

## **Independent Auditor's Report**

**To the Members of  
ENZENE BIOSCIENCES LIMITED**

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

We have audited the accompanying Ind AS financial statements of **ENZENE BIOSCIENCES LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the statement of changes in equity 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 Ind AS financial statements are free from material misstatement.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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<sup>st</sup> March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) 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 including Other Comprehensive Income, and the statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;



- d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rule issued there under.
- e) on the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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**"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 Ind AS financial statements as referred to in Note 3.23 to the Ind AS 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 : 24<sup>th</sup> May, 2018



**"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 Ind AS financial statements of the Company for the year ended March 31, 2018, 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 in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) According to the information and explanation given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- ii) The Company is carrying on Research and Development activity and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) (a) and (b) of the Order is not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of para 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- v) The Company has not accepted any deposits from the public and hence 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, 2015 with regard to the deposits accepted from the public are not applicable.
- vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company amounts deducted/ accrued in the books of account in respect of 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, Goods and Service Tax and any other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 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 income tax, customs duty, Goods & Service Tax & excise duty which have not been deposited on account of any dispute.
- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowing to banks. The Company has not taken any loan either from financial institutions or from the government 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) According to the information and explanation given to us and based on our examination of the record of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Therefore, the provisions of para 3 (xii) of the Order are not applicable to the Company.
- xiii) According to the information and explanation given to us and based on our examination of the record of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 were applicable and details of such transaction have been disclosed in the Ind AS 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 paid convertible debentures during the year under



**R.S.SANGHAI & ASSOCIATES**  
Chartered Accountants

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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 transactions with directors or persons connected with him. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



**R.S. SANGHAI**

Partner

Membership number: 036931

Mumbai : 24<sup>th</sup> May, 2018



**"Annexure B" to the Independent Auditor's Report**

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

We have audited the internal financial controls over financial reporting of **ENZENE BIOSCIENCES LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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





**Meaning of Internal Financial Controls with reference to financial statements**

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

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

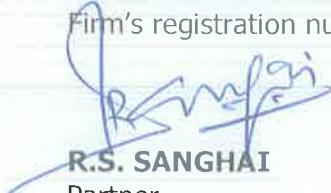
Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Firm's registration number: 109094W

  
**R.S. SANGHAI**

Partner

M. No.: 036931

Mumbai: 24<sup>th</sup> May, 2018





**ENZE NE BIOSCIENCES LIMITED**  
**FINANCIAL STATEMENTS**  
**BALANCE SHEET AS ON 31ST MARCH, 2018**

(Amount in Rs.)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3.1	53,07,87,940	35,98,04,917
(b) Capital work in progress	3.1	30,78,99,064	24,49,020
(c) Financial Assets			
(i) Others	3.2	-	44,55,00,000
(d) Other tax assets	3.35	1,20,60,441	28,65,292
(e) Other non-current assets	3.3	3,62,52,314	24,53,150
<b>Total Non-current assets</b>		<b>88,69,99,759</b>	<b>81,30,72,379</b>
<b>2 Current assets</b>			
(a) Financial Assets			
(i) Trade receivables	3.4	5,48,12,975	-
(ii) Cash and Cash Equivalents	3.5	8,97,67,405	5,00,35,723
(iii) Bank balances other than (i) above	3.6	75,23,10,140	-
(iv) Loans	3.7	22,30,542	8,12,048
(v) Other Current Financial Assets	3.8	96,59,529	96,08,779
(b) Other current assets	3.9	8,98,16,619	1,65,16,509
<b>Total Current assets</b>		<b>99,85,97,210</b>	<b>7,69,73,059</b>
<b>TOTAL ASSETS</b>		<b>1,88,55,96,969</b>	<b>89,00,45,438</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	3.10	19,02,59,200	11,30,53,900
(b) Other Equity (Refer Statement of Changes in Equity)		1,50,96,01,789	73,36,39,231
<b>Total Equity</b>		<b>1,69,98,60,989</b>	<b>84,66,93,131</b>
<b>2 Non-Current Liabilities</b>			
(a) Provisions	3.11	29,55,027	19,25,304
<b>Total Non-Current Liabilities</b>		<b>29,55,027</b>	<b>19,25,304</b>
<b>3 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	3.12	89,98,136	-
(ii) Trade payables	3.13	7,99,51,067	1,58,31,818
(iii) Other financial liabilities	3.14	8,27,15,738	2,12,78,912
(b) Other current liabilities	3.15	71,74,913	19,99,807
(c) Provisions	3.16	39,41,099	23,16,467
<b>Total Current Liabilities</b>		<b>18,27,80,953</b>	<b>4,14,27,004</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,88,55,96,969</b>	<b>89,00,45,439</b>

**Significant Accounting Policies**

**Critical accounting judgements and key sources of estimation uncertainty**

**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  
Firm's Registration No. 109094W

**R.S.SANGHAI**  
Partner  
Membership No. 036931  
Place: Pune  
Date: 24th May, 2018



For & on behalf of the Board,  
**For Enzene Biosciences Limited**  
CIN No: U24232PN2006PLC165610

**Himanshu Gadgil**  
Director  
DIN No.: 07548149

**Pravin Raman**  
Chief Financial Officer

**Sandeep Singh**  
Director  
DIN No.: 01277984

**Jaya Nihalani**  
Company Secretary

**ENZENE BIOSCIENCES LIMITED**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018**

(Amount in Rs.)

Particulars	Note No.	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
<b>1 Income</b>			
(a) Revenue from Operations	3.17	5,29,26,250	-
(b) Other Income	3.18	4,54,14,207	2,84,73,753
<b>Total Income</b>		<b>9,83,40,457</b>	<b>2,84,73,753</b>
<b>2 Expenses</b>			
(a) Cost of materials consumed	3.19	17,45,42,482	14,89,17,727
(b) Employee benefits expenses	3.20	12,13,79,516	9,20,67,752
(c) Finance Costs	3.21	52,02,056	2,22,40,227
(d) Depreciation and amortisation expenses	3.1	2,79,30,211	1,69,83,983
(e) Contract research and development expenses		11,64,06,938	4,83,92,067
(f) Other expenses	3.22	5,71,76,035	4,59,99,357
<b>Total Expenses</b>		<b>50,26,37,238</b>	<b>37,46,01,112</b>
<b>3 Profit before tax (1) - (2)</b>		<b>(40,42,96,781)</b>	<b>(34,61,27,360)</b>
<b>4 Tax expenses</b>			
(a) Current tax		-	-
(b) Deferred tax		-	-
<b>5 Profit for the period (3) - (4)</b>		<b>(40,42,96,781)</b>	<b>(34,61,27,360)</b>
<b>6 Other Comprehensive Income</b>			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurements of defined benefit plans		3,99,526	27,745
<b>Total of Other Comprehensive Income for the period, net of tax</b>		<b>3,99,526</b>	<b>27,745</b>
<b>7 Total Comprehensive Income for the period (5) + (6)</b>		<b>(40,38,97,255)</b>	<b>(34,60,99,615)</b>
<b>8 Basic and diluted earnings per share</b>	3.28	<b>(45.05)</b>	<b>(48.93)</b>

**Significant Accounting Policies**

**Critical accounting judgements and key sources of estimation**

**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  
Firm's Registration No. 109094W

For & on behalf of the Board,  
**For Enzene Biosciences Limited**  
CIN No: U24232PN2006PLC165610

**R.S.SANGHAI**  
Partner  
Membership No. 036931  
Place: Pune  
Date: 24th May, 2018



**Himanshu Gadgil**  
Director  
DIN No.: 07548149

**Sandeep Singh**  
Director  
DIN No.: 01277984

**Pravin Raman**  
Chief Financial Officer

**Jaya Nihalani**  
Company Secretary

**ENZENE BIOSCIENCES LIMITED**  
**FINANCIAL STATEMENTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>A. Cash Flow From Operating Activities</b>		
Net Profit before Tax	(40,42,96,781)	(34,61,27,360)
<b>Adjustment for:</b>		
Depreciation	2,79,30,211	1,69,83,983
Employee stock compensation expenses	65,01,429	37,26,857
Net Interest paid/(received)	(4,02,12,151)	(62,33,526)
<b>Subtotal of Adjustments</b>	(57,80,511)	1,44,77,314
Operating profit before working capital changes	(41,00,77,292)	(33,16,50,046)
<b>Adjustment for:</b>		
Loans & Advances	(14,18,494)	(7,96,270)
Other Current Assets	(7,33,50,860)	5,06,77,240
Trade Receivable	(5,48,12,975)	
Trade Payable	6,41,19,249	(4,89,71,048)
Other Current Liabilities	6,66,11,932	1,33,28,314
Provisions	30,53,881	31,76,922
<b>Subtotal of Adjustments</b>	42,02,733	1,74,15,158
<b>Cash Generated from Operations</b>	(40,58,74,559)	(31,42,34,888)
Less: Direct Taxes Paid	91,95,149	20,25,317
<b>Net Cash (used)/ generated Operating Activities</b>	(41,50,69,708)	(31,62,60,205)
<b>B. Cash Flow from Investing Activities</b>		
Purchases of Fixed Assets (Net)	(53,81,62,442)	(21,47,19,893)
Redemption/(investments) of bank deposits having maturity of more than 3	(30,68,10,140)	3,45,00,000
Interest Received	4,54,14,207	2,84,73,753
<b>Net Cash from / used in investing Activities</b>	(79,95,58,375)	(15,17,46,140)
<b>C. Cash Flow From Financing Activities</b>		
Short Term Borrowings	89,98,136	(87,66,978)
Fresh Equity Infusion	1,25,05,63,684	49,99,99,930
Interest Paid	(52,02,056)	(1,17,59,977)
<b>Net Cash (used) in Financing Activities</b>	1,25,43,59,764	47,94,72,976
<b>D. Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	3,97,31,681	1,14,66,631
<b>E. Cash &amp; Cash Equivalents as at 1st April, 2017</b>	5,00,35,724	3,85,69,093
<b>F. Cash &amp; Cash Equivalents as at 31st March, 2018 (D+E)</b>	8,97,67,405	5,00,35,724

**Notes:**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) on Cash Flow Statement.

The accompanying notes are an integral part of financial statements

As per our Report of even date  
**For R.S.Sanghai & Associates**  
Chartered Accountants  
Firm's Registration No. 109094W

For & on behalf of the Board,  
**For Enzene Biosciences Limited**  
CIN No: U24232PN2006PLC165610

**R.S.SANGHAI**

Partner  
Membership No. 036931  
Place: Pune  
Date: 24th May, 2018



**Himanshu Gadgil**  
Director  
DIN No.: 07548149

**Pravin Raman**  
Chief Financial Officer

**Sandeep Singh**  
Director  
DIN No.: 01277984

**Jaya Nihalani**  
Company Secretary



ENZENE BIOSCIENCES LIMITED  
FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(a) Equity share capital	(Amount in Rs.)			
	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	1,13,05,390	11,30,53,900	44,81,000	4,48,10,000
Changes in equity share capital during the year	77,20,530	7,72,05,300	68,24,390	6,82,43,900
Balance at the end of the reporting period	1,90,25,920	19,02,59,200	1,13,05,390	11,30,53,900

(Amount in Rs.)					
Other Equity					
Particulars	General Reserve	ESOP	Security Premium	Retained Earnings	Total other equity
Balance at 1st April, 2016	-	2,38,520	46,37,83,500	(35,23,56,493)	11,16,65,527
<b>Total Comprehensive</b>					
Profit for the year	-	-	-	(34,61,27,360)	(34,61,27,360)
Other Comprehensive Income	-	-	-	27,745	27,745
Addition during the year	-	37,26,857	96,43,46,462		96,80,73,319
<b>Balance at 31st March, 2017</b>	-	39,65,377	1,42,81,29,962	(69,84,56,108)	73,36,39,231
<b>Total Comprehensive</b>					
Profit for the year	-	-	-	(40,42,96,781)	(40,42,96,781)
Other Comprehensive Income	-	-	-	3,99,526	3,99,526
ESOP exercised during the year		(2,15,832)		-	(2,15,832)
Addition during the year	2,90,270	62,11,159	1,17,35,74,216	-	1,18,00,75,645
<b>Balance at 31st March, 2018</b>	2,90,270	99,60,704	2,60,17,04,178	(1,10,23,53,363)	1,50,96,01,789

The accompanying notes are an integral part of financial statements.

As per our Report of even date  
For **R.S.Sanghai & Associates**  
Chartered Accountants  
Firm's Registration No. 109094W

**R.S.SANGHAI**  
Partner  
Membership No. 036931  
Place: Pune  
Date: 24th May, 2018



For & on behalf of the Board,  
For **Enzene Biosciences Limited**  
CIN No: U24232PN2006PLC165610

**Himanshu Gadgil**  
Director  
DIN No.: 07548149

**Pravin Raman**  
Chief Financial Officer

**Sandeep Singh**  
Director  
DIN No.: 01277984

**Jaya Nihalani**  
Company Secretary

# 1A General Information

Enzene Biosciences Limited ('the Company') was incorporated in 2006 under the provisions of Companies Act, 1956 of India, as a company with limited liability. The Company is domiciled in India with its registered office address being ,Plot No. 165/1/26, T- Block, Bhosari MIDC, Pune 411026. India.

# 1B SIGNIFICANT ACCOUNTING POLICIES:

## 1.1 Basis of preparation of Financial Statements:

The financial statements of the Company as at and for the year ended 31st March, 2018 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

The Financial statement are prepared in Indian rupees.

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2**. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to 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 atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as 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,
- 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.

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

## 1.2 Property, plant and equipment:

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

b) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of Property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

## 1.3 Intangible Assets:

### 1. Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.





#### 1.4 Depreciation and Amortisation:

Depreciation is provided on a straight line basis for all assets. Depreciation is provided based on the useful life of assets. Pursuant to Schedule II of Companies Act, 2013, the remaining useful life has been revised wherever appropriate based on an evaluation by an independent valuer. The carrying amount as on 1st April, 2014 is depreciated over the revised remaining useful life. Wherever the remaining useful life of the asset is NIL as per Schedule II, the carrying amount as on 1st April, 2014 is recognised in the Statement of Profit and Loss during the previous year ended 31st March, 2015.

Tangible Assets	Useful Life
Leasehold Land	Amortized over the period of Lease
Building	5 Years
Plant and Machinery	3 Years to 15 Years
Furniture and Fixtures	10 Years
Office Equipments	3 Years to 6 Years

#### 1.5 Impairment of Assets:

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.6 Operating Leases:

Assets taken/given on lease under which substantially all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease only if lease rentals are not linked to inflation in accordance with the respective lease agreements.

#### 1.7 Financial instruments:

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

##### (a) Financial Assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.





**ENZENE BIOSCIENCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**  
**NOTE - 1: SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

The Company follows trade date accounting for all regular way purchase or sale of financial assets.

**(i) Amortised Cost**

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and
- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

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 in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

**(ii) Fair value through other comprehensive income**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

For equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

**(iii) Financial assets at fair value through profit or loss**

The Company classifies the following financial assets at fair value through profit or loss:

- a) Debt investments that do not qualify for measurement at amortised cost;
- b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and
- c) Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain/(losses) in the statement of profit or loss as applicable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Interest income**

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.



#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### **(b) Financial Liabilities**

The Company determines the classification of its financial liabilities at initial recognition.

##### **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

##### **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 designated as hedging instruments in an effective hedge, 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.

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

Financial liabilities at fair value through profit and loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. At initial recognition, the Company measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.

##### **Financial liabilities measured at amortised cost**

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### **Derecognition of financial liabilities**

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### **(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

#### **1.8 Equity instruments:**

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

#### **1.9 Inventories:**

a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished Goods and Work-in-Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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





**1.10 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, goods and Service tax ("GST").
- d) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and applicable interest rate.

**1.11 Foreign currencies:**

**i. Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions. The functional and presentation currency of the Company is Indian Rupees.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments measured at fair value through other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

**1.12 Employee Benefits:**

**a) Post Employment Benefits and Other Long Term Benefits:**

**i) Defined Contribution Plan:**

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss

The Company's contribution towards provident fund and superannuation fund for certain eligible employees are considered to be defined contribution plan for which the Company made contribution on monthly basis.

**ii) Defined Benefit and Other Long Term Benefit Plans:**

Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.

**b) Short term Employee Benefits:**

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee. These benefits include performance incentives.

**1.13 Taxes on Income:**

Income tax expense represents the sum of the current tax and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit and Loss because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's liability for current tax is calculated using Indian tax rates and laws that have been enacted by the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.





Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset shall be recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities.

#### 1.14 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

#### 1.15 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

#### 1.16 Earnings per share ('EPS'):

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

#### 1.17 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

#### 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 recognised on a straight-line basis over the period over which the employees would become unconditionally entitled to apply for the shares.



**ENZENE BIOSCIENCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

**Note 2: Critical accounting judgements and key sources of estimation uncertainty**

The Company prepares its financial statements in accordance with Ind AS as issued by the MCA, the application of which often requires judgements to be made by management when formulating the Company's financial position and results. The Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in note 1 to the Separate financial statements, 'Significant accounting policies'.

**a. Estimate of current and deferred tax**

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Statement of Profit and Loss and tax payments.

**Recognition of deferred tax assets**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

**b. Estimation of useful life**

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

**c. Provisions and contingent liabilities**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.





ENZENE BIOSCIENCES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work in Progress							(Amount in Rs.)
	Property, Plant and Equipment						Capital work in progress
	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipments	Total	
<b>At Cost</b>							
As at 1st April, 2016	-	-	16,00,33,491	1,08,01,092	17,91,888	17,26,26,470	-
Additions	10,63,02,960	-	9,95,19,931	21,00,042	52,05,845	21,31,28,778	-
Adjustments	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-
<b>As at 31st March, 2017</b>	<b>10,63,02,960</b>	<b>-</b>	<b>25,95,53,422</b>	<b>1,29,01,134</b>	<b>69,97,733</b>	<b>38,57,55,248</b>	<b>-</b>
Additions	-	2,83,90,847	15,79,71,420	41,58,503	83,92,465	19,89,13,235	-
Adjustments	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-
<b>As at 31st March, 2018</b>	<b>10,63,02,960</b>	<b>2,83,90,847</b>	<b>41,75,24,842</b>	<b>1,70,59,637</b>	<b>1,53,90,198</b>	<b>58,46,68,483</b>	<b>-</b>
<b>Depreciation and Amortisation</b>							
As at 1st April, 2016	-	-	82,19,340	4,02,794	3,44,214	89,66,348	-
Depreciation / amortisation charge for the year	2,42,190	-	1,45,19,572	12,80,933	9,41,289	1,69,83,984	-
Adjustments	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-
<b>As at 31st March, 2017</b>	<b>2,42,190</b>	<b>-</b>	<b>2,27,38,912</b>	<b>16,83,727</b>	<b>12,85,503</b>	<b>2,59,50,332</b>	<b>-</b>
Depreciation / amortisation charge for the year	11,18,979	9,17,841	2,14,31,641	15,50,971	29,10,779	2,79,30,211	-
Adjustments	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-
<b>As at 31st March, 2018</b>	<b>13,61,169</b>	<b>9,17,841</b>	<b>4,41,70,553</b>	<b>32,34,698</b>	<b>41,96,282</b>	<b>5,38,80,543</b>	<b>-</b>
<b>Net Book Value</b>							
As at 1st April, 2016	-	-	15,18,14,150	1,03,98,298	14,47,674	16,36,60,122	-
As at 31st March, 2017	10,60,60,770	-	23,68,14,509	1,12,17,407	57,12,229	35,98,04,917	24,49,020
As at 31st March, 2018	10,49,41,791	2,74,73,006	37,33,54,289	1,38,24,941	1,11,93,916	53,07,87,940	30,78,99,064

Note

1. Capital work in progress comprises expenditure in respect of various plants in the course of construction. Total amount of Capital work in progress is **Rs.30,78,99,064** as at 31 March 2018 (31 March 2017: Rs. 24,49,020). This amount also includes capitalized borrowing costs related to the construction of plant located at Chakan, Pune of **Rs.97,96,107** (For the year ended 31 March 2017: Rs.Nil), calculated using a capitalized rate of 7.5%.





(Amount in Rs.)

Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>3.2 : OTHER NON-CURRENT FINANCIAL ASSETS:</b>		
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months (Refer Note 3.6)	-	44,55,00,000
<b>TOTAL</b>	-	44,55,00,000
<b>3.3 : OTHER NON-CURRENT ASSETS:</b>		
Capital Advances	3,62,52,314	24,53,150
<b>TOTAL</b>	3,62,52,314	24,53,150
<b>3.4 : TRADE RECEIVABLES:</b>		
(Unsecured)		
Considered good	5,48,12,975	-
Considered doubtful	-	-
Less: Impairment allowances	-	-
<b>TOTAL</b>	5,48,12,975	-
Note :		
Above Trade Receivables include amount due from related parties <b>Rs.5,48,12,975</b> (Previous Year Rs.Nil) - Refer Note 3.30		
<b>3.5 : CASH AND CASH EQUIVALENTS:</b>		
Cash on hand	1,12,253	-
Balance with Banks:		
In Current Accounts	8,96,55,152	5,00,35,723
<b>TOTAL</b>	8,97,67,405	5,00,35,723
<b>3.6 : OTHER BANK BALANCES:</b>		
Bank Deposits with maturity within 12 months	75,23,10,140	-
<b>TOTAL</b>	75,23,10,140	-
<b>Details of Bank Balances/Deposits</b>		
Bank Deposits with original maturity of 3 months or less	-	-
Bank Deposits with maturity within 12 months	75,23,10,140	-
Bank Deposits with maturity beyond 12 months	-	44,55,00,000
	75,23,10,140	44,55,00,000
Bank Deposits of <b>Rs.50,95,23,822</b> (31 March 2017: <b>Rs.Nil</b> ) are under lien with the Banks against Overdraft facility.		
<b>3.7 : LOANS:</b>		
(Unsecured, Considered Good, unless Otherwise stated)		
Loans and Advances to Employees	22,30,542	8,12,048
<b>TOTAL</b>	22,30,542	8,12,048
<b>3.8 : OTHER CURRENT FINANCIAL ASSETS:</b>		
Interest on Deposits, accrued but not due	-	10,73,047
Security Deposits	96,59,529	85,35,732
<b>TOTAL</b>	96,59,529	96,08,779
<b>3.9 : OTHER CURRENT ASSETS:</b>		
Balances with Government Authorities	6,24,12,424	79,88,484
Advance to Suppliers:		
Considered Good	2,58,00,064	82,53,237
Considered Doubtful	-	-
	2,58,00,064	82,53,237
Less: Provision for Doubtful Advances	-	-
	2,58,00,064	82,53,237
Prepaid Expenses	16,04,131	2,74,788
<b>TOTAL</b>	8,98,16,619	1,65,16,509



Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>3.10 : SHARE CAPITAL:</b>		
<b>Authorised:</b>		
25,000,000 equity shares of Rs.10/- each (31st March, 2017: 25,000,000 equity shares of Rs.10/- each)	25,00,00,000	25,00,00,000
	25,00,00,000	25,00,00,000
<b>Issued, Subscribed and Paid up:</b>		
1,90,25,920 equity shares of Rs.10/- each fully paid up (31st March, 2017: 1,13,05,390 equity shares of Rs.10/- each fully paid up)	19,02,59,200	11,30,53,900
<b>TOTAL</b>	<b>19,02,59,200</b>	<b>11,30,53,900</b>

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

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number	Rs.	Number	Rs.
At the commencement of the year	1,13,05,390	11,30,53,900	44,81,000	4,48,10,000
Add: Shares issued during the year	77,16,050	7,71,60,500	68,24,390	6,82,43,900
Add: Shares issued under ESOP	4,480	44,800	-	-
<b>At the end of the year</b>	<b>1,90,25,920</b>	<b>19,02,59,200</b>	<b>1,13,05,390</b>	<b>11,30,53,900</b>

**(b) Rights, preferences and restrictions attached to Equity Shares:**

The Company has issued one class of equity shares with voting rights having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held.

On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders	As at 31st March, 2018		As at 31st March, 2017	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Equity Shares of Rs.10 Each (Previous Year Rs.10 Each) held by:				
M/s. Alkem Laboratories Limited	1,90,21,440	99.98%	1,13,05,390	100.00%

**(d) Shares held by Holding Company:**

Name of the shareholder	As at 31st March, 2018		As at 31st March, 2017	
	Number of Shares	Amount in Rs.	Number of Shares	Amount in Rs.
M/s. Alkem Laboratories Limited	1,90,21,440	19,02,14,400	1,13,05,390	11,30,53,900



Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>3.11 : NON CURRENT PROVISIONS:</b>		
Provisions for employee benefits		
Gratuity (Refer Note 3.25)	18,92,333	12,50,762
Compensated absences	10,62,694	6,74,542
<b>TOTAL</b>	<b>29,55,027</b>	<b>19,25,304</b>
<b>3.12 : CURRENT BORROWINGS:</b>		
Secured		
Loans repayable on demand from Banks	89,98,136	-
<b>TOTAL</b>	<b>89,98,136</b>	<b>-</b>
Notes:		
1. As at 31st March, 2018 Overdrafts from Banks <b>Rs.89,98,137</b> (31st March, 2017 Rs.Nil) is secured against pledge of Fixed Deposits with the banks.		
2. Overdraft Facilities carry a rate of Interest ranging between 7.00% - 7.50% p.a. computed on a monthly basis on the actual amount utilized, and are repayable on demand.		
<b>3.13 : TRADE PAYABLES:</b>		
Dues to Micro and Small Enterprises (Refer Note 3.24)	-	19,211
Others	7,99,51,067	1,58,12,607
<b>TOTAL</b>	<b>7,99,51,067</b>	<b>1,58,31,818</b>
<b>3.14 : OTHER CURRENT FINANCIAL LIABILITIES:</b>		
Employee payables	59,83,241	60,62,199
Accrual for Expenses	7,67,32,497	1,26,76,253
Others payables*	-	25,40,459
<b>TOTAL</b>	<b>8,27,15,738</b>	<b>2,12,78,912</b>
* Other payables consists of amount payable to Alkem Laboratories Limited, holding company (Refer Note.3.30)		
<b>3.15 : OTHER CURRENT LIABILITIES:</b>		
Due to statutory authorities*	71,74,913	19,99,807
<b>TOTAL</b>	<b>71,74,913</b>	<b>19,99,807</b>
* Dues to statutory authorities includes TDS payable, PF/ESIC payable		
<b>3.16 : CURRENT PROVISIONS:</b>		
Provision for employee benefits:		
Gratuity (Refer Note 3.25)	2,48,859	1,52,148
Compensated absences	36,92,240	21,64,319
<b>TOTAL</b>	<b>39,41,099</b>	<b>23,16,467</b>





Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
<b>3.17 : REVENUE FROM OPERATIONS:</b>		
Sale of Technical Knowhow	5,20,00,000	-
Sale of R&D Sample	9,26,250	
<b>TOTAL</b>	<b>5,29,26,250</b>	<b>-</b>
<b>3.18: OTHER INCOME:</b>		
Interest on bank deposits	3,99,29,876	2,68,60,494
Other interest	23,662	54,080
Foreign currency transactions and translation gain (net)	45,69,002	14,62,516
Miscellaneous Receipt	8,91,667	96,663
<b>TOTAL</b>	<b>4,54,14,207</b>	<b>2,84,73,753</b>
<b>3.19 : COST OF MATERIALS CONSUMED:</b>		
Raw material consumed	17,45,42,482	14,89,17,727
<b>TOTAL</b>	<b>17,45,42,482</b>	<b>14,89,17,727</b>
<b>3.20 : EMPLOYEE BENEFITS EXPENSE:</b>		
Salaries, wages and bonus	10,67,02,113	8,21,80,998
Contribution to provident and other funds (Refer Note 3.25)	50,10,184	36,01,234
Employee stock compensation expenses	65,01,429	37,26,857
Employees' welfare expenses	31,65,790	25,58,663
<b>TOTAL</b>	<b>12,13,79,516</b>	<b>9,20,67,752</b>
<b>3.21 : FINANCE COST:</b>		
Interest expenses on		
-Bank overdraft and others	47,38,248	2,17,17,356
-Defined benefit liabilities (Refer Note 3.25)	90,968	54,444
Other borrowing cost	3,72,840	4,68,428
<b>TOTAL</b>	<b>52,02,056</b>	<b>2,22,40,227</b>
Bank overdrafts and others include interest expense on loan paid to its holding company (Refer Note No.3.30)		
<b>3.22 : OTHER EXPENSES:</b>		
Power and fuel	1,07,09,836	84,57,810
Rent	1,04,24,032	55,93,500
Rates and taxes	80,60,714	58,67,064
Insurance	19,88,618	2,06,594
Legal and professional Fees	42,55,822	23,55,883
Travelling and conveyance	68,69,779	67,41,128
Repairs:		
- Buildings	1,13,283	9,45,652
- Plant and machineries	24,87,416	82,36,855
- Others	97,866	3,93,550
Communication and printing expenses	36,49,796	22,83,488
Vehicle expenses	30,76,335	23,08,925
Bad Debts/Advances written off	4,00,746	91,014
Office maintenance expenses	20,19,200	18,92,930
Fines and penalties	11,64,813	-
Miscellaneous expenses (Refer Note 3.34)	18,57,779	6,24,965
<b>TOTAL</b>	<b>5,71,76,035</b>	<b>4,59,99,357</b>



## 3.23 Contingent Liabilities and Commitments

## a) Contingent Liabilities not provided For

(Amount in Rs.)

Sr.No.	Particulars	As at	
		31st March, 2018	31st March, 2017
1	Claims against the Company not acknowledged as debt	-	-

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Company does not expect the outcome of these proceedings to have materially adverse effect on its financial statements.

## b) Commitments

(Amount in Rs.)

Sr.No.	Particulars	As at	
		31st March, 2018	31st March, 2017
1	Estimated amount of contracts remaining to be executed on Capital Accounts (advances paid Rs.3,62,52,314) (for the year ended 31st March, 2017 Advance Paid Rs.24,53,150)	37,05,37,510	6,61,93,242
2	Other Commitments - Non Cancellable Operating Lease (Refer Note. 3.26)		

## 3.24 Dues to Micro and 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 and Small Enterprises. On the basis of the information and records available with the Company and the same has been relied upon by the auditors, the outstanding dues to the Micro & Small enterprises as defined in MSMED are set out in following disclosure.

(Amount in Rs.)

Sr.No.	Particulars	As at	
		31st March, 2018	31st March, 2017
1	Principal amount remaining unpaid to any supplier as at the year end	-	19,211.0
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.	-	-



**ENZENE BIOSCIENCES LIMITED**
**NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**
**3.25 Disclosure of Employee Benefits as per Indian Accounting Standard 19 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: (Amount in Rs)

Particulars	As at	
	31st March, 2018	31st March, 2017
- Contribution to Provident Fund	47,05,024	35,26,850
- Contribution to Employee State Insurance Plan	3,05,160	74,384
<b>Total</b>	<b>50,10,184</b>	<b>36,01,234</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 was carried out as at 31st March, 2018 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 31st March, 2018:

(Amount in Rs)			
Sr. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
I)	<b>Reconciliation In present value of obligations (PVO) – defined benefit obligation:</b>		
	Current Service Cost	11,33,132	6,46,405
	Interest Cost	90,968	54,444
	Actuarial (gain) / losses	(3,99,526)	(27,745)
	Benefits paid	(86,292)	-
	PVO at the beginning of the year	14,02,910	7,29,806
	PVO at end of the year	21,41,192	14,02,910
II)	<b>Change in fair value of plan assets</b>		
	Expected return on plan assets		
	Actuarial gain/(losses)		
	Contributions by the employer	86,292	-
	Benefits paid	(86,292)	-
	Fair value of plan assets at beginning of the year		
	Fair value of plan assets at end of the year		
III)	<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)	-	-
	<b>Net asset/ (liability) recognised in the balance sheet</b>	<b>-</b>	<b>-</b>

(Amount in Rs.)			
Sr. No.	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
IV)	<b>Net cost for the year</b>		
	Current Service cost	11,33,132	6,46,405
	Interest cost	90,968	54,444
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	(3,99,526)	(27,745)
	Net cost	8,24,574	6,73,104
V)	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	7.23%	6.69%
	Salary escalation rate (%)	6.25%	6.25%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary Escalation Rate:** The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

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

31st March, 2018		31st March, 2017	
Increase	Decrease	Increase	Decrease
(1,10,577)	1,21,030	(76,592)	84,067
1,10,824	(1,03,257)	76,932	(71,519)

Discount rate (1% movement)

Future salary growth (1% movement)





**ENZENE BIOSCIENCES LIMITED**
**NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

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

Particulars	(Amount in Rs.)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Rent expense	1,04,24,032	55,93,500
<b>Total</b>	<b>1,04,24,032</b>	<b>55,93,500</b>

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

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Not later than one year	28,40,625	58,59,000
Later than one year but not later than five years	-	24,80,625
<b>Total</b>	<b>28,40,625</b>	<b>83,39,625</b>

**3.27** The aggregate amount of revenue expenditure incurred during the period on Research and Development and shown in the respective heads of account is **Rs.49,74,35,179** (previous year: Rs.35,24,14,647)

**3.28 Earnings per share (EPS)**

Particulars			(Amount in Rs.)	
			Year ended 31 March, 2018	Year ended 31 March, 2017
Profit /(loss) after tax attributable to equity shareholders	In Rs.	A	(40,42,96,781)	(34,61,27,360)
Number of equity shares at the beginning of the year	Nos.		1,13,05,390	44,81,000
Equity shares issued during the period	Nos.		77,20,530	68,24,390
Number of equity shares outstanding at the end of the year	Nos.		1,90,25,920	1,13,05,390
Weighted average number of equity shares outstanding during the period	Nos.	B	89,74,341	70,73,495
Basic and diluted earnings per equity share (Rs) - Face value of Rs.10 per share	In Rs.	(A / B)	(45.05)	(48.93)



## 3.29 Employee share-based payment plans

As at 31st March, 2018, 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, 2016 on which the Shareholders have approved the Scheme by way of a special resolution and shall continue to be in force until (i) its termination by the Board, or (ii) the 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:

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

Vesting Schedule:			
Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
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%
Total		100%	100%

2	Date of Grant	27-Jan-17
	Exercise price per Option	Rs.10
	Number of Options granted	56,400
	Exercise period	2 years from the date of respective vesting
	Vesting Period	1 to 4 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

Vesting Schedule:			
Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
27-Jan-18	1 year from the date of grant	15%	15%
27-Jan-19	2 years from the date of grant	25%	25%
27-Jan-20	3 years from the date of grant	30%	30%
27-Jan-21	4 years from the date of grant	30%	30%
Total		100%	100.00%

3	Date of Grant	25-May-17
	Exercise price per Option	Rs. 125.80
	Number of Options granted	18,000
	Exercise period	2 years from the date of respective vesting
	Vesting Period	1 to 5 years from the date of grant as stated below
	Vesting Schedule	As mentioned below

Vesting Schedule:			
Date of Vesting	Vesting period after the date of grant (years)	Vesting	Vesting based on time
25-May-18	1 year from the date of grant	5%	5%
25-May-19	2 years from the date of grant	15%	15%
25-May-20	3 years from the date of grant	20%	20%
25-May-21	4 years from the date of grant	30%	30%
25-May-22	5 years from the date of grant	30%	30%
Total		100%	100.00%



## Share based payment expenses

Name of Scheme	31st March, 2018	31st March, 2017
ESOS 2016	65,01,429	37,26,857
Total Expenses recognised in "Employee benefit"	65,01,429	37,26,857

## Reconciliation of outstanding share options

Particulars	No. of Options	
	31st March, 2018	31st March, 2017
Outstanding at 1 April	2,02,000	1,45,600
Granted during the year	18,000	56,400
Forfeited during the year	(8,960)	-
Exercised during the year	(4,480)	-
Expired during the year	-	-
Outstanding at 31 March	2,33,440	2,02,000

1. The estimated grant-date fair value of Stock options granted under ESOS 2016(1) plan is Rs. 69.94
2. The estimated grant-date fair value of Stock options granted under ESOS 2016(2) plan is Rs. 147.43
3. The estimated grant-date fair value of Stock options granted under ESOS 2016(3) plan is Rs. 75.48

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:

Particulars	ESOS 2016 (1)	ESOS 2016 (2)	ESOS 2016 (3)
Fair value as on Grant Date	148	155	155
Compounded Risk-Free Interest Rate	7.70%	7.50%	7.50%
Expected volatility	31.93%	31.93%	31.93%





**ENZE BIOSCIENCES LIMITED****NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

**3.30** Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31st March, 2018.

**List of related parties and their relationship****A Holding Company**

Alkem Laboratories Limited

India

**B Fellow Subsidiaries:**

Alkem Laboratories (NIG) Limited

Nigeria

Alkem Laboratories (PTY) Limited

South Africa

Alkem Pharma GmbH

Germany

Alkem Laboratories Corporation

Philippines

S &amp; B Holdings B.V.

Netherlands

Pharmacor Pty Limited

Australia

ThePharmaNetwork, LLC ( Wholly owned Subsidiary of S&amp;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 &amp; B Pharma Inc.

United States of America

The PharmaNetwork, LLP

Kazakhstan

Ascend Laboratories, LLC ( Wholly owned by ThePharmanetwork, LLC)

United States of America

Ascend Laboratories (UK) Ltd.

United Kingdom

Cachet Pharmaceuticals Pvt. Ltd

India

Indchemie Health Specialities Pvt. Ltd.

India

Ascend Laboratories Ltd. (with effect from 7 September 2017)

Canada

Pharma Network SpA ( Wholly owned by Ascend Laboratories SpA) (with effect from 27 March 2018)

Chile

Alkem Foundation (with effect from 14 December 2017)

India

**C Key Managerial Personnel ("KMP")**

Mr. Basudeo Narain Singh

Whole time director

Mr. Sandeep Singh

Whole time director

Mr. Amit Ghare

Whole time director

Mr. Himanshu Gadgil

Whole time director

Mr. Prabhat Agrawal (up to 30 October 2017)

Whole time director

Mr. R.L.Shenoy

Independent Director

Ms. Sudha Ravi

Independent Director

Mr. Pravin Raman (with effect from 8 February 2018)

Chief Financial Officer

Ms. Jaya Nihalani (with effect from 9 November 2017)

Company Secretary

**D Relatives of Key Management Personnel ("KMP") with whom transactions have taken place during the year.**

Mrs. Shilpa Gadgil (wife of Mr.Himanshu Gadgil)



## Details of Transactions with Related Parties

(Amount in Rs.)

Sr. No.	Particulars	Year ended 31st March, 2018				
		Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
		a	b	c	d	
1	Remuneration		2,24,45,944	28,14,832		2,52,60,776
			(1,24,45,230)	(15,39,418)	-	(1,39,84,648)
2	Loans Taken	25,00,00,000	-	-	-	25,00,00,000
		-	-	-	-	-
3	Loans repaid	(25,00,00,000)	-	-	-	(25,00,00,000)
		-	-	-	-	-
3	Interest expense on loans taken	25,69,445	-	-	-	25,69,445
		(1,16,37,059)	-	-	-	(1,16,37,059)
4	Sale of Technical knowhow #	6,13,60,000	-	-	-	6,13,60,000
		-	-	-	-	-
5	Sale of R&D Samples #	10,92,975	-	-	-	10,92,975
		-	-	-	-	-
5	Reimbursement of expenses	3,15,30,641	-	-	-	3,15,30,641
		(76,05,874)	-	-	-	(76,05,874)
6	Equity Conversion of Long Term Borrowing	-	-	-	-	-
		(53,25,90,432)	-	-	-	(53,25,90,432)
7	Equity Infusion	1,25,00,00,100	5,63,584	-	-	1,25,05,63,684
		(49,99,99,930)	-	-	-	(49,99,99,930)

# Inclusive of GST



## Key management personnel compensation

Key management personnel compensation comprised the following :

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Short term employee benefits	1,64,71,159	98,27,168
Post-employment benefits	40,116	1,54,989
Other long-term benefits	1,06,616	2,90,728
Share Based payment (ESOS 2016)	51,88,054	20,12,345
Sitting fees paid to independent director	6,40,000	1,60,000

## Balance due from / to the related Parties

(Amount in Rs)

Sr. No.	Particulars	As at 31 March, 2018				
		Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Trade Receivable	5,48,12,975	-	-	-	5,48,12,975
2	Advances to Employee	-	9,75,533	-	-	9,75,533

(Amount in Rs)

Sr. No.	Particulars	As at 31 March, 2017				
		Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Entities	Total
1	Other Payable	25,40,459	-	-	-	25,40,459

## Note:

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





## 3.31 Financial instruments – Fair values and risk management

## A. Accounting classification and fair values

(Amount in Rs.)

	As at 31st March, 2018							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	8,97,67,405	8,97,67,405	-	-	-	-
Other Bank Balances	-	-	75,23,10,140	75,23,10,140	-	-	-	-
Short-term loans and advances	-	-	22,30,542	22,30,542	-	-	-	-
Trade receivables	-	-	5,48,12,975	5,48,12,975	-	-	-	-
Other Current financial asset	-	-	96,59,529	96,59,529	-	-	-	-
	-	-	90,87,80,591	90,87,80,591	-	-	-	-
<b>Financial liabilities</b>								
Short term borrowings	-	-	89,98,136	89,98,136	-	-	-	-
Trade payables	-	-	7,99,51,067	7,99,51,067	-	-	-	-
Other Current financial liabilities	-	-	8,27,15,738	8,27,15,738	-	-	-	-
	-	-	17,16,64,941	17,16,64,941	-	-	-	-

(Amount in Rs.)

	As at 31st March, 2017							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	5,00,35,723	5,00,35,723	-	-	-	-
Other Bank Balances	-	-	44,55,00,000	44,55,00,000	-	-	-	-
Short-term loans and advances	-	-	8,12,048	8,12,048	-	-	-	-
Other Current financial asset	-	-	96,08,779	96,08,779	-	-	-	-
	-	-	50,59,56,550	50,59,56,550	-	-	-	-
<b>Financial liabilities</b>								
Trade payables	-	-	1,58,31,818	1,58,31,818	-	-	-	-
Other Current financial liabilities	-	-	2,12,78,912	2,12,78,912	-	-	-	-
	-	-	3,71,10,729	3,71,10,729	-	-	-	-

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

## i. Risk management framework

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

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

The Company uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets and liabilities;

**Level 2:** valuation models for which all inputs which have significant effect on the recorded in the financial statements fair value are observable in the market, either directly or indirectly;

**Level 3:** valuation models which use inputs that have significant effect on the recorded in the financial statements fair value that are not based on observable market data.

## ii. Credit risk

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

## Trade Receivable

Entire trade receivable of the Company represents amount receivable from its holding company.

## Cash and Cash equivalents and Bank Deposits

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.



## 3.31 Financial instruments – Fair values and risk management

## iii. Liquidity risk

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

The company is yet to commence its commercial operation, being engaged in research and development of bio-similar. The company being the subsidiary of Alkem Laboratories Limited ("Holding Company"), its entire financial obligation is being funded by its holding company.

## Exposure to liquidity risk

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

		Contractual cash flows					
31st March, 2018	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Rs.							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	16,26,66,805	16,26,66,805	16,26,66,805	-	-	-	-
		Contractual cash flows					
31st March, 2017	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Rs.							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	3,71,10,729	3,71,10,729	3,71,10,729	-	-	-	-



## 3.31 Financial instruments – Fair values and risk management

## iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

## Currency risk

The Company is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to USD, EURO, SGD and GBP. The Company has not hedged this foreign currency exposure.

## Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31st March, 2018, 31st March, 2017 are as below:

	31st March, 2018			
	EURO	GBP	USD	SGD
<b>Financial assets</b>				
Long-term loans and advances				
Trade and other receivables	-	-	-	-
<b>Financial liabilities</b>				
Trade and other payables	1,90,074		93,360	240
Other Current financial liabilities	2,46,366		2,50,000	-
	<b>4,36,440</b>	<b>-</b>	<b>3,43,360</b>	<b>240</b>
	31st March, 2017			
	EURO	GBP	USD	SGD
<b>Financial assets</b>				
Long-term loans and advances				
	-	-	-	-
<b>Financial liabilities</b>				
Trade and other payables	215		70,901	
Other Current financial liabilities		6,708	1,16,589	
	<b>215</b>	<b>6,708</b>	<b>1,87,490</b>	<b>-</b>

The following significant exchange rates have been applied during the year.

Rs.	Year-end spot rate	
	31st March, 2018	31st March, 2017
EURO	80.81	69.29
GBP	92.28	80.90
USD	65.18	64.85
SGD	49.82	NA

## Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in Rs.	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2018</b>				
<b>10% movement</b>				
EURO	(35,26,759)	35,26,759	(35,26,759)	35,26,759
USD	(22,37,849)	22,37,849	(22,37,849)	22,37,849
SGD	(1,196)	1,196	(1,196)	1,196
	<b>(57,65,804)</b>	<b>57,65,804</b>	<b>(57,65,804)</b>	<b>57,65,804</b>

Effect in Rs.	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2017</b>				
<b>10% movement</b>				
EURO	(1,489.8)	1,489.8	(1,489.8)	1,489.8
GBP	(54,267)	54,267	(54,267)	54,267
USD	(12,15,873)	12,15,873	(12,15,873)	12,15,873
	<b>(12,71,630)</b>	<b>12,71,630</b>	<b>(12,71,630)</b>	<b>12,71,630</b>





**3.31 Financial instruments – Fair values and risk management****Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Company's interest rate risk arises from borrowings and fixed deposits. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Carrying amount in Rs.	
	31st March, 2018	31st March, 2017
<b>Fixed-rate instruments</b>		
Financial assets	84,20,77,545	49,55,35,723
Financial liabilities	89,98,136	-
	<b>84,20,77,545</b>	<b>49,55,35,723</b>
<b>Variable-rate instruments</b>		
Financial liabilities	-	-
<b>Total</b>	<b>84,20,77,545</b>	<b>49,55,35,723</b>

**Fair value sensitivity analysis for fixed-rate instruments**

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



**3.32 Capital Management**

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

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at 31st March, 2018 was as follows:

	Rs.	
	As at	As at
	31st March, 2018	31st March, 2017
Total Borrowings	89,98,136	-
Less : Cash and cash equivalent	8,97,67,405	5,00,35,724
<b>Adjusted net debt</b>	<b>(8,07,69,269)</b>	<b>(5,00,35,724)</b>
Total equity	1,69,98,60,989	84,66,93,131
Less : Hedging reserve	-	-
<b>Adjusted equity</b>	<b>1,69,98,60,989</b>	<b>84,66,93,131</b>
Adjusted net debt to adjusted equity ratio	(0.05)	(0.06)



**ENZENE BIOSCIENCES LIMITED****NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018****3.33 Segment Reporting**

The Company is in the pharmaceutical business. As the Company has a single reportable segment, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable. In compliance to the said standard, Entity-Wise disclosures are as under :

(Amount in Rs.)			
Sr	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a)	<b>Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues</b>		
	Revenue from the Country of Domicile- India	5,29,26,250	-
	Revenue from foreign countries	-	-
		<b>5,29,26,250</b>	<b>-</b>

b) Entire revenue from operation of the Company is from its holding company.





## 3.34 Payment to auditors (excluding taxes)

(Amounts in Rs.)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>As Auditor</b>		
Audit fees	2,25,000	2,00,000
Tax audit fees	75,000	-
<b>In other capacity</b>		
In any other services such as certification, etc.	77,550	25,000
<b>Total</b>	<b>3,77,550</b>	<b>2,25,000</b>

- 3.35 Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

## A. Tax assets and liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Non Current tax assets (net)	1,20,60,441	28,65,292

## B. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Particulars	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	68,96,126	21,30,903	42,41,771	13,10,707
Tax Losses	1,34,62,60,615	41,59,94,530	92,64,72,274	28,62,79,933

## Tax Losses carried forward

Particulars	Expiry Date	As at 31 March 2018	Expiry Date	As at 31 March 2017
Brought forward losses ( allowed to carry forward for specified period)	2021-28	31,10,98,430	2021-27	19,59,81,283
Brought forward losses ( allowed to carry forward for infinite period)		10,48,96,100		9,02,98,650

- 3.36 Previous years' figures have been regrouped/reclassified, where necessary, to make them comparable with the figures for the current year.

As per our Report of even date  
For R.S.Sanghai & Associates  
Chartered Accountants  
Firm's Registration No. 109094W

R.S. SANGHAI  
Partner  
Membership No. 036931  
Place: Pune  
Date: 24th May, 2018



For & on behalf of the Board,  
For Enzene Biosciences Limited  
CIN No: U24232PN2006PLC165610

Himanshu Gadgil  
Director  
DIN No.: 07548149  
Pravin Raman  
Chief Financial Officer

Sandeep Singh  
Director  
DIN No.: 01277984  
Jaya Nihalani  
Company Secretary