. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.



TRANSGENE BIOTEK LIMITED

- d. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- e. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- f. With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:
- a. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- 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 Auditor's) 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 standalone financial statements
- II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- III. There has been no delay in transferring amounts, required to be transferred to the investor Education and Protection fund by the company.

As required by the companies (Auditor's Report) Order, 2016("the order"), issued by the central Government in terms of section 143 (11) of the Act, we give in "Annexure-B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Manisha Dubey & Associates**
Chartered accountants,
Firm Registration No. 010114S

PLACE : HYDERABAD
DATE : 28-08-2019

S/d
Manisha Dubey
Proprietor
M. No. 212664

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Annexure - A to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of M/s. TRANSGENE BIOTEK LIMITED as on March 31, 2019 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 in 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 control 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

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 of 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 and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 **Manisha Dubey & Associates**
Chartered accountants,
Firm Registration No. 010114S

PLACE : HYDERABAD
DATE : 28-08-2019

S/d
Manisha Dubey
Proprietor
M. No. 212664

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ANNEXURE - B 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, 2019:

- 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



TRANSGENE BIOTEK LIMITED

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.

- 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, 2019 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.3.11 lakhs,
- the nature of Income tax in TDS Rs. 10.03 lakhs,
- ESI Payable Rs. 0.38 Lakhs
- PT Payable Rs. 0.548 Lakhs
- Income Tax Demand (Asst Year:2009-2010) Rs.0.68 Lakh
- 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.

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- 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 **Manisha Dubey & Associates**
Chartered accountants,
Firm Registration No. 010114S

S/d
Manisha Dubey
Proprietor
M. No. 212664

PLACE : HYDERABAD
DATE : 28-08-2019

**TRANSGENE BIOTEK LIMITED****Standalone Balance sheet as at 31-03-2019**

Amount in Rs.

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	23,982,309	26,384,340
Capital work-in-progress	3	-	-
Other intangible assets	4	387,007,743	483,305,399
Intangible assets under development	4	18,676,633	18,676,633
Financial assets			
(a) Loans	5	230,204,250	230,204,250
Other non-current assets	6A	294,033	194,256
Total Non - Current Assets		660,164,968	758,764,878
Current Assets			
Inventories	7	310,911	420,911
Financial assets			
(c) Cash and cash equivalents	8	996,303	1,019,326
Current tax assets	9	5,400	5,400
Other current assets	6B	5,095,980	6,402,254
Total Current assets		6,408,594	7,847,891
Total Assets		666,573,561	766,612,769
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	757,700,000	757,700,000
Other equity	11	-497,108,134	-409,175,993
Equity attributable to owners of the Company		260,591,866	348,524,007
Total Equity		260,591,866	348,524,007
Non-current liabilities			
Financial Liabilities			
(a) Borrowings	12	40,954,052	38,448,556
Provisions	13A	230,204,250	230,204,250
Other non-current liabilities	14A	10,523,283	12,277,163
Total Non-current liabilities		281,681,586	280,929,970
Current liabilities			
Financial liabilities			
(a) Borrowings	15	50,366,109	60,044,784
(b) Trade payables	16	2,905,221	5,492,890
Provisions	13B	69,859,527	69,909,891
Other current liabilities	14B	1,169,253	1,711,227
Total Current liabilities		124,300,110	137,158,792
Total Equity and liabilities		666,573,561	766,612,769
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 **Manisha Dubey & Associates**

Chartered Accountants

FRN : 0101145

Sd/-

(Manisha Dubey), Proprietor

M. No. 212664

Place : Hyderabad

Date : 28-08-2019

For and on behalf of the board of Directors

M/s TRANSGENE BIOTEK LIMITED

Sd/-

Dr. K. Koteswara Rao

Chairman & Managing Director

DIN : 02287235

Sd/-

Sujana Kadium

Director

DIN : 07167872

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Standalone Statement of Profit and Loss for the year ending 31-03-2019

Amount in Rs.

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
INCOME			
Revenue from operations	17	712,870	11,82,406
Other income (net)	18	20,377,778	7,37,26,947
Total income		21,090,648	7,49,09,353
EXPENSES			
Employee benefits expense	19	2,481,867	32,78,712
Cost of materials consumed	20	338,525	3,47,382
Changes in inventories of finished goods and work-in-progress	21		1,39,715
Finance costs	22	2,505,496	1,02,81,689
Depreciation and amortisation expense	23	98,942,929	9,89,14,413
Other operating expenses	24	4,748,967	1,84,71,754
Total expenses		109,017,784	13,14,33,665
Profit before exceptional items and tax		(87,927,136)	(5,65,24,312)
Exceptional item (net)		(87,927,136)	(5,65,24,312)
Profit before tax			
Tax expense			
Current tax	17	-	-
Deferred tax	17	-	-
(Short)/excess provision for earlier years		-	78,60,849
Total tax expense		-	78,60,849
Loss for the year		(87,927,136)	(6,43,85,161)
Other comprehensive income			
A Items that will not be reclassified subsequently to profit or loss			
Remeasurement cost of post employment benefits		(5,005)	1,860
Total other comprehensive income		(5,005)	1,860
Total comprehensive income/(loss) for the year		(87,932,141)	(6,43,83,301)
Earnings per equity share			
(Equity shares, par value of Rs. 10 each)		75,770,000	7,57,70,000
Basic (in Rs.)		(1.16)	(0.85)
Diluted (in Rs.)		(1.16)	(0.85)

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

For **Manisha Dubey & Associates**

Chartered Accountants

FRN : 0101145

Sd/-

(Manisha Dubey), Proprietor

M. No. 212664

Place : Hyderabad

Date : 28-08-2019

For and on behalf of the board of Directors
M/s TRANSGENE BIOTEK LIMITED

Sd/-

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

Sd/-

Sujana Kadium
Director
DIN : 07167872



Standalone Statement of changes in equity for the year ended March 31, 2019

A. Equity Share Capital		Amount in Rs.	
Particulars	Number of Shares	Amount	
Balance at March 31, 2018	75,770,000	75,770,000	
Changes in equity share capital during the year	-	-	
Balance at March 31, 2019	75,770,000	75,770,000	

B. Other Equity	Particulars	Reserves and Surplus				Items of OCI	Total
		Securities premium reserve	Warrants Forfeiture reserves	Capital Redemption Reserve	Retained earnings		
	Balance at March 31, 2018	1,388,092,501	12,250,000	72,473,902	(1,881,992,396)	-	(409,175,993)
	Profit for the year	-	-	-	(87,927,136)	(5,005)	(87,932,141)
	Balance at March 31, 2019	1,388,092,501	12,250,000	72,473,902	(1,969,919,532)	(5,005)	(497,108,134)

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

For **Manisha Dubey & Associates**
Chartered Accountants
FRN : 0101145
Sd/-
(Manisha Dubey), Proprietor
M. No. 212664

Place : Hyderabad
Date : 28-08-2019

For and on behalf of the board of Directors
M/s TRANSGENE BIOTEK LIMITED

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

Sd/-
Sujana Kadiam
Director
DIN : 07167872

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Standalone Statement of Cash Flows for the year ended 31-03-2019

Amount in Rs.

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		(87,927,136)		(6,43,85,161)
Adjustments for:				
Depreciation and amortisation expense	98,942,929		9,89,14,413	
Finance costs	2,505,496		1,02,81,689	
Amortisation of government grant	(1,753,880)		(17,53,880)	
Supplier Advances Written off	-		(4,29,31,960)	
Liabilities / provisions no longer required written back	(875)			
Bad debts written off	-		1,51,09,078	
Profit or loss on sale of Fixed asset	(17,738,173)		(2,89,87,107)	
Other Non cash Expenses	32,645		-	
Operating profit before working capital changes		(5,938,994)		(13,752,928)
Changes in working capital : (Refer Note 40)				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	-		55,112	
Other non-current assets	-		(194,256)	
Other assets	1,306,274		57,015	
Inventories	110,000		233,132	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(2,587,670)		99,820	
Provision	(50,364)		69,909,891	
Borrowing	(9,678,675)		(35,699,915)	
Other financial liabilities	-		30,522,742	
Other current liabilities	(541,974)		(909,939)	
Provison	-		(56,572,464)	
Cash generated from operations		(17,381,403)		(6,251,792)
Net income tax paid		-		-
Net cash flow from operating activities (A)		(17,381,403)		(6,251,792)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)	(759,620)		-	
Loan to other parties	-		(3,228,325)	
Proceeds from sale of fixed assets	18,118,000		33,706,565	
Net cash (used in) / flow from investing activities (B)		17,358,380		30,778,240
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares				
Finance costs	-		(7,511,583)	
Proceeds from Borrowings	-			
Payment of Borrowing	-		(16,211,680)	
Net cash flow (used in) financing activities (C)		-		(23,723,263)
Net (decrease) in Cash and cash equivalents (A+B+C)		(23,023)		503,186
Cash and cash equivalents at the beginning of the year		1,019,326		516,140
Effect of exchange differences on translation of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		996,303		1,019,326



3. Property, plant and equipment and capital work -in-progress

Description of Assets	Freehold land	Buildings	Buildings temporary	Computers	Plant & equipment	Office equipment	Furniture & fixtures	Electrical installations	Vehicles	Total	Total
I. Cost or deemed cost											
Balance as at April 1, 2018	1,218,733	34,019,720	68,163	1,797,885	77,867,443	18,576,575	922,626	10,279,268	635,801	145,386,214	
Additions				77,628						77,628	
Disposals	562,937									562,937	
Additions through business combination											
Foreign currency translation adjustments											
Balance as at March 31, 2019	655,796	34,019,720	68,163	1,875,513	77,867,443	18,576,575	922,626	10,279,268	635,801	144,900,905	
II. Accumulated depreciation											
Balance as at 1 April, 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	
Depreciation expense for the year	-	262,364		4,365	1,492,916			157,076		1,916,721	
Acquisitions through business combinations											
Eliminated on disposal of assets											
Foreign currency translation adjustments											
Balance as at March 31, 2019	-	21,276,028	68,163	1,723,472	68,805,166	17,652,518	848,013	9,937,768	607,468	120,918,596	

Carrying amount	Freehold land	Buildings	Buildings temporary	Computers	Plant & equipment	Office equipment	Furniture & fixtures	Electrical installations	Vehicles	Total	Total
Balance as at March 31, 2018	1,218,733	13,006,056	-	78,778	10,555,193	924,057	74,613	498,576	28,333	26,384,340	
Balance as at March 31, 2019	655,796	12,743,692	-	152,041	9,062,277	924,057	74,613	341,500	28,333	23,982,309	

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Intangible Assets

Amount in Rs.

Description of Assets	Intellectual Property Rights	Technology	Total Intangible Assets	Intangible Under Development
I. Cost or deemed cost				
Balance as at April 1, 2018	28,253	930,118,554	930,146,807	18,676,633
Additions	728,550	-	728,550	
Disposals	-	-	-	
Additions through business combination	-	-	-	
Foreign currency translation adjustments	-	-	-	
Balance as at March 31, 2019	756,803	930,118,554	930,875,357	18,676,633
II. Accumulated depreciation				
Balance as at 1 April, 2018	2,684	446,838,724	446,841,408	-
Depreciation expense for the year	53,898	96,972,308	97,026,206	
Acquisitions through business combinations			-	
Eliminated on disposal of assets			-	
Foreign currency translation adjustments			-	
Balance as at March 31, 2019	56,582	543,811,032	543,867,614	-
Carrying Amount	Intellectual Property Rights	Technology	Total Intangible Assets	Intangible Under Development
III. Carrying Amount				
Balance as at March 31, 2018	25,569	483,279,830	483,305,399	18,676,633
Balance as at March 31, 2019	700,221	386,307,522	387,007,743	18,676,633

Notes forming part of the Standalone financial statements
4. Investments

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
A. Non-current investments (Refer Note 1 below)		
Investment carried at cost		
(i) Equity instruments of Subsidiaries (unquoted)	922,009,728	922,009,728
Provision for Impairment	(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 2019 is valued at zero as there were no transactions since three years.

There are no activities undertaken at the subsidiary since 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, 2019	March 31, 2018
Non - Current		
Loans to Others	-	-
Advances to Others	230,204,250	230,204,250
Total Non current Loans	230,204,250	230,204,250

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, 2019	March 31, 2018
6A :Non-current		
Balance with government authority	294,033	194,256
Total non-current assets	294,033	194,256
6B:Current:		
Balance with government authority	133,207	
Other Advances		
- Unsecured, considered good (Refer Note Below)	4,962,773	6,402,254
Less : Allowance for bad and doubtful loans		-
Total current assets	5,095,980	6,402,254

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Notes forming part of the Standalone financial statements

7. Investments

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Current		
Inventories (lower of cost and net realisable value)		
Materials	310,911	420,911
Total	310,911	420,911

8. Cash and Cash Equivalents

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Balances with Banks in current accounts	742,967	755,830
Cash on hand	253,336	263,497
Total	996,303	1,019,326

9. Current Tax Assets

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Current Tax Assets	5,400	5,400
Total	5,400	5,400

10. Equity share capital

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Authorised share capital :		
7,60,00,000 fully paid up equity shares of Rs. 10 each	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
Total	757,700,000	757,700,000

(A) Reconciliation of the number of shares outstanding :

Amount in Rs.

Particulars	Numbers of Shares	Amount
Balance at March 31, 2018	75,770,000	75,770,000
Balance at March 31, 2019	75,770,000	75,770,000

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

Amount in Rs.

Particulars	As at March 2019		As at March 2018	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Dr. K. Koteswara Rao	16,427,902	22%	16,427,902	22%
Polavarapu Vikram	8,732,171	12%	8,732,171	12%
The Bank of New York Mellon, DR	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.

11. Other Equity

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Retained earnings	(1,969,924,537)	(1,881,992,396)
Securities premium account	1,388,092,501	1,388,092,501
Capital Reserve	72,473,902	72,473,902
Warrants Forfeiture Reserve	12,250,000	12,250,000
Balance at end of year	(497,108,134)	(409,175,993)

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12. Non-current borrowings

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured - at amortised cost		
Term loans		
from other parties (Refer Note(i) below)	1,500,000	1,500,000
Secured - at amortised cost		
Term loans		
from other parties (Refer Note(ii) below)	39,454,052	36,948,556
Total non-current borrowings	40,954,052	38,448,556

Notes :

- i) Unsecured loans from others includes corporates
- (ii) 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.

13. Provisions

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
13A Non - Current (Refer Note (ii) Below)	230,204,250	230,204,250
13B Current (Refer Note (i) Below)	69,859,527	69,909,891
Total	300,063,777	300,114,141

Notes :

- (i) Current Provisions include:
 - Rs.56,10,001 of Statutory provisions payable for Employee Benefits
 - Rs. 74,03,730 on account of IT Demands raised by IT Dept. with respect to AY 2009-10 & AY 2013-14.
 - Rs. 5,65,59,257 of Income tax provisions of earlier years.
 - Rs.2,86,539 of General expenses payables
- (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.

14. Other Liabilities

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
14A Non - Current		
Government grant	10,523,283	12,277,163
Total	10,523,283	12,277,163
14B Current		
Advance from customers	-	712,870
Statutory remittances	1,099,201	998,357
Others	70,052	
Total	1,169,253	1,711,227

15. Current Borrowing

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured - at amortised cost		
Loans from related parties (refer note below)	45,966,109	55,644,784
Loans from Others	4,400,000	4,400,000
Total	50,366,109	60,044,784

16. Trade Payables

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Trade Payables - Current		
Dues to creditors other than micro enterprises and small enterprises	2,905,221	5,492,890
Total	2,905,221	5,492,890

Note :

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.

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17. Revenue from operations Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of services	-	-
Other operating revenue	712,870	1,182,406
Total	712,870	1,182,406

18. Other income (Net) Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other non-operating income		
Amortisation of government grant	1,753,880	1,753,880
Liabilities no longer required, written back	875	42,931,960
Miscellaneous income (net)	884,850	54,000
	2,639,605	44,739,840
Other gains and losses		
Gain on disposal of property, plant and equipment	17,738,173	28,987,107
	17,738,173	28,987,107
Total	20,377,778	73,726,947

19. Employee Benefits Expense Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages, including bonus	2,416,594	3,021,130
Contribution to provident and other funds	65,273	247,888
Staff welfare expenses	-	7,834
Acturial Gain or loss	-	-
Total	2,481,867	3,276,852

20. Cost of materials consumed Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock	420,911	514,328
Add : Purchases	228,525	253,965
Less : Closing stock	310,911	420,911
	338,525	347,382

21. Changes in inventories of finished goods and work-in-progress Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock :		
Finished goods	-	139,715
Work-in-progress		
	139,715	139,715
Closing Stock :		
Finished goods	-	-
Work-in-progress	-	-
Net (increase) / decrease	139,715	139,715

22. Finance costs Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense		
- Interest on bank overdrafts and loans	-	7,511,583
- Other interest expense	2,505,496	2,770,106
Total	2,505,496	10,281,689

23. Depreciation and amortisation expense Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment	1,916,723	1,939,419
Amortisation of intangible assets	97,026,206	96,974,994
Total	98,942,929	98,914,413

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24. Other operating expenses

Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Forex Loss	-	1,320
Research & Development	-	6,000
Rates and taxes	194,114	428,176
Insurance		35,941
Freight Outwards		2,500
Travelling and conveyance	81,303	29,006
Telephone	21,616	20,347
Printing and stationery	33,266	15,610
Power and fuel	565,825	602,742
Marketing and advertising expenses	29,278	23,000
Repairs and maintenance		
- Buildings	348,577	52,374
- Others	36,802	39,931
Directors Remuneration		
- Directors sitting fees	25,000	30,000
Legal & professional charges	1,372,217	1,310,547
- Auditors	150,000	
Other receivables written off	-	15,109,078
Auditor's remuneration		
-For audit		150,000
Postage & Courier	580	139,442
Listing Expenses	804,612	314,453
Bank charges	21,408	14,969
Interests & Penalties	104,185	1,200
Miscellaneous expenses	194,536	145,118
Patents application filing fees	765,648	-
Total	4,748,967	18,471,754



NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019.

1. Corporate information:

M/s. Transgene Biotek Limited is a Public Limited Company ("The Company"). The Company is located in, 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

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, 2019 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, 2018.

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 :

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- 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/ noncurrent 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.

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.

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.

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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

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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.

I. 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, 2019. The Company is not in practice of providing any other Defined Benefit Plan to the employees for the year ended 31st March, 2019.



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 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.

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

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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:

- i. The rights to receive cash flows from the asset have expired, or
- ii. 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
 - the Company has transferred substantially all the risks and rewards of the asset, or
 - 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	2018-19	2017-18
(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
(iii) Electricity charges demand from APCPDCL	8,05,731	-

- a. Reference is made about the long standing case at CESTAT, Chennai and the Honourable Member Ms. Sulekha Beevi 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.

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- 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:

Foreign Exchange :	2018-19	2017-18
Foreign Exchange Inflow	7,12,870	11,82,406
Foreign Exchange Outflow	Nil	Nil

29. Auditor's Remuneration

Particulars	2018-19	2017-18
As Statutory Auditors	1,50,000	1,50,000
For Taxation Matters	-	-
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. Srinivas : 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		4,21,000
Amounts spent on behalf of the company		5,36,579
Amount repaid by the company	18,15,457	
	18,15,457	9,57,579

K. Laxmidhar Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		12,54,628
Amount repaid by the company	70,00,000	
	70,00,000	12,54,628

K. Nirmala Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		18,19,000
Amounts spent on behalf of the company		1,30,517
Amount repaid by the company	50,27,642	
	50,27,642	19,49,517

31. Remuneration to Directors for the year ended 31.03.2019

Amount in Rs.

Particulars	2018-19	2017-18
Salaries and Other Allowances		
Mr.Sarang Puranik	-	10,80,000
Mr.Shyam Shankar Das	-	1,50,000
Contribution to Provident fund		
Mr.SarangPuranik	-	4,000
Mr.Shyam Shankar Das	-	4,000
TOTAL	-	12,38,000

32. Segment Reporting :

As the company has closed all the diagnostic centres and concentrating on Research & Development. Thus Reporting under segment is not applicable.

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33. Earnings Per Share (EPS) :

Amount in Rs.

Particulars	2018-19	2017-18
a) Profit/(Loss) attributable to equity shareholders	(8,79,32,141)	(6,43,81,441)
b) Weighted average number of equity shares at the end of the year	7,57,70,000	7,57,70,000
- Basic	7,57,70,000	7,57,70,000
- Diluted		
c) Earnings per Equity Share of Rs.10/- each		
- Basic	(1.16)	(0.85)
- Diluted	(1.16)	(0.85)

34. Standards issued and effective from 01st April, 2018

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 effective for accounting is 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.

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 2019:

Description of Assets	As at 31 March 2019	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
I. Assets	-	-	-	-
II. Liabilities				
Financial Liabilities				
(a) Borrowings	4,09,54,052		4,09,54,052	

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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	3,84,48,556		3,84,48,556	

38. 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, 2019.
39. Balances of Creditors, Debtors & Advances as on 31st March 2019 are subject to confirmation from the parties concerned.
40. Previous year figures have been regrouped and rearranged wherever necessary.
41. The figures have been rounded off to the nearest Rupee.

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
M/s TRANSGENE BIOTEK LIMITED

For **Manisha Dubey & Associates**
Chartered Accountants
FRN : 0101145
Sd/-
(Manisha Dubey)
Proprietor
M. No. 212664

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

Sd/-
Sujana Kadium
Director
DIN : 07167872

Place : Hyderabad
Date : 28-08-2019



CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

To
The Members,
TRANSGENE BIOTEK LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of M/s. Transgene Biotek Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"). which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2019 the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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The Key Audit Matters	How our Audit addressed the key audit matter
SEBI ENQUIRY & ITS STATUS	
<p>Securities and Exchange Board of India (SEBI) had conducted preliminary inquiry on receiving certain complaints on the matter of GDRs issued by the Company and its utilization thereof, basically on the angle of protection of Investors' interest. SEBI prima facie conducted that the GDR proceeds have been transferred by the Company, directly or indirectly, through foreign subsidiary for undisclosed purposes under the garb of consideration for technology transfer and consequently passed an interim order inter alia, restraining the Company from issuing any securities. The Company has appealed against the said order.</p> <p>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 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.</p>	<p>Principal Audit procedures performed :</p> <ul style="list-style-type: none"> ❖ The documents made available to us, the management is seriously pursuing to recover GDR money. In this process they have appointed Lawyers internationally wherever the alleged parties involved in GDR scam are present. The case is forwarding in good speed. ❖ Further on November 06th, 2018 SEBI has issued an order against ref SEBI/WTM/MPB/EFDI-DRA-4/SB/2018 revoking its ban on 3 entities out of 7. However in these 3 entities the company is not listed, hence the ban shall continue on the company. ❖ As the case is under investigation, and the interim order is under appeal from the company side, we are unable to comment at this stage as to what impact it could have on the financial statements of the company.
GDR Issue :	
<p>There is an outstanding balance of Rs.2302.00 lakhs which pertains to advance given to a party out of the proceeds of GDR. The contention of the management is that the payments were made without Company's authorization or knowledge, the same was submitted to SEBI during their investigations. However, the Management as a prudent measure, made full provision for the amount, in the Books of Account considering the facts.</p>	<ul style="list-style-type: none"> ❖ The company has been trying to recover this amount along with GDR proceeds from various parties as discussed above. ❖ In our Audit procedure, we have verified the documents as relating the case and its advancement and assessed management's claim on the same. ❖ However we are unable to opine whether this amount is recoverable or not as we are unable to obtain confirmation from the concerned party.
INVESTMENTS :	
<p>Under the head Investment, an amount of Rs. 9220.10 Lakhs is made in Wholly owned subsidiary company viz. Transgene Biotek HK Limited.</p>	<ul style="list-style-type: none"> ❖ 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.



<p>As the subsidiary is not in operations, the books of accounts have not been audited since many years along with FY 2018-19.</p> <p>As this amount may not be recoverable, as a prudent measure, management made full provision in the books of account considering the above development.</p>	
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Information Other than the Consolidated Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease

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operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the Consolidated Financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

o Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us :
- i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

For **Manisha Dubey & Associates**
Chartered accountants,
Firm Registration No. 010114S

S/d
Manisha Dubey
Proprietor
M. No. 212664

PLACE : HYDERABAD
DATE : 28-08-2019



Annexure "A" to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting M/s TRANSGENE BIOTEK LIMITED (hereinafter referred to as "Company") and its subsidiary companies as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

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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 unauthorised 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 and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, 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, 2019, based on the internal control over financial reporting criteria established by the respective companies 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 **Manisha Dubey & Associates**
Chartered accountants,
Firm Registration No. 010114S

PLACE : HYDERABAD
DATE : 28-08-2019

S/d
Manisha Dubey
Proprietor
M. No. 212664

**TRANSGENE BIOTEK LIMITED****Consolidated Balance sheet as at 31-03-2019**

Amount in Rs.

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	23,982,309	26,384,340
Capital work-in-progress	3	-	-
Other intangible assets	4	387,007,743	483,305,399
Intangible assets under development	4	18,676,633	18,676,633
Financial assets			
(a) Loans	5	1,329,024,004	1,329,024,004
Other non-current assets	6A	294,033	194,256
Total Non - Current Assets		1,758,984,722	1,857,584,632
Current Assets			
Inventories	7	310,911	420,911
Financial assets			
(a) Trade Receivables	8a	84,460	84,460
(b) Cash and cash equivalents	8b	996,303	1,019,326
Current tax assets	9	5,400	5,400
Other current assets	6B	5,095,980	6,402,254
Total Current assets		6,493,054	7,932,351
Total Assets		1,765,477,775	1,865,516,983
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	757,700,000	757,700,000
Other equity	11	-321,339,959	-233,412,824
Equity attributable to owners of the Company		436,360,041	524,287,176
Total Equity		436,360,041	524,287,176
Non-current liabilities			
Financial Liabilities			
(a) Borrowings	12	40,954,052	38,448,556
Provisions	13A	1,152,213,978	1,152,213,978
Other non-current liabilities	14A	10,523,283	12,277,163
Total Non-current liabilities		1,203,691,314	1,202,939,698
Current liabilities			
Financial liabilities			
(a) Borrowings	15	50,366,109	60,044,784
(b) Trade payables	16	2,905,221	5,492,890
(c) Other Financial Liabilities	17	1,126,311	1,126,311
Provisions	13B	69,859,527	69,909,891
Other current liabilities	14B	1,169,253	1,716,233
Total Current liabilities		125,426,421	138,290,109
Total Equity and liabilities		1,765,477,775	1,865,516,983
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 **Manisha Dubey & Associates**

Chartered Accountants

FRN : 0101145

Sd/-

(Manisha Dubey), Proprietor

M. No. 212664

Place : Hyderabad

Date : 28-08-2019

For and on behalf of the board of Directors

M/s TRANSGENE BIOTEK LIMITED

Sd/-

Dr. K. Koteswara Rao

Chairman & Managing Director

DIN : 02287235

Sd/-

Sujana Kadium

Director

DIN : 07167872

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Consolidated Statement of Profit and Loss for the year ending 31-03-2019

Amount in Rs.

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
INCOME			
Revenue from operations	17	712,870	1,182,406
Other income (net)	18	20,377,778	73,726,947
Total income		21,090,648	74,909,353
EXPENSES			
Employee benefits expense	19	2,481,867	3,276,852
Cost of materials consumed	20	338,525	347,382
Changes in inventories of finished goods and work-in-progress	21		139,715
Finance costs	22	2,505,496	10,281,689
Depreciation and amortisation expense	23	98,942,929	98,914,413
Other operating expenses	24	4,748,967	18,471,754
Total expenses		109,017,784	131,431,805
Profit before exceptional items and tax		(87,927,136)	(56,522,452)
Exceptional item (net)			
Profit before tax		(87,927,136)	(56,522,452)
Tax expense			
(Short)/excess provision for earlier years		-	7,860,849
Current tax	17	-	-
Deferred tax	17	-	-
Total tax expense		-	7,860,849
Profit for the year		(87,927,136)	(64,383,301)
Other comprehensive income			
A Items that will not be reclassified subsequently to profit or loss			-
(a) Remeasurements cost of post employment benefits		(5,005)	1,860
Total other comprehensive income		(5,005)	1,860
Total comprehensive income for the year		(87,932,141)	(64,381,441)
Earnings per equity share			
(Equity shares, par value of Rs. 10 each)		75,770,000	75,770,000
Basic (in Rs.)		(1.16)	(0.85)
Diluted (in Rs.)		(1.16)	(0.85)

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

For **Manisha Dubey & Associates**

Chartered Accountants

FRN : 0101145

Sd/-

(Manisha Dubey), Proprietor

M. No. 212664

Place : Hyderabad

Date : 28-08-2019

For and on behalf of the board of Directors
M/s TRANSGENE BIOTEK LIMITED

Sd/-

Dr. K. Koteswara Rao

Chairman & Managing Director

DIN : 02287235

Sd/-

Sujana Kadium

Director

DIN : 07167872



Consolidated Statement of changes in equity for the year ended March 31, 2019

A. Equity Share Capital			Amount in Rs.	
Particulars	Number of Shares	Amount		
Balance at March 31, 2018	7,57,70,000	75,77,00,000		
Changes in equity share capital during the year	-	-		
Balance at March 31, 2019	7,57,70,000	75,77,00,000		

B. Other Equity	Particulars	Reserves and Surplus				Items of OCI	Total
		Securities premium reserve	Warrants Forfeiture reserves	Capital Redemption Reserve	Retained earnings		
	Balance at March 31, 2018	1,388,092,501	12,250,000	72,473,902	(1,706,231,087)	1,860	(233,412,824)
	Profit for the year	-	-	-	(87,927,136)	(5,005)	(87,932,141)
	Balance at March 31, 2019	1,388,092,501	12,250,000	72,473,902	(1,794,158,223)	(3,145)	(321,344,965)

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

For **Manisha Dubey & Associates**
Chartered Accountants
Sd/-
(Manisha Dubey)
Proprietor
M. No. 212664

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

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

Sd/-
Sujana Kadiam
Director
DIN : 07167872

Place : Hyderabad
Date : 28-08-2018

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Consolidated Statement of Cash Flows for the year ended 31-03-2019

Amount in Rs.

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		(87,927,136)		(64,385,161)
Adjustments for:				
Depreciation and amortisation expense	98,942,929		98,914,413	
Finance costs	2,505,496		1,02,81,689	
Amortisation of government grant	(1,753,880)		(17,53,880)	
Supplier Advances Written off	-		(4,29,31,960)	
Liabilities / provisions no longer required written back	(875)		-	
Bad debts written off	-		15,109,078	
Profit or loss on sale of Fixed asset	(17,738,173)		(28,987,107)	
Other Non cash Expenses	32,645		-	
Operating profit before working capital changes		(5,938,994)		(13,752,928)
Changes in working capital :				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	-		55,112	
Other non-current assets	-		(194,256)	
Other current assets	1,306,274		57,015	
Inventories	110,000		233,132	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(2,587,670)		99,820	
Provision (CL)	(50,364)		69,909,891	
Borrowing (CL)	(9,678,675)		(35,699,915)	
Other financial liabilities	-		30,522,742	
Other current liabilities	(541,974)		(909,940)	
Provison (NCL)	-		(56,572,464)	
Cash generated from operations		(17,381,403)		(6,251,791)
Net income tax paid		-		-
Net cash flow from operating activities (A)		(17,381,403)		(6,251,791)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	(759,620)		-	
Loan to other parties	-		(3,228,325)	
Proceeds from sale of fixed assets	18,118,000		33,706,565	
Net cash (used in) / flow from investing activities (B)		17,358,380		30,478,240
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares				
Finance costs	-		(7,511,583)	
Proceeds from Borrowings	-			
Payment of Borrowing	-		(16,211,680)	
Net cash flow (used in) financing activities (C)		-		(23,723,263)
Net (decrease) in Cash and cash equivalents (A+B+C)		(23,023)		503,187
Cash and cash equivalents at the beginning of the year		1,019,326		516,140
Effect of exchange differences on translation of foreign currency Cash and cash equivalents		-		-
		-		-
Cash and cash equivalents at the end of the year		996,303		1,019,326



3. Property, plant and equipment and capital work - in-progress

Description of Assets	Freehold land	Buildings	Buildings temporary	Computers	Plant & equipment	Office equipment	Furniture & fixtures	Electrical installations	Vehicles	Total	Total
I. Cost or deemed cost											
Balance as at April 1, 2018	1,218,733	34,019,720	68,163	1,797,885	77,867,443	18,576,575	922,626	10,279,268	635,801	145,386,214	
Additions				77,628						77,628	
Disposals	562,937									562,937	
Additions through business combination											
Foreign currency translation adjustments											
Balance as at March 31, 2019	655,796	34,019,720	68,163	1,875,513	77,867,443	18,576,575	922,626	10,279,268	635,801	144,900,905	
II. Accumulated depreciation											
Balance as at 1 April, 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	
Depreciation expense for the year	-	262,364		4,365	1,492,916			157,076		1,916,721	
Acquisitions through business combinations											
Eliminated on disposal of assets											
Foreign currency translation adjustments											
Balance as at March 31, 2019	-	21,276,028	68,163	1,723,472	68,805,166	17,652,518	848,013	9,937,768	607,468	120,918,596	

Carrying amount	Freehold land	Buildings	Buildings temporary	Computers	Plant & equipment	Office equipment	Furniture & fixtures	Electrical installations	Vehicles	Total	Total
Balance as at March 31, 2018	1,218,733	13,006,056	-	78,778	10,555,193	924,057	74,613	498,576	28,333	26,384,340	
Balance as at March 31, 2019	655,796	12,743,692	-	152,041	9,062,277	924,057	74,613	341,500	28,333	23,982,309	

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4. Intangible Assets

Amount in Rs.

Description of Assets	Intellectual Property Rights	Technology	Total Intangible Assets	Intangible Under Development
I. Cost or deemed cost				
Balance as at April 1, 2018	28,253	930,118,554	930,146,807	18,676,633
Additions	728,550	-	728,550	
Disposals	-	-	-	
Additions through business combination	-	-	-	
Foreign currency translation adjustments	-	-	-	
Balance as at March 31, 2019	756,803	930,118,554	930,875,357	18,676,633
II. Accumulated depreciation				
Balance as at 1 April, 2018	2,684	446,838,724	446,841,408	-
Depreciation expense for the year	53,898	96,972,308	97,026,206	
Acquisitions through business combinations			-	
Eliminated on disposal of assets			-	
Foreign currency translation adjustments			-	
Balance as at March 31, 2019	56,582	543,811,032	543,867,614	-
Carrying Amount	Intellectual Property Rights	Technology	Total Intangible Assets	Intangible Under Development
III. Carrying Amount				
Balance as at March 31, 2018	25,569	483,279,830	483,305,399	18,676,633
Balance as at March 31, 2019	700,221	386,307,522	387,007,743	18,676,633

Notes forming part of the financial statements
4. Investments Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
A. Non-current investments (Refer Note 1 below)		
Investment carried at cost		
(i) Equity instruments of Subsidiaries (unquoted)	922,009,728	922,009,728
Provision for Impairment	(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 2019 is valued at zero as there were no transactions since three years.

There are no activities undertaken at the subsidiary since 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, 2019	March 31, 2018
Non - Current		
Loans to Others	-	-
Advances to Others	230,204,250	230,204,250
Advance towards acquisition of Capital Assets & Technical Know How	1,098,819,754	1,098,819,754
Total Non current Loans	1,329,024,004	1,329,024,004

Note :

- (i) Capital Advances refer to amount paid towards deposits and advances with respect to "acquisition of Capital assets and Technical Know How.
- (ii) 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, 2019	March 31, 2018
6A. Non-current		
Balance with government authority	294,033	194,256
Total non-current assets	294,033	194,256
6B. Current :		
Balance with government authority	133,207	
Other advances		
- Unsecured, considered good	4,962,773	6,402,254
Less: Allowance for bad and doubtful loans		-
Total current assets	5,095,980	6,402,254

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Notes forming part of the financial statements

7. Investments

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Current		
Inventories (lower of cost and net realisable value)		
- Raw materials	310,911	420,911
Total	310,911	420,911

8a. Trade receivables

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Trade receivables		
Unsecured considered good	84,460	84,460
Total	84,460	84,460

8b. Cash and Cash Equivalents

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Balances with Banks		
in current accounts	742,967	755,830
Cash on hand	253,336	263,497
Total	996,303	1,019,326

9. Current Tax Assets

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Current Tax Assets	5,400	5,400
Total	5,400	5,400

10. Equity share capital

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Authorised share capital :		
7,60,00,000 fully paid up equity shares of Rs. 10 each	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
Total	757,700,000	757,700,000

(A) Reconciliation of the number of shares outstanding :

Amount in Rs.

Particulars	Numbers of Shares	Amount
Balance at March 31, 2018	75,770,000	757,700,000
Balance at March 31, 2019	75,770,000	757,700,000

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

Amount in Rs.

Particulars	As at March 2019		As at March 2018	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Dr. K. Koteswara Rao	16,427,902	22%	16,427,902	22%
Polavarapu Vikram	8,732,171	12%	8,732,171	12%
The Bank of New York Mellon, DR	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.

11. Other Equity

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Retained earnings	(1,794,156,363)	(1,706,229,227)
Securities premium account	1,388,092,501	1,388,092,501
Capital Reserve	72,473,902	72,473,902
Warrants Forfeiture Reserve	12,250,000	12,250,000
Balance at end of year	(321,339,959)	(233,412,824)

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12. Non-current borrowings

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured - at amortised cost		
Term loans		
from other parties (Refer Note(i) below)	1,500,000	1,500,000
Secured - at amortised cost		
Term loans		
from other parties (Refer Note(ii) below)	39,454,052	36,948,556
Total non-current borrowings	40,954,052	38,448,556

Notes :

- i) Unsecured loans from others includes corporates
- (ii) 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.

13. Provisions

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
13A Non - Current (Refer Note (ii) Below)	1,152,213,978	1,152,213,978
13B Current (Refer Note (i) Below)	69,859,527	69,909,891
Total	1,222,073,505	1,222,123,869

Notes :

- (i) Current Provisions include:
 - Rs.56,10,001 of Statutory provisions payable for Employee Benefits
 - Rs. 74,03,730 on account of IT Demands raised by IT Dept. with respect to AY 2009-10 & AY 2013-14.
 - Rs. 5,65,59,257 of Income tax provisions of earlier years.
 - Rs.2,86,539 of General expenses payables
- (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.

14. Other Liabilities

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
14A Non - Current		
Government grant	10,523,283	12,277,163
Total	10,523,283	12,277,163
14B Current		
Advance from customers	-	712,870
Statutory remittances	1,099,201	1,003,363
Others	70,052	-
Total	1,169,253	1,716,233

15. Current Borrowing

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured - at amortised cost		
Loans from related parties (refer note below)	45,966,109	55,644,784
Loans from Others	4,400,000	4,400,000
Total	50,366,109	60,044,784

16. Trade Payables

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Trade Payables - Current		
Dues to creditors other than micro enterprises and small enterprises	2,905,221	5,492,890
Total	2,905,221	5,492,890

17. Other Financial Liabilities

Amount in Rs.

Particulars	As at	
	March 31, 2019	March 31, 2018
Current		
Other Payables	1,126,311	1,126,311
Total	1,126,311	1,126,311

Note :

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.

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17. Revenue from operations Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of services	-	-
Other operating revenue	712,870	1,182,406
Total	712,870	1,182,406

18. Other income (Net) Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other non-operating income		
Amortisation of government grant	1,753,880	1,753,880
Liabilities no longer required, written back	875	42,931,960
Miscellaneous income (net)	884,850	54,000
	2,639,605	44,739,840
Other gains and losses		
Gain on disposal of property, plant and equipment	17,738,173	28,987,107
	17,738,173	28,987,107
Total	20,377,778	73,726,947

19. Employee Benefits Expense Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages, including bonus	2,416,594	3,021,130
Contribution to provident and other funds	65,273	247,888
Staff welfare expenses	-	7,834
Acturial Gain or loss	-	-
Total	2,481,867	3,276,852

20. Cost of materials consumed Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock	420911	514,328
Add: Purchases	228525	253,965
Less: Closing stock	310911	420,911
	338,525	347,382

21. Changes in inventories of finished goods and work-in-progress Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock :		
Finished goods	-	139,715
Work-in-progress		
	139,715	139,715
Closing Stock :		
Finished goods	-	-
Work-in-progress	-	-
Net (increase) / decrease	139,715	139,715

22. Finance costs Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense		
- Interest on bank overdrafts and loans	-	7,511,583
- Other interest expense	2,505,496	2,770,106
Total	2,505,496	10,281,689

23. Depreciation and amortisation expense Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment	1,916,723	1,939,419
Amortisation of intangible assets	97,026,206	96,974,994
Total	98,942,929	98,914,413

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24. Other operating expenses

Amount in Rs.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Forex Loss	-	1,320
Research & Development	-	6,000
Rates and taxes	194,114	428,176
Insurance		35,941
Freight Outwards		2,500
Travelling and conveyance	81,303	29,006
Telephone	21,616	20,347
Printing and stationery	33,266	15,610
Power and fuel	565,825	602,742
Marketing and advertising expenses	29,278	23,000
Repairs and maintenance		
- Buildings	348,577	52,374
- Others	36,802	39,931
Directors Remuneration		
- Directors sitting fees	25,000	30,000
Legal & professional charges	1,372,217	1,310,547
- Auditors	150,000	
Other receivables written off	-	15,109,078
Auditor's remuneration		
-For audit		150,000
Postage & Courier	580	139,442
Listing Expenses	804,612	314,453
Bank charges	21,408	14,969
Interests & Penalties	104,185	1,200
Miscellaneous expenses	194,536	145,118
Patents application filing fees	765,648	-
Total	4,748,967	18,471,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019.**1. Corporate information :**

M/s. Transgene Biotek 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 Biotek 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 August, 2019.

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

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, 2019 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, 2018.

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:

- ii. 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.

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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 interest 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.

s. Current V/s. non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ noncurrent 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.

t. 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.

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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.

u. 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.

v. 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.

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.

w. 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.

x. 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 equipment 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.

y. 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.

z. 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.

aa. 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.

bb. 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 is 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.

cc. 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.

dd. 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.

ee. 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.

ff. Employee benefits

iii. 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.

iv. 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, 2019.

The Company is not in practice of providing any other Defined Benefit Plan to the employees for the year ended 31st March, 2019.

gg. Contributed equity

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

hh. Earnings per share

iii. 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.
- iv. Diluted earnings per share

Diluted earnings per share adjust 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.

ii. 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 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 with out prejudice to the company's claim in this regard.

jj. 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:

- iii. The rights to receive cash flows from the asset have expired, or
- iv. 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
 - the Company has transferred substantially all the risks and rewards of the asset, or
 - 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 :

b. Contingent liabilities are not provided for in respect of

Particulars	2018-19	2017-18
(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
(iii) Electricity charges demand from APCPDCL	8,05,731	-

a. Reference is made about the long standing case at CESTAT, Chennai and the Honourable Member Ms. Sulekha Beevi 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

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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:

Foreign Exchange :	2018-19	2017-18
Foreign Exchange Inflow	7,12,870	11,82,406
Foreign Exchange Outflow	Nil	Nil

29. Auditor's Remuneration

Particulars	2018-19	2017-18
As Statutory Auditors	1,50,000	1,50,000
For Taxation Matters	-	-
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 Biotech 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		4,21,000
Amounts spent on behalf of the company		5,36,579
Amount repaid by the company	18,15,457	
	18,15,457	9,57,579

K. Laxmidhar Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		12,54,628
Amount repaid by the company	70,00,000	
	70,00,000	12,54,628

K. Nirmala Rao :

Amount in Rs.

Nature of transaction	Amount	Amount
Advances received by the company		18,19,000
Amounts spent on behalf of the company		1,30,517
Amount repaid by the company	50,27,642	
	50,27,642	19,49,517

31. Remuneration to Directors for the year ended 31.03.2019

Amount in Rs.

Particulars	2018-19	2017-18
Salaries and Other Allowances		
Mr.SarangPuranik	-	10,80,000
Mr.Shyam Shankar Das	-	1,50,000
Contribution to Provident fund		
Mr.SarangPuranik	-	4,000
Mr.Shyam Shankar Das	-	4,000
TOTAL	-	12,38,000

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32. Segment Reporting :

As the company has closed all the diagnostic centres and concentrating on Research & Development. Thus Reporting under segment is not applicable.

33. Earnings Per Share (EPS) :

Amount in Rs.

Particulars	2018-19	2017-18
a) Profit/(Loss) attributable to equity shareholders	(8,79,32,141)	(6,43,81,441)
b) Weighted average number of equity shares at the end of the year	7,57,70,000	7,57,70,000
- Basic	7,57,70,000	7,57,70,000
- Diluted		
c) Earnings per Equity Share of Rs.10/- each		
- Basic	(1.16)	(0.85)
- Diluted	(1.16)	(0.85)

34. Standards issued and effective from 01st April,2018

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 effective for accounting is 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.

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 fairvalue on a recurring basis as of 31 March 2019:

Description of Assets	As at 31 March 2019	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
I. Assets	-	-	-	-
II. Liabilities				
Financial Liabilities				
(a) Borrowings	40,954,052		40,954,052	

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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	38,448,556		38,448,556	

38. 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, 2019.
39. Balances of Creditors, Debtors & Advances as on 31st March 2019 are subject to confirmation from the parties concerned.
40. Previous year figures have been regrouped and rearranged wherever necessary.
41. The figures have been rounded off to the nearest Rupee.

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

For **Manisha Dubey & Associates**
Chartered Accountants
FRN : 0101145
Sd/-
(Manisha Dubey)
Proprietor
M. No. 212664

For and on behalf of the board of Directors
M/s TRANSGENE BIOTEK LIMITED

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

Sd/-
Sujana Kadium
Director
DIN : 07167872

Place : Hyderabad
Date : 28-08-2019



TRANSGENE BIOTEK LIMITED

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

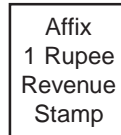
PROXY FORM

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 Monday, the September 30, 2019 at 11:00 A.M. at ICSI Centre of Excellence Survey No.1, IDA Uppal, Genpact Software Company Road, Near Mallikajuna Swamy Temple, Uppal, Hyderabad - 500 039. Tele 040-27177722, Telangana State.

Signed this day of 2019.

Signature



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.

----- Tear Here -----



TRANSGENE BIOTEK LIMITED

Regd. Office: Plot No.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 Monday, the September 30, 2019 at 11:00 A.M. at ICSI Centre of Excellence Survey No.1, IDA Uppal, Genpact Software Company Road, Near Mallikajuna Swamy Temple, Uppal Hyderabad - 500039. Tele 040-27177722, Telangana State.

Signature of Shareholder/s / Proxy

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

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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. 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 2019.			
2.	Re-Appointment Ms. Pardesi Naga Vaishali 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*)

**PRINTED MATTER
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TRANSGENE
BIOTEK LIMITED
INNOVATING FOR LIFE

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

