

## Independent Auditor's Report

To the Members of  
**ENZE BIOSCIENCES LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of **ENZE BIOSCIENCES LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical



requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Loss and its Cash Flow for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**";
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 2.21 to the 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **R.S. SANGHAI & ASSOCIATES**  
Chartered Accountants  
Firm's registration number: 109094W

  
**R.S. SANGHAI**

Partner

Membership number: 036931

Mumbai: 20<sup>th</sup> May, 2016



**“Annexure A” to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of **ENZENE BIOSCIENCES LIMITED** for the year ended March 31, 2016, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management at the yearend, which in our opinion, is reasonable having regard to the size of the company and nature of fixed assets. Material discrepancies noticed on such verification has been properly dealt with in the books of accounts.
- (c) The Company does not own any immovable property and accordingly, the requirement of Para 3(i)(c) of the Order to report as to whether the title deeds of immovable properties are in the name of the company or not is not applicable and hence not commented upon.
- ii) The Company is engaged in Research & Development activity in Biotechnology and accordingly, the requirement of Para 3(ii) of the Order regarding physical verification of inventory on regular interval and treatment of material discrepancy in the books of account is not applicable to the Company and hence not commented upon.
- iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and accordingly, the requirement of Para 3(iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) The Company has not given any loan, has not made any investment, has not given any guarantee or security and accordingly, the requirement of Para 3(iv) of the Order regarding compliance with the provisions of section 185 and 186 of the Companies Act, 2013 is not applicable to the Company and hence not commented upon.
- v) The Company has not accepted any deposit from the public and hence the requirement of Para 3(v) of the Order regarding compliance with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014 with regard to the deposits accepted from the public are not applicable and hence not commented upon.



- vi) We have been informed by the management that as the Company is engaged in Research & Development of Biotechnology, no cost records have been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and hence the requirement of Para 3(vi) of the Order is not applicable to the Company and hence is not commented upon.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and all other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of customs duty, excise duty, sales-tax and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at 31st March, 2016 which have not been deposited on account of dispute, are as follows-

Name of the Statute	Nature of Dues	Amount Rupees ( In Lakhs)	Period to which the amount relates	Forum Where the Dispute is pending
Income Tax Act, 1961	Income Tax and Interest	58.23	2012-13	Commissioner of Income Tax (Appeals)
<b>TOTAL</b>		<b>58.23</b>		

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of any loan or borrowing to the government. The Company has not taken any loan either from any financial institution or from any bank and has not issued any debentures.
- ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of Para 3(ix) of the Order are not applicable to the Company and hence not commented upon.





- x) 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.
- xi) The Company has not paid or provided any managerial remuneration during the year and accordingly there is no requirement of any approval as per the provisions of section 197 of the Companies Act and the requirement of Para 3(xi) of the Order is not applicable to the Company and hence not commented upon.
- xii) The Company is not a Nidhi Company and therefore, the requirement of Para 3 (xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) 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 or partly convertible debentures during the year under review. Accordingly, the provisions of Para 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transaction with any of the directors or persons connected with them. Accordingly, the requirement of Para 3(xv) of the Order is not applicable to the Company and hence not commented upon.
- xvi) 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 requirement of Para 3(xvi) of the Order is not applicable to the Company and hence not commented upon.

For **R.S. SANGHAI & ASSOCIATES**

Chartered Accountants

Firm's registration number: 109094W



**R.S. SANGHAI**

Partner

Membership number: 036931

Mumbai: 20<sup>th</sup> May, 2016



**“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of ENZENE BIOSCIENCES LIMITED for the year ended March 31, 2016**

**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 ENZENE BIOSCIENCES LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility**

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

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

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



### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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.

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

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 **R.S. SANGHAI & ASSOCIATES**

Chartered Accountants

Firm's registration number: 109094W

  
**R.S. SANGHAI**

Partner

Membership number: 036931

Mumbai: 20<sup>th</sup> May, 2016





**ENZENE BIOSCIENCES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2016**

PARTICULARS	Note No.	As at 31st March, 2016 Amount in Rs.	As at 31st March, 2015 Amount in Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	44,810,000	11,202,500
Reserves and Surplus	2.2	110,582,386	(67,403,657)
		155,392,386	(56,201,157)
<b>Share Application Money Pending Allotement</b>		-	8,557,295
<b>Non Current Liabilities</b>			
Long Term Borrowings	2.3	523,193,324	261,465,532
Long Term Provisions	2.4	994,310	1,626,225
		524,187,634	263,091,757
<b>Current Liabilities</b>			
Short-term borrowings	2.5	8,766,977	-
Trade Payables	2.6	64,802,865	5,168,126
Other Current Liabilities	2.7	9,950,404	5,048,558
Short Term Provisions	2.8	98,284	88,707
		83,618,530	10,305,391
<b>TOTAL</b>		<b>763,198,550</b>	<b>225,753,286</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	2.9	163,660,122	83,177,886
Tangible Assets		1,127,905	-
Capital work-in-progress	2.10	5,823,370	3,663,977
Long Term Loans and Advances		170,611,397	86,841,863
<b>Current Assets</b>			
Inventories	2.11	-	133,765,237
Cash and Bank Balances	2.12	518,569,094	1,101,301
Short Term Loans and Advances	2.13	69,583,429	4,044,885
Other Current Assets	2.14	4,434,630	-
		592,587,153	138,911,423
<b>TOTAL</b>		<b>763,198,550</b>	<b>225,753,286</b>

**Significant Accounting Policies**

**Notes to Accounts**

**The accompanying notes are an integral part of financial statements**

AS PER OUR REPORT OF EVEN DATE

For **R.S.Sanghai & Associates**

Chartered Accountants

**R.S.SANGHAI**  
**PARTNER**

**Place: Pune**

**Date: 20th May, 2016**



For & on behalf of the Board,  
**For Enzene Biosciences Limited**

**Amit Ghare**  
**Director**

**Sandeep Singh**  
**Director**

**ENZENE BIOSCIENCES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>PARTICULARS</b>	<b>Note No.</b>	<b>For the year ended 31st March, 2016 Amount in Rs.</b>	<b>For the year ended 31st March, 2015 Amount in Rs.</b>
<b>Income:</b>			
Other Income	2.15	7,396,764	719,288
<b>Total Revenue</b>		<b>7,396,764</b>	<b>719,288</b>
<b>Expenses:</b>			
Cost of Materials Consumed	2.16	33,494,135	16,730,143
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.17	133,765,237	(76,711,077)
Employee Benefits Expense	2.18	29,619,612	26,130,837
Finance Costs	2.19	36,677,052	19,019,293
Depreciation and Amortization Expense	2.9	10,751,288	7,991,238
Other Expenses	2.20	49,125,417	25,858,692
<b>Total Expenses</b>		<b>293,432,741</b>	<b>19,019,127</b>
<b>Profit before Tax</b>		<b>(286,035,977)</b>	<b>(18,299,839)</b>
<b>Tax Expense:</b>			
Current Tax		-	-
Less: MAT Credit Entitlement		-	-
Net Current Tax Expense		-	-
Deferred Tax (Net)		-	-
Prior Period Tax Adjustment		-	-
<b>Total Tax Expense</b>		<b>(286,035,977)</b>	<b>(18,299,839)</b>
<b>Profit (Loss) after Tax for the year</b>			
Earnings per equity share (In Rs.):			
<b>Basic</b>		<b>(188.03)</b>	<b>(16.34)</b>
<b>Diluted</b>		<b>(188.03)</b>	<b>(16.34)</b>
Face Value of Equity Share (In Rs.)		<b>10.00</b>	<b>10.00</b>

**Significant Accounting Policies**

1

**Notes to Accounts**

2

**The accompanying notes are an integral part of financial statements**

AS PER OUR REPORT OF EVEN DATE

For **R.S.Sanghai & Associates**

Chartered Accountants

For & on behalf of the Board,

**For Enzene Biosciences Limited**

**R.S.SANGHAI**

**PARTNER**

**Place: Pune**

**Date: 20th May, 2016**



*(Signature)*

**Amit Ghare**  
Director

*(Signature)*

**Sandeep Singh**  
Director

<b>ENZENE BIOSCIENCES LIMITED</b> <b>Cash Flow Statement for the year ended 31st March, 2016</b>		<b>Year ended</b> <b>31st March, 2016</b> <b>Amount in Rs.</b>	<b>Year ended</b> <b>31st March, 2015</b> <b>Amount in Rs.</b>
<b>A. Cash Flow From Operating Activity</b>			
Net Profit before Tax		(286,035,977)	(18,299,839)
<u>Adjustment for:</u>			
Depreciation		10,751,288	7,991,238
Employee stock compensation expenses		238,520	-
Loss on Sale of Assets		11,568,089	-
Net Interest paid		30,045,349	18,470,786
<b>Subtotal of Adjustments</b>		<b>52,603,246</b>	<b>26,462,025</b>
Operating profit before working capital changes		(233,432,731)	8,162,186
Adjustment for:			
Trade and other receivables		-	-
Loans & Advances		(67,034,781)	3,823,005
Inventories		133,765,237	(76,711,077)
Other Current Assets		(4,434,630)	-
Trade Payable		59,634,739	(3,004,418)
Other Current Liabilities		4,901,846	2,828,750
Provisions		(622,338)	768,075
<b>Subtotal of Adjustments</b>		<b>126,210,073</b>	<b>(72,295,665)</b>
Cash Generated from Operations		(107,222,658)	(64,133,479)
Less: Direct Taxes Paid		663,157	-
Net Cash (used)/ generated Operating Activities		(107,885,815)	(64,133,479)
<b>B. Cash Flow from Investing Activities</b>			
Purchases of Fixed Assets (Net)		(103,929,517)	(1,274,137)
Redemption/(investments) of bank deposits having maturity of more than 3 months		(480,000,000)	-
Interest Received		6,631,703	548,506
Net Cash from / used in investing Activities		(577,297,814)	(725,631)
<b>C. Cash Flow From Financing Activities</b>			
Long Term Borrowings		261,727,792	83,982,626
Short Term Borrowings		8,766,977	-
Share Application Money Refunded		(8,557,295)	-
fresh equity infusion		497,391,000	-
Interest Paid		(36,677,052)	(19,019,293)
Net Cash (used) in Financing Activities		722,651,422	64,963,333
<b>D. Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>37,467,793</b>	<b>104,224</b>
<b>E. Cash &amp; Cash Equivalents as at 1st April, 2015</b>		<b>1,101,301</b>	<b>997,078</b>
<b>F. Cash &amp; Cash Equivalents as at 31st March, 2016 (D+E)</b>		<b>38,569,094</b>	<b>1,101,301</b>

The accompanying notes are an integral part of financial statements  
AS PER OUR REPORT OF EVEN DATE  
**For R.S.Sanghai & Associates**  
Chartered Accountants

For & on behalf of the Board,  
**For Enzene Biosciences Limited**

**R.S.SANGHAI**

Partner

Place: Pune

Date: 20th May, 2016



**Amit Ghare**  
Director

**Sandeep Singh**  
Director

**NOTE – 1: SIGNIFICANT ACCOUNTING POLICIES:**

**1.1. Basis of Preparation of Financial Statements:**

- a) The accompanying financial statements have been prepared in compliance with the requirements of section 133 of the Companies Act, 2013 (to the extent notified), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006. The accounting policies adopted in preparation of the financial statement are consistent with those followed in the previous year unless otherwise stated. The Financial statement are prepared in Indian rupees
- b) All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle, and other criteria set out in the schedule III to the companies Act, 2013. Based on the nature of business, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/ non-current classification of assets and liabilities.

**1.2. Use of Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and disclosure that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**1.3. Tangible Fixed Assets and Depreciation:**

- a) Tangible Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use and is net of cenvat credit (available for input credit), trade discounts and subsidy wherever applicable.
- b) Depreciation on Tangible Fixed Assets is provided on Straight Line Method (SLM) using the rates arrived at based on the useful lives of the respective assets prescribed in Schedule II to the Companies Act, 2013. Depreciation on amounts of additions to fixed assets during the year or on its disposal/ demolition/ destruction of fixed assets during the year is provided on pro-rata basis as per Schedule II. As per Note 7 to the Schedule II to the Companies Act, 2013, the carrying amount of the fixed assets as on 1<sup>st</sup> April, 2014 has been depreciated over the remaining useful life of the asset after retaining the residual value @ 5% of cost. Wherever the remaining useful life of the asset is NIL as per Schedule II, the carrying amount as on 1<sup>st</sup> April, 2014 is recognized in the Statement of Profit and Loss.





**1.4. Impairment of Assets:**

At each Balance Sheet date, the company assesses as to whether there is any indication that an asset is impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. However, as per the assessment made by the company as on the balance sheet date, there is no such indication of any impairment of any asset during the year under report and therefore there is no effect of impairment loss in the financial statement for the year under report.

**1.5. Borrowing Costs:**

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets up to the date when such assets are ready for its intended use. Other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

**1.6. Foreign Exchange Transactions:**

Translations in foreign currency are recorded at the rate of exchange prevailing on the date of the transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. There are no long term foreign currency items in case of the company. Exchange difference on restatement of all a monetary items is recognized in the Statement of Profit and Loss.

**1.7. Inventories:**

Inventory being research and development work in progress is valued at lower of cost or net realizable value. Cost includes direct expenses like materials, labour and appropriate share of overheads.

**1.8. Government Grants:**

Government Grants are recognized when there is a reasonable assurance that the same will be received and all attaching condition will be complied with. Revenue grants are recognized in the Statement of Profit and Loss. Capital grants relating to specific Tangible/ Intangible Assets are reduced from the gross value of the respective Tangible/ Intangible Assets. Other capital grants in the nature of promoter's contribution are credited to capital reserve.



**1.9. Revenue Recognition:**

- a) Revenue is recognized to the extents that it is probable that the economic benefits will flow to the company and can be reliably measured.
- b) Revenue from service is recognized upon completion of performance obligations under the terms of the agreements or arrangement with the concerned parties.
- c) Revenue from sale of products is recognized when the significant risks rewards of ownership of the goods have passed on to the buyer which is generally on dispatch of goods in case of domestic sales and on the basis of bill of lading/airway bill in case of export sale. Sale of goods are recorded at net of returns, trade discounts, rebates, Sales Tax, Value Added Tax and gross of Excise Duty.
- d) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and applicable interest rate.

**1.10. Retirement and Other Employment Benefits:**

a) Defined Contribution Plan:

The Company makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance, ESI and Superannuation schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

b) Defined Benefits Plan:

The Company's liabilities under payment of Gratuity Act, Long Term compensated absences and pensions are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short-term compensated absences, which are provided for based on estimates. Actuarial gains and losses are recognized immediately in the statement of profit and Loss as income as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation.

**1.11. Taxes on Income:**

a) Tax expense comprises of current and deferred tax.

b) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. Current tax



assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the assets and the liabilities on a net basis.

- c) The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available. In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profit. At each Balance Sheet date the company reassesses the unrecognized deferred tax assets.

#### **1.12. Leases:**

a) Operating Lease:

The company has entered into lease arrangements relating to premises where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating lease and for which rentals are expensed with reference to the period for which rent is paid. Premium on lease hold land is amortized and charged to the Statement of Profit and Loss over the lease period on a straight line basis.

b) Finance Lease:

The Company has not entered into any finance lease.

#### **1.13. Cash Flow Statement:**

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transaction of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing cash flow. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **1.14. Cash and Cash Equivalents:**

Cash and Cash Equivalent for the purpose of cash flow statement comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short term highly liquid investment with an original maturity of three months or less (if any).



**1.15. Cenvat Accounting:**

In accordance with the method of accounting regularly followed by the company, Cenvat has been accounted on the basis of 'exclusive method' as recommended by the Institute of Chartered Accountants of India wherever applicable.

**1.16. Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earning considered in ascertaining the company's earnings per share is the net profit after tax for the period.

**1.17. Provisions, Contingent Liabilities and Contingent Assets:**

Contingent Liabilities are possible but not probable obligations on Balance Sheet date, based on the available evidence. Contingent Liabilities are disclosed in the notes on accounts. Provisions are recognized when there is a present obligation as a result of past events, and it is probable that an outflow of resource will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

**1.18. Employee Stock option Scheme:**

The excess of fair value of shares, at the date of grant of options under the Employee Stock Option Schemes of the Company, over the exercise price is regarded as employee compensation, and recognized on a straight-line basis over the period over which the employees would become unconditionally entitled to apply for the shares.





**ENZENE BIOSCIENCES LIMITED**  
**NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2016**

PARTICULARS	As at 31st March, 2016 Amount in Rs.	As at 31st March, 2015 Amount in Rs.
<b>2.1. : SHARE CAPITAL:</b>		
<u>Authorised Share Capital:</u> 15,000,000 equity shares of Rs.10/- each (Previous Year: 1,500,000 equity shares of Rs.10/- each)	150,000,000	15,000,000
	150,000,000	15,000,000
<u>Issued, Subscribed and Paid up:</u> 44,81,000 equity shares of Rs.10/- each (Previous Year: 11,20,250 equity shares of Rs.10/- each fully paid up)	44,810,000	11,202,500
<b>TOTAL</b>	<b>44,810,000</b>	<b>11,202,500</b>

**(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:**

Particulars	As at 31st March, 2016	As at 31st March, 2015
Numbers of shares outstanding as at the beginning of the year	1,120,250	1,120,250
Add: Shares issued during the year	3,360,750	-
Less: Shares bought back during the year	-	-
<b>Numbers of shares outstanding as at the end of the year</b>	<b>4,481,000</b>	<b>1,120,250</b>

**(b) Rights attached to Equity Shares:**

The Company has only one class of equity shares with voting rights having a par value of Rs. 10/- per share.

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

**(c) Shares held by Holding Company**

44,81,000 equity shares being 100% of total shares are held by holding company Alkem Laboratories Ltd.

**(d) Details of shareholders holding more than 5% shares in the Company:**

Name of the shareholders:	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
M/s. Alkem Laboratories Limited	4,481,000	100.00%	1,120,250	100.00%



ENZENE BIOSCIENCES LIMITED  
NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

Particulars	As at 31st March, 2016 Amount in Rs.	As at 31st March, 2015 Amount in Rs.
<b>2.2. : RESERVES AND SURPLUS:</b>		
<b>Employee stock options outstanding account:</b>		
Balance as per last Balance Sheet	-	-
Add: Employee compensation expenses for the year	238,520	-
Closing Balance	238,520	-
<b>Security Premium Account:</b>		
Balance as per last Balance Sheet	-	-
Add: Premium on issue of equity shares during the year	463,783,500	-
Closing Balance	463,783,500	-
<b>Surplus in the Statement of Profit and Loss:</b>		
Balance as per last Balance Sheet	(67,403,657)	(49,103,818)
Add: loss for the year	(286,035,977)	(18,299,839)
Profit available for appropriation	(353,439,634)	(67,403,657)
Less: <b>Appropriations:</b>		
Transfer to General Reserve	-	-
Proposed Dividend on Equity Shares	-	-
Interim Dividend on Equity Shares	-	-
Corporate Dividend Distribution Tax	-	-
Balance carried forward	(353,439,634)	(67,403,657)
<b>TOTAL</b>	<b>110,582,386</b>	<b>(67,403,657)</b>
<b>2.3.: LONG TERM BORROWINGS:</b>		
<b>Secured:</b>		
SBIRI -Government of India	1,750,000	2,100,000
<b>Unsecured:</b>		
Loans and Advances from related parties	521,443,324	259,365,532
<b>TOTAL</b>	<b>523,193,324</b>	<b>261,465,532</b>
<b>Notes:</b>		
1. Secured Loan consists of repayable to Small business innovation research initiative scheme ("SBIRI") - Government of India, carries 0% Interest and is repayable in remaining 7 Instalments of Rs. 3,50,000/- each commencing from Nov - 2016 . The Loan is secured by Hypothecation of Machinery There is no default on Balance Sheet date in repayment of Loan.		
<b>2.4. : LONG TERM PROVISIONS</b>		
<b>Provisions for Employee Benefits</b>		
Gratuity	679,306	1,298,268
Compensated Leave	315,004	327,957
<b>TOTAL</b>	<b>994,310</b>	<b>1,626,225</b>



## ENZENE BIOSCIENCES LIMITED

## NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

Particulars	As at 31st March, 2016 Amount in Rs.	As at 31st March, 2015 Amount in Rs.
<b>2.5. : SHORT TERM BORROWINGS</b>		
<u>Secured</u>		
Loans repayable on demand from Banks	8,766,977	-
<b>TOTAL</b>	<b>8,766,977</b>	<b>-</b>
<u>Notes:</u>		
1. Overdrafts from Banks Rs.8,766,977 (Previous Year Rs.Nil) are secured against pledge of Fixed Deposits with the banks.		
2. Overdraft Facilities carry a rate of Interest ranging between 8.50% to 10.50% p.a. computed on a monthly basis on the actual amount utilized, and are repayable on demand.		
<b>2.6. : TRADE PAYABLES:</b>		
Trade Payables (Refer Note 2.22)	64,802,865	5,168,126
<b>TOTAL</b>	<b>64,802,865</b>	<b>5,168,126</b>
<b>2.7. : OTHER CURRENT LIABILITIES:</b>		
Current Maturities of Long Term Borrowings in Foreign Currencies (Refer Note 2.3)	350,000	350,000
Due to Statutory Authorities	4,670,292	2,447,865
Other Payables	4,930,112	2,250,693
<b>TOTAL</b>	<b>9,950,404</b>	<b>5,048,558</b>
<b>Note:-</b>		
Current Maturity of Long Term Borrowings includes Rs.3,50,000 repayable to Small business innovation research initiative scheme		
<b>2.8. : SHORT TERM PROVISIONS:</b>		
Provision for Employee Benefits:		
Gratuity	50,500	63,800
Compensated Leave	47,784	24,907
<b>TOTAL</b>	<b>98,284</b>	<b>88,707</b>



**ENZENE BIOSCIENCES LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2016**

**NOTE 2.9 : Fixed Assets**

A S S E T S	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-Apr-15	Additions	Deletions	As at 31-Mar-16	As at 1-Apr-15	For the Year	Deletions	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets:</b>										
Plant & Machinery	89,955,533	92,051,708	8,754,231	173,253,010	15,079,783	9,004,995	2,645,918	21,438,860	151,814,150	74,875,749
Office Equipment	1,825,883	1,535,900	45,830	3,315,953	1,550,153	356,821	38,695	1,868,279	1,447,674	275,730
Furniture & Fixtures	10,818,610	9,214,003	8,658,904	11,373,709	2,792,203	1,389,471	3,206,263	975,411	10,398,298	8,026,407
<b>Total Tangible Assets</b>	<b>102,600,026</b>	<b>102,801,611</b>	<b>17,458,965</b>	<b>187,942,672</b>	<b>19,422,139</b>	<b>10,751,287</b>	<b>5,890,876</b>	<b>24,282,550</b>	<b>163,660,122</b>	<b>83,177,886</b>
<b>Capital Work-in-Progress</b>									<b>1,127,905</b>	<b>-</b>
<b>Grand Total</b>	<b>102,600,026</b>	<b>102,801,611</b>	<b>17,458,965</b>	<b>187,942,672</b>	<b>19,422,139</b>	<b>10,751,287</b>	<b>5,890,876</b>	<b>24,282,550</b>	<b>164,788,027</b>	<b>83,177,886</b>
<b>Previous Year's Figures</b>	<b>77,582,688</b>	<b>23,743,201</b>	<b>-</b>	<b>101,325,889</b>	<b>6,312,961</b>	<b>5,117,940</b>	<b>-</b>	<b>11,430,901</b>	<b>89,994,988</b>	<b>71,269,727</b>





Particulars	As at 31st March, 2016 Amount in Rs.	As at 31st March, 2015 Amount in Rs.
<b>2.10 : LONG TERM LOANS AND ADVANCES.</b>		
(Unsecured, Considered Good)		
Security Deposits	4,967,619	3,484,200
Loans and Advances to Employees	15,776	-
Advance payment of Income Tax	839,975	179,777
<b>TOTAL</b>	<b>5,823,370</b>	<b>3,663,977</b>
<b>2.11. : INVENTORIES:</b>		
Work-in-Progress	-	133,765,237
<b>TOTAL</b>	<b>-</b>	<b>133,765,237</b>
<b>2.12. : CASH AND BANK BALANCES:</b>		
<b>Cash and Cash Equivalents:</b>		
Cash on hand	-	3,810
Balance with Banks:		
In Current Accounts	133,855	1,097,491
In Deposit Accounts:		
Bank Deposits with original maturity within 3 months	38,435,239	-
<b>Other Bank Balances:</b>		
In Deposit Accounts:		
Bank Deposits with maturity within 12 months	480,000,000	-
<b>TOTAL</b>	<b>518,569,094</b>	<b>1,101,301</b>
Notes:		
1. Bank Deposits of Rs.480,000,000 (P.Y. Rs.Nil) is under lien with the Banks against Over Draft Facility and Bank Deposits of Rs.38,435,239 (P.Y. Rs.Nil) is under lien with Banks against letter of credit		
<b>2.13. : SHORT TERM LOANS AND ADVANCES:</b>		
Unsecured, Considered Good, unless Otherwise stated		
Balances with Government Authorities	4,559,155	2,210,765
(VAT/Cenvat/Service Tax credit receivable)		
Other Advances	64,331,384	1,730,671
Considered Good		
Prepaid Expenses	692,890	103,449
<b>TOTAL</b>	<b>69,583,429</b>	<b>4,044,885</b>
<b>2.14. : OTHER CURRENT ASSETS:</b>		
Interest Accrued on Bank Deposits	4,434,630	-
<b>TOTAL</b>	<b>4,434,630</b>	<b>-</b>



## ENZENE BIOSCIENCES LIMITED

## NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

Particulars	For the year ended 31st March, 2016 Amount in Rs.	For the year ended 31st March, 2015 Amount in Rs.
<b>2.15. : OTHER INCOME:</b>		
Interest Income	6,631,703	548,506
Foreign Exchange Gain	765,061	-
Provision Written back	-	170,782
<b>TOTAL</b>	<b>7,396,764</b>	<b>719,288</b>
<b>2.16. : COST OF MATERIAL CONSUMED</b>		
Raw Material & Consumables Consumed	33,494,135	16,730,143
	<b>33,494,135</b>	<b>16,730,143</b>
<b>2.17. : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:</b>		
Opening Stock:		
Finished Goods	-	-
Stock-in-Trade	-	-
Work-in-Progress	133,765,237	57,054,160
	<b>133,765,237</b>	<b>57,054,160</b>
Less: Closing Stock:		
Finished Goods	-	-
Stock-in-Trade	-	-
Work-in-Progress	-	133,765,237
	<b>-</b>	<b>133,765,237</b>
<b>TOTAL</b>	<b>133,765,237</b>	<b>(76,711,077)</b>
<b>2.18. : EMPLOYEE BENEFITS EXPENSE:</b>		
Salaries, Wages and Bonus	25,826,684	23,410,580
Contribution to Provident and Other Fund	884,646	1,262,255
Employee stock compensation expenses	238,520	-
Employees' Welfare Expenses	2,669,762	1,458,002
<b>TOTAL</b>	<b>29,619,612</b>	<b>26,130,837</b>
<b>2.19. : FINANCE COST:</b>		
Interest on Borrowings	36,342,307	18,950,887
Other Borrowing Costs	334,745	68,406
<b>TOTAL</b>	<b>36,677,052</b>	<b>19,019,293</b>



## ENZENE BIOSCIENCES LIMITED

NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Amount in Rs.	Amount in Rs.
<b>2.20. : OTHER EXPENSES:</b>		
Audit Fees	125,000	100,000
Insurance	276,450	533,178
Office Maintenance	2,984,581	336,022
Power and Fuel	2,163,063	1,927,793
Communication and Printing Expenses	1,270,979	752,932
Professional Charges	1,806,414	1,795,999
Rates & Taxes	1,598,260	178,944
Rent	5,207,510	3,517,788
Repairs:		
- Buildings	164,309	98,618
- Plant & Machineries	8,300,907	2,935,882
- Others	28,041	118,531
Travelling and Conveyance Expenses	2,169,831	1,659,832
Testing and Analytical Charges	7,571,007	4,899,707
Licence & Other Fees	2,993,774	6,577,223
Membership & Subscription	-	30,600
News papers, Books & Periodicals	67,988	6,749
Consumables	277,000	260,349
Water charges	128,110	128,545
Loss on sale of Assets	11,568,089	-
Brokerage & Commision	15,000	-
Vehicle Maintaince Expenses	201,300	-
Miscellaneous Expenses	207,804	-
<b>TOTAL</b>	<b>49,125,417</b>	<b>25,858,692</b>



**ENZENE BIOSCIENCES LIMITED****NOTE - 2: NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016****2.21 Contingent Liabilities and Commitments:****a) Contingent Liabilities not Provided For:**

Sr. No.	Particulars	As at	
		31st March 2016	31st March 2015
1	Letter of Credit opened by the Banks	32,918,890	-
2	Income Tax demand disputed in appeal {advances paid in dispute Rs.Nil (P. Y. Rs.Nil)}	5,823,334	-
	<b>Total</b>	<b>38,742,224</b>	<b>-</b>

There are no claims against the Company which are not acknowledged as debts.

**b) Commitments:**

Sr. No.	Particulars	As at	
		31st March 2016	31st March 2015
1	Estimated amount of contracts remaining to be executed on Capital Accounts {advances paid <b>Rs.NIL</b> (Previous Year Rs.Nil)	82,853,954	-
2	Other Commitments - Non Cancellable Operating Lease (Refer Note. 2.24)		

**2.22 Due to Micro, Small enterprises**

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro & Small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 are set out in following disclosure. This has been relied upon by the auditors.

Sr.No.	Particulars	As at 31st March 2016	As at 31st March 2015
1	Principal amount remaining unpaid to any supplier as at the year end.	-	-
2	Interest due thereon.	-	-
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).	-	-





4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

## 2.23 Disclosure of Employee Benefits as per Accounting Standard 15 is as under:

### i) Defined contribution plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employee provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The minimum interest rate payable to the beneficiaries every year is being notified by the Government.

The Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
- Contribution to Provident Fund	787,398	550,175
<b>Total</b>	<b>787,398</b>	<b>550,175</b>



## ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and Compensated absences and provides for payment to vested employees as under:

## a) On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

## b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2016 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31<sup>st</sup> March, 2016:

Sr. No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
I)	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>		
	PVO at the beginning of the year - Current	63,800	34,644
	PVO at the beginning of the year - Non Current	1,298,268	735,219
	PVO at the beginning of the year	1,362,068	769,863
	Current Service Cost	493,503	365,944
	Interest Cost	97,101	85,277
	Benefits paid	(296,614)	(56,538)
	Actuarial (gain) / losses	(926,252)	197,522
	PVO at end of the year	729,806	1,362,068
	PVO at end of the year - Current	50,500	63,800
	PVO at end of the year - Non Current	679,306	1,298,268
II)	<b>Change in fair value of plan assets</b>		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-



	Contributions by the employer	296,614	56,538
	Benefits paid	(296,614)	(56,538)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
II)	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of year	-	-
	Actuarial gain/(losses)	-	-
	Funded status	-	-
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	-	-
III)	<b>Net cost for the year</b>		
	Current Service cost	493,503	365,944
	Interest cost	97,101	85,277
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	(926,252)	197,522
	Net cost	(335,648)	648,743
IV)	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	7.46%	8.00%
	Salary escalation rate (%)	6.25%	7.00%

## 2.24 Details of un-hedged foreign currency exposure:

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

## a. Amount receivable in foreign currency on account of the following

Particulars	As at 31st March 2016		As at 31st March 2015	
	Rs.	Amount in foreign currency	Rs.	Amount in foreign currency
<b>Advances</b>				
USD	1,189,716	17,957	-	-
GBP	320,889	3,361	-	-



**ENZENE BIOSCIENCES LIMITED****NOTE - 2: NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

b. Amount payable in foreign currency on account of the following:

Particulars	As at 31st March 2016		As at 31st March 2015	
	Rs.	Amount in foreign currency	Rs.	Amount in foreign currency
Import of goods and services				
USD	412,881	6,232	1,449,093	23,643
GBP	773,327	8,100	-	-

2.25 The Company has entered into non - cancellable operating lease agreements for premises/car/Computers. Rent expenses debited to the Statement of Profit and Loss is as below:

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Rent expense	5,207,510	3,517,788
<b>Total</b>	<b>5,207,510</b>	<b>3,517,788</b>

The future minimum lease payments in respect of the non-cancellable lease agreements as on the year end is as below:

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Not later than one year	5,580,000	-
Later than one year but not later than five years	8,339,625	-
Later than five years	-	-
<b>Total</b>	<b>13,919,625</b>	<b>-</b>

2.26 Segmental Reporting as required by Accounting Standard – 17 (AS-17)

The Company is engaged in a single business segment of technology provider for the biotechnology and Pharmaceutical industry.

2.27 The aggregate amount of revenue expenditure incurred during the period on Research and Development and shown in the respective heads of account is **Rs.259,066,156** (Previous year Rs. Nil)





**ENZENE BIOSCIENCES LIMITED****NOTE - 2: NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE****YEAR ENDED 31<sup>st</sup> MARCH 2016****2.28 Earnings per share (EPS)**

Particulars			Year ended 31st March, 2016	Year ended 31st March, 2015
Profit /(loss) after tax attributable to equity shareholders	In Rs.	A	(286,035,977)	(18,299,839)
Number of equity shares at the beginning of the year	Nos.		1,120,250	1,120,250
Equity shares issued during the period	Nos.		3,360,750	-
Number of equity shares outstanding at the end of the year	Nos.		4,481,000	1,120,250
Weighted average number of equity shares outstanding during the period	Nos.	B	1,521,214	1,120,250
Basic and diluted earnings per equity share (Rs) - Face value of Rs.2 per share	In Rs.	(A / B)	(188.03)	(16.34)

**2.29 Employee share-based payment plans:**

**As at 31 March 2016, the company has following share based payment arrangements for employees**

**ESOS 2016**

This Scheme shall be called 'Enzene Employee Stock Option Scheme 2016' ("ESOS 2016"/"Scheme").

ESOS 2016 is established with effect from 15th January, 2015 on which the Shareholders have approved the Scheme by way of a special resolution and shall continue to be in force until (i)

i. its termination by the Board, or

ii. Date on which all of the Employee Stock Options available for issuance under the ESOS 2016 have been issued and exercised, whichever is earlier. The plan entitles key management personnel and senior employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of shares.



The terms and conditions related to the grant of the shares options are as follows:

<b>Date of Grant</b>	3-Mar-16
<b>Exercise price per Option</b>	Rs.125.80
<b>Number of Options granted</b>	1,45,600
<b>Exercise period</b>	2 years from the date of respective vesting
<b>Vesting Period</b>	1 to 5 years from the date of grant as stated below
<b>Vesting Schedule</b>	As mentioned below

<b>Vesting Schedule:</b>			
<b>Date of Vesting</b>	<b>Vesting period after the date of grant (years)</b>	<b>Vesting</b>	<b>Vesting based on time</b>
3-Mar-17	1 year from the date of grant	5%	5%
3-Mar-18	2 years from the date of grant	15%	15%
3-Mar-19	3 years from the date of grant	20%	20%
3-Mar-20	4 years from the date of grant	30%	30%
3-Mar-21	5 years from the date of grant	30%	30%
<b>Total</b>		<b>100%</b>	<b>100.00%</b>

**Share based payment expenses**

<b>Name of Scheme</b>	<b>Amount (Rs.)</b>
ESOS 2016	238,520
<b>Total Expenses recognised in "Employee benefit"</b>	<b>238,520</b>

**Reconciliation of outstanding share options**

<b>Particulars</b>	<b>No. of Options</b>	
	<b>31st March, 2016</b>	<b>31st March, 2015</b>
Outstanding at 1 April	-	-
Granted during the year	145,600	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 31 March	145,600	-



The estimated grant-date fair value of Stock options granted under ESOS 2016 plan is Rs.69.94

The fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historical average of share price volatility of peer companies. The Inputs used in the measurement of grant-date fair values are as follows:

Fair value as on Grant Date	148
Compounded Risk-Free Interest Rate	7.70%

2.30 "As required by Accounting Standard–18, the Related Parties' disclosures are as follows:

Names of related parties and description of relationship:"

**A. List of related parties and their relationship:**

<b>A Holding Company</b>	
Alkem Laboratories Limited	India
<b>B Fellow Subsidiaries:</b>	
Alkem Laboratories (NIG) Limited	Nigeria
Alkem Laboratories (PTY) Limited	South Africa
Alkem Pharma GmbH	Germany
Alkem Laboratories Corporation	Philippines
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
ThePharmaNetwork, LLC ( Wholly owned Subsidiary of S&B Holdings B.V)	United States of America
Ascend Laboratories SDN BHD.	Malaysia
Ascend Laboratories SpA	Chile
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
S & B Pharma Inc.	United States of America
The PharmaNetwork, LLP	Kazakhstan
Ascend Laboratories, LLC ( Wholly owned by ThePharmanetwork, LLC)	United States of America
Alkem Real Estate LLP (up to 11 Sep, 2015)	India
Ascend Laboratories (UK) Ltd.	United Kingdom
Cachet Pharmaceuticals Pvt. Ltd (w.e.f 27 March 2015)	India
Indchemie Health Specialities Pvt. Ltd.(w.e.f 30 March 2015)	India



**ENZENE BIOSCIENCES LIMITED**
**NOTE - 2: NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

<b>C</b>	<b>Key Managerial Personnel</b>	
	Mr. Basudeo Narain Singh	Director
	Mr. Sandeep Singh	Director
	Mr. Amit Ghare	Director
<b>D</b>	<b>Entities in which Key Management Personnel's and their relatives with whom transactions have taken place during the period/year and have significant influence ("Entities"):</b>	
	NIL	

**Details of Transactions with Related Parties**

Sr. No.	Particulars	Year ended 31st March 2016				
		Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	B	c	d	
1	Loans Taken	229,443,914 (65,382,339)	- (-)	- (-)	- (-)	229,443,914 (65,382,339)
2	Interest expense on loans taken	36,259,865 (18,950,287)	- (-)	- (-)	- (-)	36,259,865 (18,950,287)
3	Purchase of Assets	3,562,275 (-)	- (-)	- (-)	- (-)	3,562,275 (-)
4	Reimbursement of expenses	6,481,528 (-)	- (-)	- (-)	- (-)	6,481,528 (-)

Figures in the brackets are the corresponding figures of the previous year.

**Out of the above items transactions in excess of 10% of the total related party transactions**

Sr. No.	Transactions	Related Party relation	Year ended 31 March 2016	Year ended 31 March 2015
1	<b>Loans Taken</b>			
	Alkem Laboratories Limited	Holding Company	229,443,914	65,382,339
2	<b>Interest expense on loans taken</b>			
	Alkem Laboratories Limited	Holding Company	36,259,865	18,950,287





**ENZENE BIOSCIENCES LIMITED**
**NOTE - 2: NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

3	<b>Purchase of Assets</b>			
	Alkem Laboratories Limited	Holding Company	3,562,275	-
4	<b>Reimbursement of expenses</b>			
	Alkem Laboratories Limited	Holding Company	6,481,528	-

**Balance due from / to the related Parties**

(Amounts in Rs.)

Sr. No.	Particulars	As at 31st March, 2016	
		Holding Company	Total
1	Unsecured Loans	521,443,324	521,443,324
2	Other Payable	3,562,275	3,562,275

Sr. No.	Particulars	As at 31 March, 2015	
		Holding Company	Total
1	Unsecured Loans	259,365,532	259,365,532

**2.31 Payment to auditors (excluding service tax)**

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
<b>a. As Auditor</b>		
Audit fees	100,000	100,000
<b>b. In other capacity</b>		
In any other services such as certification, etc.	25,000	-
<b>Total</b>	<b>125,000</b>	<b>100,000</b>

**2.32 Additional information pursuant to the provisions of Paragraph 5 (viii) of Part II of Schedule VI to the Companies Act, 1956.**
**a. Consumption of Raw Materials:**

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Mammalian	-	2,117,847
FBS	-	27,480
OLIGO's	12,147	1,718



**ENZENE BIOSCIENCES LIMITED**
**NOTE - 2: NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016**

Enzymes	-	14,260
Plastic wares	164,083	958,434
Media	93,789	305,909
Cell Line	-	16,290
Reagents	50,548	6,467,856
Antibodies and proteins	1,064,072	655,751
Consumables (Kits)	5,730,738	5,188,368
Columns	1,652,510	410,945
Others	24,726,249	565,285
<b>Total</b>	<b>33,494,135</b>	<b>16,730,143</b>

**b. Value and % of Imported & Indigenous Raw Materials, Spare parts & Components consumed:**

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
<b>(i) Raw Materials:</b>		
Imported		
Value	6,275,712	2,120,952
% of total consumption	18.74%	12.68%
Indigenous		
Value	27,218,423	14,609,191
% of total consumption	81.26%	87.32%
<b>Total</b>		
Value	33,494,135	16,730,143
% of total consumption	100.00%	100.00%

**c. Value of Imports (on CIF basis)**

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Raw Materials	6,275,712	2,120,952
Components, Stores and Spare Parts	-	-
Capital Goods	79,575,600	-
<b>Total</b>	<b>85,851,313</b>	<b>2,120,952</b>



**ENZENE BIOSCIENCES LIMITED****NOTE - 2: NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016****d. Expenditure in Foreign currency (accrual basis)**

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Technology Licence Fees	2,377,735	3,427,056
Other Expenses	1,560,414	2,242
<b>Total</b>	<b>3,938,148</b>	<b>3,429,298</b>

**2.33 Details of purchases, Turnover and Inventory:****Inventories (work-in-progress)**

Classification	As at 31st March 2016	As at 31st March 2015
Research work under progress	-	133,765,237
<b>Total</b>	<b>-</b>	<b>133,765,237</b>

2.34 Figures of the previous year have been regrouped, rearranged, recast and reclassified wherever considered necessary to make them comparable to that of the current year or for a better presentation of accounts.

2.35 Figures in brackets indicate corresponding figures of previous year.

Signature to Notes 1.1 to 2.35

As per our attached report of even date,

**For R S Sanghai & Associates**  
Chartered Accountant

**For and on behalf of the Board**

  
**R S Sanghai**  
Partner

Place: Mumbai

Date: 20<sup>th</sup> May, 2016.



  
**Amit Ghare**  
Director

  
**Sandeep Singh**  
Director